

1 November 2018

# Net Asset Values, Investment and Market Update

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## CIVITAS SOCIAL HOUSING PLC ("Civitas" or the "Company")

The Board of Civitas Social Housing PLC ("Board"), the first London listed Real Estate Investment Trust ("REIT") dedicated to investing into regulated social housing in England and Wales, is pleased to announce its quarterly net asset value ("Net Asset Value" or "NAV") as at 30 September 2018.

### Net Asset Values

#### IFRS NAV

The unaudited IFRS NAV, disclosed below, reflects an independent RICS "Red Book" valuation prepared on an individual asset basis by Jones Lang LaSalle Ltd.

IFRS NAV	30 September 2018	30 June 2018	Increase %
Ordinary NAV (£'000)	371,209	370,388	+0.2%
Ordinary NAV per share	106.1	105.8	+0.2%
C Share NAV (£'000)	299,526	297,218	+0.8%
C Share NAV per share	99.2	98.4	+0.8%

In the quarter a C Share dividend of 0.75p per share was paid amounting to £2.3 million. An Ordinary Share dividend of 1.25p per share was also paid in the quarter amounting to £4.4 million.

#### Portfolio NAV

The unaudited Portfolio NAV, disclosed below, reflects an independent RICS "Red Book" valuation prepared on a portfolio basis by Jones Lang LaSalle Ltd.

Portfolio NAV	30 September 2018	30 June 2018	Increase %
Ordinary NAV (£'000)	403,245	402,600	+0.2%
Ordinary NAV per share	115.2	115.0	+0.2%
C Share NAV (£'000)	313,536	304,223	+3.1%
C Share NAV per share	103.8	100.7	+3.1%

Individual properties acquired by the Company are often relatively small in size and as such, benefit from being incorporated within a larger diversified portfolio. As at 30 September 2018, the Company had acquired 522 properties in 83 transactions, which includes 162 properties for the benefit of C Shareholders.

The Portfolio NAV is intended to provide shareholders with an indication of the inherent value likely to be obtained by the sale of the portfolio as a single entity within its existing corporate structure. It is considered that comparable market transactions offer both support for the carrying value of the Company's properties on a portfolio basis and demonstrate the willingness of acquirers to pay enhanced values for larger portfolios.

### Investment Update

During the period, 82 additional properties were acquired and a number of the existing leases entered into by the Company have seen their rental income increase as a result of annual indexation, which taken together has resulted in a run-rate of rental income at 30 September 2018 of £37.3 million. This is expected to grow further as the Company moves to full investment over coming months and supports the Company's target dividends.

In the period since IPO, the Company has made the following investments and created a quality, nationally-based, diversified portfolio of regulated social housing in England and Wales as well as partnering with new Housing Associations and care providers in new local authorities:

Period	31-Mar 2017	30-Jun 2017	30-Sept 2017	31-Dec 2017	31-Mar 2018	30-Jun 2018	30-Sept 2018
Investment* (£m)	106	206	284	431	472	508	619
Properties	82	167	282	384	414	440	522
Tenancies	487	1,130	1,820	2,405	2,621	2,845	3,440
Local Authorities	32	68	82	99	109	123	140
Housing Associations	5	7	10	10	11	12	15
Care Providers	25	42	50	59	64	71	93

\*excluding purchase costs

### C Share Deployment Update

Total acquisitions of £105 million including purchase costs were made in the quarter to 30 September 2018. As at the 30 September 2018, the Company had deployed £214 million after purchase costs (£209 million before purchase costs but including £5 million in respect of properties exchanged and expected to be completed shortly) of the C Share equity.

The announcement of the conversion of the C Shares will be triggered on the earlier of 90% of the C Share net proceeds being invested or committed including purchase costs (£266 million) or twelve months from the issue of the C Shares (14 November 2018). Following this announcement both the Ordinary Share and the C Share portfolios will be independently valued by JLL, the Company's real estate advisers as at the nearest month end being 30 November 2018 to establish the conversion ratio for the C Shares, as per the Company's Articles of Association. This will be determined by the respective portfolio net asset values of the Ordinary Share portfolio and the C Share portfolio.

Since 30 September 2018, a further £22 million of the C Share equity has been invested including purchase costs, bringing the total C Share equity invested to £236 million including purchase costs. In addition the Company is undertaking surveys and the final stages of due diligence on a number of additional properties from the pipeline and subject to satisfactory completion these will utilise most or all of the remaining C Share equity available for investment prior to the conversion of the C Shares.

### Market Update

The Government has continued to show its strong support for social housing generally and Specialist Supported Housing in particular through a range of measures including a return to the CPI +1% maximum annual rent inflator for general needs social housing rents, additional grant funding for Housing Associations to develop new social housing and a confirmation that the government consultation on Funding for Supported Housing had concluded that funding would continue to be provided by Central Government rather than from Local Authority budgets.

The Regulator of Social Housing (RSH) separated from Homes England in September 2018 and will now be responsible for regulating all social housing providers whilst Homes England will focus solely on investment. The RSH is in consultation with the housing sector on a range of regulatory issues to ensure their approach is suitable for the future. This takes into account the post-Grenfell environment and the increased focus on health and safety and consumer rights.

The RSH has published its sector risk profile for 2018, an annual publication which reviews what it believes to be the risks that exist within the sector as guidance for Housing Associations. This includes appropriate and sensible matters that Housing Associations should consider before entering into lease arrangements.

Demand for high quality Specialist Supported Housing is high and there is increasing competition for assets. The company continues to decline unsuitable transactions and utilises its relationships, existing agreements and buying power to acquire good quality properties at competitive prices that remain within the yield range set out at the time of IPO in 2016, whilst noting that there has been an element of yield compression within the market.

### Dividend

The Board has declared a third quarterly dividend in respect of the Ordinary Shares and C Shares for the three months to 30 September 2018 of 1.25 per Ordinary Share and 0.75 pence per C Share. The dividends will be paid on or around 30 November 2018 to holders on the respective registers as at 9 November 2018 (the record date) and the corresponding ex-dividend date being 8 November 2018. The Ordinary Share and C Share dividends will be paid as a REIT property income distribution ("PID").

**Quarterly Fact Sheet**

The Company has today published its Fact Sheet for the quarter to 30 September 2018 and this is available to view on the Company's website, <http://civitassocialhousing.com/investor-relations/reports-and-publications/>.

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**Notes:**

Civitas Social Housing PLC is the first Real Estate Investment Trust offering pure play exposure to social housing in England and Wales. The Company is managed by Civitas Housing Advisors Limited. The Company's Ordinary Shares are listed on the premium listing segment of the Official List of the Financial Conduct Authority and were admitted to trading on the main market for listed securities of the London Stock Exchange in November 2016.