

# Civitas Social Housing

Company update

Focusing on the positive drivers

**Strong demand for care-based social housing underpins continuing positive accounting returns for Civitas Social Housing. The investment-grade credit rating has been reconfirmed and, alongside accretive share repurchases by the company, 'insider' share purchases demonstrate the confidence of the board and key members of the investment adviser team. This is not reflected in the share price, which offers an attractive 6.3% yield and c 19% discount to NAV.**

Year end	Net rental income (£m)	EPRA earnings (£m)	EPRA EPS* (p)	NAV/share* (p)	DPS (p)	P/NAV (x)	Yield (%)
03/20	45.9	28.8	4.6	107.9	5.30	0.82	6.0
03/21	47.8	30.6	4.9	108.4	5.40	0.81	6.1
03/22e	51.6	31.5	5.1	109.1	5.55	0.81	6.3
03/23e	55.6	35.5	5.8	111.6	5.68	0.79	6.4

Note: \*EPRA net tangible assets (NTA) per share.

## Positive returns but delayed capital deployment

Civitas's shares are yet to recover the weakness that followed the publication of open letters by a short seller in September 2021, and the valuation suggests significant potential. In August 2021, the shares traded at a c 10% premium to NAV, and the company was considering capital-raising measures to support further accretive growth. Civitas's track record of consistently positive accounting returns has continued through Q322 and it is on track to meet its FY22 DPS target of 5.55p. Including the deployment of existing available capital into a strong pipeline of opportunities, DPS is fully covered (c 101% vs 87% reported in H122). Recent acquisition activity has been slow, but we expect this to pick up. Our FY22e EPRA earnings is reduced by 8% (FY23e by c 3%) but our DPS forecasts are unchanged.

## Positive outcomes driving demand

In our [July Outlook note](#) we provided a detailed overview of Civitas's strategy and the specialised social housing (SSH) market. The shortage of homes is forecast to increase yet compared with the alternatives of residential care or hospitals, SSH improves lives in a cost-effective manner. This explains government policy to offer supported housing to more people and private capital is crucial in meeting this need. For those individuals receiving SSH, rents are funded by central government and paid, via the commissioning local authorities, directly to the approved providers (APs), which lease the properties from Civitas and manage them. In some cases, APs have struggled to keep pace with the rapid growth of the sector, attracting regulatory scrutiny. We believe this is aimed at delivering sector sustainability and improved AP governance, operational performance and financial strength should also benefit the security of contracted rents and the long-term growth of the sector.

## Valuation: Further strong potential

Dividends are backed by stable income, uncorrelated with the wider economy, with good inflation-linked growth prospects. Civitas targets aggregate FY22 DPS of 5.55p, which represents an attractive 6.3% yield. Meanwhile, the shares trade at a c 19% discount to Q322 NAV (average discount since IPO 4%).

Real estate

17 February 2022

**Price** **88.2p**
**Market cap** **£540m**

Gross debt (£m) at 30 September 2021 357.1

 Gross LTV at 30 September 2021 34.5%  
(gross debt as % of gross assets)

Shares in issue (excluding treasury) 612.4m

Free float 98%

Code CSH

Primary exchange LSE

Secondary exchange N/A

### Share price performance



%	1m	3m	12m
Abs	(10.0)	(4.6)	(17.9)
Rel (local)	(9.9)	(6.1)	(25.8)

52-week high/low 121p 87p

### Business description

Civitas Social Housing invests across the UK in care-based community housing and healthcare facilities, particularly specialised supported housing, for the benefit of working age adults with long-term care needs. Its investment objective is to provide an attractive level of income, with the potential for capital growth.

### Next events

FY22 results released 30 June 2022

### Analyst

Martyn King +44 (0)20 3077 5745

[financials@edisongroup.com](mailto:financials@edisongroup.com)
[Edison profile page](#)

**Civitas Social Housing is a  
research client of Edison  
Investment Research Limited**

## Focusing on the positive drivers

This report provides an update on recent developments at Civitas. For a detailed review of the company's strategy and the opportunity within the care-based social housing sector, please see our [July 2021 Outlook note](#).

### Positive newsflow indicates significant share price potential

Civitas's shares are yet to recover meaningfully from the weakness that followed the publication of open letters by short seller ShadowFall in September 2021.<sup>1</sup> Civitas provided a detailed response, supported by an active programme of investor engagement<sup>2</sup> and accretive share repurchases continue to take advantage of the discount to net asset value (NAV). This discount persists despite continuing positive accounting returns since its initial public offering (IPO) in November 2016, confirmed by the detailed interim results (H122) published in December 2021 and continuing through Q322. As recently as August 2021, the shares traded at a c 10% premium to NAV, backed by a robust performance during the pandemic with uninterrupted rent collection, long inflation-linked leases and strong underlying demand for supported housing. This performance is reflected in the recent reaffirmation by Fitch of the company's investment-grade credit rating.<sup>3</sup> Meanwhile, since the interim results were published in early December 2021, Michael Wrobel (non-executive chairman), Paul Bridge (CEO, social housing at the investment adviser, Civitas Investment Management/CIM), Andrew Dawber (group director, CIM), and Tom Pridmore (group director, CIM) have all acquired shares,<sup>4</sup> which we believe underlines their confidence in the company's prospects.

**Exhibit 1: Civitas price to net asset value**



Source: Civitas NAV data, Refinitiv. Note: Priced at 16 February 2022.

- <sup>1</sup> Among other matters, ShadowFall claimed that Civitas had failed to disclose a conflict of interest in certain property transactions, to the detriment of shareholders. It also raised concerns about the financial viability of the SSH business model in general and certain Civitas-registered provider lessees in particular.
- <sup>2</sup> Civitas and its investment adviser Civitas Investment Management (CIM) were active in engaging with existing and new shareholders following the publication of its detailed market update in October 2021, gaining new and significant institutional shareholders as a result, including several leading European institutions.
- <sup>3</sup> On 10 February 2022, Fitch reaffirmed the Long-Term Issuer Default Rating at 'A-' with a Stable Outlook and its senior secured rating at 'A'.
- <sup>4</sup> On 9 December 2021 it was announced that Michael Wrobel had acquired 20,000 shares at c 95p per share. On 20 December, it was announced that Paul Bridge had acquired 52,240 shares, Andrew Dawber had acquired 100,000 shares and Tom Pridmore had acquired 105,140 shares, all at c 94p per share.

## Consistent income driven returns

Civitas has consistently delivered positive total returns<sup>5</sup> on both an annual and quarterly basis since its IPO in November 2016. Dividends have been the main component of returns and have increased each year. Operational and financial resilience has been maintained. During the pandemic, rents were received in line with expectations and quarterly dividend payments have been uninterrupted. Since IPO, Civitas has generated an aggregate NAV total return of 34.3% or an annual average of 5.9%. Dividends paid represent two-thirds of the total return in the period.

### Exhibit 2: Total return record

	FY18	FY19	FY20	FY21	9M22	From IPO to end-Q322
Opening NAV per share (p)	98.0	105.5	107.1	107.9	108.3	98.0
Closing NAV per share (p)	105.5	107.1	107.9	108.3	108.8	108.8
Dividends paid (p)	3.0	5.0	5.3	5.4	4.1	22.8
NAV total return	7.9%	6.2%	5.7%	5.4%	4.3%	34.3%
Annualised total return						5.9%

Source: Civitas Social Housing data, Edison Investment Research

As Civitas has steadily increased its equity and debt capital to fund portfolio growth since IPO, dividends have run ahead of earnings and cash flow as this capital is deployed. Including the benefits of increased scale, Civitas estimates that dividends are now fully covered by earnings on a run rate basis.<sup>6</sup> We note that had near-term dividend payments been restricted to a fully covered level, this would have had no impact on the achieved accounting total return, with increased NAV and capital returns offsetting reduced income returns.

## Share repurchases

In September 2021, the board recommenced share repurchases<sup>7</sup> to manage the share price discount to NAV and underline its confidence in the company's prospects and its firm belief that the issues raised by the short sellers were incorrect and misleading.

During Q322, in September and November 2021, Civitas repurchased c 6.9m shares at an average of 91.33p, held in treasury, at an accretive c 16% discount to the end-Q322 NAV per share, enhancing NAV per share by 0.19p. An additional 3.2m shares have been repurchased in Q422<sup>8</sup> at an average of c 94p. As the discount narrows, we expect Civitas to carefully balance the advantages of share repurchases versus accretive portfolio growth.

A number of short positions became apparent in September 2021, but it appears that this has now substantially reduced.

## Significant pipeline of potential acquisitions

Local authority demand for SSH and other care-based social housing<sup>9</sup> with similar characteristics remains strong and well ahead of existing supply. The demand for SSH reflects the value for money that it provides compared with the alternatives of residential care or long-stay hospitals, and a

<sup>5</sup> Change in IFRS NAV per share during the period with dividends paid added back (but not assuming reinvestment of dividends). There is no material difference between IFRS NAV and EPRA net replacement value (NRV).

<sup>6</sup> The run rate is assumed by Civitas to include the completed acquisition of certain pipeline opportunities utilising the fully drawn M&G debt facility while maintaining a cash buffer.

<sup>7</sup> Similar action was taken in the third quarter of 2019 when 85,000 shares were repurchased at an average of c 85p (a discount to the 107.2p NAV per share at the time) and subsequently re-issued at an average price of c 109p.

<sup>8</sup> Includes share repurchases up to 15 February 2022.

<sup>9</sup> Civitas remains focused on SSH but has also begun to provide other types of care-based social housing such as homelessness, supported by third-party care ('advanced homelessness').

recognition of the enhancement to quality SSH can provide to those in need. Capital deployment has slowed in recent months, in part reflecting the pandemic but also the diversion of management time towards responding to the short-seller and the application of capital towards share repurchases. Several investment projects are presently under active consideration by Civitas as it continues to deploy the proceeds of the £85m M&G debt facility. This facility was fully drawn in late FY21 and contributed to the £76m H122 cash position. These opportunities are spread broadly across SSH (specialist supported living as well as high acuity specialist supported living and residential care<sup>10</sup>) and advanced homelessness.<sup>11</sup> The 'opportunity pool' is well ahead of Civitas's current available capital (we estimate c £25–30m), suggesting that in the near term it will be highly selective in the projects chosen while having significant longer-term acquisition opportunities subject to additional capital, both equity and debt capital. Debt raising should be supported by Civitas's investment grade credit rating.<sup>12</sup>

### Exhibit 3: Investment pipeline opportunities



Source: Civitas Social Housing. Note: The data are indicative and subject to change. All transactions are subject to due diligence and may not complete.

## Recent financial performance

Civitas published results for the six months to 30 September 2021 (H122) on 9 December 2021 and provided a Q322 NAV and trading update on 9 February 2022. As noted above, during the first nine months of FY22, Civitas continued to generate consistent financial returns for shareholders while continuing to generate strong social value. Specialist social impact consultancy The Good Economy estimates that Civitas's portfolio generated a total social value of £127.0m pa during FY21, including £75.9m of fiscal savings for public budgets and £51.2m in respect of social impact through improved outcomes for residents.

<sup>10</sup> SSH may be provided in adapted property and supported by external, third-party care, or it may be provided in a residential setting with integrated care provided.

<sup>11</sup> Homeless provision supported by integrated care and support aimed at breaking the cycle of homelessness.

<sup>12</sup> In March 2021, Civitas announced that Fitch Ratings had awarded the company an investment grade high credit quality rating of A (senior secured) and a long-term issuer default rating of A- with a stable outlook.

**Exhibit 4: Summary of H122 financial performance**

	Sep-21	30-Sep-20		31-Mar-21
£m unless stated otherwise	H122	H121	H122/H121	FY21
Net rental income	25.1	24.1	4.2%	47.8
Total administrative expenses	(4.9)	(4.6)	6.8%	(9.5)
<b>Operating profit/(loss) before revaluation of properties</b>	<b>20.1</b>	<b>19.4</b>	<b>3.6%</b>	<b>38.3</b>
Change in fair value of investment properties	2.3	2.9		5.5
<b>Operating profit/(loss)</b>	<b>22.4</b>	<b>22.3</b>		<b>43.9</b>
Net finance expense	(5.2)	(3.9)	32.6%	(7.7)
Change in fair value of interest rate derivatives	0.7	(0.9)		(0.1)
<b>PBT</b>	<b>17.9</b>	<b>17.5</b>		<b>36.1</b>
Tax	0.0	0.0		0.0
<b>IFRS net earnings</b>	<b>17.9</b>	<b>17.5</b>		<b>36.1</b>
Adjust for:				
Change in fair value of investment properties	(2.3)	(2.9)		(5.5)
Change in fair value of interest rate derivatives	(0.7)	0.9		0.1
<b>EPRA earnings</b>	<b>14.9</b>	<b>15.5</b>	<b>-3.8%</b>	<b>30.6</b>
Basic IFRS EPS (p)	2.87	2.81		5.80
<b>Diluted EPRA EPS (p)</b>	<b>2.40</b>	<b>2.49</b>	<b>-3.8%</b>	<b>4.93</b>
<b>DPS declared (p)</b>	<b>2.78</b>	<b>2.70</b>	<b>2.8%</b>	<b>5.40</b>
Dividend cover (x)	0.87	0.93		0.92
Fair value of investment portfolio	946.3	898.5	5.3%	893.7
<b>EPRA Net Reinstatement Value per share (p)</b>	<b>108.5</b>	<b>108.2</b>	<b>0.2%</b>	<b>108.4</b>
Balance sheet cash	76.5	40.9		107.1
Gross debt	(357.1)	(272.5)		(357.1)
Gross LTV (gross debt/gross assets)	34.5%	28.6%		34.5%

Source: Civitas Social Housing

In particular, we note that:

- The annualised rent roll has continued to increase, to £52.5m at end-H122 (H121: £49.5m; FY21: £50.8m) due to CPI-indexed rent uplifts and acquisitions.
- Net rental income earned in H122 was £25.1m, up 4.2% versus H121.
- Administrative expenses increased 6.8% in H122 compared with H121 but were at a similar level to H221.
- H122 operating profit before property valuation movements increased 3.6% to £20.1m and operating cash flow (not shown in Exhibit 4) by a similar amount to £19.8m.
- H122 net finance expense increased due the full drawdown of the £85m M&G debt facility, only partially invested during the period.
- The increase in net finance costs more than offset the increase in operating profit before property revaluation movements, and H122 EPRA earnings and EPRA EPS were both reduced by 3.8% versus H121. As the available proceeds of the M&G debt facility are fully deployed, increased rental income will offset the additional finance expense.
- Including Q322, Civitas has paid or declared three quarterly DPS of 1.3875p (an aggregate 4.1625p) up 2.8% year on year and is well on track to meet its 5.55p target for the year (FY21: 5.4p). H122 dividend cover was 87% but should increase as available capital is deployed. Assuming this to be the case, Civitas estimates run-rate dividend cover of c 101%.
- Including a positive £2.3m gain on the valuation of investment properties, driven by rent-indexation, a positive movement in the value of interest rate derivatives as interest rates increased, and after DPS paid, H122 EPRA NTA per share increased slightly to 108.49p (end-FY21: 108.30p) and increased further in Q322 to 108.78p.
- With the M&G debt facility fully drawn in late FY21, there was no change in debt or in gross loan to value (34.5%). Balance sheet cash was £76.5m at end-H122 or £72.0m on an unrestricted basis.

The end-Q322 portfolio comprised 649 individual properties providing homes for just over 4,400 residents, mostly vulnerable, younger adults with an average age of 32 years, receiving an average 43 hours per week of care. The properties are leased to diversified group of 18 different approved providers with an average unexpired lease length of c 23 years. At H122 the properties were independently valued at £946m, reflecting an IFRS valuation yield of 5.27%. The acquisition of one additional property completed in Q322 for a total consideration of £1.4m and the undisclosed portfolio valuation reflected in the end-Q322 NAV represents a valuation yield of 5.29%.

Long average lease lengths have been a feature of the sector that has supported property valuations. However, as important as contractual lease length, it is the durability of cash flows that really underpin valuations. The positive demand-supply balance in the sector as well as the relatively young age of current and prospective residents underpins this durability. A young resident can be expected to live in their home for many years and the commissioning local authority has no incentive to move them from either a care or financial perspective. If the market were to move towards slightly lower lease lengths this should have no practical impact on cash flows and this is very likely to mitigate any potential impact on valuations.

## Forecast update

Our reduced forecasts for FY22 and to a lesser extent for FY23 primarily reflect the impact of our revised acquisition assumptions. We have introduced a forecast for FY24.

We had previously indicated (see our [November update](#)) that our acquisition assumptions would be reviewed after the interim results. H122 acquisition investment of c £22m was below the £44m that we had forecast, to be followed by £25m in Q322. Our revised forecasts now include £25m of future acquisitions only, including the Q322 acquisition with the balance at end of FY22. This is an effective c £22m reduction in overall deployment compared with our previous forecasts and allows for a higher prudential cash position than previously assumed, at c £40m compared with c £30m. Civitas has guided towards at least £30m. We continue to assume a gross acquisition yield of 5.6%.

The impact of these changes is primarily on net rental income with no significant changes in our other assumptions. We have not changed our DPS forecasts although full cover is delayed until FY23.

**Exhibit 5: Summary of forecast changes**

	Net rental income (£m)			EPRA earnings (£m)			EPRA EPS (p)			EPRA NTA/share (p)			DPS (p)		
	New	Old	% chg	New	Old	% chg	New	Old	% chg	New	Old	% chg	New	Old	% chg
03/22e	51.6	54.0	(4.4)	31.5	34.3	(8.2)	5.1	5.5	(8.2)	109.1	110.4	(1.2)	5.55	5.55	0.0
03/23e	55.6	56.6	(1.8)	35.5	36.7	(3.3)	5.8	6.0	(2.6)	111.6	112.7	(1.0)	5.68	5.68	0.0
03/24e	57.0	N/A	N/A	36.7	N/A	N/A	6.0	N/A	N/A	114.2	N/A	N/A	5.80	N/A	N/A

Source: Edison Investment Research

## Valuation

Despite a strong record of low volatility and consistently positive accounting returns, the targeted 5.55p aggregate FY22 DPS, represents a prospective yield of 6.3% while the shares are trading at a c 19% discount to the Q322 NAV per share.

Compared with a group of companies that we would consider to be the closest peers to Civitas, investing in housing and healthcare properties, Civitas shares offer a noticeably higher yield than the average with a significantly lower P/NAV. Operational and financial performance during the pandemic has been robust, with rents collected as expected and with no impact on valuations. Yet

to fully recover from recent weakness, the valuation of Civitas shares indicates significant potential while also delivering a material social benefit.

**Exhibit 6: Peer valuation and performance comparison**

	Price	Market cap	P/NAV*	Yield**	Share price performance			
	(p)	(£m)	(x)	(%)	1 month	3 months	12 months	From 12M high
Assura	62	1,825	1.06	4.7	-9%	-11%	-15%	-23%
Home REIT	113	635	1.08	2.2	-11%	-2%	7%	-13%
Impact Healthcare	114	450	1.02	5.6	-5%	-5%	3%	-6%
Primary Health Properties	135	1,795	1.17	4.6	-8%	-10%	-9%	-21%
Residential secure Income	107	198	1.01	4.7	-2%	9%	19%	-5%
Triple Point Social Housing	93	376	0.88	5.6	-3%	-1%	-14%	-18%
Target Healthcare	109	677	0.98	6.2	-6%	-9%	-3%	-13%
<b>Average</b>			<b>1.03</b>	<b>4.8</b>	<b>-6%</b>	<b>-4%</b>	<b>-2%</b>	<b>-14%</b>
<b>Civitas Social Housing</b>	<b>88</b>	<b>540</b>	<b>0.81</b>	<b>6.3</b>	<b>-10%</b>	<b>-4%</b>	<b>-18%</b>	<b>-27%</b>
UK property sector index	1,888				-3%	-1%	18%	-7%
UK equity market index	4,252				-1%	2%	11%	-1%

Source: Company data, Refinitiv. Note: Prices at 16 February 2022. \*Based on last reported EPRA NAV. \*\*Based on trailing 12-month DPS declared.

**Exhibit 7: Financial summary**

Period ending 31 March (£m)	2018	2019	2020	2021	2022e	2023e	2024e
<b>INCOME STATEMENT</b>							
Net rental income	18.6	35.7	45.9	47.8	51.6	55.6	57.0
Directors' remuneration	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)	(0.2)
Investment advisory fees	(5.8)	(6.5)	(6.2)	(6.1)	(6.2)	(6.2)	(6.3)
General & administrative expenses	(2.9)	(3.0)	(3.5)	(3.2)	(3.4)	(3.4)	(3.5)
Total expenses	(8.9)	(9.6)	(9.9)	(9.5)	(9.8)	(9.8)	(10.1)
EPRa cost ratio	47.8%	27.0%	21.5%	20.3%	18.9%	17.7%	17.7%
Operating profit/(loss) before revaluation of properties	9.7	26.1	36.0	38.3	41.8	45.7	46.9
Change in fair value of investment properties	30.6	3.7	9.4	5.5	5.4	14.3	14.7
Operating profit/(loss)	40.3	29.7	45.4	43.9	47.3	60.0	61.7
Net finance expense	(0.6)	(3.5)	(7.2)	(7.7)	(10.3)	(10.2)	(10.2)
Change in fair value of interest rate derivatives	0.000	0.000	(0.5)	(0.1)	0.7	0.0	0.0
C share amortisation	(2.8)	(6.4)	0.0	0.0	0.0	0.0	0.0
PBT	36.9	19.9	37.7	36.1	37.6	49.8	51.5
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	36.9	19.9	37.7	36.1	37.6	49.8	51.5
Adjusted for:							
Change in fair value of investment properties	(30.6)	(3.7)	(9.4)	(5.5)	(5.4)	(14.3)	(14.7)
Fair value change in interest rate derivatives	0.0	0.0	0.5	0.1	(0.7)	0.0	0.0
C share amortisation	2.8	6.4	0.0	0.0	0.0	0.0	0.0
EPRa earnings	9.1	22.6	28.8	30.6	31.5	35.5	36.7
Average number of shares (m)	350.0	425.4	622.1	621.7	620.1	612.4	612.4
Average diluted shares (m)	633.1	622.5	622.1	621.7	620.1	612.4	612.4
Basic IFRS EPS (p)	10.6	4.7	6.1	5.8	6.1	8.1	8.4
Diluted EPRa EPS (p)	1.4	3.6	4.6	4.9	5.1	5.8	6.0
DPS declared (p)	4.25	5.08	5.30	5.40	5.55	5.68	5.80
DPS paid (p)	3.00	5.00	5.30	5.38	5.51	5.65	5.77
Dividend cover (x)	0.87	0.91	0.87	0.92	0.92	1.03	1.04
<b>BALANCE SHEET</b>							
Investment properties	516.2	820.1	868.0	893.7	956.1	974.9	994.1
Other non-current assets	0.0	6.8	10.8	21.9	22.9	23.8	24.7
Total non-current assets	516.2	826.9	878.7	915.6	979.0	998.7	1,018.9
Cash & equivalents	249.6	54.3	58.4	107.1	40.1	37.2	34.8
Other current assets	3.3	5.7	10.8	12.8	11.4	12.0	12.3
Total current assets	252.9	60.1	69.2	119.9	51.5	49.2	47.1
Bank loan & borrowings	0.0	0.0	(59.7)	(59.9)	0.0	0.0	0.0
Other current liabilities	(308.9)	(15.3)	(7.7)	(9.3)	(9.8)	(10.3)	(10.6)
Total current liabilities	(308.9)	(15.3)	(67.5)	(69.3)	(9.8)	(10.3)	(10.6)
Bank loan & borrowings	(90.8)	(205.2)	(209.4)	(292.2)	(352.4)	(354.0)	(355.6)
Other non-current liabilities	0.0	0.0	(0.5)	(0.5)	0.0	0.0	0.0
Total non-current liabilities	(90.8)	(205.2)	(209.9)	(292.7)	(352.4)	(354.0)	(355.6)
Net assets	369.4	666.5	670.6	673.5	668.4	683.6	699.8
Adjust for:							
C shares	298.8	0.0	0.0	0.0	0.0	0.0	0.0
Fair value of interest rate derivatives	0.0	0.0	0.5	0.5	(0.1)	(0.1)	(0.1)
Diluted EPRa NTA	668.1	666.5	671.0	674.0	668.2	683.5	699.6
Period-end basic number of shares (m)	350.0	622.5	621.6	621.9	612.4	612.4	612.4
Period end diluted number of shares (m)	633.1	622.5	621.6	621.9	612.4	612.4	612.4
Basic IFRS NAV per share (p)	105.5	107.1	107.9	108.3	109.1	111.6	114.3
Diluted EPRa NTA per share (p)	105.5	107.1	107.9	108.4	109.1	111.6	114.2
<b>CASH FLOW</b>							
Net cash flow from operating activity	8.1	23.3	32.9	26.1	40.9	44.7	46.0
Cash flow from investing activity	(483.9)	(302.6)	(61.9)	(6.2)	(57.2)	(4.5)	(4.5)
Net proceeds from equity issuance	343.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Net proceeds from C share issuance	296.0	0.0	0.0	0.0	0.0	0.0	0.0
Loan interest paid	(0.4)	(3.0)	(5.8)	(6.0)	(8.5)	(8.6)	(8.6)
Bank borrowings drawn/(repaid)	92.5	116.0	64.1	84.6	0.0	0.0	0.0
Share repurchase/reissue	0.0	0.0	(0.7)	0.0	(7.9)	0.0	0.0
Dividends paid	(10.1)	(27.6)	(32.9)	(33.3)	(34.2)	(34.6)	(35.3)
Other cash flow from financing activity	(2.2)	(5.3)	(7.9)	(8.8)	(17.9)	(8.6)	(8.6)
Cash flow from financing activity	719.2	83.0	23.3	42.4	(52.0)	(43.2)	(43.9)
Change in cash	243.3	(196.2)	(5.7)	62.4	(68.2)	(2.9)	(2.4)
Opening cash	0.0	243.3	47.1	41.4	103.8	35.6	32.7
Closing cash (excluding restricted cash)	243.3	47.1	41.4	103.8	35.6	32.7	30.3
Restricted cash	6.3	7.2	16.9	3.3	4.5	4.5	4.5
Cash as per balance sheet	249.6	54.3	58.4	107.1	40.1	37.2	34.8
Debt as per balance sheet	(90.8)	(205.2)	(269.2)	(352.1)	(352.4)	(354.0)	(355.6)
Unamortised loan arrangement costs	(1.6)	(3.3)	(3.3)	(4.9)	(4.7)	(3.0)	(1.4)
Total debt	(92.5)	(208.4)	(272.5)	(357.1)	(357.1)	(357.1)	(357.1)
Net (debt)/cash excluding restricted cash	159.9	(161.3)	(231.1)	(253.2)	(321.5)	(324.4)	(326.8)
Gross LTV (gross debt/gross assets)	12.0%	23.5%	28.7%	34.5%	34.6%	34.1%	33.5%

Source: Civitas Social Housing historical data, Edison Investment Research forecasts



## General disclaimer and copyright

This report has been commissioned by Civitas Social Housing and prepared and issued by Edison, in consideration of a fee payable by Civitas Social Housing. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2022 Edison Investment Research Limited (Edison).

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia