

CCLA is a major shareholder in PRS REIT plc (the company), holding 26,991,543 shares. CCLA, alongside other shareholders collectively holding 17.3% of PRS REIT's issued share capital, filed a requisition on the morning of 29 August 2024 to call an extraordinary general meeting.

This letter aims to provide the context regarding CCLA's position.

CCLA, via one of its advisers, requested a meeting with the Board on 10 June 2024, which was arranged for 28 June 2024. CCLA requested this meeting to discuss the valuation of the company's shares, and lack of action from the Board to address this. CCLA was unaware of any proposed changes to the Investment Advisory & Development Management Agreements, until the day before the meeting that we requested. CCLA was displeased with the proposed amendments to the Investment Advisory & Development Management Agreements, and CCLA proposed several revisions. It was then revealed by the Chair and Senior Independent Director that these proposed arrangements were scheduled to take effect just one business day later, on 1 July 2024. It was apparent from the Chair's comments that the amendments to the Investment Advisory & Development Management Agreements were not merely proposals but instead a finalised decision. The clear disregard for shareholder input and awarding of an overly generous five-year contract for the Investment Manager, Sigma PRS Management Ltd, suggests governance issues between the Board, Investment Manager, and shareholders. CCLA also believes that the revised Investment Advisory & Development Management Agreements serve as deterrent to any potential acquirer of the company, given the costs to terminate the new agreements.

The Board announced the new terms of the Investment Advisory & Development Management Agreements on 9 July 2024. In that announcement the Board claimed to have consulted with major shareholders – something CCLA, from its experience, believes not to be true. Following this announcement, CCLA conveyed its concerns to the Board in a letter, delivered on 19th July 2024. The letter conveyed CCLA's concerns around the Board's lack of action to address the share price rating, having been told by the Chair in our meeting on 28 June 2024 that CCLA must simply wait for the macro-economic environment to improve, something that was also said by the Chair in our in-person meeting in October 2023 – thus highlighting the inaction from the Board. The letter also emphasised that CCLA was not 'consulted' on the amendments to the Investment Advisory & Development Management Agreement, due to the limited timeframe and the dismissal of all CCLA's suggestions.

This morning, 2 September 2024, CCLA was surprised to see that the Board has appointed a third adviser, Rothschild, especially given that Jefferies International Limited was appointed as joint corporate broker alongside Singer Capital Markets less than twelve months ago. We question why the Board has appointed Rothschild, given the resulting additional costs for shareholders. Additionally, the appointment of Rothschild raises further questions around the independence of the Board, as Rothschild advised Sigma Capital Group Limited on their sale to PineBridge Investments. The company's Investment Manager is a subsidiary of Sigma Capital Group Limited.

In its public announcement dated 2 September 2024, CCLA notes that the Board looks to compare the discount of the company with that of the wider REIT sector, whilst ignoring the level of corporate activity taking place within the UK residential sector. CCLA believes that the actions of the Board subsequent to the requisition letter being served, including the appointment of a third adviser, who in our view may not be independent, will now likely result in the shares trading at a structural discount. CCLA does, however, recognise the fact that the Board has set up a sub-committee of independent Directors to lead the response and we look forward to engaging in due course.

We encourage all other shareholders in the company to **VOTE IN FAVOUR OF THE RESOLUTIONS TO BE PROPOSED AT THE EGM.**