Company Number 10638461

THE PRS REIT PLC

INTERIM REPORT AND FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2021

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INTERIM REPORT AND FINANCIAL STATEMENTS
For the six months ended 31 December 2021

CONTENTS	PAGE

Very strong asset performance and portfolio now at over 4,560 completed homes

HIGHLIGHTS

Financial

	Six months ended 31 December 2021	Six months ended 31 December 2020	Change
Revenue	**£19.9m**	£10.7m	+86%
Net rental income	**£16.4m**	£8.4m	+95%
Operating profit	**£44.0m**	£24.7m	+78%
Profit after tax	**£38.6m**	£20.3m	+90%
Basic earnings per share	**7.4p**	4.1p	+80%

	At 31 December 2021	At 30 Jun 2021	Change
Net assets*	**£572.9m**	£490.3m	+17%
IFRS and EPRA NTA* per share	**104.3p**	99.0p	+5%

**after dividend payments*

Operational

Portfolio delivery	At 31 Dec 2021	At 30 Jun 2021	At 31 Dec 2020
No. of completed homes	**4,489**	3,984	3,163
Estimated rental value ("ERV") per annum	**£43.5m**	£37.5m	£29.4m
No. of contracted homes	**949**	1,071	1,963
ERV per annum	**£8.2m**	£10.6m	£19.4m
Completed and contracted sites	**67**	64	65
ERV per annum	**£51.7m**	£48.1m	£48.8m
No. of completed and contracted homes	**5,438**	5,055	5,126

Portfolio performance	At 31 Dec 2021	At 31 Dec 2020
Average gross yields on cost of completed assets	**6.4%**	6.2%
Average capital uplift on cost of completed assets to investment value	**15.1%**	9.7%
Average capital uplift on cost of completed assets to vacant possession value	**21.8%**	17.4%
Cost management of Gross to Net	**17.6%**	21.3%
Rent collection (rent collected in H1 relative to rent invoiced in H1)	**99%**	100%
Like-for-like rental growth (based on average rent per unit for stabilised sites)	**3.2%**	0.5%
Average yield on assets in the portfolio	**4.2%**	4.3%

- Strong performance from completed assets
  - continued high demand for homes, with 99% of homes occupied or reserved
  - extremely strong rent collection relative to rent invoiced at 99%, with arrears remaining at c. 1% of annualised ERV despite a significant increase in rent roll
  - net rental income up 95% to £16.4m (2020: £8.4m)
  - like-for-like rental growth for H1 was 2.4%

- Bloomberg cumulative total return from IPO to 31 December 2021 of 27.7p

- Portfolio target has increased to c.5,700 homes with an ERV of c.£55m per annum following a c.£55.6m equity placing in September 2021
  - proceeds of placing fully committed by December 2021

HIGHLIGHTS (Cont.)

- Continued progress in delivery, against challenges of coronavirus and supply chain disruption
  - 505 new homes added in H1, taking portfolio to 4,489 completed homes, with an ERV of £43.5m p.a., and a further 949 homes under way
  - three development sites and one fully-completed and let site acquired in H1
  - two additional development sites expected to be acquired in H2

- Total dividends per share declared in H1, 2.0p (2020: 2.0p)
  - minimum dividend target of 4.0p* per share for the financial year

Outlook

- As at 11 March 2022, an additional 72 homes have been added to the portfolio, taking it to 4,561 completed homes, with an ERV of £44.8m p.a, and a further 877 were under way

- Rental demand remains very strong, underpinned by nationwide undersupply of quality rental housing for families, and will support prospects for further rental growth

- As the portfolio approaches stabilisation and the benefits of scale are realised, the outlook for the PRS REIT remains very positive as a first mover in an attractive market segment

Steve Smith, Non-Executive Chairman of The PRS REIT plc, said:

"The PRS REIT's portfolio of built-to-rent family homes is the largest of its kind in the UK and continues to perform extremely well. Demand for our high-quality homes has remained strong, evidenced in our occupancy levels and reservations.

"We are delivering our target gross yield on completed assets and seeing very good capital appreciation on both completed assets and newly-constructed vacant assets.

"We remain focused on completing the delivery of our portfolio of contracted homes. Our target has risen to around 5,700 built-to-rent homes, generating an estimated rental income approaching £55m a year, following a fundraising in September.

"We are confident that the Company is on track to achieve market expectations for the year, and continue to see significant opportunity in this highly attractive market segment. The PRS REIT's first mover status means it is well-positioned for further progress."

**These are targets only and not a forecast. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results..*

CHAIRMAN'S STATEMENT

Overview

I am pleased to present The PRS REIT plc's (the "Company" or "PRS REIT") financial results and progress for the six months ended 31 December 2021.

Our portfolio of build-to-rent ("BTR") family homes continued to increase. We believe that it is the largest of its kind in the UK, with a delivery and management platform that remains unrivalled. Our portfolio spans the major regions of England and central Scotland, and at the period end, stood at 4,489 completed homes with an additional 949 homes under way at that point. This is an increase of 42% against the same point last year (31 December 2020: 3,163 completed homes) and a 13% increase since 30 June 2021 (30 June 2021: 3,984 completed homes). The value of our net assets at 31 December 2021 was £572.9 million, up by 20% year-on-year and by 17% since 30 June 2021 (31 December 2020: £476.3 million and 30 June 2021: £490.3 million). This equates to a net asset value ("NAV") per share of 104.3p. The Bloomberg cumulative total return from IPO to 31 December 2021 is 27.7p.

The most recent data at 11 March 2022 shows the portfolio at 4,561 completed homes, with a further 877 homes under way, at varying stages of the construction process.

This is a significant achievement, and progress should be seen against the background of the ongoing challenges arising out of the coronavirus pandemic, which has caused labour and supply chain disruption. Following our fundraising in September 2021, we raised our target number of homes to 5,700. Once all these homes are completed, the portfolio will provide an estimated annual rental income approaching £55.0 million, and we expect to reach the landmark of 5,000 completed homes towards the end of calendar 2022.

Our properties continued to rent very well. Occupancy at 31 December 2021 was at 98% (31 December 2020: 96%), and rent collection (which is rent collected relative to rent invoiced in the period) was very strong at 99% (2020: 99%). Total arrears remained low, at £0.5 million at 31 December 2021, which is c.1% of annualised ERV on completed units (H1 2021: £0.2 million on 3,163 completed units).

We also achieved rental growth with new tenant lettings. These realised average like-for-like rental growth per unit on stabilised sites of 3.2% over the year to 31 December 2021. Average like-for-like rental growth per unit on stabilised sites over the six months to 31 December 2021 was 2.4%. This reflects a period prior to 31 December 2020 when rental increases were frozen for existing tenants during the initial months of the pandemic. These are strong performance figures.

Reflecting the growth of the portfolio, net rental income for the six months to 31 December 2021 increased by 95% to £16.4 million compared with the same period in 2020 (H1 2020: £8.4 million). The ERV of the 4,489 homes in our portfolio at the period end was £43.5 million per annum, up 48% (31 December 2020: £29.4 million per annum). As at 11 March 2022 on 4,561 homes, ERV increased to £44.8 million per annum.

The September equity placing raised gross proceeds of approximately £55.6 million, which was used to acquire three sites with planning permission for 383 new homes, with an ERV of £3.6 million per annum. The aggregate gross development cost ("GDC") is £60.3 million. We plan to acquire two further sites by the end of June 2022 using debt funding. These additional sites should deliver approximately 160 new homes, with an ERV of c.£1.5 million per annum.

The Board continues to target a minimum total dividend of 4.0p per ordinary share for the current financial year.

The Investment Adviser's report provides further commentary on housing delivery, asset performance and our ESG activity over the year.

CHAIRMAN'S STATEMENT (Cont.)

Financial results

Revenue, which is derived entirely from rental income, increased by 86% to £19.9 million against the same period last year (H1 2021: £10.7 million). This reflected growth in completed and let homes. After non-recoverable property costs, the net rental income for the period was £16.4 million, a 95% rise on the first half of 2020 (H1 2020: £8.4 million) ahead of the overall growth in rental income.

Profit from operations rose by 78% to £44.0 million (H1 2021: £24.7 million) after gains of £31.1 million from fair value adjustments on investment property (H1 2021: £19.4 million) and total expenses of £3.8 million (H1 2021: £3.1 million).

Profit before tax increased by 90% to £38.6 million (H1 2021: £20.3 million), and basic earnings per share rose by 80% to 7.4p (H1 2021: 4.1p). Of this, 1.4p represented recurring earnings per share in line with the EPRA definition compared to 2.0p of dividends, reflecting 70% dividend cover in the period.

Net assets stood at £572.9 million as at 31 December 2021, a rise of 20% against the same point in 2020 (31 December 2020: £476.3 million and 30 June 2021: £490.3 million). This equates to a net asset value ("NAV") of 104.3p per share, on an International Financial Reporting Standards ("IFRS") basis and the European Public Real Estate Association ("EPRA") Net Tangible Asset ("NTA") basis (30 June 2021: IFRS and EPRA NTA both 99.0p).

NAV movement:	**Six months ended 31 December 2021**	**Six months ended 31 December 2020**	**Year ended 30 June 2021**
Opening NAV	99.0p	95.1p	95.1p
Valuation and development	5.9p	4.1p	8.8p
Earnings	1.4p	0.0p	0.1p
Dividends paid	(2.0)p	(3.0)p	(5.0)p
Closing NAV	**104.3p**	**96.2p**	**99.0p**

The movement in the NAV position, from 99.0p to 104.3p between 30 June 2021 and 31 December 2021, is after total dividend payments of 2.0p per share (£10.3 million). These dividend payments related to the fourth quarter of the 2021 financial year and the first quarter of 2022 financial year, and were paid in September and December 2021, respectively.

Operating cash inflows continued to exceed operating outflows and covered the Company's cost base.

	Six months ended 31 December 2021 (unaudited)	**Six months ended 31 December 2020 (unaudited)**	**Year ended 30 June 2021 (audited)**
IFRS EPS (pence per share)	**7.4**	4.1	8.9
EPRA EPS (pence per share)	**1.4**	0.2	1.0

	As at 31 December 2021 (unaudited)	**As at 31 December 2020 (unaudited)**	**As at 30 June 2021 (audited)**
IFRS NAV (pence per share)	**104.3**	96.2	99.0
EPRA NTA (pence per share)	**104.3**	96.2	99.0

CHAIRMAN'S STATEMENT (Cont.)

Dividends

Two dividend payments, each of 1.0p per ordinary share, were made in the period, on 3 September and 3 December 2021. These payments related to the last quarter of the 2020 financial year ended 30 June and the first quarter of the current financial year. A dividend of 1.0p per ordinary share relating to the second quarter of the current financial year was paid on 11 February 2022 to shareholders on the register as at 28 January 2022. This brought the total of dividends paid to date since the Company's inception in May 2017 to 20.0p per share.

The Board expects to announce the payment of an interim dividend for the third quarter of the current financial year in April.

The Board continues to target a minimum total dividend of 4.0p per ordinary share for the current financial year. This minimum target is expected to be almost fully covered by earnings on an annualised run-rate basis by the end of the financial year, with coverage continuing to grow during the financial year ending 30 June 2023 as construction, completions and lettings advance.

Debt Facilities

As at 31 December 2021, the Company had £450 million of committed debt facilities available for utilisation. This comprises £400 million of investment debt facilities and £50 million of development debt facilities although a portion of the investment debt facilities can also be utilised as development debt facilities. Our lending partners are: Scottish Widows (£250 million); The Royal Bank of Scotland plc (£100 million); Lloyds Banking Group plc (£50 million); and Barclays Bank PLC (£50 million). £25 million of the Lloyds Banking Group/ RBS facility and the £50 million Barclays Bank PLC debt facility are available to be drawn as development debt facilities, which enables a number of sites to be developed simultaneously.

The debt facilities are subject to the maximum gearing ratio of 45% of gross asset value. Approximately £330 million of these facilities have been drawn to date, with the remainder presently forecast to be utilised over the next 12 months as we finish the current phase of construction, completion and letting activity. The long-term investment debt facilities of £400 million have an average term of 11.7 years and an average weighted cost of 2.8% once fully drawn.

Environmental, Social and Governance ("ESG") Practices

The PRS REIT is a member of the UK Association of Investment Companies and applies its 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 including the review of investment activity and performance. The Board consists of five independent non-executive directors, who together bring significant and complementary experience in the management of listed funds, equity capital markets, public policy, operations and finance in the property and investment funds sectors.

The Board delegates the day-to-day management of the business, including the management of ESG matters, to the Investment Adviser, Sigma PRS Management Ltd ("Sigma PRS"), which is a subsidiary of Sigma Capital Group Limited ("Sigma"), and a signatory and participant of the United Nations Global Compact. Sigma Capital Group Limited is part of PineBridge Investments, a private, global asset manager with $150bn in assets under management as at December 2021.

Details of ESG policies and activities are contained separately in the Investment Adviser's Report.

CHAIRMAN'S STATEMENT (Cont.)

Outlook

The need for high-quality rental homes for families in the UK remains acute while the supply of new homes continues to fall short of both Government aspirations and aggregate and increasing demand. The buy-to-let sector, which traditionally provided the bulk of the rental stock in the UK is continuing to see private landlords leave the market, and there have been 180,000 buy-to-let redemptions since 2017. These factors are continuing to create upward pressure on rental demand.

While we are mindful of the current inflationary environment, which is creating a rise in the cost of living for the population, demand for the Company's high-quality family rental homes remains strong and we expect our assets continue to perform well. This is in part a reflection of the affordable nature of our properties and the fact that rising interest rates typically drive an expansion in renting versus home ownership. It also reflects the rental management model, created by Sigma PRS, which aims both to set a higher standard of customer care in the private rented sector than hitherto and to create communities that are attractive to renters generally and families in particular.

These factors are driving performance, and the combination of growing income, rental appreciation and asset value growth are beginning to enhance returns to shareholders. As the Built-to-Rent sector becomes more established and institutionally attractive, we expect to make significant progress.

We continue to see significant opportunity in the market, and as a first mover in an attractive market segment we believe that the PRS REIT is well-positioned for further progress.

The Board is confident that the Company is on track to meet market expectations for the financial year and to progress towards covering the current annual dividend of 4.0p per share on an annualised basis by the end of the 2022 financial year.

Finally, I would like to thank our investors, who have supported us through our formative period, our customers, Sigma, our housebuilder partners and all of our stakeholders who have helped to create what is fast becoming an exciting investment opportunity and the preeminent PRS investment vehicle for family homes.

Steve Smith
Chairman

22 March 2022

INVESTMENT ADVISER'S REPORT

Sigma PRS Management Ltd ("Sigma PRS"), the Investment Adviser to the PRS REIT is pleased to report on the Company's progress for the six months to 31 December 2021. Sigma PRS is a wholly-owned subsidiary of Sigma Capital Group Limited ("Sigma"), which is part of PineBridge Investments, a private global asset manager with over $150bn in assets under management.

Investment objective and strategy

The Company is taking advantage of the substantial opportunity in the private rented sector, and aims to provide investors with an attractive level of income, together with the prospect of income and capital growth. It is doing so by creating a large portfolio of newly-constructed rental stock that meets existing demand in the UK for well-located, high-quality, professionally -managed rental homes.

The PRS REIT has delivered a large number of private rented sector housing schemes, which are let under the 'Simple Life' brand. It has created a geographically diverse portfolio of properties that have easy access to the main road and rail infrastructure and are close to large employment centres and local amenities. Proximity to good quality primary education is of particular importance, being a major attraction for families with children. While the Company is focused on family houses, it has also invested in some low-rise flats in appropriate locations where a greater diversity of rental levels is required.

The PRS REIT has built and continues to build its portfolios in two ways:

- by acquiring undeveloped sites sourced by Sigma PRS. The delivery is managed by Sigma PRS (or another member of the Sigma Group as development manager), and the completed units are let under the *'Simple Life'* brand.

  The PRS REIT aims to fund a minimum of two-thirds of the new properties in this way. Pre-development risks are identified and underwritten by Sigma and its partners, and sites will have an appropriate certificate of title, detailed planning consent and a fixed-price design and build contract with one of Sigma's housebuilding partners prior to acquisition by the Company. During the construction phase, many of the properties are pre-let and subsequently occupied as they complete.

- by acquiring completed PRS sites from the Sigma Group, or from third parties. A pre-requisite is that these completed and stabilised developments must accord with the PRS REIT's investment objectives and satisfy both return and occupancy hurdles. The Company may fund up to a maximum of one third of new properties in this manner. To date, this route represents 17% of the Company's portfolio.

Sigma has a well-established PRS delivery platform, which sources and develops investment opportunities. The PRS REIT has first right of refusal over sites within Sigma's platform assuming they meet its investment criteria and it has available capital to fund the opportunities.

The platform benefits from well-established relationships with construction partners, including Countryside Partnerships PLC, previously known as Countryside Properties PLC ("Countryside"), Engie Regeneration Limited, Seddon Construction Limited, Springfield Properties plc and Vistry Partnerships Limited, as well as with local authorities and letting agencies. These relationships enable Sigma to identify and source land, and deliver and manage properties on behalf of the Company in the target geographies. Homes England, an executive non-departmental public body sponsored by the Ministry of Housing, Communities & Local Government, has been extremely supportive of Sigma, with both parties sharing the common goal of accelerating new housing delivery in England.

Delivery and pipeline

A total of 505 new homes were added to the PRS REIT's portfolio in the first half of the current financial year. This took the total number of completed homes in the Company's portfolio at 31 December 2021 to 4,489, a 42% increase year-on-year (31 December 2020: 3,163 homes). The homes have an estimated rental value ("ERV") of £43.5 million per annum (31 December 2020: £29.4 million per annum), a rise of 48%.

Purchases of investment property over the first half to 31 December 2021 totalled £48.0 million (H1 2020: £104.1 million). The year-on-year reduction reflects the maturity of the portfolio and the normal cycle of property development expenditure, where expenditure is typically higher during the earlier months of acquiring and developing a site, and reduces as homes complete across a site.

The Company completed an equity placing in September 2021, raising £55.6 million, which took its Company's gross funding to £956 million (including debt), the major part of which has been fully allocated.

During October 2021, part of the placing proceeds were used to acquire a completed and let 16-unit site in Bury St Edmunds, Suffolk and three development sites, in Derbyshire, Lancashire and Perthshire. When completed, these sites will add 383 homes to the portfolio.

The table below provides a summary of development activity, and shows the cumulative number of PRS units that have been completed since the launch of the Company on 31 May 2017 and the ERV of homes under construction or completed.

	At 31 December 2021	**At 30 June 2021**	**At 31 December 2020**
No. of completed PRS units	4,489	3,984	3,163
Rental income per annum	£43.5m	£37.5m	£29.4m
No. of contracted homes	949	1,071	1,963
ERV per annum	£8.2m	£10.6m	£19.4m
Total number of sites (completed and contracted)	67	64	65
No. of completed and contracted units	5,438	5,055	5,126
ERV per annum	£51.7m	£48.1m	£48.8m

Geographic diversification

The number of sites in the Company's portfolio increased to 67 sites at 31 December 2021 (31 December 2020: 65). They span the major regions of England and central Scotland.

Approximately 58% of homes in the portfolio, both completed and under development, are located in the North West of England, with the Midlands accounting for approximately 19%, and Yorkshire and the North East together representing around 14%. Homes in the South of England account for 7% of the portfolio, and the remaining 2% of homes are situated in central Scotland, the Company having acquired its first development site here in the period. The wide geographical spread of homes has created a diverse customer base, which helps to balance risk - particularly important given current geopolitical and economic uncertainties.

As at 31 December 2021, 52 sites were completed and income producing, with the remaining 15 sites still part-way through development. Many of the partially-completed sites are already producing rental income. This is because sites are developed in such a way that tranches of completed homes can be released for letting while construction continues, subject to health and safety reviews. The approach enables development sites to become income-generating relatively quickly.

Rental performance and key performance measures

The PRS REIT's homes remain in demand, and the portfolio continues to perform very strongly as it grows.

Increased rental income and rental growth

Reflecting the increasing number of assets in the portfolio and buoyant demand, annualised gross rental income as at 31 December 2021 was 48% higher at £43.5 million than a year ago, and 16% higher than at 30 June 2021 (31 December 2020: £29.4 million and 30 June 2021: £37.5 million). Acquisitions of completed assets during the period accelerated this rental income growth.

It is worth noting that rental growth was to some extent restrained by our decision in March 2020, during the first national lockdown, to freeze increases on existing tenancy renewals. Like-for-like growth in the 12 month period was 3.2% on stabilised sites, with just over 2% of this increase arising in the first half of the current financial year.

High occupancy levels

Occupancy levels were at 98% in December 2021, and including those prospective tenants who had passed referencing and paid their deposits, this figure increases to 99%. An average of 45 new applications were received each week over the period.

Strong rent collection

Rent collection remained strong at 99%; this ratio is measured as rent invoiced in the period relative to rent received in the same period (2021: 99%). Rent arrears continued to be low, at £0.5m, which is approximately 1% of annualised ERV (2021: less than 1%).

Cost base covered

The Company's cost base is covered, and operating cash inflows have increased in the period as rental income from completed and let homes has grown.

As previously advised, legislative change in the form of the Tenant Fees Act 2020, which came into force on 1 June 2020, added almost 1.5% of additional cost to the lettings process, and contributed to an increase in overall running costs in the prior year. However, this cost has reduced with the growth in the portfolio triggering a revised letting agent fee structure that has lowered total lettings costs by over 1.0%. Currently, non-recoverable property costs are 17.6% of gross rent, reflecting the lower lettings costs. All other costs are in line with management's targets.

Bloomberg total return

The Bloomberg cumulative total return from IPO to 31 December 2021 is 27.7p.

Key performance measures and investment valuation of completed assets

The table below summarises key performance measures on completed assets:

	31 Dec 2021	**31 Dec 2020**
Average gross yields on cost of completed assets	**6.4%**	6.2%
Average capital uplift on cost of completed assets to Investment Value	**15.1%**	9.7%
Average capital uplift on cost of completed assets to Vacant Possession Value	**21.8%**	17.4%
Average yield on assets in the portfolio	**4.2%**	4.3%
Cost management of Gross to Net	**17.6%**	21.3%
Like-for-like rental growth	**3.2%**	0.5%

Significant uplift in value of completed assets

The Investment Valuation completed in December 2021 showed an average uplift in the value of completed assets over the costs of delivery of 15.1%.

The average uplift in the value of completed assets on a vacant possession basis against the cost of delivery was 21.8%.

Both of these uplifts provide significant headroom between cost and value, underlining the benefits of the Investment Adviser's PRS model.

Latest data on delivery and asset performance

Between 1 January and 11 March 2022, we delivered a further 72 rental homes with an ERV of approximately £0.83 million per annum. This has taken the Company's portfolio of completed homes at 11 March 2022 to 4,561 homes, with an ERV of around £44.8 million per annum. A further 877 homes were under way at that point.

Out of 4,561 completed homes, 4,477 homes were let as at 11 March 2022, which provides an annualised rental income of £43.9 million, and a further 42 homes were reserved to qualified applicants with rent deposits paid at that date.

INVESTMENT ADVISER'S REPORT (Cont.)

ESG Approach

The PRS REIT recognises that it is a long-term stakeholder in the communities and neighbourhoods it creates, and takes this role very seriously. It has delegated the day-to-day management of ESG strategy to the Investment Adviser, Sigma PRS. Sigma PRS has also assumed responsibility for how the Company's ESG priorities are managed at both Company and asset level, and funds the PRS REIT's social and charitable activities. Sigma PRS reports to the PRS REIT's Board on ESG on a quarterly basis.

The Investment Adviser is a signatory of the United Nations Global Compact ("UN Global Compact"), which is a voluntary initiative designed to encourage business leaders to implement universal sustainability principles and in particular the UN Global Compact's Ten Principles. These 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 Nationals Convention Against Corruption.

The Company's 2021 ESG Report can be found on the Company's website at, www.prsreit.com.

Processes and strategies

As an industry leader in the provision of private rental homes, the PRS REIT is aware of its increased ESG responsibilities. Sigma PRS therefore aims to work alongside forward-looking partners who share the Company's goals and aspirations for reduced carbon emissions. The Investment Adviser also recognises the need for action in priority areas such as energy and water consumption, non-fossil fuel heating provision, and biodiversity.

As Sigma PRS continues to develop the Company's ESG agenda and strategy, the focus is on embedding best practice, monitoring supply chain activity, and ensuring policies and activities comply with the PRS REIT's commitment to the UN Global Compact.

Partnerships

Sigma PRS engages closely with all partners to deliver the PRS REIT's ESG commitments. Shared priorities include, reducing carbon emissions, measuring impact and gathering data, 'future-proofing' assets, and supporting biodiversity. Sigma PRS is pleased to report good progress in construction data gathering with Countryside and its Sustainability Team, and carbon reduction planning with Vistry Group and its Sustainability Team. Initiatives to reduce traffic flow and site waste, and to recycle and to divert waste from landfill remain areas of focus for all partners.

Maintenance Support

The Investment Adviser's repair and management app, *FixFlo*, continues to provide both a highly convenient way for Simple Life customers to report repair and maintenance problems and for maintenance services to be provided efficiently, with the minimum of physical contractor visits, which typically incur carbon emissions.

Over the first half of the financial year:

- Of 11,000 issues raised:
    - 48% were resolved through system advice and self-fix, and
    - 52% continued to maintenance to fix/ contractor instructed

Energy Performance data

The energy performance of the homes in the portfolio is well above the Government's targeted levels for rental properties, with 84% of homes achieving an EPC rating in band B, 1% in band A and 15% rated in band C. The minimum rating band is E for rentals.

Charities

Sigma PRS continued to support chosen partner charities, and in addition has broadened the number of charities with which it has links. In particular, Sigma PRS has increased its focus on local charities, consulting with residents and colleagues over where to direct support.

An example of resident collaboration during the first half was the '12 Days of Christmas' campaign. The campaign received over 70 charity nominations from residents, and 12 charities each received £1,000.

INVESTMENT ADVISER'S REPORT (Cont.)

Projects
In the first half, Sigma PRS organised a Wellbeing Roadshow in conjunction with Clever Cogz Learning, which took mobile Escape Rooms to eight schools and 26 communities across the country. The idea was to promote wellness and well-being to children, as well as teamwork, at a time when children's mental health has been the subject of considerable debate arising out of pandemic-related restrictions.

In December 2021, Sigma PRS launched an outward-bound course, 'Building for my Future', in partnership with The Outward Bound Trust, an educational charity that aims to help young people to defy limitations through learning and outdoor adventures. Sigma PRS will be providing places for 12 young people, aged between 16 and 18, to develop life and leadership skills, confidence and resilience.

Residents social events
As lockdown restrictions lifted, Sigma PRS was able to resume 'resident events' for the PRS REIT's communities. Over the summer, these events include ice-cream vans visits to 47 sites, with over 3,000 ice creams consumed. In the autumn, evening pizza events were organised for a number of locations and an extended entertainment evening held at our Empyrean development, providing over 1,300 pizzas in total. At Christmas, Sigma PRS arranged for Father Christmas, his elves and accompanying band, to visit 54 sites. The Investment Adviser continues to place great importance on the value of these events and other opportunities for residents to come together and socialise.

In August 2021, Sigma PRS launched the 'My Simple Life' mobile app. While the app provides an easily accessible hub for home documents, manuals, statements, it is also designed to provide residents with social and neighbourhood news as well as information on special offers. Over 1,600 residents have currently registered to use the app.

The activities of the Company in all aspects of Environment, Social and Governance are set out in the ESG Report 2021, which can be obtained from the Company's website at, www.prsreit.com.

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 the Investment Adviser's and Company's knowledge, 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 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.

Gender diversity
The PRS REIT plc has five Board Directors. The male-to-female ratio of Directors in 2021 was 80: 20 (2020: 100: 0).

Governance
Appropriate and proportionate governance is essential to ensure that risks are identified and managed, and that accountability, responsibility, fairness and transparency are maintained at all times.

The Group 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 appropriate. The Board believe in robust and effective corporate governance and is committed to maintaining high standards and applying the principles of best practice.

Summary

With the balance of the PRS REIT's gross funding effectively fully committed, Sigma PRS remains wholly focused on the delivery of homes currently under development. Based on current schedules, we expect to deliver the portfolio's 5,000th home towards the end of calendar 2022. Fixed price design and build contracts provide protection against raw material price inflation on current contracted development, and therefore we expect the portfolio to lag current inflation impacts.

Since January 2022, the start of the third financial quarter, a further 72 new homes have been completed, taking the portfolio to 4,561 completed homes as at 11 March 2022, with a further 877 homes under way. The ERV of the portfolio at that date is expected to be £44.8m per annum.

Demand remains strong, and occupancy and reservation levels are high. Between 1 January and 11 March 2022, the percentage of occupied homes stood at 98%. Including applicants who have paid deposits and passed our qualification process, the let portfolio increases to 99%. Rent collection in the period was very strong at 99%, with arrears low. These figures continue to demonstrate not only the attraction of our homes and our high standards of customer care but the ongoing structural undersupply of quality family rental homes. We expect rising interest rates to boost demand for rental homes as mortgage affordability pressures increase, especially for first-time buyers.

Looking ahead to the remainder of the financial year and beyond, we remain confident that the PRS REIT is in a strong position to achieve market expectations.

The Board will consider the payment of an interim dividend in respect of the three months to 31 March 2022 in the fourth quarter of the current financial year. It continues to target* a minimum total dividend for the current financial year of 4p per ordinary share.

The 4p dividend is expected to be almost fully covered by earnings on an annualised basis by the end of the 2022 financial year, with coverage continuing to grow thereafter as construction, completions, lettings and asset management advance.

The global backdrop since the inception of PRS REIT has been extraordinarily turbulent, so let us hope that the remainder of 2022 and beyond will bring greater stability.

Sigma PRS Management Ltd
22 March 2022

**These are targets only and not forecasts. There can be no assurance that these targets will be met and they should not be taken as an indication of the Company's expected future results.*

DEFINITIONS

The following terms shall have the meanings specified below:

"**Average capital uplift on completed assets to investment value**" means the difference between investment value and gross development cost divided by gross development cost.

"**Average capital uplift on completed assets to vacant possession value**" means the difference between vacant possession value and gross development cost divided by gross development cost.

"**Average gross yields on cost of completed assets**" means current expected rental value divided by gross development cost.

"**Committed**" means development sites that have been approved or are under formal appraisal by the Investment Adviser, and where planning consent is being sought, and/or are in the process of being acquired.

"**Contracted**" means sites under construction (under a design and build contract), which have been purchased by the PRS REIT or the PRS REIT's Investment Adviser (forward sold to the PRS REIT).

"**EPRA NTA**" means 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.

"**EPS**" means unadjusted earnings per share.

"**EPRA EPS**" means 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.

"**IFRS NAV**" means unadjusted net asset value.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
Rental income		**19,865**	10,676	26,636
Non-recoverable property costs		**(3,493)**	(2,278)	(5,186)
Net rental income		**16,372**	8,398	21,450
Other income		**295**	-	353
Administrative expenses				
Directors' remuneration		**(83)**	(70)	(148)
Investment advisory fee		**(2,485)**	(2,143)	(4,362)
Other administrative expenses		**(1,235)**	(891)	(2,028)
Migration to Main Market expenses		**-**	-	(543)
Total expenses		**(3,803)**	(3,104)	(7,081)
Gain from fair value adjustment on investment property	4	**31,100**	19,371	38,983
Operating profit		**43,964**	24,665	53,705
Finance costs		**(5,414)**	(4,411)	(9,592)
Profit before taxation		**38,550**	20,254	44,113
Taxation		**-**	-	-
Total comprehensive income for the period / year attributable to the equity holders of the Company		**38,550**	20,254	44,113
Earnings per share attributable to the equity holders of the Company:				
Basic earnings per share	7	**7.4P**	4.1p	8.9p
EPRA earnings per share	7	**1.4P**	0.2p	1.0p

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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	As at 31 December 2021 (unaudited) £'000	As at 31 December 2020 (unaudited) £'000	As at 30 June 2021 (audited) £'000
ASSETS				
Non-current assets				
Investment property	4	**859,485**	700,591	780,366
		859,485	700,591	780,366
Current assets				
Trade receivables		**513**	189	457
Other receivables		**8,592**	5,095	6,132
Cash and cash equivalents		**48,633**	128,897	86,414
		57,738	134,181	93,003
Total assets		**917,223**	834,772	873,369
LIABILITIES				
Non-current liabilities				
Accruals and deferred income		**3,501**	7,291	4,732
Interest bearing loans and borrowings		**278,214**	331,197	245,860
		281,715	338,488	250,592
Current liabilities				
Trade and other payables		**18,741**	19,967	22,477
Interest bearing loans and borrowings		**43,884**	-	110,030
		62,625	19,967	132,507
Total liabilities		**344,340**	358,455	383,099
Net assets		**572,883**	476,317	490,270
EQUITY				
Called up share capital	5	**5,493**	4,953	4,953
Share premium reserve	6	**298,974**	245,005	245,005
Capital reduction reserve		**151,539**	171,890	161,984
Retained earnings		**116,877**	54,469	78,328
Total equity attributable to the equity holders of the Company		**572,883**	476,317	490,270
Net asset value per share	8	**104.3p**	96.2p	99.0p

As at 31 December 2021, there was no difference between NAV per share and EPRA NTA per share.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2021

	Notes	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
At 1 July 2020		4,953	245,005	186,748	34,215	470,921
Transactions with owners						
Dividends paid	11	-	-	(14,858)	-	(14,858)
Comprehensive income						
Profit for the period		-	-	-	20,254	20,254
At 31 December 2020		4,953	245,005	171,890	54,469	476,317
Transactions with owners						
Dividends paid		-	-	(9,906)	-	(9,906)
Comprehensive income						
Profit for the period		-	-	-	23,859	23,859
At 30 June 2021		4,953	245,005	161,984	78,328	490,270
Transactions with owners						
Issue of ordinary shares		540	53,969	-	-	54,509
Dividends paid	11	-	-	(10,446)	-	(10,446)
Comprehensive income						
Profit for the period		-	-	-	38,550	38,550
At 31 December 2021		**5,493**	**298,974**	**151,539**	**116,877**	**572,883**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 31 December 2021

	Notes	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
Cash flows from operating activities				
Profit before tax		**38,550**	20,254	44,113
Finance costs		**5,414**	4,411	9,592
Fair value adjustment on investment property	4	**(31,100)**	(19,371)	(38,983)
Cash generated from operations		**12,864**	5,294	14,722
Increase in trade and other receivables		**(1,884)**	(1,630)	(1,805)
(Decrease) / Increase in trade and other payables		**(4,966)**	3,259	3,295
Net cash generated from operating activities		**6,014**	6,923	16,212
Cash flows from investing activities				
Purchase of investment property	4	**(48,020)**	(104,101)	(164,264)
Net cash used in investing activities		**(48,020)**	(104,101)	(164,264)
Cash flows from financing activities				
Proceeds from issue of Ordinary Shares		**55,593**	-	-
Cost of share issue		**(1,084)**	-	-
Bank and other loans advanced		**48,271**	187,107	233,119
Bank and other loans repaid		**(82,789)**	-	(22,134)
Finance costs		**(5,321)**	(5,478)	(11,059)
Dividends paid		**(10,445)**	(14,858)	(24,764)
Net cash generated from financing activities		**4,225**	166,771	175,162
Net (decrease) / increase in cash and cash equivalents		**(37,780)**	69,593	27,110
Cash and cash equivalents at beginning of period		**86,414**	59,304	59,304
Cash and cash equivalents at end of period		**48,633**	128,897	86,414

NOTES TO THE FINANCIAL STATEMENTS

1. **General Information**

The PRS REIT plc (the "Company") 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 is quoted on the Premium Segment of the Main Market of the London Stock Exchange.

This interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on 22 March 2022.

2. **Basis of Preparation and changes to the Group's accounting policies**

Basis of preparation

The financial information for the period ended 31 December 2021, does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 June 2021, has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified, did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying the report, and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021, has been prepared on a going concern basis using accounting policies consistent with UK-adopted International Accounting Standards, in accordance with IAS 34 Interim Financial Reporting. On 31 December 2020, EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 July 2021. This change constitutes a change in accounting framework however, there is no impact on recognition, measurement or disclosure. The current period financial information presented in this document has not been reviewed or audited.

The interim report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2021, which has been prepared in accordance with both International Accounting Standards, in conformity with the requirements of the Companies Act 2006, and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and any public announcements made by the Group during the interim reporting period. The Group's annual consolidated financial statements are available on the Company's' website, www.theprsreit.com.

Adoption of new and revised standards

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 June 2021, except for the adoption of new standards effective as of 1 July 2021.

The Group has considered amendments to standards endorsed by the UK Endorsement Board effective for the current accounting period and determined that these do not have a material impact on the consolidated financial statements of the Group in the period ended 31 December 2021. These amendments are as follows: References to Conceptual Framework in IFRSs (amended); IFRS 16 (amended) – Covid-19 related Rent Concessions; IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amended) – Interest Rate Benchmark Reform – Phase 2.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. None of these are expected to have a material impact on the consolidated financial statements of the Group.

The new standards and amendments are as follows:

IFRS 17 – Insurance Contracts; IAS 1 (amended) – Classification of liabilities as current or non-current; IAS 1 and IFRS Practice Statement 2 (amended) – Disclosure of Accounting Policy; IAS 8 (amended) – Definition of Accounting Estimate; and
IAS 12 (amended) - exception to the Initial Recognition Exemption.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

Critical judgements in applying the Group's accounting policies

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. ***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 key assumptions that are used in the fair value assessment of completed assets are estimated rental value, net investment yield and gross to net deductions. The key assumptions 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.

The valuations are prepared in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together, where applicable, with the UK National Supplement effective 14 January 2019, together the "Red Book".

ii. ***Acquisition of subsidiaries – as a group of assets and liabilities***

During the period, the Group acquired three property-owning special purpose vehicles. The Directors considered whether these acquisitions meet 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 acquisitions 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 acquisitions which were as follows:

	Sigma PRS Investments (Bury St Edmunds D) Limited £'000	Sigma PRS Investments (Drakelow) Limited £'000	Sigma PRS Northern (Bertha Park) Limited £'000
Investment properties acquired	4,565	6,751	4,775
Other receivables	12	1,276	-
Other payables	(35)	-	-
Total consideration paid	**4,542**	**8,027**	**4,775**

- 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

3. **Going concern**

The interim condensed consolidated financial statements have been prepared on a going concern basis. The Group's cash balances at 31 December 2021, were £49 million of which £37 million was readily available. The Group had debt borrowing as at 31 December 2021, of £326 million (gross of unamortised arrangement fees), and has secured further facilities of £124 million. Capital commitments outstanding as at 31 December 2021, were £63 million. The Group's ERV as at 31 December 2021, was £43.5 million from 4,489 homes and has increased to £44.8 million from 4,561 homes as at 11 March 2022. This has increased the Company's recurring income and at this level is more than sufficient to cover monthly cash costs and to support dividend payments, thereby maintaining the Company's REIT status. The Company has monitored and performed stress tests throughout the period since the Government imposed the first national lockdown almost two years ago, and these have shown the Group to be in a strong position throughout.

Therefore, the Directors believe the Group is well placed to manage its business risks successfully. After making enquiries, the Directors have a reasonable expectation that the Group 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 interim condensed consolidated financial statements for the six months ended 31 December 2021. The Board is therefore of the opinion that the going concern basis adopted in the preparation of the interim condensed consolidated financial statements for the six months ended 31 December 2021, is appropriate.

4. **Investment property**

In accordance with International Accounting Standard, IAS 40 Investment Property, investment property has been independently valued at fair value by Savills (UK) Limited, an accredited external valuer with a recognised relevant professional qualification and with recent experience in the locations and categories of the investment properties being valued. The valuation basis conforms to International Valuation Standards and is based on market evidence of investment yields, expected gross to net income rates and actual and expected rental values.

The valuations are the ultimate responsibility of the Directors. Accordingly, the critical assumption used in establishing the independent valuations are reviewed by the Board.

	Completed assets £'000	Assets under construction £'000	Total £'000
As at 1 July 2020	231,302	345,817	577,119
Completed properties acquired on acquisition of subsidiaries	31,606	-	31,606
Property additions - subsequent expenditure	-	72,495	72,495
Change in fair value	6,761	12,610	19,371
Transfers to completed assets	102,850	(102,850)	-
As at 31 December 2020	372,519	328,072	700,591
Completed properties acquired on acquisition of subsidiaries	10,669	-	10,669
Property additions - subsequent expenditure	-	49,494	49,494
Change in fair value	6,647	12,965	19,612
Transfers to completed assets	143,939	(143,939)	-
As at 30 June 2021	533,774	246,592	780,366
Completed properties acquired on acquisition of subsidiaries	4,565	-	4,565
Property additions - subsequent expenditure	-	43,454	43,454
Change in fair value	17,349	13,751	31,100
Transfers to completed assets	111,935	(111,935)	-
As at 31 December 2021	**667,623**	**191,862**	**859,485**

The historic cost of completed assets and assets under construction as at 31 December 2021 was £751.2 million (30 June 2021: £704.2 million).

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

Fair values

IFRS 13 sets out a three-tier hierarchy for financial 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:

Completed assets:

Type	Range
Investment yield (net)	4.00% - 4.50%
Gross to net assumption	22.50% - 25.00%

5. **Share capital**

	No. of Shares	Share Capital £'000
Balance as at 31 December 2020	495,277,294	4,953
Balance as at 30 June 2021	495,277,294	4,953
Issue of shares	53,974,164	540
Balance as at 31 December 2021	**549,251,458**	**5,493**

In September 2021 the Company undertook an equity raise. On 4 October 2021,a total of 53,974,164 shares were issued at an issue price of 103.0p.

6. **Share premium reserve**

The share premium relates to amounts subscribed for share capital in excess of nominal value.

	2020 £'000
Balance as at 31 December 2020	245,005
Balance as at 30 June 2021	245,005
Share premium on the issue of Ordinary Shares	55,053
Share issue costs	(1,084)
Balance as at 31 December 2021	**298,974**

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

7. 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, only basic earnings per share is quoted below.

The calculation of basic and diluted earnings per share is based on the following:

	31 December 2021 £'000	31 December 2020 £'000	30 June 2021 £'000
Earnings per IFRS income statement	**38,550**	20,254	44,113
Adjustments to calculate EPRA Earnings:			
Changes in value of investment properties	**(31,100)**	(19,371)	(38,983)
EPRA Earnings:	**7,450**	883	5,130
Company specific adjustments:			
Non-recurring costs incurred by the Company as part of the Migration to the Premium Segment of the Main Market	**-**	-	543
Company Adjusted Earnings	**7,450**	883	5,673
Weighted average number of ordinary shares	**521,374,692**	495,277,294	495,277,294
IFRS EPS (pence)	**7.4**	4.1	8.9
EPRA EPS (pence)	**1.4**	0.2	1.0
Company specific Adjusted EPS (pence)	**-**	-	1.2

8. Net Asset Value per share

The Group adopted the EPRA issued new best practice guidelines in the year ending 30 June 2021. EPRA Net Tangible Assets ("NTA"), is considered to be the most relevant measure for the Group and replaces the previously reported EPRA NAV. 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 period. As there are no dilutive instruments, only basic NAV per share is quoted below.
Net asset values have been calculated as follows:

	As at 31 December 2021	As at 31 December 2020	As at 30 June 2021
IFRS Net assets (£'000)	**572,883**	476,317	490,270
EPRA adjustments to NTA (£'000)	-	-	-
EPRA NTA (£'000)	**572,883**	476,317	490,270
Shares in issue at end of period	**549,251,458**	495,277,294	495,277,294
Basic IFRS NAV per share (pence)	**104.3**	96.2	99.0
EPRA NTA per share (pence)	**104.3**	96.2	99.0

The NTA per share calculated on an EPRA basis is the same as the IFRS NAV per share all periods shown.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

9. Capital commitments

The Group has entered into contracts with unrelated parties for the construction of residential housing with a total value of £671.4 million (30 June 2021: £663.8 million). As at 31 December 2021, £54.8 million (30 June 2021: £89.2 million) of such commitments remained outstanding. The PRS REIT is also committed to acquiring one completed and fully let development from Sigma within the next 12 months for c.£9 million.

10. Transactions with Investment Adviser

On 31 March 2017, Sigma PRS Management Ltd ("Sigma PRS") was appointed as the Investment Adviser ("IA") of the Company.

For the period from 1 July 2021 to 31 December 2021, fees of £2.5 million (1 July 2020 to 31 December 2020: £2.1 million) were incurred and payable to Sigma PRS in respect of investment advisory services. At 31 December 2021, £0.5 million remained unpaid (30 June 2021: £1.5 million).

For the period from 1 July 2021 to 31 December 2021, development fees of £1.6 million (1 July 2020 to 31 December 2020: £2.8 million) were incurred and payable to Sigma PRS. At 31 December 2021, £0.2 million (30 June 2021: £0.3 million) remained unpaid.

During the period from 1 July 2021 to 31 December 2021, the Group acquired the following subsidiaries from Sigma Capital Group Limited, the ultimate holding company of the IA:

Name of Entity	Consideration
Sigma PRS Investments (Bury St Edmunds D) Limited	£4.5 million
Sigma PRS Northern (Bertha Park) Limited	£4.8 million
Sigma PRS Northern (Drakelow) Limited	£8.0 million

11. Dividends paid and proposed

	Six months ended 31 December 2021 (unaudited) £'000	Six months ended 31 December 2020 (unaudited) £'000	Year ended 30 June 2021 (audited) £'000
Dividends on ordinary shares declared and paid:			
3 months to 31 March 2020: 1.0p per share	-	4,952	4,952
3 months to 30 June 2020: 1.0p per share	-	4,953	4,953
3 months to 30 September 2020: 1.0p per share	-	4,953	4,953
3 months to 31 December 2020: 1.0p per share	-	-	4,953
3 months to 31 March 2021: 1.0p per share		-	4,953
3 months to 30 June 2021: 1.0p per share	4,953	-	-
3 months to 30 September 2021: 1.0p per share	5,493	-	-
	10,446	**14,858**	**24,764**
Proposed dividends on ordinary shares:			
3 months to 31 December 2020: 1.0p per share	-	4,953	-
3 months to 30 June 2021: 2.0p per share	-	-	4,953
3 months to 31 December 2021: 1.0p per share	5,493	-	-
	5,493	**4,953**	**4,953**

The proposed dividend was paid on 11 February 2022, to shareholders on the register at 28 January 2022.

12. Post balance sheet events

Dividends

On 18 January 2022, the Company declared a dividend of 1.0p per ordinary share in respect of the second quarter of the current financial year. The dividend was paid on 11 February 2022, to shareholders on the register as at 28 January 2022.