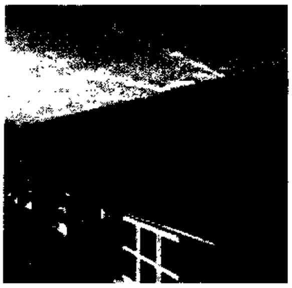


Annual Report and Accounts 2022

Responsible Economic Returns
Sector Enhancing Initiatives
In-depth Specialist Resource
Measurable Social Impact

Content Themes

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

Responsible Economic Returns

Sector Enhancing Initiatives

In-depth Specialist Resource

Measurable Social Impact

Contents

About Us

Our Purpose

CIVITAS SOCIAL HOUSING PLC ("CSH", "Civitas" or the "Company") invests across the UK in care-based community housing and healthcare facilities for the benefit of working age adults with long-term care needs. Since IPO in 2016, CSH has built the largest portfolio of its kind in the UK that has been independently valued at £969 million.

The Company provides long-term community-based homes for 4,592 tenants, across 178 local authority partners that are supported by 130 specialist care providers and 18 Approved Providers. The delivery of care in the community is a primary government policy and cross party policy of many decades aimed at enabling people with long-term care needs to reside close to family and friends and achieve more independent and fulfilled lives. It delivers better personal outcomes and offers value for money for the public purse that meets the costs of the service. Residents, whose average age is c.32 years, typically reside in their adapted CSH community home for many years and sometimes for their whole life.

As a result of making this provision available, CSH is able to offer shareholders the potential of stable, long-term returns with progressive dividends whilst delivering measurable social impact on a large scale. Following shareholder approval, the Company is now expanding into Scotland and Northern Ireland and will work with organisations in receipt of public funding.

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 the rent.

What We Do

Social Housing Pioneers

CSH is a leading provider of care-based community housing in the UK. It was established in 2016 by the founders of its Investment Adviser, Civitas Investment Management Limited ("CIM"), from the long-standing conviction that private capital could play a vital and ethical role in the delivery of homes within the social housing sector.

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 2022

£969m Investment property independently valued[1] (March 2021: £916m)	**696** Properties (March 2021: 619)	**4,592** Tenants (March 2021: 4,295)

Company Overview

as at 31 March 2022

£652m Equity Capital Raised	**675,547** NAV £'000[2]	**1,037,089** GAV £'000[3]
87.4 pence Share price[4]	**6.3%** Dividend Yield[#] (annual)	**5.55 pence** Dividends declared for the year ended 31 March 2022
Closed Ended Permanent Capital	**Inflation Linked Rental Income**	**37.2%** Total return since inception[#] (Net Asset Value based)

Alternative Performance Measures. Terms are defined in the Glossary
1 please see note 15 of the Consolidated Financial Statements for details of the valuation
2 means Net Asset Value of the Group prepared in accordance with IFRS accounting standards
3 means Total Assets
4 as at 31 March 2022

Financial Highlights

for the year ended 31 March 2022

7.23p	£54.1m	22.1 yrs
(2021: 5.80p)	(2021: £50.8m based upon £915.6m real estate)	(2021: 22.6 yrs)
Basic and Diluted Earnings per Share	**Annualised Rent Roll#: based upon £969m of real estate at the end of the reporting period**	**Weighted Average Unexpired Lease Term#**

How We Performed

Financial Highlights for the year ended 31 March 2022

Profit before tax
£44.8m +24.1%

£ million

2022: 44.8
2021: 36.1
2020: 37.7

IFRS NAV per share#
110.30p +1.9%

Pence

2022: 110.30
2021: 108.30
2020: 107.87

IFRS NAV
£675.5m +0.3%

£ million

2022: 675.5
2021: 673.5
2020: 670.6

EPRA EPS#
4.82p -2.2%

Pence

2022: 4.82
2021: 4.93
2020: 4.63

Total shareholder return#1
+11.6%

Percent

2022: 11.6
2021: 26.5
2020: 20.4

IFRS NAV increase since IPO#
+12.6%

Percent

2022: 12.6
2021: 10.6
2020: 10.1

Investment property2
£968.8m +5.8%

£ million

2022: 968.8
2021: 915.6
2020: 878.7

Dividends declared (Ordinary shares)
5.55p +2.8%

Pence

2022: 5.55
2021: 5.40
2020: 5.30

Annualised rent roll#
£54.1m +6.5%

£ million

2022: 54.1
2021: 50.8
2020: 48.4

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

696 properties acquired[1]

£835 million invested[1]

4,592 tenants with dependable accommodation

based on long-term leases signed with **18 Approved Providers**

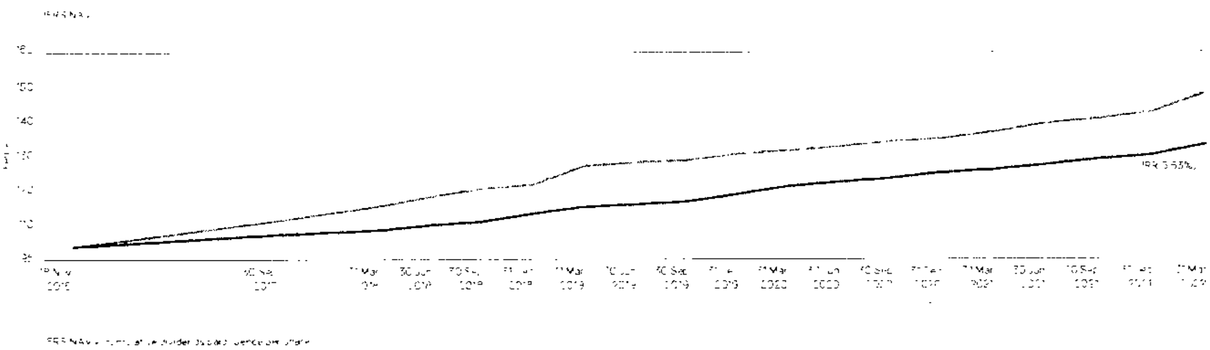
supported by **130 care providers**

across **178 Local Authority Partners**

The Good Economy, the social impact advisory firm, in its fourth annual independent Social Impact Report on Civitas, noted that Civitas continues to be an authentic 'impact investor' according to IFC operating principles and is proactive in its approach to asset management, taking well defined steps to improve the quality of existing homes, especially in terms of improving environmental performance.

1 over the life of the Company as at 31 March 2022

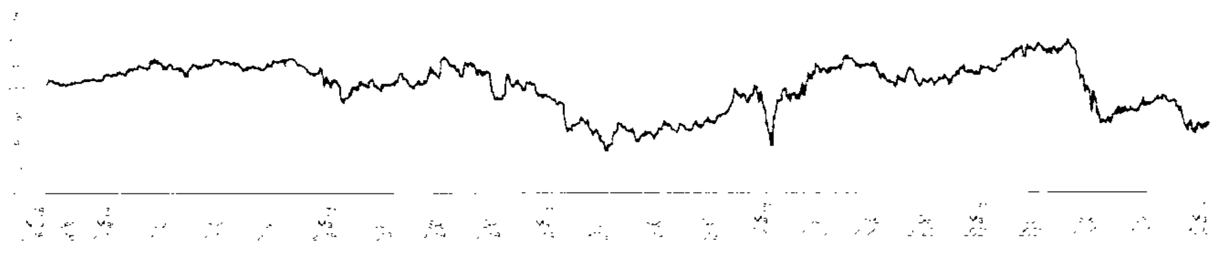
Levered IRR* since IPO (IFRS and Portfolio Basis)

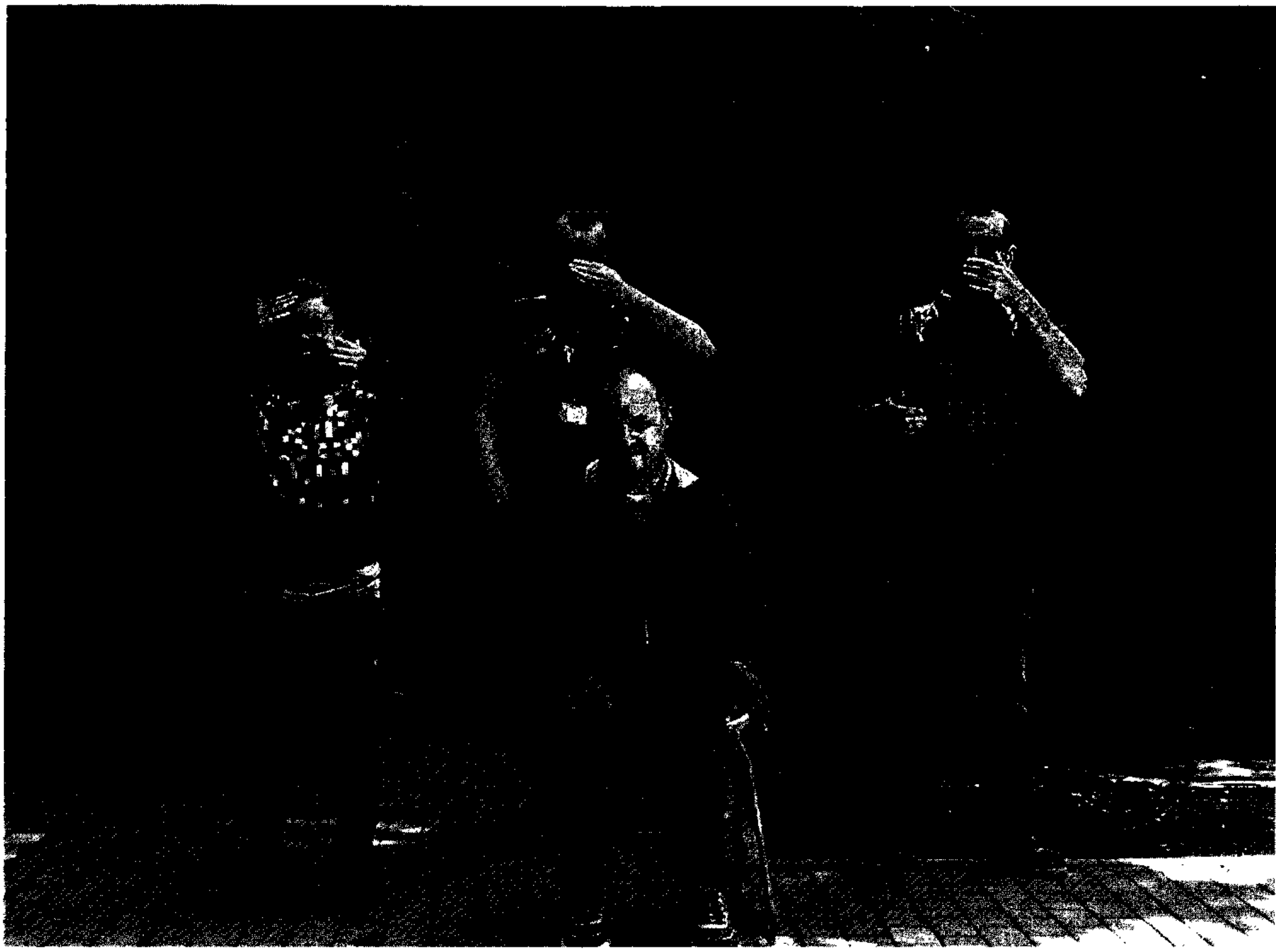


Past performance is not a reliable indicator of future performance

* Alternative Performance Measure. See Appendix 1 for the calculation

Share price performance (pence)





Group Strategic Report

Chairman's Statement

Michael Wrobel
Chairman

From the Chairman

The need for quality housing for the most vulnerable in society is more acute than ever. Thanks to the dedicated efforts of our Investment Adviser and partners, the Company has reported:

- **Rents achieved as normal, adjusted for inflation indexation**
- **Audited IFRS NAV per share resilient at 110.30p (up 1.85%)**
- **Important sector initiatives to promote greater regulatory alignment**
- **Overall improved financial and operational performance from our partner Approved Providers**
- **Active asset management to underpin long-term quality**

Introduction

I am pleased to report that the Company has achieved another year of strong financial and operational performance. Our positive social impact is detailed in a report from the independent specialist consultancy The Good Economy ("TGE").

The year presented many challenges. The pressures of the COVID-19 pandemic on our tenants and their carers highlights the benefits of providing community-based care housing for vulnerable adults of working age. During the year, the Company came under attack from a small number of investors short-selling the Company's shares, one of whom published a series of criticisms that the Board refuted in a very detailed response. The share price, having traded at a premium to NAV early in the financial year, dropped sharply to a discount at the year end. One of the Board responses has been to initiate a share buy-back programme which enhances the Net Asset Value of the Company and confirms the Board's confidence in the robust nature of the Company's cashflows and asset values.

Our Investment Adviser, Civitas Investment Management Limited ("CIM"), has exceptional knowledge of the industry and continues to add to its team to enhance our portfolio. CIM has been working on an initiative to introduce a variation to our leases, that will not impact revenues or asset values, but which aims to strengthen the industry by addressing concerns expressed by the Regulator for Social Housing.

Financial Performance

During the year under review our portfolio generated rental income of £51.6 million, representing a 5.5% increase over the corresponding period. This reflects the indexation of lease rents (during a period of mostly very low inflation) together with new rents from a small number of properties purchased during the year.

Cash generated from operations was £37.5 million, an increase of 3.85% over the prior year (on a comparable basis).

IFRS net asset value of the Company increased from 108.30 pence per Ordinary share as at 31 March 2021 to 110.30 pence per share as at 31 March 2022.

The Company has met the Board's stated dividend target of 5.55 pence per share for the year to 31 March 2022 and the Board has set a new dividend target of at least 5.70[1] pence per share for the year to 31 March 2023.

Board Governance

The Board is currently looking to recruit a new independent director, having regard to succession, our breadth of skills and diversity.

The Board and the Investment Adviser continue an open dialogue with our shareholders to further demonstrate our commitment to provide full transparency at all times.

Continuation Vote

The Company's articles of association require the Board to propose a continuation vote as an ordinary resolution at the annual general meeting following the fifth anniversary from the initial public offering of the Company and at every fifth AGM thereafter. This is referred to later in more detail within the Report of the Directors. Following discussions with a number of shareholders and given the strength and nature of the Company's portfolio and long-term tenants, the Directors are of the opinion that the continuation resolution at the forthcoming AGM will be passed and encourage all shareholders to vote in favour.

Outlook

The sector in which the Company invests offers many positive attributes, in an increasingly uncertain world. We benefit from high levels of intrinsic underlying demand for our properties. All of our leases benefit from CPI uplift on rents, some of which are subject to a 4% cap. Together with our partners, we enable the delivery of high quality, value for money care services for our tenants.

Our initiatives on new lease clauses and further projects with E.ON to reduce our carbon footprint will deliver further benefit to our stakeholders. We look to the future with confidence.

Michael Wrobel

Chairman

29 June 2022

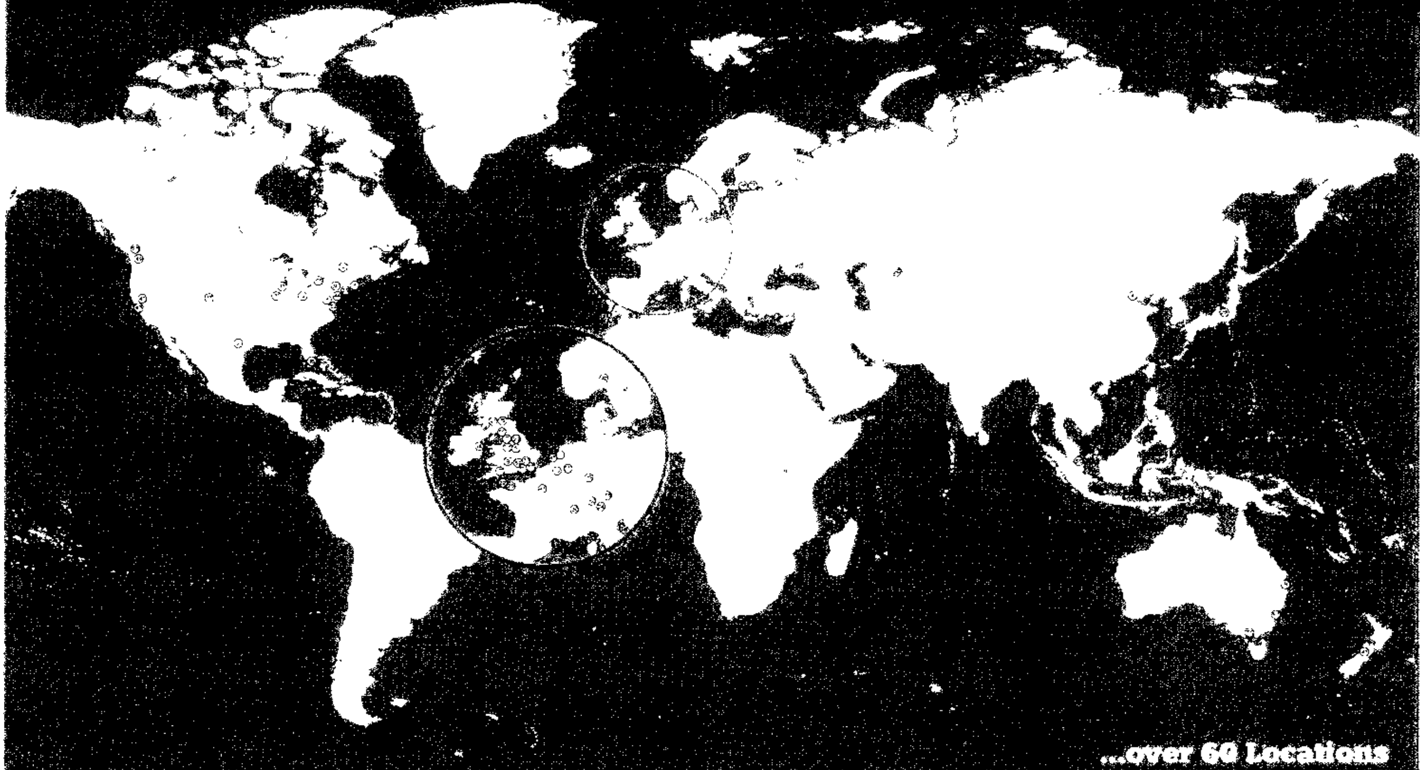
1 This is a target and not a formal dividend forecast or a profit forecast

Growth

Growing base of global investors

Civitas invests on behalf of a wide range of global, national and local investors seeking exposure to sustainable long term income together with measurable social impact and high levels of ESG delivery.

Four Continents...



...over 60 Locations

1. Amsterdam
2. Austin
3. Baltimore
4. Beijing
5. Birmingham
6. Boston
7. Bradford
8. Bristol
9. Brisbane
10. Brussels
11. Chicago
12. Columbus
13. Denver
14. Dublin
15. Edinburgh
16. Espoo
17. Exeter
18. Fort Lauderdale
19. Frankfurt
20. Geneva
21. Glasgow
22. Guernsey
23. Halifax
24. Heerlen
25. Helsinki
26. Hong Kong
27. Illinois
28. Japan
29. Jersey
30. Jersey City
31. Leeds
32. London
33. Los Angeles
34. Luxembourg
35. Manchester
36. Melbourne
37. Montreal
38. Munich
39. New Jersey
40. New York
41. New Zealand
42. Oslo
43. Paris
44. Philadelphia
45. Rotterdam
46. Richmond
47. Sacramento
48. San Francisco
49. Seattle
50. Singapore
51. Surrey
52. Smithfield
53. Sydney
54. Tokyo
55. Toronto
56. The Hague
57. Tunbridge Wells
58. Vancouver
59. Windsor
60. Zurich

Our strategy for growth

Demand for the accommodation provided by Civitas is strong and expected to remain so over the long term. The pandemic has further evidenced the need for safe and secure homes for the most vulnerable people in society.

Civitas is a go-to partner for an increasing range of major vendors and counterparties.

Civitas is the market leader with the largest portfolio and deeply ingrained relationships with care providers, local authorities, Approved Providers and charities across the UK.

Civitas continues to take delivery of new build higher acuity properties with more opportunities being offered and expands into significant markets across the UK, now including Scotland and Northern Ireland.

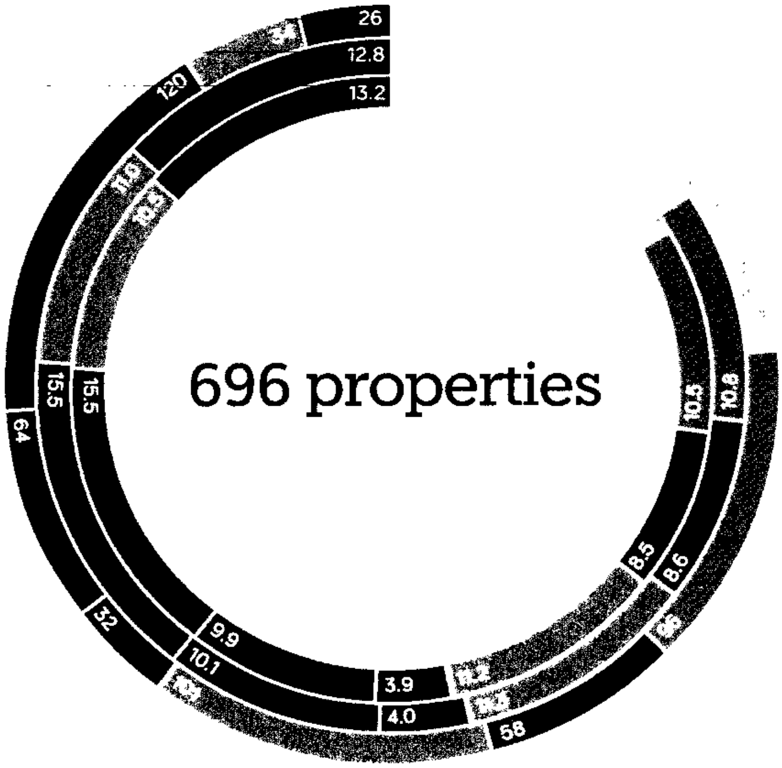
The Company continues to work closely with The Social Housing Family CIC to enable it to expand and play a broader role in the sector, and becoming part of critical local authority pathways, leading to many opportunities in specialist supported living and advanced homelessness.

Civitas now works with a broader range of counterparties including charities and other not-for-profit organisations, to expand into significant markets across the UK, now including Scotland and Northern Ireland.

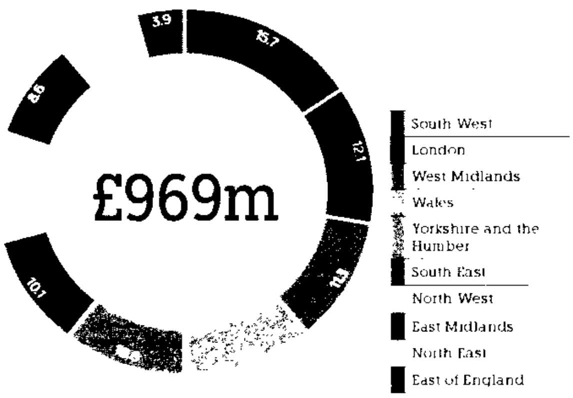
Our Portfolio

By UK Region as at 31 March 2022

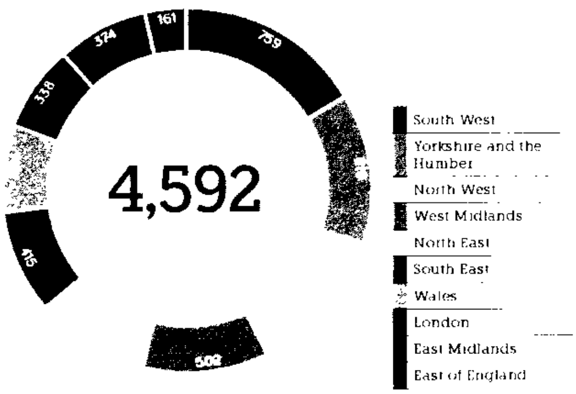
	Properties	Funds invested (Percentage)	Annualised rent roll (Percentage)
North East	64	5.8	7.0
North West	101	10.1	9.8
Yorkshire and the Humber	96	10.8	10.5
East Midlands	58	8.6	8.5
West Midlands	101	11.3	11.2
East of England	32	4.0	3.9
South East	64	10.1	9.9
South West	120	15.5	15.5
Wales	34	11.0	10.5
London	26	12.8	13.2



Market Value (%)



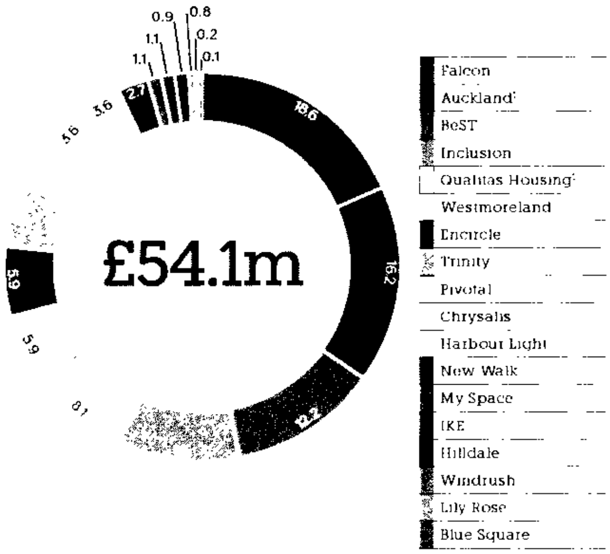
Tenancies



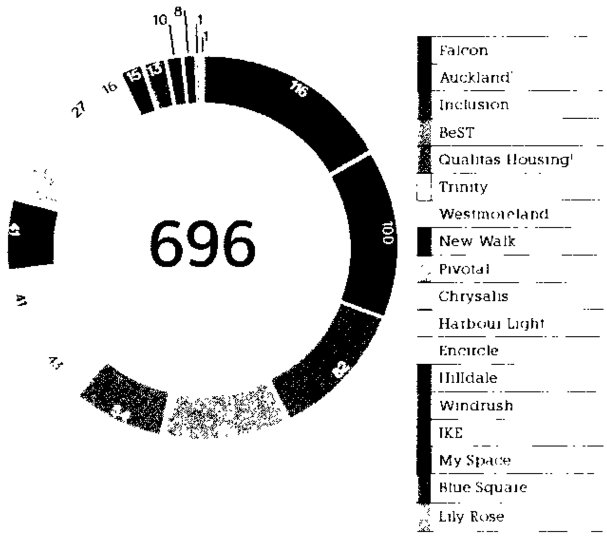
Our Portfolio continued

By Approved Provider as at 31 March 2022

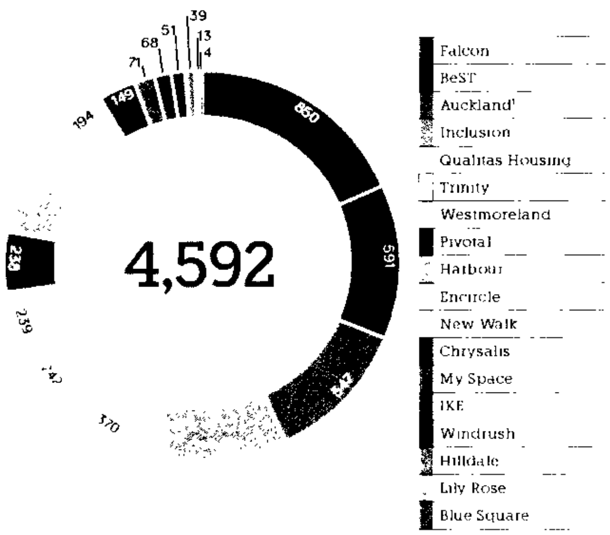
Annualised Rent Roll (%)



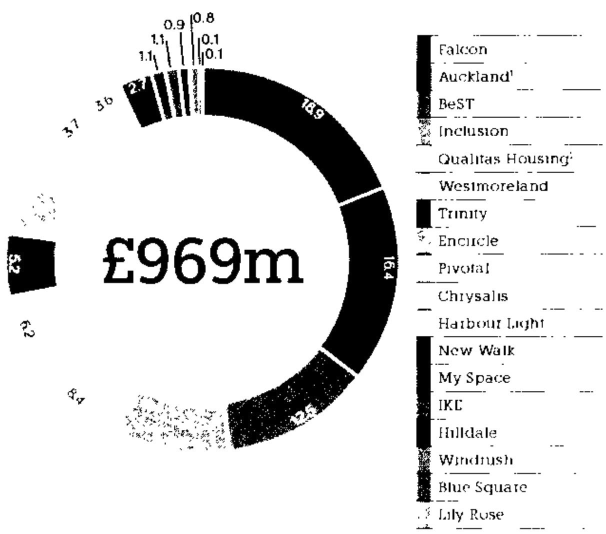
Properties



Tenancies



Market Value (%)



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

Investment Adviser's Report

Continuous Improvement

In the year to March 2022 CIM, working with the CSH Board, has led the development of a range of key initiatives to strengthen and position CSH and its portfolio for the future.

Proposed New Regulatory Clause
- Counterparties better able to achieve regulatory compliance
- Enhanced information and step in rights (having regard to tenant welfare) in addition to existing lease transfer and assignment rights
- Unchanged lease and property values supported by strong underlying demand
- Improved Governance

"A Place for Me"
- Stories of 50 residents who live in Civitas properties
- Fully independently compiled and written
- Extensive number of interviews with residents, their families, friends and their carers

Phase two work with E.ON
- Continued work across 120 properties
- Targeting 25% reduction in carbon emissions
- Continued access to Government grant funding sources
- Clean Energy Strategy to achieve minimum EPC "A-C" by 2030

A growing team of specialists
- Asset Management
- Finance and operations
- Transaction sourcing and execution
- Housing Benefit

Investment Adviser's Report continued

Civitas Social Housing PLC (CSH) is the market leader in the delivery of ethical, care-based residential housing, delivering sustainable returns for shareholders and outstanding community-based homes for residents, while offering value for money to society. This transforms lives.

Paul Bridge
CEO, Social Housing
Civitas Investment
Management Limited

Introduction

Civitas Investment Management Limited (CIM), the Investment Adviser to CSH, advises on a range of ethically based social and healthcare real estate funds with committed capital of c.£3bn. CIM advises these funds on behalf of various global investors together with a wide range of local authority pension funds and dedicated impact investors

The increased scale of its operations has enabled CIM to create a large team of dedicated professionals in the specialist healthcare sector and to make this expertise available to each of the advised funds, including CSH

On behalf of the Investment Adviser and CSH, we would like to offer our thanks to all of our partners who have continued to provide high-quality care, support, and housing, and to our investors who enable the provision of over 4,500 quality homes for some of the most vulnerable people in society.

Overview of Results

CSH is the market leader in the delivery of much-needed long-term housing with care in the UK and leading the charge for ethical investment in the sector. These full year results show a number of key achievements and themes:

- Approaching six years of consistent rental growth and progressive dividend payments that have increased from an initial 3p per share to 5.55p per share reflecting dividend growth ahead of inflation.
- Rents indexed in-line with the Consumer Price Index as Approved Providers are able to claim inflation adjustment payments from local authorities, and with no disruption from COVID-19.
- A high-quality investment credit rating from Fitch Ratings of A secured and A- unsecured, that has been maintained over time.
- Design, negotiation and announcement of a new market leading regulatory clause, to be implemented over time on a retrospective basis, assisting Approved Providers in regulatory discussions with no diminution to lease or asset values.
- An actively managed portfolio 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.
- Ownership of properties that facilitates the delivery of high levels of care with 40% of residents receiving over 50 hours of care per week.
- An active 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.

Investment Adviser's Report continued

Market Commentary

As outlined in the Chairman's Statement, CIM is pleased to note that the sector has continued to see progress in terms of the better delivery of the Specialist Supported Housing (SSH) model with quality commissioning at the heart of projects. This is essential to ensure that each property is suitable for the needs of individuals and to meet the objectives set by the relevant local authority.

Having dedicated considerable CIM resource to working closely with the Company's Approved Providers we have seen continued progress in the quality of their performance which has translated into greatly improved financial results and governance.

Several Approved Providers who had previously stopped taking on new properties to focus on strengthening their own teams and systems have now begun to consider new opportunities in a disciplined manner, consistent with the objective of further performance enhancement.

At the same time it is fair to say that Approved Providers have moved at different paces and while some have seen rapid success, others still need to make further operational and financial improvements. CIM is supportive of these ambitions and having seen material improvements in the sector, remains focused on offering its assistance to drive forward standards for the Company's partners.

What is clear is that demand for quality community-based housing remains strong and most commentators believe that providing vulnerable people with an opportunity to live in their own home or in smaller facilities near to family is the best solution for them.

While working closely with Approved Providers and specialist care providers, CIM has continued to focus on the core fundamentals of ensuring that the portfolio operates at its very best, for instance ensuring compliance for all key property metrics and collecting rental income that is due.

The year saw modest additions to the portfolio of around £32 million in new properties including the provision of a number of properties for those seeking asylum. The properties are backed by long-term government contracts with counterparties that have strong covenants.

At the same time, the Company continues to develop and implement high standards of social impact, which is independently measured, as well as forging leading relationships with key charities and other sector bodies. The commitment to tackle the challenge of decarbonisation continues with the further implementation of the property retrofit programme.

Background

The sector in which the Company operates is substantially funded by the State as part of the long-standing commitment to provide support for vulnerable adults.

The UK is not alone in this approach and indeed the United Nations developed polices that have been adopted by the UK, the European Union and 183 States in total that provide a framework for the provision of this support. The "Convention on the Rights of Persons with Disabilities" was signed by the then UK Government in 2007 and enacted into law in 2008.

The Convention sets out broad rights for those considered disabled in Article 1:

"To promote, protect and ensure full and equal enjoyment of all human rights and fundamental freedoms by all persons with disabilities and to promote respect for their inherent dignity."

Article 19 specifically covers housing, including the rights to live independently and be included in the community, Article 20 refers to personal mobility, Article 26 to habilitation and rehabilitation, and Articles 29 and 30 to the right to participate in political and public life, cultural life, recreation and sports.

Specialist Supported Housing of the type provided by the Company is designed to fulfill these objectives and predates the implementation of the UN Convention. The requirement to provide support for vulnerable people was further enshrined into UK law by the Care Act 2014 which confirms the responsibility of authorities to provide appropriate support and care. There is telling testimony in the publication 'A Place for Me' (Sponsored by CSH and the National Care Group), highlighted later in this report, on the transformational effect SSH has upon people's lives.

In terms of current legislation, the Health and Care Bill was granted Royal Assent in April 2022, further consolidates the trends of joining up NHS healthcare services with social care through the formation of Integrated Care Systems (ICSs). This is supportive of the forms of care and community housing delivered by the Company.

Investment Adviser's Report continued

Government Policy

The newly combined Government Department for Levelling Up, Housing and Communities, is a demonstration of how vital the Government believes decent housing is to its central levelling up agenda. Indeed, the Levelling Up white paper, published in February 2022, makes clear that the provision of high quality, affordable housing is a major Government priority.

Civitas was founded in the belief that private capital, thoughtfully and responsibly invested, is a key element to this provision, especially in the area of the Specialist Supported Housing Sector in which CIM specialises. This is because the large Housing Associations consider themselves poorly suited to delivering these bespoke and adapted properties, which are often located on brownfield land within communities, whereas the larger Housing Associations tend to focus on multi-unit, uniform new developments. Civitas, therefore, fulfils a need for which there is a clear market gap and a huge and growing demand.

In addition, the last few years have seen a renewed focus from the RSH on the requirement to listen carefully to residents' voices and take their views and needs into account. This is something in which Civitas already excels: CIM has close and proactive relationships with our Approved Provider and Care partners, and, through them, with the residents themselves. Evidence for this can be seen in the high levels of satisfaction amongst our residents, the high levels of health and safety compliance and rent collection; and the low levels of COVID-19 throughout the pandemic.

Demand for Social Housing

In September 2020 the National Housing Federation estimated that there were 8 million people in some form of housing need, that 1.6 million households were on official waiting lists and there were at least 129,000 children living in temporary accommodation.

Supply for new affordable housing is very low and significantly lower than demand. In addition, supply is further constrained by the demands placed upon existing large developing housing providers in meeting the costs generated by fire safety measures post Grenfell, remediation of cladding, the cost of reducing carbon emissions and additional consumer regulation proposed in the White Paper on social housing "A charter for social housing residents".

When it comes to Specialist Supported Housing, the long-standing and ongoing rise in working age adults with complex physical, mental and social care needs, requiring supported housing with care, means that the demand for high quality SSH of the sort provided by Civitas is expected to continue to grow.

Summary & Outlook

Civitas is the leading independent operator in a sector in which there is enormous and growing demand and, due to the highly specialised nature of the work being carried out, high barriers to entry. Civitas is acknowledged to be committed to providing safe, high quality homes with care for its residents, with active and granular day to day portfolio management being carried out by its large team of sector specialists. In addition, we are working with the relevant counterparties to introduce new contractual provisions which we believe will better position our Approved Provider partners to achieve compliance under the RSH's Governance and Financial Viability Standard.

We are continuing to evaluate further portfolio acquisitions, not only in our core competency but also in areas such as high quality housing with care for asylum seekers and those affected by homelessness.

We remain committed to generating growth and enhancing shareholder value through socially impactful ethical investing. We are passionately committed to this for the long term.

Investment Adviser's Report continued

Specialist Housing

All leading independent commentators agree that demand continues to rise for community-based housing (Mencap Annual Report 2021). This is driven by the general rise in the population, better birth outcomes and improved life expectancy, in turn stimulated by more community-based housing of the type the Company provides. Trends in mental health also contribute to demand. According to the Royal College of Psychiatrists referrals to mental health services have risen to an all-time high of 4.3 million people during 2021.

LaingBuisson, a large healthcare consultancy, in its Adult Specialist Care Report 5th edition published in January 2022 estimates that in the learning disability market for care in the community, over 90% of providers come from the independent sector. For specific mental health services this rises to 97% and reflects the fact that over the past 30 years almost all specialist care has come to be provided by the private sector and paid for by the State, whereas it was previously provided by the NHS.

What is also clear is that the principal of community-based housing is being extended to groups with other care needs, beyond mental health issues. This trend was reinforced by the Homelessness Reduction Act of 2017 which placed a statutory duty upon local authorities to find homes for those at risk of serious harm caused by homelessness.

Prior to the pandemic, the leading homeless charity and campaign group Crisis estimated the cost of street homelessness to the State was over £20,000 per person per year, not including social losses and losses to the state in tax revenue.

At the start of the pandemic, the 'Everyone In' campaign ensured over 37,000 people sleeping rough were housed in temporary accommodation, mostly hotels. The challenge that now remains is how to ensure those people are permanently housed with the support required to overcome often complex needs. This is the purpose of Barnet's Homelessness Scheme supported by CSH which will ensure a secure and stable home with extensive support.

The clear advantages are the same as housing for disabled groups: better social outcomes within a community setting and reduced costs to the taxpayer

Financial Review

As at 31 March 2022 the IFRS net asset value of the Company was £675.5 million, being 110.30 pence per share, a 1.85% increase on the 108.30 pence per share at 31 March 2021. A net fair value gain on investment properties of £12.3 million (2021: £5.5 million) was recorded in the year. Operational cash flows of £37.5 million were an increase on the prior year.

The portfolio was independently valued on an individual IFRS asset basis by JLL at £968.8 million as at 31 March 2022 (2021: £915.6 million) reflecting a net initial yield of 5.28%. This compares to an average purchase yield of 5.90% (prior to purchase costs) and reflects the ability of the Company to use its scale and market position to buy well, often off-market, and generally avoid taking part in auctions.

Net rental income of £50.7 million was generated in the period, a 6.1% increase over the corresponding period (31 March 2021: £47.8 million). This increase has been generated as a result of on-track indexation of rents, the effect of rental income on properties purchased in the prior period being included for the full twelve months and a small number of new investments in the period. Strong ongoing rental collections throughout the year supported the Company's healthy operating cash flows.

During the reporting period, the Company paid four dividend distributions including one dividend of 1.350p and three instalments of 1.3875p each during the period, fully in line with the distribution target of 5.55p announced for the year to 31 March 2022.

The Company also extended the maturity of its £100m loan facility with HSBC Bank plc to November 2023 at SONIA plus 2.02% margin. Since the year end, the £60m facility with Lloyds Bank plc has also been extended to July 2024, at SONIA plus 1.67% margin. Together, these financings continue to underpin the strong liquidity position of the Company. The Company has also maintained leverage at 34.43%, comfortably within the Company's self-imposed cap of 40% of total assets. Finally of note, the Company retained its premium Fitch rating from the prior year at "A" secured and "A-" unsecured.

The CSH Investment Portfolio – Overview

The Civitas portfolio is one of the largest SSH portfolios in the UK and is diverse geographically, in property size, type of care and with multiple counterparties. The overall objective is to have a high-quality portfolio providing long-term accommodation and stable returns. All CIM's work with care providers and Approved Providers is collaborative, and part of CIM's commitment to improve the sector and assist its partners in becoming more independent.

Portfolio

Largest private portfolio in the country.

High acuity with **40%** of residents living in Civitas properties receiving over **50 hours** of care per week	**130** care providers	**18** approved providers	**178** local authority partners

Team

Established team of specialists across the country.

- Senior staff from the care industry
- Housing Benefit
- Social Housing
- ESG
- Legal/Financial

Activities

Key activities comprise of future proofing, optimising quality for care providers, ensuring Approved Providers benefit from economies of scale, and introduction of the new Regulatory clause.

- Ensuring buildings are meeting the needs of care providers
- Ensuring rents at appropriate level and efficiently collected
- Future proofing properties
- Sounding Board on governance and sharing best practice
- E.ON partnership

Outcomes

Benefits derived from the combination of portfolio, team and activities.

- High occupancy
- Rents collected and indexation secured
- Property enhancements, change of use and improvements in quality
- Progress made by independent Approved Providers in management, governance and financial performance
- Reducing carbon emissions whilst utilising public funds and minimising the financial impact on the Company

Each year a small number of buildings require future proofing where the Company and CIM identify adaptions that are required, or in a few instances a change of use, that will ensure longevity of occupation and that optimal resident satisfaction is maintained.

The Portfolio – Rent Roll

The annualised rent roll as at 31 March 2022 increased to £54.1 million from £50.8 million in March 2021 and this is expected to increase further as additional indexation is applied (refer to chart on page 3).

Rental income is generated from leases with 18 Approved Providers (refer to page 9 for further details).

Typically, properties are located close to local community-based facilities to support tenants, families and staff with minimal travel requirements.

Portfolio Characteristics

The key features of the CSH portfolio can be summarised as follows:

- Properties are fully converted and specially adapted for care use
- High acuity with 40% of residents living in Civitas properties receiving over 50 hours of care per week
- Median rents tested/compared against market equivalent
- Properties always well located within the community and with commissioner support
- Over one third of the portfolio on back-to-back 25-year leases with care providers mirroring the obligations in the lease to Approved Providers
- An 'own front door' policy
- Over one third of properties bought when new, without development or forward funding risk

The high quality of CSH portfolio reflects the Company's ability to source off-market transactions through its extensive network of care provider relationships, with the aim of achieving value growth over time.

Regulation

In October 2021 the Regulator of Social Housing published its annual sector risk profile, which seeks to set out its view on the sources of risk to providers' ongoing compliance with regulatory standards. The keys areas it highlights for the whole sector are:

- Increased scrutiny as set out in the Social Housing White Paper
- Increased costs associated with fire remediation post Grenfell Tower and meeting the demands of the Fire Safety Act 2021
- The cost of meeting the zero-carbon agenda
- Increased debt required to subsidise improvements to existing stock

CSH always welcomes the engagement of the RSH with our Approved Provider counterparties and we support the work the RSH has undertaken in making recommendations for improvements in the sector over the past five years. The RSH continues to engage with all Approved Providers including those with which Civitas works.

Since the last report, the RSH is now engaging with nine of the Company's Approved Providers, set out below:

Approved Provider	Grading	Type of publication	Route
Auckland Home Solutions	N/A	Regulatory Judgement	Reactive engagement
Bespoke Supportive Tenancies	N/A	Regulatory Judgement	Reactive engagement
Encircle Housing	N/A	Regulatory Judgement	Reactive engagement
Falcon Housing Association	N/A	Regulatory Judgement	Reactive engagement
Hilldale Housing Association	N/A	Regulatory Judgement	Reactive engagement
Inclusion Housing	G3 / V3	Regulatory Judgement	IDA and reactive engagement
My Space Housing Solutions	G3 / V3	Regulatory Judgement	Reactive engagement
Pivotal Housing Association	N/A	Regulatory Judgement	Reactive engagement
Trinity Housing Association	G3 / V3	Regulatory Judgement	Reactive engagement
Westmoreland Supported Housing	G4 / V3	Regulatory Judgement	Reactive engagement

It is clear that the RSH will, rightly, publish information as to the improvements it wishes to see and whenever this occurs CSH will provide support to its partners as appropriate.

Through CIM, CSH has been at the forefront of addressing the RSH's concerns about the long-term risk planning of Approved Providers by pioneering the implementation of the force majeure clause and caps and collars on the indexation of rents of between 1% and 4%. We will continue to work with the Company's counterparties and the RSH to ensure that the Company fulfills its intentions as one of the largest owners of SSH in the country to enable the sector to evolve and to maintain the improvements already made.

New Regulatory Clause

During 2021 and 2022, CIM has engaged with relevant counterparties, including several shareholders of CSH, lending banks, valuers and the RSH and undertaken detailed negotiations with several Housing Association partners, to explore how the Company can assist those organisations to be better positioned to achieve regulatory compliance under the RSH's Governance and Financial Viability Standard (the "Standard").

The consensus result of these discussions and negotiations is the development of an approach with a new draft regulatory clause whose principal objectives are to enable Housing Associations to:

- achieve greater alignment between income receipts and lease liabilities
- set achievable capital solvency requirements against lease obligations
- demonstrate a further degree of risk sharing

Each with the objective of seeking to demonstrate compliance with the Standard (expressed as gradings V1 – V4 and G1 – G4)

Meanwhile, the draft regulatory clause will provide the Company with:

- counterparties better able to achieve regulatory compliance
- enhanced information and step in rights (having regard to tenant welfare) in addition to existing lease transfer and assignment rights
- unchanged lease and property values supported by strong underlying demand

The draft clause once enacted will operate on a property-by-property basis to provide for a temporary pass through of lease rent in certain limited circumstances when the Housing Association is not in receipt of full payment whilst at the same time ensuring that the Company does not become responsible for obligations that are rightly owed by others such as void cover by care providers. Furthermore, this applies only after an initial period of time during which all rents remain the responsibility of the Vendor/Housing Association and then only if paying the rent in full would cause the Housing Association to fail to meet the Regulator's standards.

The draft clause also contains provision for the reimbursement of rental income if that is subsequently recovered by the Housing Association.

Implementation of the clause will codify much of the general asset management work and the Company's approach to sector collaboration that already takes place on a day-to-day basis and is reflected in the Company's existing rent roll but which has to date not been included within the terms of the Company's leases and so have not received formal recognition. It is anticipated that the clause will only be relevant to a small number of properties at any time and will not have any material impact on the Company's rent roll.

The Company has sought and obtained formal written confirmation from valuers that the inclusion of the clause 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. Indeed, the Company considers that enhanced regulatory alignment would be consistent with asset appreciation over the medium term.

At the present time the clause is in draft form and is subject to further discussion and refinement with several Housing Association boards assisted by leading sector lawyers together with other relevant approvals.

It is intended that the clause will be incorporated initially into a limited number of existing leases on a retrospective basis commencing with properties that are unencumbered.

On the assumption that it is well received by relevant parties within the sector and has the potential to achieve the objectives set out above it will be further rolled out in a controlled manner over time to other Approved Providers and in respect of new and existing leases on a retrospective basis. The Company will provide further updates in due course once the final form of the clause has been settled.

Social Impact and Social Value

The Company's latest independent report from The Good Economy was published in June 2022 and provides details of CSH's portfolio and the continued success in delivering measurable social impact. Findings include:

- 77 properties, housing up to 297 people, have been added to the CSH portfolio within the period
- 41% of CSH's 696 properties have been brought into the social housing sector for the first time
- CSH's regular engagement with its Approved Providers (RPs) to monitor the quality of its stock continued through the COVID 19 pandemic
- Improvement works have enhanced the energy efficiency of homes, with 99.92% of homes having an EPC rating of at least E+
- CSH homes continue to serve vulnerable individuals and play a significant role in improving resident wellbeing, particularly when individuals are coming out of higher acuity facilities
- Social value analysis (March 2021) revealed that, overall, the portfolio generates £127 million of social value per year, including fiscal savings to public budgets of £75.9 million per year
- 87% of respondents to the resident survey in March 2021 reported that they were satisfied with the quality of their home, 8% reported that they were neither satisfied nor dissatisfied
- 99% statutory compliance rate by housing provider partners is better than the wider affordable housing sector

Investment Adviser's Report continued

Environmental, Social and Governance (ESG)

The ESG Policy is located on the Company's website. 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

As part of this commitment, CIM engages with ESG rating providers to set out the activities that are undertaken by CSH and to ensure this is profiled correctly. This includes increased disclosure by CIM in respect of various policies that have been promoted on the CIM website. Notably, active participation in the 2021 GRESB Public Disclosure Assessment has resulted in CSH achieving an A score which is an improvement from a B score in 2020, whilst the peer group average score remains at C. GRESB is an investor-driven global ESG framework. Meanwhile, the ESG Risk Rating Score for CSH by Sustainalytics of 16.6 (Low Risk) is marginally lower than was reported in March 2021. Sustainalytics measures how well companies manage ESG issues that are most material to their business.

Environmental: Carbon Reduction/ Energy Cost Savings

CIM has been leading the sector in improving the environmental performance of the portfolio and is working with E.ON (a leading UK energy and solutions company) under a national framework agreement in partnership with CSH tenants 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. The installation of these energy efficient measures, utilising available Government grants and other funding sources, maximise value for the Company and for our counterparties. The collaboration with E.ON is delivering significant environmental enhancements without any cost to our Approved Providers.

As a result of active asset management and property improvements works, renovations and scheduled post completion works, the overall energy performance of the portfolio, as identified on Environmental Performance Certificates (EPC) reports data has improved over the last twelve months. The proportion of properties with EPC Rating A-C has remained at c.52% (52% in March 2021) and carbon footprint (estimated from property characteristics) has reduced by 3% per Civitas tenancy (from 2.73 tonnes of CO_2/tenancy to 2.65 tonnes of CO_2/tenancy). The static year-on-year proportion of homes rated A-C was due to the acquisition of a significant number of properties which were acquired with D rating. These homes are subject to improvement works which should improve their energy performance in coming months.

Charities

The Company has supported and worked with the following Charities since IPO.

Crisis

Civitas has supported Britain's biggest homelessness charity over the past five years and the two organisations regularly collaborate on the emerging knowledge required to undertake advanced homelessness schemes. These are vital to enable people who have been at risk of or experienced homelessness to rebuild their lives but who require considerable care and support in addition to a safe home in the community.

Choir With No Name

Civitas is proud to support this charity that runs five choirs across the country for people who are homeless or marginalised. Rehearsals have been moved back indoors following the pandemic lockdown, and members, volunteers and staff are reported to be over the moon! Alongside the choirs, the charity runs a free online workshop to members, the wider homeless sector and anyone who wants to attend. The charity has also provided team-building events for the CIM team.

Impact Highlights 2021-22

- Big increase in average weekly attendance since return to indoor meetings post COVID-19
- New Cardiff Choir launched in November 2021
- Steady progress with establishment of new community choirs in Watford and Coventry

House of St Barnabas

A social enterprise and charity that works to support people affected by homelessness back into long-term employment. Its vision is of a future where lasting good work, a secure home and supportive network are a reality for those affected by homelessness. Civitas specifically supports the relationship-based mentoring programme focused on developing interpersonal skills and communication.

This helps to underpin its mission of 'Good Work, Good Home' for all its graduates. The Employment Academy staff at House of St Barnabas work with victims of homelessness who have successfully completed the employment preparation programme into work and helps them to progress in work.

Impact Highlights 2021-22
Employment Preparation Programme:

- 17 participants successfully graduated from EPP 18 and EPP 19
- 100% of graduates were successfully matched with a mentor

Employment and Progression:

- 33% of working graduates are earning London Living Wage
- 23% of working graduates are in good work and a good home
- 70% of mentor relationships with graduates last for at least 6 months
- HOSB has supported a total of 93 people over the year.

Investment Adviser's Report continued

Women in Social Housing (WISH)

WISH promotes the benefits of being part of a networking community and equips its members to succeed, advance and flourish in the UK housing sector. Civitas support contributes to the championing of positive outcomes for women working in the sector.

Care Workers Charity

CWC recognises that care workers face everyday challenges such as loss of income, inconsistent hours, and lack of adequate resources. It helps care workers in the UK (c.2 million workforce) through crisis using financial support and support centres. CWC provides support through one-off crisis grants, COVID-19 Emergency Fund and a Mental Health Support Programme.

Little Sprouts

Little Sprouts promotes the health and wellbeing of communities through delivery of targeted cooking and food education workshops, surplus food collection, and other activities. The charity places a particular focus on supporting deprived communities where the socio-economic position – housing, employment, or education – has had a massive contributory effect on well-being and health. It has also provided meals for those with mental health issues affected by the pandemic.

'A Place For Me'

The Company has from its inception been very keen to understand how residents living and moving into homes owned by Civitas benefit from their environment, the quality of care they received, what benefits they and their family derive and how society and the taxpayer benefits.

We have rigorously challenged ourselves to ensure the social impact of the Company is maximised and measured independently through the Good Economy and Social Profit Calculator.

We worked with a journalist and photographer who published a book 'A Place For Me' which tells the stories of 50 residents who live in Civitas properties. The interviews were carried out on site and in person and have also involved families, care workers and other stakeholders. The book was published in December 2021, and we believe it is the largest independent project ever carried out into the lives of those with learning disabilities and mental health issues. The book is co-sponsored by a major care provider.

Governance

CIM continues to engage actively with the Company's Approved Provider partners and care providers, providing advice and shared learning. This has helped to facilitate continued high level operational performance on occupancy rates, property compliance matters, and health and safety.

The Board carries out an annual Board performance evaluation exercise. All of the Company's policies and procedures have been reviewed and, where appropriate, updated.

The Board has five independent non-executive Directors and has commenced a recruitment programme to recruit a sixth director with asset management skills to reflect the scale of the portfolio, the growth of expertise within the Investment Adviser and to assist with succession planning in the future. Both skills and diversity will be important considerations with this recruitment.

Summary

Care for the vulnerable being delivered in homes or small residential settings in the community to promote independent living and better social outcomes is clearly the long term focus of Government policy in this sector with considerable cross-party support. In this objective, the private sector, both in terms of service delivery and investment, has a pivotal and essential role to play. Civitas is at the forefront of this investment and brings the skills and experience required to further expand the delivery of this critical service and to be influential in enhancing the development of sector counterparties.

We remain committed to generating growth and enhancing shareholder value through socially impactful ethical investing. We are passionately committed to ensuring this is maintained for the long term.

Civitas Investment Management Limited

Investment Adviser

29 June 2022

Civitas Investment Management

A Growing Team of Specialists

Throughout the pandemic, CIM has continued an active recruitment programme aimed at increasing the levels of resource and expertise within the team. Of particular focus has been the dedicated Asset Management team which is charged with maintaining the quality of the CSH portfolio and working closely with Approved Providers and other sector entities including care providers.

During the year to March 2022 a number of senior recruits have joined the team. The Asset Management team is led by Tom Falconer, a former local authority SSH commissioning officer. This has been part of a broader recruitment programme. Selected profiles are set out below:

Asset Management

Matthew Filkin, Investment Advisory Director

Previously COO at Almacantar (Property investment and development company)

Matt has over 20 years of real estate experience covering investment, development, finance and corporate matters. At CIM, he has an active day-to-day involvement in the operations of the existing investment strategies working closely with the asset management team to provide a broad real estate overview. He is also engaged with a number of specific asset management projects.

Tom Falconer, Head of Asset Management

Previously Group Property Manager at Lifeways (leading UK specialist care provider)

Tom is a former local authority commissioner with over 12 years experience in asset management, specialist housing delivery, together with health and social care integration across the UK. At CIM, Tom leads the asset management team, working closely with local authorities and housing associations supporting them in their requirement to meet the demand for SSH and residential care accommodation.

Sean Corney, Director, Asset Management

Previously an executive within Savills' Asset Management Team

Sean is a specialist in the delivery of asset management with over 20 years' experience within the property industry, including supported living and care environments. He is an Associate of the Royal Institute of Chartered Surveyors (RICS) and a member of the Institution of Residential Property Management (IRPM). At CIM as part of the asset management team he is responsible for the oversight of capital works that supports the enhancement of the Company's portfolio.

Portfolio Management

Connell Grogan, Senior Portfolio Manager

Previously Senior Portfolio Manager at Resonance Ltd (leading specialist impact investor)

Connell is a Chartered Surveyor and experienced senior portfolio manager with over 20 years' experience in real estate. He has worked previously with a leading impact fund manager with a focus on homelessness and specialist supported housing. At CIM, Connell works within the asset management team focusing on delivering enhancements to the property portfolios.

Civitas Investment Management continued

Charles Reid, Partnership Officer

Previously Lead Housing Benefit Officer at London Borough of Southwark Council

Charles is a housing benefit specialist with a 30-year track record in assessing housing benefit claims and appeals across many of the largest London local authorities. At CIM, he works within the asset management team to assist property due diligence and to support the work of Approved Provider partners in determining housing benefit claims and setting appropriate rent levels.

Daryl Quarry, Senior Portfolio Manager

Previously Head of Change & Transformation at Falcon Housing Association C.I.C.

Daryl has worked within the social housing sector for over 16 years in business development and change management. Daryl works collaboratively with the asset management team to support Approved Providers in implementing software and developing internal processes to contribute to achieving optimal performance as part of increased independence.

Finance and Operations

Dipesh Devchand, Group CFO

Previously Managing Director, Head of Fund Finance & Operations for ICG plc (FTSE 100 listed alternative asset manager)

Dipesh has over 20 years' experience in finance at a senior strategic level within a financial services and investment management environment. At CIM Dipesh leads the finance function, working closely with CIM's founders and shareholder partners to deliver the strategic mission of the group. He brings a wealth of experience covering financing, regulatory reporting, taxation and operational matters.

Siu-Wai Ng, Commercial Director

Previously Partner, Global Head of Product Development at BlueBay Asset Management

Siu-Wai has over 20 years of experience in the investment management industry, bringing products to market and building business platforms in both public and private asset classes. At CIM, she is the Commercial Director with her remit encompassing all aspects relating to the implementing and administering of new fund launches, assisting in the design of new commercial strategies.

Nazlin Nazri, Associate Director

Previously Head of Financing Reporting at Tritax Group

Nazlin has over fifteen years of experience in real estate finance, including financial reporting under various GAAPs, financial management, group consolidation and fund accounting. At CIM, she works within the finance team as an associate director on Civitas Social Housing PLC.

Asset Management Case Studies

As part of the ongoing active management of the CSH portfolio, CIM has developed an extensive asset management resource that covers all the key disciplines that are apparent within specialist supported housing and the residential care sectors.

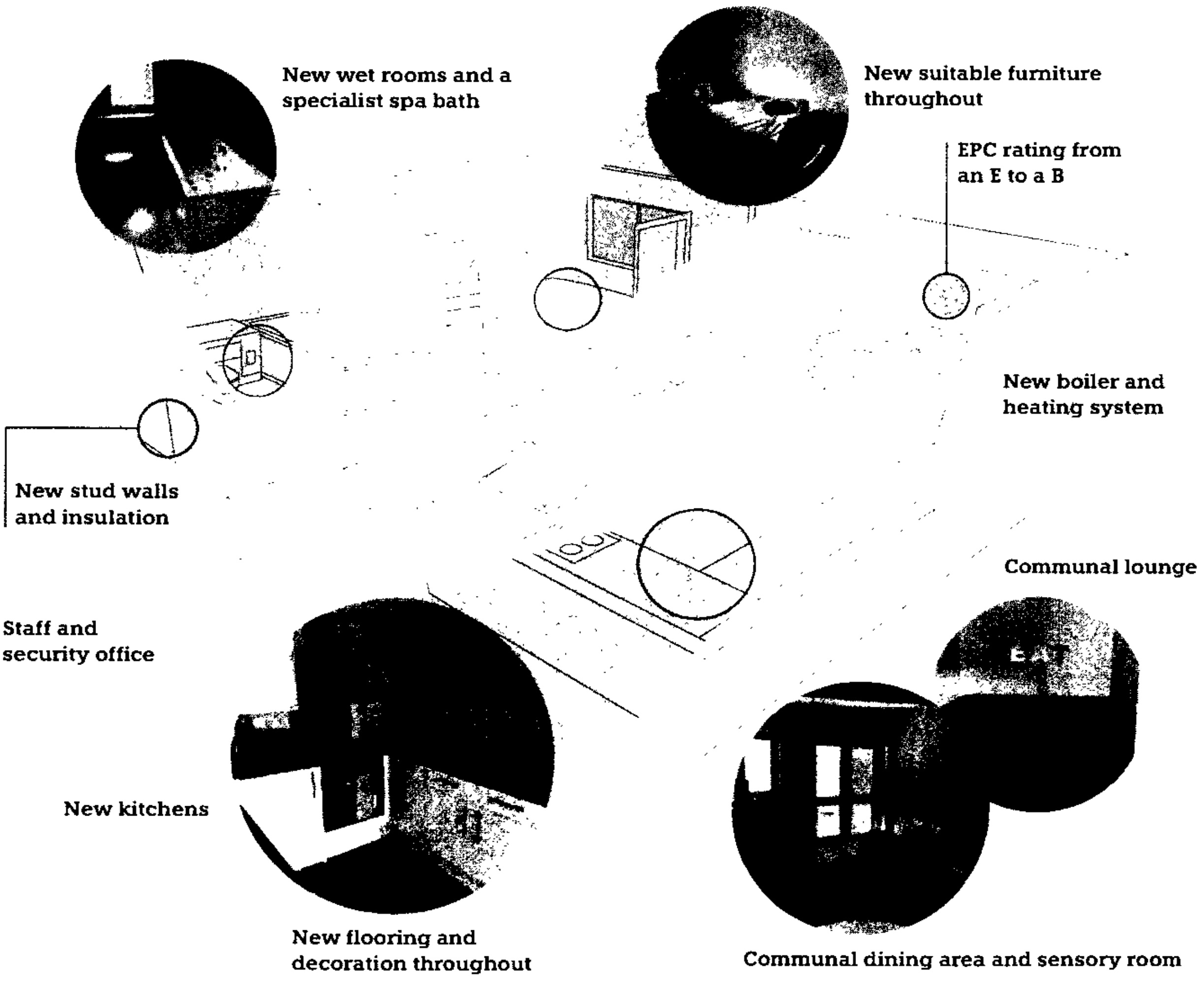
Capital works are undertaken on a rolling basis with much of the work being undertaken around the time of initial acquisition and paid for by the original vendors as part of the purchase agreement. This ensures that appropriate adaptations are made to deliver a bespoke property that is suitable for the user's needs over the long term. Capital works are also undertaken, from time to time, during the life of the property, with some or all of the costs being borne by CSH, where it is deemed appropriate to undertake improvement works or repositioning of the asset. In some cases this also leads to an immediate uplift in rent roll and a commensurate increase in capital values.

Set out below are a number of examples of projects that have been undertaken.

Mill Lane, Weeley Heath, Clacton-on-Sea (5 beds)

Successful transformation project to support house tenants with challenging behaviours. The property required enhancements relating to energy efficiency, improved security, carefully constructed wet rooms, specialist furniture and redesigned layouts to assist the care provider in supporting the new tenants. This asset was acquired as part of a wider portfolio, plans were already in place with the care provider and local authority commissioner to undertake minor configuration works with some notable enhancements given that it was a much needed service in the local authority area. The care provider contributed to the overall cost of the works to demonstrate the long term commitment to the service.

Enhancements within the asset are highlighted below, and notably the energy performance improved from an E rating to a B rating for the purpose in which the asset is being used for C2 requirements.



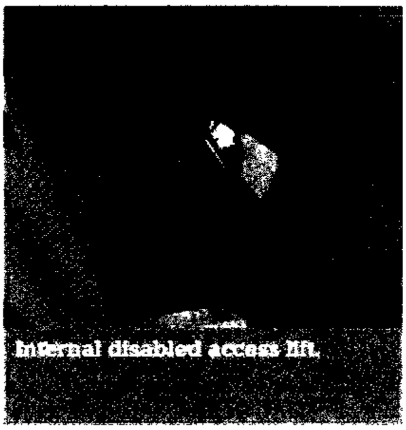
Asset Management Case Studies continued

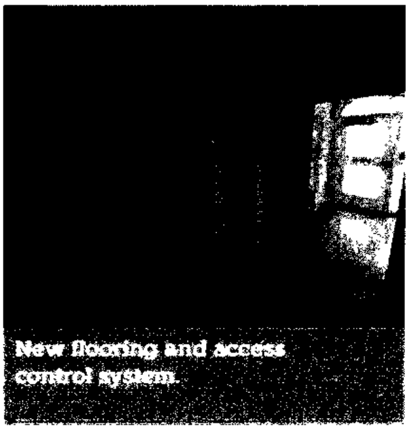
Delrose House, Southampton (9 beds)

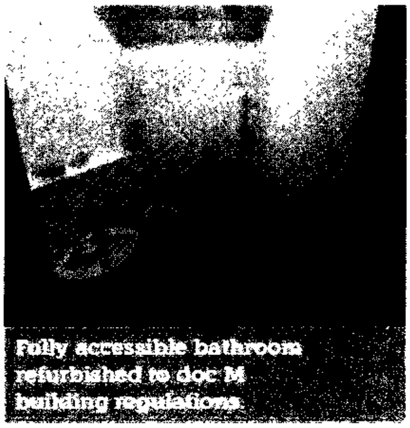
The care provider approached CSH seeking permission to undertake a refurbishment program within specific areas of the property. Its plan was to move tenants from one type of care service to another for long-term full occupancy.

The works were approved by CSH and paid for in full by the care provider. These included general redecoration and replacement flooring to enhance appearance, works to the lift to permit disabled access, refurbishment of wet rooms and replacement kitchens to be suitable for use by the tenants.

- Redecoration
- New flooring in the majority of the rooms and communal space
- Communal bathroom refurbishment
- New kitchen, repairs to subfloor, new flooring
- Repairing and replacing subfloors in certain bathrooms


Internal disabled access lift.


New flooring and access control system.


Fully accessible bathroom refurbished to doc M building regulations.

Heathfield Apartments, Swansea (15 beds)

The property is situated close to the centre of Swansea, overlooking the city centre towards the harbour. Given the close proximity to the city centre it provides easy access for staff, tenants and family members.

Following the acquisition of this asset in 2019 an overhaul of the exterior was planned to enhance the external appearance and make some minor repairs, including the rendering and decoration. The initial stages of works were covered by the vendor, with the care provider enhancing some of the internal parts of the building as part of a planned internal refurbishment.

CIM on behalf of CSH completed a review of the works and undertook some further enhancements to key areas of the higher elevations of the building with the aim of futureproofing areas of the roof, rendering, windows and decoration. This should prevent disruption at the property in the upcoming years.

CSH provided some additional investment into the asset as part of the wider scope of works to allow the additional enhancements to happen and deliver an asset of a higher standard to the care provider and tenants. This is a prime example of positive collaborative working to achieve a desired outcome.

- External overhaul and refurbishment
- New windows and doors installed
- Rendering replaced and redecorated
- Roof upgraded whilst scaffolding in place
- New ramp fitted externally for an additional fire escape route
- Redecoration to internal areas affected by propping equipment

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. Further details can be found on pages 45 to 55.

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 61.

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. See Corporate Governance Statement on page 67

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 67.

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. 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 34 to 37. 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 34, 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 45 to 55.

Stakeholders

A company's stakeholders are normally considered to comprise its shareholders, its employees, its customers, 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 • 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. At the Company's AGM on 22 September 2021, the Company received votes representing 27.11% against Resolution 13, the additional 10% pre-emption resolution. In compliance with the AIC Code of Corporate Governance, the Board released an announcement on 16 March 2022 outlining how it, via the Company's Brokers, had engaged with those shareholders who had voted against the resolution. It understood that these shareholders followed PIRC's or their own internal recommendation to vote against this resolution as when combined with the standard 10% pre-emption disapplication resolution it would have resulted in the Company having authority to issue up to 20% pre-emptively. For the 2022 AGM, which will be held on 15 September 2022, the Board hopes that shareholders will be able to attend in person. Arrangements for the AGM will be released in August 2022 and will take account of the latest Government guidance and advice at the time of publication of the Notice. **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 • 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 137. Other members of the Board are also available to shareholders if they have concerns that have not been addressed through the normal channels. During the year, the Board noted that several activist shareholders had taken a short position in the Company's shares. In response to this, the Board sought to engage with shareholders directly as well as through the Company's Brokers and Investment Adviser. Following this, the Board published a paper to provide detailed responses to the questions which were raised by the activist shareholders as well as specific responses to the allegations made by the short sellers. **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 60 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.

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 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 March 2022, the Board undertook a site visit to a number of the Company's properties. The Board found this visit beneficial as it enabled it to engage with the Company's tenants and to see first hand the impact the Company has had on their wellbeing. In addition, the Company undertakes resident case studies 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, to troubleshoot and this serves as an opportunity to build relationships and share best practice. The Investment Adviser has continued its regular and extensive dialogue with Approved Providers which since the start of the pandemic includes detailed reports on pandemic responsiveness. These reports have shown a high degree of resilience to the pandemic with few serious cases of COVID-19 reported due to the quality of the buildings people live in, the attention and dedication of the one-to-one care they receive and the age profile of the residents. The Investment Adviser supported 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.

Section 172 (1) Statement and Stakeholder Engagement continued

Our stakeholders	Key areas of interest	How we engage
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.
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 schemes. 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.

Section 172 (1) Statement and Stakeholder Engagement continued

Our stakeholders	Key areas of interest	How we engage
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.
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 well-being 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. In 2020, the Company amended its investment objective and investment policy to enable it to enter into long-term leases with the NHS and with registered charities operating within areas of investment interest to the Company. The amendments will allow the Company access to a wider range of pipeline opportunities and will assist in providing the currently unmet demand in these areas.

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 will enable 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. This will assist the Company's counterparties to demonstrate compliance with the Regulator of Social Housing's Governance and Financial Viability Standard (refer to page 17).

The new regulatory clause would operate on a property by property basis and provide for a temporary pass through of lease rent in certain limited circumstances when an Approved Provider is not in receipt of full payment and would ensure that the Company does not become responsible for obligations that are rightly owed by others such as void cover by care providers. The new regulatory clause will provide the Company with counterparties which are better able to achieve regulatory compliance, enhanced information, step in rights and unchanged lease and property values.

Publication of Market Update

In response to the unfounded comments by an activist short-seller who took up a position in the Company's shares, the Board took the decision to publish a Market Update paper on 11 October 2021 to provide a detailed response and also address principal areas of discussion that had been brought out in conversations with shareholders.

The Company and CIM have continued to make themselves available to speak and meet with both new and existing shareholders following the release of the detailed market update.

Both the Board and representatives of the Investment Adviser continue to be available to engage with shareholders.

Buyback Programme

During the year, the Board monitored the decline in the Company's share price which, in its view, was associated with activity from an activist short seller and subsequent press coverage, the content of which the Board continues to believe to be baseless, incorrect and/or misleading. In response to the decline in the share price, the Board agreed the implementation of a share buyback programme under certain parameters, which is being operated by the Company's joint brokers. The impact of share buybacks continue to enhance IFRS NAV per share by 0.26p at 31 March 2022.

Further information on the Company's buyback programme can be found on page 59

Agreement with E.ON to reduce carbon footprint

In June 2021, the Company entered into a national framework agreement with energy provider E.ON to undertake environmental enhancements that would help to reduce the carbon footprint of the Company's portfolio. The agreement was focused on those properties with lower EPC ratings and formed part of the Company's objective to reach carbon neutrality. The agreement built on successful pilot projects already undertaken by the Company and E.ON. It benefits the Company's Approved Provider and other non-for-profit partners by reducing maintenance cost and energy bills without any costs being incurred by them and enabling them to contribute to a reduced carbon footprint

The project draws on the ECO3 funding scheme, and the maintenance costs benefited from the Domestic Renewable Heat Incentive.

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 has recently 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 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

Until the Company is fully invested, and pending re-investment or distribution of cash receipts, 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 page 70).

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 page 25.

Key Performance Indicators ("KPIs")

Measure	Explanation	Result
Increase in IFRS 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.	IFRS NAV increase of 12.3p per share 12.60% from IPO (2021: 10.3p per share 10.56% from IPO).
Dividends per share	For the year ended 31 March 2022, the Company targeted a dividend of 5.55p per share.	Total dividend of 5.55p per share declared for the year to 31 March 2022 (2021: 5.40p).
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 2022: • 178 Local Authority partners (2021: 164 Local Authority partners) • 18 Approved Providers (2021: 16 Approved Providers) • 130 Care Providers (2021: 118 Care Providers) The Company's largest single exposure is to Auckland Home Solutions CIC and currently stands at 16% (2021: 24%). The largest geographical concentration is in the South West, being 16% (2021: 16%).
Loan to Gross Assets (Leverage)	Targeted total debt drawn no more than 40% of gross assets.	Leverage as at 31 March 2022 of 34.43% of gross assets (2021: 34.48%).

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 IFRS 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 £
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
2020	28,814,000	671,042,000	671,042,000	667,560,000

	EPRA Earnings per share (Basic and diluted) pence	EPRA NRV per share (diluted) pence	EPRA NTA per share (diluted) pence	EPRA NDV per share (diluted) pence
2022	4.82	109.96	109.96	110.74
2021	4.93	108.38	108.38	107.97
2020	4.63	107.95	107.95	107.39

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 129 to 131.

Strategic Overview continued

	EPRA Net Initial Yield ("NIY")	EPRA Topped-up Net Initial Yield ("NIY")	EPRA Costs Ratio	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.	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 'pure' (%) measure of investment property space that is vacant, based on ERV.

Performance

	EPRA NIY %	EPRA Topped-up NIY %	EPRA Costs Ratio[1] %	EPRA Vacancy Rate %
2022	5.28	5.28	20.20	0
2021	5.24	5.24	20.33	0
2020	5.26	5.26	21.48	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 129 to 131.

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 2022, taking into account the emerging risks such as the evolving Ukraine-Russia conflict risk, climate change risk, cyber security risk and recruitment of staff at counterparties risk, and that processes are in place to continue this assessment.

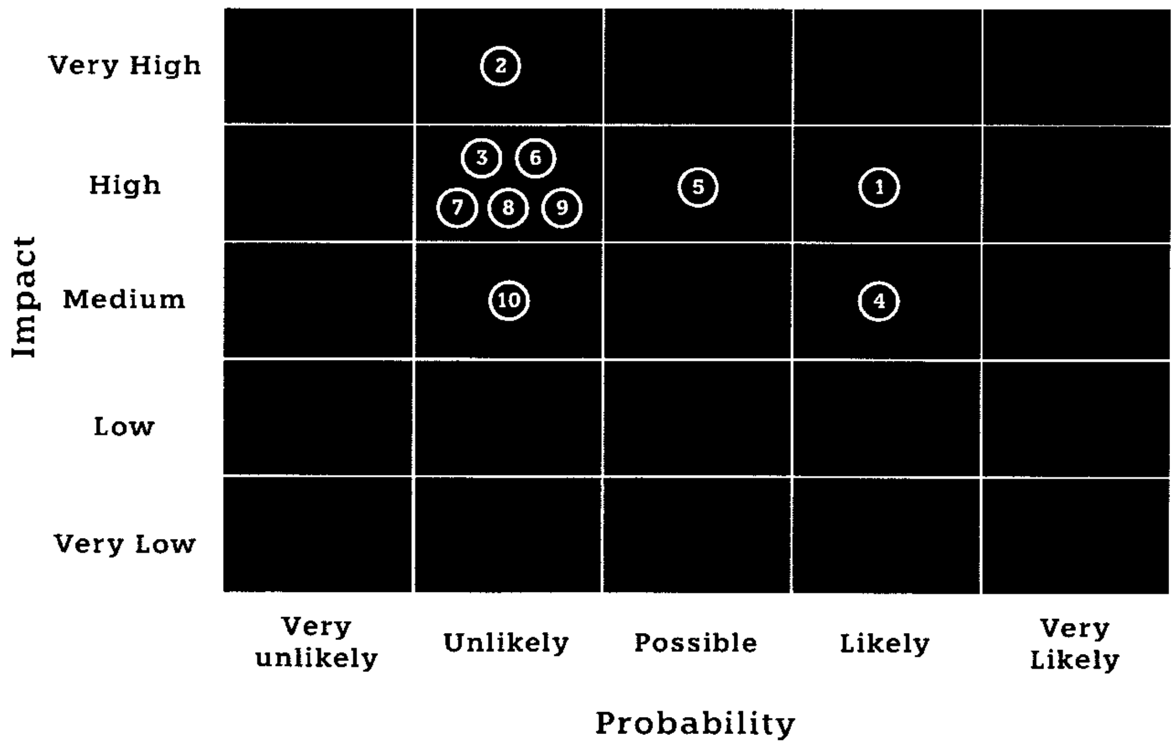
The Audit and Management Engagement Committee has divided the Company's risks into the following risk type categories:

- 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 70 and 71. 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 has identified four new principal risks during the year (as set out in the list of principal risks and uncertainties), with the risk associated with share price disruption due to an activist shareholder being identified as having the highest impact and likelihood. The risk associated with the failure to monitor and ensure that contingent activities are being completed by Approved Providers was removed as a principal risk by the Board during the year. 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 an activist shareholder. This risk was newly identified during the year.	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 25 to 33 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 2021.	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 2021.	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

4 Investment management risk	Impact	How managed/mitigated	
Tenant defaulting under the terms of a lease. This risk remained at the same level as the year ended 31 March 2021.	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 Investment management risk	Impact	How managed/mitigated	
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 was identified as a heightened risk during the year	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 Investment management risk	Impact	How managed/mitigated	
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 2021.	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**

7 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 2021.	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 Adviser has in place. The Board has noted the ongoing expansion of the Investment Adviser's support team.	**Impact: High** **Probability: Unlikely**

8 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 was a newly identified risk during the year.	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**

Principal Risks and Risk Management continued

9. Operational, including cyber crime	Impact	How managed/mitigated	
Serious accident or poor management amongst Approved Providers due to staff shortages, loss of competence and vaccination uptake. This was identified as a heightened risk during the year.	Reputational damage for the Company	Reporting from Approved Providers and monitoring of Approved Providers by the Investment Adviser.	**Impact: High** **Probability: Unlikely**

10. Strategy and competitiveness	Impact	How managed/mitigated	
The Company is not promoted in a way which generates investor demand, especially with regard to ESG focus. This was identified as a heightened risk during the year.	A reduction in the Company's share price and a widening of the discount to NAV.	The Board monitors the marketing and distribution activity undertaken by the Investment Adviser and the Corporate Brokers at each meeting as well as receiving regular reports from its PR adviser Buchanan. The Board utilises discount control mechanisms to support promotional activities. The Board engages The Good Economy and Social Profit Calculator and reports findings to shareholders. The Board considers ESG reporting in the Annual Report and Accounts carefully.	**Impact: Medium** **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:

- Ukraine-Russia Conflict – the impact of Ukraine-Russia conflict. Although the Company has no direct exposure to Russia or eastern European territories, the Board continues to closely monitor this.
- 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.
- Cyber Security – the impact of a cyber security breach within the Company or its service providers. During the year, the Board was made aware of a minor data breach within the Depository. The breach has had no impact on the Company's operations and no personal data was compromised. The Board is satisfied that the Depository has taken appropriate immediate remedial action and has adequate safeguards in place.

Please see the Company's ESG Report on pages 45 to 55 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.

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.

As at 31 March 2022, the Company held cash balances of £53.3 million (net of operating and financing amounts due). The Board has evaluated the financial position of the Company and has maintained its premium investment grade rating from Fitch Ratings Ltd – a well established rating agency with a strong familiarity to 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 rent. As at 31 March 2022, the rent would have to drop by approximately 29% before its loan covenant is breached. At the date of approval of this report, the Company has substantial 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 GAV.

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 is the first continuation vote since the Company was set up.

If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of this annual general meeting, to formulate proposals for consideration by the shareholders for the voluntary liquidation, unitisation, reorganisation, or reconstruction of the Company. After making appropriate enquiries of the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Company's shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. This reflects the strength and nature of the Company's portfolio, and specifically the provision of long-term accommodation for more than 4,000 vulnerable individuals. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

The Board is, therefore, 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 2027.

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.

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.

Going Concern and Viability Statement continued

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 38 to 42. Of these risks, those which are expected to have a higher impact on the Company's longer-term prospects are those related to future government housing policies. 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 62 to 65 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 advisers 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 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 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 15% per annum and reduces cash by £20 million. However, the Board is still comfortable that dividends could be paid as there is still sufficient level of cash in the business; and
- deterioration in economic outlook, 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 (i.e 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 Board has noted that the Company is due to hold its first continuation vote at the AGM in September 22. This would be an ordinary resolution requiring approval from 50% of the shareholders voting. Further details as to how the Company has considered the impact of the continuation vote can be found in the Going Concern section on the previous page.

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, 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.

Approval of Strategic Report

The Group Strategic Report was approved by the Board and signed on its behalf by:

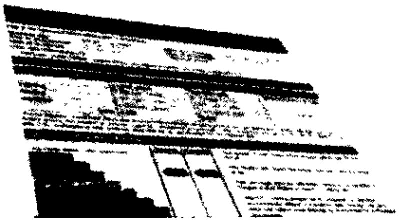
Michael Wrobel
Chairman

29 June 2022

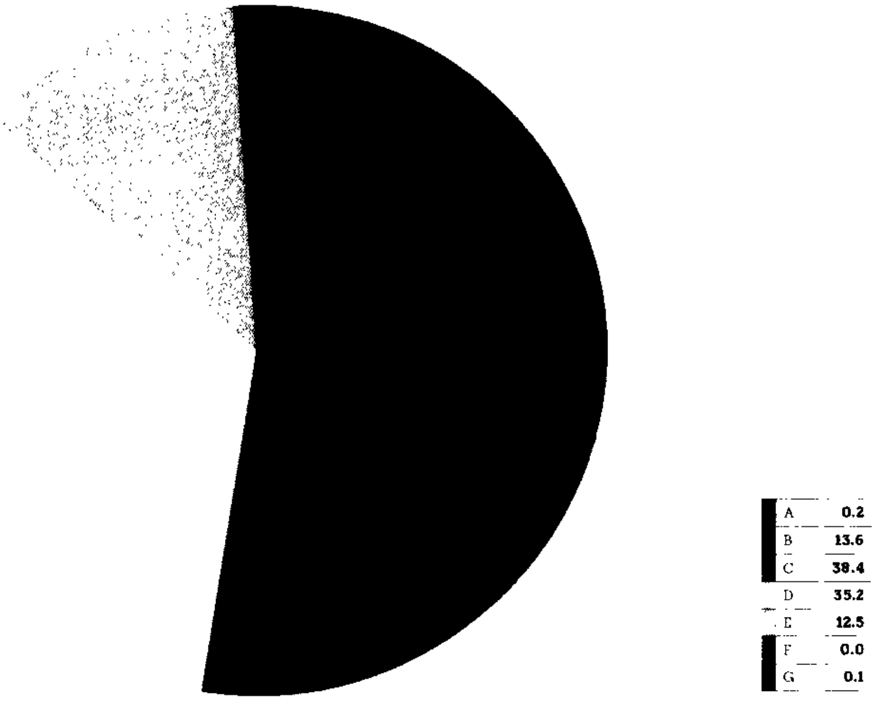
Environmental, Social & Governance

Energy Performance/SAP Ratings

Carbon Reduction – EPC/SAP Ratings
Civitas Portfolio (domestic and non-domestic) Energy Performance Certificates (EPC) – March 2022.
Alongside increasing supply of social housing for vulnerable adults, Civitas continues to improve the overall energy performance, with a strong focus on properties with EPC ratings D and E, through active asset management, including property improvement works, renovations and scheduled post-completion works.



Comparable EPC – Percentage distribution at 31 March 2022



As shown in the table below, the energy performance of 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	3.1	39.2	46.4	8.6	2.2	0.5	65.5
Private rented	2.4	39.4	44.3	9.6	3.4	0.9	64.7
Social rented	2.9	62.6	30.9	2.6	0.8	0.2	69.8
All tenures	2.9	43.2	43.4	7.8	2.2	0.5	66.1
Civitas domestic	**11.5**	**38.0**	**37.3**	**13.1**	**0.0**	**0.1**	**66.6**

1 Source English Housing Survey 2020 Energy efficiency rating bands by tenure (Annex Table 2 8) & Mean SAP rating by tenure (Annex Table 2 7)

The Portfolio's Carbon Footprint
as at 31 March 2022

Tonnes (TCO_2) per Civitas Tenancy

March 2022	March 2021
2.65	2.73

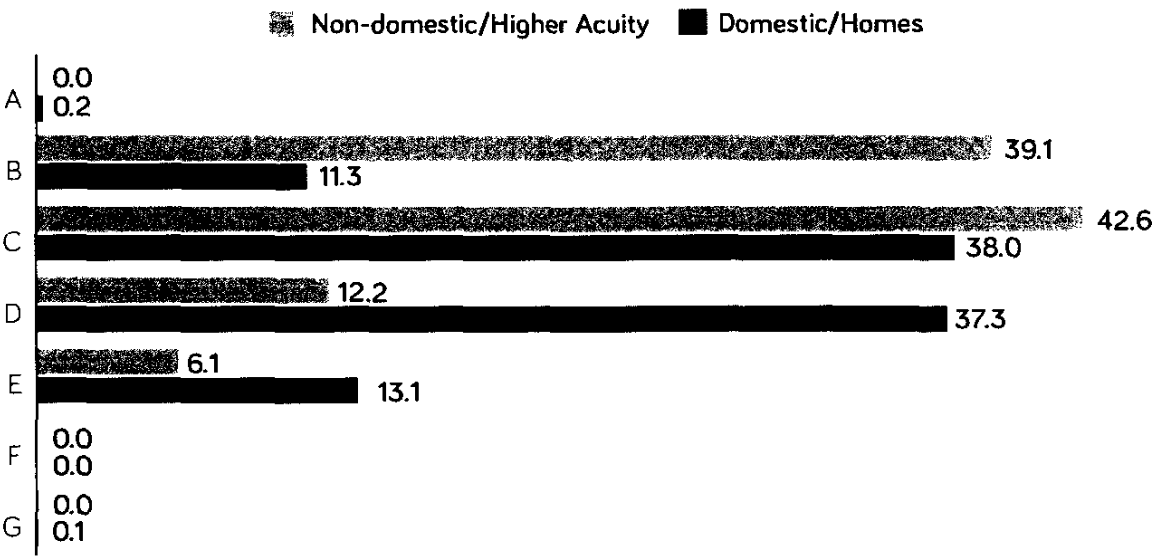
Source: Civitas retained EPC data

Energy Performance Certificates (EPCs) are detailed reports into the energy efficiency of a property or building. It requires trained assessors to examine the key items in the property such as any heating and cooling systems, the presence and levels of the insulation, the type of glazing and material of the window frames, as well as the hot water and lighting systems. EPCs are divided into two further subcategories, Domestic and Non-Domestic.

Domestic EPCs illustrate the efficiency rating of self-contained houses and apartments. Non-Domestic, provide ratings for buildings with more extensive communal areas that are usually served by more complex *heating and cooling systems*

The energy assessment for non-domestic buildings takes much longer than a domestic building to inspect, evaluate and produce. The inspection and data inputting is more detailed than a domestic property and will include precise lighting type, building orientation, solar gain, window frames etc. Consequently, the resulting recommendations *are more detailed than with a domestic EPC.*

Civitas EPC Distribution (Domestic/Non-Domestic) – March 2022



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.

Non-domestic/higher acuity

These are larger properties which generally have additional specialist/communal facilities with higher energy use. This includes industrial kitchens, back house facilities plus extensive rehabilitation services.




E.ON Project Results (Phase 1) and Next Steps

Following the successful environmental improvement pilot studies, Civitas worked with E.ON to identify 55 properties across the portfolio that could benefit from energy improvement measures including Solar PV (Solar Photovoltaics) panels. A framework agreement was signed with E.ON in June 2021 to deliver enhancements at no cost to underlying Approved Provider partners and Phase 1 commenced in August 2021 with detailed retrofit surveys targeting initial measures including:

- Cavity Wall Insulation
- Loft Insulation
- External Wall Insulation
- Air Source Heat Pump
- Solar PV and battery storage

The initiative offered is a great opportunity for our residents to really benefit from longer term savings on energy bills – at no additional cost to them. Civitas is actively working towards a net zero target, and this is another important milestone to lowering the portfolio carbon footprint, but to also ensure residents are getting the most out of these free works.

It was recognised at the onset that detailed consideration of each individual dwelling is the key to making large, cost-effective carbon dioxide emissions savings. For example, suitable sites for solar panels are usually on strong roof structures where the panels can be installed facing south to south-east and with a good means of access.

The retrofit surveys and detailed assessments undertaken by E.ON have helped to refine the Phase 1 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. Diagnoses has been broadened to include consideration of:

- future improvement opportunities, which should not be blocked by more immediate projects
- opportunities for integrating energy measures with other building work as required

This has enabled E.ON to provide improvement recommendations that are aligned with the long-term needs of the building and of its occupants.

Despite access constraints to protect vulnerable residents at the properties during the COVID-19 restrictions, E.ON surveyors completed 101 retrofit surveys as at 31 March 2022. The number of surveyed properties was increased primarily to replace properties that were either deemed unviable for the proposed energy measures or where the measures were already in place but had not been captured on the Energy Performance Certificates.

The completed surveys identified limited opportunities to cost-effectively undertake installation of External Wall Insulation and Air Source Heat pumps during Phase 1. The installation of solar PV and battery storage has been completed at 14 properties with further installations instructed at 29 properties but awaiting installation of isolator switches. The Energy Regulator (OFGEN) stipulate that isolator switches can only be installed by the bill payer's energy supplier.

Civitas' action is helping to reduce household energy bills to its vulnerable residents and ease financial pressures particularly in the light of even steeper increases projected to come into force in the Autumn when the energy price cap is set to rise further. This is essential to help people with rising energy costs and to mitigate against rising prices that could leave many vulnerable people in fuel poverty.

The detailed retrofit surveys exercise

101 properties	**14 properties**	**20 properties**	**43 properties**
Completed Surveys	**Confirmed adequate CWI Insulations (post retrofit surveys)**	**Confirmed adequate Loft Insulation (post retrofit surveys)**	**Solar PV and Battery Storage (completed/ underway)**

"The delivery of the initial phase of the programme has strengthened the collaboration between E.ON and Civitas. The learnings have built the solid foundation and road map to move forward with future deployment of energy saving measures to achieve Civitas' net-zero target."

Mark Antcliff

Business Development Manager – E.ON Installation Services.

Environmental improvement works underway

Case Study

Property		
Hillcrest	Bryn Derwen	Latterworth
Project Overview		
Detached House – 5 bedrooms	Detached House – 6 x ensuite bedrooms	Detached House – 5 x ensuite bedrooms
Solar PV installation	Solar PV installation following post *acquisition works*	Solar PV installation
Specification		
11 x 320W all black panels Solis 3.6 inverter	9 x 330W all black panels Giv Energy 3.6W Hybrid inverter Giv Energy 5.2kWh battery	10 x 320W all black panels Solis 2.5 inverter
Approved Provider		
Falcon Housing Association	Bespoke Supportive Tenancies	Trinity Housing Association
23% CO_2 REDUCTION	**73%** CO_2 REDUCTION	**25%** CO_2 REDUCTION
EPC		
C (previously E)	B (previously E)	B (previously C)
SAP Score		
70 (previously 52)	88 (previously 46)	84 (previously 77)

Clean Energy Strategy to achieve minimum EPC "A-C" **by 2030 – 5 years ahead of Government deadline.**

2022	2024	2026	2028	2030
	(Phase 4)	(Phase 6)	(Phase 8)	(Phase 10)

Phase 2 Programme

- Commenced April 2022
- c.120 measures across 60 properties
- Target to reduce carbon emissions at 60 properties by 25%

Improvement Measures:

- Cavity Wall Insulation
- Loft Insulation
- External Wall Insulation
- Air Source Heat Pump
- Solar PV and Battery Storage

Government Grant Funding Sources:

- Social Housing Decarbonisation Fund
- Energy Company Obligation (ECO) 4
- Other Grants Anticipated

2,000 TCO_2
Target Carbon Emissions reduction

Towards Net Zero

Social Impact

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

THE GOOD ECONOMY

The Good Economy (TGE) – June 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 positive contribution to meeting its impact objectives in the past 12 months.

"The Fund is moving in a positive direction in its contribution to increasing the supply of social housing."

"Civitas' portfolio provides homes for people with an identified need for housing and support."

"The retrofit effort should contribute to improving the energy efficiency of Civitas' properties."

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 APs, 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

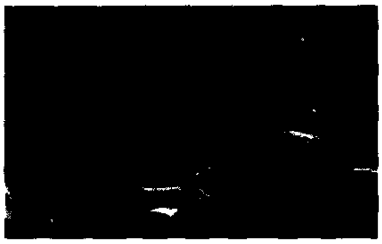
Offer value for money for the public purse

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

Book Launch for "A Place For Me"

'A Place for Me' challenges preconceptions and illustrates how the provision of a decent home, with tailored care and support, promotes the independence of some of the most vulnerable people in our society. Through the lens and words of the storytellers, it helps to highlight issues so many could easily take for granted and hopefully stimulate fresh ideas that contribute to solutions.

The book launched at the Wellcome Trust on Tuesday, 7 December 2021 offered the opportunity to meet and listen to some of the families and individuals at the heart of the stories. The event didn't disappoint – from the 67 year old cover woman having her first keys to her own home to David and Lauren – childhood friends now engaged to be married. The common thread is the unsung heroes – the carers and their families who believed in them and became their advocates pressing on against all odds.



A Place For Me

Polly Braden & Sally Williams

Dewi Lewis Publishing

"'I love my job,' says June, the manager of Cornwall Court. 'I would work seven days a week, because this isn't just a job, you're making such a difference to people.' She is a great believer in the ethos of supporting people to live independently in the community. 'I've been in the world of care for 37 years and have seen a lot of older people put in institutions. Anyone who was "mad" was locked up...and left under the radar. We've made such a difference to Ruth,' June continues. 'She was buzzing the day she got into the bath on her own. If things like that had happened when she was in her late teens, she could have been living on her own now. She might have been married.'"

June, Ruth's manager

"David and Lauren chose their engagement ring from F. Hinds, a jeweller in Redditch. We threw a surprise engagement party for them at Lyn's house at Christmas. David went down on one knee in front of friends and family and proposed to Lauren officially. It was lovely. If everything goes fine, they'll get married in a few years."

Lynne

An extract from “A Place for Me”:

Hope (a pseudonym), 33 shortly after 10am on a snowy morning in the winter of 2012, two policemen and two doctors knocked on the door of Hope's home in Consett, County Durham. Hope, then 24, was instructed to get in the car. 'I didn't even have time to get ready,' she says, now. Hope was sectioned.

She was driven for an hour to a psychiatric hospital where she was detained in a locked ward. This was to be Hope's home for five years. Hope grew up in Stanley, near Gateshead, in County Durham, the second of four girls.

Her father worked in a fish and chip shop and her mother was a carer for Hope's grandmother. When she was seven, teachers began to suspect she had mild learning disabilities and she was moved to a special school.

At 16 she found a class for young people with learning disabilities at a mainstream college in Consett. But the size of the college was too much for her, and she dropped out after a year.

In 2009, aged 21, Hope left home and moved into supported accommodation in Stanley. She was evicted after two months. A resident hit her, and she gave him a shove. 'He went flying. He must have not been good on his feet.' She lasted two days in her second home. 'I got sexually abused by one of the lads living there,' she says.

The third home was happier, and Hope settled down. But after a year or so, Hope broke down during a session with her counsellor. It transpired she was being groomed by a member of staff who had sexually assaulted her twice. 'I thought he was a friend,' she says.

By now she was in a fragile condition. 'I was a mess. Lashing out, kicking out, just really hurting people because everyone hurt me. I was constantly getting arrested and going to court.'

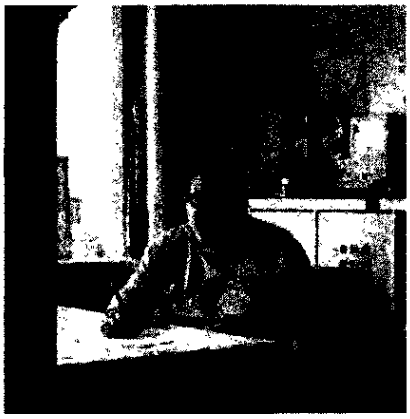
She tried to take her life. After being admitted to the psychiatric hospital in 2012, she was diagnosed with paranoid schizophrenia, emotionally unstable personality disorder, and post traumatic stress disorder. Hope was not a docile patient. 'I was angry with the world, I was upset. I had no-one to turn to.' She saw her mother once a month, but, she says, 'I didn't see my dad or sisters for nearly five years. I would just look at four walls, and think, what am I fighting for? There was nothing, just that feeling of being sad, vulnerable and lonely.'

In 2016, the hospital psychiatrists planned to transfer Hope to a high secure unit in Wales. But one consultant took her aside. 'She said, "If you take your medication, do your counselling sessions, you could be out of here. If you carry on, you'll be sent away." She changed my life.'

In 2017, only a year later, aged 29, Hope was able to move into Clark House. She lives in a one-bedroom flat on the ground floor, surrounded by her artwork and motivational quotes: 'Believe in yourself. You can do it.' 'My social worker said, "I'll find a good, safe place for you" and honestly, I love it here,' she says.

She likes drawing, making things, baking. Hope has a carer 24 hours a day. 'Sometimes she'll wake you in the night,' says Michelle, her support worker, 'because she's having flashbacks and needs reassurance and we get up and have a cup of tea.' 'I don't want people to go through what I went through, sad with no hope,' she says. 'I thought there was nothing out there for me, until I came here. Now, I want other people to know, there is a place out there for you.'

Paul Bridge launched "A Place for Me" at the Wellcome Foundation



“Stories matter. Many stories matter. Stories have been used to dispossess and to malign, but stories can also be used to empower and to humanize. Stories can break the dignity of a people, but stories can also repair that broken dignity.”

(Chimamanda Adichie "The danger of a single story", TED Global 2009)

Social Impact

Charitable Partnerships

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

Crisis

Crisis is a national charity for the homeless that works to provide vital support so that people can rebuild their lives and are supported out of homelessness for good. Civitas has sponsored Crisis over the last five years and the two organisations regularly collaborate on the emerging knowledge required to undertake advanced homelessness schemes. These are vital to enable people who have been at risk of or experienced homelessness to rebuild their lives but require considerable care and support in addition to a safe home in the community.

The Choir with No Name

The Choir with No Name is an organisation that runs choirs for people who have experienced homelessness and other forms of marginalisation.

- Big increase in average weekly attendance since return to indoor meetings post COVID-19
- New Cardiff Choir launched in November 2021
- *Steady progress with establishment of new community choirs in Watford and Coventry.*

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:

- *17 participants successfully graduated from EPP 18 and EPP 19*
- 100% of graduates were successfully matched with a mentor
- Employment and Progression
- 33% of working graduates are earning London Living Wage
- 23% of working graduates are in good work and a good home
- 70% of mentor relationships with graduates last for at least 6 months
- HOSB have supported a total of 93 people over the year.

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 are 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 up to 20 mental health 'first aiders' to provide one to each CWC member company, providing them with the training and tools to provide better mental health support to the care workers

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
- Practitioner Community of over 3,000 organisations and investors
- Provides a set of norms and a shared and holistic understanding of impact
- 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.

- Global forum for building consensus on how to measure, manage and report impact
- Provides a set of norms and a shared and holistic understanding of impact
- Five core dimensions of impact: What? Who? How much? Contribution and Risk

United Nations Sustainable Development Goals

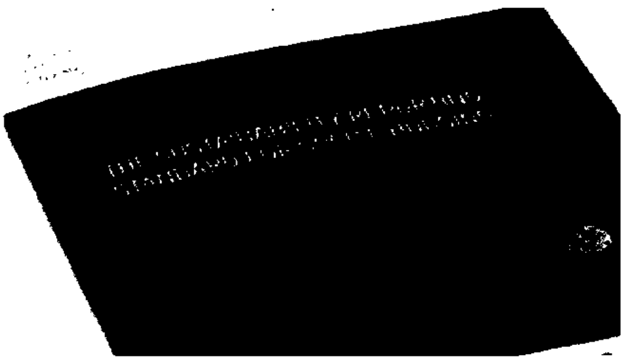
In 2015, UN countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals ('SDGs')

- 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
- No official process for supporting the SDGs
- 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 20 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 (UNSDGs), Global Reporting Initiative (GRI), SASB (Sustainability Accounting Standards Board), ICMA (International Capital Market Association) and LMA (Loan Market Association) Principles



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

	Impact Objectives		UN SDGs
	Acquire High Quality-Homes	*Providing 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	Providing 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 are 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 Q4 2022.*

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?

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, fund and developers, are covered within GRESB Public Disclosure.

What is it?

MSCI ESG Ratings provide insight into ESG risks and opportunities within multi-asset class portfolios. MSCI rate 7,000 companies according to their exposure to industry significant ESG risks and their ability to manage those risks relative to industry peers.

What is it?

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.

What is it?

EPRA sBPR Guidelines provide a consistent way of measuring sustainability performance. The EPRA sBPR are raising the standards and consistency of sustainability reporting for listed real estate companies across Europe in recognition of property companies that have successfully adopted the EPRA sBPR Guidelines and which have submitted for an assessment of their performance against the guidelines. EPRA hold annual EPRA sBPR Awards.

The surveyed companies are awarded either a Gold, Silver, or Bronze Award.

How is CSH rated?

- CSH achieved **A** score following the GRESB Public Disclosure Assessment 202[illegible].
- Peer Group Average score of C
- Improvement from B score in previous year
- CSH is in 3rd position within its Comparison Group (UK Residential)

How is CSH rated?

- CSH MSCI ESG rating of **BB**.
- CIM has made relevant policies available to MSCI and other rating agencies through hosting on the CIM website
- This should be reflected in future rating assessment

How is CSH rated?

- CSH has an ESG Risk Rating score of **16.6 (Low Risk)** on Sustainalytics

How is CSH rated?

- CSH submission to EPRA for assessment under the guidelines remains under consideration

Corporate Governance

Corporate Governance

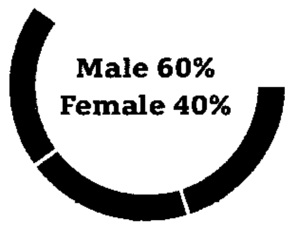
Board of Directors

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 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, latterly as an executive director before leaving in 2012. 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 Chairman since her appointment.

Peter Baxter, Director

Peter has over 30 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.

Alastair Moss, Director

Alastair is a property development lawyer with over 20 years' experience and is Co-Head of Real Estate at Memery Crystal. 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 Area 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 a non-executive director and Vice Chair of Yorkshire Housing, a 20,000-home housing association operating in the Yorkshire area, 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 2022.

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 38 to 42. 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	1.35p per share paid on 11 June 2021
First Quarterly dividend	1.3875p per share paid on 10 September 2021
Second Quarterly dividend	1.3875p per share paid on 15 December 2021
Third Quarterly dividend	1.3875p per share paid on 11 March 2022

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

Fourth Quarterly dividend	1.3875p per share paid on 28 June 2022

No final dividend is being recommended on the Ordinary shares

Directors

The members of the Board are listed on page 57.

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 page 70

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 73 to 76.

The beneficial interests of the Directors in the securities of the Company are set out in the Directors' Remuneration Report on page 76.

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 59, the Articles of Association may only be amended by way of a special resolution of shareholders.

Capital Structure

Issue of shares

At the AGM held on 22 September 2021, the Directors were authorised to issue equity securities up to an aggregate nominal amount of £1,244,922 (being approximately 20% 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 £622,461 (being approximately 10% of the issued Ordinary share capital).

During the year, 565,000 Ordinary shares were issued from Treasury under these authorities. These shares were issued at a price of not less than the net asset value per share at the time of issue plus an amount to cover the cost. Following these transactions, the Company held no shares in treasury

The equity issuance was made with a view to balancing the premium to NAV and satisfying market demand for additional shares in the Company.

At the AGM held on 22 September 2021, the Company sought approval for a resolution to disapply pre-emption rights on an additional 10% of the Company's issued Ordinary share capital. This resolution failed as votes representing 27.11% of the total votes cast were received against it

Following the AGM, the Company, via its corporate brokers engaged with its largest shareholders who had voted against this resolution.

The Board understands that these shareholders followed PIRC's or their own internal recommendation to vote against this resolution as when combined with the standard 10% pre-emption disapplication resolution it would have resulted in the Company having authority to issue up to 20% of its own shares pre-emptively.

At the AGM in 2022 the Board proposes to seek shareholder approval for a standard 10% pre-emption disapplication resolution.

The authority to issue shares will expire at the conclusion of the forthcoming AGM. Proposals for the renewal of the Directors' authority to issue shares will be set out in the Notice of AGM for 2022, which will be circulated to shareholders in due course.

Purchase of own shares

At the AGM held on 22 September 2021, the Directors were granted the authority to buy back up to 93,306,960 Ordinary shares, being 14.99% of the Ordinary shares in issue at the time of the passing of the resolution.

During the year, as the Company's share price fell below Net Asset Value per share, the Board instigated a share buyback programme, under which a total of 10,025,000 shares have been purchased into treasury as at 31 March 2022.

The authority to buy back up to 93,306,960 shares will expire at the conclusion of the forthcoming AGM, 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 2022, there were 622,461,380 Ordinary shares in issue, of which 10,025,000 shares were held in treasury. The total voting rights of the Company as at 31 March 2022 was 612,436,380.

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 610,736,380.

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 2024.

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.

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 total Company 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 2022, 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	62,135,615	10.15
Skandinaviska Enskilda Banken AB	56,483,034	9.22
Standard Life Aberdeen plc	30,492,544	4.98
Massachusetts Financial Services Company	30,300,144	4.95
BlackRock Inc.	21,299,476	3.48

Continuation Vote

In accordance with its Articles, the Board will propose an ordinary resolution that the Company should continue in its current form to shareholders at the AGM to be held on 15 September 2022, and at the AGM held every five years thereafter. If the resolution is not passed, the Directors are required to formulate proposals to be put to shareholders within six months of such resolution being defeated for the voluntary liquidation, unitisation, reorganisation or reconstruction of the Company.

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 there are no 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 2022 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.

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 2022 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 45 to 55.

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 agreed during the year:

Charity	Donation
Choir with No Name	£15,000
Little Sprouts	£5,000
WISH	£6,000
Total	£26,000

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 auditor is 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 auditor of the Company and a resolution for its re-appointment will be proposed at the 2022 Annual General Meeting.

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

29 June 2022

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;
- to 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 auditor, and approve their remuneration and terms of engagement;
- manage the relationship between the Company and the external auditor, including reviewing their independence and objectivity and the effectiveness of the audit process;
- develop and implement a policy on the engagement of the external auditor 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 twice a year; on both occasions, part of the meeting is held with the external auditor without the Investment Adviser present. The Committee met twice in the financial year and the meetings were attended by each member as set out on page 69.

Performance Evaluation

The process for the evaluation of the performance of the Committee is disclosed on page 70.

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 70 and 71.

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 38 to 42.

Activities during the year

The Committee considered the annual report, interim 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 auditor 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. The existing system of monitoring and reporting by third parties remains appropriate and adequate.

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.

Report of the Audit and Management Engagement Committee continued

Letter from the Financial Reporting Council

During the year, the Company received a letter from the Financial Reporting Council ("FRC") requesting information following a limited scope review of the Company's 2021 Annual Report and Accounts in accordance with Part 2 of the FRC Corporate Reporting Review Operating Procedures. The letter primarily focused on the accounting treatment of lease incentives, related party disclosures and IFRS 8 'Operating Segments'.

The Company provided the information and explanations to the FRC as requested to its satisfaction. The FRC subsequently advised that its review had been brought to a satisfactory conclusion.

The Group has made additional enhancements to the disclosures in this annual report on the matters raised by the FRC. The Company had also published a Market Update on 11 October 2021 addressing these, and other, points.

The FRC's review was based on the 2021 Annual Report and does not benefit from detailed knowledge of our business, or an understanding of the underlying transactions entered into. Its correspondence provides no assurance that the report and accounts are correct in all material respects; the FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

The FRC accepts no liability for reliance on its letters by the Company or any third party, including but not limited to investors and shareholders.

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:

Significant Financial Reporting Issue – 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 period were independently performed by Jones Lang LaSalle ("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 Auditor met separately with JLL and reported back to the Committee on its challenge of the valuations and assumptions. The Auditor was 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 £12.3 million in the period.

Continuation Resolution

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 is the first continuation vote since IPO.

The Committee has considered the effect the Continuation Resolution would have and has agreed that it is a significant accounting issue for the Company, given its impact on the preparation of the consolidated financial statements on a going concern basis. If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of this annual general meeting, to formulate proposals for consideration by the shareholders for the voluntary liquidation, unitisation, reorganisation, or reconstruction of the Company.

After making appropriate enquiries of the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Company's shareholders, the Committee is of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting.

The Committee is, therefore, of the opinion that the going concern basis adopted in the preparation of the consolidated financial statements is appropriate.

Further information can be found in note 2.2 of the Consolidated Financial Statements.

CORPORATE GOVERNANCE

Report of the Audit and Management Engagement Committee continued

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.

Misstatements

The Investment Adviser confirmed to the Committee that it was not aware of any material or immaterial 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.

Auditor 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 auditor's contract is put out to tender at least every 10 years, with the proviso that no single firm may serve as the Company's external auditor for a period exceeding 20 years. PwC was first appointed as the Company's auditor 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 10 years after the Company's initial listing

Saira Choudhry is the audit partner allocated to the Company by PwC. The audit of the financial statements for the year ended 31 March 2022 are her first as senior statutory auditor of the Company.

Assessment of the Effectiveness of the External Audit Process and Auditor 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 Auditor 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 Auditor and is satisfied that the Auditor has demonstrated these. 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 auditor's independence, qualifications, relevant experience, and effectiveness of audit procedures. In advance of each audit, the Committee obtains confirmation from the external auditor that it remains independent and that the level of non-audit fees are not an independence threat.

Report of the Audit and Management Engagement Committee continued

Non-audit Services

The Committee has put into place a policy for the provision of non-audit services to the Company by the auditor. The general intention of the Committee is to avoid the provision of non-audit services by the auditor, other than the review of the half-yearly report, as these have the potential to compromise the independence of the auditor. The Committee acknowledges that in certain situations it may be appropriate for the external auditor 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 auditor. 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 auditor.

The total fees paid to PricewaterhouseCoopers LLP during the period, net of VAT, totalled £402,000 (2021: £361,000) of which £44,000 (2021: £57,000) was concerning non-audit services for the review of the half yearly report and £62,000 (£nil) for non-audit services concerning a planned Bond Issue which was postponed.

The auditor was 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 auditor to audit the Company's financial statements independently would not be impacted by this work. It is standard practice for a Company's external auditor 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 2022. The Committee considers PricewaterhouseCoopers LLP to be independent of the Company.

Re-appointment of the Auditor

Taking into account the performance and effectiveness of the Auditor 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 auditor be put to the shareholders at the forthcoming AGM.

Caroline Gulliver

Chairman, Audit and Management Engagement Committee

29 June 2022

Report of the Nomination and Remuneration Committee

Introduction

The Nomination and Remuneration Committee presents the Report for the year ended 31 March 2022.

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 Advisor 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 a recruitment agency to assist with the search for a candidate;
- reviewed the results of the Board's 2022 performance evaluation process, the details of which can be found on page 70; 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 69.

The Directors' fees were considered by the Committee in February 2022. Please see the Directors' Remuneration Report on pages 73 to 76 for details on Director remuneration.

Peter Baxter

Chairman, Nomination and Remuneration Committee

29 June 2022

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 2022.

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.

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 57. 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.

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. 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 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, 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 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 2022 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 3 occasions to approve the NAV and dividend declarations and on a further 8 occasions on an ad hoc basis.

Committee

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 of 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.

The Committee meets at least twice 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 62 to 65.

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.

Diversity

The Board recognises the benefits of diversity and has adopted a diversity policy. All Board appointments will be made on merit and against an objective criteria and have regard to diversity in relation to factors such as gender, ethnicity, skills, background and experience. The Board does not consider it to be in the interests of the Company and its shareholders to set prescriptive diversity criteria or targets, but will continue to monitor diversity and take such steps as it considers appropriate to maintain its position as a meritocratic and diverse business. See also the Strategic Report on page 35.

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

The evaluation process is conducted by the Chairman. Peter Baxter, as the Senior Independent Director, leads the appraisal of the Chairman. The Board is cognisant of the advantages of an external performance evaluation and will keep this option under regular review. In the prior year, the Board undertook an externally facilitated performance evaluation. The Board noted the recommendations from the external performance evaluation, one of which was to hold an additional Audit and Management Engagement Committee in the year with the purpose of focusing on management engagement matters. An additional Audit and Management Engagement Committee was held in June 2022 and a further additional meeting will be held on an annual basis going forward.

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 election/re-election at the forthcoming AGM.

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.

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 2022 and up to the date of this Report.

Corporate Governance Statement continued

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 38 to 42 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 Auditor notes 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 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.

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 The Good Economy, a summary of which can be found on page 49.

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 with 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 25 to 33.

Approval

The Corporate Governance Statement has been approved by the Board.

By order of the Board

Link Company Matters Limited

Company Secretary

29 June 2022

Director's 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 5 September 2019. The policy provisions set out below will apply until the Remuneration Policy is put to shareholders for approval at the forthcoming AGM of the Company on 15 September 2022. 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 2022	Purpose of Remuneration
Annual fee	Chairman	£53,000	Commitment as Chairman of a public company[1]
Annual fee	Non-executive Directors	£34,000	Commitment as non-executive Directors of a public company[2]
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.

Director's Remuneration Report continued

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 2022. 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 auditor to audit certain required disclosures. Where disclosures have been audited, they are indicated as such. The auditor's opinion is included in the auditor's report on pages 80 to 87.

Annual Statement from the Chairman

I am pleased to present the Directors' Remuneration Report for the year ended 31 March 2022.

During the year under review, the Board has established a separate Nomination and Remuneration Committee with responsibility for setting the Company's Remuneration Policy and Directors' fees.

The report from Nomination and Remuneration Committee can be found on page 6.

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 2022 were at a level of £52,000 per annum for the Chairman and £33,280 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. During the year, the Nomination and Remuneration Committee agreed to uplift the Chairman's fee by 1.9% to £53,000 and the Directors base fee by 2.2% to £34,000 to better reflect the responsibilities and time commitments for overseeing the affairs of the Company and to align with those of the Company's peer group.

There were no other payments for extra or special services in the year ended 31 March 2022.

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 5 September 2019. 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 September 2022.

Director's Remuneration Report continued

Directors' Fees for the Period (audited)

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

	Year ended 31 March 2022			Year ended 31 March 2021		
Director	Fees	Taxable benefits	Total	Fees	Taxable benefits	Total
Michael Wrobel (Chairman)	**£52,000**	–	**£52,000**	£50,000	–	£50,000
Alastair Moss	**£33,280**	–	**£33,280**	£32,000	–	£32,000
Alison Hadden	**£33,280**	–	**£33,280**	£32,000	–	£32,000
Caroline Gulliver	**£38,280**	–	**£38,280**	£36,000	–	£36,000
Peter Baxter	**£33,280**	–	**£33,280**	£32,000	–	£32,000
Total	**£190,120**	–	**£190,120**	£182,000	–	£182,000

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.

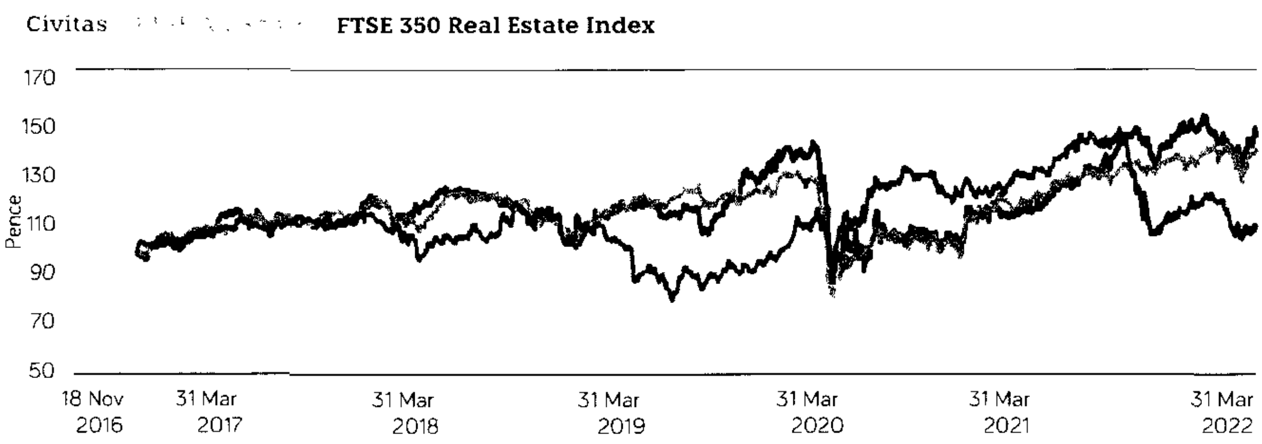
Loss of Office (audited)

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 2022, 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)



CORPORATE GOVERNANCE

Relative Importance of Spend on Pay

The table below sets out, in respect of the year ended 31 March 2022:

a) the remuneration paid to the Directors; and

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

	Year ended 31 March 2022 £'000	Year ended 31 March 2021 £'000
Directors' remuneration	**190**	182
Dividends paid to Ordinary shareholders	**34,093**	33,413

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 2022, the Directors (including their connected persons) had beneficial interests in the following number of shares in the Company:

	31 March 2022 Ordinary shares	31 March 2021 Ordinary shares
Michael Wrobel	**120,598**	100,598
Alastair Moss	**11,766**	11,766
Alison Hadden	–	–
Caroline Gulliver	**58,832**	58,832
Peter Baxter	**82,065**	47,065

There have been no changes to Directors' share interests between 31 March 2022 and the date of this Report.

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 5 September 2019 and the Directors' Remuneration Report for the year ended 31 March 2021 was approved at the AGM held on 22 September 2021. 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	99.91	0.09	45,214	277,654,337
To approve the Directors' Remuneration Policy	99.99	0.01	–	320,495,728

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.

Approval

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

Michael Wrobel

Chairman

29 June 2022

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

29 June 2022

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: 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 4 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.

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 Auditor (AIFMD 23(1)(d))

The independent auditor of the Company for the year ended 31 March 2022 was PricewaterhouseCoopers LLP. The auditor's duties, which are set out on pages 86 and 87, 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 it's assets adds a further level of oversight to the valuation process as set out on 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 on 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 2022 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;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising 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 2022; 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, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

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

- Valuation of investment property (Group).
- Ability to continue as a going concern (Continuation Resolution) (Group and parent Company).

Materiality

- Overall Group materiality: £10.4 million (2021: £10.4 million) based on 1% of total assets.
- Overall Company materiality: £8.2 million (2021: £7.4 million) based on 1% of total assets.
- Performance materiality: £7.8 million (2021: £7.8 million) (Group) and £6.2 million (2021: £5.6 million) (Company).

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.

This is not a complete list of all risks identified by our audit.

Ability to continue as a going concern (Continuation Resolution) is a new key audit matter this year. COVID-19, which was a key audit matter last year, is no longer included because of the limited impact it has had on the Group and Company's business and operations. 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, Significant estimate: valuation of investment property and Note 15.0, Investment property. Investment properties are held at a fair value of £945.2 million as at 31 March 2022 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 £12.3 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 Registered 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. 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.

CORPORATE GOVERNANCE

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

Key audit matter	How our audit addressed the key audit matter
Ability to continue as a going concern (Continuation Resolution) (Group and Company) *Refer to the Going Concern and Viability Statement, the Report of the Audit and Management Engagement Committee, Note 2.2, Going concern in the Group Financial Statements* and Note 2.0, Basis of preparation in the Company *Financial Statements* 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). If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of this annual general meeting, to formulate proposals *for consideration by the shareholders for the voluntary* liquidation, unitisation, reorganisation or reconstruction of *the Company* A Continuation Resolution is due to take place at the next Annual General Meeting on 15 September 2022, which is within the going concern assessment period. As such, the Directors have considered and assessed the likelihood of the Continuation Resolution passing and the potential impact on the ability of the Company to continue as a going concern. The Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. Additionally, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating *and implementing any such proposals would require the* Company to continue operations for a period of at least *12 months from the date of approval of the Company's* financial statements The ability to continue as a going concern was identified as a key audit matter given that this is the first Continuation Resolution since the formation of the Company and there is judgement involved in management's assessment in the likelihood of the Continuation Resolution passing	We evaluated the Directors' assessment of going concern including the impact of the Continuation Resolution on this *assessment. We considered the Directors' assessment of* the likelihood of the Continuation Resolution passing. As *part of our analysis we also considered the impact if the* Continuation Resolution did not pass on the going concern assessment. As part of this evaluation, we performed the following procedures: • We considered the composition of the shareholder register; • We held discussions with management, the Company's main broker, and members of the board to understand their communications with shareholders in the Company; • We challenged management's assessment of the shareholder base and share price performance; • We read the articles of association to understand the process and timing of events in the situation where *the Continuation Resolution were not to pass. This* included challenging management's assessment that the Company would remain a going concern even in the event where the Continuation Resolution were not to pass, taking into account the likely timescale necessary for proposals to be formulated and implemented In addition to the procedures above, we assessed the disclosures presented in the Annual Report in relation to going concern and the Continuation Resolution and consider these to be adequate to explain the results of the Directors' assessment. Further audit procedures and our findings in respect of going concern are set out in the "Conclusions relating to Going Concern" section below

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

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 158 statutory entities with the Group financial statements being a consolidation of these entities. 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.

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	£10.4 million (2021: £10.4 million)	£8.2 million (2021: £7.4 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 materiality was also applied to income statement line items that impact Adjusted Profit Before Tax (APBT), which is based on profit before tax, adjusted to exclude fair value gains/(losses) on investment property and derivatives. We set a specific overall materiality level of £1.5 million (2021: £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% (2021: 75%) of overall materiality, amounting to £7.8 million (2021: £7.8 million) for the Group financial statements and £6.2 million (2021: £5.6 million) for the Company financial statements.

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 £519,000 (Group audit) (2021: £518,000) and £411,000 (Company audit) (2021: £372,000) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

In addition, we agreed with the Audit and Management Engagement Committee we would report to them misstatements identified during our Group audit above £75,000 (2021: £77,000) for misstatements related to financial statement line items impacting APBT within the financial statements, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

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

Conclusions relating to going concern

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:

- Corroborated key assumptions (eg liquidity forecasts and financing arrangements) to underlying documentation and ensured this was consistent with our audit work in these areas;
- Considered management's forecasting accuracy by comparing how the forecasts made in the prior year compare to the actual results of the current year;
- Understood and assessed the appropriateness of the key assumptions used both in the base case and in the severe but plausible downside scenario, including assessing whether we considered the downside sensitivities to be appropriately severe;
- Tested the integrity of the underlying formulas and calculations within the going concern and cash flow models;
- Considered the appropriateness of the mitigating actions available to management in the event of the downside scenario materialising. Specifically, we focused on whether these actions are within the Group's control and are achievable;
- Reviewed the debt covenant calculations agreeing the inputs to the audited results. Additionally, we have reviewed management's stress tests on the covenants;
- Reviewed the disclosures provided relating to the going concern basis of preparation and found that these provided an explanation of the Directors' assessment that was consistent with the evidence we obtained; and
- We have performed procedures over the Continuation Resolution as detailed in the Key Audit Matter

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, 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.

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

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.

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

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 2022 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.

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 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 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.

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

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.

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, in particular 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.

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

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.

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 period ended 17 November 2016 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the periods ended 17 November 2016 to 31 March 2022.

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 (Senior Statutory Auditor)

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

29 June 2022

Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Revenue			
Rental income	5.0	**51,636**	49,020
Less direct property expenses	5.0	**(978)**	(1,175)
Net rental income		**50,658**	47,845
Directors' remuneration	6.0	**(206)**	(198)
Investment advisory fees	8.0	**(6,132)**	(6,117)
General and administrative expenses	9.0	**(3,909)**	(3,183)
Total expenses		**(10,247)**	(9,498)
Change in fair value of investment properties	15.0	**12,269**	5,511
Operating profit		**52,680**	43,858
Finance income	10.0	**7**	20
Finance expense	11.0	**(10,608)**	(7,737)
Change in fair value of interest rate derivatives	21.0	**2,675**	(56)
Profit before tax		**44,754**	36,075
Taxation	12.0	**–**	
Profit being total comprehensive income for the year		**44,754**	36,075
Earnings per share – basic and diluted	13.0	**7.23p**	5.80p

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

The notes on pages 93 to 117 are an integral part of these consolidated financial statements

FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

As at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Assets			
Non-current assets			
Investment property	15.0	**945,237**	893,684
Other receivables	17.0	**23,519**	21,905
Interest rate derivatives	21.0	**2,131**	
		970,887	915,589
Current assets			
Trade and other receivables	17.0	**12,865**	12,821
Cash and cash equivalents	18.0	**53,337**	107,097
		66,202	119,918
Total assets		**1,037,089**	1,035,507
Liabilities			
Current liabilities			
Trade and other payables	19.0	**(9,492)**	(9,345)
Bank and loan borrowings	20.0	**–**	(59,937)
		(9,492)	(69,282)
Non-current liabilities			
Bank and loan borrowings	20.0	**(352,050)**	(292,183)
Interest rate derivatives	21.0	**–**	(544)
		(352,050)	(292,727)
Total liabilities		**(361,542)**	(362,009)
Total net assets		**675,547**	673,498
Equity			
Share capital	22.0	**6,225**	6,225
Share premium reserve	23.0	**292,626**	292,463
Capital reduction reserve	24.0	**322,365**	331,140
Retained earnings	25.0	**54,331**	43,670
Total equity		**675,547**	673,498
Net assets per share – basic and diluted	26.0	**110.30p**	108.30p

These consolidated financial statements on pages 89 to 117 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

29 June 2022

Company No 10402528

The notes on pages 93 to 117 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 March 2022

	Note	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2020		6,225	292,405	330,926	41,008	670,554
Profit and total comprehensive income for the year			–		36,075	36,075
Shares reissued from treasury		–	58	214		272
Dividends paid	14.0				(33,413)	(33,413)
Balance at 31 March 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		–	**163**	**484**	–	**647**
Shares bought back into treasury		–	–	**(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**

The notes on pages 93 to 117 are an integral part of these consolidated financial statements

FINANCIAL STATEMENTS

Consolidated Statement of Cash Flows

For the year ended 31 March 2022

	Note	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Cash flows from operating activities			
Profit for the year before taxation		**44,754**	36,075
Change in fair value of investment properties		**(12,269)**	(5,511)
Change in fair value of interest rate derivatives		**(2,675)**	56
Rent and incentive straight line adjustments		**397**	68
Bad debt (credit)/expense	5.0	**(17)**	289
Finance income		**(7)**	(20)
Finance expense		**10,608**	7,737
Increase in lease incentive receivable		**(2,011)**	(11,217)
Increase in trade and other receivables		**(236)**	(3,150)
(Decrease)/increase in trade and other payables		**(1,062)**	1,762
Cash generated from operations		**37,482**	26,099
Interest received		**7**	20
Net cash flow generated from operating activities		**37,489**	26,119
Investing activities			
Purchase of investment properties		**(27,695)**	(19,462)
Acquisition costs		**(1,640)**	(938)
Purchase of subsidiary – including property		**(13,559)**	–
Sale proceeds on sale of subsidiary – excluding property		**2,695**	
Utilisation of restricted cash held for investing activities		**529**	14,232
Net cash flow used in investing activities		**(39,670)**	(6,168)
Financing activities			
Cost of shares bought into treasury	24.0	**(9,259)**	
Proceeds from shares reissued from treasury	24.0	**919**	–
Dividends paid to equity shareholders		**(33,928)**	(33,319)
Bank borrowings advanced	20.0	**–**	84,550
Bank borrowing issue costs paid		**(1,805)**	(2,811)
Interest and security fees paid on bank borrowings and derivatives		**(8,590)**	(5,981)
Net cash flow (used in)/generated from financing activities		**(52,663)**	42,439
Net (decrease)/increase in cash and cash equivalents		**(54,844)**	62,390
Unrestricted cash and cash equivalents at the start of the year	18.0	**103,819**	41,429
Unrestricted cash and cash equivalents at the end of the year	18.0	**48,975**	103,819

The notes on pages 93 to 117 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2022

1.0 Corporate information

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 Beaufort House, 51 New North Road, Exeter, Devon, EX4 4EP. 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.

2.0 Basis of preparation

On 31 December 2020 EU-adopted International Financial Reporting Standards 'IFRS' was brought into UK law and became UK-adopted International Accounting Standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The consolidated financial statements have transitioned to UK-adopted International Accounting Standards for the year ended 31 March 2022. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the year reported as a result of the change in framework.

The financial statements are prepared in accordance with UK-adopted International Accounting Standards and the applicable legal requirements of the Companies Act 2006.

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 Group has chosen to adopt EPRA best practice guidelines for calculating key alternative performance measures. These are disclosed on page 36 with supporting calculations in Appendix 1 on pages 129 to 131.

2.1 Functional and presentation currency

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

2.2 Going concern

The Group benefits from a secure income stream from long leases with the Approved Providers and present a well-diversified risk. The Group's cash balances as at 31 March 2022 were £53,337,000, of which £4,362,000 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.

In November 2021 the facility with HSBC Bank plc was extended to November 2023. In May 2022 the facility with Lloyds Bank plc was extended to July 2024.

Cash flow forecasts based on severe but plausible downside scenarios have been run, in particular the financial performance of tenants and a reduction in rent. As at 31 March 2022, the rent would have to drop by approximately 29% before its loan covenant is breached. At the date of approval of this report, the Company has substantial headroom within its financial loan covenants. The Company also benefits from a secure income stream from leases with long 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 is the first continuation vote since the Company was set up.

If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of this annual general meeting, to formulate proposals for consideration by the shareholders for the voluntary liquidation, unitisation, reorganisation, or reconstruction of the Company.

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After making appropriate enquiries of the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Company's shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. This reflects the strength and nature of the Company's portfolio, and specifically the provision of long-term accommodation for more than 4,000 vulnerable individuals. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the consolidated financial statements is appropriate.

2.3 New standards, amendments and interpretations

The following new standards are now effective and have been adopted for the year ended 31 March 2022.

- **Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments; Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases'** (effective for periods beginning on or after 1 January 2021). These amendments address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate. The Group's borrowings with Lloyds Bank plc and HSBC Bank PLC and National Westminster Bank Plc have transitioned from the London Interbank Offer Rate (LIBOR) benchmark to the Sterling Overnight Index Average (SONIA) benchmark. The transition has not led to a material change in overall borrowing costs.

2.4 New standards, amendments and interpretations effective in future accounting periods

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 1 'Presentation of Financial Statements** (effective for periods beginning on or after 1 January 2022) – clarifies 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.
- **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 are not expected to have 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 are not expected to have 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 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.

2.5 Segmental information

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 Advisor, 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 Adviser'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 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 16 of the Annual Report.

3.0 Significant accounting judgements, estimates and assumptions

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:

3.1 Significant estimate – valuation of investment property

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 one of the most recognised professional firms 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.

3.2 Significant judgement – business combinations

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

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All corporate acquisitions made during the year have been treated as asset purchases rather than business combinations because no integrated set of activities was acquired.

During the 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.

3.3 Significant judgement – operating lease contracts – the Group as lessor

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.

3.4 Significant judgement – REIT Status

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. It is management's judgement that the Group will continue to qualify as a REIT for the foreseeable future.

4. Summary of significant accounting policies

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.

4.1 Basis of consolidation

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.

4.2 Investment property

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

4.3 Leases

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

The Company has determined that it retains all the significant risks and rewards of ownership of the properties and accounts for the contracts as operating leases as discussed in note 3.3.

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.

4.4 Financial Assets

Classification

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

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.

Impairment

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 2022 or 1 April 2021, 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 £239,000 (2021: £256,400) 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

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.

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Derivative financial instruments

Derivative financial instruments, which comprise interest rate 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.

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.

4.5 Financial liabilities

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

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.

Bank and other borrowings

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.

Derivative financial instruments

Derivative financial instruments may be a financial asset or a financial liability. Please refer to the accounting policy in note 4.4 for details.

4.6 Provisions

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.

4.7 Taxation

Taxation on the profit or loss for the period not exempt under UK REIT regulations is comprised of current and deferred tax. Tax is recognised in the 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.

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4.8 Capital management

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 2022 £'000	31 March 2021 £'000
Proceeds from the issue of Ordinary shares and retained earnings	**675,547**	673,498
Bank and loan borrowings	**352,050**	352,120
Total	**1,027,597**	1,025,618

Until the Group is fully invested and pending re-investment or distribution of cash receipts, the Group will invest in cash, cash equivalents, near cash instruments and money market instruments.

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.

4.9 Dividends payable to shareholders

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

4.10 Rental income

Rental income from investment property is recognised on a straight-line basis over the term of ongoing leases and is shown gross of any UK income tax. Lease incentives are spread evenly over the lease term.

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.

4.11 Finance income

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

4.12 Finance costs

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

4.13 Expenses

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

4.14 Share issue costs

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

4.15 Shares held in treasury

The costs, including directly attributable transactions costs, of purchasing the Company's own shares to be held in treasury is 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.

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5.0 Rental income

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Rental income from investment property	**51,038**	48,201
Rent straight line adjustments	**529**	372
Lease incentive amortisation	**(926)**	(439)
Rechargeable costs received	**995**	886
Rental income	**51,636**	49,020
Less direct property expenses	**(978)**	(1,175)
Net rental income	**50,658**	47,845

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'.

Direct property expenses represent insurance and service charge costs of £995,000 (2021: £886,000) and bad debt credit of £17,000 (2021: £289,000 expense).

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.

6.0 Directors' remuneration

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Directors' fees	**190**	182
Employer's National Insurance Contributions	**16**	16
Total	**206**	198

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 73 to 76 in the Remuneration Report and form part of these Financial Statements.

7.0 Particulars of employees

The Group had no employees during the year (2021: nil) other than the Directors.

8.0 Investment advisory fees

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Advisory fee	**6,132**	5,117
Total	**6,132**	5,117

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 million, an amount equal to 1% of such part of the Net Asset Value;

b) on that part of the Net Asset Value over £250 million and up to and including £500 million, 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 million and up to and including £1 billion, 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 billion, 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 2024.

9.3 General and administrative expenses

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Legal and professional fees	**1,459**	1,044
Administration fees	**1,037**	983
Consultancy fees	**136**	115
Audit fees	**340**	361
Abortive costs	**196**	174
Valuation fees	**100**	96
Depositary fees	**71**	71
Grants and donations	**26**	19
Insurance	**84**	65
Marketing	**343**	179
Regulatory fees	**25**	19
Sundry expenses	**92**	56
Total	**3,909**	3,183

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.

Services provided by the Group's auditors and their associates

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

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Fees payable to the group's auditors and their associates for auditing financial statements:		
Audit of the Group's financial statements[1]	**296**	272
Audit of subsidiary companies[2]	**–**	32
Total fees payable for audit services	**296**	304
Fees payable to the group's auditors and their associates for other services:		
Audit related services – review of the half year financial statements	**44**	57
Other services[3]	**62**	–
Total fees payable to the group's auditors and their associates	**402**	361

1 Includes £18,000 (2021: £50,000) cost in relation to the prior year audit
2 Most subsidiary companies are exempt from audit as detailed on page 126
3 This amount is included within prepayments and other receivables at 31 March 2022

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10.0 Finance income

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Interest and dividends received on liquidity funds	**4**	11
Bank interest received	**3**	9
Total	**7**	20

11.0 Finance expense

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Bank charges	**6**	3
Interest paid and payable on bank borrowings and derivatives	**8,907**	6,416
Amortisation of loan arrangement fees	**1,653**	1,293
Loan security fees	**42**	–
Other interest	**–**	25
Total	**10,608**	7,737

12.0 Taxation

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 2022, 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.

It is assumed that the Group will continue to be a UK REIT for the foreseeable future, such that deferred tax has not been recognised on temporary differences relating to the property rental business.

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'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 2022 £'000	For the year ended 31 March 2021 £'000
Group		
Profit before taxation	**44,754**	36,075
UK corporation tax rate	**19.00%**	19.00%
Theoretical tax at UK corporation tax rate	**8,503**	6,854
Effects of:		
Change in value of exempt investment properties	**(2,331)**	(1,047)
Exempt REIT income	**(6,598)**	(6,511)
Amounts not deductible for tax purposes	**(230)**	171
Unutilised residual current year tax losses	**656**	533
Total	**–**	

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A deferred tax asset of £1,268,000 (2021: £1,508,000) 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%. In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021.

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

13.0 IFRS Earnings per share

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 2022 £'000	For the year ended 31 March 2021 £'000
Calculation of Earnings per share		
Net profit attributable to Ordinary shareholders (£'000)	**44,754**	36,075
Weighted average number of Ordinary shares (excluding shares held in treasury)	**618,797,942**	621,551,859
Earnings per share – basic and diluted	**7.23p**	5.80p

14.0 Dividends

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Dividend of 1.3500p for the 3 months to 31 March 2021 (1.325p 3 months to 31 March 2020)	**8,403**	8,237
Dividend of 1.3875p for the 3 months to 30 June 2021 (1.350p 3 months to 30 June 2020)	**8,637**	8,392
Dividend of 1.3875p for the 3 months to 30 September 2021 (1.350p 3 months to 30 September 2020)	**8,555**	8,392
Dividend of 1.3875p for the 3 months to 31 December 2021 (1.350p 3 months to 31 December 2021)	**8,498**	8,392
Total	**34,093**	33,413

On 11 May 2022, the Company announced a dividend of 1.3875 pence per share in respect of the period 1 January 2022 to 31 March 2022 totalling £8,474,000. The dividend payment was made on 28 June 2022 to shareholders on the register as at 20 May 2022. The financial statements do not reflect this dividend. The dividend was paid as a REIT property income distribution ("PID").

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15.0 Investment property

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Balance at beginning of year	**915,589**	878,743
Property acquisitions	**37,198**	19,129
Acquisition costs	**2,086**	1,056
Lease incentives and rent straight line adjustments recognised	**1,614**	11,150
Change in fair value	**12,269**	5,511
Value advised by the property valuers	**968,756**	915,589
Less lease incentive assets and rent straight line assets	**(23,519)**	(21,905)
Total	**945,237**	893,684

Acquisitions include capital expenditure to enhance lettable space of £5,818,000 (2021: £4,077,000).

During the 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 each 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.

Valuation

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 £968,756,000 as at 31 March 2022 (2021: £915,589,000).

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 to the Company during the period. 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 2022, 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 3.2).

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 2022	**945,237**	**–**	**–**	**945,237**
31 March 2021	893,684			893,684

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:

Valuation techniques: income approach

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 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 judgment, 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 15 years to 36 years with a weighted average unexpired lease term of 22.1 years (2021: 22.6). The greater the length of the lease, then, all other metrics being equal, the greater the value of the property.

[illegible]

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. As a result the following sensitivity analysis has been prepared:

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Average discount rate and range

The average discount rate used by the valuer in the Group's property Portfolio Valuation is 5.5% (2021: 6.0%).

The range of discount rates used by the valuer in the Group's property Portfolio Valuation is from 4.6% to 11.5% (2021: 4.7% to 10.7%). In assessing the range of discounts, the valuer considers the likely net initial yield which would be sought by the investment market and builds in 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.

	-0.5% in discount rate £'000	+0.5% in discount rate £'000	+0.25% in CPI £'000	-0.25% in CPI £'000
Increase/(decrease) in the IFRS fair value of investment properties at:				
31 March 2022	**35,620**	**(33,142)**	**28,509**	**(27,426)**
31 March 2021	34,131	(31,776)	27,211	(26,175)

[illegible]

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Acquisition of subsidiary companies (including intercompany loan)	**13,559**	
Acquisition costs	**765**	
Transfer to investment property	**(11,629)**	
Sale proceeds	**(2,695)**	
Total	**–**	

On 23 April 2021, 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 each 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.

Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Amounts falling due in less than one year		
Trade receivables	**4,960**	4,859
Less provision for impairment of trade receivables	**(239)**	(256)
Accrued income	**4,982**	5,254
Prepayments and other receivables	**3,162**	2,944
Total	**12,865**	12,821

Prepayments and other receivable amounts include prepaid legal and professional fees of £34,000 (2021: £200,000) that have been incurred in connection with acquisitions yet to be completed and £1,045,000 (2021: £817,000) 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 2022 £'000	31 March 2021 £'000
Amounts falling due after more than one year		
Debtor arising from straight line adjustments	**2,053**	1,524
Lease incentives	**21,466**	20,381
Total	**23,519**	21,905

The aged analysis of trade receivables was as follows:

	31 March 2022 £'000	31 March 2021 £'000
Debtors past due		
Current	**1,777**	2,128
< 30 days	**355**	817
30-60 days	**105**	322
> 60 days	**2,723**	1,602
	4,960	4,869
Debtors past due		
Less provision for impairment	**(239)**	(256)
Total	**4,721**	4,613

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 2022 £'000	For the year ended 31 March 2021 £'000
Balance at beginning of year	**256**	
Impairment provision made	**109**	289
Amount recovered	**(126)**	
Amounts written off	**–**	(33)
Balance at end of year	**239**	256

18. Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Cash held by solicitors	**376**	721
Liquidity funds	**10,489**	10,485
Cash held at bank	**38,110**	92,613
Unrestricted cash and cash equivalents	**48,975**	103,819
Restricted cash	**4,362**	3,278
Total	**53,337**	107,097

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.

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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.

19.0 Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Deferred income	**860**	646
Acquisition costs accrued	**2,856**	3,706
Finance costs	**1,840**	1,557
Dividend withholding tax payable	**1,057**	892
Accruals and other creditors	**2,202**	1,979
Tenant deposits	**677**	565
Total	**9,492**	9,345

Acquisition costs accrued also include monies retained at the point of acquisition to be paid at a later date totalling £2,158,000 (2021: £2,508,000)

20.0 Bank and loan borrowings

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 2022 £'000	For the year ended 31 March 2021 £'000
Bank borrowings drawn at start of year	**357,050**	272,500
Bank borrowings drawn	**–**	84,550
Bank borrowings drawn at end of year	**357,050**	357,050
Unamortised costs at start of year	**(4,930)**	(3,330)
Less: loan issue costs incurred	**(1,723)**	(2,893)
Add: loan issue costs amortised	**1,653**	1,293
Unamortised costs at end of year	**(5,000)**	(4,930)
At end of year	**352,050**	352,120

Maturity of bank borrowings	Loan Balance[1] 31 March 2022 £'000	Loan Balance[1] 31 March 2021 £'000	Loan Principal 31 March 2022 £'000	Loan Principal 31 March 2021 £'000
Repayable within 1 year	**–**	59,937	**–**	60,000
Repayable between 1 to 2 years	**158,746**	99,255	**160,000**	100,000
Repayable between 2 to 5 years	**59,365**	59,103	**60,000**	60,000
Repayable after 5 years	**133,939**	133,825	**137,050**	137,050
Total	**352,050**	352,120	**357,050**	357,050

1 Loan balance net of unamortised costs

The Group is party to the following loan facility agreements.

A 10-year Sterling Term Facility Agreement dated 3 November 2017 for up to £52,500,000 with Scottish Widows Limited. Interest is fixed at a total of 2.9936% per annum.

The borrowings include amounts secured on investment property to the value of £173,777,000 (2021: 170,831,000).

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A Sterling Revolving Facility Agreement for £60,000,000 with Lloyds Bank plc. The facility has been extended to 15 July 2024. Interest is charged at SONIA + 1.67% margin.

The borrowings include amounts secured on investment property to the value of £153,340,000 (2021: £149,728,000).

A Revolving Credit Facility Agreement for up to £100,000,000 with HSBC Bank PLC. Interest is charged at SONIA + 2.02% margin. The facility maturity has been extended to November 2023.

The borrowings include amounts secured on investment property to the value of £222,745,000 (2021: £219,606,000).

A 5-year loan facility with National Westminster Bank Plc, dated 15 August 2019, for up to £50,000,000. Interest is charged at SONIA +2.00% margin and has been fixed by way of a 5-year swap. The swap fixes interest on £20,000,000 at 2.7105% and £40,000,000 at 2.5475%. The loan can be extended for an additional 2 years and there is the option of a further £40,000,000 accordion.

The borrowings include amounts secured on investment property to the value of £135,330,000 (2021: £131,283,000).

A 7-year loan facility with M&G Investment Management Limited, dated 22 January 2021, for up to £84,550,000. Interest is fixed at a total of 3.137% per annum.

The borrowings include amounts secured on investment property to the value of £230,487,000 (2021: £225,221,000).

At 31 March 2022, the Group is in compliance with all covenants.

The covenants in place under the five agreements are summarised in the table below:

Loan	Historical and projected interest cover	Loan to Value ratio
Scottish Widows Limited 10-year facility	At least: 325%	Must not exceed 40%
Lloyds Bank plc revolving credit facility	At least: 550%	Must not exceed 52.5%
HSBC Bank PLC facility	At least: 250%	Must not exceed 55%
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%

The Group's borrowings with Lloyds Bank plc, HSBC Bank PLC and National Westminster Bank Plc have transitioned from the London Interbank Offer Rate (LIBOR) benchmark to Sterling Overnight Index Average (SONIA) benchmark during the year. There was negligible cost involved in the borrowing facility transition and the respective hedge instrument amendments.

21.0 Interest rate derivatives

The Group has entered into interest rate swap agreements with NatWest Markets in order to mitigate the risk of changes in interest rates on its loan with National Westminster Bank Plc under which £60,000,000 is currently drawn.

The swaps have a notional value of £60,000,000 and fix interest at 2.60% (including the 2% margin rate on the bank loan) and have a maturity date of 15 August 2024.

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
At start of year	**(544)**	(478)
Change in fair value during the year	**2,675**	(66)
Asset/(liability) at end of year	**2,131**	(544)

The table below shows the fair value measurement hierarchy for interest derivatives:

	Quote prices in active Markets (Level 1) £'000	Significant Observable Inputs (Level 2) £'000	Significant unobservable Inputs (Level 3) £'000
31 March 2022	**–**	**2,131**	**–**
31 March 2021		(544)	

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

22.0 Share capital

Share capital represents the nominal value of consideration received by the Company for the issue of Ordinary shares.

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'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 reissued the 565,000 (2021: 250,000) Ordinary shares held in treasury at 31 March 2021 for £647,000 (2021: £272,000).

Later in the year the Company purchased 10,025,000 Ordinary shares to be held in treasury at a cost of £9,259,000. Further purchases were made after the year end as detailed in note 23.0.

At 31 March 2022 the Company holds 10,025,000 (2021: 565,000) Ordinary shares in treasury. The shares will continue to be held in treasury until either reissued or cancelled.

The number of Ordinary shares used to calculate the net asset value per share is 612,436,380 (2021: 621,896,380) which excludes the shares held in treasury.

23.0 Share premium reserve

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 2022 £'000	For the year ended 31 March 2021 £'000
At beginning of year	**292,463**	292,405
Premium arising on shares reissued from treasury	**163**	58
At end of year	**292,626**	292,463

During the year, the Company reissued 565,000 (2021: 250,000) Ordinary shares held in treasury for £647,000 (2021: £272,000) a gain of £163,000 (2021: £58,000) arose which is recognised in the share premium reserve.

24.0 Capital reduction reserve

The capital reduction reserve is a distributable reserve to which the value of the cancelled share premium has been 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 2022 £'000	For the year ended 31 March 2021 £'000
At beginning of year	**331,140**	330,926
Shares reissued from treasury	**484**	214
Shares bought back into treasury	**(9,259)**	
At end of year	**322,365**	331,140

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During the year, the Company reissued 565,000 (2021: 250,000) Ordinary shares held in treasury for £647,000 (2021: £272,000). The cost of purchasing these shares into treasury of £484,000 (2021: £214,000) has been credited to the capital reduction reserve with the gain credited to the Share premium reserve.

Later in the year the Company purchased 10,025,000 Ordinary shares to be held in treasury at a cost of £9,259,000. Further purchases were made after the year end as detailed in note 23.0.

At 31 March 2022 the Company holds 10,025,000 (2021: 565,000) Ordinary shares in treasury.

25.0 Retained earnings

This reserve represents the profits and losses of the Group.

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
At beginning of year	**43,670**	41,008
Profit for the year	**44,754**	36,075
Dividends paid in the year (as per note 14.0)	**(34,093)**	(33,413)
At end of year	**54,331**	43,670

26.0 Net asset value

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 2022	31 March 2021
Net assets (£'000)	675,547	673,498
Number of Ordinary shares in issue at end of year	622,461,380	622,461,380
Number of Ordinary shares held in treasury	(10,025,000)	(565,000)
Number of Ordinary shares excluding treasury shares held by the Company	612,436,380	621,896,380
NAV – basic and diluted	110.30p	108.30p

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27.0 Analysis of financial liabilities and assets arising from financing activities

	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 arrangement costs paid	**–**	**(1,805)**	**(1,805)**
Non cash movements			
Loan arrangement fees payable	**–**	**82**	**82**
Amortisation of loan arrangement 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**

	Interest rate derivatives £'000	Bank borrowings £'000	For the year ended 31 March 2021 £'000
At beginning of year	478	259,170	259,648
Cash flows from financing activities			
Loan draw down	-	84,550	84,550
Loan arrangement costs paid		(2,811)	(2,811)
Non cash movements			
Loan arrangement fees payable		(82)	(82)
Amortisation of loan arrangement costs		1,293	1,293
Change in fair value of interest rate derivatives	66	-	66
At end of year	544	352,120	352,664

28.0 Operating leases

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 2022 £'000	31 March 2021 £'000
Amounts receivable		
< 1 year	**53,821**	50,367
1-2 years	**53,879**	50,410
2-5 years	**161,940**	151,511
> 5 years	**928,210**	873,826
At end of year	**1,197,850**	1,126,114

Leases are direct-let agreements with Approved Providers for a term between 15-36 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 2022 %	31 March 2021 %
Auckland Home Solutions and Qualitas Housing	**24.4**	23.9
Falcon Housing Association CIC	**18.7**	19.7
Bespoke Supportive Tenancies	**12.6**	13.2
Inclusion Housing CIC	**9.3**	8.7
Westmoreland Supported Housing Limited	**5.9**	6.1
Encircle Housing Limited	**5.9**	6.0
Trinity Housing Association Limited	**5.1**	5.3
Pivotal Housing Association	**3.8**	3.9
Harbour Light Assisted Living CIC	**3.6**	3.7
Chrysalis Supported Association Limited	**3.6**	3.4
New Walk Property Management CIC	**2.8**	2.8
My Space Housing Solutions	**1.3**	1.2
IKE Supported Housing Limited	**1.1**	1.1
Hilldale Housing Association Limited	**1.0**	0.9
Windrush Alliance UK CIC	**0.7**	
Lily Rose Supported Housing	**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 16.28% and 8.13% (2021: 23.88% and 0.02%) respectively. The annual rent at 31 March 2022 for Auckland Home Solutions and Qualitas Housing was £8,679,000 and £4,334,000 (2021: £12,028,000 and £8,000) 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.

29.0 Controlling parties

As at 31 March 2022, there is no ultimate controlling party.

30.0 Related party disclosures

30.1 Transactions with Directors

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 2022 payable out of the assets of the Company is not expected to exceed £250,000.

Fees of £190,000 (2021: £182,000) were incurred and paid to the Directors.

As at 31 March 2022 and 2021, the Directors held the following number of shares:

Director		31 March 2022 Ordinary shares	31 March 2021 Ordinary shares
Michael Wrobel	Chairman	**120,598**	100,598
Alastair Moss	Director	**11,766**	11,766
Alison Hadden	Director	**–**	
Caroline Gulliver	Audit and Management Engagement Committee Chair	**58,832**	58,832
Peter Baxter	Director	**82,065**	47,065

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Remuneration

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.

30.2 Transactions with the Investment Adviser

On 1 November 2016, Civitas Investment Management Limited ("CIM") was appointed as the Investment Adviser of the Company.

Fees of £6,132,000 (2021: £6,117,000) were incurred and paid to CIM. In addition £nil (2021: £nil) disbursements were paid in the year.

The Investment Adviser has agreed to contribute £100,000 (2021: £nil) towards legal and professional fees incurred in the year. This amount has been offset against legal and professional fees in note 9.0. This amount is outstanding at the end of the year.

As at 31 March 2022, a net amount of £151,000 (2021: £13,000) was due from CIM, which has since been received.

As at 31 March 2022, CIM held 50,000 (2021: 50,000) Ordinary shares in the Company.

31.0 Financial risk management

31.1 Financial instruments

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 2022 £'000	Fair value 31 March 2022 £'000	Book value 31 March 2021 £'000	Fair value 31 March 2021 £'000
Financial assets				
Interest rate derivatives	**2,131**	**2,131**		
Trade and other receivables[1]	**34,580**	**34,580**	33,572	33,572
Cash and cash equivalents	**53,337**	**53,337**	107,097	107,097
Financial liabilities				
Trade and other payables[2]	**8,632**	**8,632**	8,699	8,699
Bank borrowings	**352,050**	**349,406**	352,120	354,142
Interest rate derivatives	**–**	**–**	544	544

1 Excludes prepayments
2 Excludes deferred income

The Group has five bank loans: a 10-year fixed rate loan of £52,500,000 provided by Scottish Widows Limited, a 3-year revolving credit facility variable rate loan of £60,000,000 provided by Lloyds Bank plc, a 3-year revolving credit facility variable rate loan of £100,000,000 provided by HSBC Bank PLC, a 5-year revolving credit facility variable rate loan of £60,000,000 provided by National Westminster Bank Plc and a 7-year fixed rate loan of £84,550,000 with M&G Investment Management Limited. The fair value of the fixed rate loan is determined by comparing the discounted future cash flows.

31.1 Financial risk management

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.

31.2 Market risk

The Group's activities will expose it primarily to the market risks associated with changes in property values and changes in interest rates.

Risk relating to investment in property

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.

Risk relating to liquidity funds classified as cash and cash equivalents

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.

31.3 Interest rate risk

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.

The Group's interest rate risk principally arises from long-term borrowings. To manage this, the Group has entered into a fixed rate bank loan and three variable rate bank loans. The Group has entered into an interest rate swap on the 5-year loan facility with National Westminster Bank Plc in order to mitigate the risk of rising interest rates.

At 31 March 2022, 55% (2021: 55%) of the Group's borrowings are subject to a fixed rate of interest.

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 2022, 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%.

Notes to the Consolidated Financial Statements

Continued

	31 March 2022 £'000	31 March 2021 £'000
(Decrease)/increase in profits due to interest rates		
100 basis points higher	**(1,066)**	(529)
100 basis points lower	**1,572**	1,600

The average effective interest rates of financial instruments at 31 March 2022 and 2021 were as follows:

	31 March 2022 %	31 March 2021 %
Bank borrowings fixed rate	**2.94**	2.94
Bank borrowings variable rate	**2.23**	1.75
Cash and cash equivalents	**0.05**	

The Group's borrowings with Lloyds Bank plc, HSBC Bank PLC and National Westminster Bank Plc will be transitioning from the London Interbank Offer Rate (LIBOR) benchmark to Sterling Overnight Index Average (SONIA) benchmark in due course. There is expected to be negligible cost involved in the borrowing facility transition and the respective hedge instrument amendments.

[illegible]

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.C for details of the different counterparties. None of the Approved Providers have listed debt and as such do not 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.

[illegible]

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

Notes to the Consolidated Financial Statements

Continued

31.5 Liquidity risk

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 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**
31 March 2021					
Trade and other payables	8,699	–		–	8,699
Bank borrowings	–	67,909	181,048	144,602	393,559
	8,699	67,909	181,048	144,602	402,258

The profile above shows the maturity profile at 31 March 2022 and included within the contracted payments is £42,862,000 (2021: £36,509,000) of loan interest payable up to the point of maturity.

32. Capital commitments

At 31 March 2022, the Company had funds committed totalling £92,000 (2021: £nil) concerning capital expenditure for a property in Surrey.

33. Post balance sheet events

Acquisitions

On 13 May 2022, the Company completed an acquisition at North End, Wisbech for £600,000

Dividends

On 11 May 2022, the Company announced a dividend of 1.3875 pence per share in respect of the period 1 January 2022 to 31 March 2022 totalling £8,474,000. The dividend payment was made on 28 June 2022 to shareholders on the register as at 20 May 2022. The financial statements do not reflect this dividend. The dividend was paid as a REIT property income distribution ("PID")

Remuneration

From 1 April 2022, the remuneration of the Directors, Audit and Management Engagement Committee Chairman and Chairman's annual fee will increase. The Chairman's annual fee increased by 1.9% to £53,000; the Director's annual fee increased by 2.2% to £34,000; however the additional fee for the Audit and Management Engagement Committee Chair remains at £5,000

Financing

On 18 May 2022, an extension was granted for the facility with Lloyds Bank plc which now expires in July 2024

Treasury shares

Since 31 March 2022, the Company has made purchases of 1,700,000 Ordinary shares into treasury at an average price of 87.8p per Ordinary share. The total cost to the Company including commission and stamp duty is £1,492,000 and following these transactions, at 23 June 2022 the Company held 11,725,000 Ordinary shares in treasury

FINANCIAL STATEMENTS

Company Statement of Financial Position

As at 31 March 2022

	Note	31 March 2022 £'000	31 March 2021 £'000
Assets			
Fixed assets			
Investment in subsidiaries	7.0	**793,284**	720,918
Current assets			
Trade and other receivables	9.0	**4,310**	3,644
Cash and cash equivalents	10.0	**23,438**	15,447
		27,748	19,091
Total assets		**821,032**	740,009
Liabilities			
Creditors – amounts falling due within one year			
Trade and other payables	11.0	**(274,020)**	(171,655)
		(274,020)	(171,655)
Total liabilities		**(274,020)**	(171,655)
Total net assets		**547,012**	568,354
Equity			
Share capital	12.0	**6,225**	6,225
Share premium reserve		**292,626**	292,462
Capital reduction reserve		**322,365**	331,140
Accumulated losses	13.0	**(74,204)**	(61,473)
Total equity		**547,012**	568,354

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. Profit for the year was £21,362,000 (2021: £52,780,000).

The Company financial statements on pages 118 to 127 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

29 June 2022

Company No: 10402528

The notes on pages 120 to 127 are an integral part of these financial statements

Company Statement of Changes in Equity

For the year ended 31 March 2022

	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Accumulated losses £'000	Total equity £'000
Balance at 1 April 2020	6,225	292,405	330,926	(80,840)	548,716
Profit and total comprehensive income for the year	-	-	-	52,780	52,780
Issue of Ordinary shares					
Shares reissued from treasury		57	214	-	271
Dividends paid					
Total interim dividends for the year ended 31 March 2021 (5.375p)				(33,413)	(33,413)
Balance at 31 March 2021	6,225	292,462	331,140	(61,473)	568,354
Profit and total comprehensive income for the year	**–**	**–**	**–**	**21,362**	**21,362**
Issue of Ordinary shares					
Shares reissued from treasury	**–**	**164**	**484**	**–**	**648**
Shares bought back into treasury	**–**	**–**	**(9,259)**	**–**	**(9,259)**
Dividends paid					
Total interim dividends for the year ended 31 March 2022 (5.5125p)	**–**	**–**	**–**	**(34,093)**	**(34,093)**
Balance at 31 March 2022	**6,225**	**292,626**	**322,365**	**(74,204)**	**547,012**

The notes on pages 120 to 127 are an integral part of these financial statements.

Notes to the Company Financial Statements

As at 31 March 2022

1.0 Corporate information

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 Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP. 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.

2.0 Basis of preparation

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:

- share based payments;
- 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.

New standards, amendments and interpretations

After a review of new accounting standards which are now effective, none are relevant to be adopted in the preparation of the Company's accounts for the year ended 31 March 2022.

Notes to the Company Financial Statements

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Going concern

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 a net current liability position of £246,272,000 (2021: £152,564,000). This balance arises due to the intercompany balances totalling £271,632,000 (2021: £169,465,000) 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.

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 is the first continuation vote since the Company was set up.

If the Continuation Resolution is passed, the Company will continue its business as presently constituted and propose the same resolution at every fifth annual general meeting thereafter. If the Continuation Resolution is not passed, the Directors will be required, within six months after the date of this annual general meeting, to formulate proposals for consideration by the shareholders for the voluntary liquidation, unitisation, reorganisation, or reconstruction of the Company. After making appropriate enquiries of the Company's brokers and Investment Adviser, pursuant to their recent discussions with a number of the Company's shareholders, the Directors are of the view that the Continuation Resolution will be passed at the forthcoming annual general meeting. This reflects the strength and nature of the Company's portfolio, and specifically the provision of long-term accommodation for more than 4,000 vulnerable individuals. Accordingly, the Directors expect that if the Continuation Resolution is not passed, an event which the Directors consider to be highly remote, formulating and implementing any such proposals would require the Company to continue operations for a period of at least 12 months from the date of approval of the Company's financial statements.

The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the consolidated financial statements is appropriate.

Significant judgements and sources of estimation uncertainty

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. Fair value is derived from the subsidiaries', and their subsidiaries', net assets at the balance sheet date. 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.

[illegible] Accounting policies

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:

Investments in subsidiaries

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. Fair value is derived from the subsidiaries', and their subsidiaries', net assets at the balance sheet date. 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.

[illegible]

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.

[illegible]

Balances arising with subsidiary companies of a temporary nature are initially recognised at fair value and subsequently measured at amortised cost.

FINANCIAL STATEMENTS

Notes to the Company Financial Statements

Continued

4.0 Dividends

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.

5.0 Employee information

Details of Directors' remuneration are included in note 6.0 of the consolidated financial statements. The Company had no employees during the year (2021: nil).

6.0 Audit fees

Audit fees in relation to the Company's financial statements total £296,000 (2021: £272,000). For further details, please refer to note 9.0 of the Group financial statements.

7.0 Investments in subsidiaries

	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**

	Shares in subsidiaries £'000	Loans to subsidiaries £'000	For the year ended 31 March 2021 £'000
Balance at the beginning of the year	678,247	28,673	706,920
Increase in investments	928	14,383	15,311
Loans transferred	25,573	(25,573)	
Impairment	(1,313)		(1,313)
At the end of the year	703,435	17,483	720,918

Following a review comparing cost of investments to the underlying net assets of subsidiary companies, an impairment provision has been made of £359,000 (2021: £1,313,000).

8.0 Subsidiary entities

The Company has provided a guarantee under s479C of the Companies Act 2006 in respect of the financial year ended 31 March 2022 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 2022 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.

Notes to the Company Financial Statements

Continued

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*	10518729	Property investment	England & Wales
Civitas SPV2 Limited*	10114251	Property investment	England & Wales
Civitas SPV11 Limited*	10546749	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*	10546407	Property investment	England & Wales
Civitas SPV35 Limited*	10588530	Property investment	England & Wales
Civitas SPV38 Limited*	10738318	Property investment	England & Wales
Civitas SPV39 Limited*	10547333	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	124875	Holding company	Jersey
Civitas SPV3 Limited*	10156529	Property investment	England & Wales
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*	10974889	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*	10738556	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

Notes to the Company Financial Statements

Continued

Name	Registered number	Principal activity	Country of incorporation
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 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*	11021625	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*	11371128	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*	11500595	Property investment	England & Wales
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 SPV115 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 SPV54 Limited*	11039750	Property investment	England & Wales
Civitas SPV59 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*	10888903	Property investment	England & Wales
Civitas SPV88 Limited*	10939044	Property investment	England & Wales
Civitas SPV90 Limited*	10959131	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*	11270785	Property investment	England & Wales
Civitas SPV100 Limited*	11059705	Property investment	England & Wales
Civitas SPV101 Limited*	09978282	Property investment	England & Wales

Notes to the Company Financial Statements

Continued

Name	Registered number	Principal activity	Country of incorporation
Civitas SPV102 Limited*	11521555	Property investment	England & Wales
Civitas SPV109 Limited*	11532120	Property investment	England & Wales
Civitas SPV112 Limited*	11579750	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*	11482546	Property investment	England & Wales
Civitas SPV126 Limited*	11459821	Property investment	England & Wales
Civitas SPV127 Limited*	10941401	Property investment	England & Wales
Civitas SPV129 Limited*	11564994	Property investment	England & Wales
Civitas SPV130 Limited*	11705074	Property investment	England & Wales
Civitas SPV131 Limited*	11575132	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*	11632533	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*	10738450	Property investment	England & Wales
Civitas SPV44 Limited*	10588783	Property investment	England & Wales
Civitas SPV49 Limited*	11031349	Property investment	England & Wales
Civitas SPV56 Limited*	11056465	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*	11478695	Property investment	England & Wales
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*	11598972	Property investment	England & Wales
Civitas SPV134 Limited*	11689451	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*	11546696	Property investment	England & Wales
Civitas SPV146 Limited*	11861500	Holding Company	England & Wales
Bryn Eithin (2019) Limited*	11844898	Property investment	England & Wales
Civitas SPV147 Limited*	11861971	Holding Company	England & Wales
Mynydd Mawr (2019) Limited*	11844917	Property investment	England & Wales
Civitas SPV152 Limited*	11955719	Property investment	England & Wales
Civitas SPV155 Limited*	12044381	Property investment	England & Wales

FINANCIAL STATEMENTS

Notes to the Company Financial Statements

Continued

Name	Registered number	Principal activity	Country of incorporation
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 2022.

The registered addresses for the subsidiaries are consistent based on their country of incorporation and are as follows:

- **England & Wales entities:** Beaufort House, 51 New North Road, Exeter, Devon EX4 4EP
- **Jersey entities:** 12 Castle Street, St Helier, Jersey JE2 3RT

Trade and other receivables

	31 March 2022 £'000	31 March 2021 £'000
Trade receivables	**1,150**	722
Prepayments and other receivables	**1,902**	1,433
Accrued income	**1,258**	1,489
Total	**4,310**	3,644

Prepayments and other receivable amounts include prepaid legal and professional fees of £34,000 (2021: £200,000) that have been incurred in connection with acquisitions yet to be completed and £1,046,000 (2021: £817,000) in respect of uncompleted works on the property portfolio.

Cash and cash equivalents

	31 March 2022 £'000	31 March 2021 £'000
Cash held by solicitors	**376**	720
Liquidity funds	**10,489**	10,485
Cash held at bank	**12,258**	3,381
Cash and cash equivalents	**23,123**	14,586
Restricted cash	**315**	861
Total cash held at bank	**23,438**	15,447

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.

Notes to the Company Financial Statements

Continued

11.0 Trade and other payables

	31 March 2022 £'000	31 March 2021 £'000
Retentions	**288**	490
Accruals	**685**	450
Dividend withholding tax payable	**1,057**	892
Deferred income	**358**	358
Amounts due to subsidiary companies	**271,632**	169,465
Total	**274,020**	171,655

12.0 Share capital

Share capital represents the nominal value of consideration received by the Company for the issue of Ordinary shares

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Share capital		
At beginning and end of year	**6,225**	6,225

Number of shares authorised, issued and fully paid

	For the year ended 31 March 2022	For the year ended 31 March 2021
Ordinary shares of £0.01 each		
At beginning and end of year	**622,461,380**	622,461,380

The Company holds 10,025,000 (2021: 565,000) Ordinary shares in treasury. The number of Ordinary shares used to calculate the net asset value per share is 612,436,380 (2021: 621,896,380)

13.0 Accumulated losses

This reserve represents the profits and losses of the Company

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Balance at the beginning of the year	**(61,473)**	(80,840)
Profit for the year	**21,362**	52,780
Dividends paid in the year	**(34,093)**	(33,413)
At end of year	**(74,204)**	(61,473)

14.0 Controlling parties

As at 31 March 2022 there is no ultimate controlling party

15.0 Related party transactions

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 17.0 above.

16.0 Subsequent events

Please refer to note 33.0 of the Group Consolidated financial statements on page 117

FINANCIAL STATEMENTS

Additional Information

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures

Notes 1 to 5 support the EPRA metrics disclosed on pages 36 and 37 of the Report where the definition and purpose of each metric are outlined

1.0 EPRA Earnings

	For the year ended 31 March 2022	For the year ended 31 March 2021
Earnings from operational activities		
Profit after taxation (£'000)	**44,754**	36,075
Change in fair value of derivative financial instruments (£'000)	**(2,675)**	66
Changes in value of investment properties (£'000)	**(12,269)**	(5,511)
EPRA Earnings (£'000)	**29,810**	30,630
Weighted average number of shares in issue (adjusted for shares held in treasury)	**618,797,942**	621,651,859
EPRA Earnings per share (EPS) – basic & diluted	**4.82p**	4.93p

2.0 EPRA NAV Metrics

	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)**	**–**
Fair value of 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**

	EPRA Net Reinstatement Value	EPRA Net Tangible Assets	EPRA Net Disposal Value
31 March 2021			
Net assets (£'000)	673,498	673,498	673,498
Fair value of derivative financial instruments (£'000)	544	544	
Fair value of bank borrowings (£'000)	–	–	(2,022)
NAV (£'000)	674,042	674,042	671,476
Number of shares in issue (adjusted for shares held in treasury)	621,896,380	621,896,380	621,896,380
NAV per share	108.38p	108.38p	107.97p

3.0 EPRA Net Initial Yield

	For the year ended 31 March 2022	For the year ended 31 March 2021
Investment property (£'000)	**968,756**	915,589
Allowance for estimated purchasers' costs (£'000)	**56,412**	53,753
Gross up completed property portfolio (£'000)	**1,025,168**	969,342
Annualised net rents (£'000)	**54,091**	50,780
Add: notional rent expiration of rent free periods or other lease incentives (£'000)	**–**	–
Topped-up net annualised rent (£'000)	**54,091**	50,780
EPRA NIY	**5.28%**	5.24%
EPRA Topped-up NIY	**5.28%**	5.24%

ADDITIONAL INFORMATION

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures Continued

4.9 EPRA Vacancy Rate

	For the year ended 31 March 2022	For the year ended 31 March 2021
Estimated Market Rental Value (ERV) of vacant spaces (£'000)	–	
Estimated Market Rental Value (ERV) of whole portfolio (£'000)	**54,091**	50,380
EPRA Vacancy Rate	**0%**	0%

5.0 EPRA Costs Ratio

	For the year ended 31 March 2022	For the year ended 31 March 2021
Total administrative and operating expenses	**10,247**	9,498
Direct property expenses	**978**	1,175
Less property expenses recovered through rents	**(995)**	(886)
EPRA Costs (including direct vacancy costs)	**10,230**	9,787
Direct vacancy costs	–	-
EPRA Costs (excluding direct vacancy costs)	**10,230**	9,787
Rental income	**51,636**	49,020
Less rechargeable costs received	**(995)**	(886)
Gross rental income	**50,641**	48,134
EPRA Cost Ratio (including direct vacancy costs)	**20.20%**	20.33%
EPRA Cost Ratio (excluding direct vacancy costs)	**20.20%**	20.33%

The Group has not incurred any direct vacancy costs

6.0 EPRA Table of Capital Expenditure

	For the year ended 31 March 2022 £'000	For the year ended 31 March 2021 £'000
Acquisitions including incidental costs of purchase	**33,466**	16,108
Development	–	
Investment properties		
Incremental lettable space	–	–
Enhancing lettable space	**5,818**	4,077
Tenant incentives	**1,614**	11,317
Other material non-allocated types of expenditure	–	-
Capitalised interest	–	
Total Capital Expenditure	**40,898**	31,402
Conversion from accrual basis to cash basis	**1,312**	215
Total Capital Expenditure on a cash basis	**42,210**	31,617

The Group has not capitalised any overhead or operating expenses

Appendix 1 (unaudited): Notes to the calculation of EPRA and other alternative performance measures Continued

7.0 Portfolio NAV

IFRS NAV adjusted to reflect investment property valued on a portfolio basis rather than individual asset basis.

	31 March 2022	31 March 2021
Net assets (£'000)	**675,547**	673,498
Adjustment for change to property valuation (£'000)	**76,784**	63,270
Portfolio net assets (£'000)	**752,331**	736,768
Number of Ordinary shares in issue (adjusted for shares held in treasury)	**612,436,380**	621,896,380
Portfolio Net Assets per share	**122.84p**	118.47p

8.0 Leveraged Internal rate of return (IRR)

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 2022	31 March 2021
IFRS NAV per share		**110.3000p**	108.300p
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
5 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**	–
10 September 2021	Interim dividend	**1.3875p**	
13 December 2021	Interim dividend	**1.3875p**	
11 March 2022	Interim dividend	**1.3875p**	–
		134.4875p	126.9750p
IFRS NAV per share at launch		**98.0000p**	98.0000p
Levered IRR		**6.63%**	6.54%

ADDITIONAL INFORMATION

Five Year Financial Results

Group Statement of Comprehensive Income

	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	For the period from 18 November 2016 to 31 March 2018 £'000
Revenue					
Rental income	**51,636**	49,020	46,165	35,738	18,606
Less direct property expenses	**(978)**	(1,175)	(259)		
Net rental income	**50,658**	47,845	45,906	35,738	18,606
Directors' remuneration	**(206)**	(198)	(176)	(163)	(205)
Investment advisory fees	**(6,132)**	(6,117)	(6,183)	(6,457)	(5,773)
General and administrative expenses	**(3,909)**	(3,183)	(3,501)	(3,022)	(2,915)
Total expenses	**(10,247)**	(9,498)	(9,860)	(9,642)	(8,893)
Change in fair value of investment properties	**12,269**	5,511	9,389	3,652	30,633
Operating Profit	**52,680**	43,858	45,435	29,748	40,346
Finance income	**7**	20	110	491	413
Finance expenses – relating to bank borrowings	**(10,608)**	(7,737)	(7,342)	(3,975)	(1,041)
Finance expenses – relating to C share amortisation	**–**		-	(6,400)	(2,792)
Change in fair value of interest rate derivatives	**2,675**	(66)	(478)	-	
Profit before tax	**44,754**	36,075	37,725	19,864	36,926
Taxation	**–**				
Profit being total comprehensive income	**44,754**	36,075	37,725	19,864	36,926
Earnings per share – basic	**7.23p**	5.80p	6.06p	4.67p	10.55p
Earnings per share – diluted	**7.23p**	5.80p	6.06p	4.20p	6.37p
Dividend declared	**5.55p**	5.40p	5.30p	5.00p	3.00p

Five Year Financial Results

Continued

Group Statement of Financial Position

	31 March 2022 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2019 £'000	31 March 2018 £'000
Assets					
Non-current assets					
Investment property	**945,237**	893,684	857,988	820,094	516,222
Other receivables	**23,519**	21,905	10,755	6,824	
Interest rate derivatives	**2,131**	-			
	970,887	915,589	878,743	826,918	516,222
Non-current assets					
Trade and other receivables	**12,865**	12,821	10,838	5,723	3,315
Cash and cash equivalents	**53,337**	107,097	58,374	54,347	249,608
	66,202	119,918	69,212	60,070	252,923
Total assets	**1,037,089**	1,035,507	947,955	886,988	769,145
Liabilities					
Current liabilities					
Trade and other payables	**(9,492)**	(9,345)	(7,743)	(15,324)	(10,176)
Bank and loan borrowings	**–**	(59,937)	(59,730)		
C shares	**–**	-			(298,752)
	(9,492)	(69,282)	(67,473)	(15,324)	(308,928)
Non-current liabilities					
Bank and loan borrowings	**(352,050)**	(292,183)	(209,440)	(205,156)	(90,822)
Interest rate derivatives	**–**	(544)	(478)		
	(352,050)	(292,727)	(209,918)	(205,156)	(90,822)
Total liabilities	**(361,542)**	(362,009)	(277,391)	(220,480)	(399,750)
Total net assets	**675,547**	673,498	670,564	666,508	369,395
Assets					
Share capital	**6,225**	6,225	6,225	6,225	3,500
Share premium reserve	**292,626**	292,463	292,405	292,405	
Capital reduction reserve	**322,365**	331,140	330,926	331,625	331,625
Retained earnings	**54,331**	43,570	41,008	36,253	34,270
Total equity	**675,547**	673,498	670,564	666,508	369,395
Net assets per share – basic	**110.30p**	108.30p	107.87p	107.08p	105.54p
Net assets per share – diluted	**110.30p**	108.30p	107.87p	107.08p	105.54p
Portfolio NAV	**122.84p**	118.47p	118.35p	119.07p	113.86p
Share price	**87.40p**	107.80p	95.40p	96.00p	97.40p
Total shareholder return (on a NAV basis)	**37.23%**	29.57%	23.54%	17.43%	10.76%
Leverage	**34.43%**	34.48%	26.90%	23.00%	12.00%

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	213800PGBG84J8GVM6F95

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, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Key Dates

June	Annual results announced
	Payment of fourth final 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.

Annualised rent roll means the total rental income due over the first year from the date of valuation, including an estimated rental uplift based on a long-term inflation rate.

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 the total annual dividend payments 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 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.

EPRA Run Rate means the ratio of a company's earnings (excluding fair value gains/losses) over dividends paid to shareholders.

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.

IFRS Net Asset Value or **IFRS NAV** means the net asset value of the Group on the relevant date, prepared in accordance with IFRS accounting principles.

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).

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.

Glossary

Continued

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 (previously Total Expense Ratios or TERs) 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 Net Asset Value or **Portfolio NAV** means the net asset value of the Company, with assets aggregated rather than valued on an asset by asset basis, as at the relevant date, calculated on the basis of an independent Portfolio Valuation. See note 7.0 to Appendix 1 for a reconciliation to IFRS NAV.

Portfolio Basis means the Portfolio NAV (as defined above)

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 IFRS 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 annualised 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 annualised 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

Registered Office

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Alternative Investment Fund Manager

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London SE1 2AQ

Investment Adviser

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Joint Corporate Brokers

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London EC2Y 9LY

Panmure Gordon (UK) Limited
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Company Secretary

Link Company Matters Limited
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Administrator

Link Alternative Fund Administrators Limited
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Depositary

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Registrar

Link Group
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Independent Auditors and Reporting Accountants

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Legal and Tax Adviser

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Public Relations Adviser

Buchanan
107 Cheapside
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Tax Adviser

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