

# Key Information Document

## Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

## PRS REIT plc, ( GB00BF01NH51 )

<https://www.theprsreit.com>

Competent Authority: FCA ([www.fca.org.uk](http://www.fca.org.uk))

Call 0333 999 9926 for more information

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You are about to purchase a product that is not simple and may be difficult to understand.

## What is this product?

**Type** The PRS REIT plc (the “Company”) is a closed-ended investment company incorporated in England and Wales and whose shares are admitted to trading on the premium segment of the London Stock Exchange’s main market for listed securities.

**Objectives** The Company will seek to provide investors with an attractive level of income together with the prospect of income and capital growth through investment in a portfolio of newly constructed residential private rented sector sites of multiple units (“PRS Units”) comprising mainly family homes, to be let on Assured Shorthold Tenancies (as defined in the Housing Act 1988) to qualifying tenants. The PRS REIT plc may borrow to

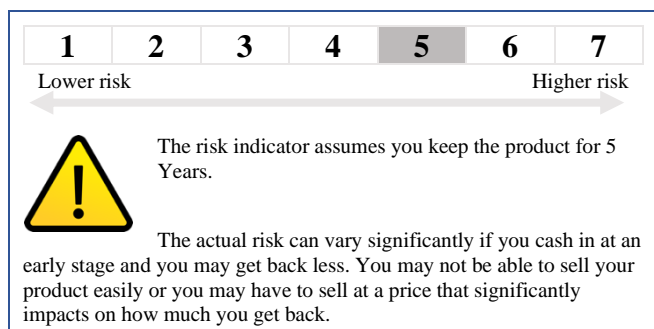
purchase assets for the Company. This will magnify any gains or losses made by the Company.

**Intended retail investor** This product is intended for retail and sophisticated or professionally advised investors who understand the potential risk of capital loss of investment in shares which are publicly traded, that there may be limited liquidity in the underlying investments of the Company, for whom an investment in the shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.

**Term** This product has no maturity date.

## What are the risks and what could I get in return?

### Risk Indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will

### Investment performance information

The Group’s assets are made up of UK build to rent (“BTR”) property. The principal factors affecting returns are therefore related to the UK BTR market in general and also to the particular circumstances of the individual properties and the tenants within those properties. The main factors affecting future returns are fluctuations in market prices, asset valuations, rental growth, the UK housing market, interest rates, inflation, and access to new land for future growth in the portfolio. A recession or rising interest rates and inflation could have an impact on the overall returns.

There is no widely published index that is directly correlated to the Group. The performance of the Company is compared to the FTSE All Share and the FTSE All Share Real Estate sector. The Company may achieve greater or lesser returns than the index due to investment decisions and the underlying performance of its assets; but also due to a lack of true correlation with the published index.

lose money because of movements in the markets or because we are not able to pay you.

We have classified this product as 5 out of 7, which is a medium-high risk class. This rates the potential losses from future performance at a medium-high level, and poor market conditions will likely impact the capacity to pay you.

Changes to interest rates and investment yields could adversely impact the performance of the Company. Risks associated with land development such as construction delays may adversely affect the value of the Company’s investments.

This product does not include any protection from future market performance so you could lose some or all of your investment.

If we are not able to pay you what is owed, you could lose your entire investment.

### what could affect my return positively?

Continued high demand for UK residential property (and UK residential rental properties in particular) that outstrips the supply of new homes should contribute to high occupancy levels and high rental growth. The low tenant concentration, geographical diversification and focus on ‘affordable’ rental accommodation (all key components of the Group’s model) produces low income volatility and strong consistent cash flows all of which should have a positive impact on the value of the Group’s underlying assets and its ability to generate/distribute profits.

Low inflation and effective cost management will also contribute to higher profitability, leading to higher income and overall shareholder returns. The Group’s portfolio comprises newly built homes and therefore the Group benefits from low capital expenditure and maintenance costs. Overall gross to net income deductions are lower than the sector average and should lead to improved returns for shareholders.

Other factors that negatively affect the UK housing sales market e.g. reduced mortgage availability, higher interest rates, persistently high inflation, the termination of help to buy, economic and employment

uncertainty that lead to reduced demand for the sale of residential property can conversely lead to an increase in demand for rental accommodation as would be purchaser are not able or willing to commit to purchasing a new home.

### what could affect my return negatively?

The portfolio is invested in UK BTR property. Small variations in rental income, gross to net income deductions and yield can have a material impact on the valuation of its property portfolio. This risk is mitigated through

detailed site selection and appraisal, fixed price contracts, thorough tenant selection and management and geographic diversity.

Higher interest rates can lead to increased costs of funding that would negatively affect the Group's profitability. However, the Group has a prudent gearing policy (no more than 45% of gross asset value) and the majority of its borrowings are long term at fixed interest rates (2.9% on average) which mitigate the impact of any rises in interest rates.

Reduced availability of land at commercially attractive prices and/or an environment of cost inflation exceeding rental growth could adversely affect the Group's pursuit of further growth from acquiring new properties which could, in turn, affect overall levels of return for investor.

The disruption to global supply chains and inflationary consequences in the aftermath of COVID-19, Brexit and the continuing war in Ukraine has not

had any noticeable effect on the Group other than delays to the completion of certain assets due to supply chain shortages. Inflationary pressures affecting raw material and labour costs can have a negative effect. However, the Company is in a good position to manage and mitigate cost increases through the use of fixed price design and build contracts and the robust appraisal process employed by its Investment Adviser ("IA").

If the Group was to terminate its relationship with its IA, it would cease to have access to the IA's expertise, its PRS platform and its close business relationships that have led to favourable terms and economies of scale that have taken years to establish. The Group would need to identify replacement sources of completed and development sites and any delay would likely impact the performance of the Group and overall returns for Investors.

## What happens if G10 CAPITAL LIMITED is unable to pay out?

Should the Company be liquidated, the amount you receive for your holding will be based on the value of assets available for distribution after all other liabilities have been paid. Shareholders in this Company do not have the right to make a claim to the Financial Services Compensation Scheme in the event that the Company is unable to pay out.

## What are the costs?

The Reduction in Yield (RIY) shows what impact the total costs you pay will have on the investment return you might get. The total costs take into account one-off, ongoing and incidental costs.

The amounts shown here are the cumulative costs of the product itself, for three different holding periods.

They include potential early exit penalties. The figures assume you invest 10 000 GBP. The figures are estimates and may change in the future.

### Costs over time

The person selling you or advising you about this product may charge you other costs. If so, this person will provide you with information about these costs, and show you the impact that all costs will have on your investment over time.

#### Investment GBP 10 000

Scenarios	If you cash in after 1 Year	If you cash in after 3 Years	If you cash in after 5 Years
Total costs	116	354	596
Impact on return (RIY) per year	1.16%	1.17%	1.17%

### Composition of costs

The table below shows the impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period and the meaning of the different cost categories.

#### This table shows the impact on return per year

One-off costs	Entry costs	0.00%	The impact of the costs you pay when entering your investment. This is the most you will pay, and you could pay less.
	Exit costs	0.00%	The impact of the costs of exiting your investment when it matures.
Ongoing costs	Portfolio transaction costs	0.00%	The impact of the costs of us buying and selling underlying investments for the product.
	Other ongoing costs	1.20%	The impact of the costs that we take each year for managing your investments and the costs presented in Section II.
Incidental costs	Performance fees	0.00%	The impact of the performance fee.
	Carried interests	0.00%	The impact of carried interests.

## How long should I hold it and can I take my money out early?

### Recommended holding period: 5 Years

This product has no required minimum holding period but is designed for long term investment; you should be prepared to stay invested for at least 5 years. The Company's ordinary shares are traded on the premium segment of the London Stock Exchange's main market. The Company does not have a redemption facility. Shareholders wishing to realise their investment may do so by selling their shares on the market.

## How can I complain?

As a shareholder of The PRS REIT plc, you do not have the right to complain to the Financial Ombudsman Service (FOS) about the management of the Company. If you have any complaints about the product or conduct of the manufacturer or the person advising on, or selling the product, you may lodge your complaint in one of three ways: 1) Website: <https://www.theprsreit.com/> 2) Email address: [mccott@sigmacapital.co.uk](mailto:mccott@sigmacapital.co.uk) 3) Postal Address: c/o Sigma Capital Group plc., 18 Alva Street, Edinburgh, EH2 4QG

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## **Other relevant information**

G10 Capital Limited, which is regulated and authorised by the Financial Conduct Authority (648953) has been appointed as the Alternative Investment Fund Manager for The PRS Reit plc on 4th May 2017. Further information relevant to the Company is available at [www.theprsreit.com](http://www.theprsreit.com). Such information includes details of the Company's share price, net asset value and other documents and announcements published by the Company. The cost, performance and risk calculations included in this KID follow the methodology prescribed by EU rules.