Annual Report and Accounts 2023

Responsible Economic Returns
Sector Enhancing Initiatives
[illegible]
Sector Leading Charitable Partnerships

Content Themes

We have identified four key themes which are highlighted throughout the report.

Responsible Economic Returns

Sector Enhancing Initiatives

In-depth Specialist Resource

Sector Leading Charitable Partnerships

Contents

Business Model

An individual with care requirements requires a home.

The local authority designs a care package, identifying a care provider and property for the individual.

The care provider is paid the full amount for the care package and pays rent to the Approved Provider, or the Approved Provider is paid the rent directly.

The Approved Provider pays Civitas amounts due under the lease.

What We Do

Social Housing Pioneers

CSH is a leading provider of care-based community housing in the UK.

CSH believes that access to a decent home is a basic human right from which so much more can be achieved, particularly for people who are living with a life-long disability. With millions of people stuck on housing waiting lists across the UK, or trapped in long stay hospitals, CSH became the first public company to bring large scale equity investment into the sector.

The Company has the dual objectives of achieving both positive financial returns and large scale measurable social impact.

Our Portfolio
as at 31 March 2023

Company Overview
as at 31 March 2023

Alternative Performance Measures. Terms are defined in the Glossary

Financial Highlights as at 31 March 2023

How We Performed

Basic and Diluted EPS: -42.0%
Pence

2023	4.19
2022	7.23
2021	5.80

Profit Before Tax £25.5m -43.1%
£ million

2023	25.5
2022	44.8
2021	36.1

EPRA EPS# 4.43p -8.1%
Pence

2023	4.43
2022	4.82
2021	4.93

NAV per share# 109.16p -1.0%
Pence

2023	109.16
2022	110.30
2021	108.30

NAV £661.9m -2.0%
£ million

2023	661.9
2022	675.5
2021	673.5

NAV increase since IPO# -9.5%
Percent

2023	11.4
2022	12.6
2021	10.6

Investment property[2] £978.1m +1.0%
£ million

2023	978.1
2022	968.8
2021	915.6

Dividends declared (Ordinary shares) 5.70p +2.7%
Pence

2023	5.70
2022	5.55
2021	5.40

Total Shareholder Return#1 -16.5%
Percent

2023	-16.5
2022	11.6
2021	26.5

Alternative Performance Measures. Terms are defined in the Glossary
1 on an Ordinary share held since launch (percentage not annualised)
2 investment property independently valued. See note 15.0 of the Consolidated Financial Statements for details of the valuation

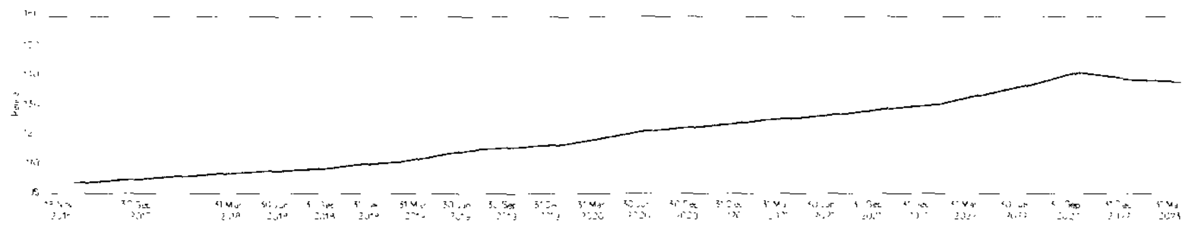
Key Achievements
Operational Highlights

697 properties acquired[1]	**£835 million** invested[1]	**4,594 tenants** with dependable accommodation	based on long-term leases signed with **19 Approved Providers**	supported by **131 care providers**	across **178 local authority partners**

The Good Economy, the social impact advisory firm, in its semi annual independent Social Impact Report in November 2022 on Civitas, has classified Civitas' assets as 'Contributes to Solutions' according to the internationally recognised Impact Management Project (IMP) dimensions of impact. TGE also notes that Civitas' funding contributes to increasing the supply of specialist housing, easing the burden on residential or inpatient facilities.

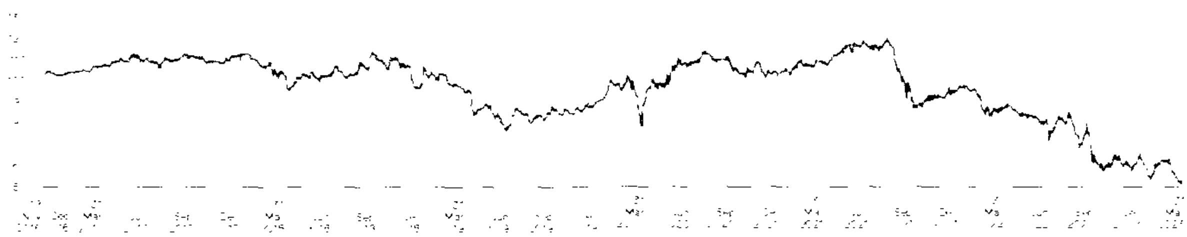
1 over the life of the Company as at 31 March 2023

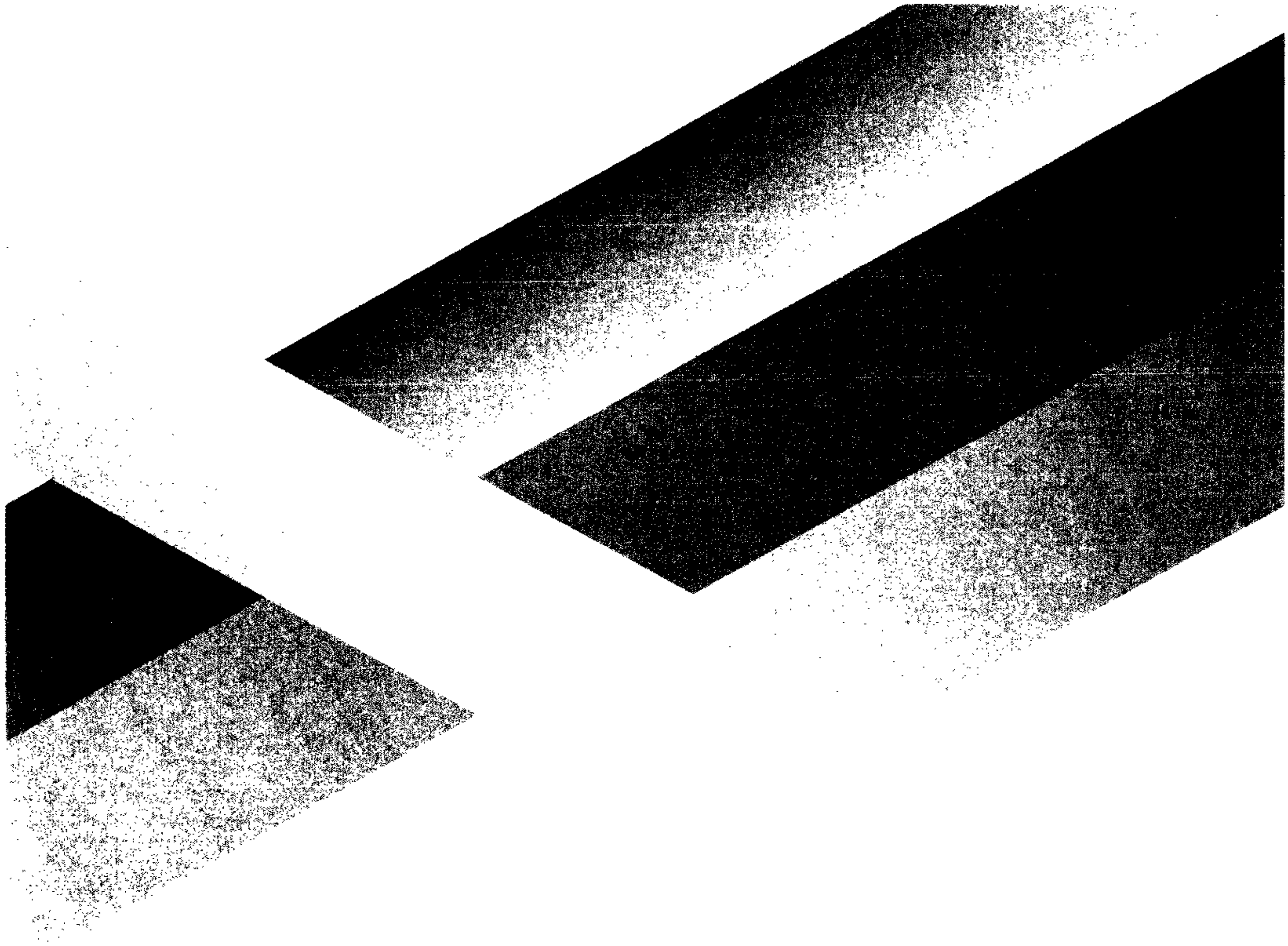
Levered IRR* since IPO



Past performance is not a reliable indicator of future performance
* Alternative Performance Measure. See Appendix 1 for the calculation

Share price performance (pence)





This is our sixth Annual Report, covering the year to 31 March 2023. I am pleased to report that, despite a difficult economic backdrop in the UK, our portfolio has continued to perform strongly, delivering on average a 5% increase in rental income derived from our inflation adjusted leases.

Our Investment Adviser, Civitas Investment Management Limited ("CIM"), has continued to work closely with our Approved Providers to enhance further the quality of the *portfolio and to assist where needed in the process of* ensuring our rental income is received on a timely basis.

The net asset value of the Company at 31 March 2023 was 109.16 pence, a small decrease of 1.03% from 110.30 pence per share as at 31 March 2022.

The Board declared a final dividend of 1.425p, bringing the full year dividend to 5.70p, in line with the minimum stated intention.

A difficult challenge during the year was the sharp increase in interest rates. I am pleased that in February 2023 the Company entered into a new debt facility for £70.9m, which was partly used to repay the loan facility with Lloyds. In addition, we also fixed our interest rate exposure to provide greater certainty. However, the overall re-financing was achieved at a material increase in ongoing interest costs. Full details are included in the Investment Adviser's Report.

Our share price has been disappointing over the year under review, reflecting in part the broad derating of real estate investments, higher interest rates and investor concern about our sector. The Board has been reviewing a number of possible actions to address this position. The Company has continued to buy back shares – over the past 12 months it has acquired 6,050,000 shares at an average of 76.89 pence per share for a total investment of £4.65 million. This has enhanced the NAV by 0.30% and benefited the EPRA earnings.

Continuation Vote

At the annual general meeting on 15 September 2022, *98.85% of those shareholders who voted have voted in* favour of the continuation of the Company.

Offer for the Company

Following the year end, on 9 May 2023 the Board announced a recommended offer for the Company at 80p per share in cash, from a subsidiary of CK Asset Holdings Limited (CKA).

Whilst the Board believes that the Offer undervalues the long-term prospects of Civitas as expressed by net asset value, we also recognise that Civitas, and its sector as a whole, faces a number of challenges in sentiment which the public markets are unlikely to overcome in the short to medium term.

The Offer provides liquidity to shareholders with the opportunity to exit in full and in cash at a significant premium to the current share price, in a time of macroeconomic uncertainty.

Moreover, CKA, as a current investor in the social housing sector, has a detailed understanding of the attractive fundamentals of the real estate and the expertise of the management team. CKA does not expect there to be any disruption to tenants as a result of the Offer and will be focused on the continuation of relationships with Approved Providers, care providers and the Regulator of Social Housing following the completion of the Offer. The Board therefore considers the terms of the Offer to be fair and reasonable and we have recommended it to our shareholders.

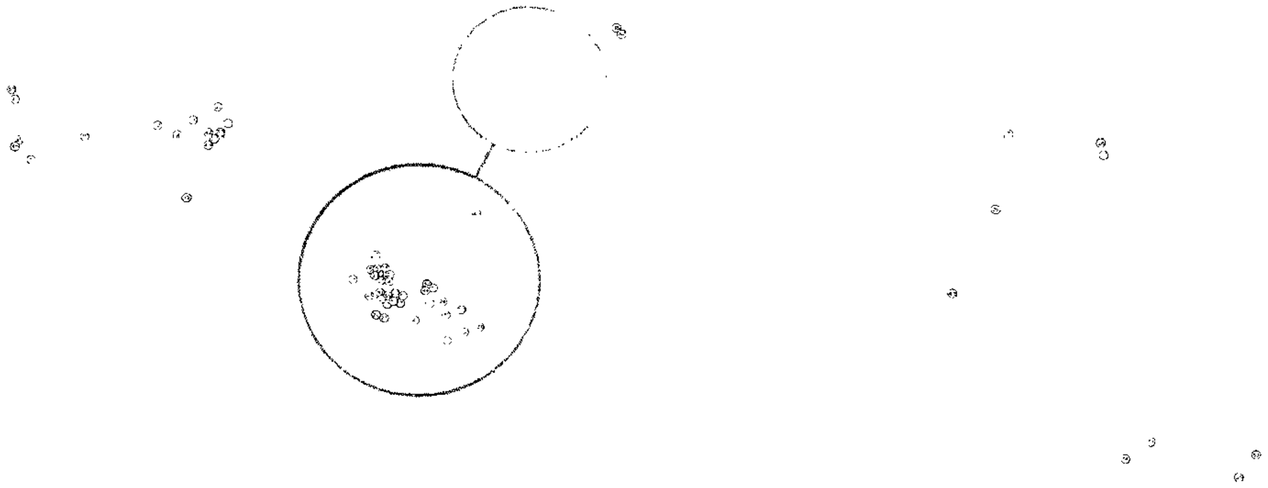
Outlook

Demand for the type of properties within the Company's portfolio remains strong with independent forecasts *predicting that there will be continued growth for* many years to come in the need for additional units of adapted accommodation. The Board remains confident in the strength of the portfolio and its potential revenue generation.

Michael Wrobel

Chairman

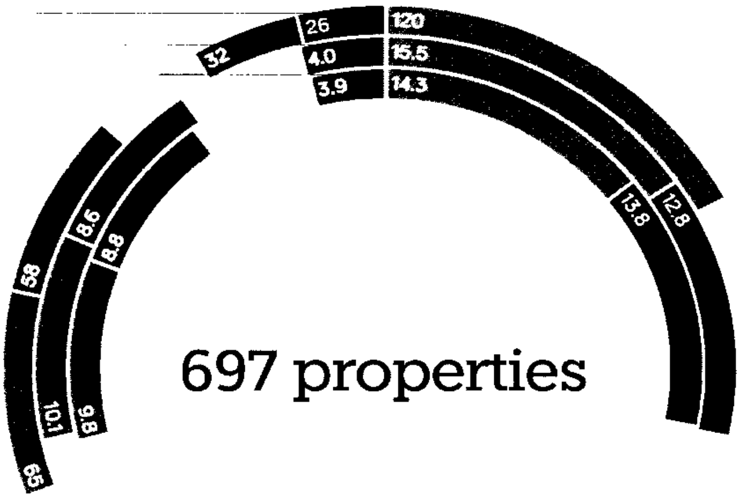
28 June 2023



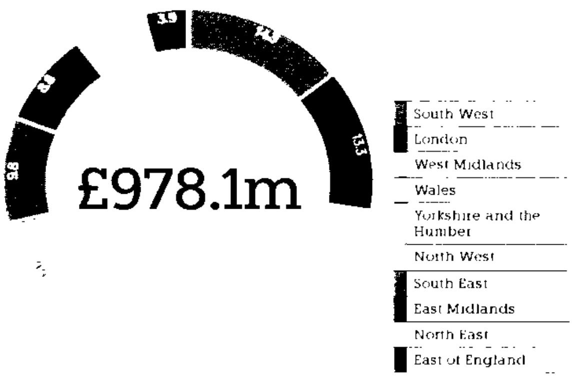
Our Portfolio

By UK Region as at 31 March 2023

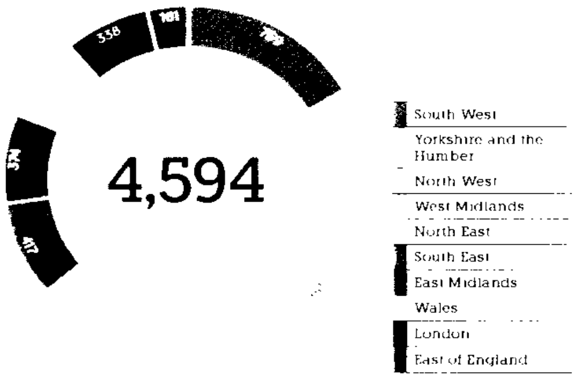
	Properties	Funds invested (Percentage)	Annualised contracted rent roll (Percentage)
South West	120	15.5	14.3
London	26	12.8	13.8
West Midlands	101	11.3	11.6
Yorkshire and the Humber	96	10.8	10.7
Wales	34	11.0	10.6
North West	101	10.1	10.1
South East	65	10.1	9.8
East Midlands	58	8.6	8.8
North East	64	5.8	6.4
East of England	32	4.0	3.9



Market Value (%)



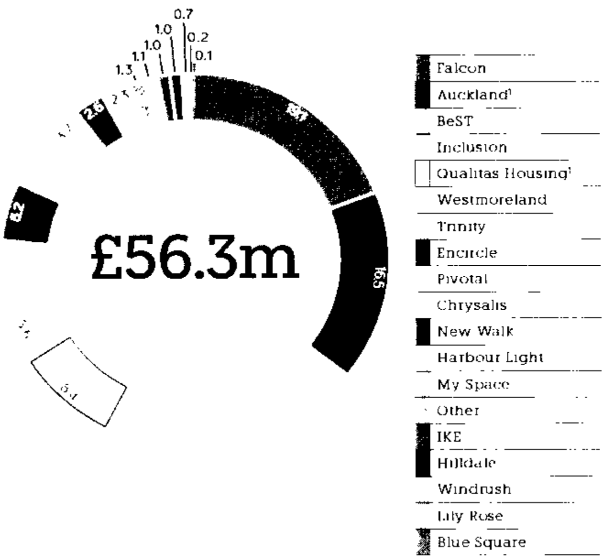
Tenancies



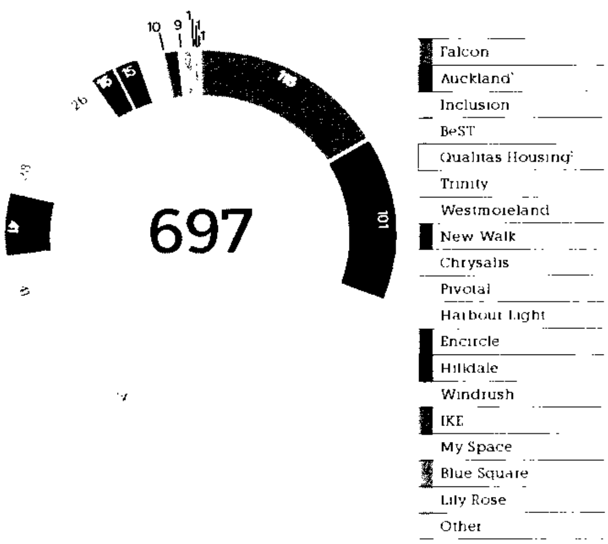
Our Portfolio

By Approved Provider as at 31 March 2023

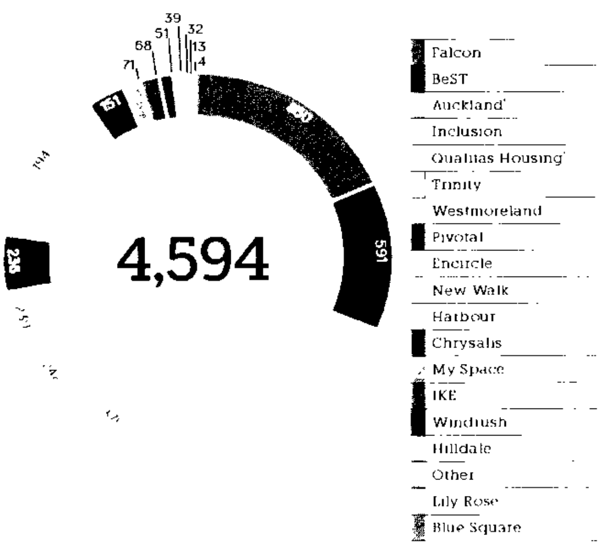
Annualised Contracted Rent Roll (%)



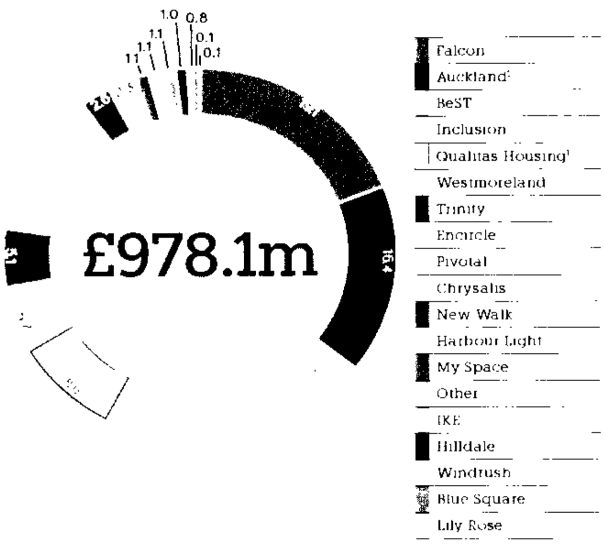
Properties



Tenancies



Market Value (%)



1 Auckland and Qualitas Housing are both members of the Social Housing Family CIC and subject to common control

Investment Adviser's Report

In the year to March 2023, CIM continued to work closely with the Board to manage a high-performing portfolio.

Portfolio
- 40% of residents living in Civitas properties receive over 50 hours of care per week
- High acuity portfolio
- Provide homes to those who need long-term quality accommodation
- Largest portfolio of SSH in England & Wales
- Premium Fitch rating retained at "A" secured and "A-" unsecured
- Average rental growth of c.5%

Social Impact
- 4,594 high-quality bed spaces
- £127.0 million savings to the public purse[1]
- 5 charitable relationships

Phase two work with E.ON
- Continued work across identified properties
- Targeting 25% reduction in carbon emissions
- Continued access to government grant funding sources
- Targeting minimum EPC "A-C" by 2030

Highly Experienced Team

The asset management team set up to work with and assist our Approved Providers have specialisms from:
- Local authority commissioning of specialist supported housing
- Senior level rents and housing benefit advisers
- Housing management and compliance
- Property asset management
- Commissioning of care

1 Source: The Good Economy: Civitas Social Housing PLC Annual Impact Report 2021 June 2021

Introduction

Civitas Investment Management Limited ("CIM") is the Investment Adviser to Civitas Social Housing PLC ("CSH") and is the leading provider of care-based housing in the UK. CIM comprises a team of 39 individuals with a range of expertise in specialist supported housing, real estate management and complex care needs CIM has the capacity and specialist knowledge to manage the CSH portfolio at a granular level and has cultivated strong professional relationships across the sector over the last decade.

Overview of Results

In the UK prior to the launch of the Company, equity and private capital played a very small part in the social housing sector. Over time, UK demographics changed and the number of adults with long-term, complex care needs has been steadily increasing.

This is reflected in a number of institutional investors including aspects of social housing within their investment strategies.

Results Highlights

- Six years of consistent rental growth and progressive dividend payments that have increased from an initial 3.00p per share to 5.70p per share for the year ended 31 March 2023.
- A retained high-quality investment credit rating from Fitch Ratings of A secured and A- unsecured since March 2021, which CSH was the first to secure in this sector.
- An actively managed portfolio of operational real estate with a sector-leading team of professionals assisting and enabling high quality and longevity of homes and income
- Professional support to enable Approved Providers to enhance the quality of their delivery and demonstrate long-term financial and operational independence.
- Targeting investments and homes which enable the delivery of higher end care as this is where the greatest need exists and where the applicability of exempt rents is clearly demonstrated.
- An active and continuing programme working with E.ON to permanently reduce carbon emissions across the portfolio, leading to lower energy costs for residents and a more carbon neutral portfolio.
- Sector-leading partnerships with national and local charities delivering real change and continuing to enhance CSH's reputation as the most experienced investor in social infrastructure in the UK.
- CIM has a highly experienced asset management team which has overseen some £25 million of physical improvements to the portfolio since inception, largely paid for by the vendors of the properties.

Sector-Leading Social Outcomes

ESG

Our ESG Policy is located at www.civitassocialhousing.com. It provides an overview of the Company's investment procedures and sets out the Board's commitment to a continuous improvement process in its approach to ESG integration.

ESG Rating Providers

CIM engages with the leading ESG rating providers to set out the activities that are undertaken by CSH and to ensure these are profiled and evaluated correctly. Notably, active participation in the 2022 GRESB Public Disclosure Assessment has resulted in CSH retaining an A score previously attained in 2021, whilst the peer group average score has moved up to B. CSH is up to second position within its Comparison Group (UK Residential). Meanwhile, the Risk Rating Score for CSH by Sustainalytics remains at 14.9 (Low Risk) as was reported in February 2023.

Investment Adviser's Report Continued

The latest independent report by The Good Economy on CSH was published in November 2022 and notes CSH's continued progress in delivering measurable social impact. Social value analysis by The Good Economy, carried out in March 2021, found that, overall, the portfolio generated £127 million of social value per year, *including fiscal savings to public budgets of* £75.9 million per year.

Of particular note with respect to the portfolio:

- 41% of CSH's 697 properties have been brought into the specialist housing sector for the first time
- CSH continues regular engagement with its Approved Providers to monitor the quality of its stock
- Improvement works have enhanced the energy efficiency of homes
- 87% of respondents to the survey of residents carried out by CIM in March 2023 reported that they were *satisfied with the quality of their home*
- CSH Approved Provider partners have reported 99% statutory compliance – considerably better than the wider affordable housing sector.

Environmental: Carbon Reduction/ Energy Cost Savings

CIM continues to work with E.ON (a leading UK energy and solutions company) under a national framework agreement in partnership with CSH tenants, to improve the environmental performance of the portfolio. The 'fabric first' approach to reducing the portfolio's carbon footprint includes the installation of cavity wall insulation, loft insulation, external wall insulation, air source heat pumps and solar PV and battery storage to identified properties within the portfolio. The installation of these energy efficient measures, utilising available government grants and other funding sources, will optimise value for the Company, our counterparties and our shareholders. The collaboration with E.ON is delivering significant environmental enhancements without any cost to our Approved Providers.

The Phase 2 retrofit surveys will help to refine the implementation programme and identify the best method for reducing the total carbon dioxide emissions (and fuel costs) associated with individual properties over the medium or long term. The overall energy performance of the portfolio, as identified on Environmental Performance Certificates ("EPC") reports data has improved over the last 12 months. The proportion of properties with EPC Rating A-C is currently c.55% and the carbon footprint (estimated from property characteristics) has reduced by 2% per Civitas tenancy (from 2.65 tonnes of CO_2/tenancy in March 2022 to 2.61 tonnes of CO_2/tenancy). The whole social housing sector, and indeed the whole housing sector, continues to require significant public investment if it is to meet the current government guidelines on achieving net zero carbon emissions by 2050.

Government Policy and Regulation

Reforming the Mental Health Act

Current mental health legislation results in many people with mental health issues or learning disability needs being detained in large institutions that are often inappropriate for the individuals. It is estimated by NHS Digital that there was a rise in annual mental health detentions from 45,864 in 2016/2017 to over 53,239 in 2020/2021.

Once people are sectioned into an institution it becomes very difficult and costly to move them into a supported living community setting.

As a result of these concerns, the Government commissioned an independent body chaired by Professor Sir Simon Wessley in 2017. Currently in draft form in the Houses of Parliament, the Mental Health Reform Act seeks to raise the threshold for detaining people with a learning disability and/or autism unless they have a coexisting psychiatric disorder.

We believe that this Act will drive even more demand for community housing and care settings which are already in short supply, further securing the value and importance of the CSH portfolio.

The CSH portfolio will further benefit from the following broader market dynamics.

Social Housing Regulation Bill 2023

The overall regulation of social housing is under review with the main objective of delivering transformational change for social housing residents and fulfilling the Government's 2019 manifesto pledge to "empower residents, provide greater redress, better regulation and improve the quality of social housing".

The implication of this review for CSH's portfolio is expected to be positive as it aims to bring landlords closer to their tenants and more focused on addressing their needs quickly. *Our Approved Providers are very close to* their residents' needs and work in partnership with care providers to ensure good quality service outcomes, all supported by the granular asset management provided by CIM every day.

Supported Housing (Regulatory Oversight) Bill

This bill, which is under review, seeks to improve the regulation and outcomes of supported exempt accommodation. This follows reported cases, particularly of temporary housing, that should not qualify as exempt accommodation.

Financial Review

As at 31 March 2023 the Net Asset Value of the Company was £661.9 million, being 109.16 pence per share, a 1.03% decrease on the 110.30 pence per share at 31 March 2022. A net fair value gain on investment properties of £2.6 million (2022: £12.3 million) was recorded in the year.

Operational cash flows increased moderately to £39.5 million (2022: £39.1 million). Ongoing rental collections throughout the year supported the Company's healthy operating cash flows despite further increases to the cost of debt as all facilities were put onto a fixed basis.

Rental Growth and Dividend

The portfolio generated rental income (excluding any insurance and service charge rechargeables) of £53.1 million, representing c.5% increase over the corresponding period last year.

The contracted rent roll now increases through indexation only as no new equity has been raised and therefore no new investments have been made in the period.

During the year, the Company declared and paid four dividend distributions including one dividend of 1.3875p and three instalments of 1.4250p.

Debt Fixing and Reducing Risk

CIM arranged the following debt facilities which fixes debt on the portfolio at an average rate of 3.92% until August 2024 as is prudent in the current interest rate environment.

Lenders	Facility	Remaining Term at 31 Mar 23 (years)	Loan Principal £'000	All in rate
Scottish Widows	Fixed	4.59	52,500	2.99%
Deutsche Bank AG, London Branch	Fixed	4.85	70,875	5.69%
HSBC	Fixed by Interest rate cap	2.67	100,000	4.60%
NatWest	Fixed by Interest rate swap	1.38	60,000	2.60%
M&G	Fixed	4.91	84,550	3.14%
		3.67	**367,925**	**3.92%**

We have received terms from lenders to refinance the NatWest facility which is due to expire in August 2024.

Governance

CIM continues to engage actively with the Company's Approved Provider partners and care providers, offering advice and shared learning.

The Board, comprised of five independent non-executive Directors, carries out an annual Board performance evaluation exercise and hosts periodic strategy sessions in addition to regular planned Board meetings.

Summary

CIM continues to closely and proactively asset manage the largest portfolio of specialist care-based housing in the UK.

There is demonstrable demand in excess of supply and significant further legislation that is likely to continue to increase demand for the properties in the Company's portfolio.

We continue to undertake our work with a view to both enhancing the value of the portfolio and protecting the interest of our underlying tenants.

Civitas Investment Management Limited

Investment Adviser

28 June 2023

Asset Management Initiatives

The Asset Management Team understand the value of a good home. With nearly 100 years' experience between them working in the housing field, there is a lot of knowledge we can share.

As part of our active asset management of the CSH portfolio, we work with and support our partners tackling issues and finding solutions to help sustain the tenancies of the most vulnerable people living in our homes.

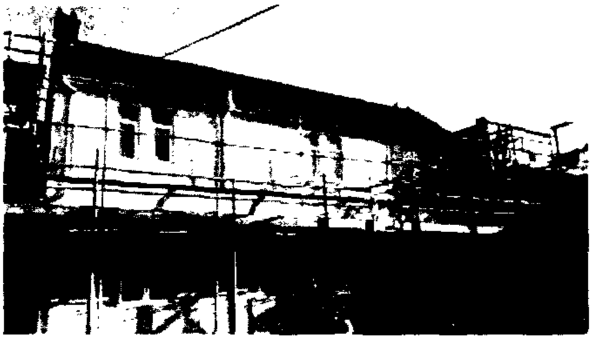
A recent example of this was with Cole Street and Hampden Road. These properties are managed by Trinity Housing Association and are popular properties with long standing residents. However, Trinity had struggled to meet its housing benefit potential. Officers from the team worked closely with Trinity and supported them to put the information and evidence together for tribunal. Trinity won the tribunal and the matter was resolved with a full backdate and rent agreed. This was a great result for the team and for the tenants at the schemes.

Case Study

York Mews, Clacton-on-Sea

A detached two storey block of seven self-contained flats constructed around the 1950s. Some external works were identified as being required and a review was undertaken at the asset. Assessment reports obtained suggested that replacing the heaters within the flats and other minor works would improve the energy efficiency and, in most cases, improve the EPC ratings at the same time. We therefore tendered a programme of works over two phases – *the first phase just before the previous Winter* period to replace the existing heaters with high heat retention storage heaters – the second phase during the following *Spring/Summer* period was to undertake the external works to remove the existing render, replace and decorate to improve the exterior of the building.

	Before	After
Flat 1	D	D
Flat 2	D	[illegible]
Flat 3	D	[illegible]
Flat 4	D	D
Flat 5	D	[illegible]
Flat 6	D	[illegible]
Flat 7	E	D



Corporate Social Responsibility Report

Sustainability

The business model of the Company is to provide long-term suitable homes for individuals with care needs; acting in a sustainable manner is key to achieving this aim. Properties that are owned by the Company are tailored to meet the future needs of the tenants and, where required, are actively asset managed to provide long-term functionality and value to the wider community.

Environment

During the investment due diligence phase, the Company looks closely at the environmental impact of each potential acquisition, and encourages a sustainable approach for maintenance and upgrading properties. Through collaborating with specialist developers and vendors, the high standards the Company expects from each investment in the care-based housing sector is adopted by other companies in the sector.

Once within the portfolio, the properties of the Company are actively managed, and the Investment Adviser assesses whether there are opportunities to improve the environmental efficiency of the properties, in addition to other asset management initiatives. The Company has an Environment, Social and Governance Policy which can be found on the Company's website. This goes into further detail about the Company's ESG approach and how it integrates with investment strategy. Further details on the Company's ESG approach can also be found on pages 37 to 46.

The Board has considered the requirements to disclose the annual quantity of emissions; further detail on this is included in the Report of the Directors on page 52.

Diversity

The Company does not have any employees or office space and, as such, the Company does not operate a diversity policy with regards to any administrative and management functions.

Whilst recognising the importance of diversity in the boardroom, the Company does not consider it to be in the interest of the Group and its shareholders to set prescriptive diversity criteria or targets. The Board has adopted a diversity policy in respect of appointments to be made to the Board and will continue to monitor diversity, taking such steps as it considers appropriate to maintain its position as a meritocratic and diverse business. The Board's objective is to maintain effective decision making, including the impact of succession planning. All Board appointments will be made on merit and have regard to diversity regarding factors such as gender, ethnicity, skills, background and experience. This includes Director appointments to the Audit and Management Engagement Committee and Nomination and Remuneration Committee. See Corporate Governance Statement on page 56.

The Board comprises three male and two female non-executive Directors. Throughout the year, the Company complied with the Hampton-Alexander Review's target of a minimum 33% representation of women on FTSE 350 boards.

The Board is aware of the recommendations of the Parker Review, which will be taken into consideration as part of the Board's succession planning. See Corporate Governance Statement on page 56.

The Board of Directors of the Company's subsidiaries, which are non-operational, each comprise one female and up to four male Directors.

Human Rights

Given the Company's turnover for the year under review, it now falls within the scope of the Modern Slavery Act 2015. The Company published its modern slavery statement on 22 September 2021.

The Board is satisfied that, to the best of its knowledge, the Company's principal advisers, which are listed in the Company Information section, comply with the provisions of the UK Modern Slavery Act 2015.

The Company's business is solely in the UK and therefore is considered to be low risk with regards to human rights abuses.

Community and Employees

The Company's properties enable the provision of care to some of the most vulnerable people in the community, ensuring safe and secure accommodation, tailored to meet individual care needs. The Company has increased the provision of care-based housing, bringing new supply to the sector and providing homes to over 4,500 people. All of the Company's properties enable the provision of high levels of care, generating local jobs and helping to support local economies.

The Company has no employees and accordingly no requirement to separately report on this area.

The Investment Adviser is an equal opportunities employer who respects and seeks to empower each individual and the diverse cultures, perspectives, skills and experiences within its workforce.

Section 172 (1) Statement and Stakeholder Engagement

Overview

The Directors' overarching duty is to act in good faith and in a way that is most likely to promote the success of the Company as set out in section 172 of the Companies Act 2006. In doing so, Directors must take into consideration the interests of the various stakeholders of the Company, the impact the Company has on the community and the environment, take a long-term view on consequences of the decisions they make, as well as aim to maintain a reputation for high standards of business conduct and fair treatment between the members of the Company.

Fulfilling this duty naturally supports the Company in achieving its investment objective and helps to ensure that all decisions are made in a responsible and sustainable way. In accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, the Company explains how the Directors have discharged their duties under section 172 below.

To ensure that the Directors are aware of, and understand, their duties, they are provided with the pertinent information when they first join the Board as well as receiving regular and ongoing updates and training on the relevant matters. Induction and access to training is provided for new Directors. They also have continued access to the advice and services of the Company Secretary and, when deemed necessary, the Directors can seek independent professional advice at the Company's expense. The Schedule of Matters Reserved for the Board, as well as the Terms of Reference of its committees, are reviewed regularly and further describe Directors' responsibilities and obligations and include any statutory and regulatory duties. The Audit and Management Engagement Committee has the responsibility for the ongoing review of the Company's risk management systems and internal controls and, to the extent that they are applicable, risks related to the matters set out in section 172 are included in the Company's risk register and are subject to periodic and regular reviews and monitoring.

Long-term Success

The strategy of the Company can be found on pages 26 to 29. Any deviation from, or amendment to, that strategy is subject to Board and, if necessary, shareholder approval. The Company's business model, which can be found on page 26, provides that the Board considers the long-term consequences of its investment decisions.

The Company grants long-term leases, generally 20 years in length, to its tenants. The Company seeks to maintain lasting relationships with its tenants and supports its tenants in adapting properties to meet their needs, particularly improving and enhancing properties. Further details can be found on pages 37 to 46.

Stakeholders

A company's stakeholders are normally considered to comprise its shareholders, its employees, its customers and its suppliers as well as the wider community in which the company operates and impacts. The Company is different in that as an investment trust it has no employees and, in terms of suppliers, the Company receives professional services from a number of different providers, principal among them being the Investment Adviser.

Through regular engagement with its stakeholders, the Board aims to gain a rounded and balanced understanding of the impact of its decisions. Feedback from stakeholders is gathered by the Investment Adviser in the first instance and communicated to the Board in its regular quarterly meetings and otherwise as required.

The importance of stakeholders is taken into account at every Board meeting, with discussions involving careful consideration of the longer-term consequences of any decisions and their implications for stakeholders. The following section explains why these stakeholders are considered of importance to the Company and the actions taken to ensure that their interests are taken into account by the Board as part of its decision making.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Shareholders Continued shareholder support and engagement are critical to the existence of the business and the delivery of the long-term strategy of the business.	• Current and future financial performance on both a NAV and share price basis • Strategy and business model • Corporate governance • ESG performance and sustainability • Climate Change • Dividend	The Board welcomes shareholders' views and places great importance on communication with the shareholders of the Company. The Board is responsible for the content of communication regarding corporate issues and for communicating its views to shareholders. The Board aims to ensure that shareholders are provided with sufficient information to understand the risk/reward balance to which they are exposed by the holding of shares in the Company. Active engagement with shareholders is carried out throughout the year and regular communication is undertaken to ensure that they understand the performance of the business. The Board is committed to maintaining open channels of communication and to engaging with shareholders in a manner which they find most meaningful, in order to gain an understanding of the views of shareholders. These channels include: **Annual General Meeting** – The Company welcomes and encourages attendance, voting and participation from shareholders at the AGM, at which shareholders have the opportunity to meet the Directors and Investment Adviser and to address questions to them directly. The Investment Adviser attends the AGM and provides a presentation on the Group's performance and its future outlook. The Company values any feedback and questions it may receive from shareholders ahead of and during the AGM and takes action, as appropriate. The Board was pleased to note that all resolutions proposed at the Company's AGM on 15 September 2022 were approved by shareholders. **Publications** - The Annual Report and Half-Year Results are made available on the Company's website. These reports provide shareholders with a clear understanding of the Group's portfolio and financial position. In addition to the Annual and Half-Year Reports, regularly updated information is available on the Company website, including quarterly factsheets, key policies, the investor relations policy and details of the investment property portfolio. Feedback and/or questions the Company receives from the shareholders help the Company evolve its reporting aiming to render the reports and updates transparent and understandable. **Shareholder meetings** - Shareholders are able to meet with the Investment Adviser and the Company's Joint Brokers throughout the year and the Investment Adviser provides information on the Company on the Company's website. Feedback from all shareholder meetings with the Investment Adviser and/or the Joint Brokers, and shareholders' views, are shared with the Board on a regular basis. The Chairman and other members of the Board, including the Senior Independent Director and Chair of the Audit and Management Engagement Committee, are available to meet with shareholders to understand their views on governance and the Company's performance where they wish to do so.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Shareholders Continued shareholder support and engagement are critical to the existence of the business and the delivery of the long-term strategy of the business.	• Current and future financial performance on both a NAV and share price basis • Strategy and business model • Corporate governance • ESG performance and sustainability • Climate Change • Dividend	**Shareholder concerns** – The Board gives due consideration to matters raised by shareholders. In the event shareholders wish to raise issues or concerns with the Board or the Investment Adviser, they are welcome to write to the Company at the registered office address set out on page 131. In line with increasing shareholder focus on Environmental, Social and Governance ("ESG") matters, the Board requests regular updates from the Investment Adviser. The Board retains overall responsibility for ESG issues and the Company's operational performance. Implementation of ESG matters are undertaken by the Investment Adviser on behalf of the Board. *Furthermore, ESG reporting has been disclosed on pages 37 to 46 in the* Annual Report and the Board is open to discussion with shareholders on this topic if requested. **Investor relations updates** – The Board regularly monitors the shareholder profile of the Company. With the majority of shareholders being a combination of institutional investors and private client brokers, the Board receives regular updates on investors' views and attitudes from the Company's Brokers and the Investment Adviser. The results of these meetings are reported to the Board as part of the formal reporting undertaken by both the Investment Adviser and Brokers. Included in the Report of the Directors on page 51 are details of substantial shareholdings in the Company. On a regular basis (sometimes weekly) and at Board meetings, the Directors receive updates from the Company's Brokers on the share trading activity, share price performance and any shareholders' feedback, as well as an update from the Company's Investor Relations adviser, Buchanan, and the Investment Adviser on any publications or comments by the press. To gain a deeper understanding of the views of its shareholders and potential investors, the Investment Adviser maintains regular contact with them and also undertakes investor roadshows. Any relevant feedback is taken into account when Directors discuss any possible fundraising or the future dividend policy. Following the year end, the Board recommended an offer to shareholders of 80 pence for each share held in the Company from Wellness Unity Limited (a wholly owned subsidiary of CK Asset Holdings Limited). During the Takeover Offer process, the Board engaged with shareholders and received their views on the Takeover Offer, which it took into account during its discussions. Further information on the Board's decision in relation to the Takeover Offer can be found on pages 25 and 52.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Investment Adviser Holding the Company's shares offers investors an investment vehicle through which they can obtain exposure to the Company's portfolio of properties. The Investment Adviser's performance is critical for the Company to successfully deliver its investment strategy and meet its objective to provide shareholders with an attractive level of income, together with the potential for capital growth.	• Current and future financial performance • Shared commercial objectives with the Company • Operational excellence • Long-term development of its business and resources • ESG performance and sustainability	The asset management of the Company's portfolio is delegated to the Investment Adviser, which manages the assets in accordance with the Company's objectives and policies. At each Board meeting, representatives from the Investment Adviser are in attendance to present reports to the Directors covering the Company's current and future activities, portfolio of assets and its investment performance over the preceding period. Maintaining a close and constructive working relationship with the Investment Adviser is crucial as the Board and the Investment Adviser both aim to continue to achieve consistent long-term returns in line with the Company's investment objective. Important components of the culture of both the Company and the Investment Adviser are: • operating in a fully supportive, co-operative and open environment and maintaining ongoing communication with the Board between formal meetings; • encouraging open discussion with the Investment Adviser, allowing time and space for original and innovative thinking; • recognising that the interests of stakeholders and the Investment Adviser are for the most part well aligned, adopting a tone of constructive challenge; • drawing on Board members' individual experience and knowledge to support the Investment Adviser in its monitoring of and engagement with other stakeholders; and • willingness to make the Board members' experience available to support the Investment Adviser in the sound long-term development of its business and resources, recognising that the long-term health of the Investment Adviser is in the interests of shareholders in the Company
Other service providers In order to function as a REIT with a premium listing on the London Stock Exchange, the Company relies on a diverse range of reputable advisers for support in meeting all relevant obligations	• Current and future financial performance • Shared commercial objectives with the Company • Operational excellence • Long-term development of the service providers' businesses • Sustainability	The Company's main functions are delegated to a number of service providers, including the Administrator, the Company Secretary, the AIFM, the Registrar, the Corporate Brokers and the Depositary, each engaged under separate contracts. The Board maintains regular contact with its key external providers and receives regular reporting from them, both through the Board and Committee meetings, as well as outside of the regular meeting cycle. Their advice, as well as their needs and views, are routinely taken into account. Through its Audit and Management Engagement Committee, the Board formally assesses their performance, fees and continuing appointment at least annually to ensure that the key service providers continue to function at an acceptable level and are appropriately remunerated to deliver the expected level of service. The Audit and Management Engagement Committee also reviews and evaluates the control environment in place at each key service provider.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Care providers	• Current and future performance • Welfare of tenants • Lease obligations • Void management	At the outset, it is important to note that the Company does not have any legal or operational responsibility for the delivery of care in the properties within the portfolio. However, the Board and the Investment Adviser have taken the view that they wish to have a detailed understanding of the delivery of care and the interaction with the major care providers who deliver this care. Accordingly, the Investment Adviser maintains an active dialogue with many of the care providers to build constructive and informed relationships. At the same time, as part of transaction due diligence at the time of acquisition of properties, the Investment Adviser undertakes due diligence with respect to the operational and financial performance of all care providers who are proposed to deliver care into the particular properties. This includes the financial standing of the care provider, its CQC rating and the nature of the SLA agreement covering voids between the care provider and the Approved Provider. The Investment Adviser is noted as having demonstrated considerable expertise and understanding of the care taking place within its properties.
Tenants	• Greater independence • Maintaining high level of care • Improved personal outcomes	The Company's properties are adapted for the use of individuals with long-term care needs within a community setting with the specific *aim of achieving better personal outcomes and independence for the individuals.* The sector in which the Company operates is regarded as having achieved significant success in delivering these positive outcomes compared to long-term older style remote institutional care. On a regular basis, members of the Investment Adviser visit properties accompanied by Approved Provider and care provider partners to see first hand the nature of the housing and care provision that is being delivered. Whilst this process has slowed as a result of the pandemic, the Investment Adviser has continued to engage with its tenants. This is supported by the regular Approved Provider seminars at which the wellbeing of tenants is discussed in detail. In addition, the Company undertakes resident case studies and surveys through careful and considered interaction via the care provider to assess the positive impact our properties and associated specialised care have had on the individual and their wellbeing.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Approved Providers	• Current and future performance • Sustainability • Compliance and property management • Welfare of tenants • *Lease obligations*	The Company's Approved Provider partners are an important part of the investment model as the responsibility for collection of housing benefit and subsequent payment of rent, the maintenance of the properties under the full repairing and insuring leases and, most importantly, the safeguarding of the underlying tenants through the above means, lies with the Approved Providers. The Investment Adviser works closely with the Company's Approved Provider partners to improve standards and governance and to introduce practices and procedures that make the Company's investment processes ever more robust. The Investment Adviser has a regular open dialogue with the Approved Provider partners, liaising monthly on compliance, health and safety, maintenance and future-proofing schemes, as well as hosting quarterly seminars to discuss current themes/trends affecting the sector and to troubleshoot. This serves as an opportunity to build relationships and share best practice. The Investment Adviser is supported by the establishment of The Social Housing Family CIC, a not-for-profit community interest company operated independently of the Company whose stated aim is to enable Approved Providers holding the Company's leases to increase skills and experience and to provide funding to promote enhanced performance. Membership is open to any Approved Provider that holds Civitas leases and the effect of membership is to transfer ownership of the Approved Provider to the social housing family. Auckland Homes Solutions was the first Approved Provider to join and has now recruited a very experienced and senior executive team and board of management. Qualitas community benefit society has also joined the CIC.
Regulator of Social Housing (RSH)	• Financial and operational viability • Governance • Compliance with health and safety, and regulatory standards • Safety and wellbeing of underlying tenants	The Company is not itself regulated by the RSH, but it is important to maintain open and regular dialogue to ensure that the Company and the RSH are working together to improve the sector. The Investment Adviser has a regular and ongoing dialogue with the RSH and with the Approved Provider partners regulated by the RSH. The Company also publishes responses to the regulatory judgements of the RSH regarding the Approved Providers working with the Company as part of the RSH's general review of Approved Providers engaged in the provision of property services for vulnerable people as announced in May 2018. This demonstrates the Company's desire to maintain a dialogue with the RSH and its desire to see that the positions improve where needed.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Other regulatory authorities The Company can only operate with the approval of its regulators who have a legitimate interest in how the Company operates in the market and treats its shareholders.	• Compliance with statutory and regulatory requirements • Governance based on best practice guidance • Better reporting to shareholders and other stakeholders	The Company regularly considers how it meets various regulatory and statutory obligations and follows voluntary and best practice guidance, and how any governance decisions it makes can have an impact on its shareholders and wider stakeholders, both in the shorter and in the longer-term. The Board receives quarterly regulatory compliance monitoring updates from the Investment Adviser. The Board receives quarterly compliance updates from the AIFM regarding the Company's compliance with its investment policy and the Investment Adviser's compliance with the Investment Management Agreement. The Board also has access to the advice of the Company Secretary who provides updates and advice on regulatory, statutory and governance matters for consideration by the Board at its quarterly meetings and as and when required.
Local authorities	• Provision of safe and secure properties of a high quality • Sustainability for long-term placements	It is important for the Company to build and maintain relationships with local authorities as they have an important role in identifying areas of high demand, agreeing rents and referrals to the Company's asset management initiatives. The Company will engage with the local authority commissioner either directly, or through specialist consultants, Approved Provider and care provider partners as part of the Company's due diligence to ensure that each property being acquired has been commissioned by the relevant local authority and that rent levels have been discussed and agreed.
Lenders Availability of funding and liquidity are crucial to the Company's ability to take advantage of investment opportunities as they arise.	• Current and future financial performance of the business • Openness and transparency • Proactive approach to communication • Operational excellence	The Company has arranged debt facilities from a wide range of lenders and engages with these on a regular basis through regular meetings and presentations to ensure they are informed on all relevant areas of the business. The continual dialogue helps to support the credit relationships. The Company has reaffirmed its Investment Grade High Credit Quality Rating from Fitch Ratings Limited of "A" (senior secured) and a Long-Term IDR (Issuer Default Rating) of 'A-' with a Stable Outlook. This will enable the Company to pursue its strategy in relation to debt funding, in addition to continuing to work with the Company's existing lenders, with whom the Company has built strong relationships. During the year, the Board considered and closed a five year term debt facility with Deutsche Bank AG. Further information can be found on page 25.

Section 172 (1) Statement and Stakeholder Engagement Continued

Our stakeholders	Key areas of interest	How we engage
Communities The Company's assets rely on a strong, positive connection with the local communities in which its business operates.	• Acceptance of care in the community • Availability of local facilities for tenants	A key component of the Company's portfolio is that the properties within it are set within community environments so that individuals are able as part of their care plan to interact with the local community rather than being isolated. This is achieved in consultation with local authorities in determining that the initial settings are appropriately diversified within the respective community and are not clustered in a way that would lead to isolation. This assists the individuals and also ensures appropriate integration within the community. On a day-to-day basis, care providers and Approved Providers operate policies to ensure positive relationships with neighbours and surrounding dwellings. The activities within the Company's properties create employment within the local community for both housing and care workers
Charity partners	• Delivering needed support to vulnerable adults • Improved wellbeing of vulnerable adults • ESG performance and sustainability	The Company supports a number of organisations whose objectives are to provide improved outcomes for vulnerable adults affected by homelessness and other care needs. The Company commits targeted financial support to fund specific programmes which help those affected by homelessness by teaching them skills and offering support to prevent them from being in that position again. The Company ensures regular calls and meetings with our charity partners to update on progress and projects being undertaken, as well as attending events in support of their work.

Section 172 (1) Statement and Stakeholder Engagement Continued

Principal Decisions

Principal decisions have been defined as those that have a material impact to the Group and its key stakeholders.

In taking these decisions, the Directors considered their duties under section 172 of the Act. Principal decisions made during the year were as follows:

New Regulatory Clause Initiative

In 2022, the Board considered and agreed a new approach to the Company's lease model with the goal of supporting additional regulatory compliance and addressing perceptions of risk. The new regulatory clause enables Approved Providers to achieve greater alignment between income receipts and lease liabilities, set achievable capital solvency requirements against lease obligations and demonstrate a further degree of risk sharing.

The new lease clause has, following detailed negotiation including legal input, received approval from the boards of two initial housing associations with whom it had been discussed. The Company had previously sought and obtained formal written confirmation from its valuers that the inclusion of a clause of this type within the Company's new and existing leases will not of itself cause a diminution in the value of those leases or in the underlying assets.

Takeover Offer

As announced on 9 May 2023, the Board made the decision to recommend to shareholders an all-cash offer of 80 pence for each share of the Company by Wellness Unity Limited (a wholly owned subsidiary of CK Asset Holdings Limited).

Although the Board believes the offer undervalues the long-term prospects of the Company, the Board recognises that the Company and the sector in which it operates faces a number of challenges in light of the current macro environment and outlook. This includes the considerable negative sentiment in the public markets towards the Company and the social housing sector which the Board believes are unlikely to be overcome in the short to medium term and will continue to have a material impact on the Company's share price prospects. In addition, despite delivering on revenue, NAV and dividend growth since IPO, the Company's shares have traded for some time at an entrenched discount to NAV

On 23 June 2023, the Offer became unconditional

Updates to Debt Arrangements

During the year, the Board considered and closed a new five year term debt facility of c.£71 million with a major European bank lender.

The facility was deployed in full to redeem the Company's existing facility with Lloyds Bank of £60 million as well as providing additional liquidity. As a result, all of the Company's debt facilities are at 100% fixed or capped rates.

Buyback Programme

During the year, the Board monitored the decline in the Company's share price and in response, the Board agreed the implementation of a share buyback programme under certain parameters, which is being operated by the Company's Joint Brokers

Further information on the Company's buyback programme can be found on page 50.

Strategic Overview

Purpose of the Company

The Company was established in 2016 with the purpose of delivering long-term responsible, stable returns to investors and achieving positive measurable social impact and ESG benefits on a large scale. It should achieve this as a result of introducing long-term equity capital into the social housing sector with a particular focus on care-based community housing. By doing so, this would form a bridge between equity investors and the social housing sector and bring together aspects of *healthcare with social housing*.

The Company has since developed the largest portfolio of care-based community housing in the UK that provides long-term homes for more than 4,500 individuals across half the local authorities in England and Wales.

As a result of this success, the Company extended its mandate to be able to enter into transactions directly with the NHS and with leading charities with an interest in the provision of specialist housing that has a strong care or support element, is consistent with public policy and whose costs are met by the public purse for which it offers value for money.

Investment Objective

The Company's investment objective is to provide shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of Social Homes, which benefits from inflation adjusted long-term leases or occupancy agreements with Approved Providers and to deliver, on a fully invested and geared basis, a targeted dividend yield of 5% per *annum*[1], which *the Company expects to increase broadly* in line with inflation.

Investment Policy

The Company's investment policy is to invest in a diversified portfolio of Social Homes throughout the United Kingdom. The Company intends to meet the Company's investment objective by acquiring, *typically indirectly via Special Purpose Vehicles*, portfolios of Social Homes and entering into long-term inflation adjusted leases or occupancy agreements for terms primarily ranging from 10 years to 40 years with Approved Providers, where all management and maintenance obligations will be serviced by the Approved Providers. The Company will not undertake any development activity or assume any development or construction risk. However, the Company may engage in renovating or customising existing homes, as necessary.

The Company may make prudent use of leverage to finance the acquisition of Social Homes and to preserve capital on a real basis

The Company is focused on delivering capital growth and expects to hold its Portfolio over the long term and *therefore it is unlikely that the Company will dispose* of any part of the Portfolio. In the unlikely event that a part of the Portfolio is disposed of, the Directors intend to reinvest proceeds from such disposals in assets in accordance with the Company's investment policy

Investment Restrictions

The Company invests and manages the Portfolio with the *objective of delivering a high-quality, diversified Portfolio* through the following investment restrictions:

- the Company only invests in Social Homes located in the United Kingdom;
- the Company only invests in Social Homes where the counterparty to the lease or occupancy agreement is an Approved Provider,
- no lease or occupancy agreement shall be for an unexpired period of less than 10 years, unless the shorter leases or occupancy agreements represent part of an acquisition of a portfolio which the Investment Adviser intends to reorganise such that the average term of lease or occupancy agreement is *increased to 15 years or above;*
- the aggregate maximum exposure to any single Approved Provider is 25% of the Gross Asset Value, once the capital of the Company is fully invested;
- no investment by the Company in any single geographical area, in relation to which the houses and/or apartment blocks owned by the Company are located on a contiguous or largely contiguous basis, exceeds 20% of the Gross Asset Value of the Company;
- the Company only acquires completed Social Homes and will not forward finance any development of new Social Homes;
- the Company does not invest in other alternative investment funds or closed-end investment companies; and
- the Company is not engaged in short selling.

The investment limits detailed above apply at the time of the acquisition of the relevant investment in the Portfolio once fully invested. The Company would not be required to dispose of any investment or to rebalance the Portfolio as a result of a change in the respective valuations of its assets.

Gearing Limit

The Directors seek to use gearing to enhance equity returns. The level of borrowing is set on a prudent basis for the asset class and seeks to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of both the Portfolio and the Company

1 The dividend yield is based on the original IPO price of 100 pence per Ordinary share. The target dividends are targets only and do not represent a profit forecast. There can be no assurance that the targets can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company or assume that the Company will make any distributions at all and should decide for themselves whether or not the target dividend yields are reasonable or achievable.

Strategic Overview Continued

The Company may, following a decision of the Board, raise debt from banks and/or the capital markets and the aggregate borrowings of the Company is always subject to an absolute maximum of 40% of Gross Asset Value calculated at the time of drawdown. Current gearing is 35.61% (2022: 34.43%)

Debt is secured at asset level, whether over a particular property or a holding entity for a particular series of properties, without recourse to the Company and also potentially at Company level with or without a charge over the Portfolio (but not against particular assets), depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, cost of debt, debt type and maturity profiles. Otherwise there will be no cross-financing between investments in the Portfolio and the Company will not operate as a common treasury function between the Company and its investments.

Use of Derivatives

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

Cash Management

The Company invests in cash, cash equivalents, near cash instruments and money market instruments.

REIT Status

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

Culture

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

As detailed in the Corporate Governance Statement, the Company has a number of policies and procedures in place to assist with maintaining a culture of good governance, including those relating to diversity and Directors' conflicts of interest. The Board assesses and monitors compliance with these policies as well as the general culture of the Board through Board meetings and, in particular, during the annual evaluation process which is undertaken by each Director (for more information, see the performance evaluation section on pages 56 and 57).

The Board's culture itself is one of openness, collaboration and constructive debate to ensure the effective contribution of all Directors, particularly in respect of the Board's decision making. Consideration of our stakeholders is embedded in the Board's decision making process. Please see our section 172 Statement on pages 17 to 25

Key Performance Indicators ("KPIs")

Measure	Explanation	Result
Increase in NAV per share	Target to achieve capital appreciation whilst maintaining a low risk strategy from enhancing the quality of cash flows from investments, by physical improvement of properties and by creating a significantly diversified, high-quality portfolio.	NAV increase of 11.2p per share 11.4% from IPO (2022: 12.3p per share 12.6% from IPO).
Dividends per share	For the year ended 31 March 2023, the Company targeted a dividend of 5.70p per share.	Total dividend of 5.70p per share declared for the year to 31 March 2023 (2022: 5.55p).
Number of local authorities, Approved Providers and care providers	Target risk mitigation through a diversified portfolio (once fully invested) with no more than 25% exposure to any one local authority or single Approved Provider and no more than 20% exposure to any single geographical area, once the capital of the Company is fully invested.	As at 31 March 2023: • 178 local authority partners (2022: 178 local authority partners) • 19 Approved Providers (2022: 18 Approved Providers) • 131 care providers (2022: 130 care providers) The Company's largest single exposure is to Falcon Housing Association CIC and currently stands at 19% (2022: 19%). The largest geographical concentration is in the South West, being 14% (2022: 16%).
Loan to Gross Assets (Leverage)	Targeted total debt drawn no more than 40% of gross assets	Leverage as at 31 March 2023 of 35.61% of gross assets (2022: 34.43%).

Strategic Overview
Continued

EPRA

The Company is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed and defined the following performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards. The Company is pleased to disclose the following measures which are calculated in accordance with EPRA guidance. These are all Alternative Performance Measures of the Company.

	EPRA Earnings	EPRA Net Reinstatement Value ("NRV")	EPRA Net Tangible Assets ("NTA")	EPRA Net Disposal Value ("NDV")
Definition	Earnings from operational activities.	EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.	EPRA NAV metric which represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.
Purpose	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.	The EPRA NAV set of metrics make adjustments to the NAV per the financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios		

Performance

	EPRA Earnings	EPRA NRV	EPRA NTA	EPRA NDV
	£	£	£	£
2023	26,929,000	653,780,000	653,780,000	673,645,000
2022	29,810,000	673,416,000	673,416,000	678,191,000
2021	30,630,000	674,042,000	674,042,000	671,476,000

	EPRA Earnings per share	EPRA NRV per share	EPRA NTA per share	EPRA NDV per share
	Basic and diluted pence	[illegible]	[illegible]	[illegible]
2023	4.43	107.82	107.82	111.09
2022	4.82	109.96	109.96	110.74
2021	4.93	108.38	108.38	107.97

Past performance is not a reliable indicator of future performance. For detailed workings reconciling the above measures to the IFRS results, please see Appendix 1 to these financial statements on pages 122 to 125

Strategic Overview Continued

	EPRA Net Initial Yield ("NIY")	EPRA Topped-up Net Initial Yield ("NIY")	EPRA Costs Ratio	EPRA LTV	EPRA Vacancy Rate
Definition	Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property with (estimated) purchasers' costs.	This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and stepped rents).	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	Debt (including net payables but net of cash balances) divided by the market value of property (including net receivables).	Estimated Market Rental Value ("ERV") of vacant space divided by ERV of the whole portfolio.
Purpose	A comparable measure for portfolio valuations. These measures should make it easier for investors to judge themselves, how the valuation of portfolio X compares with portfolio Y.		A key measure to enable meaningful measurement of the changes in a company's operating costs.	A key (shareholder-gearing) metric to determine the percentage of debt comparing to the appraised value of the properties.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.

Performance

	EPRA NIY %	EPRA Topped-up NIY %	EPRA Costs Ratio[1] %	EPRA LTV %	EPRA Vacancy Rate %
2023	**5.55**	**5.55**	**23.07**	**33.91**	**0.02**
2022	5.28	5.28	20.20	31.24	0
2021	5.24	5.24	20.33	27.20	0

Past performance is not a reliable indicator of future performance. For detailed workings reconciling the above measures to the IFRS results, please see Appendix 1 to these financial statements on pages 122 to 125.

1 The ratios inclusive of vacancy costs are the same as the ratio exclusive of vacancy costs for 2022, 2021 and 2020

Principal Risks and Risk Management

The Board considers that the risks detailed below are the principal risks facing the Group currently, along with the risks detailed in note 31.0 to the financial statements. These are the risks that could affect the ability of the Company to deliver its strategy. The Board confirms that the principal risks of the Company, including those which would threaten its future performance, solvency or liquidity, have been robustly assessed throughout the year ended 31 March 2023, taking into account the emerging risks such as the longer term, climate change risk, cyber security risk and recruitment of staff at counterparties risk, and that processes are in place to continue this assessment.

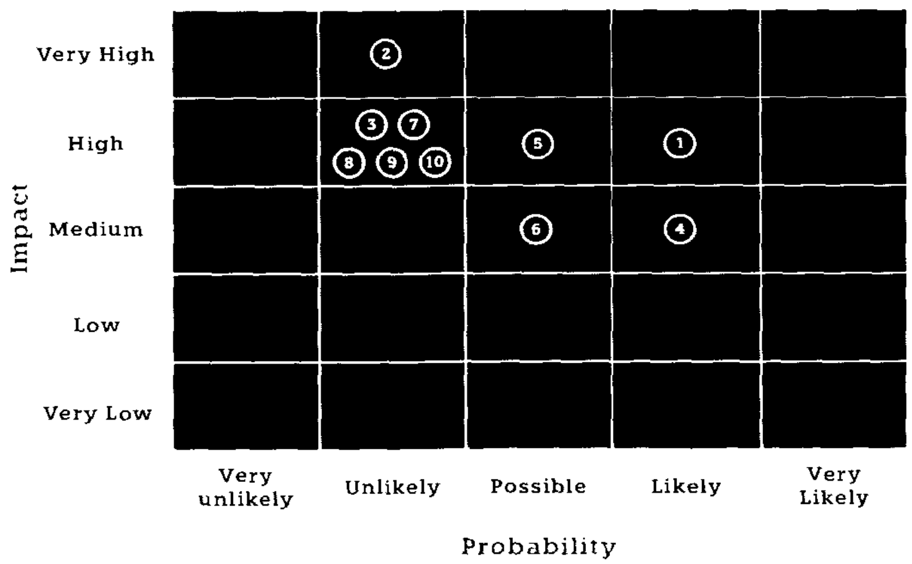
The Audit and Management Engagement Committee has divided the Company's risks into the following risk type categories:

- Strategy and Competitiveness;
- Operational, including Cyber Crime;
- Investment Management; and
- Accounting, Legal and Regulatory.

Each risk contained in each category is reviewed for its impact and probability by the Audit and Management Engagement Committee at least twice during the year.

The Audit and Management Engagement Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and advises the Board on the principal risks facing the business.

Further details of risk management processes that are in place can be found in the Corporate Governance Statement on pages 57 and 58. The principal and emerging risks and uncertainties relating to the Group are regularly reviewed by the Board along with the internal controls and risk management processes that are used to mitigate these risks. The Board acknowledges that the Takeover by Wellness Unity Limited may result in increased risk both during the transition and subsequently. Specifically, the Directors have not had detailed visibility of the offeror's post completion funding for the group or the detailed plans behind the intentions statements included within the announcement. Oversight and monitoring during this period will take on critical importance. The Board has identified one new principal risk during the year (as set out in the list of principal risks and uncertainties). The risk associated with a disruption to share price due to negative sentiment in the social housing sector was identified as having the highest impact and likelihood. The risk associated with promoting the Company to generate investor demand was removed as a principal risk by the Board during the year as the Takeover Offer by Wellness Unity Limited has reduced the need for the Company to generate additional investor demand. Further details on this and the other principal risks and the management of those risks are described below:



Principal Risks and Risk Management Continued

Principal Risks and Uncertainties

1. Strategy and Competitiveness risk	Impact	How managed/mitigated	
The Company's share price is disrupted due to negative sentiment towards the social housing sector following a targeted attack by a short seller and pollution from other events in the sector. This risk remained at the same level as the year ended 31 March 2022.	The Company is targeted by a short seller or activist shareholder leading to a fall in the Company's share price and a widening of the discount to NAV. Significant numbers of shares may need to be repurchased leading to a fall in the size of the Company and liquidity implications	The Board is committed to maintaining open channels of communication with shareholders and engaging in ways shareholders find most meaningful, in order to gain understanding of shareholder views. Further information on the Board's engagement with shareholders can be found on pages 17 to 25. The Board seeks to provide full disclosure on the counterparties and the structure of transactions so that all stakeholders are kept reliably informed on the Company's business dealings. The Board regularly reviews the Company's buyback policy to ensure this is in alignment with the interests of the Company and shareholders. The Board is also mindful of the possibility to issue shares and regularly reviews its policy in this area to ensure that it is consistent with the Company's strategy. It receives regular updates from the Company's brokers to help inform its decisions in this regard.	**Impact: High** **Probability: Likely**
2. Strategy and competitiveness risk	**Impact**	**How managed/mitigated**	
The Company and its operations are subject to laws and regulations enacted by national and local governments and government policy This risk remained at the same level as the year ended 31 March 2022.	Any change in the laws, regulations and/or government policy affecting the Company and its operations may have a material adverse effect on the ability of the Company to successfully pursue its investment policy and meet its investment objective and on the value of the Company and the shares.	The Company focuses on niche real estate sectors where it believes the regulatory framework and underlying demand dynamics to be robust. The Investment Adviser has strong industry contacts and has good knowledge on policy opinion and direction. The Board obtains regular updates from professional advisers to monitor developments in regulation and legislation.	**Impact: Very high** **Probability: Unlikely**
3. Strategy and competitiveness risk	**Impact**	**How managed/mitigated**	
As a result of competition from other purchasers of social housing properties, the Company's ability to deploy capital effectively within a reasonable timeframe may be restricted or the net initial yields at which the Company can acquire properties may decline such that target returns cannot be met. This risk remained at the same level as the year ended 31 March 2022.	The rate of capital deployment would drop, decreasing returns to shareholders.	The Company has strong links with vendors and a robust pipeline of future acquisitions. The Board regularly reviews the pipeline of potential acquisitions and monitors the market landscape. The Board is aware of the current competitive social housing market and recognises the impact this may have on the Company's ability to deploy capital effectively.	**Impact: High** **Probability: Unlikely**

Principal Risks and Risk Management
Continued

Investment management risk	Impact	How managed/mitigated	
4 Tenant defaulting under the terms of a lease. This risk remained at the same level as the year ended 31 March 2022.	Loss of rental income in the short term.	The portfolio is highly diversified to reduce the impact of default. Extensive diligence is undertaken on all assets, which is reviewed and challenged by the Board. The Investment Adviser works proactively with Approved Providers to address any potential concerns. The Board is provided with regular updates on the tenants with any concerns raised for discussion. The Board has noted that the Company's historic level of defaults has been immaterial.	**Impact: Medium** **Probability: Likely**
5 The value of the investments made by the Company may change from time to time according to a variety of factors, including movements in interest rates, inflation and general market pricing of similar investments. This risk remained at the same level as the year ended 31 March 2022.	The valuation of the Company's assets would fall, decreasing the NAV and yields of the Company.	The Company invests in projects with stable, predetermined, long-term leases in place with CPI or CPI plus 1% indexation and its strategy is not focused on sale of properties. The Board receives regular updates on factors that might impact investment valuations.	**Impact: High** **Probability: Possible**
6 The current macroeconomic environment has increased the level of risk around the Company's financing arrangements regarding borrowing terms and covenants. This was identified as a new risk during the year.	Less favourable borrowing terms increase the financing costs reducing returns to shareholders.	The Investment Adviser, AIFM and Depositary monitor covenants in place with debt providers and present to the Board on a quarterly basis. The Investment Adviser leverages the relationships it already has in the market to form long term partnerships with debt providers at rates it already has achieved on similar projects within the same macro market. The Investment Adviser reports to the Board on discussions with banks which will highlight at the earliest opportunity if this risk has increased.	**Impact: Medium** **Probability: Possible**
7 Due diligence may not reveal all facts and circumstances that may be relevant in connection with an investment and may not prevent an acquisition being materially overvalued or rental streams being at risk. This risk remained at the same level as the year ended 31 March 2022.	The Company would overpay for assets impairing shareholder value, reducing rental income and therefore returns.	The Company undertakes detailed due diligence on the properties, their condition, the proposed rental levels – benchmarking against comparable schemes using both external consultants where required and its own proprietary database – and on the Approved Providers and care providers involved in each property to ensure that the purchase price is robust. The Board considers the due diligence undertaken when approving acquisitions.	**Impact: High** **Probability: Unlikely**

Principal Risks and Risk Management Continued

8 Investment management risk	Impact	How managed/mitigated	
Loss of key staff at the Investment Adviser. This risk remained at the same level as the year ended 31 March 2022.	Negative investor sentiment leading to a reduction in share price. Reduction in ability to source off market and favourable deals.	The Board considers the risk of the Investment Adviser losing key staff and the succession plans the Investment Advisor has in place. The Board has noted the ongoing expansion of the Investment Adviser's support team	**Impact: High** **Probability: Unlikely**

9 Strategy and competitiveness	Impact	How managed/mitigated	
The Company fails to respond to issues related to climate change, either directly as enhancements to properties or indirectly via its climate change reporting. This risk remained at the same level as the year ended 31 March 2022	Decrease in the value of the Company's assets and a negative impact on the Company's share price.	Regular review and consideration by the Board including the input of climate change specialists at the Investment Adviser. Advice received from external professional advisers	**Impact: High** **Probability: Unlikely**

10 Operational including cyber crime	Impact	How managed/mitigated	
Serious accident or poor management amongst Approved Providers due to staff shortages and loss of competence. This risk remained at the same level as the year ended 31 March 2022.	Reputational damage for the Company.	Reporting from Approved Providers and monitoring of Approved Providers by the Investment Adviser.	**Impact: High** **Probability: Unlikely**

Emerging risks

Emerging risks are considered during the regular risk review, and would be specifically discussed and evaluated as they arise during the year. Input from the Investment Adviser on emerging risks is considered by the Audit and Management Engagement Committee.

Key emerging risks identified and considered during the year include:

- Long-Term Climate Change – the impact of climate change, over the longer-term on the business. The Company is committed to understanding ESG risk, including the particular impact of climate change on the business. Climate change poses an indirect risk to the Company's operations, the environment and society, and the Board is aware that appropriate action is required to reduce its impact. The Board uses the updates from the Investment Adviser as they relate to the performance of the company and the impact of long-term climate change to help manage/mitigate this risk.
- Cyber Security – the impact of a cyber security breach within the Company or its service providers. The Audit and Management Engagement Committee reviews and monitors the cyber security controls of the Company's service providers on a regular basis to manage/mitigate this risk.

Please see the Company's ESG Report on pages 37 to 46 for further details.

The Listing Rules require premium-listed commercial companies to disclose in their annual report whether they have reported on how climate change affects their business in a manner consistent with the recommendations of the Task Force on Climate-related Financial Disclosures ('TCFD'), and to provide an explanation and other information if they are unable to do so. In addition, the UK Government intends to introduce mandatory climate-related disclosures to supplement the requirements under the Listing Rules. The Board has chosen not to adopt the requirements early and expects these to be applicable to the Company in the financial year 2024.

Going Concern and Viability Statement

Going Concern

The Board regularly reviews the position of the Company and its ability to continue as a going concern at its meetings. The financial statements set out the current financial position of the Company.

As at 31 March 2023, the Company held cash balances of £35.6 million (net of operating and financing amounts due). The Board has evaluated the financial position of the Company which has maintained its premium investment grade rating from Fitch Ratings Ltd – a well established rating agency with a strong familiarity with the alternative healthcare real estate space, which gives the Company confidence in the ability to raise future debt and/or equity capital in order to fund the Company's investments for the long term and to facilitate the payment of dividends to shareholders. Based on these, the Board believes that the Company is in a position to manage its financial risks.

Various forms of sensitivity analysis have been performed, in particular the financial performance of tenants and a reduction in passing rent. As at 31 March 2023, the passing rent would have to drop by approximately 1% before any of the Company's interest cover covenants are breached. The property values would need to fall by around 13% before breaching the loan to value covenant.

The Company's performance in the event of severe but plausible downside scenarios used for viability are equally applicable for going concern. At the date of approval of this report, the Company has sufficient headroom within its financial loan covenants. The Company also benefits from a secure income stream from leases with long average unexpired term leases.

Leverage is prudently maintained at a level of less than 40% of Gross Asset Value.

The Company's articles of association include a requirement for the Board to propose an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering of the Company for the Company to continue in its current form (the Continuation Resolution). On 15 September 2022, at the Annual General Meeting, shareholders representing 298,478,435 voted in favour of the continuation of the Company being 98.85% of those who voted.

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, and a related party under IAS 24. The Group's existing committed debt facilities contain a standard change of control clause which has now been triggered due to the offer becoming unconditional. This could result in the existing committed debt facilities being withdrawn. The Group does not have visibility of the post completion funding for the Group at this time. Therefore, this could create some uncertainty as to the Group's going concern position. 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. The conditions outlined above indicate a material uncertainty which may cast significant doubt upon the Group and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Having considered all of the above, the Board is of the opinion that the going concern basis adopted in the preparation of the consolidated financial statements is appropriate.

Viability Statement

The Directors present the Company's viability statement which summarises the results of their assessment of the Company's current position, its principal risks and prospects over a period to 31 March 2028.

The Company acquires high-quality property with a particular focus on property providing care for the long term. The properties acquired are on long-term full repairing and insuring leases in a sector of the market with very high levels of need. The cost base of the Company is proportionately low compared to revenue and there is a high level of certainty over cost to be incurred. On this basis, the Company is expected to be viable well beyond the five-year term considered in the Company's testing below.

The assumptions underpinning the forecast cashflows and covenant compliance forecasts were sensitised to explore the resilience of the Company to the potential impact of the Company's principal risks and uncertainties.

Going Concern and Viability Statement Continued

The prospects were assessed over a five-year period for the following reasons.

i) the Company's long-term forecast covers a five-year period,

ii) the length of service level agreements between Approved Providers and care providers is typically five years; and

iii) the Company's leases are typically 25 years on fully repairing and insuring leases, enabling reasonable certainty of income over the next five years.

The Company's five-year forecast incorporates assumptions related to the Company's investment strategy and principal risks from which performance results, cash flows and key performance indicators are forecast. The principal risks are set out on pages 30 to 33. Of these risks, those which are expected to have a higher impact on the Company's longer-term prospects are those related to the current macroeconomic environment, which has increased the level of risk around the Company's financing arrangements regarding borrowing terms and covenants. The risk associated with a disruption to share price due to negative sentiment in the social housing sector being identified as having the highest impact and likelihood. The Company has considered its strategy over a longer term and, in light of the inherent demand for the Company's properties and the vulnerable nature of the ultimate tenant, the risk of change in future housing policy is considered to be limited. The principal risks are mitigated by the Company's risk management and internal control processes, which function on an ongoing basis.

The Board, via delegation to the Audit and Management Engagement Committee, monitors the effectiveness of the Company's risk management and internal control processes on an ongoing basis. The monitoring activities are described in the Report of the Audit and Management Engagement Committee on pages 60 to 62 and include direct review and challenge of the Company's documented risks, risk ratings and controls, and review of performance and compliance reports prepared by the Company's key suppliers and the independent external auditors.

The Board of Directors has carried out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency and liquidity. Where appropriate, the Company's forecasts are subject to sensitivity analysis, which involves applying severe (but plausible) conditions and flexing a number of assumptions simultaneously.

The sensitivities performed were designed to provide the Directors with an understanding of the Company's performance in the event of severe but plausible downside scenarios, taking full account of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the underlying risks outlined below:

- 10% of tenants defaulting under a lease. The outcome of this scenario reduces profits on average over the five year forecast by 18% per annum and reduces cash by £20 million. However, the Board remains comfortable that dividends could be paid and any liabilities could be settled as there is still a sufficient level of cash in the business. Therefore the business remains viable over the five year period and
- deterioration in economic outlook, or a change in government housing policy which could impact the fundamentals of the social housing sector, including a negative impact on valuations and a 5% reduction in annual rents. The outcome of the 'severe downside scenario' was that the Company's covenant headroom on existing debt (the level at which the investment property values would have to fall before a financial breach occurs) reduces by 13%, prior to any mitigating actions such as asset sales, which indicates that covenants on existing facilities would not be breached.

The remaining principal risks and uncertainties, whilst having an impact on the Company's business, are not considered by the Directors to have a reasonable likelihood of impacting the Company's viability over the five-year period, therefore the scenarios outlined above are the only ones that have been specifically tested.

Based on the results of their assessment, notwithstanding the material uncertainty arising from the offer from CKA, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

Michael Wrobel

Chairman

28 June 2023

Environmental, Social & Governance

The Portfolio's Carbon Footprint
For the year ended 31 March 2023

Tonnes (TCO_2) per Civitas Tenancy

March 2023	March 2022
2.61	2.65

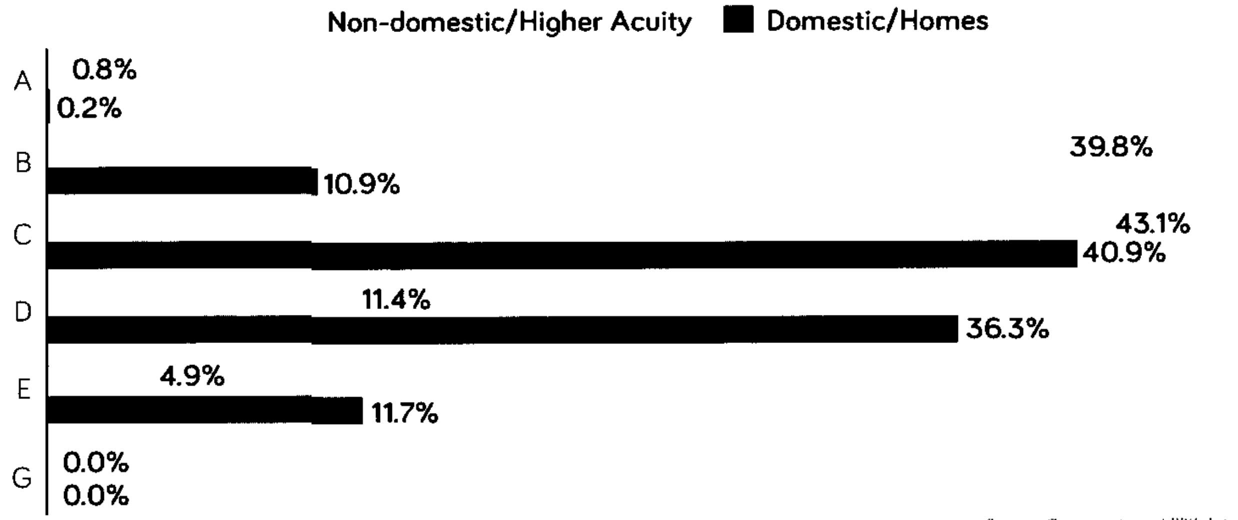
Source: Civitas retained EPC data

Energy Performance Certificates (EPCs) are issued following the energy survey of a property by an energy assessor. EPCs illustrate the energy efficiency of properties and give a property an energy rating from A (very efficient) to G (inefficient). Each EPC is valid for 10 years and includes a list of recommendations that provide guidance on how the energy efficiency of the property could be improved to reduce energy bills and carbon emissions.

All rental properties are legally required to have an EPC in the UK and a good energy rating indicates that the residents of the property will benefit from:

- Lower energy bills – energy efficient properties will result in comparably lower resident consumption and therefore reduce energy bills
- Lower carbon footprint – increasing the energy efficiency of the properties will lower carbon emissions
- Improve property value – improving the energy rating will also likely enhance the value and ensure consistently low void levels at the properties.

Civitas EPC Distribution (Domestic/Non-Domestic) – March 2023



Source: Civitas retained EPC data

Domestic/Homes

These refer to dwellings, whether a house or apartment, where one heating system serves a single household. For Civitas, these properties have specialist adaptations and care provision but are still regarded as domestic homes.

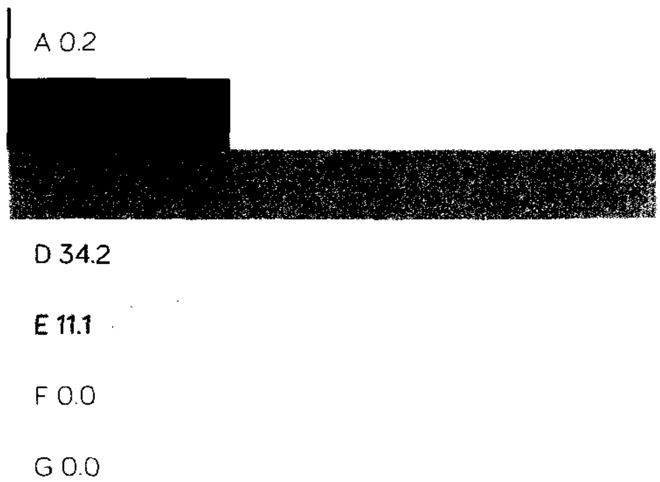
Domestic properties typically use less energy and have lower carbon footprints than non-domestic/higher acuity properties.

Energy Performance/SAP Ratings

Carbon Reduction – EPC/SAP Ratings

Civitas continues to improve the overall energy performance, with a continued focus on properties with EPC ratings D and E, through active asset management, including property improvement works, renovations and scheduled post-completion works.

EPC Distribution across the Portfolio at 31 March 2023



Civitas SSH properties tend to offer larger accommodation for tenants than conventional social housing or other private dwellings. The properties are predominantly street properties built pre 1940 with solid walls.

As shown in the table below, the energy performance of the Civitas portfolio compares favourably against the performance across all housing tenures as reported in the 2020/21 English Housing Survey (EHS). Civitas SSH properties have a larger proportion of detached and semi-detached properties compared to social rented and private rented dwellings.

Comparable EPC/SAP Ratings
by tenure (%)[1] (domestic/homes only)

	Energy Performance Certification Band						
	A/B	**C**	**D**	**E**	**F**	**G**	**Mean SAP Rating**
Owner occupied	2.9	40.0	46.8	7.8	2.2	0.3	65.7
Private rented	3.0	41.5	41.7	8.8	3.7	1.2	64.9
Social rented	3.5	65.2	28.1	2.3	0.7	0.2	70.1
All tenures	3.0	44.5	42.7	7.1	2.2	0.5	66.3
Civitas domestic (March 2023)	**11.0**	**40.9**	**36.4**	**11.7**	**0.0**	**0.0**	**67.1**

Source: English Housing Survey (2021) Annex Table 2.8 Energy efficiency rating bands by tenure 2021 & Annex Table 2.7 Mean SAP rating by tenure 2021

E.ON Partnership (Phase 2)

The collaboration with E.ON has been based on the adoption of a 'fabric first' approach to reducing the portfolio's carbon footprint. Detailed retrofit surveys identify the potential to install cavity wall insulation, loft insulation, external wall insulation, air source heat pumps and solar PV and battery storage at targeted properties. The installation of these energy efficient measures (where considered viable), utilising available government grants and other funding sources, maximises value for the Company and for our counterparties. The environmental enhancements are being delivered at no cost to our Approved Providers.

Working with Approved Providers, the ongoing Phase 2 retrofit surveys are being undertaken to refine the implementation programme and identify the best method for reducing the total carbon dioxide emissions (and fuel costs) associated with individual properties over the medium or long term. The overall energy performance of the portfolio, as identified on Environmental Performance Certificates (EPC) reports data, has improved over the last 12 months. The proportion of properties with EPC Rating A-C is currently c.55% and the carbon footprint (estimated from property characteristics) has reduced by 2% per Civitas tenancy (from 2.65 tonnes of CO_2/tenancy in March 2022 to 2.61 tonnes of CO_2/tenancy).

Bracken Hill, Mirfield

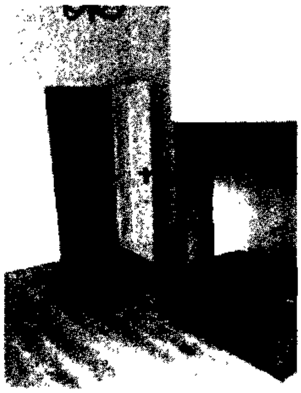
A single storey cottage built during the late 1800s. Capital works were required to make some improvements to the general appearance of the property and deliver energy improvements to create an uplift in the energy rating.

CSH initiated two professional surveys – the first to understand the requirements to undertake necessary repairs and improve the asset condition – the second to understand the energy improvement options available. The works were carefully planned and resulted in an overhaul of the asset with some of the works listed below:

- New UPVC windows and front door installed
- External wall insulation
- Repairs to roof and loft space
- Additional insulation into the loft space
- Replacement modern kitchen
- Decoration throughout including flooring upgrades
- Installation of high heat retention storage heaters
- Additional ventilation installed

The EPC rating has improved from a G to an E.

CSH is in the process of installing a dual tariff electricity meter which will continue to improve the EPC rating to D.



Social Impact

Social Impact – Publication of The Good Economy Report – Published November 2022

THE GOOD ECONOMY

The Good Economy (TGE) – November 2022

TGE, independent social impact advisory firm, assessed Civitas' performance against its stated impact objective and the target outcomes to which the Company aims to contribute.

TGE considers that Civitas has made a meaningful contribution to increasing supply to meet the high level of demand from commissioners for supported housing across the country.

"The portfolio continues to provide homes for people with a range of support needs, including learning disabilities, physical disabilities and mental health diagnoses."

"Civitas is systematically improving the energy efficiency of older stock by running a retrofit programme alongside energy supplier E.ON."

"Civitas has consistently provided support for charitable organisations whose activities align with the Fund's core mission to deliver positive outcomes for individuals with support needs."

Impact Objective

Social Need

Provide housing that meets an identified social need

40% of residents living in Civitas properties receive over **50 hours** of care per week.

82% of residents aged between 20 and 49

Supply

Increase the supply of social housing across the UK particularly for vulnerable people

41% of properties new to social housing at the point of acquisition

69% of properties in the 40% most deprived local authorities

Quality

Improve the quality of social housing

Civitas have worked with Approved Providers, signing off on adaptions to ensure properties continue to meet the changing needs of residents

87% of respondents reported that they were satisfied with the quality of their homes

Contribute Towards

Outcomes

Wellbeing

Improve the wellbeing of residents

53% of respondents reported an improvement in their independence between their previous accommodation and their current home

Value

Offer value for money for the public purse

£3.51 is created in social value for every £1 of annualised investment

Social Impact
Charitable Partnerships

The Company has supported and worked with the following charities since IPO:

The Choir with No Name

The results of an anonymous 2022/23 survey about the experience of choir members at choir demonstrate the consistently positive impact and the value of CWNN work in improving the lives of people impacted by homelessness.

- 89% reported a sense of belonging at choir
- 90% feel valued at choir and said choir improved their confidence
- 85% have made meaningful friendships at choir
- 84% said choir helps them feel less isolated
- 88% said choir helped them feel more optimistic about life
- 83% reported a greater sense of purpose and fulfilment as well as feeling motivated to try new things
- 80% reported improved mental health

The House of St. Barnabas

The House of St. Barnabas is a social enterprise member's club that helps London's homeless people back into work, through its Employment Academy.

Employment Preparation Programme:

- 100% of working graduates are satisfied with their job hours
- 95% are satisfied with their job security
- 52% are satisfied with their pay
- 95% have overall job satisfaction
- 97% say our mentors have had a positive impact on their quality of life

WISH

WISH is a membership-based network for women working across every discipline of UK housing, with a focus on championing positive outcomes for women working in the sector. Civitas support contributes to the championing of positive outcomes for women working in the sector.

Little Sprouts Health and Wellbeing Charity

Little Sprouts Health and Wellbeing Charity is dedicated to improving the health and wellbeing of our community through cooking workshops, recipe bags, community food shops, "check and chatter" programmes and surplus food collection and distribution. Civitas supports Little Sprouts with the operational costs of the charity, particularly during COVID-19. The funds were used to open a further community shop which uses food as an engagement tool to help address physical, social, mental and financial issues.

The Care Workers' Charity

The Care Workers' Charity (CWC) exists to help care and support workers through crisis using financial support and support centres. Civitas support funds training of mental health 'first aiders' to provide each CWC member company, with the training and tools to provide better mental health support to the care workers.

Charity Partners Case Studies

The Choir with No Name

The Choir with No Name (CWNN) has been running choirs involving people impacted by homelessness since 2008, growing from a first rehearsal in London with just five people, to six thriving choir communities, singing with over 700 people and performing for tens of thousands of people across the UK every year. We currently have choirs in London, Liverpool, Brighton, Birmingham, Cardiff and Coventry, with plans to launch more choirs over the next few years.

The Choir with No Name formula is simple, but it works: weekly choir rehearsals all year round followed by a hot meal together, and exciting, aspirational gigs for everyone to work towards and look forward to. Our choirs are supportive, safe spaces for people going through a tough time, empowering them to feel more able to tackle the challenges they face. We are currently evolving our way of working into a more co-produced and culturally democratic approach, with choir members getting more involving in the design and delivery of their choirs, which is a really exciting transformation for the organisation.

Creative programmes are extremely effective in achieving positive outcomes for people impacted by homelessness. They tackle inequality, increase social inclusion and challenge prejudice. It can help people to progress their wider interests, which is especially important in reducing anxiety and loneliness that can often affect people impacted by homelessness, even when they move on to independent accommodation. We support members to make friends, improve their wellbeing, build confidence and skills, and positively impact their personal circumstances outside of choir

In our most recent 2023 member survey, 89% said they felt a sense of belonging at choir, 90% said it helped increase their confidence, 83% said being in choir gave them an increased sense of purpose and fulfilment and 75% reported that their participation in choir has helped them achieve at least one positive life change outside choir, including securing housing, finding work or better management of addictions. We are extremely proud of these results.

We established our partnership with Civitas Social Housing Plc in 2017 and have been extremely grateful recipients of ongoing support for the costs of delivering our weekly rehearsals and foot stomping gigs every year. Thanks to Civitas, we can keep our doors open, the music playing and our members singing; providing something to look forward to every week and gigs to work towards; a chance to socialise with their friends, eat a hot dinner, and ultimately feel seen and heard.

A word from our choir members:

Ruthie's Story

"When I first started singing with CWNN I was really nervous just standing there in the group singing. Then, by the Christmas concert, I was grabbing the mic and singing solo! My confidence has really improved. I think it's because you just feel like you're in a really safe space and that people genuinely care about you. It just feels very loving and authentic.

There's been so many unforgettable moments and so many emotional moments. It's amazing seeing other people transform as well. I've made friends and connections and, the big thing is, trust. It's been a real big deal to me that people actually care. They genuinely care and notice when you're missing. It sounds a bit extreme, but people care if you're alive and that you're alive and well. It's been consistent. It doesn't stop."

Richard's Story

"I've sung all my life so when I heard about the Choir with No Name I thought it could be for me. I was living at the Salvation Army at the time. The best thing about choir is the confidence it gives me. I've broken a 25-year cycle with drugs – I don't think I could've done it without choir. When I talk to people who aren't sure if CWNN is for them I say, 'Come along once, I'll sit next to you and if you don't like it you don't have to come back'. I've encouraged a few people to join and so far, they've all come back! I'm so happy to have found CWNN. In my first rehearsal I was so nervous, but by the second I was singing my heart out. It's made such a difference. I'm not existing anymore, I'm living, and that's huge."

Charity Partners Case Studies

House of St Barnabas

The House of St Barnabas is a social enterprise and charity that works to support people affected by homelessness back into long-term employment. Our vision is of a future where lasting good work, a secure home and a supportive network are a reality for those affected by homelessness.

Underpinned by our vibrant members' club in Soho, our Employment Academy provides on site employment and skills training for people who have experienced homelessness.

We work with around **100** people every year and **79%** of graduates report their quality of life has improved since participating in the Employment Academy.

Our mentoring component is the key to our success and, thanks to support from Civitas, we are closer to succeeding in our mission of "Good Work, Good Home' for all our graduates.

Mentoring at the House of St Barnabas is not traditional in the way that professional mentoring requires a similar set of knowledge and experiences. It is relationship-based mentoring which is based around interpersonal skills and communication. The purpose of the role is to work together with Employment Academy staff to support people into work and help them progress.

Our mentors have had a positive impact on quality-of-life changes for **97%** of respondents

Jill and Ellen

Ellen began her journey as a mentor by participating in our two-day training, which provides extensive preparation for this very special role. She quickly followed up by attending the mentoring 'speed dating' event where she met several recent graduates looking to be paired with a mentor. However, she was contacted by the Mentoring Team to ask if she would be interested in mentoring someone she hadn't had the chance to meet because they couldn't attend the 'speed dating' event due to childcare responsibilities

This is how Ellen met Jill

Jill and her young daughter found themselves homeless in 2022. Jill didnt have a job and didn't know what she wanted to do either. Unsure of where to go or what to do, she turned to a social worker for help, who arranged temporary accommodation for Jill and her daughter. Then Jill was put in touch with House of St Barnabas. After graduating from the Employment Preparation Programme, she had the opportunity to be paired with a mentor.

Ellen and Jill met for their first mentoring session at the British Library. They quickly connected over the fact that Jill had a five-year-old daughter and Ellen has experience of bringing up young children in London. Ellen had lots of suggestions for free activities for children. This built Jill's confidence to attend galleries and museums with her daughter, which she had never done before.

As they developed their mentoring relationship, Ellen also helped Jill to update her CV and cover letter. She also encouraged Jill to sign up for free computer literacy courses and provided support with Jill's application for a winter fuel allowance as well as making sure that she received her Christmas benefit bonus.

Jill has since secured a job as barista at a Soho members' club on a part-time basis so she can balance her childcare responsibilities.

Jill's Story

“

I didn't know what to expect from the House of St Barnabas. On the first day of the course, I thought it wasn't really for me. But after my first week, I loved it! Everyone there understood what I was going through, day by day I felt more confident and more comfortable being there. It felt like being with family. You get used to waking up and having no one to talk to, but suddenly I had people to talk to! It gave me a reason to get up in the morning. Being at the House was a lifesaver for me, it's definitely more than just a course.

”

Governance
Frameworks

In addition to the ESG indices, Civitas participates in the following frameworks which don't issue a grading.

IMPACT MANAGEMENT PROJECT

Operating Principles for Impact Management

SUSTAINABLE DEVELOPMENT GOALS

Impact Management Project

The Impact Management Project:

- Is a global forum for building consensus on how to measure, manage and report impact
- Is a practitioner community of over 5,000 organisations and investors
- Provides a set of norms and a shared and holistic understanding of impact
- Has five core dimensions of impact: What? Who? How much? Contribution and Risk

The Operating Principles for Impact Management

The Operating Principles are a framework for investors for the design and implementation of their impact management systems.

- ensuring that impact considerations are integrated
- throughout the investment lifecycle
- implemented through different types of systems
- each of which can be designed to fit the needs of an individual institution
- Do not prescribe specific tools and approaches or specific impact measurement frameworks
- Industry participants are expected to continue to learn from each other as they implement the Principles

United Nations Sustainable Development Goals

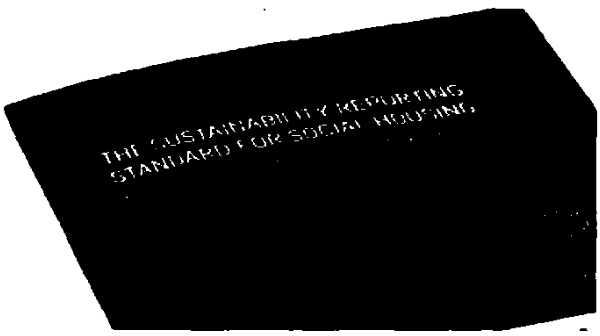
In 2015, UN countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals ("SDGs")

- The SDGs call for worldwide action among governments, business and civil society to end poverty
- Create a life of dignity and opportunity for all, within the boundaries of the planet
- Companies are encouraged to select which goals are aligned with their business activities and report on how they are working to achieve them.

Sector Specific

CSH is an early adopter of the Sustainability Reporting Standard for Social Housing ("the Standard"). The Standard, developed through a collaboration between housing associations, banks, lenders and investors has over 100 signed up early adopters and endorsers.

- Over 190 signed up adopters and 130 endorsers
- 12 themes and 48 criteria for ESG reporting by housing associations
- Qualitative and quantitative and are identified as core and enhanced requirements to demonstrate strong ESG performance
- Will help the sector establish a credible, meaningful and consistent approach to reporting its environmental, social and governance (ESG) performance
- Aligned to international frameworks and standards including the United Nations Sustainable Development Goals (UN SDGs), Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), International Capital Market Association and Loan Market Association Principles



United Nations Sustainable Development Goals ("UN SDGs") Alignment

	Impact Objectives		UN SDGs
	Acquire High-Quality Homes	Provide high-quality, energy efficient homes incorporating adaptations for people with lifelong care needs	
	Satisfy Social Need	Target properties which address the needs, and improve health and wellbeing of vulnerable individuals requiring a high level of care Local job creation during construction Employment via Approved Providers/ refurbishments and care providers on responsible employment terms, including living wage Offer local apprenticeships and contribute to local community events	3, 8
	Provide Value for Money	Provide Value for Money for public care and housing budgets by enabling vulnerable individuals to move out to institutional and residential settings	1
	Increase Supply	Buy and convert existing and newly completed properties from private to social housing sector in perpetuity	11
	Build Quality Partnerships	Ensure Approved Providers and Care Providers have the capability and capacity to deliver high-quality service and outcomes for residents over the long term Green lease terms to be agreed with the counterparties Adopt sustainability policy at governance level	17, 13

Governance

Counterparty Governance

CIM, the Company's Investment Adviser, has engaged actively with its Approved Provider partners throughout the last year, providing shared advice and learning through:

- **Weekly meetings with key operational staff**
- **Monthly compliance monitoring**
- **Monthly and quarterly meetings to review strategic priorities and key performance indicators**
- **Regular seminars**

This counterparty engagement has ensured that CIM is able to proactively work with its Approved Providers with any matters arising to support a continued high level of operational performance. This support builds on our long-term relationship with the senior management and helping to build resilience within the organisations.

Monthly

CIM has continued to undertake monthly governance and health and safety monitoring across the portfolio.

Approved Providers have demonstrated resilience and continued high levels of compliance with health & safety standards.

Seminars

CIM hosts quarterly approved Provider seminars on a regular basis. The next seminar is expected to be held in Summer 2023.

Governance Indices

CIM's implementation of the Board's commitment to continuous improvement in its approach to ESG integration remains core to the investment strategy. Over the last year, we have engaged with ESG Rating Agencies such as GRESB (formerly Global Real Estate Sustainability Benchmark), MSCI (Morgan Stanley Capital International), Sustainalytics, and EPRA sBPR.

	What is it?	How is CSH rated?
GRESB	**GRESB** is the leading sustainability benchmark for the global real estate sector. Assessments take place annually and are guided by factors that investors and the industry consider to be material issues in the sustainability performance of real asset investments. The benchmark assessment covers more than 850 property companies, REITs, funds and developers.	• CSH retained its **A** score following the GRESB Public Disclosure Assessment 2022 • Peer Group Average score of B • CSH is up to [illegible] position within its Comparison Group (UK Residential
MSCI	**MSCI ESG Ratings** provide insight into ESG risks and opportunities within multi-asset class portfolios. MSCI rate 7000 companies according to their exposure to industry significant ESG risks and their ability to manage those risks relative to industry peers.	• CSH MSCI ESG rating of **BB**. • CIM has made relevant policies available to MSCI and other rating agencies through hosting on the CIM website on behalf of the Company. • This should be reflected in future rating assessment.
SUSTAINALYTICS a Morningstar company	**Sustainalytics** measure how well companies proactively manage the environmental, social and governance issues that are most material to their business. It is based on a structured, objective and transparent methodology. The ESG ratings provide an assessment on companies' ability to mitigate risks and capitalise on opportunities.	• CSH has an ESG Risk Rating score of **14.9 (Low Risk)** on Sustainalytics
EPRA EUROPEAN PUBLIC REAL ESTATE ASSOCIATION	**EPRA BPR Guidelines** focus on making the financial statements of public real estate companies clearer and more comparable across Europe. This is designed to enhance the transparency and coherence of the sector as a whole and play an important role in attracting global flows of capital into the European listed property sector. **EPRA sBPR Guidelines** provide a consistent way of measuring sustainability performance. The [illegible] are raising the standards and consistency of sustainability reporting for listed real estate companies across Europe. [illegible] of property companies that have [illegible] the guidelines and who have submitted an assessment of their performance against the guidelines [illegible] assessment performed by EPRA's independent [illegible] awarded either a Gold, Silver or Bronze Award.	• CSH received a Gold Award for EPRA BPR reporting in 2022. This is an improvement on the Silver Award received in 2021. • CSH submission for EPRA sBPR assessment remains under consideration.

Corporate Governance

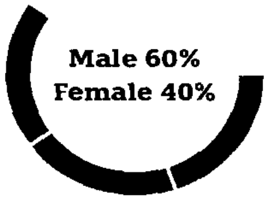
Board of Directors

The Directors of the Company who were in office during the period and up to the date of signing the financial statements were:

Michael Wrobel, Chairman

Michael has over 40 years' experience in the investment industry as a portfolio manager and of running institutional businesses and retail businesses at Fidelity and Gartmore. He serves as a trustee director of the BAT UK Pension Fund, the Deutsche Bank UK pension schemes and as a trustee of the Cooper Gay (Holdings) Limited Retirement Benefits Scheme. Michael has previously served as a non-executive Director of several investment trusts and a number of industry associations. Michael has an M.A. in Economics from Cambridge University.

Michael was appointed to the Board on 24 October 2016 and has served as Chairman since his appointment.



Caroline Gulliver, Director

Caroline is a chartered accountant with over 25 years' experience at Ernst & Young LLP. During that time, she specialised in the asset management sector and developed extensive experience of investment trusts. She was a member of various technical committees of the Association of Investment Companies. She is also a non-executive director and audit committee chair for JP Morgan Global Emerging Markets Income Trust plc, International Biotechnology Trust plc and abrdn European Logistics Income plc.

Caroline was appointed to the Board on 24 October 2016 and has served as Audit and Management Engagement Committee Chair since her appointment.

Peter Baxter, Director

Peter has over 35 years' experience in the investment management industry. He is a director of Snowball Impact Management Ltd, a social impact investment organisation, and a trustee of Trust for London, a charitable foundation. He is also a non-executive director of BlackRock Greater European Investment Trust plc. Previously, he served as Chief Executive of Old Mutual Asset Managers (UK) Ltd. and has worked for Schroders and Hill Samuel in a variety of investment roles. He holds an MBA from London Business School and is an associate of the Society of Investment Professionals.

Peter was appointed to the Board on 24 October 2016 and is the Senior Independent Director and Nomination and Remuneration Committee Chairman.

Alastair Moss, Director

Alastair is a property development lawyer with over 20 years' experience and is a partner at Hill Dickinson. He was a non-executive director of Notting Hill Genesis Trust. He is also a former Chairman of the Investment Committee of the City of London Corporation, its Property Investment Board and its Planning and Transportation Committee. He is a Trustee of Marshall's Charity. He has also been a board member of Soho Housing Association and was a member of the Arca Board of CityWest Homes. He was a Councillor at Westminster City Council for 12 years, including his tenure as Chairman of the Planning & City Development Committee.

Alastair was appointed to the Board on 24 October 2016.

Alison Hadden, Director

Alison has over 30 years' experience in the housing industry and has held a number of Executive positions at several major housing associations, including CEO at Paradigm Housing. In these roles, she has worked with many of the stakeholders in the industry including the Regulator of Social Housing. She is currently Vice Chair and a member of the Governance Committee of Peaks and Plains Housing and Chair of Heyford Regeneration, a for-profit Housing Association operating in the Cherwell area.

Alison was appointed to the Board on 21 November 2019.

Report of the Directors

The Directors present their Report and the audited consolidated financial statements for the year ended 31 March 2023.

Principal Activities

The Company is a closed-ended investment company and is a REIT which was incorporated in England and Wales on 29 September 2016. The Company is the holding company of a number of subsidiaries and its Ordinary shares were admitted to trading on the Main Market of the London Stock Exchange on 18 November 2016. The Company invests in properties or property-holding SPVs, either directly or via a wholly-owned subsidiary, in accordance with the Company's investment objective and policy.

Business Review

A review of the business and future developments is contained in the Chairman's Statement and Investment Adviser's Report. The principal risks and uncertainties are detailed on pages 30 to 33. See note 33.0 for a summary of the post balance sheet events.

Results and Dividends

The results for the year are shown on page 3.

The following dividends were paid on the Ordinary shares during the year:

Fourth quarterly dividend	1.3875p per share paid on 28 June 2022
First quarterly dividend	1.425p per share paid on 9 September 2022
Second quarterly dividend	1.425p per share paid on 9 December 2022
Third quarterly dividend	1.425p per share paid on 10 March 2023

Since the year end, the Company has declared the following dividend:

Fourth quarterly dividend	1.425p per share paid on 9 June 2023

No final dividend is being recommended on the Ordinary shares.

Directors

The members of the Board are listed on page 48.

All Directors served throughout the period under review.

The Board consists solely of non-executive Directors, each of whom is independent of the Investment Adviser. The Company has no executive Directors or employees.

In accordance with Board policy, all Directors will retire and, being eligible, will stand for re-election at the AGM.

Performance evaluation of the Board, its Committees and individual Directors is carried out in accordance with the procedure set out on pages 56 and 57.

No Director is under a contract of service with the Company and no Director or any persons connected with them had a material interest in the transactions and arrangements of the Company. Details of Directors' remuneration are set out in the Directors' Remuneration Report on pages 64 to 67.

The beneficial interests of the Directors in the securities of the Company are set out in the Directors' Remuneration Report on page 67.

Through their Letters of Appointment, the Company has provided indemnities to the Directors, to the extent permitted by law and the Company's Articles, in respect of liabilities which may arise in connection with claims relating to their performance or the performance of the Company whilst they are Directors. There are no other qualifying third-party indemnities in force.

The general powers of the Directors are contained within the relevant UK legislation and the Company's Articles of Association. The Directors are entitled to exercise all powers of the Company, subject to any limitations imposed by the Articles of Association or applicable legislation. As set out on page 50, the Articles of Association may only be amended by way of a special resolution of shareholders.

Report of the Directors
Continued

Capital Structure

Issue of Shares

At the AGM held on 15 September 2022, the Directors were authorised to issue equity securities up to an aggregate nominal amount of £610,736 (being approximately 10% of the issued Ordinary share capital).

The Company was also authorised to disapply pre-emption rights in respect of equity securities and to issue equity securities for cash up to an aggregate nominal amount equal to £610,736 (being approximately 10% of the issued Ordinary share capital).

Purchase of Own Shares

At the AGM held on 15 September 2022, the Directors were granted the authority to buy back up to 91,549,383 Ordinary shares, being 14.99% of the Ordinary shares in issue at the time of the passing of the resolution.

During the year, the Board maintained the Company's share buyback programme, under which a total of 6,050,000 shares have been purchased into treasury for an aggregate amount of £4,624,947.50 (nominal value £60,500, representing 0.97%) as at 31 March 2023.

The authority to buy back up to 91,549,383 shares will expire at the conclusion of the next AGM of the Company or on 30 September 2023, whichever is earlier, when a resolution for its renewal will be proposed. Further information will be contained in the Notice of AGM, which will be circulated to shareholders in due course.

Current Share Capital

As at 31 March 2023, there were 622,461,380 Ordinary shares in issue, of which 16,075,000 shares were held in treasury, representing 2.6% of the Company's total issued share capital. The total voting rights of the Company as at 31 March 2023 was 606,386,380.

Shareholder Rights

Ordinary Shares

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary share held. The right to attend and vote at general meetings of the Company may be restricted where a shareholder has failed to provide information pursuant to a notice served under section 793 of the Companies Act 2006. The Ordinary shares carry the right to receive dividends declared by the Company. Provided the Company has satisfied all of its liabilities, during a winding-up of the Company, the holders of Ordinary shares are entitled to all of the surplus assets of the Company.

Transfers of Shares

There is no restriction on the transfer of the Company's shares other than transfers to more than four joint transferees and transfers of shares which are not fully paid up or where the transferor or any other person whom the Company reasonably believes to be interested in the transferor's shares has been duly served with a notice pursuant to section 793 of the Companies Act 2006.

There are no special rights with regard to control attached to securities; no agreements between holders of securities regarding their transfer known to the Company; and no agreements which the Company is party to that might affect its control following a successful takeover bid.

Articles of Association

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

As at the date of signing this Report, the total voting rights of the Company was 606,386,380.

Management Arrangements

Investment Adviser

The Board has appointed the Investment Adviser, Civitas Investment Management Limited, to provide investment advice and to asset manage the property portfolio and the associated day-to-day activities, including management of tenanted properties and marketing activities. CIM is a specialist investor in social housing property, with a focus on specialist social housing, and has extensive experience in social housing and real estate investment.

The duties of CIM include the sourcing of investment opportunities that meet the investment criteria of the Company, controlling the acquisition of approved properties, asset management of all properties within the portfolio, ongoing monitoring of the properties and tenants, maintaining compliance with all relevant rules and regulations, and providing marketing and investor relations services to the Company.

Details of the fees payable to the Investment Adviser are described in note 8.0 of the financial statements. The basis for the calculation of the Investment Adviser's fees is based upon the IFRS NAV.

The agreement with CIM is terminable on not less than 12 months' notice by either party, such notice not to expire earlier than 30 May 2025.

The performance of the Investment Adviser has been reviewed on an ongoing basis throughout the period by the Board at its quarterly meetings. A formal annual evaluation is also carried out by the Audit and Management Engagement Committee.

The Board considers a number of factors including investment performance, the quality and quantity of investment opportunities presented, the skills and experience of key staff and the capability and resources of the Investment Adviser to deliver satisfactory performance for the Company. The Board is satisfied with the performance of the Investment Adviser and considers its continued appointment to be in the best interests of the Company and its shareholders.

The Board has noted the intention of Wellness Unity Limited (a wholly owned subsidiary of CK Asset Holdings Limited) to maintain Civitas Investment Management Limited as Investment Adviser to the Company once the Takeover is completed. On 23 June 2023, the Takeover Offer became unconditional.

AIFM

G10 Capital Limited ("G10" or the "AIFM") has been appointed as the Company's AIFM with effect from 24 August 2017. The AIFM currently receives a monthly fee of 2.7 basis points of the Company's total NAV for its services and the agreement is terminable on three months' notice by either party.

Depositary

Indos Financial Limited was appointed as the Company's Depositary with effect from 1 June 2018. The Depositary provides cash monitoring, safekeeping and asset verification and oversight functions as prescribed by the Alternative Investment Fund Managers Directive. The Depositary receives an annual fee of £59,000, net of VAT, plus 0.006% of the first £550 million of any new equity capital raised per annum and 0.003% of further equity raised per annum, subject to a maximum fee of £150,000 per annum. The agreement is terminable on six months' notice by either party.

Administrator

The Company has appointed Link Alternative Fund Administrators Limited ("Link") as the Administrator of the Company and its subsidiaries, with effect from 28 February 2018, to undertake the accountancy and other administrative duties of the Company. Link is a specialist administrator for investment funds, providing support functions and expertise tailored for this industry.

The Administrator receives a fixed base fee for the provision of its services to the Company as well as an entitlement to additional variable fees for duties relating to corporate activities. The agreement is terminable on at least six months' notice by either party.

The duties of the Administrator include the maintenance of all Company and subsidiary books and records, excluding those maintained by the Investment Adviser, monitoring compliance with applicable relevant rules and regulations and other administrative duties as required.

Company Secretary

Link Company Matters Limited was appointed as the Company Secretary to the Company with effect from 28 March 2018. The Secretary receives a fixed fee for the provision of its services to the Company. The agreement was for an initial period of one year and thereafter automatically renews for successive periods of 12 months, unless terminated by either party on at least six months' notice.

Review of Service Providers

The performance of the service providers is reviewed on an ongoing basis throughout the period by the Audit and Management Engagement Committee and formally once a year. The Committee considers a number of factors including performance of duties, the skills and experience of key staff, and the capability and resources of the service provider to deliver satisfactory performance for the Company.

The Board is satisfied with the performance of the service providers appointed by the Company and considers their continued appointment to be in the best interests of the Company and its shareholders.

Substantial Shareholdings

At 31 March 2023, the Company had been informed of the following disclosable interests in the share capital of the Company:

	Number of Ordinary shares	Percentage of Total Voting Rights
Investec Wealth & Investment Limited	62,653,811	10.33
Skandinaviska Enskilda Banken AB (publ)	60,661,367	10.00
Standard Life Aberdeen	30,492,544	5.03
Massachusetts Financial Services Company	30,300,144	5.00
Tilney Smith & Williamson Limited	28,844,825	4.76
Legal & General Group Plc (Group)	18,233,740	3.01
BlackRock, Inc		Below 5%

Continuation Vote

In accordance with its Articles, the Board proposed an ordinary resolution that the Company should continue in its current form to shareholders at the AGM held on 15 September 2022. As the resolution was approved by shareholders, the Company will therefore continue its business as presently constituted and will propose a further continuation resolution at the AGM in 2027. The Board is mindful that, as the Takeover Offer by Wellness Unity Limited (a wholly owned indirect subsidiary of CK Asset Holdings Limited) has on 23 June 2023 been declared unconditional, the resolutions proposed and the format of the Company's future AGMs may be impacted.

Listing Rule 9.8.4

The listing rule 9.8.4 outlines a series of requirements for listed companies to disclose certain items. The Directors confirm that the Company is required to make a disclosure in respect of the diversity requirements outlined in Listing Rule 9.8.6 (9). This disclosure can be found on page 56. There are no further disclosures required in relation to Listing Rule 9.8.4.

Financial Instruments

The Company utilises financial instruments in its operations. The financial instruments of the Company at 31 March 2023 comprised trade receivables and payables, other debtors, cash and cash equivalents, non-current borrowings, current borrowings and derivatives.

Other than its fixed interest rate debt facilities, it is the Directors' opinion that the carrying value of all financial instruments on the Consolidated Statement of Financial Position is equal to their fair value.

For a more detailed analysis of the Company's financial risk management, please refer to note 31.0 of the financial statements.

Report of the Directors
Continued

Greenhouse Gas Emissions

The Board has considered the requirements to disclose the annual quantity of emissions in tonnes of carbon dioxide equivalent for activities for which the Company is responsible. The Board believes that the Company has, from a formal reporting perspective, no reportable emissions as this reporting falls under the lessees' responsibility as part of the terms of their fully repairing and insuring leases; emissions produced from either the registered office of the Company or from the offices of other service providers are deemed to fall under the responsibility of other parties; and the Company has not leased or owned any vehicles which fall inside the scope of the GHG Protocol Corporate Standard. In relation to the Streamlined Energy and Carbon Reporting (SECR), implemented by The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, for the year ended 31 March 2023 the Group is considered to be a low energy user.

Regardless of the obligations of other parties, the Company takes the issue of environmental enhancement and emissions seriously as part of its overall ESG strategy and is evaluating the portfolio, working with housing managers, to consider where it can bring about further enhancements and improvements.

Further details can be found in the Environmental, Social and Governance report on pages 37 to 46.

Political donations

No political donations were made by the Company or its subsidiaries during the year or the prior year.

Charitable Donations

In addition to its direct investments, the Company plays a broader part within the communities in which it works. Whilst recognising the practical limitations that all financial investors face, Civitas supports voluntary organisations that are active within the broader housing and homelessness environment. Civitas also intends, as part of its broader financial and operational reporting, to provide a commentary on the positive social change and impact that results from the investments that have been made.

The following charitable donations were paid during the year:

Charity	Donation
Choir with No Name	£17,350
House of St Barnabas	£30,728
WISH	£6,690
The Care Workers' Charity	£10,000
Total	£64,768

Independent Auditors

In the case of each Director in office at the date the Report of the Directors is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

PricewaterhouseCoopers LLP has expressed its willingness to continue to act as auditors of the Company and a resolution for its re-appointment will be proposed at the 2023 annual general meeting. The Board is mindful that, should as takeover offer by Wellness Unity Limited (a wholly owned indirect subsidiary of CK Asset Holdings Limited) has on 23 June 2023 been declared unconditional, the resolutions proposed and the format of the Company's AGM may be impacted.

Takeover Offer Process

On 9 May 2023, the Company announced that the Board had reached agreement with Wellness Unity Limited (a wholly owned indirect subsidiary of CK Asset Holdings Limited) (the "Offeror") on the terms of a recommended all-cash offer for the entire issued share capital of the Company, to be implemented by a Takeover Offer (the "Offer").

Under the terms of the Offer, each shareholder will be entitled to receive 80 pence in cash for each share held in the Company. In addition, shareholders who were on the register at the close of business on 19 May 2023 were entitled to receive and retain the fourth quarter dividend of 1.425 pence (in respect of the period 1 January 2023 to 31 March 2023).

Further on 22 May 2023, the Company issued a circular to shareholders with respect to the recommended cash offer, which set out, that for shareholders to accept the Offer a Form of Acceptance must be received by the Receiving Agent no later than 21 July 2023. Subsequent to this, the date for shareholder Form of Acceptances to be received by the Receiving Agent was brought forward to 23 June 2023. On 23 June 2023, the offeror announced that the offer was declared unconditional.

The Board, which has been advised by the Company's Joint Brokers (Panmure Gordon and Liberum) as to the financial terms of the Offer, considers the terms of the Offer to be fair and reasonable.

The Offeror has indicated its intention (subject to the Offer being declared unconditional with the Offeror obtaining 75 per cent or more of the voting rights of the Company) to delist the Company from the London Stock Exchange Main Market for listed securities and thereafter re-register the Company as a private limited company as soon as practicable following the cancellation of listing and trading of the Company's shares. This process will take place following the release of the Annual Report.

Corporate Governance

The Corporate Governance Statement, the Report of the Audit and Management Engagement Committee and the Directors' Remuneration Report form part of the Report of the Directors.

Approval

The Report of the Directors has been approved by the Board.

By order of the Board

Link Company Matters Limited

Company Secretary
28 June 2023

FOR AND ON BEHALF OF LINK COMPANY MATTERS LIMITED
COMPANY SECRETARY

Corporate Governance Statement

Background

The FCA Listing Rules and Disclosure Guidance and Transparency Rules require listed companies to disclose how they have applied the principles and complied with the provisions of the corporate governance code to which the issuer is subject. The provisions of the UK Corporate Governance Code ("UK Code"), as issued by the FRC in July 2018, are applicable to the year under review and can be viewed at www.frc.org.uk.

The Board has considered the principles and recommendations of the AIC Code of Corporate Governance ("AIC Code") as issued by the AIC in February 2019. The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to the Company as an investment company. The FRC has confirmed that AIC member companies who report against the AIC Code will be meeting their obligations in relation to the UK Code and the associated disclosure requirements of the FCA. The AIC Code can be viewed at www.theaic.co.uk.

The Board considers that reporting against the principles and recommendations of the AIC Code provides shareholders with full details about the Company's corporate governance compliance.

Statement of Compliance

Except as set out below, the Company has complied with the provisions of the AIC Code throughout the year ended 31 March 2023.

Provision 23: Directors are not appointed for a specified term, as all Directors are non-executive and the Board believes that a Director's performance and their continued contribution to the running of the Company is of greater importance and relevance to shareholders than the length of time for which they have served as a Director of the Company. Each Director is subject to the election and re-election provisions set out in the Articles which provide that a Director appointed during the year is required to retire and seek election by shareholders at the next annual general meeting following their appointment. Thereafter the Directors intend to offer themselves for re-election annually and will aim to not be on the Board for more than nine years.

The UK Code includes provisions relating to:

- the role of the chief executive; and
- executive directors' remuneration.

The Board considers that these provisions are not relevant to the position of the Company, being an externally managed investment company. In particular, all of the Company's day-to-day management and administrative functions are outsourced to third parties. As a result, the Company has no executive Directors, employees or internal operations. The Company has therefore not reported further in respect of these provisions.

The Board

Under the leadership of the Chairman, the Board is responsible for the effective stewardship of the Company's affairs, including corporate strategy, corporate governance, risk assessment and overall investment policy. The Directors have overall responsibility for the review of investment activity and performance, and the supervision of the Investment Adviser which is responsible for the day-to-day asset management of the Company's portfolio.

The Board consists of five non-executive Directors. It seeks to ensure that it has an appropriate balance of skills and experience, and considers that, collectively, it has substantial recent and relevant experience of public company management, the UK real estate sector, social housing and investment companies. All the Directors are independent of the Investment Adviser and the AIFM.

The Board has adopted a schedule of matters reserved for decision by the Board, including inter alia, determining the Company's investment objective and policy, and gearing and dividend policies. This schedule of matters reserved for the Board is available on the Company's website.

The Directors ensure that risks are effectively managed through robust policies and procedures, supported by the right values and culture. The Board's primary focus is the sustainable long-term success of the Group to deliver value for shareholders, taking into account other stakeholders.

Corporate Governance Statement Continued

The Board is responsible for investment decisions, other than to the extent delegated to the AIFM and/or the Investment Adviser, and the appointment, supervision and monitoring of the Company's service providers, including amongst others, the AIFM and the Investment Adviser. The Board is responsible for the interim and annual financial statements of the Company and, in conjunction with the AIFM, also approves the periodic calculation of the Net Asset Value.

The Chairman, Michael Wrobel, was independent of the Investment Adviser at the time of his appointment and is deemed by his fellow Directors to continue to be independent in character and judgement and free of any conflicting relationships. He leads the Board and is responsible for its overall effectiveness in directing the Company. In liaison with the Company Secretary, he ensures that the Directors receive accurate, timely and clear information. Mr Wrobel considers himself to have sufficient time to commit to the Group's affairs. He has no significant commitments other than those disclosed in his biography on page 48. The role and responsibilities of the Chairman are clearly defined and set out in writing, a copy of which is available on the Company's website.

Peter Baxter is the Senior Independent Director of the Company. He provides a sounding board for the Chairman and serves as an intermediary for the other Directors and shareholders. He also provides a channel for any shareholder concerns regarding the Chairman and takes the lead in the annual evaluation of the Chairman by the other Directors. The role and responsibilities of the Senior Independent Director are clearly defined and set out in writing, a copy of which is available on the Company's website.

The Board has no set policy for the length of tenure of Directors although it keeps in mind the recommendations of the AIC Code during succession planning. It is the Board's policy for all Directors to stand for re-election annually. Recommendations for election/re-election of Directors are made on an individual basis following rigorous review. Directors are appointed under letters of appointment, copies of which are available for inspection at the registered office of the Company and at the AGM.

Board Operation and Culture

The Board meets formally at least quarterly, but also meets on an ad hoc basis for the purpose of considering potential transactions and associated due diligence. The Board will meet to consider and, if appropriate, approve the acquisition of properties recommended by the Investment Adviser. The Investment Adviser prepares an Investment Proposal Paper ("IPP") in respect of the proposed acquisitions which includes details of the transaction and due diligence reports. Upon review of the IPP, the Board contemplates the structure of the transaction, any risks attached to the proposed transaction and how these would be mitigated/managed, and the impact of the transaction on the value of the Group's property portfolio, following advice from the valuers.

For the purpose of monitoring the portfolio, the Board receives periodic reports from the AIFM and the Investment Adviser, detailing the performance of the Company. The Board delegates certain responsibilities and functions to the Audit and Management Engagement Committee, which has written terms of reference.

To assist the Board in the day-to-day operations of the Company, arrangements have been put in place to delegate authority for performing certain operations to the AIFM, the Investment Adviser and other third-party service providers, such as the Administrator and the Company Secretary.

The Chairman demonstrates objective judgement, promotes a culture of openness and debate, and facilitates effective contributions by all Directors. The Directors are required to act with integrity, lead by example and promote this culture within the Company.

The Board seeks to ensure the alignment of the Company's purpose, values and strategy with the culture of openness, debate and integrity through ongoing dialogue, and engagement with the Investment Adviser and the Company's other service providers. The Board and the Investment Adviser operate in a supportive, co-operative and open environment.

The Board schedules yearly meetings with the board of the Investment Adviser, one of the purposes of which is to receive an insight into the culture of the Investment Adviser.

Corporate Governance Statement Continued

The culture of the Board is considered as part of the annual performance evaluation process which is undertaken by each Director. The culture of the Company's service providers is also considered by the Audit and Management Engagement Committee during the annual review of their performance and while considering their continuing appointment.

The Company maintains Directors' and Officers' liability insurance on behalf of the Directors at the expense of the Company, which was in force during the year ended 31 March 2023 and remains in force as at the date of this report. The Board has agreed arrangements whereby Directors may take independent professional advice in the furtherance of their duties. The Company has also indemnified the Directors in accordance with the provisions of the Articles of Association.

Independence of Directors

The independence of all Directors is reviewed as part of the annual assessment of the Board.

The Board has determined that each Director remains independent in character and judgement and is free of any relationships or circumstances that threaten their independence of the Company or its Investment Adviser. In particular, none of the Directors have ever been executives of the Company or the Investment Adviser, have had a material direct or indirect relationship with the Company or its stakeholders, have received disproportionate fees, have close family relationships with stakeholders or represent significant shareholders.

Board and Committee Meetings

A formal agenda is approved by the Chairman and circulated by the Company Secretary in advance of each meeting to the non-executive Directors and other attendees. A typical agenda includes: an analysis of portfolio performance and exposure; an update on the investment pipeline; the Company's financial performance; updates on investor relations; statutory and regulatory compliance; and any corporate governance matters. Relevant papers on the items included on the agenda are circulated in good time to the members of the Board and its Committees, in advance of the meeting.

The Investment Adviser attends the Board meetings together with representatives from the AIFM and Company Secretary. Representatives of the Company's other advisers are also invited to attend Board and Committee meetings from time to time.

The number of Board, Audit and Management Engagement Committee and Nomination and Remuneration Committee meetings held during the year ended 31 March 2023 along with the attendance of the Directors is set out below:

	Quarterly Board Meetings		Audit and Management Engagement Committee		Nomination and Remuneration Committee	
	Number entitled to attend	Number attended	Number entitled to attend	Number attended	Number entitled to attend	Number attended
Michael Wrobel	4	4	3	3	1	1
Alastair Moss	4	4	3	3	1	1
Alison Hadden	4	4	3	3	1	1
Caroline Gulliver	4	4	3	3	1	1
Peter Baxter	4	4	3	3	1	1

The Board is scheduled to meet on a quarterly basis. In addition to these meetings the Board also met on three occasions to approve the NAV and dividend declarations and on a further 11 occasions on an ad hoc basis.

Committees

The Company operates through the Board and its two Board committees, namely the Audit and Management Engagement Committee and the Nomination and Remuneration Committee (the "Committees"). The Board evaluates the membership of the Committees on an annual basis.

Audit and Management Engagement Committee

The Audit and Management Engagement Committee comprises all Directors. Caroline Gulliver, the Chair of the Audit and Management Engagement Committee, is a Chartered Accountant and is considered to have recent and relevant financial experience. The Audit and Management Engagement Committee as a whole has competence relevant to the real estate investment company sector.

The Chairman is a member of the Audit and Management Engagement Committee, but does not chair it. His membership of the Audit and Management Engagement Committee is considered appropriate given the small size of the Board and the Chairman's knowledge of the financial services industry. A copy of the terms of reference of the Audit and Management Engagement Committee is available from the Secretary and on the Company's website.

Corporate Governance Statement Continued

The Committee meets at least three times a year and reviews the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors, including the provision of non-audit services.

The Committee also reviews the terms of the AIFM agreement and the Investment Adviser agreement, and examines the effectiveness of the Company's internal control systems and the performance of the AIFM, Investment Adviser, Administrator, Depositary, Company Secretary and Registrar, and other service providers.

The Report of the Audit and Management Engagement Committee is set out on pages 60 to 62.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is comprised of all Directors and the Chairman is the Senior Independent Director, Peter Baxter. The Nomination and Remuneration Committee meets as required for the purpose of considering recruitment to and removals from the Board; levels of remuneration paid to the Directors; and review of the Directors' Remuneration Report and Remuneration Policy. A copy of the terms of reference of the Remuneration and Nomination Committee is available on the Company's website and is available by request from the Company Secretary.

Board Diversity

The Board acknowledges the FCA rules on diversity and inclusion on company boards.

The Board is comprised of a mixture of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Company. Appointments to the Board are made primarily on merit, though the Board understands the importance of diversity in corporate governance and takes into consideration a variety of demographic attributes and characteristics when making decisions on its composition. The Board is aware of the new Listing Rule that is on a 'comply or explain' basis which incorporates the recommendations of the Parker and Hampton-Alexander Reviews which considered how ethnic, cultural and gender diversity could be improved on UK boards. The Board has discussed the new ethnic diversity disclosures required, namely, that from accounting periods starting on or after 1 April 2022:

a) at least 40% of individuals on the Board to be women,

b) at least one senior Board position to be held by a woman, and

c) at least one individual on the Board to be from a minority ethnic background.

In accordance with Listing Rule 9 Annex 2.1, the below table, in prescribed format, show the gender of the Directors at the year ended. The data below was collected through self-reporting by the Directors.

Gender identity or sex	Number of Board members	Percentage on the Board (%)	Number of senior positions on the Board
Men	3	60	2
Women	2	40	–
Not specified/prefer not to say	–	–	–

Ethnic background	Number of Board members	Percentage on the Board (%)	Number of senior positions on the Board
White British or other White (including minority white groups)	5	100	2
Mixed/Multiple Ethnic Groups	–	–	–
Asian/Asian British			
Black/African/Caribbean/Black British	–	–	–
Other ethnic group including Arab	–	–	–
Not specified/prefer not to say	–	–	–

The Board is mindful that, at present, it does not comply with the new ethnic and gender representation in senior position diversity requirements and, the Board, via the Nomination and Remuneration Committee, is taking appropriate steps to ensure that Board succession planning takes these diversity requirements into consideration.

Induction of New Directors

A procedure for the induction of new Directors has been established, including the provision of an induction pack containing relevant information about the Company, its processes and procedures and meetings with the Chairman and relevant persons at the Investment Adviser.

Performance Evaluation

For the year under review, the Board undertook an internal performance evaluation by way of questionnaires designed to assess the strengths and independence of the Board and the Chairman, individual Directors and the performance of the Board's Committees. The areas considered are:

- the frequency and effectiveness of Board and Committee meetings;
- the size, composition and relevant experience of the Board;

Corporate Governance Statement Continued

- the independence and performance of the Directors and the Board; and
- the training requirements of each Director.

The evaluation process is facilitated by the Company Secretary under the Chairman's direction and structured to provide Directors with an opportunity to express their views in addition to answering specific questions. Peter Baxter, as the Senior Independent Director, leads the appraisal of the Chairman. The Board undertook an external Board performance evaluation in 2021 and is cognisant of their advantages. It will keep this option under regular review.

The Company seeks to ensure that the Board has a balance of skills and experience that are complementary and enable the Board to operate efficiently.

All of the Directors have assessed their other ongoing commitments and are satisfied that they can commit the time necessary to execute their duties to the Company.

No significant issues were identified during the evaluation process. The Nomination and Remuneration Committee considers that all of the current Directors make an effective contribution and have the requisite skills and experience to continue to provide able leadership and direction for the Company. It was agreed that all Directors should be recommended for re-election at the next AGM. The Board is mindful that, should as Takeover Offer by Wellness Unity Limited (a wholly owned indirect subsidiary of CK Asset Holdings Limited) has on 23 June 2023 been declared unconditional, the resolutions proposed and the format of the Company's AGM may be impacted.

The Board concluded that each Director brings considerable expertise and experience to the Board and the Board operates with good independent thought and challenge.

All Board members have assessed their ongoing commitments and are satisfied that they can commit the time necessary to execute their duties to the Company.

The Board also uses the performance evaluation as an opportunity to review and discuss strategic issues for the Company.

Conflicts of Interest

All Directors have a statutory responsibility to avoid situations where a conflict of interest exists, or may exist, between the Company and an entity that the Director is either directly or indirectly involved with. The Board has procedures in place to identify potential conflicts and resolve any that should arise. In the case of a conflict of interest, the nature and extent of the conflict are assessed against the existing internal control structure, and the results of this assessment and actions taken to resolve the conflict are documented in the minutes of the relevant Board meeting. No conflicts of interest arose during the period.

Health and Safety

Health and safety is of prime importance to the Company and is considered equally with all other business management activities to ensure protection of stakeholders, be they tenants, advisers, suppliers, visitors or others. The Board regularly discusses health and safety issues with the Investment Adviser.

The Company is committed to fostering the highest standards in health and safety as it believes that all unsafe acts and unsafe conditions are preventable. All our stakeholders have a responsibility to support the aim of ensuring a secure and safe environment, and all our stakeholders are tasked with responsibility for achieving this commitment.

Risk Management and Internal Control

The Directors are responsible for the systems of internal control relating to the Company and its subsidiaries, and the reliability of the financial reporting process and for reviewing their effectiveness, ensuring that the risk management and control processes are embedded in day-to-day operations.

An ongoing formal process, in accordance with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting, has been established for identifying, evaluating and managing the principal and other risks most likely to impact the Group. This process, which is regularly reviewed, together with key procedures established with a view to providing effective financial control, has been in place throughout the year ended 31 March 2023 and up to the date of this Report.

The Audit and Management Engagement Committee has in place a formal procedure for performing an ongoing robust assessment of the Group's risk management and internal control systems. A risk matrix has been established against which the risks identified and the controls in place to mitigate those risks can be monitored. The risks are assessed on the basis of the likelihood of them happening, the impact on the business if they were to occur and the effectiveness of the controls in place to mitigate them. In arriving at its judgement of what risks the Company faces, the Board has considered the Company's operations in the light of the following factors:

- the nature and extent of risks which it regards as acceptable for the Company to bear within its overall business objective;
- the threat of such risks becoming reality;
- the Company's ability to reduce the incidence and impact of risk on its performance, and
- the cost to the Company and benefits related to the Company and third parties operating the relevant controls.

The risk matrix is reviewed twice a year by the Committee and at other times as necessary. The principal risks facing the Company are set out on pages 30 to 35 of this Annual Report, together with the processes applied to mitigate those risks.

On an annual basis, the Committee reviews the control reports of its key service providers and the auditors note any deficiencies in internal controls and processes that have been identified during the course of the audit.

The Audit and Management Engagement Committee is mindful of these key risks as well as considering evolving and emerging risks such as the impact of the ongoing Ukraine-Russia conflict, long-term climate change and cyber security which have the potential to affect the Group. The Committee ensures that the Board takes appropriate advice and debates the issues facing the Group.

At each Board meeting, the Board receives reports from the Investment Adviser, the Administrator, the AIFM and the Broker in respect of compliance activities, Company financial performance and financial position.

The controls, which are regularly reviewed, aim to ensure that the assets of the Company are safeguarded, proper accounting records are maintained, and the financial information used within the business and for publication is reliable. The risk management process and Company systems of internal controls are designed to manage rather than eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors have carried out a review of the effectiveness of the Company's risk management and internal control systems as they have operated over the period and up to the date of approval of the Annual Report. During the course of the review, the Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant.

The Directors have considered the appropriateness of establishing an internal audit function and, having regard to the structure and nature of the Company's activities, has concluded that the function is unnecessary. The Audit and Management Engagement Committee will review on an annual basis the need for this function and make appropriate recommendations to the Board.

Financial Reporting

The Board operates the following key controls in relation to financial reporting:

- the Board and Committee members review quarterly management reports and supporting documents that are provided by the Investment Adviser;
- the Board has procedures in place for the approval of expenses and payments to third parties; and
- the Committee members and Board review all financial information and announcements prior to publication.

Corporate Responsibility

The Company regards corporate responsibility as integral to how it conducts its business. It is committed to being a good corporate citizen and behaving responsibly with a demonstrated transparency of approach.

To achieve this goal, the Company applies the following principles to its operations.

Business Conduct

The Company's investment decisions are made on the basis of generating shareholder value and ensuring the long-term success of the business. The selection of suppliers will be made independently by the Company's Directors upon advice from the Investment Adviser and in the best interests of the Company. The Board will ensure that appropriate controls are in place to guarantee independence from the supply chain.

All customers and suppliers will be treated fairly and responsibly.

The Company will not provide financial support to political parties or politicians.

The Company is resolutely opposed to bribery and corruption. The Company will not use any illegal or improper means to further its business interests, nor will it accept any forms of inducements intended to influence its investment decisions.

Governance

The Company will protect the interests of its shareholders and other stakeholders through compliance with relevant legal and regulatory environments, and through effective management of business risk and opportunity.

The Board will ensure that its members are truly independent, are competent and have the resources and support required to perform their duties optimally, and that the Board's decisions are made in the best interests of the Company and its shareholders. The performance of the Board will be regularly reviewed, and Directors will retire as and when deemed appropriate by the Board in accordance with best practice.

Corporate Governance Statement Continued

Socially Responsible Investment

The Board aims to be a socially responsible investor and believes that it is important to invest in specialist social housing properties in a responsible manner in respect of environmental, ethical and social issues. The Investment Adviser's evaluation procedure and analysis of the properties within the portfolio includes research and appraisal of such matters, and takes into account environmental and social policies and other business issues.

Further details on the social impact of the Company's investments are included in the Social Impact report from The Good Economy, a summary of which can be found on page 40.

The Company recognises that environmental protection, resource efficiency and sustainable development are necessary to ensure that environmental damage is limited and furthermore that, where relevant, positive actions should be taken to improve the existing environment for future generations.

Transparency

The Company aims to be transparent, and to ensure that it communicates with its shareholders and other stakeholders in a manner that enhances their understanding of its business.

The Company maintains accounting documentation that clearly identifies the true nature of all business transactions, assets and liabilities, in line with the relevant regulatory, accounting, and legal requirements. No record or entry is knowingly false, distorted, incomplete, or suppressed.

All reporting is materially accurate and complete and in compliance in all material respects with stated accounting policies and procedures. The Company does not knowingly misstate or misrepresent management information for any reason, and the Company expects the same to apply to its suppliers.

The Company may be required to make statements or provide reports to regulatory bodies, government agencies or other government departments, as well as to the media. The Company ensures that such statements or reports are correct, timely, and not misleading, and that they are delivered through the appropriate channels.

The Company provides, through its website, its Annual Report and other statements, appropriate information to enable shareholders and stakeholders to assess the performance of its business. It complies with the applicable laws and regulations concerning the disclosure of information relating to the Company.

Communities

The Company aims to ensure that its properties which are associated with the provision of health services provide significant value-adding facilities in the communities where it invests.

Relations with Stakeholders

Details regarding the Company's engagement with its stakeholders are set out within the *Strategic Report* on pages 17 to 25.

Approval

The Corporate Governance Statement has been approved by the Board.

By order of the Board

Link Company Matters Limited
Company Secretary

28 June 2023

FOR AND ON BEHALF OF LINK COMPANY MATTERS LIMITED
SECRETARY

Report of the Audit and Management Engagement Committee

Introduction

The Audit and Management Engagement Committee (the "Committee") oversees the financial reporting process for the Company, with consideration of the internal controls and risk management of the Company, and oversight of the Company's compliance with accounting standards and regulatory requirements. It also oversees the performance of the Investment Adviser and the Company's administrative and company secretarial support.

Composition and Role of the Audit and Management Engagement Committee

The Committee is chaired by Caroline Gulliver and comprises all the Directors. The Committee operates within written terms of reference which are available on the Company's website as determined by the Board.

The principal functions of the Committee are to:

- oversee the financial reporting process for the Company and monitor the integrity of the financial statements of the Company and the Group, including their compliance with accounting standards and regulatory requirements;
- advise the Board, where requested, on whether the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy;
- review and monitor the internal financial control and risk management systems of the Company;
- monitor and review annually whether an internal audit function is required;
- review the Investment Adviser's whistleblowing arrangements;
- approve the appointment, re-appointment or removal of the external auditors, and approve their remuneration and terms of engagement;
- manage the relationship between the Company and the external auditors, including reviewing their independence and objectivity and the effectiveness of the audit process;
- develop and implement a policy on the engagement of the external auditors to supply non-audit services; and
- review and monitor the performance of, and contractual arrangements with, the Investment Adviser, the AIFM and other service providers.

It is within the Committee's terms of reference for its members to seek independent professional advice, at the Company's expense, as required in the furtherance of its duties.

Meetings

The Committee meets three times a year; on two occasions, part of the meeting is held with the external auditors without the Investment Adviser present. The Committee met three times in the financial year and the meetings were attended by each member as set out on page 55.

Performance Evaluation

The process for the evaluation of the performance of the Committee is disclosed on pages 56 and 57.

Risk Management and Internal Control

The Company has an ongoing process for identifying, evaluating and managing the principal and emerging risks faced by the Group. Further details can be found on pages 57 and 58.

The principal risks and uncertainties identified from the risk register and a description of the Group's risk management procedures can be found on pages 30 to 33.

Activities During the Year

The Committee considered the Annual Report, Half-Yearly Report, any other formal financial performance announcements and any other matters as specified under the Committee's terms of reference and reported to the Board on how it discharged its responsibilities.

The Committee discussed and considered the external audit performance, objectivity and independence, the external auditors' re-appointment, accounting policies and Alternative Performance Measures, significant accounting judgements and estimates, the need for an internal audit function and the risk register.

The Committee concluded that an internal audit function would provide minimal additional comfort at considerable extra cost to the Company. Internal assurance is achieved by the existing system of monitoring and reporting by third parties which the Committee views as appropriate and adequate. The external auditors are also provided with third party internal controls reports and additional information, as requested.

During the year, the Committee also conducted a comprehensive review of the key agreements with its service providers, and a detailed review of the performance, composition, personnel, processes and internal control systems of the AIFM, a review of all of the Group's other corporate advisers and key service providers. The discussion included an assessment of performance and suitability of the services provided in the context of the fees paid to each provider, and a review of the termination period of each agreement.

The Committee considered the terms of the Investment Management Agreement, to ensure it continues to reflect the commercial arrangements agreed between the Company and the Investment Adviser and was satisfied that this was the case.

The Committee discussed and considered the Takeover Offer by Wellness Unity Limited (a wholly owned subsidiary of CK Asset Holdings Limited), including the work undertaken by the Company in relation to the offer, its impact on the Company's risk profile and on going concern.

Report of the Audit and Management Engagement Committee Continued

Significant Issues Considered by the Committee

The Committee considered the key accounting estimates and judgements underlying the preparation of the financial statements focusing specifically on:

Valuation of Investment Property
The valuation of the property portfolio is crucial to the statement of financial position and reported results.

After discussion with the Investment Adviser, the Committee has determined that the key risks of misstatement of the Company financial statements relate to the valuation of investment property.

The valuations of the investment properties at the end of the financial year were independently performed by Jones Lang LaSalle Limited ("JLL"), whom the Committee considers to have sufficient expertise, experience and local and national knowledge of social housing and supported housing to undertake the valuations.

JLL also conducts initial valuations of properties on acquisition. The Directors have ensured that JLL has appropriate procedures in place to ensure there are no independence conflicts with the services provided to the Company.

The Investment Adviser confirmed to the Committee that the method of valuation has been applied consistently during the year. It further confirmed that, during the course of the period, JLL was regularly challenged by the Investment Adviser on the assumptions used in the valuation of the Company's investment properties to ensure robust and appropriate methods were being applied. The Investment Adviser discusses these areas of challenge with the Committee.

The auditors met separately with JLL and reported back to the Committee on its challenge of the valuations and assumptions. The auditors were satisfied that the valuations had been prepared using appropriate methods and assumptions, and had been prepared in accordance with RICS Valuation – Professional Standards.

As explained in note 15.0 to the financial statements, the approach adopted by the Company is to recognise investment properties at fair value, with the fair value of the property being based on valuations performed by JLL. The revaluation of the investment properties gave rise to a revaluation gain of £2,640,000 in the period.

Takeover Offer
The Committee considered the valuation work undertaken by JLL (as instructed to act for the Company, Panmure Gordon (UK) Limited and Liberum Capital Limited) with respect to the Takeover Offer by Wellness Unity Limited (a wholly owned indirect subsidiary of CK Asset Holdings Limited). The valuation methodology used by JLL was consistent with that used during the valuation for the year ended 31 March 2023 and had the same valuation date.

Maintenance of REIT Status
There are a number of conditions that a company (or principal company of a group REIT) needs to satisfy in order to become a REIT and remain within the regime. *The UK REIT regime affords the Group a beneficial tax* treatment for income and capital gains, provided certain criteria are met. There is a risk that these REIT conditions may not be met and additional tax becomes payable by the Company. The Board regularly reviews the REIT tests that are performed by the Administrator.

The Board is satisfied that the Company has maintained its REIT status throughout the year.

Going Concern
The Committee considered the Company's Going Concern and Viability Statement for the year ended 31 March 2023 in light of the Takeover Offer and its impact on the Company's debt position. It agreed the wording used in the Independent Auditors Report which makes reference to the material uncertainty identified

Misstatements

The Investment Adviser confirmed to the Committee that it was not aware of any material misstatements made intentionally to achieve a particular presentation.

Conclusion in Respect of the Annual Report and Financial Statements

Having reviewed the presentations and reports from the Investment Adviser, the Committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, both in respect of the amounts reported and the disclosures.

The Committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised and challenged and are sufficiently robust. Accordingly, the Committee has concluded that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable, and has recommended their approval to the Board on that basis.

Auditors' Appointment and Tenure

As a result of the UK's implementation of the EU's mandatory audit firm rotation requirements, the Company is required to ensure that the external auditors' contract is put out to tender at least every ten years, with the proviso that no single firm may serve as the Company's external auditors for a period exceeding 20 years. PricewaterhouseCoopers LLP was first appointed as the Company's auditors with effect from March 2017. It is intended that the external audit will be put out to tender no later than for the financial year commencing 1 April 2026, which is ten years after the Company's initial listing.

Saira Choudhry is the audit partner allocated to the Company by PricewaterhouseCoopers LLP. The audit of the financial statements for the year ended 31 March 2023 is her second as senior statutory auditor of the Company.

Report of the Audit and Management Engagement Committee Continued

Assessment of the Effectiveness of the External Audit Process and Auditors' Independence

As part of its annual review of the effectiveness of the external audit process, the Committee obtained assurance on the quality of the external audit from its own evaluation, the audit feedback documentation and from correspondence and discussions with the audit partner, Investment Adviser and the Administrator. The auditors demonstrated a good understanding of the Group, and had identified and focused on the areas of greatest financial reporting risk. Its reporting to the Committee was clear, open and thorough. The Committee has assessed the professional scepticism and challenge of management judgement by the auditors and is satisfied that the auditors have demonstrated these. For example, the external auditors conducted a review of the work conducted by JLL in evaluating the investment property valuations in which the external auditors showed appropriate professional scepticism and challenge of judgement. The Committee assessed the challenge provided by the external auditors via the external auditors reports provided at the year end and half year end meetings and questioned the external auditors as appropriate. The Audit and Management Engagement Committee Chairman also met with the external auditors throughout the audit and half-yearly review processes to ensure that the external auditors were aligned with the Committee's expectations. The Committee considered the advice included in the FRC Practice Aid on Audit Quality when making this judgement.

The FRC's Audit Quality Inspections Report on the audits carried out by PricewaterhouseCoopers LLP was also considered by the Committee. On the basis of these factors and assessments, the Committee has concluded that the external audit process has been effective.

The Committee assessed the external auditors' independence, qualifications, relevant experience, and effectiveness of audit procedures. In advance of each audit, the Committee obtains confirmation from the external auditors that they remain independent and that the level of non-audit fees are not an independence threat.

Non-audit Services

The Committee has put into place a policy for the provision of non-audit services to the Company by the auditors which is in line with the recommendations set out in the FRC's Guidance on Audit Committees (2016) and the requirements of the FRC's Revised Ethical Standard (2019). The general intention of the Committee is to avoid the provision of non-audit services by the auditors, other than the review of the half-yearly report, as these have the potential to compromise the independence of the auditors. The Committee acknowledges that in certain situations it may be appropriate for the external auditors to provide such services to the Company for a variety of reasons including cost effectiveness, depth of knowledge and the ongoing relationship between the Board and the external auditors. All non-audit fees are approved by the Committee in advance. Where non-audit fee levels are considered significant, the Committee considers the appropriateness of the independence safeguards put in place by the auditors.

The total fees paid to PricewaterhouseCoopers LLP during the period, net of VAT, totalled £441,000 (2022: £402,000) of which £83,000 (2022: £44,000) was concerning non-audit services for the review of the half-yearly report and £nil (2022: £62,000 for non-audit services concerning a planned Bond Issue which was postponed).

The auditors were selected for the non-audit services relating to the postponed Bond Issue following careful consideration by the Committee. The Committee believed that the ability for the auditors to audit the Company's financial statements independently would not be impacted by this work. It is standard practice for a Company's external auditors to undertake this task.

Note 9.0 to the consolidated financial statements details all services provided and total fees paid to PricewaterhouseCoopers LLP for the financial year ended 31 March 2023. The Committee considers PricewaterhouseCoopers LLP to be independent of the Company.

Re-appointment of the Auditors

Taking into account the performance and effectiveness of the auditors and the confirmation of their independence, the Committee has recommended to the Board that a resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors be put to the shareholders at the forthcoming AGM.

Caroline Gulliver

Chairman, Audit and Management Engagement Committee

28 June 2023

C Gulliver

Report of the Nomination and Remuneration Committee

Introduction

The Nomination and Remuneration Committee presents the Report for the year ended 31 March 2023.

Composition and Role of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises Peter Baxter, as Chairman, and the entire Board, all of whom are non-executive Directors. Terms of Reference have been established by the Board and are available on the Company's website.

The Nomination and Remuneration Committee's principal duties are as follows:

Nomination

- to review the structure, size and composition of the Board, including its skills, knowledge, experience and diversity, including gender and ethnicity;
- to consider the succession planning of Directors, taking into account the challenges and opportunities facing the Company and the skills and expertise needed on the Board in the future;
- to be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise;
- to review annually the time required from non-executive Directors;
- to review the results of the Board performance evaluation as it relates to Board composition and succession planning;
- to review annually potential conflicts of interests of Directors as disclosed to the Company and develop appropriate processes for managing such conflicts; and
- to receive and consider updates from the Investment Adviser on its own succession planning activities.

Remuneration

- to determine and agree with the Board, a formal and transparent procedure for developing policy on the remuneration of the Company's Chair, Audit and Management Engagement Committee Chair and non-executive Directors;
- to take into account all factors when considering the Remuneration Policy which it deems necessary, including relevant legal and regulatory requirements, the provisions and recommendations of the AIC Code of Corporate Governance and associated guidance;
- to review the ongoing appropriateness and relevance of the Remuneration Policy;
- to obtain reliable, up-to-date information about remuneration in other companies of comparable scale and complexity and market practice generally;
- to be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee; and
- to ensure that contractual terms on termination, and any payments made, are fair to the individual, and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

Activities During the Year

The Committee meets at least once per year. During the year, the Committee has:

- considered the Board's remuneration in view of the responsibilities and time commitments for overseeing the affairs of the Company, in light of the Articles of Association as well as the level of dividend paid to shareholders during the year;
- reviewed the Director's skill matrix;
- considered the Board's current succession plan, and agreed that it would be prudent for the Board to phase the recruitment of additional Directors going forward to allow progressive rotation of Directors and facilitate effective succession planning;
- appointed a Sub-Committee to be responsible for conducting the recruitment process to identify a new candidate for appointment to the Board;
- engaged recruitment agency, Odgers Berndston, to assist with the search for a candidate;
- reviewed the results of the Board's 2023 performance evaluation process, the details of which can be found on pages 56 and 57; and
- satisfied itself that each non-executive Director serving at the end of the year remains independent and continues to have sufficient time to discharge their responsibilities to the Company.

The Company is supportive of the new Listing Rules being issued by the Financial Conduct Authority on diversity and inclusion on company boards. The Committee is considering a range of candidates from diverse backgrounds. The Company's diversity policy can be found on page 56.

The Directors' fees were considered by the Committee in February 2023. During its consideration, the Committee took into account the factors of clarity, simplicity, risk, predictability, proportionality and alignment of Company culture. It also obtained the most up-to-date industry remuneration comparison to aid in its decision-making. Please see the Directors' Remuneration Report on pages 64 to 67 for details on Director remuneration.

Peter Baxter

Chairman, Nomination and Remuneration Committee

28 June 2023

CORPORATE GOVERNANCE

Directors' Remuneration Report

Directors' Remuneration Policy

Introduction

The Remuneration Policy of the Company is set by the Board. A resolution to approve the Remuneration Policy was passed at the AGM of the Company held on 15 September 2022. The policy provisions set out below will apply until the Remuneration Policy is put to shareholders for approval at the AGM of the Company in 2025. There are no changes proposed to the Remuneration Policy. The Remuneration Policy is binding and sets the parameters within which Directors' remuneration may be set.

Policy

The Remuneration Policy of the Company is to pay its non-executive Directors fees that are appropriate for the role and the amount of time spent in discharging their duties, that are broadly in line with those of comparable real estate investment companies and that are sufficient to attract and retain suitably qualified and experienced individuals.

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

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

Directors' Remuneration Components

Component	Director	Rate at 1 April 2023 (and 1 April 2022)	Purpose of Remuneration
Annual fee	Chairman	£55,000	Commitment as Chairman of a public company
Annual fee	Non-executive Directors	£34,000	Commitment as non-executive Directors of a public company
Additional fee	Chair of the Audit and Management Engagement Committee	£5,000	For additional responsibilities and time commitment[3]
Additional fee	All Directors	Discretionary	For extra or special services performed in their role as a Director[4]
Expenses	All Directors	n/a	Reimbursement of expenses incurred in the performance of duties as a Director[5]

1 The Company's policy is for the Chairman of the Board to be paid a higher fee than the other Directors to reflect the more onerous role.
2 The Company's Articles of Association limit the aggregate fees payable to the Board of Directors to £250,000 per annum.
3 The Company's policy is for the Chair of the Audit and Management Engagement Committee to be paid a higher fee than the other Directors to reflect the more onerous role.
4 This is a provision of the Company's Articles. Additional fees would only be paid in exceptional circumstances in relation to the performance of extra or special services.
5 Directors are entitled to claim expenses in respect of duties undertaken in connection with their role as a Director.
The Company has no employees. Accordingly, there are no differences in policy on the remuneration of Directors and the remuneration of employees.
No Director is entitled to receive any remuneration which is performance related. As a result, there are no performance conditions in relation to any elements of the Directors' remuneration in existence to set out in this Remuneration Policy.

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

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

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

Service Contracts

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

Approach to Recruitment Remuneration

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

Views of Shareholders

Any views expressed by shareholders on the fees being paid to Directors would be taken into consideration by the Board when reviewing levels of remuneration.

Remuneration Report

The Board presents its Directors' Remuneration Report in respect of the year ended 31 March 2023. The Board has prepared this report in accordance with the Large and Medium-Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. An ordinary resolution for the approval of the Directors' Remuneration Report will be put to shareholders at the forthcoming AGM of the Company.

The law requires the Company's auditors to audit certain required disclosures. Where disclosures have been audited, they are indicated as such. The auditors' opinion is included in the auditors' report on pages 71 to 78

Annual Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2023.

During the year under review, the Board, via the Nomination and Remuneration Committee, was responsible for setting the Company's Remuneration Policy and Directors' fees.

The report from Nomination and Remuneration Committee can be found on page 63.

The Directors are remunerated for their services at such rate as the Directors shall from time to time determine. The Board has set three levels of fees: one for the Chairman, one for other Directors, and an additional fee that is paid to the Director who chairs the Audit and Management Engagement Committee. Fees are reviewed annually in accordance with the Remuneration Policy. The fee for any new Director appointed will be determined on the same basis.

Directors' fees for the year ended 31 March 2023 were at a level of £53,000 per annum for the Chairman and £34,000 per annum for other non-executive Directors. The Chairman of the Audit and Management Engagement Committee received an additional fee of £5,000 per annum.

There were no other payments for extra or special services in the year ended 31 March 2023.

At the AGM held on 5 September 2019, shareholders approved the amendment to the Company's Articles of Association which increased the maximum aggregate annual remuneration payable to Directors from £200,000 to £250,000

The Directors' Remuneration Policy was approved at the AGM held on 15 September 2022. There will be no significant change in the way the Remuneration Policy will be implemented in the course of the next financial year.

The Directors' Remuneration Policy will next be presented to shareholders for approval at the Company's AGM in 2025.

Directors' Remuneration Report
Continued

Directors' Fees for the Period (audited)

The Directors who served during the year received the following emoluments.

Director	Year ended 31 March 2023 Fees	Taxable benefits	Total	Change to 2023	Year ended 31 March 2022 Fees	Taxable benefits	Total	Change to 2022
Michael Wrobel (Chairman)	**£53,000**	**–**	**£53,000**	**1.92%**	£52,000	–	£52,000	4.00%
Alastair Moss	**£34,000**	**–**	**£34,000**	**2.16%**	£33,280	–	£33,280	4.00%
Alison Hadden	**£34,000**	**–**	**£34,000**	**2.16%**	£33,280	–	£33,280	4.00%
Caroline Gulliver	**£39,000**	**–**	**£39,000**	**1.88%**	£38,280	–	£38,280	6.33%
Peter Baxter	**£34,000**	**–**	**£34,000**	**2.16%**	£33,280	–	£33,280	4.00%
Total	**£194,000**	**–**	**£194,000**		£190,120	–	£190,120	

The amounts paid to the Directors were for services as non-executive Directors. Taxable benefits included in the above table are in respect of the amounts reimbursed to Directors as travel and other expenses properly incurred by them in the performance of their duties. There are no variable elements in the remuneration payable to the Directors.

Under the Company's Articles of Association, the total aggregate remuneration and benefits in kind of the Directors of the Company is subject to a maximum of £250,000 in any financial year. Any change to this would require shareholder approval.

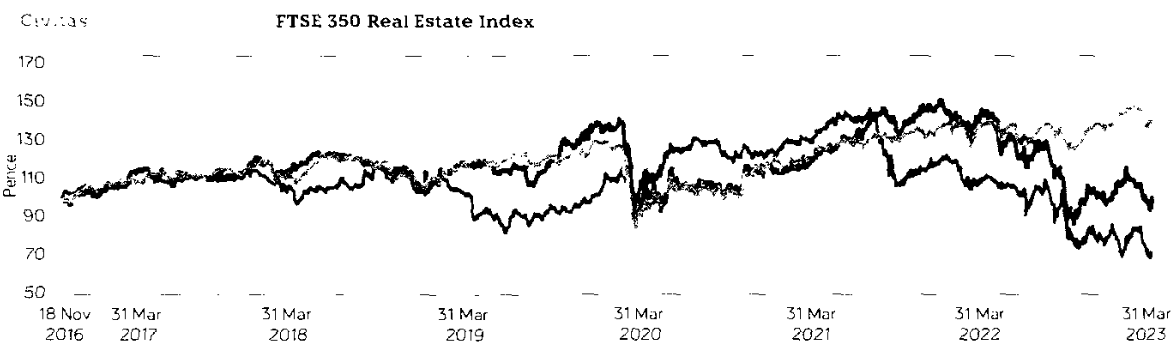
Loss of Office (audited)

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

Company Performance

The following graph compares the performance for the period from IPO on 18 November 2016 to 31 March 2023, the total shareholder return of the Company's Ordinary shares relative to the FTSE All-Share Index and FTSE Real Estate Index. Although the Company has no formal benchmark, these indices have been selected as the FTSE All-Share represents all companies of a similar capital size, and the constituents of the FTSE 350 Real Estate Index are UK-based real estate companies and are therefore considered to represent the most appropriate comparative.

Total Shareholder Return (rebased)



Directors' Remuneration Report Continued

Relative Importance of Spend on Pay

The table below sets out, in respect of the year ended 31 March 2023:

a) the remuneration paid to the Directors; and

b) the distributions made to shareholders by way of dividend.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Directors' remuneration	**194**	190
Dividends paid to Ordinary shareholders	**34,459**	34,093

Directors' Interests (audited)

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

As at 31 March 2023, the Directors (including their connected persons) had beneficial interests in the following number of shares in the Company:

	31 March 2023 Ordinary shares	31 March 2022 Ordinary shares
Michael Wrobel	**200,000**	120,598
Alastair Moss	**11,766**	11,766
Alison Hadden	**31,937**	–
Caroline Gulliver	**58,832**	58,832
Peter Baxter	**82,065**	82,065

There have been no changes to Directors' share interests between 31 March 2023 and the date of this Report. Each Director has accepted the recommended all-cash offer made by Wellness Unity Limited for the entire issued share capital of the Company (the 'Offer') in respect of their own beneficial holdings.

None of the Directors or any persons connected with them had a material interest in the Company's transactions, arrangements or agreements during the year.

Voting at AGM

The Directors' Remuneration Policy was approved at the AGM held on 15 September 2022 and the Directors' Remuneration Report for the year ended 31 March 2022 was approved at the AGM held on 15 September 2022. The votes cast by proxy on these resolutions were:

Resolution	Votes for[1] % of votes cast	Votes against % of votes cast	Votes withheld	Total votes cast
To approve the Directors' Remuneration Report	99.65%	0.35%	266,554	296,369,243
To approve the Directors' Remuneration Policy	99.63%	0.37%	283,007	296,369,243

1 Votes for include discretionary proxy votes granted to the Chairman by shareholders

Consideration of Shareholder Views

The Company is committed to ongoing shareholder dialogue and takes an active interest in voting outcomes. Where there are substantial votes against resolutions in relation to Directors' remuneration, the Company will seek the reasons for any such vote and will detail any resulting actions in the Directors' Remuneration Report. Both the approval of the Directors' Remuneration Report and the Directors' Remuneration Policy resolutions were approved by shareholders at the AGM on 15 September 2022. The Board received no feedback from shareholders on these resolutions.

Approval

The Directors' Remuneration Report was approved by the Board and signed on its behalf by:

Michael Wrobel
Chairman

28 June 2023

CORPORATE GOVERNANCE

Statement of Directors' Responsibilities in respect of the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK-adopted international accounting standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under Company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

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

The Directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Confirmations

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

Each of the Directors, whose names and functions are listed in the Board of Directors, confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Group;
- the Company financial statements, which have been prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities and financial position of the Company; and
- the Group Strategic Report includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

Approval

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

Michael Wrobel
Chairman

28 June 2023

Alternative Investment Fund Managers Directive

As the Company and the Alternative Investment Fund Manager (the "AIFM") are each domiciled in the United Kingdom, the FCA Handbook rules require that, among other things, the AIFM makes available the following information to shareholders of the Company under the AIFMD (as implemented in the UK) and to notify them of any material change to information previously provided.

These disclosures can also be found on the Company's website: www.civitassocialhousing.com.

Investment Policy, Leverage and Liquidity (AIFMD 23(1)(a)(b)(h))

The investment strategy and objectives of the Company, the types of assets it may invest in and the investment techniques it may employ, associated risks and any investment restrictions are laid out in the investment objectives and policy and other sections of the Annual Report.

For information about the circumstances in which the Company may use leverage, the types of sources permitted and the associated risks and any restrictions on the use of leverage and any collateral and asset re-use arrangements, shareholders are directed to the disclosures contained in the investment objectives and policy section of these financial statements as well as specific AIFMD related disclosures further below.

Under the FCA's Listing Rules, to which the Company is subject, it needs the prior approval of its shareholders to make a material change to its investment policy.

Since the Company is closed-ended without redemption rights, liquidity risk management is limited to the liquidity required to meet the Company's obligations in relation to its financing arrangements. The AIFM utilises various risk assessment methods to measure the risk of portfolio illiquidity to meet the Company's obligations. This measurement enables the provision of management information to the AIFM and the Board of the Company to enable these risks to be monitored and managed.

Legal Relationship with Investors (AIFMD 23(1)(c))

The Company is a public limited company listed on the London Stock Exchange. The Company is incorporated under the laws of England and Wales. The constitutional document of the Company is its articles of association which may only be amended by way of a special resolution of its shareholders. Upon the purchase of shares, an investor becomes a shareholder of the Company. A shareholder's liability to the Company will be limited to the amount uncalled on their shares.

As the Company is incorporated under the laws of England and Wales, it may not be possible for a shareholder located outside that jurisdiction to effect service of process within the local jurisdiction in which that shareholder resides upon the Company. All or a substantial portion of the assets of the Company may be located outside a local jurisdiction in which a shareholder resides and, as a result, it may not be possible to satisfy a judgement against the Company in such local jurisdiction or to enforce a judgement obtained in the local jurisdiction's courts against the Company.

AIFM and its Delegates (AIFMD 23(1)(d), (e) and (f))

The AIFM (G10 Capital Limited) is a private limited company with its registered office at 3 More London Riverside, London SE1 2AQ. G10 Capital Limited is authorised and regulated by the Financial Conduct Authority (FRN 648953). It has been appointed by the Company to manage the Company under an AIFM Agreement with effect from 24 August 2017.

The AIFM is responsible for portfolio management and risk management and monitoring of the assets of the Company and has discretionary authority over the acquisition and disposition of the Company's assets, with power to give guarantees and undertake other transactions on behalf of the Company subject to the provisions of the AIFM Agreement. The AIFM is also responsible for ensuring compliance with the AIFMD.

The AIFM's duties under the AIFM Agreement are owed to the Company as a whole rather than directly to the shareholders, whether individually or in groups. The Board of the Company is responsible under the AIFM Agreement for representing the Company in its dealings with the AIFM.

In order to comply with its regulatory obligations, the AIFM holds professional indemnity insurance.

Depositary and its Delegates (AIFMD 23(1)(d) and (f))

Indos Financial Limited (the "Depositary") has been appointed as the Depositary of the Company under a Depositary Agreement in accordance with AIFMD requirements. The Depositary is a company incorporated in England (registered number 08255973) whose registered office is at 54 Fenchurch Street, London EC3M 3JY. It is authorised to act as a Depositary by the FCA (FRN 602528). The Depositary is responsible for safekeeping of the Company's investments, including holding in custody those investments which are required to be held in custody and verifying ownership and keeping records of the Company's other investments, and for cash monitoring.

CORPORATE GOVERNANCE

Alternative Investment Fund Managers Directive Continued

The Depositary's duties under the Depositary Agreement are owed to the Company as a whole and not directly to shareholders, whether individually or in groups.

The investments of the Company are not of a kind required to be held in custody by the Depositary.

Independent Auditors (AIFMD 23(1)(d))

The independent auditors of the Company for the year ended 31 March 2023 were PricewaterhouseCoopers LLP. The auditors' duties, which are set out on pages 76 and 77, are owed to the Company as a whole. They have a statutory responsibility to report to the members of the Company as a whole in relation to the truth and fairness of the Company's state of affairs and profit or loss.

Valuation (AIFMD 23(1)(g))

The assets of the Company are valued in accordance with the provisions set out in the Valuation Policy. The Investment Committee which has been set up by the AIFM in respect of the Company and its assets adds a further level of oversight to the valuation process as set out in the Corporate Governance section of the Annual Report.

Fees and Expenses (AIFMD 23(1)(i))

The Company incurs costs in the form of depositary fees, custodian fees, bank fees and charges, marketing fees, auditors' fees, lawyers' fees, fund administration fees, company secretarial fees and other fees.

Fair Treatment of Investors and Preferential Treatment (AIFMD 23(1)(j))

No preferential rights have been granted to any existing shareholder.

The Company and the AIFM are committed to ensuring that all shareholders are treated fairly and in accordance with UK company law. They have not and will not enter into any arrangement with one shareholder which could result in any overall material disadvantage to the other shareholders.

Issue and Redemption of Shareholder Interests in the Company (AIFMD 23(1)(l))

The Company is closed-ended and does not provide for redemption or repurchase of the interests of ordinary shareholders at their request.

Reporting and Performance (AIFMD 23(1)(k), 23(1)(m) and 23(1)(n))

The historic performance of the Company, to the extent available, has been disclosed to shareholders in the Company's Annual and Half Yearly Reports, which will be sent to shareholders and are available from http://civitassocialhousing.com/

The latest NAV of the Company is published in the latest Annual or Half Yearly Report or quarterly NAV announcement.

Prime Broker (AIFMD 23(1)(o))

The Company does not have a prime broker.

Method of Making Ongoing/Periodic Disclosures (AIFMD 23(1)(p),23(4),23(5))

Information about the Company's risk profile and risk management, total leverage and any material change to the arrangements for managing the Company's liquidity, the proportion of assets (if any) subject to special arrangements arising from liquidity, the maximum permitted leverage or the grant of rights of re-use of collateral or guarantees in relation to leverage will be provided in the Company's Annual Reports or on the Company's website http://civitassocialhousing.com/

Risk Profile and Risk Management (AIFMD 23(4)(c))

The appointment of the AIFM as the AIFM of the Company under the AIFMD means that it is responsible for risk management and the ongoing process of identifying, evaluating, monitoring and managing the risks facing the Company in accordance with the requirements of the AIFMD. The Board keeps the AIFM's performance of these responsibilities under review as part of its overall responsibility for the Company's risk management and internal controls.

The principal risks of the Company are set out in the risk management section in the Annual Report. The AIFM's risk management system incorporates regular review of these risks and the establishment of appropriate risk limits and internal control processes to mitigate the risks. The sensitivity of the Company to relevant risks is further detailed in the risk management section in the Annual Report.

Restrictions on the Use of Leverage and Maximum Leverage (AIFMD 23(5))

As specified in the investment objectives and policy in the Annual Report, the Company has the ability to put up to a maximum leverage of 40% of the Company's Gross Asset Value and the AIFM oversees the use of leverage to ensure that the use of borrowing is consistent with this requirement. Leverage is calculated using gross assets, with various adjustments, divided by net assets.

Under AIFMD, the Company is required to calculate leverage under the two methodologies specified by the Directive, the 'Gross Method' and the 'Commitment Method', the difference being that the Commitment Method allows certain exposures to be offset or netted. Disclosures are made on the website of the Company.

Independent Auditors' Report to the members of Civitas Social Housing PLC

Report of the Audit of the Financial Statements

Opinion

In our opinion:

- Civitas Social Housing PLC's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Consolidated and Company Statements of Financial Position as at 31 March 2023; the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, and the Consolidated and Company Statements of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit and Management Engagement Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 9.0 to the Consolidated financial statements, we have provided no non-audit services to the company or its controlled undertakings in the period under audit.

Material Uncertainty Related to Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the Consolidated financial statements and note 2.0 to the Company financial statements concerning the group's and the company's ability to continue as a going concern, respectively. On 9 May 2023 the Board of Directors of Civitas Social Housing PLC ("CSH" or "the group") and the Board of Directors of Wellness Unity Limited (an indirect wholly-owned subsidiary of CK Asset Holdings Limited) (collectively referred to as "CK") announced that they have reached agreement on the terms and conditions of a recommended all cash offer for the group. On 23 June 2023, the offer became unconditional. The group's existing committed debt facilities contain a standard change of control clause which, from that point forward, could result in the existing committed debt facilities being withdrawn. The Directors have not had detailed visibility of CK's post completion funding for the group and company or the detailed plans behind the intentions statements included within the announcement. These conditions, along with the other matters explained in note 2.2 to the Consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's latest forecasts that support the Board's assessment and conclusions with respect to the going concern basis of preparation of the financial statements.
- We checked the mathematical accuracy of management's forecasts.
- We evaluated and challenged forecasts and sensitivity analysis prepared by management to ensure they are reflective of both the current environment and considering the risk of a severe and prolonged economic downturn. We have assessed the extent and plausibility of these scenarios in light of current circumstances. We evaluated the directors' plans for future actions in relation to their going concern assessment, should these be required.
- We agreed the inputs to these analyses to the audited financial information or obtained corroborative support for key assumptions as applicable.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

- We have assessed the debt covenants as well as management's assessment of possible breach of covenants agreeing the inputs to the audited results. We have evaluated management's stress tests on the covenants.
- We also considered whether Civitas' debt financing would impact the ability of the group and company to continue as a going concern. Specifically we have had consideration around any debt that is coming due in the going concern period.

In relation to the directors' reporting on how they have applied the UK Corporate Governance Code, other than the material uncertainty identified in note 2.2 to the financial statements, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting, or in respect of the directors' identification in the financial statements of any other material uncertainties to the group's and the company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

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

Our audit approach

Overview

Audit scope

- We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate. The group consists of a single reportable segment.

Key audit matters

- Material uncertainty related to going concern
- Valuation of investment property (group)

Materiality

- Overall group materiality: £10.0 million (2022: £10.4 million) based on 1% of total assets.
- Overall company materiality: £8.2 million (2022: £8.2 million) based on 1% of total assets.
- Performance materiality: £7.5 million (2022: £7.8 million) (group) and £6.2 million (2022: £6.2 million) (company).
- Specific group materiality: £1.3m (2022: £1.5m) for certain financial statement line items that impact adjusted profit before tax ('APBT') - based on 5% of APBT. APBT is equal to profit before tax adjusted for the fair value movements in investment property and fair value movements on interest rate derivatives.

The Scope of our Audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key Audit Matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation Resolution), which was a key audit matter last year, is no longer included because the Continuation Resolution vote was passed in September 2022. Otherwise, the key audit matters below are consistent with last year.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Valuation of Investment Property (Group) Refer to the Report of the Audit and Management Engagement Committee, note 3.1 to the Consolidated financial statements, Significant estimate – valuation of investment property and note 15.0 to the Consolidated financial statements, Investment property. Investment properties are held at a fair value of £953.4 million as at 31 March 2023 in the Consolidated Statement of Financial Position. The valuation of the group's investment property is the key component of the net asset value and underpins the group's result for the year. The result of the revaluation this year was a gain of £2.6 million, which is accounted for within 'Change in fair value of investment properties' in the Consolidated Statement of Comprehensive Income. The group's investment property portfolio consists of specialist social housing properties located in England and Wales which are let to Approved Providers of social housing on long-term leases. Investment property valuations were carried out by a third party valuer, Jones Lang LaSalle ('JLL' or the 'Valuer'). The Valuer was engaged by the Directors and performed their work in accordance with the Royal Institute of Chartered Surveyors ('RICS') RICS Valuation - Professional Standards and the requirements of International Accounting Standard 40 'Investment Property'. In determining the value of a property, the Valuer has taken into account property-specific information including the lease term and rental income payable. They applied assumptions to arrive at the discount rate which is another key input to the valuation. This has reference to net initial yield and CPI growth rate which are influenced by prevailing market conditions and comparable transactions where appropriate. The valuation of the group's investment property portfolio was identified as a key audit matter given the valuation is inherently subjective due to, among other factors, the individual nature of each property, its location and the expected future rental streams for that particular property. The significance of the estimates and judgements involved, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement, warranted specific audit focus in this area.	Given the inherent subjectivity involved in the valuation of the property portfolio, and therefore the need for deep market knowledge when determining the most appropriate assumptions and the technicalities of valuation methodology, we engaged our internal valuation experts (qualified chartered surveyors) to assist us in our audit of this area. **Assessing the Valuers' Expertise and Objectivity** We read the Valuer's report and confirmed that the approach used was consistent with the RICS guidelines. We assessed the Valuer's qualifications and expertise and read their terms of engagement with the group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We also considered fees and other contractual arrangements that might exist between the group and the Valuer. We found no evidence to suggest that the objectivity of the Valuer was compromised. **Assumptions and Estimates Used by the Valuer** In our testing, which involved the use of our internal real estate valuation experts, we considered the assumptions utilised by the Valuer within the valuation, including understanding how these assumptions were developed. We also performed benchmarking where observable market evidence was available. We challenged the Valuer regarding the impact of the regulatory environment on investor sentiment and asset values. We attended meetings with management and the Valuer, at which the valuation methodology and the key assumptions were discussed. We challenged their approach to the valuations, and the rationale behind the more significant valuation assumptions adopted. Where assumptions were outside the expected range, we undertook further investigations, held further discussions with the Valuer and obtained evidence to support explanations received. We also challenged the Valuers as to the extent they have taken into account the impact of climate change and related ESG considerations within the valuations. The responses provided by the Valuer and supporting evidence, enabled us to consider the property specific factors that may have had an impact on value, including recent comparable transactions where appropriate. We concluded that the assumptions used by the Valuer were consistent with our expectations and comparable benchmarking and market transaction information for the asset type. **Data Used by the Valuer and Legal Title** We validated the data used by the Valuer and found that it was consistent with the information we audited. This data included inputs such as current rent, rent indexation (CPI or CPI+1%) and lease term, which we have agreed on a sample basis to executed lease agreements as part of our audit work. We verified legal ownership of properties through independent title deed confirmations on a sample basis. We concluded that the assumptions used in the valuations by the Valuers were supportable in light of the evidence obtained and the disclosures within the Annual Report are sufficient and appropriate. We have no issues to report in respect of this work.

How We Tailored the Audit Scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

The group's properties are spread across 159 statutory entities with the group financial statements being a consolidation of these entities. The group's property portfolio represents a coherent and diversified portfolio with similar economic characteristics and, as a result, the whole portfolio of properties represents a single operating segment or component, and we have scoped our work accordingly. All work was carried out by the group audit team with additional procedures performed on the consolidation to ensure sufficient coverage and appropriate audit evidence for our opinion on the group financial statements as a whole.

The Impact of Climate Risk on our Audit

In planning our audit, we made enquiries with management to understand the extent of the potential impact of climate change risk on the financial statements. Our evaluation of this conclusion included challenging key judgements and estimates in areas where we considered that there was greatest potential for climate change impact. We particularly considered how climate change risks would impact the assumptions made in the valuation of investment properties as explained in our key audit matter above. We also considered the consistency of the disclosures in relation to climate change made within the Annual Report, and the knowledge obtained from our audit. Using our knowledge of the business, we evaluated management's risk assessment and resulting disclosures where significant.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements – group	Financial statements – company
Overall materiality	£10.0 million (2022: £10.4 million).	£8.2 million (2022: £8.2 million).
How we determined it	1% of total assets	1% of total assets
Rationale for benchmark applied	The key measure of the group's performance is the valuation of investment properties and the balance sheet as a whole. Given this, we set an overall group materiality level based on total assets	The company's main activity is the holding of investments in subsidiaries. On this basis, we set an overall company materiality level based on total assets.

In addition to overall group materiality, a specific group materiality was also applied to certain financial statement line items that impact Adjusted Profit Before Tax (APBT), which is based on profit before tax, adjusted to exclude fair value movements on investment property and derivatives. We set a specific overall materiality level of £1.3 million (2022: £1.5 million), equating to 5% of APBT. In arriving at this judgement, we considered the fact that APBT is a secondary financial indicator of the group which is disclosed as EPRA Earnings in the Annual Report (refer to the Group Strategic Report where the term is defined in full).

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2022: 75%) of overall materiality, amounting to £7.5 million (2022: £7.8 million) for the group financial statements and £6.2 million (2022: £6.2 million) for the company financial statements.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit and Management Engagement Committee that we would report to them misstatements identified during our audit above £500,000 (for items audited using overall materiality) and £64,100 (for items audited using specific group materiality) (group audit) (2022: £519,000 and £74,500) and £416,000 (company audit) (2022: £411,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on Other Information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Group Strategic Report and Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Group Strategic report and Report of the Directors

In our opinion, based on the work undertaken in the course of the audit, the information given in the Group Strategic Report and Report of the Directors for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Group Strategic Report and Report of the Directors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Corporate Governance Statement

The Listing Rules require us to review the directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit, and, except for the matters reported in the section headed 'Material uncertainty related to going concern', we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the group's and company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the group's and company's prospects, the period this assessment covers and why the period is appropriate, and
- The directors' statement as to whether they have a reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the group and company was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the group and company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the group's and company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit and Management Engagement Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

Responsibilities for the Financial Statements and the Audit

Responsibilities of the Directors for the Financial Statements

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with the Real Estate Investment Trust (REIT) status Part 12 of the Corporation Tax Act 2010 and the UK regulatory principles, such as those governed by the Financial Conduct Authority, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgmental areas of the financial statements such as the valuation of investment properties. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and review of the reports made by management;
- Understanding of management's internal controls designed to prevent and detect irregularities;
- Assessment of matters, if any, reported to the Audit and Management Engagement Committee;
- Reviewing relevant meeting minutes, including those of the Board of Directors and the Audit and Management Engagement Committee;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability over the nature, timing and extent of our testing of expenses;
- Procedures relating to the valuation of investment properties described in the related key audit matter above; and
- identifying and testing journal entries, in particular any journal entries posted with unusual account combinations and words.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent Auditors' Report to the members of Civitas Social Housing PLC Continued

Other Required Reporting

Companies Act 2006 Exception Reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment
Following the recommendation of the Audit and Management Engagement Committee, we were appointed by the members on 31 March 2017 to audit the financial statements for the year ended 17 November 2016 and subsequent financial periods. The period of total uninterrupted engagement is 7 years, covering the years ended 17 November 2016 to 31 March 2023.

Other Matter

In due course, as required by the Financial Conduct Authority Disclosure Guidance and Transparency Rule 4.1.14R, these financial statements will form part of the ESEF-prepared annual financial report filed on the National Storage Mechanism of the Financial Conduct Authority in accordance with the ESEF Regulatory Technical Standard ('ESEF RTS'). This auditors' report provides no assurance over whether the annual financial report will be prepared using the single electronic format specified in the ESEF RTS.

Saira Choudhry

Saira Choudhry (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

28 June 2023

Consolidated and Company Financial Statements

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Revenue			
Rental income	5.0	**54,607**	51,636
Less direct property expenses	5.0	**(1,941)**	(978)
Net rental income		**52,666**	50,658
Directors' remuneration	6.0	**(211)**	(206)
Investment advisory fees	8.0	**(6,217)**	(6,132)
General and administrative expenses	9.0	**(5,393)**	(3,909)
Total expenses		**(11,821)**	(10,247)
Change in fair value of investment properties	15.0	**2,640**	12,269
Operating profit		**43,485**	52,680
Finance income	10.0	**148**	7
Finance expense	11.0	**(15,335)**	(10,508)
Change in fair value of interest rate derivatives	21.0	**(2,826)**	2,675
Profit before tax		**25,472**	44,754
Taxation	12.0	**–**	
Profit and total comprehensive income for the year		**25,472**	44,754
Earnings per share – basic and diluted	13.0	**4.19p**	7.23p

All amounts reported in the Consolidated Statement of Comprehensive Income above arise from continuing operations.

The notes on pages 84 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
As at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Assets			
Non-current assets			
Investment property	15.0	**953,364**	945,237
Other receivables	17.0	**24,783**	23,519
Interest rate derivatives	21.0	**8,129**	2,131
		986,276	970,887
Current assets			
Trade and other receivables	17.0	**11,260**	12,865
Cash and cash equivalents	18.0	**35,588**	53,337
		46,848	66,202
Total assets		**1,033,124**	1,037,089
Liabilities			
Current liabilities			
Trade and other payables	19.0	**(9,300)**	(9,492)
Non-current liabilities			
Bank and loan borrowings	20.0	**(361,915)**	(352,050)
Total liabilities		**(371,215)**	(361,542)
Total net assets		**661,909**	675,547
Equity			
Share capital	22.0	**6,225**	6,225
Share premium reserve	23.0	**292,626**	292,626
Capital reduction reserve	24.0	**317,714**	322,365
Retained earnings	25.0	**45,344**	54,331
Total equity		**661,909**	675,547
Net assets per share – basic and diluted	26.0	**109.16p**	110.30p

These consolidated financial statements on pages 80 to 110 were approved by the Board of Directors of Civitas Social Housing PLC and authorised for issue and signed on its behalf by:

Michael Wrobel

Chairman and Independent Non-Executive Director

28 June 2023

Company No: 10402528

The notes on pages 84 to 110 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 March 2023

	Note	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2021		6,225	292,463	331,140	43,670	673,498
Profit and total comprehensive income for the year			–	–	44,754	44,754
Shares reissued from treasury	23.0	–	163	484	–	647
Shares bought back into treasury	24.0			(9,259)	–	(9,259)
Dividends paid	14.0		–		(34,093)	(34,093)
Balance at 31 March 2022		6,225	292,626	322,365	54,331	675,547
Profit and total comprehensive income for the year		**–**	**–**	**–**	**25,472**	**25,472**
Shares reissued from treasury	23.0	**–**	**–**	**–**	**–**	**–**
Shares bought back into treasury	24.0	**–**	**–**	**(4,651)**	**–**	**(4,651)**
Dividends paid	14.0	**–**	**–**	**–**	**(34,459)**	**(34,459)**
Balance at 31 March 2023		**6,225**	**292,626**	**317,714**	**45,344**	**661,909**

The notes on pages 84 to 110 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Note	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 *Restated £'000
Cash flows from operating activities			
Profit for the year before taxation		**25,472**	44,754
Change in fair value of investment properties		**(2,640)**	(12,269)
- Change in fair value of interest rate derivatives		**2,826**	(2,675)
Rent and incentive straight line adjustments		**436**	397
- Bad debt expense/(credit)	5.0	**429**	(17)
Finance income		**(148)**	(7)
Finance expense		**15,335**	10,608
Increase in lease incentive receivable		**(1,700)**	(2,011)
Decrease/(increase) in trade and other receivables		**1,044**	(236)
(Decrease)/increase in trade and other payables		**(1,725)**	551
Cash generated from operations		**39,329**	39,095
Interest received		**148**	7
Net cash flow generated from operating activities		**39,477**	39,102
Investing activities			
Improvements and purchases of investment properties		**(4,679)**	(27,695)
Acquisition costs		**(211)**	(1,640)
Purchase of subsidiary - including property		**–**	(13,559)
Sale proceeds on sale of subsidiary excluding property		**–**	2,695
Net cash flow used in investing activities		**(4,890)**	(40,199)
Financing activities			
Cost of shares bought into treasury	24.0	**(4,651)**	(9,259)
Proceeds from shares reissued from treasury	24.0	**–**	919
Dividends paid to equity shareholders		**(34,576)**	(33,928)
Interest rate derivative premium paid	21.0	**(8,841)**	
Proceeds from the disposal of interest rate derivatives	21.0	**17**	
Bank borrowings advanced	20.0	**70,875**	-
Bank borrowings repaid	20.0	**(60,000)**	
Bank borrowing issue costs paid		**(3,148)**	(1,805)
Interest and security fees paid on bank borrowings and derivatives		**(12,012)**	(8,590)
Net cash flow used in financing activities		**(52,336)**	(52,663)
Net decrease in cash and cash equivalents		**(17,749)**	(53,760)
Cash and cash equivalents at the start of the year	18.0	**53,337**	107,097
Cash and cash equivalents at the end of the year	18.0	**35,588**	53,337

* Cash and cash equivalents and monies held in restricted accounts and deposits have been restated as at 31 March 2022 following clarification by IFRIC on classification of funds with externally imposed restrictions. Please refer to details in note 2.4

The notes on pages 84 to 110 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 March 2023

Civitas Social Housing PLC (the "Company") was incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares on 29 September 2016 with company number 10402528 under the name Civitas REIT PLC, which was subsequently changed to the existing name on 3 October 2016.

The address of the registered office is 6th Floor, 65 Gresham Street, London EC2V 7NQ. The Company is registered as an investment company under section 833 of the Companies Act 2006 in England and Wales and is domiciled in the United Kingdom.

The Company did not begin trading until 18 November 2016 when the shares were admitted to trading on the London Stock Exchange ("LSE").

The Company's Ordinary shares are admitted to the Official List of the Financial Conduct Authority ("FCA") and traded on the LSE.

The principal activity of the Company and its subsidiaries (the "Group") is to provide shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes.

The financial statements have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Group's consolidated financial statements have been prepared on a historical cost basis, as modified for the Group's investment properties and derivative financial instruments at fair value through profit or loss.

The financial information is presented in Pounds Sterling which is also the functional currency of the Group, and all values are rounded to the nearest thousand pounds (£'000s), except where otherwise indicated.

The Group benefits from a secure income stream from long leases with the Approved Providers. The Group's cash balances as at 31 March 2023 were £35,588,000, of which £2,949,000 was held as restricted cash. Details of this can be found in note 18.0.

The Company and its Investment Adviser, Civitas Investment Management Limited ("CIM") continue to work closely with the Company's 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 believes that the Company 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.

On 17 November 2022, an extension was granted for the facility with HSBC Bank plc, which now expires on 28 November 2025.

On 13 February 2023, the Company closed a new five year term debt facility of £70,875,000 with Deutsche Bank AG. The facility has been deployed to redeem the Company's revolving credit facility with Lloyds Bank plc of £60,000,000 as well as providing additional liquidity. As a result, now all debt facilities have fixed or capped rates.

On 1 December 2022, the Company signed a facility with an institutional lender. Subsequent to this, on 21 June 2023, the Company received credit approved terms for an additional £61.0 million fixed facility based on a 3-year SONIA rate at the date of draw down +195bps margin with a maturity date of 3 August 2026. The eventual drawdown on the facility is subject to certain standard closing conditions.

Cash flow forecasts based on severe but plausible downside scenarios have been run, in particular the financial performance of tenants and a reduction in contracted rent. As at 31 March 2023, the rent would have to drop by approximately 10% before any of its loan covenants are breached. At the date of approval of this report, the Company has sufficient headroom within its financial loan covenants. The Company also benefits from a secure income stream from leases with long weighted average unexpired term leases. As a result, the Directors believe that the Group is well placed to manage its financing and other business risks and that the Group will remain viable, continuing to operate and meet its liabilities as they fall due.

The Company's articles of association include a requirement for the Board to propose an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering of the Company for the Company to continue in its current form (the Continuation Resolution). This vote was passed in September 2022 so the Company will continue its business as presently constituted and will propose the same resolution at the AGM in September 2027 and every fifth annual general meeting thereafter.

Notes to the Consolidated Financial Statements Continued

On 9 May 2023, an announcement was made to the market for an all-cash offer of Civitas Social Housing PLC (CSH) from Wellness Unity Limited, a wholly owned indirect subsidiary of CK Assets Holdings Limited (CKA). The offer became unconditional on 23 June 2023. The Group's existing committed debt facilities contain a standard change of control clause which has now been triggered due to the offer becoming unconditional. This could result in the existing committed debt facilities being withdrawn. Furthermore, the Directors do not have visibility of the post completion funding for the Group and Company at this time. 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. However, the conditions outlined above indicate a material uncertainty which may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The Independent Auditors' Report included within the Annual Report and Accounts for the year ended 31 March 2023 also highlights this material uncertainty. Therefore, notwithstanding the material uncertainty arising from the offer from CKA, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

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

- **IFRIC Agenda Item:** Following clarification by IFRIC on the classification of monies held in restricted accounts, monies that are restricted by use only are classified at 31 March 2023 as 'Cash and cash equivalents'. As detailed in note 2.4, the comparative balances have been restated where applicable to reflect this change in classification.
- **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.
- **Amendments to IFRS 3 'Business Combinations'** (effective for periods beginning on or after 1 January 2022) – gives clarification on the recognition of contingent liabilities at acquisition and clarifies that contingent assets should not be recognised at the acquisition date. The amendments have not had a significant impact on the preparation of the financial statements.
- **Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'** (effective for periods beginning on or after 1 January 2022) – gives clarification on costs to include in estimating the cost of fulfilling a contract for the purpose of assessing whether that contract is onerous. The amendments have not had a significant impact on the preparation of the financial statements.
- **Amendments to IFRS 9 'Financial Instruments'** (effective for periods beginning on or after 1 January 2022) – gives clarification on the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original liability. The amendments have not had a significant impact on the preparation of the financial statements.

In March 2022, the IFRS Interpretations Committee ('IFRIC') finalised a decision on the classification of monies held in restricted accounts, such that monies that are restricted by use only, are classified at 31 March 2023 as 'Cash and cash equivalents'.

The Group holds restricted cash for tenant deposits and retention monies in relation to deferred payments subject to achievement of certain conditions, other retentions and cash segregated to fund repair, maintenance and improvement works to bring the properties up to satisfactory standards for the Group and the tenants.

As a result of the IFRIC decision, the Group has revisited its policy and includes these monies within the classification 'cash and cash equivalents'. The adjustment has no impact on the classification of the net assets of the Group on the Statement of Financial Position, however the movements on these balances are now reported in the Statement of Cashflows and comparative figures have been restated.

Comparative figures for 'cash and cash equivalents' have increased by £4,362,000 (31 March 2021: £3,278,000). This has resulted in an increase to the comparative figure for cash generated from operations by £1,613,000 concerning movements on deposit balances and an increase to the net cash flow used in investing activities of £529,000 concerning movements on retention monies.

The Group has not presented revised balance sheets as at 1 April 2021 within the financial statements, in accordance with IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The following table shows the impact of these adjustments in the prior year:

	31 March 2022 £'000	Restatement £'000	31 March 2022 Restated £'000
Group cash flow statement (extract)			
Net cash flow generated from operating activities	37,489	1,613	39,102
Net cash flow used in investing activities	(39,670)	(529)	(40,199)
Cash and cash equivalents at the start of the year	103,819	3,278	107,097
Cash and cash equivalents at the end of the year	48,975	4,362	53,337
Net decrease in cash and cash equivalents	(54,844)	1,084	(53,760)

The following are new standards, interpretations and amendments, which are not yet effective and have not been early adopted in this financial information, that will or may have an effect on the Group's future financial statements:

- **Amendments to IAS 12 'Income Taxes'** (effective for periods beginning on or after 1 January 2023) - clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are not expected to have a significant impact on the preparation of the financial statements.
- **Amendments to IAS 1 'Presentation of Financial Statements'** (effective for periods beginning on or after 1 January 2023) - are intended to help entities in deciding which accounting policies to disclose in their financial statements. The amendments are not expected to have a significant impact on the preparation of the financial statements.
- **Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'** (effective for periods beginning on or after 1 January 2023) - introduce the definition of an accounting estimate and include other amendments to help entities distinguish changes in accounting estimates from changes in accounting policies. The amendments are not expected to have a significant impact on the preparation of the financial statements.
- **Amendments to IAS 1 'Presentation of Financial Statements'** (effective for periods beginning on or after 1 January 2024) - clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of or actual events after the reporting date. The amendments also give clarification to the definition of settlement of a liability. The amendments are not expected to have a significant impact on the preparation of the financial statements.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker, which in the Group's case is delegated to the Investment Adviser who has formed an Executive Team, in order to allocate resources to the segments and to assess their performance.

The internal financial reports received by the Investment Advisor's Executive Team contain financial information at a Group level as a whole and there are no reconciling items between the results contained in these reports and the amounts reported in the consolidated financial statements.

The Directors consider the Group's property portfolio represents a coherent and diversified portfolio with similar economic characteristics and, as a result, the whole portfolio of properties represents a single operating segment. In the view of the Directors there is accordingly one reportable segment under the provisions of IFRS 8.

All of the Group's properties are based in the UK. Geographical information is provided to ensure compliance with the diversification requirements of the Company, other than this no geographical grouping is contained in any of the internal financial reports provided to the Investment Adviser's Executive Team and, therefore, no geographical segmental analysis is required by IFRS 8.

The Directors note the requirements in IFRS 8 Paragraph 34 pertaining to entities under common control and confirm that both Auckland Home Solutions and Qualitas Housing (as lessees of the Company's investment real estate) are under common control of The Social Housing Family CIC ("TSHF"). The percentage and sum total of the Company's annual contracted rent roll pertaining to these counterparties as if they were considered to be a single customer can be found in note 28.0 and on page 9 of the Annual Report.

Notes to the Consolidated Financial Statements Continued

In the application of the Group's accounting policies, which are described in note 4.0, 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 judgements, estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are outlined below.

The Group uses the valuation carried out by its independent valuer 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 15.0.

The Group's properties have been independently valued by Jones Lang LaSalle Limited ("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 a 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.

With respect to the Group's consolidated financial statements, investment properties are valued at their fair value at each balance sheet date in accordance with IFRS 13. Fair value measurements should be presented and classified using a fair value hierarchy that reflects the significance of the inputs used in the measurements, according to the following levels:

Level 1	Unadjusted, quoted prices for identical assets and liabilities in active (typically quoted) markets.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (unobservable inputs). Value is the Directors' best estimate, based on advice from relevant knowledgeable experts, use of recognised valuation techniques and a determination of which assumptions should be applied in valuing such assets and with particular focus on the specific attributes of the investments themselves.

Given the bespoke nature of each of the Group's investments, the particular requirements of due diligence and financial contribution obtained from the vendors together with the recent emergence of SSH, all of the Group's investment properties are included in Level 3.

The fair value of Group's interest rate derivatives is recorded in the Group Statement of Financial Position and is determined by the respective counterparties. The counterparties use a number of assumptions in determining the fair values, including estimations over future interest rates and future cash flows using observable yield curves.

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

There were no corporate acquisitions made in the year.

During the previous year, the Group entered into a transaction to acquire the freehold properties operated by CPI Care Limited. Upon the acquisition of the company, the properties were transferred into other group companies and the company acquired, along with its associated operations, was sold to Envivo Corundum Bidco Limited. Further details are shown in note 16.0 to the financial statements.

The acquired companies met the definition of a business under IFRS 3, and the transaction was therefore recorded as a business combination.

Because the Group acquired the company with the intent to sell the business, management applied the short-cut method under IFRS 5. Subsidiaries acquired with a view to resale. Under this method, the subsidiary is recorded at fair value less costs to sell, and there is no requirement to fair value the subsidiary's individual assets and liabilities.

Notes to the Consolidated Financial Statements Continued

The Group has acquired investment properties that are subject to commercial property leases with Approved Providers. The Group 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.

Civitas Social Housing PLC is a Real Estate Investment Trust (REIT). The 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 Group's property income must be distributed as dividends to shareholders and the Group must ensure that the property rental business represents more than 75% of total profits and assets.

Following the completion of the offer, there is a level of uncertainty that the Group will remain in the REIT regime.

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

The consolidated financial statements comprise the financial information of the Group as at the year end date.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The financial information of the subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

If an equity interest in a subsidiary is transferred but a controlling interest continues to be held after the transfer then the change in ownership interest is accounted for as an equity transaction.

Accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

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 Consolidated 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. Overheads and operating expenses are not capitalised.

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 3.1.

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 3.4.

Properties leased out under operating leases are included in investment property in the Consolidated 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.

Notes to the Consolidated Financial Statements Continued

The Group 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.

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non current assets.

Trade receivables are recognised initially at fair value and subsequently are measured at amortised cost using the effective interest method, less impairment provision. The Group holds the trade receivables with the objective to collect the contractual cash flows.

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

For trade receivables, the Group 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 lease income 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.

Based on the assessment and the specific work that is underway around collection of aged arrears, a provision of £459,000 (2022: £239,000) has been reflected in the annual results.

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.

Cash and cash equivalents include cash in hand, cash held by lawyers and liquidity funds with a term of no more than three months that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

Restricted cash represents amounts held for specific commitments, tenant deposits and retention money held by lawyers in relation to deferred payments subject to achievement of certain conditions, other retentions and cash segregated to fund repair, maintenance and improvement works to bring the properties up to satisfactory standards for the Group and the tenants.

Derivative financial instruments, which comprise interest rate caps and swaps for hedging purposes, are initially recognised at fair value at acquisition and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to sell or transfer the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the lender and its counterparties. The instrument may be an asset or a liability. The gain or loss at each fair value remeasurement date is recognised in the Group's Consolidated Statement of Comprehensive Income.

Derivative financial instruments are derecognised when the rights to receive cash flows from the agreement have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership. The difference between the carrying amount and consideration received is recognised as a gain or loss in the Group's Consolidated Statement of Comprehensive Income.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole.

Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Notes to the Consolidated Financial Statements Continued

The Group 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 Group 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.

Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. 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.

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

Borrowings are removed from the consolidated 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.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income except to the extent that it relates to items recognised as a direct movement in equity, in which case it is recognised as a direct movement in equity. Current tax is 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.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital assets comprise the following:

	31 March 2023 £'000	31 March 2022 £'000
Proceeds from the issue of Ordinary shares and retained earnings	**661,909**	675,547
Bank and loan borrowings	**361,915**	352,050
Total	**1,023,824**	1,027,597

Notes to the Consolidated Financial Statements Continued

The Directors may use gearing to enhance equity returns. The level of borrowing will be on a prudent basis for the asset class and will seek to achieve a low cost of funds, whilst maintaining the flexibility in the underlying security requirements and the structure of the Group.

The Group may, following a decision of the Board, raise debt from banks and/or the capital markets and the aggregate borrowings of the Group will always be subject to an absolute maximum, calculated at the time of drawdown, of below 40% of the Gross Asset Value on a fully invested basis.

[illegible]

Dividends are included in the financial statements in the year in which they are paid.

[illegible]

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).

Insurance recharges and other similar receipts are recognised under IFRS 15 'Revenue from contracts with customers', and are included in net rental and property income gross of the related costs as the Directors consider the Group acts as principal in this respect.

[illegible]

Finance income is recognised as interest and is accrued on cash and cash equivalent balances held by the Group.

[illegible]

Finance costs consist of interest and other costs that the Group incurs in connection with loans and other borrowings. Bank interest and bank charges are recognised on an accruals basis. Borrowing transaction costs are amortised using the effective interest rate.

[illegible]

All expenses, including Investment Advisory fees, are recognised in the Consolidated Statement of Comprehensive Income on an accruals basis.

[illegible]

The costs of issuing or reacquiring equity instruments (other than in a business combination) are accounted for as a deduction from equity.

[illegible]

Exceptional items relate to amounts which do not normally occur in the normal course of business.

Exceptional professional costs for two major projects have been disclosed separately. These relate to costs associated with the offer for the purchase of the entire share capital of the Company by a subsidiary of CK Asset Holdings Limited (CKA) and costs associated with a planned bond issue which was postponed.

[illegible]

The costs, including directly attributable transactions costs, of purchasing the Company's own shares to be held in treasury are deducted from equity and the costs are shown in the Consolidated Statement of Changes in Equity. Consideration received, net of transaction costs, for the resale of these shares is also included in equity. Whilst the Company holds shares in treasury, the calculations for net asset value and earnings per share are adjusted to exclude these shares.

Notes to the Consolidated Financial Statements Continued

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Rental income from investment property	**53,531**	51,038
Rent straight line adjustments	**586**	529
Lease incentive amortisation	**(1,022)**	(926)
Rechargeable costs received	**1,512**	995
Rental income	**54,607**	51,636
Less direct property expenses		
Insurance and service charge costs	**(1,512)**	(995)
Bad debt	**(429)**	17
Direct property expenses	**(1,941)**	(978)
Net rental income	**52,666**	50,658

Rechargeable costs received represent insurance and service charge costs paid by the Group and recharged to the Approved Providers and are accounted for under IFRS 15 'Revenue from contracts with customers'.

As per the lease agreements with the Group and Approved Providers, the Approved Providers are responsible for the settlement of all present and future rates, taxes and other impositions payable in respect of the property. As a result, no further direct property expenses were incurred.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Directors' fees	**194**	190
Employer's National Insurance Contributions	**17**	16
Total	**211**	206

The Directors are remunerated for their services in accordance with the Remuneration Policy which sets parameters within which Directors' remuneration may be set. The Remuneration Policy is approved by shareholders.

Disclosures required by the Companies Act 2006 on Directors' remuneration, including salaries, share options, pension contributions and pension entitlement and those specified by the Listing Rules of the Financial Conduct Authority are included on pages 64 to 67 in the Remuneration Report and form part of these Financial Statements.

The Group had no employees during the year (2022: nil) other than the Directors.

Notes to the Consolidated Financial Statements Continued

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Advisory fee	**6,206**	6,132
Disbursements	**11**	
Total	**6,217**	6,132

Civitas Investment Management Limited ("CIM") is the appointed Investment Adviser of the Company. Under the current Investment Management Agreement, the Advisory Fee shall be an amount calculated in respect of each quarter, in each case based upon the Net Asset Value most recently announced to the market at the relevant time (as adjusted for issues or repurchases of shares in the period between the date of such announcement and the date of the relevant calculation), on the following basis:

a) on that part of the Net Asset Value up to and including £250,000,000, an amount equal to 1% of such part of the Net Asset Value;

b) on that part of the Net Asset Value over £250,000,000 and up to and including £500,000,000, an amount equal to 0.9% of such part of the Net Asset Value;

c) on that part of the Net Asset Value over £500,000,000 and up to and including £1,000,000,000, an amount equal to 0.8% of such part of the Net Asset Value;

d) on that part of the Net Asset Value over £1,000,000,000, an amount equal to 0.7% of such part of the Net Asset Value.

The appointment of the Investment Adviser shall continue in force unless and until terminated by either party giving to the other not less than 12 months' written notice, such notice not to expire earlier than 30 May 2025.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Legal and professional fees	**1,250**	1,459
Exceptional professional costs	**1,816**	-
Administration fees	**1,044**	1,037
Consultancy fees	**143**	136
Audit fees	**441**	340
Abortive costs	**48**	196
Valuation fees	**96**	100
Depositary fees	**71**	71
Grants and donations	**65**	25
Insurance	**97**	84
Marketing	**225**	343
Regulatory fees	**21**	25
Sundry expenses	**76**	92
Total	**5,393**	3,909

Abortive costs represent legal and professional fees incurred in relation to the acquisition of investment properties and proposed share issues that were considered but subsequently aborted.

General and administrative expenses for the current year contain exceptional professional costs of £1,816,000 (2022: £Nil). These costs pertain to two strategic projects the Company has been evaluating and comprise of £1,294,000 (2022: £nil) associated with the offer for the purchase of the entire share capital of the Company by a subsidiary of CK Asset Holdings Limited (CKA) and £522,000 (2022: £Nil) associated with a planned bond issue which was postponed.

Notes to the Consolidated Financial Statements
Continued

The Group has obtained the following services from the Group's auditors and their associates:

	For the year ended 31 March 2023 £'000	For the year ended *31 March 2022* £'000
Fees payable to the Group's auditors and their associates for auditing financial statements:		
Audit of the Group's financial statements[1]	**358**	296
Total fees payable for audit services	**358**	296
Fees payable to the Group's auditors and their associates for other services:		
Audit related services – review of the half year financial statements	**83**	44
Other services[2]	**–**	62
Total fees payable to the Group's auditors and their associates	**441**	402

1 Includes £64,000 (2022: £18,000) cost in relation to the previous year audit
2 *This amount was recognised within exceptional legal and professional costs in the year ended 31 March 2022*

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Interest and dividends received on liquidity funds	**148**	4
Bank interest received	**–**	3
Total	**148**	7

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Bank charges	**8**	6
Interest paid and payable on bank borrowings and derivatives	**12,151**	8,907
Amortisation of loan issue costs	**1,869**	1,653
Costs of early repayment of debt	**1,271**	-
Loan security fees	**36**	42
Total	**15,335**	10,608

During the year the Lloyds Bank plc £60,000,000 revolving credit facility was repaid. Costs of early repayment of debt include break costs and the write off of the remaining unamortised loan issue costs.

As a UK REIT, the Group is exempt from corporation tax on the profits and gains from its property investment business, provided it meets certain conditions as set out in the UK REIT regulations. For the current year ended 31 March 2023, the Group did not have any non-qualifying profits and accordingly there is no tax charge in the year. If there were any non-qualifying profits and gains, these would be subject to corporation tax.

Deferred tax has not been recognised on temporary differences relating to the property rental business. No deferred tax asset has been recognised in respect of the unutilised residual current year losses as it is not anticipated that sufficient residual profits will be generated in the future. In the event that Civitas' property portfolio was to be sold at valuation, any gains realised on such disposals may be subject to taxation in the UK. Generally, disposals by a REIT of assets held for the purpose of a property rental business should be exempt from UK corporation tax. The Directors do not believe that any properties within the Civitas property portfolio meet the conditions for assets held as part of the property rental business being subject to corporation tax on disposal. Accordingly, if the Civitas property portfolio was to be sold at valuation, the Directors estimate that no corporation tax liability would arise on that sale.

Following the completion of the offer, there is a level of uncertainty that the Group will remain in the REIT regime.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Corporation tax charge for the year	–	–
Total	**–**	–

The tax charge for the year is less than the standard rate of corporation tax in the UK of 19%. The differences are explained below.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Group		
Profit before taxation	**25,472**	44,754
UK corporation tax rate	**19%**	19%
Theoretical tax at UK corporation tax rate	**4,840**	8,503
Effects of:		
Change in value of exempt investment properties	**(502)**	(2,331)
Exempt REIT income	**(6,019)**	(6,598)
Amounts not deductible for tax purposes	**1,081**	(230)
Unutilised residual current year tax losses	**600**	656
Total	**–**	–

A deferred tax asset of £2,877,000 (2022: £1,268,000), calculated using the forthcoming tax rate of 25%, has not been recognised in respect of the unutilised residual current year losses as it is not anticipated that sufficient residual profits will be generated in the future.

The standard rate of corporation tax is currently 19%. The standard rate of corporation tax increased to 25% with effect from 1 April 2023.

REIT exempt income includes property rental income that is exempt from UK Corporation Tax in accordance with Part 12 of Corporation Tax Act 2010.

Earnings per share ("EPS") amounts are calculated by dividing profit for the year attributable to Ordinary equity holders of the Company by the weighted average number of Ordinary shares in issue during the year.

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

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Calculation of earnings per share		
Net profit attributable to Ordinary shareholders (£'000)	**25,472**	44,754
Weighted average number of Ordinary shares (excluding shares held in treasury)	**608,552,681**	618,797,942
Earnings per share – basic and diluted	**4.19p**	7.23p

Notes to the Consolidated Financial Statements Continued

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Dividend of 1.3875p for the 3 months to 31 March 2022 (1.3500p 3 months to 31 March 2021)	**8,474**	8,403
Dividend of 1.4250p for the 3 months to 30 June 2022 (1.3875p 3 months to 30 June 2021)	**8,703**	8,637
Dividend of 1.4250p for the 3 months to 30 September 2022 (1.3875p 3 months to 30 September 2021)	**8,641**	8,555
Dividend of 1.4250p for the 3 months to 31 December 2022 (1.3875p 3 months to 31 December 2021)	**8,641**	8,498
Total	**34,459**	34,093

On 9 May 2023, the Company announced a dividend of 1.425 pence per share in respect of the period 1 January 2023 to 31 March 2023 totalling £8,641,000. The dividend payment was made on 9 June 2023 to shareholders on the register as at 19 May 2023. The financial statements do not reflect this dividend. The dividend was paid as a REIT property income distribution ("PID").

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Balance at beginning of year	**968,756**	915,589
Property acquisitions	**543**	33,466
Improvements to investment properties	**4,944**	5,818
Lease incentives and rent straight line adjustments recognised	**1,264**	1,614
Change in fair value	**2,640**	12,269
Value advised by the property valuers	**978,147**	968,756
Less lease incentive assets and rent straight line assets	**(24,783)**	(23,519)
Total	**953,364**	945,237

Improvements to investment properties includes capital expenditure incurred of £128,000 (2022: £12,000) in respect of climate change initiatives.

During the previous year, the Group acquired a property holding company from Herleva Properties Limited which held assets totalling £8,611,000. These are included within Property Acquisitions in the note above. Herleva Properties Limited is a subsidiary of Specialist Healthcare Operations Limited ("SHO"). Andrew Dawber and Tom Pridmore (both directors of the Investment Adviser) are 14.99% shareholders in SHO. They are not directors of SHO, and have no operational role in that business. SHO does not meet the definition of a related party under IAS 24.

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 valued the Civitas Social Housing PLC property portfolio on the basis of each individual property and the theoretical sale of the properties without the benefit of any corporate wrapper at £978,147,000 as at 31 March 2023 (2022: £968,756,000).

JLL has provided valuation services to the Company with regards to the properties during the year. JLL has provided additional valuation services on the acquisition of investment property by the Company during the year. The Directors have ensured that JLL has appropriate procedures in place to ensure there are no independence conflicts with the services provided to the Company. In relation to the year ended 31 March 2023, the proportion of the total fees payable by the Company 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.

With the exception of the acquisition detailed in note 16.0, all corporate acquisitions during the year and the comparative year have been treated as asset purchases rather than business combinations because following review of the IFRS 3 concentration test, they are considered to be acquisitions of properties rather than businesses (note 3.3).

The following table provides the fair value measurement hierarchy for investment property:

	Total £'000	Quoted prices in active markets (Level 1) £'000	Significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000
Investment properties measured at fair value:				
31 March 2023	**953,364**	**–**	**–**	**953,364**
31 March 2022	945,237	–	–	945,237

There have been no transfers between Level 1 and Level 2 during any of the years, nor have there been any transfers between Level 2 and Level 3 during any of the years.

The valuations have been prepared in accordance with the RICS Valuation – Professional Standards (incorporating the International Valuation Standards) by JLL, one of the leading professional firms engaged in the social housing sector.

As noted previously all of the Group's investments are reported as Level 3 in accordance with IFRS 13 where inputs are not based on observable market data and the value is based upon advice from relevant knowledgeable experts.

In this instance, the determination of the fair value of investment property requires an examination of the specific merits of each property that are in turn considered pertinent to the valuation.

These include:

i) the regulated social housing sector and demand for the facilities offered by each SSH property owned by the Group;

ii) the particular structure of the Group's transactions where vendors, at their own expense, meet the majority of the refurbishment costs of each property and certain purchase costs;

iii) detailed financial analysis with discount rates supporting the carrying value of each property;

iv) a full repairing and insuring lease with annual indexation based on CPI or CPI+1%.

The following descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price).

The valuation methodology used by the valuers follows the income approach. This approach considers the rental income currently payable, the next uplift due on that income on review, the likelihood of a continuation of that rental income – with growth in accordance with the leases – over the remaining terms; and then a long-term reversion which considers the likely ability of the properties to continue to generate rent through supported housing occupation, as distinct from a reversion to vacant possession value.

Risks are involved in both assessing the value of the indexed rental income over the remaining terms of the leases and in also predicting that income will continue beyond the end of the existing leases. This is a balanced judgement, which can properly be reflected in the exit yield applied to the final year's income and in the overall return to a purchaser.

Appropriate taxation calculations are adopted for every property based on its value and on the assumption of the sale of the property assets directly as opposed to shares of a subsidiary company holding the property and have considered the individual characteristics of the properties.

There are two main unobservable inputs that determine the fair value of the Group's investment property:

i) The rate of 2% per annum has been used for CPI over the term of the subject properties' leases in line with the Bank of England's long-term inflation targets for CPI. It should be noted that all leases benefit from either CPI or CPI+1 indexation.

ii) The discount rate applied to the rental flows.

Key factors in determining the discount rates applied include the regulated social housing sector and demand for each SSH property owned by the Group, costs of acquisition and refurbishment of each property, the anticipated future underlying cash flows for each property, benchmarking of each underlying rent for each property (passing rent), impact of climate change, and the fact that all of the properties within the Group's portfolio have the benefit of full repairing and insuring leases entered into by an Approved Provider.

As at the balance sheet date, the lease lengths within the Group's portfolio ranged from an effective 14 years to 35 years (2022: 15 years to 36 years) with a weighted average unexpired lease term of 21.5 years (2022: 22.1). The greater the length of the lease, then, all other metrics being equal, the greater the value of the property.

As set out within significant accounting estimates at 3.1 above, the Group's property investment valuation is open to inherent uncertainties in the inputs that determine fair value. Management has re-considered the sensitivity ranges and widened them for the current year as a result of macroeconomic uncertainty. As a result, the following sensitivity analysis has been prepared.

The average discount rate used by the valuer in the Group's property Portfolio Valuation is 6.38% (2022: 5.5%). In setting the discount rates adopted in the valuation, the valuers have considered market standard and anticipated returns to set a benchmark for the portfolio as a whole. They have then considered the various characteristics of the individual properties in order to adjust those rates for each property. JLL will keep yields, and therefore discount rates, under regular review.

The range of discount rates used by the valuer in the Group's property Portfolio Valuation is from 4.6% to 11.7% (2022: 4.6% to 11.5%). In assessing the range of discounts, the valuer considers the likely net initial yield which would be sought by the investment market and builds additional discounts to reflect added risk into the discount rate of the term and, in some cases, the discount rate for the reversion. For example, where larger rental growth is allowed during the lease, an additional discount is built into the reversion because of the greater risk of a fall in the rent at the end of the lease.

Similarly additional discounts are considered where properties are in the process of being re-purposed and premiums are considered where residential care assets are funded by back-to-back leases with care providers.

The table below illustrates the change to the value of investment properties if the discount rate and CPI used for the portfolio valuation calculations are changed:

	-1.0% in discount rate £'000	+1.0% in discount rate £'000	+0.5% in CPI £'000	-0.5% in CPI £'000
Increase/(decrease) in the IFRS fair value of investment properties at:				
31 March 2023	**71,929**	**(62,507)**	**56,676**	**(52,583)**
31 March 2022	73,955	(64,020)	58,150	(53,815)

	31 March 2023 £'000	31 March 2022 £'000
Acquisition of subsidiary companies (including intercompany loan)	–	13,559
Acquisition costs	–	755
Transfer to investment property	–	(11,629)
Sale proceeds	–	(2,695)
Total	**–**	

During the previous year the Group entered into a transaction to acquire the freehold properties operated by CPI Care Limited. Upon the acquisition of the companies for £13,559,000 plus transaction costs, the properties were transferred into other group companies and the company acquired, along with its associated operations, was sold to Envivo Corundum Bidco Limited for £2,695,000. Envivo Corundum Bidco Limited is a subsidiary of Specialist Healthcare Operations Limited ("SHO"). Andrew Dawber and Tom Pridmore (both directors of the Investment Adviser), are 14.99% shareholders in SHO. They are not directors of SHO, and have no operational role. SHO does not meet the definition of a related party under IAS 24.

Notes to the Consolidated Financial Statements Continued

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due in less than one year		
Trade receivables	**6,676**	4,960
Less provision for impairment of trade receivables	**(459)**	(239)
Accrued income	**3,313**	4,982
Prepayments and other receivables	**1,730**	3,162
Total	**11,260**	12,865

Prepayments and other receivable amounts include prepaid legal and professional fees of £Nil (2022: £34,000) that have been incurred in connection with acquisitions yet to be completed and £286,000 (2022: £1,046,000) in respect of ongoing works on the property portfolio.

Accrued income relates mainly to rent accrued for the year but not yet demanded.

	31 March 2023 £'000	31 March 2022 £'000
Amounts falling due after more than one year		
Straight line adjustments	**2,639**	2,053
Lease incentives	**22,144**	21,466
Total	**24,783**	23,519

The aged analysis of trade receivables was as follows:

	31 March 2023 £'000	31 March 2022 £'000
Debtors past due		
Current	**2,518**	1,777
< 30 days	**862**	355
30-60 days	**275**	105
> 60 days	**3,021**	2,723
	6,676	4,960
Debtors past due		
Less provision for impairment	**(459)**	(239)
Total	**6,217**	4,721

The Directors consider the fair value of receivables equals their carrying amount.

Other categories within trade and other receivables do not include impaired assets.

The provision for impairment movement was as follows:

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Balance at beginning of year	**239**	256
Impairment provision made	**306**	109
Amount recovered	**(67)**	(126)
Amounts written off	**(19)**	–
Balance at end of year	**459**	239

Notes to the Consolidated Financial Statements Continued

	31 March 2023 £'000	31 March 2022 £'000
Cash held by solicitors	**64**	376
Liquidity funds	**15,636**	10,489
Cash held at bank	**16,939**	38,110
Unrestricted cash and cash equivalents	**32,639**	48,975
Restricted cash	**2,949**	4,362
Total	**35,588**	53,337

Liquidity funds refer to money placed in money market funds. These are highly liquid funds with accessibility within 24 hours and subject to insignificant risk of changes in value.

Cash held by solicitors is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted cash represents amounts held for specific commitments, tenant deposits and retention money held in relation to deferred payments subject to achievement of certain conditions, other retentions and cash segregated to fund repair, maintenance and improvement works to bring the properties up to satisfactory standards for the Group and the tenants.

	31 March 2023 £'000	31 March 2022 (Restated*) £'000
Deferred income	**761**	860
Acquisition costs accrued	**600**	960
Finance costs	**3,688**	1,840
Dividend withholding tax payable	**940**	1,057
Accruals and other creditors	**773**	2,202
Tenant deposits	**2,538**	2,573
Total	**9,300**	9,492

Acquisition costs accrued also include monies retained at the point of acquisition to be paid at a later date totalling £383,000 (2022: £262,000).

* Comparatives have been restated to correct the analysis of £1,896,000 of tenant deposits which had previously been included in acquisition costs accrued.

Bank borrowings are secured by charges over individual investment properties held by certain asset-holding subsidiaries. The banks also hold charges over the shares of certain subsidiaries and any intermediary holding companies of those subsidiaries. Any associated fees in arranging the bank borrowings unamortised as at the year end are offset against amounts drawn on the facilities as shown in the table below:

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Bank borrowings drawn at start of year	**357,050**	357,050
Bank borrowings advanced	**70,875**	
Bank borrowings repaid	**(60,000)**	-
Bank borrowings drawn at end of year	**367,925**	357,050
Unamortised costs at start of year	**(5,000)**	(4,930)
Less: loan issue costs incurred	**(3,544)**	(1,723)
Add: Loan issue costs amortised upon repayment of bank loan	**665**	-
Add: loan issue costs amortisation	**1,869**	1,653
Unamortised costs at end of year	**(6,010)**	(5,000)
At end of year	**361,915**	352,050

Notes to the Consolidated Financial Statements Continued

	Loan Balance[1] 31 March 2023 £'000	Loan Balance[1] 31 March 2022 £'000	Loan Principal 31 March 2023 £'000	Loan Principal 31 March 2022 £'000
Maturity of bank borrowings				
Repayable within 1 year	–	–	–	
Repayable between 1 to 2 years	**59,600**	158,746	**60,000**	160,000
Repayable between 2 to 5 years	**302,315**	59,365	**307,925**	60,000
Repayable after 5 years	–	133,939	–	137,050
Total	**361,915**	352,050	**367,925**	357,050

1 Loan balance net of unamortised costs

The Group has been party to the following loan facility agreements in the year:

	Facility	Loan Principal £'000	Expiry Date	Interest rate
Summary of Borrowings				
Scottish Widows Limited 10-year facility	Term loan	52,500	02/11/2027	2.9936% fixed
Lloyds Bank plc	Revolving credit facility		-	SONIA + 1.67%[1]
Deutsche Bank AG	Loan Notes	70,875	03/02/2028	5.69% fixed
HSBC Bank plc	Revolving credit facility	100,000	28/11/2025	SONIA + 2.15%[1]
National Westminster Bank Plc 5-year facility	Revolving credit facility	60,000	14/08/2024	SONIA + 2.00%[2]
M&G Investment Management Limited 7-year facility	Term loan	84,550	24/02/2028	3.137% fixed
		367,925		

Borrowings are secured on investment properties to the value:

	31 March 2023 £'000	31 March 2022 £'000
Scottish Widows Limited 10-year facility principal £52,500,000	**173,510**	173,777
Deutsche Bank AG Loan Notes principal £70,875,000	**168,610**	–
HSBC Bank plc facility principal £100,000,000	**231,116**	222,745
National Westminster Bank Plc 5-year facility principal £60,000,000	**137,827**	135,330
M&G Investment Management Limited 7-year facility principal £84,550,000	**230,279**	230,487

At 31 March 2023, the Group is in compliance with all covenants.

The covenants in place under the five agreements are summarised in the table below:

	Historical and projected interest cover	Loan to Value Ratio
Loan:		
Scottish Widows Limited 10-year facility	At least 325%	Must not exceed 40%
Deutsche Bank AG Loan Notes	At least 175%	Must not exceed 50%
HSBC Bank plc facility	At least 250%	Must not exceed 50%
National Westminster Bank Plc 5-year facility	At least 250%	Must not exceed 50%
M&G Investment Management Limited 7-year facility	At least 250%	Must not exceed 55%

1 Interest rate caps have been purchased to cap interest costs on this facility as per details in notes 21.0 and 31.3
2 Fixed by way of an interest rate swap as detailed in note 21.0

Notes to the Consolidated Financial Statements Continued

The Group has entered into an interest rate swap with NatWest Markets in order to mitigate the risk of changes in interest rates on its loan with National Westminster Bank Plc under which £60 million is currently drawn. The swap has a notional value of £60,000,000 and fixes interest at 2.60% (including the 2% margin on the bank loan).

During the year, the Group has entered into three new interest rate cap arrangements for a total cost of £8,841,000:

An interest rate cap that capped the £50,000,000 Lloyds Bank plc facility at 3.92% (including the 1.67% margin on the loan facility) for the period from 15 September 2022 to 20 February 2023. This arrangement was sold upon the repayment of the loan with proceeds of £17,000.

An interest rate cap that capped the SONIA interest rate on the £100,000,000 HSBC Bank plc facility at 2.60% for the period from 21 September 2022 to 17 April 2023.

An interest rate cap transaction to mitigate the risk of the SONIA interest rate exceeding 2.45% p.a. on the principal of £100,000,000 HSBC Bank plc facility for the period from 17 April 2023 to 28 November 2025. This instrument covers the remaining term of the revolving credit facility with HSBC Bank plc and its extension to November 2025.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Interest rate derivative assets/(liabilities)		
At start of year	**2,131**	(544)
Interest rate cap premiums paid	**8,841**	
Disposal proceeds	**(17)**	-
Realised loss on disposal	**(187)**	
Change in fair value during the year	**(2,639)**	2,675
At end of year	**8,129**	2,131

The table below shows the fair value measurement hierarchy for interest derivatives:

	Quoted prices in Active Markets (Level 1) £'000	Significant Observable Inputs (Level 2) £'000	Significant Unobservable Inputs (Level 3) £'000
31 March 2023	**–**	**8,129**	**–**
31 March 2022	-	2,131	-

The fair value of Group's interest rate derivatives is recorded in the Group Statement of Financial Position and is determined by the respective counterparties. The counterparties use a number of assumptions in determining the fair values, including estimations over future interest rates and future cash flows using observable yield curves. The fair value represents the net present value of the difference between the cash flows produced by the contracted rate and the valuation rate. This valuation technique falls within Level 2 of the fair value hierarchy as defined by IFRS 13.

There have been no transfers between Level 1 and Level 2 during any of the periods, nor have there been any transfers between Level 2 and Level 3 during any of the periods.

Share capital represents the nominal value of consideration received by the Company for the issue of Ordinary shares.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Share capital		
At beginning and end of year	**6,225**	6,225
Number of shares issued and fully paid Ordinary shares of £0.01 each		
At beginning and end of year	**622,461,380**	622,461,380

During the year, the Company purchased 6,050,000 Ordinary shares to be held in treasury at a cost of £4,651,000 (31 March 2022: 10,025,000 Ordinary shares for £9,259,000).

During the previous year, the Company reissued 565,000 Ordinary shares held in treasury for £647,000. The cost of purchasing these shares into treasury of £484,000 has been credited to the capital reduction reserve with the gain credited to the Share premium reserve.

At 31 March 2023, the Company held 16,075,000 (31 March 2022: 10,025,000) Ordinary shares in treasury. The shares will continue to be held in treasury until either reissued or cancelled.

At 31 March 2023, the number of Ordinary shares used to calculate the net asset value per share is 606,386,380 (31 March 2022: 612,436,380) which excludes the shares held in treasury.

The share premium reserve represents the amounts subscribed for Ordinary share capital in excess of nominal value less associated issue costs of the subscriptions.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	**292,626**	292,463
Premium arising on shares reissued from treasury	–	163
At end of year	**292,626**	292,626

For movements in the year, please see details in note 22.0.

The capital reduction reserve is a distributable reserve to which the value of the cancelled share premium was transferred. Pursuant to Article 3 of The Companies (Reduction of Share Capital) Order 2008, the balance held in the capital reduction reserve is to be treated for the purposes of Part 23 of the Companies Act 2006 as a realised profit and therefore available for distribution in accordance with section 830 of the Companies Act. The Company has used this reserve for the costs of buying back shares to be held in treasury and payment of dividends.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	322,365	331,140
Shares reissued from treasury	–	484
Shares bought back into treasury	(4,651)	(9,259)
At end of year	317,714	322,365

For movements in the year, please see details in note 22.0.

This reserve represents the profits and losses of the Group.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	**54,331**	43,670
Profit for the year	**25,472**	44,754
Dividends paid	**(34,459)**	(34,093)
At end of year	**45,344**	54,331

Notes to the Consolidated Financial Statements Continued

Basic NAV per share is calculated by dividing net assets in the Consolidated Statement of Financial Position attributable to Ordinary equity holders of the parent by the number of Ordinary shares outstanding at the end of the year.

Net asset values have been calculated as follows:

	31 March 2023	31 March 2022
Net assets (£'000)	**661,909**	675,547
Number of Ordinary shares in issue at end of year	**622,461,380**	622,461,380
Number of Ordinary shares held in treasury	**(16,075,000)**	(10,025,000)
Number of Ordinary shares excluding treasury shares held by the Company	**606,386,380**	612,436,380
NAV per share – basic and diluted	**109.16p**	110.30p

	Interest rate derivatives £'000	Bank borrowings £'000	For the year ended 31 March 2023 £'000
At beginning of year	**(2,131)**	**352,050**	**349,919**
Cash flows from financing activities			
Loan issue costs paid	**–**	**(3,148)**	**(3,148)**
Interest rate derivative premiums paid	**(8,841)**	**–**	**(8,841)**
Proceeds from the sale of interest rate derivatives	**17**	**–**	**17**
Bank borrowings advanced	**–**	**70,875**	**70,875**
Bank borrowings repaid	**–**	**(60,000)**	**(60,000)**
Non cash movements			
Loan issue fees accrued	**–**	**(396)**	**(396)**
Amortisation of loan issue costs	**–**	**1,869**	**1,869**
Unamortised loan arrangement fees written off	**–**	**665**	**665**
Change in fair value of interest rate derivatives	**2,826**	**–**	**2,826**
At end of year	**(8,129)**	**361,915**	**353,786**

	Interest rate derivatives £'000	Bank borrowings £'000	For the year ended 31 March 2022 £'000
At beginning of year	544	352,120	352,664
Cash flows from financing activities			
Loan draw down		(1,805)	(1,805)
Non cash movements			
Loan issue fees payable		82	82
Amortisation of loan issue costs		1,653	1,653
Change in fair value of interest rate derivatives	(2,675)	–	(2,675)
At end of year	(2,131)	352,050	349,919

Notes to the Consolidated Financial Statements Continued

The Group is party to a number of operating leases on its investment properties with Approved Providers. The future minimum lease payments under non-cancellable operating leases receivable by the Group are as follows:

	31 March 2023 £'000	31 March 2022 £'000
Amounts receivable		
< 1 year	**57,262**	53,821
1-2 years	**57,352**	53,879
2-5 years	**172,536**	161,940
> 5 years	**958,286**	928,210
At end of year	**1,245,436**	1,197,850

Leases are direct-let agreements with Approved Providers for a term between 20-40 years with indexed linked annual rent reviews. All current leases are full repairing and insuring leases; the tenants are therefore obliged to repair, maintain and renew the properties back to the original conditions.

The following table gives details of percentage of annual rental income per Approved Provider:

	31 March 2023 %	31 March 2022 %
Auckland Home Solutions and Qualitas Housing	**24.9**	24.4
Falcon Housing Association CIC	**19.1**	18.7
Bespoke Supportive Tenancies	**12.5**	12.6
Inclusion Housing CIC	**9.4**	9.3
Westmoreland Supported Housing Limited	**5.6**	5.9
Encircle Housing Limited	**5.2**	5.9
Trinity Housing Association Limited	**5.2**	5.1
Pivotal Housing Association	**4.0**	3.8
Chrysalis Supported Association Limited	**3.7**	3.6
New Walk Property Management CIC	**2.7**	2.8
Harbour Light Assisted Living CIC	**2.3**	3.6
My Space Housing Solutions	**1.3**	1.3
Elysium Healthcare Limited	**1.1**	–
IKE Supported Housing Limited	**1.0**	1.1
Hilldale Housing Association Limited	**1.0**	1.0
Windrush Alliance UK CIC	**0.7**	0.7
Lily Rose Supported Housing	**0.2**	0.1
Blue Square Residential Ltd	**0.1**	0.1
Total	**100.0**	100.0

Auckland Home Solutions and Qualitas Housing are both members of the Social Housing Family CIC and subject to common control. Their annual rent figures have therefore been aggregated in the table above. The percentage relating to Auckland Home Solutions and Qualitas Housing was 16.5% and 8.4% (2022: 16.3% and 8.1%) respectively. The annual rent at 31 March 2023 for Auckland Home Solutions and Qualitas Housing was £9,266,000 and £4,730,000 (2022: £8,679,000 and £4,334,000) respectively.

The Group is also party to a number of operating leases on its long leasehold properties. The ground rent payment commitments under these operating leases are negligible so the future minimum lease payments under these leases have not been disclosed in these financial statements.

Notes to the Consolidated Financial Statements Continued

As at 31 March 2023, there is no ultimate controlling party.

A list of all subsidiary undertakings including the address of the registered office is detailed in note 8.0 to the Company accounts on pages 115 to 118.

The Directors are remunerated for their services at such rate as the Directors shall from time to time determine. The aggregate remuneration and benefits in kind of the Directors of the Company (in each case, solely in their capacity as such) in respect of *the year ended 31 March 2023 payable out of the assets of the Company is not expected to exceed £250,000.*

Fees of £194,000 (2022: £190,000) were incurred and paid to the Directors.

As at 31 March 2023 and 2022, the Directors held the following number of shares:

		31 March 2023 Ordinary shares	31 March 2022 Ordinary shares
Director			
Michael Wrobel	Chairman	**200,000**	120,598
Alastair Moss	Director	**11,766**	11,766
Alison Hadden	Director	**31,937**	
Caroline Gulliver	Audit and Management Engagement Committee Chair	**58,832**	58,832
Peter Baxter	Director	**82,065**	82,065

The Investment Adviser has reviewed its remuneration policies and procedures to ensure incentives are aligned with the requirements of AIFMD. It includes measures to avoid conflicts of interest such as providing staff with a fixed monthly salary and determining discretionary payments by the performance of the Investment Adviser as a whole and not linked *to any one AIF in particular. The Investment Adviser and its staff receive no remuneration through profit share, carried* interest, co-investment or other schemes related to the Company's performance.

On 1 November 2016, Civitas Investment Management Limited ("CIM") was appointed as the Investment Adviser of the Company. Its address is shown on page 131 to the Report.

Fees of £6,206,000 (2022: £5,132,000) were incurred and paid to CIM. In addition £11,000 (2022: £nil) disbursements were paid in the year.

The Investment Adviser agreed to contribute £nil (2022: £100,000) towards legal and professional fees incurred. This amount was offset against legal and professional fees in note 9.0.

As at 31 March 2023, a net amount of £48,000 (2022: £151,000) was due from CIM, which has since been received.

As at 31 March 2023, CIM held 157,664 (2022: 50,000) Ordinary shares in the Company.

The Group's principal financial assets and liabilities are those that arise directly from its operations: trade and other receivables, trade and other payables and cash and cash equivalents. The Group's other principal financial liabilities are bank borrowings, the main purpose of which is to finance the acquisition and development of the Group's investment property portfolio, and interest rate derivatives as detailed in notes 20.0 and 21.0.

All financial liabilities are measured at amortised cost, except interest rate derivatives, which are measured at fair value. All financial instruments were designated in their current categories upon initial recognition.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	Book value 31 March 2023 £'000	Fair value 31 March 2023 £'000	Book value 31 March 2022 £'000	Fair value 31 March 2022 £'000
Financial assets				
Interest rate derivatives	**8,129**	**8,129**	2,131	2,131
Trade and other receivables[1]	**34,949**	**34,949**	34,580	34,580
Cash and cash equivalents	**35,588**	**35,588**	53,337	53,337
Financial liabilities				
Trade and other payables[2]	**7,599**	**7,599**	8,632	8,632
Bank borrowings	**361,915**	**350,179**	352,050	349,406

1 Excludes prepayments
2 Excludes deferred income and dividend withholding tax payable

The Group has five bank loans as detailed in note 20.0. The fair value of the fixed rate loan is determined by comparing the discounted future cash flows.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk in the current and future years. The Board of Directors oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks that are summarised below.

The Group's activities will expose it primarily to the market risks associated with changes in property values and changes in interest rates.

Investment in property is subject to varying degrees of risk. Some factors that affect the value of the investment in property include:

- changes in the general economic climate;
- competition for available properties;
- obsolescence; and
- government regulations, including planning, environmental and tax laws.

Variations in the above factors can affect the valuation of assets held by the Group and as a result can influence the financial performance of the Group.

The Group holds positions in two AAA rated liquidity funds that invest in a diversified range of government and non-government money market securities, which are subject to varying degrees of risk. Some factors that affect the value of the liquidity funds include:

- the performance of the underlying government and non-government money market securities; and
- interest rates.

Variations in the above factors can affect the valuation of assets held by the Group and as a result can influence the financial performance of the Group.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

At 31 March 2023 all long-term borrowings are either at fixed rate or have an interest rate cap or interest rate swap in place which has mitigated the risk of rising interest rate. Interest rate derivative instruments are in place to the loan maturity date on the variable rate loans

The table below shows the bank loans, derivative instruments and interest rates:

Summary of Borrowings	Loan Principal £'000	Expiry Date	Interest rate	Derivative instrument in place	Maximum interest rate payable
Scottish Widows Limited 10-year facility	**52,500**	02/11/2027	2.9936% fixed		2.99%
Deutsche Bank AG	**70,875**	03/02/2028	5.69% fixed		5.69%
HSBC Bank plc	**100,000**	28/11/2025	SONIA + 2.15%	Interest rate cap[1]	4.75%
National Westminster Bank Plc 5-year facility	**60,000**	14/08/2024	SONIA + 2.00%	Interest rate swap	2.60%
M&G Investment Management Limited 7-year facility	**84,550**	24/02/2028	3.137% fixed		3.14%
	367,925				

1 Maximum interest rate reduces to 4.6% from 18 April 2023

The exposure of the Group to variable rates of interest is considered upon drawing of any new loan facilities, to ensure that the Group's exposure to interest rate fluctuations is within acceptable levels

The Investment Adviser monitors the Group's exposure to any changes in interest rate on an ongoing basis, with the Board updated on a quarterly basis of the current exposure of the Group's loan facilities

As at 31 March 2023, if interest rates had been 100 basis points higher/(lower) with all other variables held constant the impact on profits after taxation for the year would be as below. The Investment Adviser anticipates these levels are reasonably possible based on the observation of current market conditions that interest rates would not fluctuate more than 1%

	31 March 2023 £'000	31 March 2022 £'000
Increase/(decrease) in profits due to interest rates		
100 basis points higher	**256**	(1,055)
100 basis points lower	**(210)**	1,572

The average effective interest rates of financial instruments at 31 March 2023 and 2022 were as follows:

	31 March 2023 %	31 March 2022 %
Bank borrowings – fixed rate	**2.65**	2.94
Bank borrowings – variable rate[1]	**6.07**	2.23
Cash and cash equivalents	**0.82**	0.05

1 Variable rate borrowings are subject to a maximum interest rate of 4.75% due to an interest rate cap. The maximum interest rate reduces to 4.6% from 18 April 2023

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risks from both its leasing activities and financing activities, including deposits with banks and financial institutions.

Debtors and accrued income represent rent due or accrued. These amounts due are diversified between a number of different Approved Providers of differing financial strength, see note 28.0 for details of the different counterparties. None of the Approved Providers have a credit rating, however, the diversified nature of this asset supports the credit quality.

The Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit and operational history, and limits exposure to any one tenant. The credit risk is considered to be further reduced as the source of the rents received by the Group is ultimately provided by the Government, by way of housing benefit and care provision, via a diverse range of local authorities.

For details of provisions for impairment please refer to note 17.0.

One of the principal credit risks of the Group will arise with the banks and financial institutions. The Board of Directors believes that the credit risk on short-term deposits and current account cash balances is limited because the counterparties are banks considered to be of good credit quality. In the case of cash deposits held with lawyers, the credit risk is limited because the cash is held by the lawyers within client accounts at banks with high credit quality.

The credit ratings for banks where balances are held by the Group are as follows:

Lloyds Bank plc	A+/F1
HSBC Bank plc	AA-/F1+
RBS International Limited	A/F1
National Westminster Bank plc	A+/F1

Ratings advised by Fitch

No balances are held with Deutsche Bank AG

The Group manages its liquidity and funding risks by considering cash flow forecasts and ensuring sufficient cash balances are held within the Group to meet future needs. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of financing through appropriate and adequate credit lines, and the ability of customers to settle obligations within normal terms of credit. The Group ensures, through forecasting of capital requirements, that adequate cash is available.

The following table details the Group's maturity profile in respect of its financial instrument liabilities based on contractual undiscounted payments.

	On demand £'000	<1 year £'000	1-5 years £'000	>5 years £'000	Total £'000
31 March 2023					
Trade and other payables	**7,599**	**–**	**–**	**–**	**7,599**
Bank borrowings	**–**	**14,482**	**407,770**	**–**	**422,252**
	7,599	**14,482**	**407,770**	**–**	**429,851**
31 March 2022					
Trade and other payables	8,632	–	–		8,632
Bank borrowings		9,336	245,974	144,602	399,912
	8,632	9,336	245,974	144,602	408,544

The profile above shows the maturity profile at 31 March 2023 and included within the contracted payments is £54,327,000 (2022: £42,852,000) of loan interest payable up to the point of maturity.

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements
Continued

At 31 March 2023, the Company had funds committed totalling £Nil (2022: £92,000 concerning capital expenditure for a property in Surrey).

On 9 May 2023, the Company announced a dividend of 1.425 pence per share in respect of the period 1 January 2023 to 31 March 2023 totalling £8,641,000. The dividend payment was made on 9 June 2023 to shareholders on the register as at 19 May 2023. The financial statements do not reflect this dividend. The dividend was paid as a REIT property income distribution ("PID").

On 1 December 2022, the Company signed a facility with an institutional lender. Subsequent to this, on 21 June 2023, the Company received credit approved terms for an additional £61.0 million fixed facility based on a 3-year SONIA rate at the date of draw down +195bps margin with a maturity date of 3 August 2025. The eventual drawdown on the facility is subject to certain standard closing conditions.

On 9 May 2023 an announcement was made to the market for an all-cash offer of Civitas Social Housing PLC (Civitas) from Wellness Unity Limited, a wholly owned indirect subsidiary of CKA Asset Holdings Limited (CKA). The offer of 80 pence per share received values the entire issued share capital (excluding treasury shares) of CSH at approximately £485 million. This represents a 44.4% premium to the share price of 55.4 pence per share on 5 May 2023 (the last trading day prior to announcement of the offer), and 25.7% discount to 31 March 2023 NAV of 109.16p. This provides shareholders the opportunity to exit in full and in cash at a significant premium to the current share price. The offer will be implemented by way of a takeover offer within the meaning of Part 28 of the Companies Act.

On 22 May 2023, the Offer Document was made available. The offer became unconditional on 23 June 2023. Payment of consideration due to shareholders who have submitted valid acceptances will be made no later than 14 calendar days after the date the Offer becomes or is declared unconditional or, in relation to valid acceptances received after such date, within 14 calendar days of receipt of that acceptance. According to the Offer Document, it is intended that Civitas Investment Management Limited ("CIM") is maintained as the Investment Adviser to Civitas so that the day-to-day management of the Civitas portfolio will continue uninterrupted, and Civitas be re-registered as a private limited company as soon as practicable following the cancellation of the listing and trading of Civitas shares. At the balance sheet date, CKA, as an indirect investor in CIM, was not a related party to the Group as per IAS 24. On 23 June 2023, when the offer became unconditional, CKA subsequently became the ultimate controlling party of the Company, and a related party under IAS 24.

Company Statement of Financial Position
As at 31 March 2023

	Note	31 March 2023 £'000	31 March 2022 £'000
Assets			
Fixed assets			
Investment in subsidiaries	7.0	**794,733**	793,284
Current assets			
Trade and other receivables	9.0	**2,599**	4,310
Cash and cash equivalents	10.0	**26,193**	23,438
		28,792	27,748
Total assets		**823,525**	821,032
Liabilities			
Creditors – amounts falling due within one year			
Trade and other payables	11.0	**(318,414)**	(274,020)
		(318,414)	(274,020)
Total liabilities		**(318,414)**	(274,020)
Total net assets		**505,111**	547,012
Equity			
Share capital	12.0	**6,225**	6,225
Share premium reserve	13.0	**292,626**	292,626
Capital reduction reserve	14.0	**317,714**	322,365
Accumulated losses	15.0	**(111,454)**	(74,204)
Total equity		**505,111**	547,012

The Company has taken advantage of the provisions of Companies Act 2006 s408 and does not disclose the Company's individual profit and loss account. Loss for the year was £2,791,000 (2022: profit £21,362,000).

The Company financial statements on pages 111 to 120 were approved by the Board of Directors of Civitas Social Housing PLC and authorised for issue and signed on its behalf by:

Michael Wrobel

Chairman and Independent Non-Executive Director

28 June 2023

Company No: 10402528

Company Statement of Changes in Equity
For the year ended 31 March 2023

	Note	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 April 2021		6,225	292,462	331,140	(51,473)	568,354
Profit and total comprehensive income for the year		-	-		21,362	21,362
Shares reissued from treasury	13.0		164	484	-	648
Shares bought back into treasury	14.0	-	-	(9,259)		(9,259)
Dividends paid	15.0			-	(34,093)	(34,093)
Balance at 31 March 2022		6,225	292,626	322,365	(74,204)	547,012
Loss and total comprehensive loss for the year		**–**	**–**	**–**	**(2,791)**	**(2,791)**
Shares reissued from treasury	**13.0**	**–**	**–**	**–**	**–**	**–**
Shares bought back into treasury	**14.0**	**–**	**–**	**(4,651)**	**–**	**(4,651)**
Dividends paid	**15.0**	**–**	**–**	**–**	**(34,459)**	**(34,459)**
Balance at 31 March 2023		**6,225**	**292,626**	**317,714**	**(111,454)**	**505,111**

The Company's distributable reserves comprise retained earnings/(accumulated losses) and the capital reduction reserve. These in aggregate had sufficient realised distributable reserves to support dividends paid to date.

The notes on pages 113 to 120 are an integral part of these financial statements.

Notes to the Company Financial Statements
As at 31 March 2023

Civitas Social Housing PLC ("the Company") was incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares on 29 September 2016 with company number 10402528 under the name Civitas REIT PLC, which was subsequently changed to the existing name on 3 October 2016.

The address of the registered office is 6th Floor, 65 Gresham Street, London EC2V 7NQ. The Company is registered as an investment company under section 833 of the Companies Act 2006 in England and Wales and is domiciled in the United Kingdom.

The Company did not begin trading until 18 November 2016 when the shares were admitted to trading on the London Stock Exchange ("LSE").

The Company's Ordinary shares have been admitted to the Official List of the Financial Conduct Authority ("FCA"), and are traded on the LSE.

The principal activity of the Company is to act as the ultimate parent company of its subsidiaries (the "Group") and to provide shareholders with an attractive level of income, together with the potential for capital growth from investing in a portfolio of social homes.

The financial statements have been prepared on a historical cost basis and in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and the Companies Act 2006 as applicable to companies using FRS 101.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by IFRS;
- certain disclosures regarding the Company's capital management;
- certain disclosures in relation to IFRS 15 Revenue Contracts with Customers;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Civitas Social Housing PLC

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- financial instruments; and
- fair value measurement other than certain disclosures required as a result of recording financial instruments at fair value.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own income statement or statement of comprehensive income

After a review of new accounting standards which are now effective, none are relevant to be adopted in the preparation of the Company's financial statements for the year ended 31 March 2023.

The financial statements have been prepared on a going concern basis

As discussed in the Group financial statements above, the underlying assets of the Company benefit from a secure income stream.

The Company financial statements show an accumulated loss, however this is due to a time-lag on profits from subsidiary companies being moved up the structure in the form of dividends.

The Company has net current liabilities of £289,622,000 (2022: £246,272,000). This balance arises due to the intercompany balances totalling £316,128,000 (2022: £271,632,000) with the Company's subsidiary companies. The amounts principally relate to bank loans drawn in the Company's subsidiary companies in order to finance the purchase of new acquisitions in accordance with the Group's business model. The directors of the subsidiary companies have provided a letter of comfort that they will not seek repayment of these balances within 12 months from the date of approval of the Company's financial statements

Notes to the Company Financial Statements Continued

The Company's articles of association include a requirement for the Board to propose an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering of the Company for the Company to continue in its current form (the Continuation Resolution). This vote was passed in September 2022 so the Company will continue its business as presently constituted and will propose the same resolution at the AGM in September 2027 and every fifth annual general meeting thereafter.

On 9 May 2023, an announcement was made to the market for an all-cash offer of Civitas Social Housing PLC (CSH) from Wellness Unity Limited, a wholly owned indirect subsidiary of CK Assets Holdings Limited (CKA). The offer became unconditional on 23 June 2023. The Group's existing committed debt facilities contain a standard change of control clause has now been triggered due to the offer becoming unconditional. This could result in the existing committed debt facilities being withdrawn. Furthermore, the Directors do not have visibility of the post completion funding for the Group and Company at this time. 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. However, the conditions outlined above indicate a material uncertainty which may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The Independent Auditors' Report included within the Annual Report and Accounts for the year ended 31 March 2023 also highlights this material uncertainty. Therefore, notwithstanding the material uncertainty arising from the offer from CKA, the Directors are satisfied that the going concern basis remains appropriate for the preparation of the financial statements. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

The key source of estimation uncertainty relates to the Company's investment in Group companies, and is stated in the Company's separate financial statements at cost less impairment losses, if any. Impairment losses are determined with reference to the investment's fair value less estimated costs of disposal. Investment properties held by the subsidiary companies are supported by independent valuation. Judgements and assumptions associated with the property values of the investments held by the subsidiary companies are detailed in the Group financial statements.

The financial statements of the Company follow the accounting policies laid out in the Group's consolidated financial statements along with the following accounting policies which have been consistently applied:

The investments in subsidiary companies are included in the Company's Statement of Financial Position at cost less provision for impairment. Impairment losses are determined with reference to the investment's fair value less estimated selling costs. On disposal, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

The investment in a subsidiary company may include both the purchase of shares and an intercompany loan which is subsequently capitalised in return for shares in the subsidiary company. The intercompany loan capitalised is disclosed in note 7.0 as a transfer between the shares and loan columns.

Loans made to subsidiary companies which arise as part of the transactions for the acquisition of investments and are subsequently capitalised by the issue of shares are recognised as investment in subsidiaries at cost. At the point the loan is capitalised, this transaction is recognised as a transfer within the table in note 7.0.

Balances arising with subsidiary companies of a temporary nature are initially recognised at fair value and subsequently measured at amortised cost.

Dividends are included in the financial statements in the year in which they are paid. Details of dividends paid and proposed are included in note 14.0 of the Group's consolidated financial statements.

Details of Directors' remuneration are included in note 6.0 of the consolidated financial statements. The Company had no employees during the year (2022: nil).

Audit fees in relation to the Company's financial statements total £358,000 (2022: £296,000). For further details, please refer to note 9.0 of the Group financial statements.

Notes to the Company Financial Statements Continued

Year ended 31 March 2023	Shares in subsidiaries £'000	Loans to subsidiaries £'000	For the year ended 31 March 2023 £'000
Balance at the beginning of the year	**768,075**	**25,209**	**793,284**
Increase in investments	**1,090**	**600**	**1,690**
Loans transferred	**7,727**	**(7,727)**	**–**
Impairment	**(241)**	**–**	**(241)**
At the end of the year	**776,651**	**18,082**	**794,733**

Year ended 31 March 2022	Shares in subsidiaries £'000	Loans to subsidiaries £'000	For the year ended 31 March 2022 £'000
Balance at the beginning of the year	703,435	17,483	720,918
Increase in investments	41,712	31,013	72,725
Loans transferred	23,287	(23,287)	
Impairment	(359)		(359)
At the end of the year	768,075	25,209	793,284

Following a review comparing cost of investments to the underlying net assets of subsidiary companies, an impairment provision has been made of £241,000 (2022: £359,000)

The Company has provided a guarantee under s479C of the Companies Act 2006 in respect of the financial year ended 31 March 2023 for a number of its subsidiary companies (as indicated in the table on the following pages). The guarantee is over all outstanding liabilities to which the subsidiary companies are subject at 31 March 2023 until they are satisfied in full.

The Group consists of a parent company, Civitas Social Housing PLC, incorporated in England and Wales (company number 10402528) and a number of subsidiaries held directly by Civitas Social Housing PLC, which operate and are incorporated in England and Wales or Jersey.

The Group owns 100% equity shares of all subsidiaries listed below and has the power to appoint and remove the majority of the board of directors of those subsidiaries. The relevant activities of the below subsidiaries are determined by the Board of Directors based on the purpose of each company.

Therefore, the Directors concluded that the Group has control over all these entities and all these entities have been consolidated within the consolidated financial statements.

A list of all related undertakings included within these consolidated financial statements are noted below. Indirectly held subsidiary companies are marked by an indentation in the table below:

Name	Registered number	Principal activity	Country of incorporation
Civitas Social Housing Finance Company 1 Limited*	10997707	Finance company	England & Wales
Civitas Social Housing Jersey 1 Limited	124129	Holding company	Jersey
Civitas SPV1 Limited*	10318729	Property investment	England & Wales
Civitas SPV2 Limited*	10114251	Property investment	England & Wales
Civitas SPV11 Limited*	10346749	Property investment	England & Wales
Civitas SPV15 Limited*	09777380	Property investment	England & Wales
Civitas SPV25 Limited*	10791473	Property investment	England & Wales
Civitas SPV27 Limited*	10883112	Property investment	England & Wales
Civitas SPV33 Limited*	10346407	Property investment	England & Wales
Civitas SPV35 Limited*	10388530	Property investment	England & Wales
Civitas SPV38 Limited*	10738318	Property investment	England & Wales
Civitas SPV39 Limited*	10347333	Property investment	England & Wales
Civitas SPV40 Limited*	10738510	Property investment	England & Wales
Civitas SPV41 Limited*	10738542	Property investment	England & Wales
Civitas SPV50 Limited*	10775419	Property investment	England & Wales
Civitas Social Housing Finance Company 2 Limited*	10997698	Finance company	England & Wales
Civitas Social Housing Jersey 2 Limited	124876	Holding company	Jersey
Civitas SPV3 Limited*	10156529	Property investment	England & Wales

FINANCIAL STATEMENTS

Notes to the Company Financial Statements Continued

Name	Registered number	Principal activity	Country of incorporation
Civitas SPV4 Limited*	10433744	Property investment	England & Wales
Civitas SPV5 Limited*	10479104	Property investment	England & Wales
Civitas SPV6 Limited*	10674493	Property investment	England & Wales
Civitas SPV9 Limited*	10536388	Property investment	England & Wales
Civitas SPV10 Limited*	10535243	Property investment	England & Wales
Civitas SPV12 Limited*	10546753	Property investment	England & Wales
Civitas SPV17 Limited*	10479036	Property investment	England & Wales
Civitas SPV18 Limited*	10546651	Property investment	England & Wales
Civitas SPV19 Limited*	10548932	Property investment	England & Wales
Civitas SPV20 Limited*	10588735	Property investment	England & Wales
Civitas SPV22 Limited*	10743958	Property investment	England & Wales
Civitas SPV24 Limited*	10751512	Property investment	England & Wales
Civitas SPV26 Limited*	10864336	Property investment	England & Wales
Civitas SPV29 Limited*	10911565	Property investment	England & Wales
Civitas SPV30 Limited*	10956025	Property investment	England & Wales
Civitas SPV31 Limited*	10974869	Property investment	England & Wales
Civitas SPV32 Limited*	11007173	Property investment	England & Wales
Civitas SPV34 Limited*	10738381	Property investment	England & Wales
Civitas SPV36 Limited*	10588792	Property investment	England & Wales
Civitas SPV42 Limited*	10738536	Property investment	England & Wales
Civitas SPV43 Limited*	10534877	Property investment	England & Wales
Civitas SPV45 Limited*	10871854	Property investment	England & Wales
Civitas SPV46 Limited*	10871910	Property investment	England & Wales
Civitas SPV47 Limited*	10873270	Property investment	England & Wales
Civitas SPV48 Limited*	10873295	Property investment	England & Wales
Civitas SPV51 Limited*	10826693	Property investment	England & Wales
Civitas SPV52 Limited*	10827006	Property investment	England & Wales
Civitas SPV63 Limited*	10937805	Property investment	England & Wales
Civitas SPV64 Limited*	10938411	Property investment	England & Wales
Civitas SPV70 Limited*	10770201	Property investment	England & Wales
Civitas SPV71 Limited*	10888639	Property investment	England & Wales
Civitas SPV72 Limited*	10938022	Property investment	England & Wales
Civitas SPV74 Limited*	11001855	Property investment	England & Wales
Civitas SPV75 Limited*	11001834	Property investment	England & Wales
Civitas SPV80 Limited*	11001998	Property investment	England & Wales
Civitas SPV163 Limited*	14527873	Property investment	England & Wales
Civitas Social Housing Finance Company 3 Limited*	10997714	Finance Company	England & Wales
Civitas SPV8 Limited*	10536157	Property investment	England & Wales
Civitas SPV28 Limited*	10895228	Property investment	England & Wales
Civitas SPV53 Limited*	11021623	Property investment	England & Wales
Civitas SPV55 Limited*	11056455	Property investment	England & Wales
Civitas SPV57 Limited*	11091444	Property investment	England & Wales
Civitas SPV60 Limited*	11111908	Property investment	England & Wales
Civitas SPV61 Limited*	10937662	Property investment	England & Wales
Civitas SPV66 Limited*	10937898	Property investment	England & Wales
Civitas SPV77 Limited*	11166491	Property investment	England & Wales
Civitas SPV78 Limited*	11170099	Property investment	England & Wales
Civitas SPV79 Limited*	11236544	Property investment	England & Wales
Civitas SPV81 Limited*	11192811	Property investment	England & Wales
Civitas SPV82 Limited*	11380796	Property investment	England & Wales
Civitas SPV83 Limited*	11391128	Property investment	England & Wales
Civitas SPV85 Limited*	11300749	Property investment	England & Wales
Civitas SPV95 Limited*	11208184	Property investment	England & Wales
Civitas SPV97 Limited*	11463890	Property investment	England & Wales
Civitas SPV103 Limited*	11300596	Property investment	England & Wales

Notes to the Company Financial Statements Continued

Name	Registered number	Principal activity	Country of incorporation
Civitas SPV105 Limited*	11532177	Property investment	England & Wales
Civitas SPV106 Limited*	11532179	Property investment	England & Wales
Civitas SPV107 Limited*	11532182	Property investment	England & Wales
Civitas SPV116 Limited*	11504399	Property investment	England & Wales
Civitas SPV117 Limited*	11504445	Property investment	England & Wales
Civitas Social Housing Finance Company 4 Limited*	11906660	Finance Company	England & Wales
Civitas SPV23 Limited*	10746881	Property investment	England & Wales
Civitas SPV34 Limited*	11039750	Property investment	England & Wales
Civitas SPV39 Limited*	11111912	Property investment	England & Wales
Civitas SPV69 Limited*	11142372	Property investment	England & Wales
Civitas SPV73 Limited*	10939075	Property investment	England & Wales
Civitas SPV84 Limited*	11381455	Property investment	England & Wales
Civitas SPV86 Limited*	11418432	Property investment	England & Wales
Civitas SPV87 Limited*	10868903	Property investment	England & Wales
Civitas SPV88 Limited*	10939044	Property investment	England & Wales
Civitas SPV90 Limited*	10939131	Property investment	England & Wales
Civitas SPV91 Limited*	10941377	Property investment	England & Wales
Civitas SPV92 Limited*	11449913	Property investment	England & Wales
Civitas SPV93 Limited*	11043111	Property investment	England & Wales
Civitas SPV94 Limited*	11208105	Property investment	England & Wales
Civitas SPV96 Limited*	11270786	Property investment	England & Wales
Civitas SPV100 Limited*	11069703	Property investment	England & Wales
Civitas SPV101 Limited*	09978282	Property investment	England & Wales
Civitas SPV102 Limited*	11521535	Property investment	England & Wales
Civitas SPV109 Limited*	11532120	Property investment	England & Wales
Civitas SPV112 Limited*	11579730	Property investment	England & Wales
Civitas SPV114 Limited*	11579733	Property investment	England & Wales
Civitas SPV115 Limited*	11522178	Property investment	England & Wales
Civitas SPV118 Limited*	11411498	Property investment	England & Wales
Civitas SPV121 Limited*	11099917	Property investment	England & Wales
Civitas SPV122 Limited*	11482646	Property investment	England & Wales
Civitas SPV126 Limited*	11459821	Property investment	England & Wales
Civitas SPV127 Limited*	10941401	Property investment	England & Wales
Civitas SPV129 Limited*	11664994	Property investment	England & Wales
Civitas SPV130 Limited*	11705074	Property investment	England & Wales
Civitas SPV131 Limited*	11673132	Property investment	England & Wales
Civitas SPV132 Limited*	11473735	Property investment	England & Wales
Civitas SPV145 Limited*	11842306	Holding company	England & Wales
SPV153 Limited (previously Fieldbay Limited)*	5219012	Property investment	England & Wales
Civitas SPV148 Limited*	11632633	Property investment	England & Wales
Civitas SPV149 Limited*	11462691	Property investment	England & Wales
Civitas SPV150 Limited*	11462555	Property investment	England & Wales
FPI CO 324 Ltd*	11633019	Property investment	England & Wales
Civitas Social Housing Finance Company 5 Limited*	13083077	Finance Company	England & Wales
Civitas SPV7 Limited*	10536368	Property investment	England & Wales
Civitas SPV13 Limited*	09517692	Property investment	England & Wales
Civitas SPV37 Limited*	10738430	Property investment	England & Wales
Civitas SPV44 Limited*	10588783	Property investment	England & Wales
Civitas SPV49 Limited*	11031349	Property investment	England & Wales
Civitas SPV56 Limited*	11056165	Property investment	England & Wales
Civitas SPV62 Limited*	10937528	Property investment	England & Wales
Civitas SPV65 Limited*	10938467	Property investment	England & Wales
Civitas SPV67 Limited*	10937929	Property investment	England & Wales
Civitas SPV68 Limited*	10938269	Property investment	England & Wales
Civitas SPV98 Limited*	11478693	Property investment	England & Wales

Notes to the Company Financial Statements
Continued

Name	Registered number	Principal activity	Country of incorporation
Civitas SPV99 Limited*	11478707	Property investment	England & Wales
Civitas SPV104 Limited*	11532174	Property investment	England & Wales
Civitas SPV108 Limited*	11532135	Property investment	England & Wales
Civitas SPV113 Limited*	11580068	Property investment	England & Wales
Civitas SPV123 Limited*	08253452	Property investment	England & Wales
Civitas SPV133 Limited*	11698972	Property investment	England & Wales
Civitas SPV134 Limited*	11689461	Property investment	England & Wales
Civitas SPV135 Limited*	11579880	Property investment	England & Wales
Civitas SPV136 Limited*	11579760	Property investment	England & Wales
Civitas SPV143 Limited*	11546808	Property investment	England & Wales
Civitas SPV144 Limited*	11346696	Property investment	England & Wales
Civitas SPV146 Limited*	11861500	Holding Company	England & Wales
Bryn Eithin (2019) Limited*	11844898	Property investment	England & Wales
Civitas SPV147 Limited*	11861974	Holding Company	England & Wales
Mynydd Mawr (2019) Limited*	11844917	Property investment	England & Wales
Civitas SPV152 Limited*	11955719	Property investment	England & Wales
Civitas SPV155 Limited*	12044281	Property investment	England & Wales
Civitas SPV156 Limited*	12081093	Property investment	England & Wales
Civitas SPV157 Limited*	12188610	Property investment	England & Wales
Civitas SPV158 Limited*	12202674	Property investment	England & Wales
Civitas SPV160 Limited*	12272906	Property investment	England & Wales
Bedford SPV1 Limited*	12315518	Property investment	England & Wales
Bridge Property Herts Limited*	12435985	Property investment	England & Wales
Bridge Propco Limited*	12445439	Property investment	England & Wales
FPI Co 294 Ltd*	11519226	Property investment	England & Wales
Civitas SPV14 Limited*	10479041	Property investment	England & Wales
Civitas SPV HP Ltd*	12784895	Property investment	England & Wales
Civitas SPV16 Limited*	09917557	Property investment	England & Wales
Civitas SPV21 Limited*	10631541	Property investment	England & Wales
Civitas SPV159 Limited*	12258313	Property investment	England & Wales
Civitas Financing PLC*	13546154	Holding Company	England & Wales

* These entities are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of that Act. These are all entities that have a year end of 31 March 2023.

The registered addresses for the subsidiaries are consistent based on their country of incorporation and are as follows:

- **England & Wales entities:** Link Company Matters Limited, 6th Floor, 65 Gresham Street, London EC2V 7NQ
- **Jersey entities:** 12 Castle Street, St Helier, Jersey JE2 3RT

	31 March 2023 £'000	31 March 2022 £'000
Trade receivables	**1,544**	1,150
Prepayments and other receivables	**420**	1,902
Accrued income	**635**	1,258
Total	**2,599**	4,310

Prepayments and other receivable amounts include prepaid legal and professional fees of £Nil (2022: £34,000) that have been incurred in connection with acquisitions yet to be completed and £285,000 (2022: £1,046,000) in respect of uncompleted works on the property portfolio.

	31 March 2023 £'000	31 March 2022 £'000
Cash held by solicitors	**64**	375
Liquidity funds	**15,636**	10,489
Cash held at bank	**10,239**	12,258
Cash and cash equivalents	**25,939**	23,123
Restricted cash	**254**	315
Total cash held at bank	**26,193**	23,438

Liquidity funds refer to money placed in money market funds. These are highly liquid funds with accessibility within 24 hours and subject to insignificant risk of changes in value.

Cash held by solicitors is money held in escrow for expenses expected to be incurred in relation to investment properties pending completion. These funds are available immediately on demand.

Restricted cash represents amounts held for specific commitments, tenant deposits and retention money held by lawyers in relation to deferred payments subject to achievement of certain conditions, other retentions and cash segregated to fund repair, maintenance and improvement works to bring the properties up to satisfactory standards for the Group and the tenants

	31 March 2023 £'000	31 March 2022 Restated £'000
Retentions*	**20**	60
Accruals	**745**	685
Dividend withholding tax payable	**940**	1,057
Deferred income	**374**	358
Amounts due to subsidiary companies	**316,128**	271,632
Tenant deposits held*	**207**	228
Total	**318,414**	274,020

* Comparatives have been re-analysed to correct the analysis of £228,000 of tenant deposits which had previously been included in retentions

Share capital represents the nominal value of consideration received by the Company for the issue of Ordinary shares

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Share capital		
At beginning and end of year	**6,225**	6,225

	For the year ended 31 March 2023	For the year ended 31 March 2022
Ordinary shares of £0.01 each		
At beginning and end of year	**622,461,380**	622,461,380

During the year, the Company purchased 6,050,000 Ordinary shares to be held in treasury at a cost of £4,651,000 (31 March 2022: 10,025,000 Ordinary shares for £9,259,000)

During the previous year the Company reissued 565,000 Ordinary shares held in treasury for £647,000. The cost of purchasing these shares into treasury of £484,000 has been credited to the capital reduction reserve with the gain credited to the share premium reserve.

At 31 March 2023, the Company held 16,075,000 (31 March 2022: 10,025,000) Ordinary shares in treasury. The shares will continue to be held in treasury until either reissued or cancelled

At 31 March 2023, the number of Ordinary shares used to calculate the net asset value per share is 606,386,380 (31 March 2022: 612,436,380) which excludes the shares held in treasury.

Notes to the Company Financial Statements
Continued

The share premium reserve represents the amounts subscribed for Ordinary share capital in excess of nominal value less associated issue costs of the subscriptions.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	**292,626**	292,462
Premium arising on shares reissued from treasury	**–**	164
At end of year	**292,626**	292,626

For movements in the year, please see details in note 12.0

The capital reduction reserve is a distributable reserve to which the value of the cancelled share premium was transferred. Pursuant to Article 3 of The Companies (Reduction of Share Capital) Order 2008, the balance held in the capital reduction reserve is to be treated for the purposes of Part 23 of the Companies Act 2006 as a realised profit and therefore available for distribution in accordance with section 830 of the Companies Act. The Company has used this reserve for the costs of buying back shares to be held in treasury.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	**322,365**	331,140
Shares reissued from treasury	**–**	484
Shares bought back into treasury	**(4,651)**	(9,259)
At end of year	**317,714**	322,365

For movements in the year, please see details in note 12.0

This reserve represents the profits and losses of the Company.

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
At beginning of year	**(74,204)**	(61,473)
(Loss)/profit for the year	**(2,791)**	21,362
Dividends paid	**(34,459)**	(34,093)
At end of year	**(111,454)**	(74,204)

As at 31 March 2023, there is no ultimate controlling party.

For all related party transactions and transactions with the Investment Adviser please make reference to notes 30.1 and 30.2 of the Group's consolidated financial statements and amounts due to subsidiary companies in note 11.0 above.

Please refer to note 33.0 of the Group Consolidated financial statements on page 110.

Since the year end, Civitas Social Housing Jersey 1 Limited and Civitas Social Housing Jersey 2 Limited have issued dividends to the Company totalling £10,245,000.

Additional Information

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures

The Group has chosen to adopt EPRA best practice guidelines for calculating key alternative performance measures. Notes 1.0 to 7.0 support the EPRA metrics disclosed on pages 28 and 29 of the Report where the definition and purpose of each metric are outlined.

	For the year ended 31 March 2023	For the year ended 31 March 2022
Earnings from operational activities		
Profit after taxation (£'000)	**25,472**	44,754
Change in fair value of derivative financial instruments (£'000)	**2,826**	(2,675)
Changes in value of investment properties (£'000)	**(2,640)**	(12,269)
Costs of early repayment of debt (£'000)	**1,271**	–
EPRA Earnings (£'000)	**26,929**	29,810
Weighted average number of shares in issue (adjusted for shares held in treasury)	**608,552,681**	618,797,942
EPRA Earnings per share (EPS) – basic & diluted	**4.43p**	4.82p

	EPRA Net Reinstatement Value	EPRA Net Tangible Assets	EPRA Net Disposal Value
31 March 2023			
Net assets (£'000)	**661,909**	**661,909**	**661,909**
Fair value of derivative financial instruments (£'000)	**(8,129)**	**(8,129)**	**–**
Adjustment to fair value for bank borrowings (£'000)	**–**	**–**	**11,736**
NAV (£'000)	**653,780**	**653,780**	**673,645**
Number of shares in issue (adjusted for shares held in treasury)	**606,386,380**	**606,386,380**	**606,386,380**
NAV per share	**107.82p**	**107.82p**	**111.09p**

	EPRA Net Reinstatement Value	EPRA Net Tangible Assets	EPRA Net Disposal Value
31 March 2022			
Net assets (£'000)	675,547	675,547	675,547
Fair value of derivative financial instruments (£'000)	(2,131)	(2,131)	
Adjustment to fair value for bank borrowings (£'000)			2,644
NAV (£'000)	673,416	673,416	678,191
Number of shares in issue (adjusted for shares held in treasury)	612,436,380	612,436,380	612,436,380
NAV per share	109.96p	109.96p	110.74p

	For the year ended 31 March 2023	For the year ended 31 March 2022
Investment property (£'000)	**978,147**	968,756
Allowance for estimated purchasers' costs (£'000)	**59,973**	56,412
Gross up completed property portfolio (£'000)	**1,038,120**	1,025,168
Annualised net rents (£'000)	**57,654**	54,091
Add: notional rent expiration of rent free periods or other lease incentives (£'000)	**–**	
Topped-up net annualised rent (£'000)	**57,654**	54,091
EPRA NIY	**5.55%**	5.28%
EPRA Topped-up NIY	**5.55%**	5.28%

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures
Continued

	For the year ended 31 March 2023	For the year ended 31 March 2022
Estimated Market Rental Value (ERV) of vacant spaces (£'000)	10	
Estimated Market Rental Value (ERV) of whole portfolio (£'000)	57,654	54,091
EPRA Vacancy Rate	0.02%	0.00%

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Total administrative and operating expenses	11,821	10,247
Direct property expenses	1,941	978
Less property expenses recovered through rents	(1,512)	(995)
EPRA Costs (including direct vacancy costs)	12,250	10,230
Direct vacancy costs	–	–
EPRA Costs (excluding direct vacancy costs)	12,250	10,230
Rental income	54,607	51,636
Less rechargeable costs received	(1,512)	(995)
Gross rental income	53,095	50,641
EPRA Cost Ratio (including direct vacancy costs)	23.07%	20.20%
EPRA Cost Ratio (excluding direct vacancy costs)	23.07%	20.20%

The Group has not incurred any direct vacancy costs.

	31 March 2023 £'000	31 March 2022 £'000
Net Debt		
Borrowings from financial institutions (£'000)	367,925	357,050
Cash and cash equivalents (£'000)	(35,588)	(53,337)
	332,337	303,713
Total Property Value		
Investment properties at fair value (£'000)	953,364	945,237
Net receivables (£'000)	26,743	26,892
	980,107	972,129
EPRA LTV	33.91%	31.24%

	31 March 2023 £'000	31 March 2022 £'000
Net receivables comprises		
Other receivables	24,783	23,519
Trade and other receivables	11,260	12,865
Less trade and other payables	(9,300)	(9,492)
Total	26,743	26,892

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures
Continued

	31 March 2023 £'000	31 March 2022 £'000
Components of Net Assets used in EPRA LTV calculation		
Investment properties at fair value	**953,364**	945,237
Net receivables	**26,743**	26,892
Cash and cash equivalents	**35,588**	53,337
Less borrowings from financial institutions	**(367,925)**	(357,050)
Net assets used in the EPRA LTV calculation	**647,770**	668,416
Less amounts excluded from the calculation		
Interest rate derivatives	**8,129**	2,131
Unamortised loan issue costs	**6,010**	5,000
Net assets	**661,909**	675,547

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000
Acquisitions including incidental costs of purchase	**543**	33,466
Development	**–**	–
Investment properties		
Incremental lettable space	**–**	–
Enhancing lettable space	**4,944**	5,818
Tenant incentives	**1,700**	1,614
Other material non-allocated types of expenditure	**–**	
Capitalised interest	**–**	
Total Capital Expenditure	**7,187**	40,898
Conversion from accruals to cash basis	**(597)**	1,312
Total Capital Expenditure on a cash basis	**6,590**	42,210

The Group has not capitalised any overhead or operating expenses.

The Group has no Joint Ventures so there is no joint venture property to disclose in the above table

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures
Continued

This is the annual growth rate based on growth in net asset value per share since launch and dividends paid to Ordinary shareholders

		31 March 2023	31 March 2022
NAV per share		**109.1600p**	110.3000p
31 May 2017	Interim dividend	**0.7500p**	0.7500p
31 August 2017	Interim dividend	**0.7500p**	0.7500p
30 November 2017	Interim dividend	**0.7500p**	0.7500p
9 March 2018	Interim dividend	**0.7500p**	0.7500p
8 June 2018	Interim dividend	**1.2500p**	1.2500p
7 September 2018	Interim dividend	**1.2500p**	1.2500p
30 November 2018	Interim dividend	**1.2500p**	1.2500p
11 January 2019	Interim dividend	**1.1100p**	1.1100p
28 February 2019	Interim dividend	**0.1400p**	0.1400p
7 June 2019	Interim dividend	**1.3250p**	1.3250p
6 September 2019	Interim dividend	**1.3250p**	1.3250p
29 November 2019	Interim dividend	**1.3250p**	1.3250p
28 February 2020	Interim dividend	**1.3250p**	1.3250p
12 June 2020	Interim dividend	**1.3250p**	1.3250p
7 September 2020	Interim dividend	**1.3500p**	1.3500p
4 December 2020	Interim dividend	**1.3500p**	1.3500p
1 March 2021	Interim dividend	**1.3500p**	1.3500p
11 June 2021	Interim dividend	**1.3500p**	1.3500p
10 September 2021	Interim dividend	**1.3875p**	1.3875p
13 December 2021	Interim dividend	**1.3875p**	1.3875p
11 March 2022	Interim dividend	**1.3875p**	1.3875p
28 June 2022	Interim dividend	**1.3875p**	
9 September 2022	Interim dividend	**1.4250p**	
9 December 2022	Interim dividend	**1.4250p**	
11 March 2023	Interim dividend	**1.4250p**	
		139.0100p	134.4875p
NAV per share at launch		**98.0000p**	98.0000p
Levered IRR		**6.29%**	6.53%

Five Year Financial Results

	For the year ended 31 March 2023 £'000	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000	For the year ended 31 March 2020 £'000	For the year ended 31 March 2019 £'000
Revenue					
Rental income	**54,607**	51,636	49,020	46,165	35,738
Less direct property expenses	**(1,941)**	(978)	(1,175)	(259)	-
Net rental income	**52,666**	50,658	47,845	45,906	35,738
Directors' remuneration	**(211)**	(206)	(198)	(176)	(163)
Investment advisory fees	**(6,217)**	(6,132)	(6,117)	(6,183)	(6,457)
General and administrative expenses	**(5,393)**	(3,909)	(3,183)	(3,501)	(3,022)
Total expenses	**(11,821)**	(10,247)	(9,498)	(9,860)	(9,642)
Change in fair value of investment properties	**2,640**	12,269	5,511	9,389	3,652
Operating Profit	**43,485**	52,680	43,858	45,435	29,748
Finance income	**148**	7	20	110	491
Finance expenses – relating to bank borrowings	**(15,335)**	(10,608)	(7,737)	(7,342)	(3,975)
Finance expenses – relating to C share amortisation	**–**				(6,400)
Change in fair value of interest rate derivatives	**(2,826)**	2,675	(66)	(478)	-
Profit before tax	**25,472**	44,754	36,075	37,725	19,864
Taxation	**–**		–		
Profit being total comprehensive income	**25,472**	44,754	36,075	37,725	19,864
Earnings per share – basic	**4.19p**	7.23p	5.80p	6.06p	4.67p
Earnings per share – diluted	**4.19p**	7.23p	5.80p	6.06p	4.22p
Dividend declared (per share)	**5.70p**	5.55p	5.40p	5.30p	5.00p

Five Year Financial Results Continued

	31 March 2023 £'000	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000
Assets					
Non-current assets					
Investment property	**953,364**	945,237	893,684	867,988	820,094
Other receivables	**24,783**	23,519	21,905	10,755	6,824
Interest rate derivatives	**8,129**	2,131			–
	986,276	970,887	915,589	878,743	826,918
Non-current assets					
Trade and other receivables	**11,260**	12,865	12,821	10,838	5,723
Cash and cash equivalents	**35,588**	53,337	107,097	58,374	54,347
	46,848	66,202	119,918	69,212	60,070
Total assets	**1,033,124**	1,037,089	1,035,507	947,955	886,988
Liabilities					
Current liabilities					
Trade and other payables	**(9,300)**	(9,492)	(9,345)	(7,743)	(15,324)
Bank and loan borrowings	**–**		(59,937)	(59,730)	
	(9,300)	(9,492)	(69,282)	(67,473)	(15,324)
Non-current liabilities					
Bank and loan borrowings	**(361,915)**	(352,050)	(292,183)	(209,440)	(205,156)
Interest rate derivatives	**–**	–	(544)	(478)	–
	(361,915)	(352,050)	(292,727)	(209,918)	(205,156)
Total liabilities	**(371,215)**	(361,542)	(362,009)	(277,391)	(220,480)
Total net assets	**661,909**	675,547	673,498	670,564	666,508
Assets					
Share capital	**6,225**	6,225	6,225	6,225	6,225
Share premium reserve	**292,626**	292,626	292,463	292,405	292,405
Capital reduction reserve	**317,714**	322,365	331,140	330,926	331,625
Retained earnings	**45,344**	54,331	43,670	41,008	36,253
Total equity	**661,909**	675,547	673,498	670,564	666,508
Net assets per share – basic	**109.16p**	110.30p	108.30p	107.87p	107.08p
Net assets per share – diluted	**109.16p**	110.30p	108.30p	107.87p	107.08p
Share price	**53.70p**	87.40p	107.80p	95.40p	95.00p
Total shareholder return (on a NAV basis)	**41.84%**	37.23%	29.56%	23.64%	17.45%
Leverage	**35.61%**	34.43%	34.18%	25.90%	22.00%

Shareholder Information

Share Information

The Company's Ordinary shares of 1p each are quoted on the Official List of the FCA and traded on the premium segment of the Main Market of the London Stock Exchange (LSE).

SEDOL number	BD8HBD3
ISIN	GB00BD8HBD32
Ticker/TIDM	CSH
LEI	213800PGBG84J8GM6P95

Frequency of NAV Publication

The Company's NAV is released to the LSE on a quarterly basis and published on the Company's website: www.civitassocialhousing.com

Sources of Further Information

Copies of the Company's Annual and Half-Yearly Reports, Stock Exchange announcements and further information on the Company can be obtained from its website: www.civitassocialhousing.com.

Share Register Enquiries

The register for the Company's Ordinary shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300 (calls are charged at the standard geographic rate and will vary by provider, calls outside the UK will be charged at the applicable international rate). Lines are open between 9.00am and 5.30pm, Monday to Friday, excluding public holidays in England and Wales. You can also email enquiries@linkgroup.co.uk.

Changes of name and/or address must be notified in writing to the Registrar, Link Group, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Key Dates

June	Annual results announced
	Payment of fourth interim dividend
September	Company's half-year end
	Annual general meeting
	Payment of first interim dividend
December	Half-yearly results announced
	Payment of second interim dividend
February	Payment of third interim dividend
March	Company's year end

Association of Investment Companies

The Company is a member of the AIC, which publishes statistical information in respect of member companies. The AIC can be contacted on 020 7282 5555, enquiries@theaic.co.uk or visit the website: www.theaic.co.uk.

Electronic Communications from the Company

Shareholders now have the opportunity to be notified by email when the Company's Annual Report, Half-Yearly Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company.

If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar.

Glossary

AIFM means the Alternative Investment Fund Manager

AIFMD means the Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook.

ALMO means an arm's length management organisation, a not-for-profit company that provides housing services on behalf of a local authority.

Alternative Performance Measures (APMs) means a financial measure of historical financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Annual contracted rent roll means the annual contractual rental income currently receivable on a property as at the Balance Sheet date

Approved Provider means Approved Providers, local authorities, ALMOs, Community Interest Companies, Registered Charities and other regulated organisations directly or indirectly in receipt of payment from local or central government including the NHS.

Care Provider means a provider of care services to the occupants of Specialist Supported Housing, registered with the Care Quality Commission.

CIM means Civitas Investment Management Limited or CIM (formerly known as Civitas Housing Advisors Limited until its change of name on 7 May 2020)

Community Interest Company or **CIC** means a company approved by the Office of the Regulator of Community Interest Companies as a community interest company and registered as such with Companies House.

Company means Civitas Social Housing PLC, a company incorporated in England and Wales with company number 10402528.

CMA Order means the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority.

Current Leverage means the percentage taken as total bank borrowings drawn over total assets

Dividend Yield means the ratio of total annual dividends declared for the financial year over market price per share.

EPRA means the European Public Real Estate Association.

EPRA EPS is the EPRA earnings divided by the weighted average number of shares in issue in the period.

EPRA LTV is the EPRA loan to value ratio calculated as debt net of cash balances divided by the market value of property (including net receivables) as defined in the EPRA Best Practice Guidelines.

EPRA Net Initial Yield ("EPRA NIY") is calculated as the annualised rental income based on the cash rents passing at the balance sheet date less non-recoverable property operating expenses, divided by the gross market value of the property.

EPRA Net Reinstatement Value ("EPRA NRV") is an EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets ("EPRA NTA") is an EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value ("EPRA NDV") is an EPRA NAV metric which represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

Gross Asset Value means total assets.

Group means the Company and its subsidiaries.

Housing Association or **HA** means an independent society, body of trustees or company established for the purpose of providing low-cost social housing for people in housing need generally on a non-profit making basis. Any trading surplus is typically used to maintain existing homes and to help finance new ones. Housing Associations are regulated by the Regulator of Social Housing.

Investment Adviser means Civitas Investment Management Limited ("CIM"), a company incorporated in England and Wales with company number 10278444, in its capacity as investment adviser to the Company.

IPO means Initial Public Offering

IRR means internal rate of return

Levered IRR means the internal rate of return including the impact of debt.

Local Authority or **LA** means the administrative bodies for the local government in England comprising 326 authorities (including 32 London boroughs).

Glossary Continued

Net Asset Value or **NAV** means the net asset value of the Group on the relevant date, prepared in accordance with IFRS accounting principles.

Net Initial Yield means the ratio of net rental income and gross purchase price of a property.

NHS means the publicly funded healthcare system of the United Kingdom comprising The National Health Service in England, NHS Scotland, NHS Wales and Health and Social Care in Northern Ireland, including, for the avoidance of doubt, NHS Trusts.

NHS Trust means a legal entity, set up by order of the Secretary of State under section 25 of, and Schedule 4 to, the National Health Service Act 2006, to provide goods and services for the purposes of the health service.

Ongoing Charges means the figure published annually by the Company which shows the drag on performance caused by operational expenses. More specifically, it is the annual percentage reduction in shareholder returns as a result of recurring operational expenses assuming markets remain static and the portfolio is not traded. Although the Ongoing Charges figure is based on historical information, it provides shareholders with an indication of the likely level of costs that will be incurred in managing the Company in the future.

Portfolio means the Group's portfolio of assets.

Portfolio Valuation *means an independent valuation of the Portfolio by Jones Lang LaSalle Limited or such other property adviser as the Directors may select from time* to time, based upon the Portfolio being held, directly or indirectly, within a corporate vehicle or equivalent entity which is a wholly owned subsidiary of the Company and otherwise prepared in accordance with RICS "Red Book" guidelines

REIT means a qualifying real estate investment trust in accordance with the UK REIT Regime introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of the Corporation Tax Act 2010.

RICS means Royal Institution of Chartered Surveyors

RSH means the Regulator of Social Housing, the executive non-departmental public body, sponsored by the Ministry of Housing, Communities and Local Government, which is the regulator for Social Homes providers in England and Wales.

Social homes or **social housing** means social rented homes and other accommodation that are offered at rents subsidised below market level or are constituents of other appropriate rent regimes such as exempt rents or are subject to bespoke agreement with entities such as NHS Trusts and are provided by Approved Providers.

Specialist Supported Housing or **SSH** means social housing which incorporates some form of care or other ancillary service on the premises.

SPV means special purpose vehicle, a corporate vehicle in which the Group's properties are held.

Target Return means the target return on investment.

Total Return means Net Total Return, being the change in NAV over the relevant period plus dividend paid

Total Shareholder Return *means a measure of the* return based upon share price movement over the period plus dividend paid.

Valuation means an independent valuation of the Portfolio by Jones Lang LaSalle Limited or such other property adviser as the Directors may select from time to time, prepared in accordance with RICS "Red Book" guidelines and based upon a valuation of each underlying investment property rather than the value ascribed to the portfolio and on the assumption of a theoretical sale of each property rather than the corporate entities in which all of the Company's investment properties are held.

WAULT or "Weighted Average Unexpired Lease Term" is the product of annual contracted rent roll at period end and the time in years to when the lease expires for each given lease, summed across leases, and then divided by the total annual contracted rent roll of the portfolio. The result is expressed in years. WAULT is a key measure of the quality of the Company's portfolio. Long lease terms underpin the security of the Company's income stream

Company Information

Non-executive Directors

Michael Wrobel, Chairman
Peter Baxter, Senior Independent Director and Chairman of the Nomination and Remuneration Committee
Caroline Gulliver, Chair of the Audit and Management Engagement Committee
Alison Hadden
Alastair Moss

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