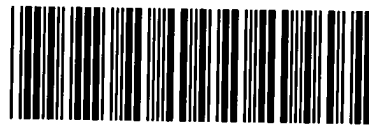


Registered number
10888639

Civitas SPV71 Limited
Report and Financial Statements
for the year ended 31 March 2023

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Civitas SPV71 Limited
Report and Financial Statements
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Civitas SPV71 Limited
Company Information

Directors

Andrew Dawber
Claire Fahey
Thomas Pridmore

Secretary

Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

Solicitors

Cadwalader, Wickersham & Taft LLP
100 Bishopsgate
London
EC2N 4AG

Registered office

Link Company Matters Limited
6th Floor
65 Gresham Street
London
EC2V 7NQ

Registered number

10888639

Civitas SPV71 Limited**Registered number:** 10888639**Directors' Report**

The Directors present their report and financial statements for the year ended 31 March 2023.

The Directors' Report has been prepared in accordance with the special provisions relating to small companies under Sections 415(A) (1) and (2) of the Companies Act 2006.

Principal activities

The Company's principal activity during the year was the investment in a portfolio of social homes.

At 31 March 2023 the Company was a wholly-owned subsidiary of Civitas Social Housing Jersey 2 Limited, whose ultimate parent is Civitas Social Housing PLC.

The Company is part of a group which consists of Civitas Social Housing PLC and its subsidiaries (together the "Group").

Strategic report

The Directors have taken advantage of the exemptions allowed under Section 414B of the Companies Act 2006 and have not prepared a Strategic Report.

Results and dividends

The loss for the year amounted to £128,871 (2022: profit of £372,725). The Directors paid dividends during the year of £100,890 (2022: £87,713). The total loss for the year is to be transferred against reserves.

Share capital

As at 31 March 2023, there were 101 £1 Ordinary shares in issue.

Events after the reporting date

On 9 May 2023 an announcement was made to the market for an all-cash offer at 80 pence per share in cash of Civitas Social Housing PLC (the ultimate holding company) from Wellness Unity Limited, a wholly owned indirect subsidiary of CK Asset Holdings Limited (CKA). On 23 June 2023 the offer became unconditional. CKA subsequently became the ultimate controlling party of the Company.

Directors

The following persons served as Directors during the year:

Paul Bridge	Appointed 15 December 2017 resigned 4 October 2023
Andrew Dawber	Appointed 11 March 2019
Thomas Pridmore	Appointed 11 March 2019
Claire Fahey	Appointed 30 April 2021

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 Company and of the Statement of Comprehensive Income of the Company for that period.

Civitas SPV71 Limited**Registered number:****10888639****Directors' Report**

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

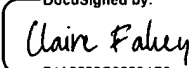
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Exemption from audit

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

This report was approved by the Board of Directors on 12 October 2023 and signed on its behalf by:

DocuSigned by:

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Claire Fahey
Director

Civitas SPV71 Limited
Statement of Comprehensive Income
for the year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Gross rental income	3	126,230	142,568
Operating profit before changes in fair value of investment property		<u>126,230</u>	<u>142,568</u>
Changes in fair value of investment property	6	(170,663)	261,339
Operating (loss) / profit		<u>(44,433)</u>	<u>403,907</u>
Finance expense	4	(84,438)	(31,182)
(Loss) / profit before taxation		<u>(128,871)</u>	<u>372,725</u>
Taxation	5	-	-
Total comprehensive (loss) / income (attributable to the shareholders)		<u>(128,871)</u>	<u>372,725</u>

All amounts included in the Statement of Comprehensive Income relate to continuing activities.
There are no items of comprehensive income other than the (loss) / profit for the financial year.

The notes on pages 7 to 16 form part of these financial statements.

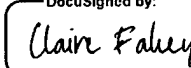
Civitas SPV71 Limited
Statement of Financial Position
as at 31 March 2023
Company Number 10888639

	Notes	31 March 2023 £	31 March 2022 £
Fixed assets			
Investment property	6	2,575,797	2,746,460
Current assets			
Trade and other receivables	7	1,104,319	1,160,496
Total assets		<u>3,680,116</u>	<u>3,906,956</u>
Creditors amounts falling due within one year			
Trade and other payables	8	(7,987)	(5,066)
Creditors amounts falling due after more than one year			
Loans with group companies	9	(1,044,231)	(1,044,231)
Total liabilities		<u>(1,052,218)</u>	<u>(1,049,297)</u>
Net assets		<u>2,627,898</u>	<u>2,857,659</u>
Capital and reserves			
Called up share capital	11	101	101
Capital reduction reserve	12	1,754,204	1,754,204
Retained earnings	13	873,593	1,103,354
Total equity		<u>2,627,898</u>	<u>2,857,659</u>

The Company satisfies the conditions disclosed in section 479A Companies Act 2006 "Subsidiary companies: conditions for exemption from audit". The Directors note that:

- the members have not required the Company to obtain an audit of its accounts for the period in question in accordance with section 476;
- the ultimate parent company, Civitas Social Housing PLC, has provided an undertaking to guarantee under section 479C in respect of that period; and
- the Directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the Board of Directors on 12 October 2023 and signed on its behalf by:

DocuSigned by:

74A0893C03694C9...
Claire Fahey
Director

The notes on pages 7 to 16 form part of these financial statements.

Civitas SPV71 Limited
Statement of Changes in Equity
for the year ended 31 March 2023

	Notes	Share capital £	Capital reduction reserve £	Retained earnings £	Total £
At 1 April 2021		101	1,754,204	818,342	2,572,647
Total comprehensive income	13	-	-	372,725	372,725
Dividends	14	-	-	(87,713)	(87,713)
At 31 March 2022		<u>101</u>	<u>1,754,204</u>	<u>1,103,354</u>	<u>2,857,659</u>
At 1 April 2022		101	1,754,204	1,103,354	2,857,659
Total comprehensive loss	13	-	-	(128,871)	(128,871)
Dividends	14	-	-	(100,890)	(100,890)
At 31 March 2023		<u>101</u>	<u>1,754,204</u>	<u>873,593</u>	<u>2,627,898</u>

The notes on pages 7 to 16 form part of these financial statements.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 General information

The financial statements of Civitas SPV71 Limited (the 'Company') for the year ended 31 March 2023 have been authorised for issue by the Board of Directors.

The Company is a registered private company incorporated in the UK. The address of the registered office is Link Company Matters Limited, 6th Floor, 65 Gresham Street, London, EC2V 7NQ. The Company's principal activity is the investment in a portfolio of social homes. The Company is owned by Civitas Social Housing Jersey 2 Limited and at 31 March 2023 its ultimate parent company was Civitas Social Housing PLC.

These financial statements are contained within the group consolidated financial statements of Civitas Social Housing PLC. The group consolidated financial statements may be obtained from the Company Secretary at Link Company Matters Limited, 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

These financial statements represent the separate financial statements of the Company.

1.2 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101").

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties which have been measured at fair value through the Statement of Comprehensive Income, and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis.

FRS 101 introduces a disclosure framework enabling qualifying entities to use the recognition and measurement bases of International Financial Reporting Standards ("IFRS") in their individual entity financial statements, while being exempt from a number of disclosures required by full IFRS. The Company has taken advantage of the following disclosure exemptions which are permissible under FRS 101 as the equivalent disclosures are contained within the group consolidated financial statements of Civitas Social Housing PLC:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel;
- disclosure of related party transactions with other wholly owned members of the Civitas Social Housing PLC group of companies;
- the disclosure of certain information relating to financial instruments and other fair value measurements; and
- the disclosure of certain comparative information relating to investment properties.

1.3 Impact of new standards, amendments and interpretations

The following new standards are now effective and have been adopted for the year ended 31 March 2023.

IFRIC Agenda Item: In October 2022, the IFRIC issued an agenda decision in respect of 'Lessor forgiveness of lease payments (IFRS 9 and IFRS 16)' (the 'IFRIC Decision on Concessions'). This concluded that losses incurred on granting retrospective rent concessions should be charged to the income statement on the date that the legal rights to income are conceded (i.e. immediate recognition in full rather than smoothed over the life of the lease). The clarification has not had a material impact on the financial statements.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

1.4 Going concern

Civitas Social Housing PLC, along with its Investment Advisor, Civitas Investment Management Limited, continue to work closely with its major counterparties to monitor the position on the ground and should it be needed, to offer assistance and guidance where possible. The Board of Directors of Civitas Social Housing PLC believes that the Group operates a robust and defensive business model and that social housing and specialist healthcare are proving to be some of the more resilient sectors within the market, given that they are based on non-discretionary public sector expenditure and that demand exceeds supply.

As at 31 March 2023 the Company had net current assets of £1,096,332 (2022: £1,155,430). Having reviewed the Company's current position and cash flow projections, including the confirmation that the Company's ultimate parent undertaking, Civitas Social Housing PLC, will provide such support as is required for a period of at least 12 months from the date of signing of these financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

On 9 May 2023 an announcement was made to the market for an all-cash offer of the Company from Wellness Unity Limited, a wholly owned indirect subsidiary of CK Asset Holdings Limited (CKA). On 23 June 2023, when the offer became unconditional, CKA subsequently became the ultimate controlling party of the Company. The Directors note the detailed intentions statement included within the announcement on 9 May 2023 which states that CKA does not envisage making any changes to the management team nor any disruption to any counterparties or to the underlying tenants. Having considered all of the above, the Board of Directors is of the opinion that the going concern basis adopted in the preparation of the financial statements is appropriate.

1.5 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially measured at cost, being the fair value of the consideration given, including expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, investment property is stated at its fair value at the balance sheet date. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise in the Statement of Comprehensive Income.

Subsequent expenditure is capitalised only when it is probable that future economic benefits are associated with the expenditure. Ongoing repairs and maintenance are expensed as incurred.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is incurred in profit or loss in the period in which the property is derecognised.

Significant accounting judgements, estimates and assumptions made for the valuation of investment properties are discussed in note 2.

1.6 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases as discussed in note 2.

Properties leased out under operating leases are included in investment property in the Statement of Financial Position. Rental income from operating leases is recognised on a straight line basis over the term of the relevant leases. Lease incentive costs are recognised as an asset and amortised over the life of the lease.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

1.7 Financial assets classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

1.8 Trade and other receivables

Trade and other receivables are amounts due in the ordinary course of business.

Trade and other receivables are initially recognised at fair value, and subsequently where necessary re-measured at amortised cost less provision for impairment.

1.9 Impairment of financial assets

The Company's financial assets are subject to the expected credit loss model.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected loss rates are based on the payment profiles of sales over a period of up to 12 months before 31 March 2023 or 1 April 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the liability of the tenants to settle the receivable. Such forward-looking information would include changes in economic, regulatory, technological and environmental factors, (such as industry outlook, GDP, employment and politics); external market indicators; and tenant base.

Trade receivables are written off when there is no reasonable expectation of recovery.

Indicators that there is no reasonable expectation of recovery include, among others, the probability of insolvency or significant financial difficulties of the debtor. Impaired debts are derecognised when they are assessed as uncollectible.

1.10 Financial liabilities

The Company recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract.

All financial liabilities are initially recognised at fair value, minus (in the case of a financial liability that is not at fair value through profit or loss) transaction costs that are directly attributable to issuing the financial liability. Financial liabilities are subsequently measured at amortised cost, unless the Company opted to measure a liability at fair value through profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.11 Trade and other payables

Trade and other payables are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period. Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost until settled. The fair value of a non-interest bearing liability is its discounted repayment amount. If the due date of the liability is less than one year, discounting is omitted.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

1.12 Borrowings

Borrowings are initially recognised at fair value less any directly attributable transaction costs. After initial recognition, borrowings are measured at amortised cost, using the effective interest method. Any attributable transaction costs relating to the issue of the borrowings are amortised through the Company's Statement of Comprehensive Income over the life of the debt instrument on a straight line basis.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss as a finance cost.

1.13 Dividends payable to Shareholders

Dividends to the Company's shareholders are recognised in the Company's financial statements in the period in which the dividends are paid.

1.14 Rental income

Rental income from investment property is recognised on a straight line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term. Losses incurred on granting retrospective rent concessions are charged to the income statement on the date that the legal rights to income are conceded (i.e. immediate recognition in full rather than smoothed over the life of the lease).

1.15 Expenses

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

1.16 Finance costs

Finance costs consist of interest and other costs that the Company incurs in connection with bank and other borrowings. Bank interest and bank charges are recognised on an accruals basis. Borrowing transaction costs are amortised over the period of the loan.

1.17 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 Statement of Comprehensive Income except to the extent that it relates to items recognised as direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is expected tax payable on any non REIT taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

The current tax charge is calculated on profits arising in the period and in accordance with legislation which has been enacted or substantially enacted at the balance sheet date.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax that is provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

1.18 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.19 Presentational currency

These financial statements have been prepared in Sterling.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

2 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial information:

Operating lease contracts – the Company as lessor

The Company has acquired investment properties that are subject to commercial property leases with Registered Providers. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, particularly the duration of the lease terms and minimum lease payments, that it retains all the significant risks and rewards of ownership of these properties and so accounts for the leases as operating leases.

Valuation of investment property

The Company uses the valuation carried out by its independent valuers as the fair value of its property portfolio. The valuation is based upon assumptions including future rental income and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Further information is provided in note 6.

The Company's properties have been independently valued by Jones Lang LaSalle Ltd. ("JLL" or the "Valuer") in accordance with the current Royal Institution of Chartered Surveyors' Valuation – Global Standards, incorporating the IVS, and the RICS Valuation – Global Standards 2017 UK national supplement (the RICS "Red Book"). JLL is as well recognised professional firm within Social Housing valuation and has sufficient current local and national knowledge of both Social Housing generally and specialist supported housing ("SSH") and has the skills and understanding to undertake the valuations competently.

REIT Status

The Company is part of a Real Estate Investment Trust (REIT) Group. UK REIT regime applies when entities meet certain conditions with the effect that the income profits and capital gains of the qualifying property rental business are exempt from tax. Within these conditions at least 90% of the REIT Group's property income must be distributed as dividends to shareholders and the REIT Group must ensure that the property rental business represents more than 75% of total profits and assets. Following the completion of the offer, as detailed in note 18, it is expected that the Company will remain in the REIT regime.

3 Gross rental income

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Rental income	127,306	143,768
Lease incentive adjustments	(1,076)	(1,200)
	<u>126,230</u>	<u>142,568</u>

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

4 Finance expense

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Intercompany loan interest	44,691	21,064
Intercompany loan cost recharges	39,747	10,118
	<u>84,438</u>	<u>31,182</u>

The effective interest associated with financial liabilities held at amortised cost is the interest element of the total finance expenses above.

5 Taxation

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
--	-------------------------------------	-------------------------------------

Analysis of charge in year

Tax on (loss) / profit on ordinary activities	<u>-</u>	<u>-</u>
---	----------	----------

Factors affecting tax charge for year

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows:

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
(Loss) / profit on ordinary activities before tax	<u>(128,871)</u>	<u>372,725</u>
Standard rate of corporation tax in the UK	19.00%	19.00%
	£	£
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax	(24,486)	70,818
Effects of:		
Revaluation of investment properties not deductible / (taxable)	32,426	(49,655)
REIT exempt income	(7,940)	(21,163)
Total tax expense	<u>-</u>	<u>-</u>

Civitas Social Housing PLC elected during 2017 to become a Real Estate Investment Trust (REIT) for UK tax purposes. As a result, no UK corporation tax should be due on future income or capital gains in respect of investment properties within the REIT group, of which the Company is a member. Following the completion of the offer, as detailed in note 18, it is expected that the Company will remain in the REIT regime.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

6 Investment property

	31 March 2023 £	31 March 2022 £
Fair value		
Valuation at beginning of year	2,784,029	2,519,589
Additions	-	287
Lease incentives adjustments	(1,076)	2,814
Change in fair value	<u>(170,663)</u>	<u>261,339</u>
Valuation provided by the valuers	2,612,290	2,784,029
Adjustment for lease incentives	(36,493)	(37,569)
At end of year	<u>2,575,797</u>	<u>2,746,460</u>

In accordance with "IAS 40: Investment Property", the investment property has been independently valued at fair value by JLL, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, however the valuations are the ultimate responsibility of the Directors.

JLL have valued the investment property of the Company on an individual property basis assuming market standard costs, in accordance with the RICS red book methodology.

JLL has provided valuations services to the Group with regards to the properties during the year. In relation to the year ended 31 March 2023, the proportion of the total fees payable by the Group to JLL's total fee income was less than 5% and is therefore minimal. Additionally, JLL has a rotation policy in place whereby the signatories on the valuations rotate after seven years.

All of the Company's properties are level 3 in the fair value hierarchy as at 31 March 2023 and there were no transfers between levels during the year.

7 Trade and other receivables

	31 March 2023 £	31 March 2022 £
Rental debtor and accrued income	12,358	21,147
Debtor arising from lease incentives	36,493	37,569
Amounts owed by group undertakings	1,055,468	1,101,780
	<u>1,104,319</u>	<u>1,160,496</u>

Debtors arising from lease incentives are released over the life of the lease and therefore fall due after more than one year.

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment and are repayable upon demand.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

8 Trade and other payables

	31 March 2023 £	31 March 2022 £
Interest payable	7,987	5,066
	<u>7,987</u>	<u>5,066</u>

9 Loans with group companies

	31 March 2023 £	31 March 2022 £
Loans with group companies	1,044,231	1,044,231
	<u>1,044,231</u>	<u>1,044,231</u>

The Company is party to an intergroup loan agreement with Civitas Social Housing Finance Company 2 Limited. The purpose of the loan is to re-finance the acquisition of the properties which the Company has acquired. The loan is subject to an interest charge and during the year the agreement was amended to align maturity dates with the new borrowings undertaken by Civitas Social Housing Finance Company 2 Limited as detailed below.

During the year, Civitas Social Housing Finance Company 2 Limited entered into a loan note purchase agreement with Deutsche Bank AG and authorised the issue and sale of loan notes, principal £70,875,000, which mature on 3 February 2028. Interest is paid twice yearly and fixed at 5.69%. Previously the intragroup loan agreement was aligned with the £60,000,000 credit facility between Lloyds Bank plc and Civitas Social Housing Finance Company 2 Limited. The Company, along with other group entities, has provided its shares and portfolio of investment properties as security on the loan note agreement (and previously on the credit facility).

10 Share capital and reserves

Share capital represents the nominal value of share capital subscribed for.

The capital reduction reserve is a distributable reserve to which the value of the share premium has been transferred. Dividends can be paid from this reserve.

Retained earnings represents the net of all profits and losses, gains and losses generated which have not been distributed to shareholders.

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

11 Share capital

	31 March 2023 Number	31 March 2022 Number	31 March 2023 £	31 March 2022 £
Allotted, called up and fully paid: £1 Ordinary shares	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

12 Capital reduction reserve

	31 March 2023 £	31 March 2022 £
At beginning and end of year	<u>1,754,204</u>	<u>1,754,204</u>

13 Retained earnings

	31 March 2023 £	31 March 2022 £
At beginning of year	1,103,354	818,342
Total comprehensive (loss) / income	(128,871)	372,725
Dividends paid	(100,890)	(87,713)
At end of year	<u>873,593</u>	<u>1,103,354</u>
Retained earnings are made up as follows:		
Unrealised gains	821,305	991,968
Revenue earnings	52,288	111,386
	<u>873,593</u>	<u>1,103,354</u>

14 Dividends

	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Dividends paid during the year:		
Equity dividends	<u>100,890</u>	<u>87,713</u>

Civitas SPV71 Limited
Notes to the Financial Statements
for the year ended 31 March 2023

15 Operating leases

The Company's investment property is leased to a single Registered Provider under the terms of commercial property leases with the earliest due to expire on 14 December 2057 (previously 14 December 2042) and with index linked annual rent reviews. The Company's current leases are Full Repairing and Insuring ('FRI') leases, the tenants are therefore obliged to repair, maintain and renew the properties back to the original conditions.

Total future minimum lease receivables under non-cancellable operating leases fall due as follows:

	Investment Property 31 March 2023 £	Investment Property 31 March 2022 £
Falling due:		
within one year	152,208	147,786
within two to five years	609,026	591,145
in over five years	4,522,670	4,537,676
	<u>5,283,904</u>	<u>5,276,607</u>

16 Related party transactions

As detailed in note 9, Loans with group companies, the Company has an interest bearing intragroup loan with Civitas Social Housing Finance Company 2 Limited and has provided its shares and portfolio of investment properties as security on the borrowing arrangements made by Civitas Social Housing Finance Company 2 Limited.

17 Controlling party

The Company is wholly owned by Civitas Social Housing Jersey 2 Limited which in turn is owned by Civitas Social Housing PLC a Company incorporated in the UK. Civitas Social Housing PLC is the ultimate holding company. This is the next and most senior parent that produces consolidated financial statements. There is no ultimate controlling party.

18 Events after the reporting date

On 9 May 2023 an announcement was made to the market for an all-cash offer at 80 pence per share in cash of Civitas Social Housing PLC (the ultimate holding company) from Wellness Unity Limited, a wholly owned indirect subsidiary of CK Asset Holdings Limited (CKA). On 23 June 2023 the offer became unconditional. CKA subsequently became the ultimate controlling party of the Company.