Responsible economic returns

Reduced carbon footprint

Measurable social impact

Enhanced governance standards

Half Year Report

for the six months ended 30 September 2021

CIVITAS SOCIAL HOUSING PLC

Content Themes

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

Responsible economic returns

Reduced carbon footprint

Measurable social impact

Enhanced governance standards

Contents

About Us

Our Purpose

CIVITAS SOCIAL HOUSING PLC ("CSH", "Civitas" or the "Company") and its subsidiaries (the "Group") 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 completed more than **120 individual transactions** to build the largest portfolio of its kind in the UK that has been independently **valued at £946.3m.**

The Company provides long-term community-based **homes for 4,391 people**, across **178 local authority areas** that are supported by **119 specialist care providers** and **17 housing associations and charities ("Approved Providers").**

The delivery of care in the community is a primary government policy 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 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.

The Company's investment policy enables transactions to be entered into directly with Approved Providers, as well as the NHS and other organisations that are either not for profit and/or in receipt of public funding.

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" or the "Investment Adviser"), 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 30 September 2021

£946.3m
Investment property independent valuation*

4,391
Tenants

648
Properties

1
Mission

* please see note 9.0 for details of the valuation.

Company Overview

as at 30 September 2021

£652m Equity Capital Raised	**8%** Target Return
£1,034m GAV*	**£673m** NAV**

Current IFRS Value (30 September 2021)

6.3% Dividend Yield****# (annual)	**34.55%** Current Leverage# (30 September 2021)
Closed Ended Permanent Capital Fund Structure	**87.5 pence** Share Price****

Alternative Performance Measure.
* means Total Assets.
** means Net Asset Value of the Group prepared in accordance with IFRS accounting standards.
*** calculated using the share price as at 30 September 2021.
**** as at 30 September 2021.
Terms are defined in the Glossary.

How We Performed

Financial Highlights as at 30 September 2021

£946.3m
Investment property independent valuation

£21.9m
of acquisitions made in the period*

2.87p
per Share Earnings: based on comprehensive income and property revaluations

£52.5m
Annualised Rent Roll: based upon £946.3m of real estate at the end of the reporting period

6.1%
increase in the annualised rent roll since September 2020

22.7 yrs
Weighted Average Unexpired Lease Term

Profit before tax
£ million

2021: 17.9
2020[1]: 17.5
2021[2]: 36.1

IFRS NAV per share
Pence

2021: 108.49
2020[1]: 108.01
2021[2]: 108.30

IFRS NAV
£ million

2021: 672.9
2020[1]: 671.4
2021[2]: 673.5

EPRA EPS[#]
Pence

2021: 2.40
2020[1]: 2.49
2021[2]: 4.93

Total shareholder return**
Percent

2021: 8.91
2020[1]: 21.59
2021[2]: 26.48

IFRS NAV increase since IPO[#]
Percent

2021: 10.71
2020[1]: 10.21
2021[2]: 10.56

IFRS property valuation
£ million

2021: 946.3
2020[1]: 898.5
2021[2]: 915.6

Dividends declared (Ordinary shares)
Pence

2021: 2.74
2020[1]: 2.68
2021[2]: 5.38

Annualised rent roll[#]***
£ million

2021: 52.5
2020[1]: 49.5
2021[2]: 50.8

1 Six months to 30 September 2020 (unaudited).
2 Year ended 31 March 2021 (audited).
* Excludes purchase costs and other capital expenditure.
** On an Ordinary share held since launch (percentage not annualised).
*** See Appendix 1 – Alternative Performance Measures to these financial statements for supporting workings.
[#] Alternative Performance Measures.
For reporting periods starting on or after 1 January 2020, EPRA NAV and EPRA NNNAV have been replaced with three specific new measures. See Appendix 1.
Terms are defined in the Glossary.

Key Achievements

Operational Highlights

648 properties acquired

£825 million invested

4,391 tenants with dependable accommodation

based on long-term leases signed with **17 Approved Providers**

supported by **119 care providers**

across **178 Local Authorities**

Diversified Funding

£60m
Lloyds 2-year revolving credit facility

£100m
HSBC 3-year revolving credit facility

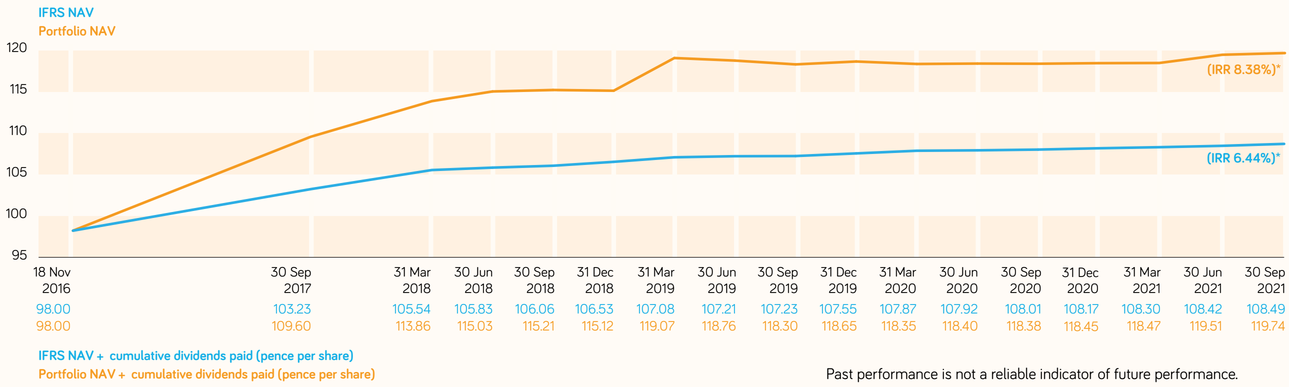
£60m
Natwest 5-year facility fixed through a swap arrangement

£84.5m
M&G 7-year term loan

£52.5m
Scottish Widows loan note with an agreed term of 10 years with an all-in fixed rate of 2.99%

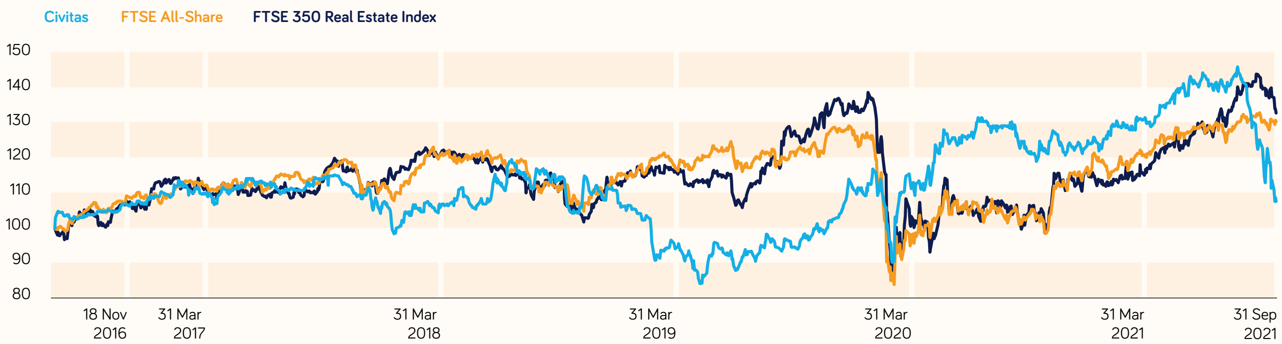
£357m
Total bank borrowings

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.

Total Shareholder Return vs Indices



Group Strategic Report

Group Strategic Report

Chairman's Statement

From the Chairman

Michael Wrobel
Chairman

As society continues to respond to the challenges of the ongoing COVID-19 pandemic, the Company once again thanks the staff at all our partners whose dedicated efforts have achieved:

- **Continued low incidence of COVID-19 across our portfolio, compliance in our homes; and**
- **Ongoing delivery of asset management services for the benefit of residents.**

Share Price

In recent months, the Company has been the subject of negative speculation due to the actions of certain short sellers in the Company's shares. The latter seek to benefit from driving down the Company's share price to make a profit at the expense of other shareholders. On 11 October 2021, the Company issued a 37-page report that rebutted and corrected suppositions made by a short seller.

The Board continues to have confidence in the revenue streams and assets of the Company and has demonstrated this by undertaking share buy-backs at these depressed levels. The Board and Investment Adviser have had open dialogue with shareholders to address issues and provide full transparency. We continue to consider all possible measures to restore confidence in the Company and its share price.

Our key focus remains on our tenants and delivering a robust financial performance for shareholders.

Chairman's Statement continued

Financial Performance

During the period under review, our portfolio generated rental income of £25.1m (30 September 2020: £24.1m) representing a 4.2% increase over the corresponding period – a result of modest indexation of rents in a previously low CPI-based inflation environment and a small number of new properties purchased during the period.

Net cash generated from the operating activities was £19.8m, a slight increase on the comparable half-year period of £19.2m.

IFRS net asset value of the Company increased from 108.30 pence per Ordinary share at 31 March 2021 to 108.49 pence per Ordinary share at 30 September 2021.

The Company met the stated dividend target of 5.40p per share for the year to 31 March 2021. The Board set a new dividend target of 5.55p per share for the year to 31 March 2022 of which the first quarterly dividend of 1.3875p per share has been declared and paid.

During the six months to 30 September 2021, the Company invested £22.4m (gross of purchase costs) in 29 property acquisitions, providing homes for a further 96 vulnerable adults. These purchases were funded from existing reserves and the drawdown of the £84.5m facility with M&G that was announced in February 2021. Following this, at 30 September 2021, the Company held cash reserves of £72.0m (including the regular contingency cash buffer) and in addition owns debt-free properties, valued at more than £45.0m.

New Initiatives

The Board is pleased to note a number of new and continuing initiatives that have been developed by CIM and which are set out more fully within the Investment Adviser's Report.

In June 2020, the Company expanded its remit to include long-term provision for adapted specialist housing for homelessness provision, where properties are designed to enable the delivery of a significant level of care and support ("Advanced Homeless Provision"). This is aimed to break the cycle of homelessness and offer the potential of a new start for residents.

We are now providing accommodation to several local authorities in London and, whilst this will remain a small element of the Company's overall portfolio, the Board is encouraged that this represents an example of clear additionality in terms of social delivery above and beyond simply providing temporary accommodation.

The delivery of this service has featured in a short video that highlights the nature of the properties and the services that are being delivered and is supported by a commentary from Barnet Council, one of the Company's partners. It is available on the Company's website.

Chairman's Statement continued

Commitment to Social Impact and ESG

The independent Half-Year Social Impact Report prepared by the specialist consultancy The Good Economy ("TGE") accompanies the financial results. The report confirms that the Company continues to "make a positive contribution to increasing the supply of specialist housing" and contributes to solutions based on the Impact Management Project ("IMP") classification of impact performance. IMP is a standardised approach to impact measurement as agreed by 2,000 organisations and uses five categories: What, Who, How Much, Contribution and Risk.

We continue to assist in the upward drive of management and governance standards through close working arrangements with Approved Providers. This includes the work of CIM in leading quarterly best practice seminars open to all holders of the Company's leases, together with regulatory and sector influential entities and individuals. This is intended to enable our partners to develop and build greater resource and expertise in their own operations on a stand-alone basis and to be able to represent, and share, best practice within the sector.

We also maintain and develop new compelling partnerships with sector-leading charities and seek to ensure we are at the forefront of maximising the impact of our market-leading position. In its last report, the Board announced its support for an additional two charities this year focusing upon mental health and the welfare of residents during the COVID-19 pandemic. These relationships are blossoming and the charities are reporting positive outcomes from the work that they undertake and from their engagement with the Company.

We have commenced a market-leading programme of environmental enhancements and carbon reduction to the portfolio. This is made possible by the national presence enjoyed by the Company and will lead to reduced energy bills for tenants without placing any additional funding obligations on the Company's Approved Providers. Our performance on carbon reduction is disclosed in the Investment Adviser's Report.

Brexit

The Board has considered the changing political and economic environment in light of Brexit and does not consider there to be any material impacts or risks relevant to the Group.

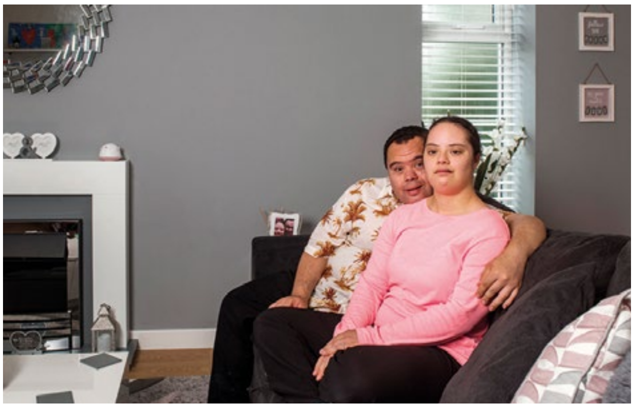
Outlook

It continues to be the case that there is a substantial structural mismatch between the need for social housing of all types and its availability – this is particularly so for housing with care that is delivered by the private sector without recourse to government grant or capital funding.

Civitas plays a pivotal role in investing responsible capital on a substantial basis to provide quality social homes for life. Our excellent long-term relationships across the sector provide us with access to a substantial pipeline of opportunities.

Michael Wrobel
Chairman

8 December 2021



Care-based Housing

Detailed Knowledge of Residents and Care Provision

- Almost 50% of residents have "**multi-diagnosis**" or complex care needs
- Reflects larger care packages and average **43 hours** of care provided per week
- Meaningful level of care is a defining feature of qualification for **Specialist Supported Housing exempt rent levels**
- Vital to **understand the nature of care provision** taking place in CSH properties

% of Portfolio

Multi Diagnosis
48%

Learning Disabilities
30%

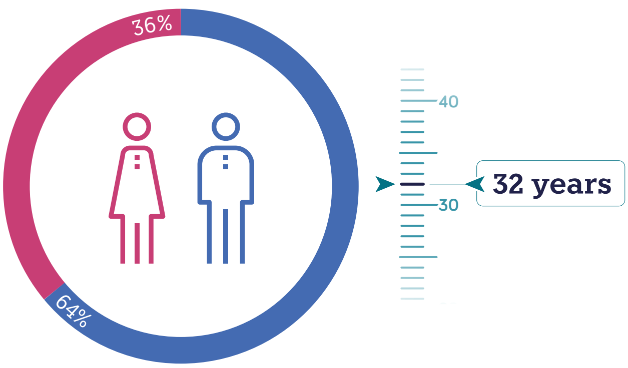
Mental Health
12%

Dependencies (e.g. drug addiction)
5%

Autism
4%

Other: including homelessness
1%

Demographic of Civitas Resident

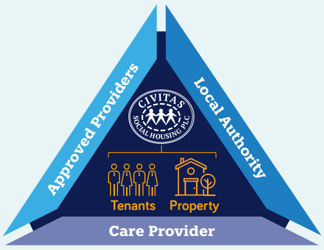


Increasing the Supply of Social Housing

- CSH supports local and regional developers by acquiring new properties on completion
- Enables developers to secure finance on competitive terms

Active Asset Management and Enhancement

- CSH properties are part of a well-defined and supportive ecosystem that brings together
  - Approved Providers
  - Care Providers
  - Local Authority Commissioners
- CSH focus is on both the buildings and each of the counterparties



Working Closely with Approved Providers

Monitoring	Adding Value	Delivering Support
COVID-19	Enhancing Properties	The Social Housing Family CIC
Health & Safety	Developing Additional Income Streams	Asset Management
Property Condition		Tribunal & Housing Benefit Advice

A Place For Me

Polly Braden & Sally Williams

Dewi Lewis Publishing

'A Place For Me' is a unique opportunity to hear directly from adults with life-long disabilities living in community-based supported living.

The collection of 50 stories, from leading photographic publishers Dewi Lewis, also includes personal accounts from families and carers, giving an unprecedented insight into the exceptional lives of vulnerable adults, who are rarely given a voice, but who are thriving within their own communities across the United Kingdom.

'A Place For Me' celebrates the improving personal outcomes of adults living with disabilities, as each participant tells their story of coming to live in their own home, having previously lived in hospital, an institution, or having struggled with homelessness/ unsuitable accommodation.

Award-winning, journalist Sally Williams and photographer Polly Braden have travelled across the UK to personally meet and establish real connections with each participant, all of whom have volunteered to tell their story for the purpose of this unique book.

The book is sponsored by the Company and National Care Group, provider of care and support services to vulnerable adults.

Golders Green

In its first four years of investment in social housing Civitas has focused primarily on providing homes to those with significant care needs. In the last two years it has become clear that advanced homelessness schemes have the same attractive investment attributes and strong social delivery as specialist supported living.

These attributes include:

- Very high demand with an estimated 45,000 rough sleepers and 100,000 families in temporary accommodation.
- The same dynamics as specialist supported living with similar excellent social outcomes achieved.
- The need for additional support to people moving into homeless accommodation to enable them to rebuild their lives.
- Returns within the parameters of the Company's investment criteria.

Market

There are numerous opportunities to purchase homelessness portfolios. Many have significant challenges which would not meet the investment criteria of quality and value for Civitas. In particular, poor property conditions, inadequate amenities, high rents and inadequate care.

CIM has been working with Crisis, the largest homelessness charity in the country, for the last four years to explore options for additional provision and support for the homeless. Civitas has sponsored Crisis to fund a 'Renting Ready' project to support the maintenance of the tenancies of homeless people in the private rented sector.

Although homelessness features across the UK and is unsurprisingly focused around cities, large towns and seaside resorts, the largest problem remains in London; which has the largest population and most expensive accommodation, a draw to young vulnerable people and a disaggregated system of local government.

Golders Green continued

Golders Green

Barnet is the most populous borough in London with its population projected to increase from 395,000 to 466,000 by 2041. All local authorities have a duty to prevent homelessness for all residents, regardless of their priority need status, and be responsible for assisting those threatened with homelessness within 56 days.

There are an estimated 150–200 rough sleepers within the borough of Barnet at this present time with an estimated 2,800 households in temporary accommodation. To reduce the use of temporary accommodation and number of rough sleepers, Barnet Homes, the borough's Approved Provider of housing, needs to increase the supply of all forms of private and affordable housing available across the borough.

Barnet Homes has worked with Civitas and Encircle Housing, our leaseholder, to utilise our property in Golders Green for a bespoke long-term homeless accommodation service.

The property works in parallel with Friern Barnet Hub which houses 19 tenants in three shared houses (owned by Barnet Council) for rough sleepers and its most vulnerable residents. Individuals step down from short-term intensive support at Friern Barnet into Golders Green for up to one year to help them secure more settled accommodation in the private rented sector.

Barnet Homes funds the local charity Homelessness in Barnet to run the homeless service at Golders Green in addition to the current funding allocated to the support provided at Friern Barnet Hub.

The rent and service charge for each individual tenant at Golders Green is funded via housing benefit.

Surveyor Baily Garner has been engaged on the works programme as the project manager to adapt the property for advanced homeless accommodation. This included replacement bathrooms and kitchens, new measures to create a safe environment including new CCTV, additional fire separation measures and a 24/7 reception and service facility.

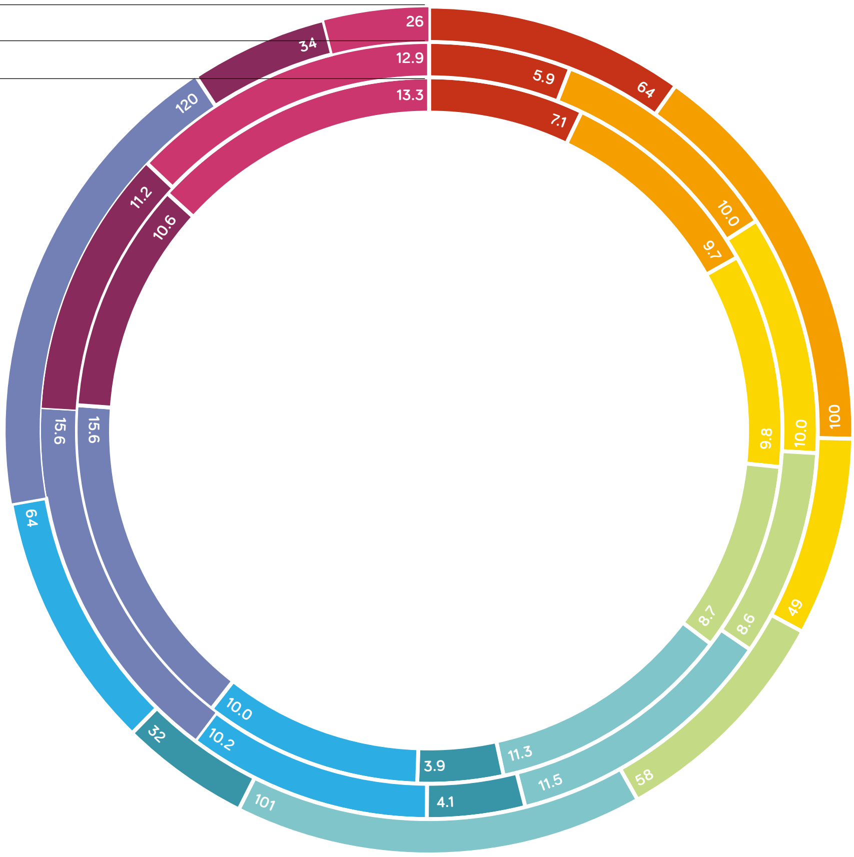
The asset management team within CIM monitored the entire project since inception with site visits and conference calls to validate the works' progress at each stage as well as working with all stakeholders to ensure the project opened on time and on budget.

As of November 2021, there are 21 tenants living at the property with projected full occupancy of 42 individuals to be achieved by March 2022.

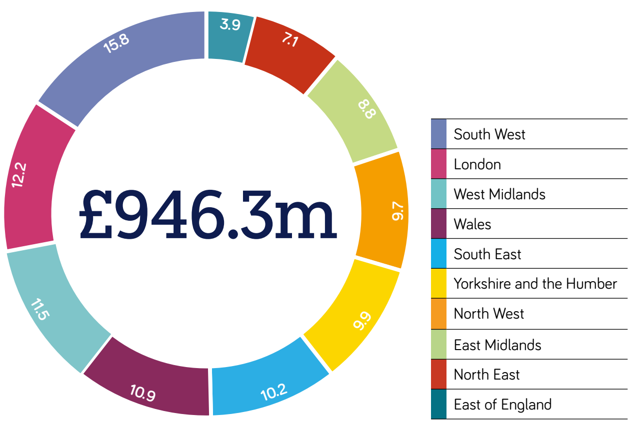
Our Portfolio

By UK Region as at 30 September 2021

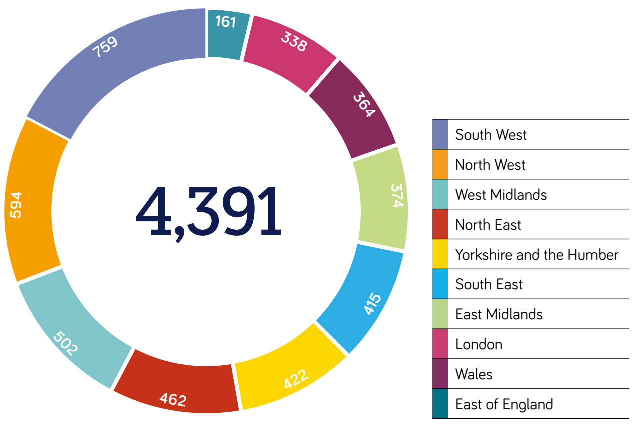
	Properties	Funds invested (Percentage)	Annualised rent roll (Percentage)
North East	64	5.9	7.1
North West	100	10.0	9.7
Yorkshire and the Humber	49	10.0	9.8
East Midlands	58	8.6	8.7
West Midlands	101	11.5	11.3
East of England	32	4.1	3.9
South East	64	10.2	10.0
South West	120	15.6	15.6
Wales	34	11.2	10.6
London	26	12.9	13.3



Market Value (%)



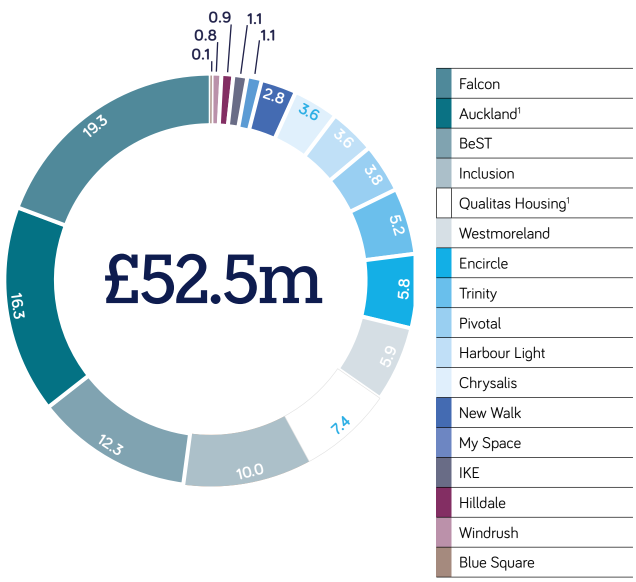
Tenancies



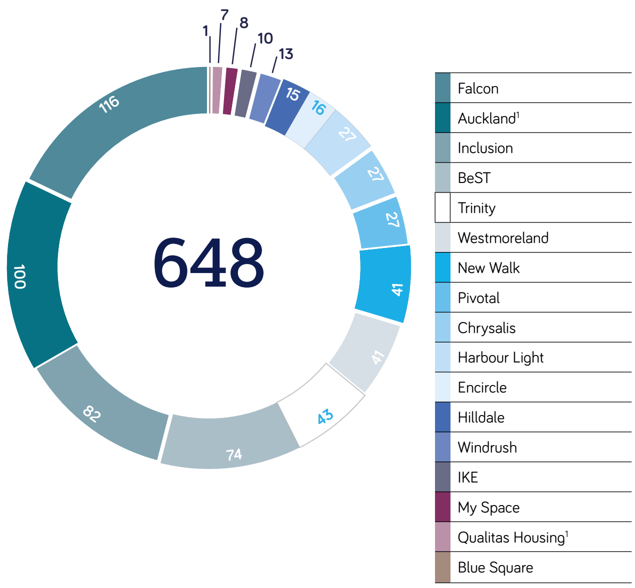
Our Portfolio continued

By Approved Provider as at 30 September 2021

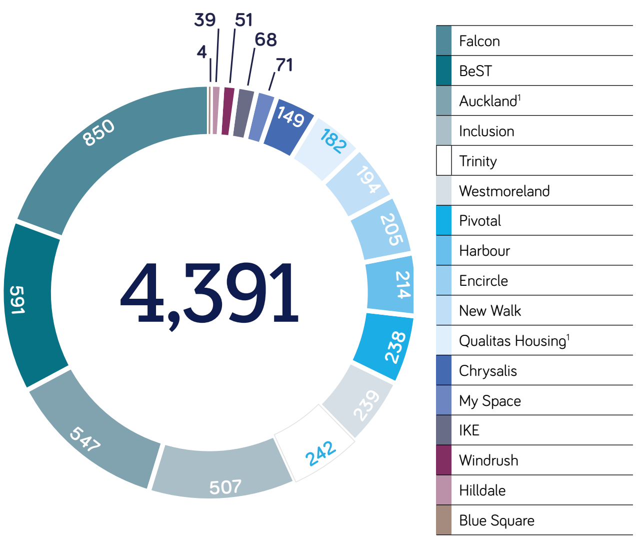
Annualised Rent Roll (%)



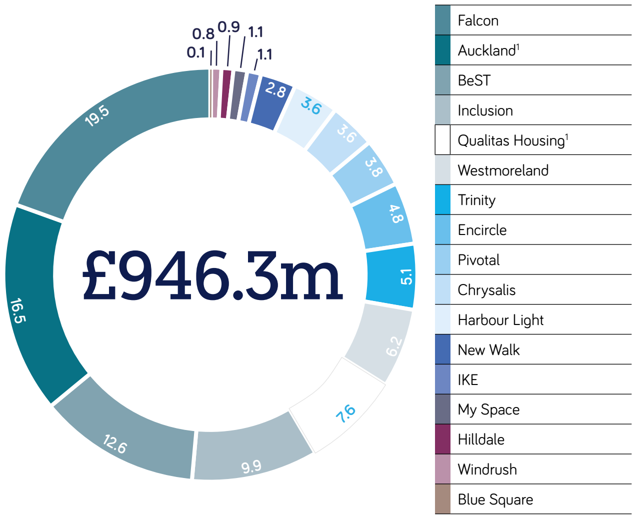
Properties



Tenancies



Market Value (%)



1 Auckland and Qualitas Housing are both members of the Social Housing Family C.I.C.

Investment Adviser's Report

Civitas Social Housing PLC is the market leader in the delivery of ethical, care-based residential accommodation that continues to offer sustainable returns for shareholders, outstanding community-based homes for residents whilst offering value for money for the public purse.

The Investment Adviser is Civitas Investment Management Limited which advises on a number of ethical funds with committed capital of c.£2.5bn.

"**Thank you**

to all our partners who have continued to provide such high-quality care, support, and housing throughout the pandemic and to the Company's investors who enable the provision of over 4,400 quality homes for the most vulnerable people in society."

Paul Bridge
CEO, Social Housing
Civitas Investment
Management Limited

Investment Adviser's Report continued

Overview of Results

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

- Continued strong resilience to the COVID-19 pandemic, both operationally, financially, and most importantly on a human level;
- Rents indexed at CPI and collected as planned with no disruption from COVID-19;
- M&G debt facility drawdown and part deployment into 29 new properties at a value of £22.4m with an average gross yield of 5.5%;
- A high-quality investment credit rating from Fitch of A secured and A- unsecured, maintained;
- A growing, market-leading portfolio of high-quality, medium to high acuity properties with asset management led by CIM;
- High levels of care provided to each and every resident, on average 43 hours per week, independently verified;
- Expansion and diversification of counterparties and into accommodation for those with advanced homelessness requirements with a sector-leading partnership delivered in the London Borough of Barnet and featured as a case study on page 12.
- Work has commenced on the decarbonisation of the portfolio in partnership with E.ON;
- A team that continues to grow with a mix of high-level skills from real estate, fund management, social housing, care and asset management, unrivalled in terms of size and breadth in the sector;
- Actual run rate dividend cover* at c.87% which has reduced as a result of the removal of the gain on the SWAP valuation from the calculation;
- A continued focus on delivering the progressive dividend policy meeting target objectives of 5.40p for the year to 31 March 2021 and targeting 5.55p to March 2022;
- IFRS NAV increased to 108.49p per Ordinary share; and
- Ongoing Charges Ratio of 1.37%.

Introduction

As outlined in the Chairman's Statement, CIM would like to highlight the continued excellent performance of the portfolio with continued minimal disruption from, and low incidence of, COVID-19; high levels of compliance; high standards of care and management of homes, and ongoing active asset management.

The financial performance has been strong and the Company has expanded its remit to provide high-level 'advanced homelessness provision' at the request of local authorities in London with the aim of breaking the cycle of homelessness and offering the potential of a new start for residents.

The Company continues to develop and implement high standards of social impact as measured independently and continues to forge sector-leading relationships with key charities and sector bodies. The commitment to tackle the challenge of decarbonisation continues with the commencement of the retrofit programme, as launched by the government in late 2020.

* Alternative Performance Measure.

Investment Adviser's Report continued

As set out below, demand for our properties remains very high and we remain well placed to deliver on a large pipeline when opportunity allows.

Overall Market Context

In the context of 'Build Back Better' the government has indicated the paramount importance of healthcare and housing in fulfilling its pledge to 'fix social care once and for all'. In addition, decarbonisation is front and centre across government policy.

These core issues were reflected in the government spending review held on 24 October 2021 which confirmed the pre-announced Health and Social Care levy and additional funding of £3.9bn to decarbonise buildings, £11.5bn to fund up to 180,000 affordable homes between 2021–2026 and £639m per year to 'resource fund' the reduction of rough sleeping. These commitments indicate the priority and require substantial private sector investment to meet the demanding targets set out by the government.

It is important to note that the funding for specialist care for adults of working age is separate to the social care debate which is primarily focused upon ensuring those who can pay towards social care when they are elderly are not forced to realise all of their assets to do so (effectively placing a cap on contributions of £86,000).

The current spending on the NHS and Social Care is around £235bn a year (Institute for government 24 September 2021). The new Health and Social Care levy will raise an additional £13bn a year through a hypothecated tax of 1.25% on National Insurance contributions and a levy on dividend payments, excluding pensions and property.

It is likely that the initial additional investment will focus upon reducing the estimated 5.7m people on consultant referral waiting lists, the highest since 2007 and up from 4.5m in 2019 pre pandemic (BMA 15 October 2021), and then on further investment into social care.

Additional investment is welcome and in order for the government to meet its social and fiscal objectives it is clear that the focus will continue to be upon ensuring that as much non-acute care as possible for those of working age and those beyond retirement age is carried out in community-based settings.

In fact, although additional acute beds were provided during the pandemic within the NHS, the long-term trend is for as many conditions as possible to be addressed outside of acute hospital settings as this leads to improved social outcomes and lower financial costs (Healthcare Financial Management Association 2019).

The Whitehall Report 2020 published each year by The Marwood Group (a leading think tank on health and social care) comments

" ...the events of the last year have served to reinforce that...

...government decision making is paramount when investing in health and social care;

Public funding of healthcare services can make healthcare assets a safe haven in times of economic stress;

The independent sector will always have a role to play across health, social care and life sciences".

Displacing Healthcare Funding into the Community

The Health and Care Bill likely to be passed in 2022 further consolidates the trends of joining up healthcare services with social care through the formation of Integrated Care Systems (ICSs) to join up NHS services and community care services. This is supportive of the forms of care and housing delivered by the Company.

The principal of all forms of care being carried as far as possible in the community has had cross-party support for over 60 years and this applies to the following groups:

- Adults of working age with learning disabilities or autism;
- Adults of working age with physical disabilities;
- Adults with severe long-standing mental health issues;
- Elderly adults requiring social care; and
- Children with mental and/or physical disabilities.

This is underpinned by the Care Act of 2014 which sets out in one place local authorities' duties in relation to assessing people's needs and eligibility for publicly funded care and support. Housing and real estate are critical to these legal responsibilities as care needs a safe and appropriate building in which to be carried out. The statute underpinning the needs of children and young people is set out in the Children and Families Act 2014.

Investment Adviser's Report continued

Social Housing

A renamed government department incorporating levelling up, housing and communities (LUHC) which essentially oversees all government policy and investment into housing and local government was formed in the reshuffle in September 2021. Led by Michael Gove, it further indicates how critical the government believes housing is to the wider levelling up agenda.

The White Paper on the future of social housing called "The Charter for Social Housing Residents" was published in November 2020. It proposed that the current regulatory system was maintained, namely that the Regulator of Social Housing continues to oversee the governance and viability of Approved Providers but is likely to have an enhanced role in overseeing consumer regulation. Post Grenfell there has been a view that the interests of residents have not sufficiently been heard and included in the management of general needs social housing. Homes England will continue to oversee government investment into social housing.

The implications of the Charter for Social Housing are likely to be positive for housing with care as the nature of the type of relationship the Approved Providers has with residents and the care provider is far more involved than in general needs housing. This has been reflected in the performance of the Approved Providers during the pandemic with high levels of compliance and rent collection and low levels of COVID-19. CIM has been assisting in ensuring residents' voices are heard through the commissioning of independent surveys referred to later in this report.

The government has recently announced additional funding for new housing. However, its key priority in terms of providing capital support is through the 95% mortgage guarantee scheme to enable first time buyers with a 5% deposit to purchase their first home.

New legislation on buildings standards and planning is, at the time of writing, being enacted with the aim of improving the quality of new build residential homes as well as enabling the level of housebuilding to rise with the primary government focus being upon home ownership. It is also likely that leasehold reform will be enacted to establish more rights for those purchasing new build homes. It is unlikely that this legislation will have an impact on the Company as the portfolio comprises low rise, traditional construction homes with no cladding. Further, the Company does not undertake new developments.

Demand

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

Given the level of supply of new social homes was, in 2020, only 6,338 (social homes at 50% of market rent) this demand will never be met. In addition, supply is further constrained by the demands placed upon existing large 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 recent White Paper on social housing "The Charter for Social Housing Residents".

This all points to the continued very high demand for private and institutional capital to contribute to meeting the exceptionally high demand for high-quality specialist social housing.

Investment Adviser's Report continued

Specialist Housing

All independent commentators agree that demand continues to rise (Mencap 2018 and 2021) for community-based housing driven by the general rise in the population, better birth outcomes and improved life expectancy, itself stimulated by more community-based provision. In addition, trends in mental health continue to point to further high levels of demand. Since the pandemic, levels of referrals for acute mental health conditions have risen by 70% with 13,000 referrals in the month of May 2021 compared to 7,813 referrals in the equivalent month a year before.

LaingBuisson (a major healthcare consultancy) in its Adult Specialist Care report of 2020, estimates that in the learning disability market for care in the community over 90% of providers come from the independent sector. For mental health this rises to 96%. This reflects that over the last 30 years almost all specialist care is provided by the private sector.

What is also clear is that the principal of community-based housing for those with other care needs is being extended to other groups, in particular, those with mental health issues and addictions. This trend was reinforced by the Homeless 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, Crisis estimated the cost of street homelessness to the state was over £20,000 per person annually. This does not include 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 rough sleeping were housed in temporary accommodation, normally hotels. The challenge is now ensuring that those people are permanently housed with the support required to overcome often complex needs. This is the purpose of the advanced homelessness scheme in Barnet which will ensure a secure and stable home with extensive support.

The clear advantages are the same as housing for disabled groups with better social outcomes and reduced costs to the taxpayer.

Personal Care in the Homes Saves Lives

In the recent LaingBuisson Homecare and Supported Living market report sponsored by CIM, it was found that the experience the Company had of the low impact of COVID-19 on our residents was replicated across the specialist care and homecare sector. Given that this outcome applied to both sectors it points to the fact that where care can be carried out in small home-based settings, the safety of residents is likely to be more assured.

In addition, LaingBuisson found that almost all specialist care services are now provided by the private sector, with state funding, and that both the care and the housing element of the market attract institutional investment which wants high social outcomes with long-term low risk indexed income.

Specialist supported housing has a long provenance with the first significant long stay hospital closure programme being launched in the 1990s with a view to ensuring that everyone with a learning disability or other substantial care need could live within their own community in suitably adapted homes with care support.

As has been repeatedly demonstrated, the social benefits experienced by residents and their families of community-based care housing for life are substantial. This is described in more detail in our independent reports by The Good Economy and the Social Profit Calculator. It has also been long established by government and independent sources that the cost of care and housing against remote institutional care is considerably reduced often by a factor of more than half.

A key part of the rationale for providing housing with care has always been that it significantly improves the enjoyment of life of those who benefit and it is cheaper than the alternatives. Importantly, further evidence of the continued efficiency of this argument was provided by Mencap in its latest report published in 2021 titled "Tea, smiles and empty promises".

Investment Adviser's Report continued

Financial Review

Net rental income of £25.1m was generated in the period, a 4.2% increase over the corresponding period (30 September 2020: £24.1m).

This increase has been generated as a result of new investments made in the period, on-track indexation of rents and the effect of rental income on properties purchased prior to the period, being included for the full twelve months.

A net fair value gain of £2.3m (30 September 2020: £2.9m) was recorded in the period and operational cash flow increased to £19.8m (30 September 2020: £19.2m).

As at 30 September 2021, the IFRS net asset value of the Company was 108.49 pence per share, a slight increase on the 108.30 pence per share at 31 March 2021.

During the reporting period, the Company paid one dividend of 1.350 pence and one of 1.3875 pence which is fully in line with the distribution target of 5.55p announced for the year to 31 March 2022.

The portfolio was independently valued on an IFRS individual asset basis by JLL at £946.3m as at 30 September 2021 (30 September 2020: £898.5m) reflecting a net initial yield of 5.27%. This compares to an average purchase yield of 5.7% (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.

Share Price

CSH has seen significant volatility in its share price over recent months and as outlined in the Chairman's Statement the Board has taken action to address this through the letter to shareholders, the share buy-back programme, dialogue with investors and a capital markets day in 2022.

This volatility is of course a concern and CIM will work with the Board to demonstrate to shareholders the underlying strength of the Company's revenues and the portfolio.

The Portfolio – Asset Management and Future Proofing

CSH has 648 properties across 178 local authority areas. Typically, properties are located close to local community-based facilities to support tenants, families and staff with minimal travel requirements.

Prior to acquiring assets, a full review is undertaken of the suitability and condition. Each property will have a condition survey report highlighting the accommodation and current condition, together with any potential improvements required. This allows us to make an informed decision on the asset. Where works are highlighted, this will be factored into the cost of the transaction accordingly. To date, over £20m of post completion works have been completed across the portfolio, which have been paid for in the main by vendors as part of the acquisition and transaction process. The works range from minor repairs for health and safety requirements, to extensive refurbishments.

We have a dedicated asset management team which specialises in analysing and executing the best outcomes for the assets at any given time. This may include repurposing the usage or layout of an asset to complement the demands and requirements in that particular geographical location. At each key milestone, a review is undertaken with our Approved Provider and surveying partners to maximise the outcomes and ensure added value in the project. We support the enhancement and future proofing of the assets through a number of workstreams that include energy improvement works, post completion works and other carefully planned projects. Working closely with the Company's Approved Provider partners allows a collaborative approach to improving the outcome for each individual asset and those occupying it.

Regular requests for adaptations are approved where a tenant's needs have changed, and alterations are required to support their occupation and stay within their home. On occasion such requests may be received and approved prior to a tenant occupying the property following an occupational health assessment. This is a key workstream in supporting those that are amongst some of the most vulnerable within society to integrate within their neighbourhood and community setting. These are usually paid for by the care provider and/or the local authority.

We work closely with the Company's energy partner E.ON on a vital project to improve energy efficiency and reduce carbon emissions across the portfolio as part of the Company's wider ESG strategy.

Investment Adviser's Report continued

Our dedicated asset management software platform allows projects and workstreams to be tracked, with secure and restricted access for some of our partner firms to automatically update the system with progress and documentation. This streamlined process allows for operational effectiveness thus allowing the asset management team to focus on fundamental business operations.

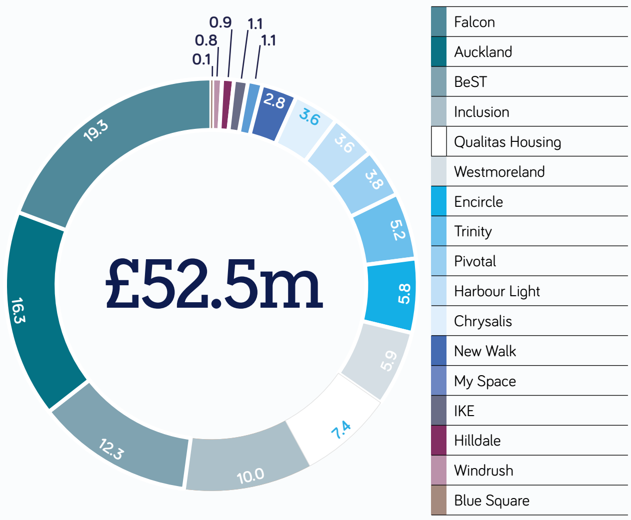
Each year a small number of buildings require future proofing. The local authority and/or care provider will identify adaptions required to enable a change of use. This will ensure longevity of occupation and that optimal resident satisfaction is maintained. A case study of the Company's property in Barnet which has been changed to an advanced homelessness facility can be found on page 12.

The Portfolio – Rental Income by Approved Provider – as at 30 September 2021

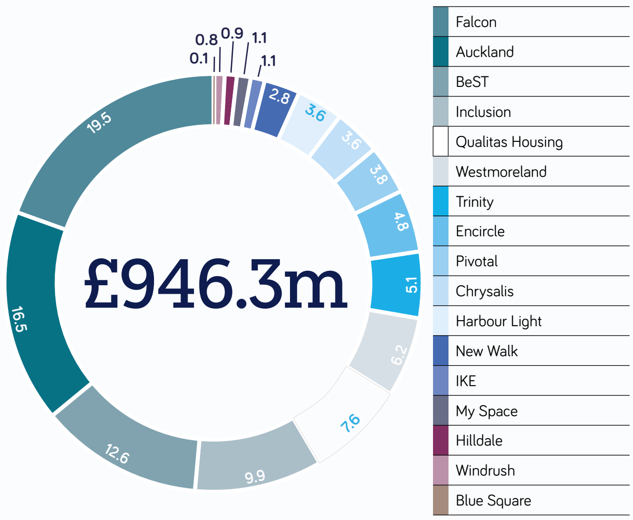
The annualised rental income as at 30 September 2021 increased to £52.5m and this is expected to increase further as additional indexation is applied and the balance of the existing debt is invested.

Rental income is generated from leases with 17 Approved Providers as shown on page 15.

Annualised Rent (%)[1]



Market Value (%)[1]



1 Including completed properties only.

Portfolio Characteristics

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

- Fully converted and specially adapted for care use;
- High number of care hours: 43 hours a week on average;
- Median rents tested and compared against market equivalents;
- 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; and
- Over one third of properties bought when new, without development or forward funding risk.

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

Investment Adviser’s Report continued

Overview of Activities of CIM

CIM has undertaken additional recruitment over the last 12 months attracting high calibre senior professionals from backgrounds in Healthcare, Asset Management, Finance, Transactions and Social Housing and Welfare. This has enabled CIM to bring significant additional added value to CSH.

Fitch Ratings

The Company has maintained its Fitch Ratings following the original, intensive due diligence process which led to a leading “A” secured and “A-“ unsecured rating. This compares very well with a selection of well-established real estate companies.

The rating has opened up access to broader longer term funding markets and offers the potential for a material increase in tenure of facilities with competitive pricing for the benefit of the Company and its shareholders.

Environmental, Social and Governance

The Board’s commitment to a continuous improvement process in its approach to Environmental Social and Governance (“ESG”) integration is set out in its ESG Policy. CIM is responsible for the implementation of the commitment and continues to integrate ESG considerations in the CSH investment strategy. Please see pages 29 to 38 for further details on ESG.

In addition, CIM is engaging with ESG rating providers to improve and sometimes correct data they hold on CSH. CIM has also made available its own staff policies and procedures on its website for increased transparency and improved disclosure. Notably, active participation in the 2021 GRESB Public Disclosure Assessment has resulted in CSH achieving an A score, an improvement from a B score in 2020, while 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 13.9 (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

The Company has been leading on 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, maximises value for the Company and its 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”), which reports data, has improved over the last six months. The proportion of properties with EPC Rating A-C has increased to c.54% (from 52% in March 2021) and carbon footprint (estimated from property characteristics) has reduced by 1% per Civitas tenancy (from 2.73 tonnes of CO_2/tenancy to 2.70 tonnes of CO_2/tenancy).

Social Impact and Social Value

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

- 29 properties, housing up to 96 people, have been added to the CSH portfolio;
- 36% of CSH’s 648 properties have been brought into the social housing sector for the first time;
- CSH’s regular engagement with its Approved Providers 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 with an EPC rating of E+;
- CSH’s 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 £127m of social value per year, including fiscal savings to public budgets of £75.9m 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; and
- 99% statutory compliance rate by Approved Provider partners is better than the wider affordable housing sector.

Investment Adviser's Report continued

Social: Charities

Crisis

Civitas has supported Britain's biggest homelessness charity 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 whilst receiving considerable care and support in addition to a safe home in the community.

Choir With No Name

With Civitas' support the charity 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 pleased. Alongside, 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.

House of St Barnabas

This social enterprise works to support people affected by homelessness back into long-term employment. Civitas specifically supports the relationship-based mentoring programme focused on developing interpersonal skills and communication. 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 help them to progress in work.

Women in Social Housing (WISH)

WISH promotes the benefits of being part of a networking community and boosts 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 and Little Sprouts

Civitas has developed new relationships with these two charities. CWC helps care workers through crisis using financial support and support centres, while Little Sprouts is dedicated to improving the health and wellbeing of communities through cooking workshops, surplus food collection, etc. They have 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 it benefit from their environment, the quality of care 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.

Over the last year, we have been working with a journalist and a photographer who have published a book called 'A Place For Me', which tells the stories of 50 residents who live in the Company's properties. The interviews have been carried out on site and in person and have also involved families, care workers and other stakeholders. Civitas believes it will be one of the largest research projects 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 Approved Providers (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.

For more details on the Company's Governance arrangements, please refer to the 2021 Annual Report.

Regulation

In October 2021, the Regulator of Social Housing ("RSH") 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 and meeting the demands of the Fire Safety Act 2021;
- The cost of meeting the zero-carbon agenda; and
- Increased debt required to subsidise improvements to existing stock.

Investment Adviser's Report continued

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 last 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 and it is anticipated that further engagement will continue with both remaining providers and other providers.

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

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 our counterparties and the RSH to ensure that we fulfil our 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.

A senior figure from the RSH attended the last seminar held for Approved Providers and reaffirmed the RSH's view that demand is very high and private capital is required to meet this demand. The RSH notes that it does not opine on the merits or otherwise of a particular model but will highlight the risks and other concerns and continues to seek to assure itself that Approved Providers recognise the risks they are taking on. This is a key concern also for the Company and ensures interests are aligned with the RSH.

Below is a summary of the engagement between the Approved Providers and the RSH.

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

Outlook

Healthcare being provided as close to the community as possible and in homes or small residential settings is clearly demonstrated to be the focus of government and has considerable cross-party support. The private sector, both in terms of service delivery and investment, has a pivotal and essential role to play in this regard. Civitas is at the forefront of bringing the skills and experience required to work across sectors to further develop its high-quality portfolio and be influential in helping the sector to mature.

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

Civitas Investment Management Limited
Investment Adviser

8 December 2021

Key Performance Indicators

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 10.54p per share or 10.76% from IPO.
Dividends per share	Targeting 5.55p per share for the current year growing broadly in line with inflation.	Dividends of 2.775p per share declared for the six-month period.
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.	As at 30 September 2021: • 178 Local Authorities • 17 Approved Providers • 119 Care Providers The Company's largest single exposure is to Falcon Housing Association and currently stands at 19.5%. The largest geographical concentration is in the South West, being 16%.
Loan to Gross Assets	Assets target debt drawn of 35% of gross assets.	Leverage as at 30 September 2021 of 34.55% of gross assets.

Alternative Performance Measures

Alternative Performance Measure	Definition	Performance Measure	30 September 2021	30 September 2020	31 March 2021
Portfolio NAV	IFRS NAV adjusted to reflect investment property valued on a portfolio basis rather than on an individual asset basis.	Portfolio NAV Portfolio NAV per share	£742,636,000 119.74p	£735,913,000 118.38p	£736,768,000 118.47p

For a reconciliation of the Portfolio NAV to the IFRS results, please see note 7 to Appendix 1 on page 62.

EPRA

The Company is a member of the European 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.

EPRA Performance Measure	Definition	Purpose	EPRA Performance Measure	30 September 2021	30 September 2020	31 March 2021
EPRA Earnings	Earnings from operational activities.	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.	EPRA Earnings EPRA Earnings per share (Basic and diluted)	£14,908,000 2.40p	£15,495,000 2.49p	£30,630,000 4.93p
EPRA Net Reinstatement Value ("NRV")	EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.	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.	EPRA NRV EPRA NRV per share (diluted)	£672,742,000 108.47p	£672,798,000 108.23p	£674,042,000 108.38p
EPRA Net Tangible Assets ("NTA")	EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.		EPRA NTA EPRA NTA per share (diluted)	£672,742,000 108.47p	£672,798,000 108.23p	£674,042,000 108.38p
EPRA Net Disposal Value ("NDV")	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 NDV EPRA NDV per share (diluted)	£671,524,000 108.27p	£667,202,000 107.33p	£671,476,000 107.97p

Past performance is not a reliable indicator of future performance.

Alternative Performance Measures continued

EPRA Performance Measure	Definition	Purpose	EPRA Performance Measure	30 September 2021	30 September 2020	31 March 2021
EPRA Net Initial Yield ("NIY")	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.	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.	EPRA NIY	5.19%	5.26%	5.24%
EPRA 'Topped-up' NIY	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).		EPRA 'Topped-up' NIY	5.19%	5.26%	5.24%
EPRA Vacancy Rate	Estimated Market Rental Value ("ERV") of vacancy space divided by ERV of the whole portfolio.	A 'pure' (%) measure of investment property space that is vacant, based on ERV.	EPRA Vacancy Rate	0.00%	0.00%	0.00%
EPRA Costs Ratio	Administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income.	A key measure to enable meaningful measurement of the changes in a company's operating costs.	EPRA Costs Ratio	19.68%	19.22%	20.33%
			EPRA Costs Ratio (excluding direct vacancy costs)	19.68%	19.22%	20.33%

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 60 to 62.

Principal Risks and Risk Management

The principal risks facing the Company are substantially unchanged since the date of the Annual Report for the financial year ended 31 March 2021 and continue to be as set out on pages 44 to 47 of that report. Risks faced by the Company include, but are not limited to, strategy and competitiveness risks, investment management risks, accounting, legal and regulatory risks and operational risks, including cyber crime. Financial risks include market risks in relation to investment in property and liquidity funds, interest rate risk, credit risk and liquidity risk. Details of the Company's management of these risks are set out in the 2021 Annual Report.

Environmental, Social & Governance

Environmental, Social & Governance

The Portfolio's Carbon Footprint

as at 30 September 2021

Energy performance across the portfolio is measured in two ways: **domestic/homes** and **non-domestic/high acuity**. This reflects the way Energy Performance Certificates are issued for each property type.

September 2021	March 2021	September 2021	March 2021
11,874**	11,742	**2.70**	2.73
Tonnes CO_2 Civitas total emissions	Tonnes CO_2 Civitas total emissions	Tonnes CO_2 per Civitas tenancy	Tonnes CO_2 per Civitas tenancy

Domestic/homes

These refer to dwellings – a house or apartment – where a single household is served by one heating system.

September 2021	March 2021
4,450**	4,434
Tonnes CO_2 Civitas total emissions*	Tonnes CO_2 Civitas total emissions*

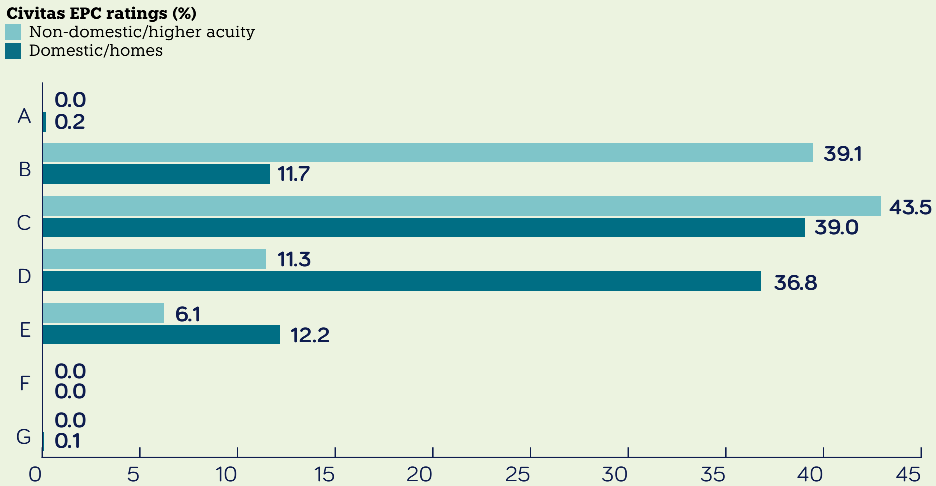
Non-domestic/higher acuity

These refer to larger properties that generally include specialist/extensive communal facilities with higher energy use.

September 2021	March 2021
7,424**	7,308
Tonnes CO2 Civitas total emissions*	Tonnes CO2 Civitas total emissions*

** Increase in carbon emissions is due to the additional emissions generated by 29 properties acquired since 31 March 2021

Energy performance data across the portfolio: domestic/homes and non-domestic/higher acuity



* Based on Civitas retained EPC data

It's clear that urgent action to tackle the climate crisis must be taken, and that the decarbonisation of our homes must be at the heart of our efforts.

Kate Henderson
Chief Executive of the National Housing Federation

Recent volatile global gas prices have highlighted the need to double down on our efforts to reduce Britain's reliance on fossil fuels and move away from gas boilers over the coming decade to protect consumers in the long term.

Kwasi Kwarteng
Business and Energy Secretary

As we clean up the way we heat our homes over the next decade, we are backing our brilliant innovators to make clean technology like heat pumps as cheap to buy and run as gas boilers – supporting thousands of green jobs.

Boris Johnson
Prime Minister

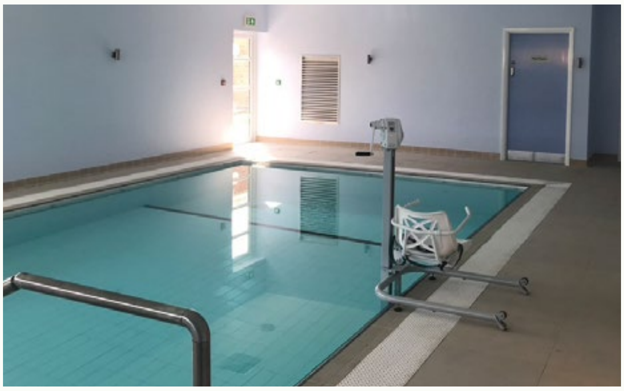
The confirmation of this much welcome and much needed financial support to pump-prime decarbonisation in the social housing sector is great news.

Geeta Nanda
Chair of the G15 and Chief Executive at Metropolitan Thames Valley Housing

Carbon Reduction – EPC/SAP Ratings

Domestic/homes

Non-domestic/higher acuity

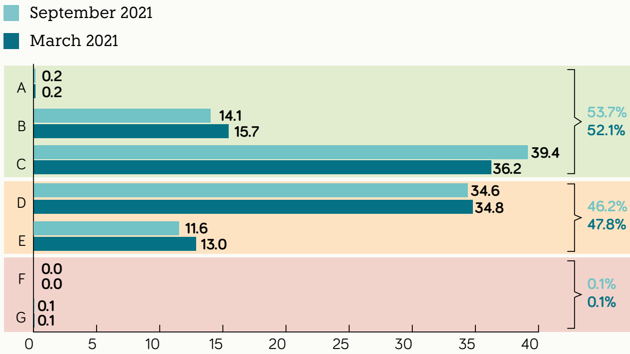


Portfolio Energy Performance Certificates ("EPC")

March 2021 to September 2021

Overall, the Company continues to improve the energy performance across its portfolio following property improvement works, renovations, etc. This is reflected in the EPC ratings data as at 31 March 2021 and 30 September 2021 below.

Civitas Energy Performance Certificates – percentage distribution[1]



Comparable EPC/SAP Ratings

by tenure (%)[2] (domestic/homes only)

	Energy Performance Certification Band						
	A/B	C	D	E	F	G	SAP Rating
Owner occupied	1.9	33.6	50.1	10.8	2.8	0.7	63.9
Private rented	2.0	36.3	46.9	10.6	3.2	1.0	64.1
Social rented	2.5	58.5	34.4	3.8	0.7	0.1	69.1
All tenures	2.0	38.3	46.9	9.6	2.5	0.7	64.8
Civitas domestic March 2021	**13.6**	**35.7**	**37.0**	**13.6**	**0.0**	**0.1**	**66.4**
Civitas domestic September 2021	**11.9**	**39.0**	**36.8**	**12.2**	**0.0**	**0.1**	**66.9**

Civitas SSH properties will often tend to offer slightly larger accommodation for tenants than conventional social housing or other private dwellings.

Standard Assessment Procedure (SAP)

- Provides accurate and reliable assessments of energy performances required to underpin energy and environmental policies/initiatives that drive improvements
- Methodology used assesses and compares energy and environmental performance across the UK
- Indicates a score from 1 to 100 for the annual energy cost
- The higher the score, the lower the running costs with 100 representing zero energy cost

[1] Civitas Social Housing Energy Performance Certificates, March 2021 and September 2021.
[2] English Housing Survey, Energy efficiency rating bands, by tenure, 2019.

How Have We Started to Reduce the Carbon Footprint in our Portfolio?

Completed retrofit works have resulted in significant CO_2 and energy savings with the aim to achieve 100% EPC ratings A-C across the entire portfolio by 2030 – five years ahead of the government's 2035 Clean Growth Strategy Target.

Little Millfields

Project Overview

Extensive improvement works to single storey building to cover existing flat roof to front and rear extensions, internal remodelling, general refurbishment including replacement windows and partial re-roofing, and remodelling to existing car parking area to front.

Specification (per property)

Energy efficiency measures installed to improve energy performance:

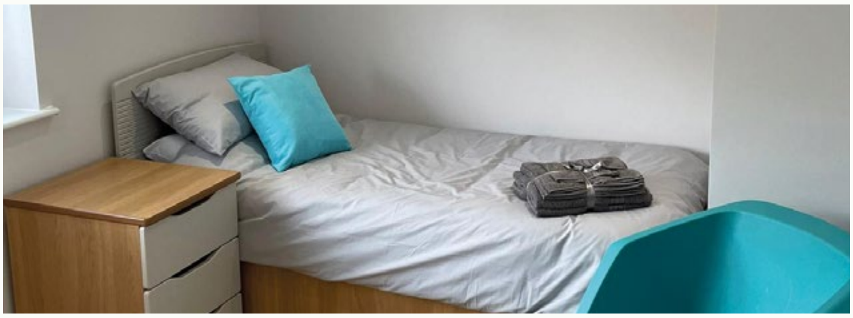
- Cavity wall insulation
- Internal wall insulation
- Window replacement
- Flat roof/sloping ceiling insulation

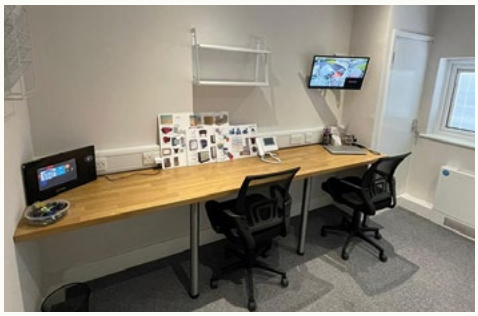
Key Benefits

Environmental Impact	Pre works	Post Works	Savings
Carbon emissions	16 tonnes per year	14.5 tonnes per year	1.5 tonnes per year
Primary energy use[1]	319 kWh/m2 per year	303 kWh/m2 per year	16 kWh/m2 per year
EPC rating	D	B	

9%
CO_2 REDUCTION

5%
Primary energy use reduction

1 Primary energy use is a measure of the energy required for lighting, heating, and hot water in a property. The calculation includes:

- the efficiency of the property's heating system
- power station efficiency for electricity
- the energy used to produce the fuel and deliver it to the property.

E.ON Framework Agreement – Implementation

Following the success of the environmental pilot studies and working in collaboration with E.ON, CIM is now commencing the rollout of environmental improvements over the Company's broader portfolio on a step-by-step basis utilising available government grants and other funding sources.

Delivery Programme – Progress (September 2021)

Steady progress on the rollout of environmental improvements commencing with surveys in line with programme in early September with **44% of surveys completed (24 properties).**

Installation works – Solar photovoltaic panels and battery storage have been installed at four properties that are set to generate average annual estimated energy costs savings of £298 per property and a total annual carbon reduction of 6.1 tonnes. The installation of further energy measures – cavity wall insulation, external wall insulation, loft insulation, air source heat pump, and solar panel & battery storage – across the balance of properties in Phase 1 remains on schedule to complete in line with programme in February 2022.

44%
of surveys completed

24
properties

Q1 2022
on schedule to complete

Grant Availability

Current programme remains eligible for available government grants such as ECO3 Funding and AoR Funding. In partnership with E.ON and Approved Providers, potential properties were identified during the summer to submit bids under the first wave of the £800m Social Housing Decarbonisation Fund which can be used by social landlords to carry out energy efficiency upgrades in their tenants' homes. The bids focus on fabric first (wall insulation), first time central heating (air source heat pumps), and energy efficient doors and windows.

The government consultation on the future proposals for the Energy Company Obligation (ECO) for the period 1 April 2022 to 31 March 2026 (ECO4) closed on 3 September 2021. It is envisaged that Civitas and its Approved Providers will remain eligible for this government grant. Early indication is that ECO4 could be extended to include a boiler replacement scheme which will target social housing providers that the Company could access through the E.ON partnership. This is similar to the £450m boiler upgrade scheme recently announced by the government that will give homeowners grants of £5,000 from April 2022.

Social Impact

The Good Economy ("TGE") (November 2021)

Civitas Social Housing PLC
Half Year Impact Report 2021

November 2021

Executive Summary

In November 2016, Civitas was launched as the first Real Estate Investment Trust (REIT) that specialises in social housing investment, with a focus on specialised supported housing (SSH) for vulnerable people with a care need. As of September 2021, Civitas has invested £825 million in 648 properties, providing homes for up to 4,391 people.

This is the fourth half-year Impact Report produced for Civitas Social Housing PLC (Civitas or the Fund). It has been produced by The Good Economy (TGE), an independent impact advisory firm specialising in impact measurement and management. TGE assesses Civitas' performance against its stated impact objectives and the target outcomes to which the Fund aims to contribute. The report covers the six-month period from April to September 2021.

Impact Assessment – Summary of Results

TGE considers that Civitas has made a positive contribution to meeting its impact objectives in the past six months. Most notably, it has increased its deployment of capital and its additionality by bringing further properties into the SSH sector for the first time. All of its 29 property purchases in the period were new to the sector. This has lifted this crucial type of supply to 36% of its total portfolio, from 33% previously.

As a result, it has grown its capacity to house people with care needs by 2% over the past six months.

In addition, Civitas has diversified its impact by investing for the first time in day centres, as part of the support and care package to local SSH properties, that provide life skills training for vulnerable people.

At the same time, the Fund is making progress on improving the environmental performance of its properties. Through retrofit work, it has raised the proportion of its properties with A-C EPC ratings to 54%, from 52% six months earlier.

Civitas' environmental ambition, underscored by its partnership with E.ON, is high. Its target is for all properties to be rated A-C by 2030 – five years before the government's 2035 target.

TGE sees Civitas as facing three main types of impact risk –
- execution risk;
- stakeholder participation risk; and
- alignment risk.

The Fund has put in place several mitigation strategies to guard against the likelihood that these risks will lead to services to residents being affected.

As of September 2021, Civitas has invested £825 million in 648 properties, providing homes for up to 4,391 people.

THE GOOD ECONOMY

Case Study – McAteer Court

Essential Care and Support
Care Provider

Durham County Council
Local Authority

Falcon Housing Association
Housing Provider

8
Number of Residents

Scheme overview

McAteer Court is an 8-bed supported living facility in Durham, which provides homes for people living with mental health diagnoses.

Falcon Housing Association is the housing provider, while care services are provided by Essential Care and Support.

McAteer Court comprises a block of purpose-built single-occupancy flats, with each resident having their own front door. In addition, there is also a 1-bed semi-detached house next door. This building is used by the McAteer Court care staff as an office, while one resident lives in this building with their own supported living tenancy.

Falcon Housing Association informed TGE that this is a relatively settled property, with most residents having lived at McAteer Court since before Civitas' acquisition. The longest-serving resident has been living at McAteer Court since 2010, while the most recent move-in took place in 2018. TGE has heard that most residents feel very comfortable at the property, with a good relationship with support staff that has built up over many years. Residents generally see the property as a 'forever home' and have no immediate plans to move anywhere else.

Retrofit works

McAteer Court was identified by Civitas as a property suitable for retrofit works to improve its environmental performance. This formed part of a pilot programme to lift the Civitas portfolio's performance.

The programme began with Civitas undertaking a full review of EPC ratings across its portfolio, with a focus on identifying the worst-performing properties. McAteer Court was identified as one of those, with EPC ratings for the building all Es and Fs.

Having reviewed available retrofit funding, Civitas worked with Falcon and Pacifica Group to identify grant funding available from Durham County Council for the installation of air source heat pumps at McAteer Court. Falcon then worked alongside a local installation company for the pumps to be installed on the exterior of the property. Falcon also committed its own capital for metal cages to be placed around the pumps, both to ensure resident safety and to protect the pumps. The key benefits include projected annual electricity cost savings of £799 per property and carbon emission reduction of 19.8 tonnes annually.

As a direct result of the installation, all flats at McAteer Court have been upgraded to EPC rating C.

Falcon informed TGE that Civitas played a key role in enabling these works. Falcon would not have considered air source heat pumps because they are expensive to install and it was unaware of the available grant funding. This provides a clear example of Civitas bringing tangible additionality to the sector.

As a large-scale asset owner committed to improving its portfolio's environmental performance, Civitas is contributing to retrofit work such as McAteer Court taking place that would be unlikely otherwise.

Governance – Indices

The Board's commitment to continuous improvement in its approach to ESG integration continues to be implemented by CIM through ongoing engagement with ESG Rating Agencies.

Index	What is it?	How is CSH rated?
GRESB	**GRESB** is the leading sustainability benchmark for the global real estate sector. Assessments take place annually and are guided by factors that investors and the industry consider to be material issues in the sustainability performance of real asset investments. The benchmark assessment covers more than 1,000 property companies, REITs, funds and developers.	• CSH achieved A score following the GRESB Public Disclosure Assessment 2021. • Peer Group Average score of C. • Improvement from B score in previous year. • CSH is in 3rd position within its Comparison Group (UK Residential).
MSCI ESG RATINGS	**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.	• CSH MSCI ESG rating of B. • 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.
SUSTAINALYTICS a Morningstar company	**Sustainalytics** measure how well companies proactively manage the environmental, social and governance issues that are most material to their business. It is based on a structured, objective and transparent methodology. The ESG ratings provide an assessment on companies' ability to mitigate risks and capitalise on opportunities.	• CSH has an ESG Risk Rating score of 13.9 (Low Risk) on Sustainalytics.
EPRA European Public Real Estate Association	**EPRA's BPR Guidelines** provide a consistent way of measuring sustainability performance. The EPRA's BPR 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's BPR Guidelines and which have submitted for an assessment of their performance against the guidelines, EPRA hold annual EPRA's BPR Awards. The surveyed companies are awarded either a Gold, Silver, or Bronze Award.	• CSH submission to EPRA for assessment under the guidelines remains under consideration.

Corporate Governance

Statement of Directors' Responsibilities

The Directors acknowledge responsibility for the Half Year Report and confirm that, to the best of their knowledge, these condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the UK and give a true and fair view of the assets, liabilities, financial position and profit for the period of the Group as required by DTR 4.2.4R. The Directors confirm that the Interim Management Report (including the Chairman's Statement and the Investment Adviser's Report) includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the six-month period to 30 September 2021 and their impact on the condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months and any material changes in the related party transactions described in the last annual report.

The Directors of the Company are listed on page 66.

The principal risks and uncertainties facing the Group are consistent with those outlined in the Group's most recent annual financial statements for the year ended 31 March 2021, reflecting the information required by DTR 4.2.7R.

This Half Year Report was approved by the Board of Directors and the above responsibility statement was signed on its behalf by:

Michael Wrobel
Chairman

8 December 2021

Independent review report to Civitas Social Housing PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Civitas Social Housing PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Civitas Social Housing PLC for the 6 month period ended 30 September 2021 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Statement of Financial Position as at 30 September 2021;
- the Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report of Civitas Social Housing PLC have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by the Directors. The Directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, 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.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

8 December 2021

Condensed Consolidated Financial Statements

Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Comprehensive Income

For the period from 1 April 2021 to 30 September 2021

	Note	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Revenue				
Rental income	4.0	**25,712**	24,301	49,020
Less direct property expenses	4.0	**(636)**	(237)	(1,175)
Net rental income		**25,076**	24,064	47,845
Directors' remuneration (including Employer's NIC costs)		**(103)**	(95)	(198)
Investment advisory fees	16.2	**(3,080)**	(3,062)	(6,117)
General and administrative expenses		**(1,757)**	(1,468)	(3,183)
Total expenses		**(4,940)**	(4,625)	(9,498)
Change in fair value of investment properties	9.0	**2,258**	2,890	5,511
Operating profit		**22,394**	22,329	43,858
Finance income		**–**	19	20
Finance expense – relating to bank borrowings	5.0	**(5,228)**	(3,963)	(7,737)
Change in fair value of interest rate derivatives	13.0	**686**	(908)	(66)
Profit before tax		**17,852**	17,477	36,075
Taxation	6.0	**–**	–	–
Profit being total comprehensive income for the period		**17,852**	17,477	36,075
Earnings per share – basic and diluted	7.0	**2.87p**	2.81p	5.80p

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

The notes on pages 47 to 58 are an integral part of these condensed consolidated financial statements

Condensed Consolidated Statement of Financial Position

As at 30 September 2021

	Note	30 September 2021 Unaudited £'000	30 September 2020 Unaudited £'000	31 March 2021 Audited £'000
Assets				
Non-current assets				
Investment property	9.0	**923,943**	887,056	893,684
Other receivables	9.0	**22,351**	11,491	21,905
Interest rate derivatives	13.0	**142**	–	–
		946,436	898,547	915,589
Current assets				
Trade and other receivables		**10,704**	12,479	12,821
Cash and cash equivalents	11.0	**76,494**	40,901	107,097
		87,198	53,380	119,918
Total assets		**1,033,634**	951,927	1,035,507
Liabilities				
Current liabilities				
Trade and other payables		**(9,179)**	(9,353)	(9,345)
Bank and loan borrowings	12.0	**–**	–	(59,937)
		(9,179)	(9,353)	(69,282)
Non-current liabilities				
Bank and loan borrowings	12.0	**(351,571)**	(269,776)	(292,183)
Interest rate derivatives	13.0	**–**	(1,386)	(544)
		(351,571)	(271,162)	(292,727)
Total liabilities		**(360,750)**	(280,515)	(362,009)
Total net assets		**672,884**	671,412	673,498
Equity				
Share capital	14.0	**6,225**	6,225	6,225
Share premium reserve		**292,626**	292,405	292,463
Capital reduction reserve		**329,551**	330,926	331,140
Retained earnings		**44,482**	41,856	43,670
Total equity		**672,884**	671,412	673,498
Net assets per share – basic and diluted	15.0	**108.49p**	108.01p	108.30p

These Condensed Consolidated Financial Statements on pages 42 to 58 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

8 December 2021

The notes on pages 47 to 58 are an integral part of these condensed consolidated financial statements

Condensed Consolidated Statement of Changes in Equity

For the period from 1 April 2021 to 30 September 2021

	Note	Share capital £'000	Share premium reserve £'000	Capital reduction reserve £'000	Retained earnings £'000	Total equity £'000
Six month movements in equity (unaudited)						
Balance at 1 April 2021		6,225	292,463	331,140	43,670	673,498
Profit and total comprehensive income for the period		–	–	–	17,852	17,852
Issue of Ordinary shares						
Shares reissued from treasury	14.0	–	163	484	–	647
Shares bought back into treasury	14.0	–	–	(2,073)	–	(2,073)
Dividends paid						
Total interim dividends for the period (2.7375p)	8.0	–	–	–	(17,040)	(17,040)
Balance at 30 September 2021		6,225	292,626	329,551	44,482	672,884
Balance at 1 April 2020		6,225	292,405	330,926	41,008	670,564
Profit and total comprehensive income for the period		–	–	–	17,477	17,477
Dividends paid						
Total interim dividends for the period (2.675p)	8.0	–	–	–	(16,629)	(16,629)
Balance at 30 September 2020		6,225	292,405	330,926	41,856	671,412
Balance at 1 April 2020		6,225	292,405	330,926	41,008	670,564
Profit and total comprehensive income for the year		–	–	–	36,075	36,075
Issue of Ordinary shares						
Shares reissued from treasury	14.0	–	58	214	–	272
Dividends paid						
Total interim dividends for the year ended 31 March 2021 (5.375p)	8.0	–	–	–	(33,413)	(33,413)
Balance at 31 March 2021		6,225	292,463	331,140	43,670	673,498

The notes on pages 47 to 58 are an integral part of these condensed consolidated financial statements

Condensed Consolidated Statement of Cash Flows

For the period from 1 April 2021 to 30 September 2021

	Note	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Cash flows from operating activities				
Profit for the period before taxation		**17,852**	17,477	36,075
– Change in fair value of investment properties		**(2,258)**	(2,890)	(5,511)
– Change in fair value of interest rate derivatives		**(686)**	908	66
– Rent and incentive straight line adjustments		**149**	41	68
– Bad debts (recovered)/expensed		**(7)**	–	289
Finance income		**–**	(19)	(20)
Finance expense		**5,228**	3,963	7,737
Increase in lease incentive receivable		**(595)**	(349)	(11,217)
Decrease/(increase) in trade and other receivables		**1,447**	(2,622)	(3,150)
(Decrease)/increase in trade and other payables		**(1,329)**	2,638	1,762
Cash generated from operations		**19,801**	19,147	26,099
Interest received		**–**	19	20
Net cash flow generated from operating activities		**19,801**	19,166	26,119
Investing activities				
Purchase of investment properties		**(16,491)**	(17,247)	(19,462)
Acquisition costs		**(1,115)**	366	(938)
Purchase of subsidiary company – including property		**(13,559)**	–	–
Sale proceeds on sale of subsidiary company – excluding property		**2,695**	–	–
Utilisation of restricted cash held for investing activities		**266**	13,849	14,232
Net cash flow used in investing activities		**(28,204)**	(3,032)	(6,168)
Financing activities				
Cost of shares bought into treasury		**(1,665)**	–	–
Proceeds from shares released from treasury		**919**	–	–
Dividends paid to equity shareholders		**(17,005)**	(16,597)	(33,319)
Bank borrowings advanced	12.0	**–**	–	84,550
Bank borrowing issue costs paid		**(1,445)**	(122)	(2,811)
Loan interest paid		**(4,239)**	(3,040)	(5,981)
Net cash (used in)/generated from financing activities		**(23,435)**	(19,759)	42,439
Net (decrease)/increase in cash and cash equivalents		**(31,838)**	(3,625)	62,390
Unrestricted cash and cash equivalents at the start of the period		**103,819**	41,429	41,429
Unrestricted cash and cash equivalents at the end of the period	11.0	**71,981**	37,804	103,819

The notes on pages 47 to 58 are an integral part of these condensed consolidated financial statements

Notes to the Condensed Consolidated Financial Statements

For the period from 1 April 2021 to 30 September 2021

1.0 Corporate information

These condensed consolidated financial statements for the period from 1 April 2021 to 30 September 2021 comprise the results of the Company and its subsidiaries (together the "Group") and were approved by the Board and authorised for issue on 8 December 2021.

The Company is incorporated in England and Wales under the Companies Act 2006 as a public company limited by shares with company number 10402528.

The address of the registered office is Beaufort House, 51 New North Road, Exeter, EX4 4EP. The Company is registered as an investment company under section 833 of the Companies Act 2006 and is domiciled in the United Kingdom.

The principal activity of the Company is to act as the ultimate parent company of the Group, whose principal activity 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, IFRS as adopted by the European Union at that date was brought into UK law and became UK adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting policies from the transition.

The Group's condensed consolidated financial statements ("Financial Statements") have been prepared on a going concern basis and in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority ("FCA") and with UK adopted international accounting standards 34 'Interim Financial Reporting'. The condensed consolidated financial statements should be read in conjunction with the Annual Report & Accounts for the year ended 31 March 2021, which have been prepared in accordance with IFRSs as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with International Accounting Standards (IAS) in conformity with the requirements of the Companies Act 2006.

The current period financial statements have been reviewed, not audited. The financial statements for the period ended 30 September 2021 do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 March 2021 has been delivered to the Registrar of Companies. The Auditors' report on those accounts was not qualified. The Auditors' report did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The comparative periods represent the period from 1 April 2020 to 30 September 2020 as reported in the Group's 2020 Interim Report, and for the year ended 31 March 2021 as reported in the Company's 2021 Annual Report.

The same accounting policies, estimates, presentation and methods of computation are followed in the Half Year Report as applied in the Group's latest annual audited financial statements, with the exception of the following items:

- **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 are transitioning from the London Interbank Offer Rate (LIBOR) benchmark to the Sterling Overnight Index Average (SONIA) benchmark. There is expected to be negligible cost involved in the borrowing facility transition and the respective hedge instrument amendments.

Notes to the Condensed Consolidated Financial Statements continued

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.

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

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 (£'000s) pound, except where otherwise indicated.

2.2 Going concern

The Group benefits from a secure income stream from long leases with the Approved Providers and presents a well-diversified risk. The Group's cash balances as at 30 September 2021 were £76,494,000 of which £4,513,000 was held as restricted cash. Details of this can be found in note 11.0.

To date, the Company's financial performance has not been negatively impacted by COVID-19. The Company and its Investment Adviser, Civitas Investment Management Limited ("CIM") are working closely with the Company's major counterparties to monitor the position on the ground and, should it be needed, to offer assistance and guidance where possible. The Board of Directors believes that the Company operates a robust and defensive business model and that social housing and specialist healthcare are proving to be some of the more resilient sectors within the market, given that they are based on non-discretionary public sector expenditure and that demand exceeds supply.

On 18 November 2021, an extension was granted for the facility with HSBC Bank PLC which now expires in November 2023.

Cash flow forecasts based on severe but plausible downside scenarios have been run and as a result of the positive cash balances and the positive future outlook regarding the social housing and specialist healthcare sector, 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 Directors believe that there are currently no material uncertainties in relation to the Group's ability to continue for the period of at least 12 months from the date of approving the Group's condensed consolidated financial statements. The Board is, therefore, of the opinion that the going concern basis adopted in the preparation of the condensed consolidated financial statements is appropriate.

2.3 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 Adviser, who has formed an Executive Team, in order to allocate resources to the segments and to assess their performance.

The internal financial reports received by the Investment 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 condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements continued

The Directors consider the Group's property portfolio represents a coherent and diversified portfolio with similar economic characteristics and as a result these individual properties have been aggregated into 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. 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.

3.0 Significant accounting judgements, estimates and assumptions

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are unchanged from those outlined in the Annual Report.

4.0 Rental income

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Rental income from investment property	**25,225**	24,105	48,201
Rent straight line adjustments	**299**	174	372
Lease incentive adjustments	**(448)**	(215)	(439)
Rechargeable costs received	**636**	237	886
Rental income	**25,712**	24,301	49,020
Less direct property expenses	**(636)**	(237)	(1,175)
Net rental income	**25,076**	24,064	47,845

5.0 Finance expense

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Interest paid and payable on bank borrowings and derivatives	**4,390**	3,208	6,416
Amortisation of loan arrangement fees	**814**	728	1,293
Loan security fees	**21**	–	–
Bank charges and other interest	**3**	27	28
Total	**5,228**	3,963	7,737

6.0 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 period ended 30 September 2021, the Group did not have any non-qualifying profits and accordingly there is no tax charge in the period. 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.

Notes to the Condensed Consolidated Financial Statements continued

A deferred tax asset of £2,405,000 (30 September 2020: £1,212,000; 31 March 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.

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Corporation tax charge/(credit) for the period	–	–	–
Total	–	–	–

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

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Group			
Profit before taxation	17,852	17,477	36,075
UK corporation tax rate	19.00%	19.00%	19.00%
Theoretical tax at UK corporation tax rate	3,392	3,321	6,854
Effects of:			
Change in value of exempt investment properties	(429)	(549)	(1,047)
Exempt REIT income	(3,259)	(3,263)	(6,511)
Amounts not deductible for tax purposes	(22)	255	171
Unutilised residual current year tax losses	318	236	533
Total	–	–	–

The standard rate of corporation tax is currently 19%. The government has announced that the corporation tax standard rate will rise to 25% from 1 April 2022.

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

7.0 IFRS Earnings per share

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

The calculation of basic and diluted EPS is based on the following:

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Calculation of Basic EPS			
Net profit attributable to Ordinary shareholders (£'000)	17,852	17,477	36,075
Weighted average number of Ordinary shares (excluding shares held in treasury)	622,260,670	621,646,380	621,651,859
EPS – basic and diluted	2.87p	2.81p	5.80p

Notes to the Condensed Consolidated Financial Statements continued

8.0 Dividends

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Dividend of 1.325p for the three months to 31 March 2020	–	8,237	8,237
Dividend of 1.35p for the three months to 30 June 2020	–	8,392	8,392
Dividend of 1.35p for the three months to 30 September 2020	–	–	8,392
Dividend of 1.35p for the three months to 31 December 2020	–	–	8,392
Dividend of 1.35p for the three months to 31 March 2021	8,403	–	–
Dividend of 1.3875p for the three months to 30 June 2021	8,637	–	–
Total	17,040	16,629	33,413

On 5 November 2021, the Company announced a dividend of 1.3875 pence per share in respect of the period 1 July 2021 to 30 September 2021 totalling £8,555,000. The dividend will be paid on or around 13 December 2021 to shareholders on the register as at 19 November 2021. The financial statements do not reflect this dividend.

9.0 Investment property

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Balance at beginning of period	915,589	878,743	878,743
Property acquisitions	26,886	15,612	19,129
Acquisition costs	1,115	566	1,056
Lease incentives and rent straight line adjustments recognised	446	736	11,150
Change in fair value during the period	2,258	2,890	5,511
Value advised by the property valuers	946,294	898,547	915,589
Less lease incentive assets and rent straight line assets	(22,351)	(11,491)	(21,905)
Total	923,943	887,056	893,684

Acquisitions include capital expenditure to enhance lettable space of £4,940,000 (year ended 31 March 2021: £4,077,000; period from 1 April 2020 to 30 September 2020: £460,000).

During the period the Group acquired a property holding company from Herleva Properties Ltd which held assets totalling £8.6m. These are included within Property Acquisitions in the note above.

Herleva Properties Limited is a subsidiary of Specialist Healthcare Operations Limited ("SHO"). Andrew Dawber and Tom Pridmore (both directors of the Investment Adviser), are 14.99% shareholders in SHO. They are not directors of SHO, and have no operational role in that business. SHO does not meet the definition of a related party under IAS 24.

In accordance with "IAS 40: Investment Property", the investment property has been independently valued at fair value by Jones Lang LaSalle Ltd ("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 Group's properties if they were each sold in independent transactions in accordance with IFRS, at £946,294,000 as at 30 September 2021 (31 March 2021: £915,589,000; 30 September 2020: £898,547,000).

JLL has provided additional valuation services on the acquisition of investment property to the Company during the period.

In relation to the period ended 30 September 2021, 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 transaction detailed in note 10.0, all other corporate acquisitions during the period 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.

Notes to the Condensed Consolidated Financial Statements continued

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:				
30 September 2021	923,943	–	–	923,943
31 March 2021	893,684	–	–	893,684
30 September 2020	887,056	–	–	887,056

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

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 external inputs are "unobservable" and value is the Directors' best estimate, based upon advice from relevant knowledgeable experts.

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:

1. the regulated social housing sector and demand for the facilities offered by each SSH property owned by the Group;
2. 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;
3. detailed financial analysis with discount rates supporting the carrying value of each property;
4. a full repairing and insuring lease with annual indexation based on CPI or CPI+1% and effectively 25 years outstanding in most cases with a Housing Association, itself regulated by the Regulator of Social Housing. 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 for that income under 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 judgement which can be properly 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:

1. The rate of 2.00% 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.
2. The discount rate applied to the rental flows.

Notes to the Condensed Consolidated Financial Statements continued

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), 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 15.9 years to 46.5 years with a weighted average unexpired lease term of 22.7 years. The greater the length of the lease, then, all other metrics being equal, the greater the value of the property.

Sensitivities of measurement of significant unobservable inputs

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:

Average discount rate and range

The average discount rate used by the valuer in the Group's property Portfolio Valuation is 6.0% (30 September 2020: 6.0%; 31 March 2021: 6.0%). The range of discount rates used by the valuer in the Group's property Portfolio Valuation is from 4.7% to 10.7% (30 September 2020: 4.7% to 10.7%; 31 March 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				
30 September 2021	**34,599**	**(33,316)**	**29,727**	**(28,354)**
30 September 2020	34,530	(32,100)	27,479	(26,398)
31 March 2021	34,131	(31,776)	27,211	(26,175)

10.0 Subsidiary resale

	From 1 April 2021 to 30 September 2021 (unaudited) £'000	From 1 April 2020 to 30 September 2020 (unaudited) £'000	For the year ended 31 March 2021 (unaudited) £'000
Acquisition of subsidiary companies (including intercompany loan)	**13,559**	–	–
Acquisition costs	**753**	–	–
Transfer to investment property	**(11,617)**	–	–
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 14.99% shareholders in SHO. They are not directors of SHO, and have no operational role. SHO does not meet the definition of a related party under IAS 24.

Notes to the Condensed Consolidated Financial Statements continued

11.0 Cash and cash equivalents

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Cash held by solicitors	**3,456**	1,204	721
Liquidity funds	**10,485**	10,485	10,485
Cash held at bank	**58,040**	26,115	92,613
Unrestricted cash and cash equivalents	**71,981**	37,804	103,819
Restricted cash	**4,513**	3,097	3,278
Total	**76,494**	40,901	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.

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.

12.0 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 period end are offset against amounts drawn on the facilities as shown in the table below:

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Bank borrowings at start of period	**357,050**	272,500	272,500
Bank borrowings drawn	**–**	–	84,550
Bank borrowings drawn at end of period	**357,050**	272,500	357,050
Unamortised loan issue costs at start of period	**(4,930)**	(3,330)	(3,330)
Less: loan issue costs incurred	**(1,363)**	(122)	(2,893)
Add: loan issue costs amortised	**814**	728	1,293
Unamortised loan issue costs at end of period	**(5,479)**	(2,724)	(4,930)
At end of period	**351,571**	269,776	352,120

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Maturity of bank borrowings:			
Repayable within 1 year	**–**	–	59,937
Repayable between 1 to 2 years	**158,660**	159,150	99,256
Repayable between 2 to 5 years	**59,236**	58,970	59,102
Repayable after 5 years	**133,675**	51,656	133,825
Total	**351,571**	269,776	352,120

Notes to the Condensed Consolidated Financial Statements continued

The Group is party to the following loan facility agreements:

A ten-year Sterling Term Facility Agreement dated 2 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 £172,994,000 (30 September 2020: £169,366,000; 31 March 2021: £170,831,000).

A Sterling Revolving Facility Agreement for £60 million with Lloyds Bank plc. The facility has been extended to 15 June 2023, interest is charged at SONIA + 1.55% margin.

The borrowings include amounts secured on investment property to the value of £152,240,000 (30 September 2020: £148,096,000; 31 March 2021: £149,728,000).

A Revolving Credit Facility Agreement for up to £100 million with HSBC Bank PLC. Interest is charged at LIBOR + 1.70% margin.

The borrowings include amounts secured on investment property to the value of £220,291,000 (30 September 2020: £218,014,000; 31 March 2021: £219,606,000).

The facility maturity has been extended from 27 November 2022 with a further extension agreed after the period end to November 2023 as detailed in note 18.0.

A five-year loan facility with National Westminster Bank Plc, dated 15 August 2019, for up to £60 million. Interest is charged at LIBOR + 2.00% margin and has been fixed by way of a five-year swap. The swap fixes interest on £20 million at 0.7105% and £40 million at 0.5475%. The loan can be extended for an additional two years and there is the option of a further £40 million accordion.

The borrowings include amounts secured on investment property to the value of £132,134,000 (30 September 2020: £131,322,000; 31 March 2021: £131,283,000).

A seven-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 £226,353,000 (30 September 2020: N/A; 31 March 2021: £225,221,000).

At 30 September 2021, 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 are 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.

Notes to the Condensed Consolidated Financial Statements continued

13.0 Interest rate derivatives

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

The swap has a notional value of £60 million and fixes interest at 2.60% (including the 2% margin on the bank loan).

Interest rate derivative assets/(liabilities)	30 September 2021 Unaudited £'000	30 September 2020 Unaudited £'000	31 March 2021 Audited £'000
At start of the period	**(544)**	(478)	(478)
Change in fair value during the period	**686**	(908)	(66)
At end of the period	**142**	(1,386)	(544)

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

	Quote prices In active Markets (Level 1) £'000	Significant Observable Inputs (Level 2) £'000	Significant unobservable Inputs (Level 3) £'000
30 September 2021	**–**	**142**	**–**
31 March 2021	–	(544)	–
30 September 2020	–	(1,386)	–

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

14.0 Share capital

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

	From 1 April 2021 to 30 September 2021 Unaudited £'000	From 1 April 2020 to 30 September 2020 Unaudited £'000	For the year ended 31 March 2021 Audited £'000
Share capital			
At end of period	**6,225**	6,225	6,225
Number of shares issued and fully paid Ordinary shares of £0.01 each			
At end of period	**622,461,380**	622,461,380	622,461,380

During the period, the Company sold the 565,000 Ordinary shares held in treasury at 31 March 2021 for £647,000. Later in the period it purchased 2,250,000 Ordinary shares to be held in treasury at a cost of £2,073,000. Further purchases were made after the period end as detailed in note 18.0.

The Company holds 2,250,000 (30 September 2020: 815,000 and 31 March 2021: 565,000) Ordinary shares in treasury. The number of Ordinary shares used to calculate the NAV is 620,211,380 (30 September 2020: 621,646,380; 31 March 2021: 621,896,380) which excludes the shares held in treasury.

Notes to the Condensed Consolidated Financial Statements continued

15.0 Net asset value

Basic NAV per share is calculated by dividing net assets in the Condensed 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 period.

NAVs have been calculated as follows:

	30 September 2021 Unaudited	30 September 2020 Unaudited	31 March 2021 Audited
Net assets (£'000)	**672,884**	671,412	673,498
Number of Ordinary shares in issue at end of period	**622,461,380**	622,461,380	622,461,380
Number of Ordinary shares held in treasury	**(2,250,000)**	(815,000)	(565,000)
Number of Ordinary shares excluding treasury shares held by the Company	**620,211,380**	621,646,380	621,896,380
NAV per share – basic and diluted	**108.49p**	108.01p	108.30p

16.0 Related party disclosures

16.1 Transactions with the 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 ending 31 March 2022 payable out of the assets of the Company is not expected to exceed £200,000.

As at 30 September 2021, the Directors (including their connected persons) had beneficial interests in the following number of shares in the Company:

	30 September 2021 Ordinary shares	30 September 2020 Ordinary shares	31 March 2021 Ordinary shares
Director			
Michael Wrobel	**100,598**	100,598	100,598
Alastair Moss	**11,766**	11,766	11,766
Alison Hadden	**–**	–	–
Caroline Gulliver	**58,832**	58,832	58,832
Peter Baxter	**47,065**	47,065	47,065

For the period from 1 April 2021 to 30 September 2021, fees of £95,000 (1 April 2020 to 30 September 2020: £91,000; year ended 31 March 2021: £182,000) were incurred and paid to the Directors.

16.2 Transactions with the Investment Adviser

On 1 November 2016, CIM was appointed as the Investment Adviser of the Company.

For the period from 1 April 2021 to 30 September 2021, fees of £3,080,000 (1 April 2020 to 30 September 2020: £3,062,000; year ended 31 March 2021: £6,117,000) were incurred and paid to CIM.

As at 30 September 2021, £27,000 (30 September 2020: £11,000 and 31 March 2021: £13,000) were due from CIM.

At 30 September 2021, CIM held 50,000 (30 September 2020 and 31 March 2021: 50,000) Ordinary shares in the Company.

Notes to the Condensed Consolidated Financial Statements continued

17.0 Capital commitments

As at 30 September 2021, the Company had conditionally exchanged on a property in Accrington totalling £1.4 million. This is expected to complete over the coming month and as completion is conditional, the purchase of the property has not been recognised in the condensed consolidated financial statements.

18.0 Post balance sheet events

Dividends

On 5 November 2021, the Board declared a quarterly dividend in respect of the Ordinary shares for the three months to 30 September 2021 of 1.3875 pence per Ordinary share totalling £8,555,000. The dividend will be paid on or around 13 December 2021 to holders of Ordinary shares on the register at 19 November 2021. The dividend will be paid as a REIT property income distribution ("PID").

Financing

The facility with HSBC Bank PLC has been extended to November 2023 with interest charged at SONIA plus 2.02% margin.

Purchase of Shares into Treasury

Since 30 September 2021, the Company has made purchases of 4,625,000 Ordinary shares into treasury at an average price of 90.94p per Ordinary share. The total cost to the Company including commission and stamp duty is £4,206,000 and following these transactions, at 7 December 2021 the Company held 6,875,000 Ordinary shares in treasury.

Additional Information

Additional Information

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

1.0 EPRA Earnings

	30 September 2021	30 September 2020	31 March 2021
Earnings from operational activities			
Profit after taxation (£'000)	**17,852**	17,477	36,075
Change in fair value of derivative financial instruments (£'000)	**(686)**	908	66
Changes in value of investment properties (£'000)	**(2,258)**	(2,890)	(5,511)
EPRA Earnings (£'000)	**14,908**	15,495	30,630
Weighted average number of shares in issue (adjusted for shares held in treasury)	**622,260,670**	621,646,380	621,651,859
EPRA EPS – basic and diluted	**2.40p**	2.49p	4.93p

2.0 New EPRA NAV Metrics

EPRA has advised three new NAV metrics to replace the EPRA NAV & EPRA NNNAV.

2.1 EPRA Net Reinstatement Value

EPRA NAV metric which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

	30 September 2021	30 September 2020	31 March 2021
Net assets (£'000)	**672,884**	671,412	673,498
Fair value of derivative financial instruments (£'000)	**(142)**	1,386	544
EPRA Net Reinstatement Value (£'000)	**672,742**	672,798	674,042
Dilutive number of shares (adjusted for shares held in treasury)	**620,211,380**	621,646,380	621,896,380
EPRA Net Reinstatement Value per share	**108.47p**	108.23p	108.38p

2.2 EPRA Net Tangible Assets

EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

There is no adjustment for deferred tax in the calculations below, as detailed in note 6.0 to the Condensed Consolidated Financial Statements, as the Group operates as a REIT and is exempt from corporation tax on the profits and gains from its property investment business.

	30 September 2021	30 September 2020	31 March 2021
Net assets (£'000)	**672,884**	671,412	673,498
Fair value of derivative financial instruments (£'000)	**(142)**	1,386	544
EPRA Net Tangible Assets (£'000)	**672,742**	672,798	674,042
Dilutive number of shares (adjusted for shares held in treasury)	**620,211,380**	621,646,380	621,896,380
EPRA Net Tangible Assets per share	**108.47p**	108.23p	108.38p

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

2.3 EPRA Net Disposal Value

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.

	30 September 2021	30 September 2020	31 March 2021
Net assets (£'000)	**672,884**	671,412	673,498
Fair value of bank borrowings (£'000)	**(1,360)**	(4,210)	(2,022)
EPRA Net Disposal Value (£'000)	**671,524**	667,202	671,476
Dilutive number of shares (adjusted for shares held in treasury)	**620,211,380**	621,646,380	621,896,380
EPRA Net Disposal Value per share	**108.27p**	107.33p	107.97p

3.0 EPRA Net Initial Yield

	30 September 2021	30 September 2020	31 March 2021
Investment property (£'000)	**946,294**	898,547	915,589
Allowance for estimated purchasers' costs (£'000)	**55,365**	52,604	53,753
Gross up completed property portfolio (£'000)	**1,001,659**	951,151	969,342
Annualised net rents (£'000)	**51,966**	50,029	50,780
Add: notional rent expiration of rent free periods or other lease incentives (£'000)	**–**	–	–
Topped-up net annualised rent	**51,966**	50,029	50,780
EPRA NIY	**5.19%**	5.26%	5.24%
EPRA "topped-up" NIY	**5.19%**	5.26%	5.24%

4.0 EPRA Vacancy Rate

Estimated Market Rental Value ("ERV") of vacancy space divided by ERV of the whole portfolio.

	30 September 2021	30 September 2020	31 March 2021
ERV of vacant spaces (£'000)	**–**	–	–
ERV of whole portfolio (£'000)	**51,966**	49,481	50,380
EPRA Vacancy Rate	**0%**	0%	0%

5.0 EPRA Costs Ratio

Administrative and operating costs divided by gross rental income.

	30 September 2021	30 September 2020	31 March 2021
Total administrative and operating costs (£'000)	**4,940**	4,625	9,498
Bad debts (recovered)/expensed (£'000)	**(7)**	–	289
Total costs (£'000)	**4,933**	4,625	9,787
Rental income (£'000)	**25,712**	24,301	49,020
Less rechargeable costs received and bad debts recovered (£'000)	**(643)**	(237)	(886)
Gross rental income (£'000)	**25,069**	24,064	48,134
EPRA cost ratio	**19.68%**	19.22%	20.33%

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

6.0 EPRA Table of Capital Expenditure

	From 1 April 2021 to 30 September 2021 (unaudited) £'000	From 1 April 2020 to 30 September 2020 (unaudited) £'000	For the year ended 31 March 2021 (unaudited) £'000
Acquisitions including incidental costs of purchase	**23,061**	15,718	16,108
Investment properties portfolio expenditure			
Enhancing lettable space	**4,940**	460	4,077
Tenant incentives	**595**	777	11,217
Total Capital Expenditure	**28,596**	16,955	31,402
Conversion from accruals to cash basis	**469**	275	215
Total Capital Expenditure on a cash basis	**29,065**	17,230	31,617

7.0 Portfolio NAV

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

	30 September 2021	30 September 2020	31 March 2021
Net assets (£'000)	**672,884**	671,412	673,498
Adjustment for change to property valuation (£'000)	**69,752**	64,501	63,270
Portfolio net assets (£'000)	**742,636**	735,913	736,768
Number of Ordinary shares in issue (adjusted for shares held in treasury)	**620,211,380**	621,646,380	621,896,380
Portfolio Net Assets per share	**119.74p**	118.38p	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.

		30 September 2021	30 September 2020	31 March 2021
IFRS NAV per share		**108.490p**	108.010p	108.300p
31 May 2017	Interim dividend	**0.750p**	0.750p	0.750p
31 August 2017	Interim dividend	**0.750p**	0.750p	0.750p
30 November 2017	Interim dividend	**0.750p**	0.750p	0.750p
9 March 2018	Interim dividend	**0.750p**	0.750p	0.750p
8 June 2018	Interim dividend	**1.250p**	1.250p	1.250p
7 September 2018	Interim dividend	**1.250p**	1.250p	1.250p
30 November 2018	Interim dividend	**1.250p**	1.250p	1.250p
11 January 2019	Interim dividend	**1.110p**	1.110p	1.110p
28 February 2019	Interim dividend	**0.140p**	0.140p	0.140p
7 June 2019	Interim dividend	**1.325p**	1.325p	1.325p
6 September 2019	Interim dividend	**1.325p**	1.325p	1.325p
29 November 2019	Interim dividend	**1.325p**	1.325p	1.325p
28 February 2020	Interim dividend	**1.325p**	1.325p	1.325p
12 June 2020	Interim dividend	**1.325p**	1.325p	1.325p
7 September 2020	Interim dividend	**1.350p**	1.350p	1.350p
4 December 2020	Interim dividend	**1.350p**	–	1.350p
1 March 2021	Interim dividend	**1.350p**	–	1.350p
11 June 2021	Interim dividend	**1.350p**	–	–
10 September 2021	Interim dividend	**1.3875p**	–	–
		129.9025p	123.985p	126.975p
IFRS NAV per share at launch		**98.00p**	98.00p	98.00p
Levered IRR		**6.44%**	6.64%	6.54%

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 LSE.

SEDOL number	BD8HBD3
ISIN	GB00BD8HBD32
Ticker/TIDM	CSH
LEI	213800PGBG84J8GM6F95

Frequency of NAV Publication

The Company's NAV is released to the LSE on a quarterly basis and published on the Company's website.

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

December 2021	Half-yearly results announced
	Payment of third dividend
February 2022	Payment of fourth dividend
March 2022	Company's year end
June 2022	Annual results announced
	Payment of first dividend
September 2022	Company's half-year end
	Annual general meeting
	Payment of second dividend

Association of Investment Companies ("AIC")

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

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 or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

Approved Provider means Housing Associations, 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 Investment Advisers Limited until its change of name on 7 May 2020).

CMA Order means the Statutory Audit Services Order 2014, issued by the Competition and Markets Authority.

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.

Current Leverage means the percentage taken as total bank borrowings 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 Disposal Value ("EPRA NDV") is a new 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 Net Reinstatement Value ("EPRA NRV") is a new 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 a new EPRA NAV metric which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.

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

EPRA Run Rate Dividend Cover otherwise known as dividend coverage ratio, indicates an organisation's capacity to pay dividends from the profit attributable 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. The internal rate of return (IRR) is the annual rate of growth that an investment is expected to generate.

Levered IRR means the internal rate of return including the impact of debt.

Glossary (continued)

Local Authority or **LA** means the administrative bodies for the local government in England comprising of 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.

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 Basis means the Portfolio NAV (as defined below)

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 Valuation means an independent valuation of the Portfolio by Jones Lang LaSalle Limited or such other property investment 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.

Treasury Shares means the Company's own shares that it has repurchased out of distributable profits and placed into treasury.

Valuation means an independent valuation of the Portfolio by Jones Lang LaSalle Limited or such other property investment 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.

Company Information

Non-executive Directors

Michael Wrobel, Chairman
Peter Baxter, Senior Independent Director and Chair of the Nomination and Remuneration Committee
Caroline Gulliver, Chair of the Audit and Management Engagement Committee
Alison Hadden
Alastair Moss

Registered Office

Beaufort House
51 New North Road
Exeter
Devon EX4 4EP
Registered no: 10402528
www.civitassocialhousing.com

Alternative Investment Fund Manager

G10 Capital Limited
3 More London Riverside
London SE1 2AQ

Investment Adviser

Civitas Investment Management Limited
13 Berkeley Street
London W1J 8DU

Joint Corporate Brokers

Liberum Capital Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Company Secretary

Link Company Matters Limited
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP

Administrator

Link Alternative Fund Administrators Limited
Beaufort House
51 New North Road
Exeter
Devon EX4 4EP

Depositary

INDOS Financial Limited
The Scalpel
18th Floor
52 Lime Street
London EC3M 7AF

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds LS1 4DL

Independent Auditor and Reporting Accountant

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Legal and Tax Adviser

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

Public Relations Adviser

Buchanan
107 Cheapside
London EC2V 6DN

Tax Adviser

BDO LLP
55 Baker Street
London W1U 7EU

Notes

Notes

Responsible economic returns

Reduced carbon footprint

Measurable social impact

Enhanced governance standards

Civitas Investment Management Limited
13 Berkeley Street,
London W1J 8DU
T 020 3058 4840
E enquiries@civitasim.com
W www.civitasim.com