Assura

AT THE HEART OF HEALTHCARE

ANNUAL REPORT 2015

CONTENTS

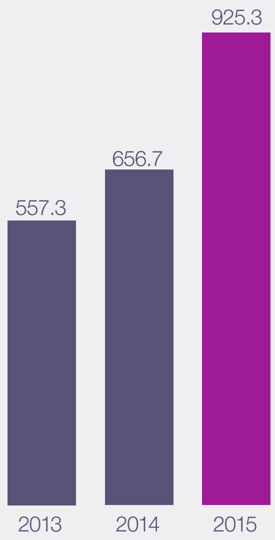
www.assuraplc.com

FINANCIAL HIGHLIGHTS

Investment property

£925.3m

▲ 40.9%



Adjusted EPRA NAV

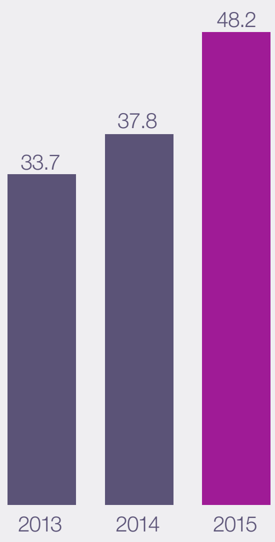
44.9p

▲ 3.4%

Net rental income

£48.2m

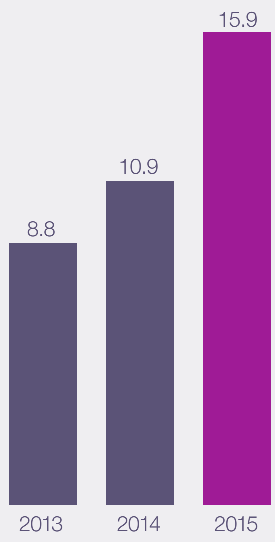
▲ 27.5%



Underlying profit

£15.9m

▲ 45.9%



WHO WE ARE

Assura is a leading UK healthcare REIT and our vision is to be the UK's best developer and owner-manager of primary care property

OUR INVESTMENT CASE

By following our strategies we can deliver long-term shareholder value through:

- **Low volatility of property returns**
- **Low default risk**
- **Linkage to cost inflation**
- **Scalable, internally managed model**
- **Covered, progressive dividends**
- **Excellent risk adjusted returns**

OUR STRATEGIES

To achieve our vision we have four strategic priorities:

Focus
Maintaining a strategic focus on a highly attractive market

Read more p18

Expertise
Responding to the NHS agenda

Read more p20

Culture
Spearheading investment in social infrastructure

Read more p22

Effectiveness
Leveraging our team's skills to maximum advantage

Read more p24

PROPERTY PORTFOLIO

265 medical centres that are well diversified by geography and size

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
<£1m	37	25.2	3
£1–5m	180	451.6	50
£5–10m	36	253.3	27
>£10m	12	178.2	20
	265	**908.3**	**100**

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
North	109	411.2	45
South	74	221.4	24
Midlands	55	201.2	22
Scotland	9	23.9	3
Wales	18	50.6	6
	265	**908.3**	**100**

Portfolio analysis by tenant covenant

	Total rent roll £m	Total rent roll %
GPs	38.1	69
NHS body	10.2	18
Pharmacy	4.3	8
Other	3.0	5
	55.6	**100**

A

Ardudwy Health Centre, Harlech
Assura's most sustainable property to date, with an insulated timber frame and biomass boiler that uses wood pellets to heat the building, resulting in an efficient and cost effective building.

B

Blaenavon Primary Care Centre, Blaenavon
This visually striking building was completed in September 2014. In line with Assura's ethos, the building provides extensive new services for the local area.

C

Park House Surgery, Lanchester
Re-housing a small surgery located in the local village, Park House Surgery has been sensitively designed to reflect its location in a conservation area.

D

Market Weighton Surgery, Market Weighton
This spacious building opened in September 2014 and enables GPs to provide enhanced services from high quality premises meeting the healthcare needs of the community.

E

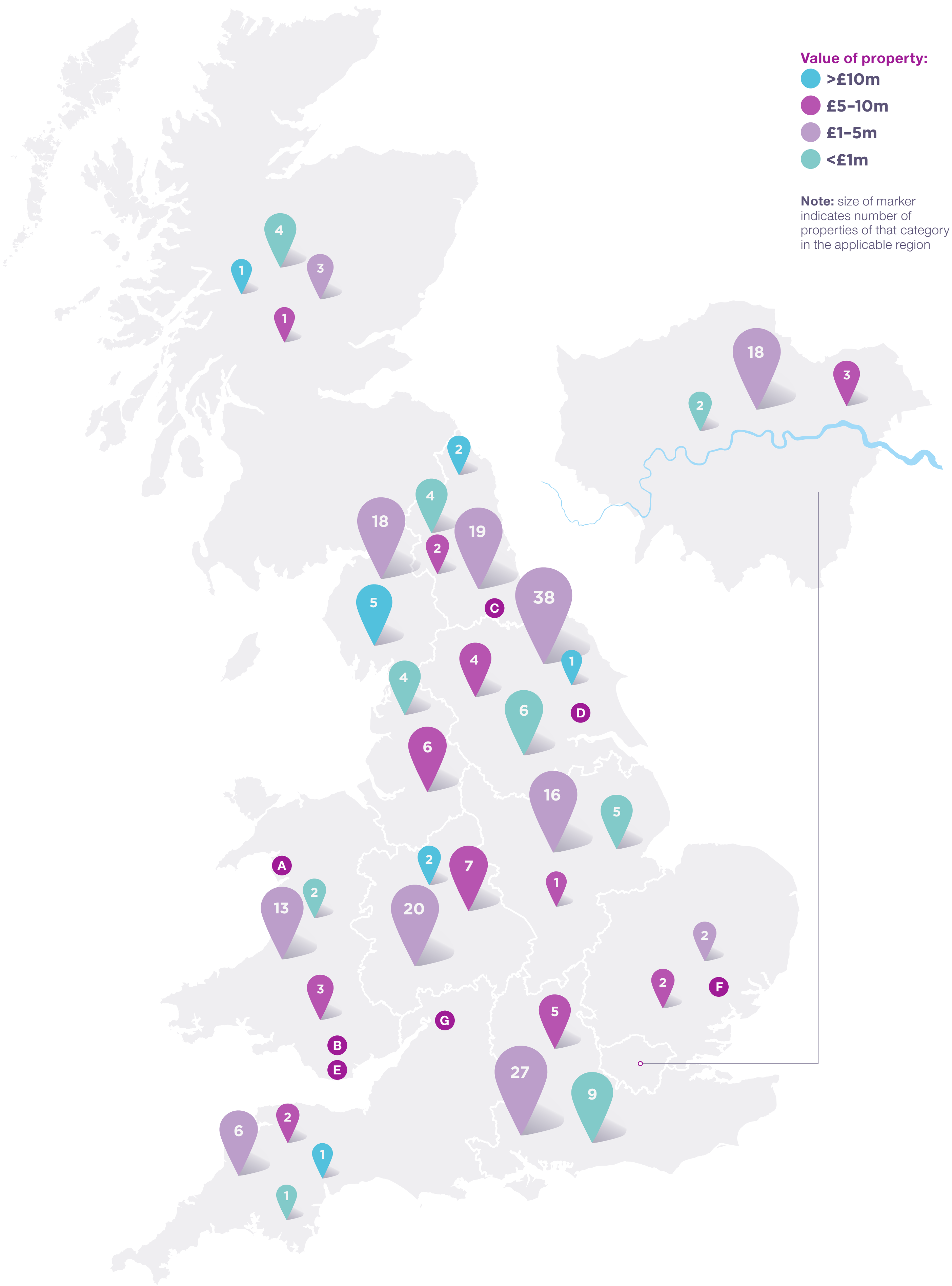
West Quay Medical Centre, Barry
Acquired as part of the Metro portfolio, this modern, purpose built premises houses 10 GPs with a list size of over 13,000 patients.

F

Sudbury Community Healh Centre, Sudbury
The 3,000+ square metre Assura development replaced three outdated healthcare buildings in Sudbury and enables a wide range of services to be provided from one location.

G

Aspen Centre, Gloucester
Completed in July 2014 and acquired by Assura as part of the Metro portfolio. The large building houses three GP practices with over 21,000 patients. The centre is an excellent addition to our portfolio.


Value of property:
>£10m
£5–10m
£1–5m
<£1m
Note: size of marker indicates number of properties of that category in the applicable region

OUR MILESTONES OF THE YEAR

MP Realty acquisition
In June Assura acquired a portfolio of 28 high quality, modern medical centres from MP Realty Holdings Group. The medical centres had an average lot size of £3.9 million and an unexpired lease term of 15 years. The portfolio was purchased for a mixture of cash and shares in Assura and added £6 million to the rent roll.

Read more at www.assuraplc.com

One Life acquisition
In July Assura acquired the entire share capital of Park Medical Services Limited which owned the One Life Building in Middlesbrough. The 3,300 square metre property accommodates a GP practice, a pharmacy, a day case operating theatre, community services, mammography and X-ray along with other outpatient services. The centre was acquired for £12.3 million and has a passing rent of £0.8 million per year.

April May June July August September

Brainwave
In April Assura commenced its support of a Warrington based charity, Brainwave. The charity exists to help children with disabilities and developmental delay to achieve their full potential.

Read more on p47

Jenefer Greenwood OBE
In June the Board and employees of Assura congratulated Jenefer Greenwood, Non-Executive Director, for her OBE, awarded in the Queen's Birthday Honours for services to the UK real estate industry and for voluntary services to young people.

Leylands Medical Centre acquisition
In August Assura acquired the freehold of Leylands Medical Centre, Bradford. The property was acquired for £2.6 million from the GPs who originally developed the 960 square metre medical centre. It has a passing rent of £0.16 million and is let to the GP partners and Lloyds Pharmacy Limited, each on new 25 year lease terms.

£175 million equity raise
In October Assura successfully completed an equity raise of £175 million net of costs. The equity raise was well supported by existing shareholders as well as attracting several new holders to the register.

Crossley Street Surgery acquisition
In January Assura acquired the Crossley Street Surgery in Wetherby. The 540 square metre Surgery was acquired for £2.2 million and has a passing rent of £0.13 million. The lease has 24 years remaining and is let to a single GP practice and a pharmacy.

Completion of Sudbury development
In January Assura reached practical completion of the Sudbury Community Health Centre development. The 3,350 square metre facility was developed at a cost of £8.2 million and has a rent roll of £0.5 million. It is leased to NHS Property Services on a 20 year lease. The property offers a wide range of services which are detailed on pages 16 and 17.

October November December January February March

It's a Knockout
In September the staff from Assura participated in an It's a Knockout tournament with a local charity, St Rocco's Hospice. The event saw teams from businesses all over Warrington take part in several challenges whilst raising money for the charity. The team from Assura was declared the winner!

Metro portfolio acquisition
In November we acquired the Metro portfolio of 11 high quality medical centres for £63.1 million. At the same time we also agreed terms in principle with the vendors for funding four further medical centres to be developed by them on behalf of Assura which are expected to have a value on completion of £21 million.

Acquisition of Trellech Surgery
In January Assura acquired the Trellech Surgery. The 473 square metre surgery was acquired for £1.3 million and has a passing rent of £0.08 million. The lease has 17.5 years remaining and is let to a single GP practice.

Read more at www.assuraplc.com

CHAIRMAN'S STATEMENT

We have a unique proposition in our sector as developer, landlord and asset manager

SIMON LAFFIN
CHAIRMAN

"The results delivered this year have contributed to a Total Shareholder Return of 50%"

DEAR SHAREHOLDER

It has been another busy and successful year for Assura. We have added significantly to our property portfolio through both acquisition and new developments. Thanks to the support of our shareholders, we were able to raise £175 million, net of expenses, in a fund raise during the year. We had a clear plan of how to use these proceeds and are now well advanced in executing that plan. Since the fund raise, we have made property additions of £105 million and we have a pipeline of further property acquisitions and developments of £100 million. Our gearing is now at 48%, well within our target range.

Uniquely in our sector we provide all of the elements of the property service for GPs, which enables us to offer a long-term partner approach throughout the lifecycle of a medical centre. This ability to "develop, invest and manage" gives us a crucial advantage in securing new development opportunities and other asset management initiatives. Our internally managed structure provides a highly scalable model that means as we grow, the benefits of scale accrue to shareholders and drive our progressive dividend policy.

The efficiency of this model has been a key contributor to the results delivered this year. We have increased our rent roll by 33% to £55.6 million while reducing our European Public Real Estate Association ("EPRA") Cost Ratio from 20% to 18%. This has enabled us to deliver a growth in underlying profit of 46% to £15.9 million.

In November 2014 we increased our quarterly dividend by 11% to 0.5 pence per share and we retain our policy to pay fully covered dividends, which will grow broadly in line with the geared underlying rental growth. Since we resumed dividend payments three years ago, we have grown the quarterly dividend per share by 75%.

The results delivered this year have contributed to a Total Shareholder Return of 50%. Over the past three years our strategy of refocusing the business on the primary care sector has delivered a Total Shareholder Return of 118%.

Market developments

We have been engaging widely with the NHS and Government during the year to make the case for further investment in primary care infrastructure, primarily through the British Property Federation's Healthcare Committee. It is very encouraging that recent announcements in the form of the NHS's Five Year Forward View, the creation of the Primary Care Infrastructure Fund and the Better Health for London report all recognise the key role investment in primary care property can play in improving efficiencies and health outcomes for the NHS. The current Government is committed to increased funding for the NHS and an increased role for primary care service provision.

The provision of a broader range of services from a modern facility with a larger number of GPs to facilitate extended hours without the need to refer patients to the more costly secondary care sector is an achievable aim in all of our new premises. We remain ready to provide the expertise and the capital to support this essential investment in our primary care infrastructure and to do so at competitive rental levels. It is a highly efficient and cost effective model for the private sector funding of state infrastructure.

Shareholders

We are committed to the highest standards of financial transparency and believe a significant investment in investor relations activity is a key responsibility for any company. We have held 114 meetings with investors during the year and I am delighted to welcome seven new shareholders into our 20 largest investors. We are very grateful to our shareholders for the level of support demonstrated during the year which enabled us to increase our equity base by 90%. In addition the increasing profile of the business has led to an improved level of liquidity in our shares. We successfully met the criteria for inclusion in the EPRA/NAREIT index in March 2015 and this provides further exposure for the Group to this group of specialist real estate focused investors.

Our people and the Board

We have 30 people in Assura and I would like to thank each and every one for their hard work and contribution to the success of the business. There have been no changes to the Board during the year.

New corporate structure

During the year we undertook a scheme of arrangement to insert a new UK plc as our ultimate holding company. This replaced a Guernsey registered holding company and aligned the Group with its UK tax jurisdiction and should enable it to develop even better commercial relationships with the NHS and GPs, which are the Group's principal customers.

The future

Over the past three years we have made substantial progress in deploying capital in this highly attractive sector. We have strong brand recognition with GPs and proactively engage with the NHS to make the case for further investment in modern primary care facilities, with a unique offering as developer, landlord and asset manager.

The overwhelming need for replacement and upgrade of GP surgeries is rising up the priorities of the NHS. We remain well placed to meet this substantial investment in our nation's primary care infrastructure.

SIMON LAFFIN
CHAIRMAN
20 May 2015

Total Shareholder Return
50%

Dividend per share
1.85p
+36%

Net assets
£451.9m
+99%

CHIEF EXECUTIVE'S STRATEGIC REVIEW

We have delivered growth in our investment portfolio of over 40%

GRAHAM ROBERTS
CHIEF EXECUTIVE

"46% increase in underlying profit, 33% increase in our rent roll"

I am pleased to report a period of significant growth for Assura, where we have delivered on our long-held ambition to increase significantly the scale of the business. In the year we have completed £245 million of property additions, which was the largest contributor to the £269 million increase in investment property in the year. This growth in our portfolio has enabled us to increase our rent roll by 33% to £55.6 million. We have successfully converted this increased investment into growth in underlying profit of 46% to £15.9 million and increased the quarterly dividend by 11% to 0.5 pence per share which remains fully covered.

Included in the property additions during the year were two significant portfolio acquisitions completed through off market transactions for an aggregate consideration of £170 million. The portfolios represented 39 medical centres with a total rent roll of £9.4 million and a weighted average unexpired lease length in excess of 16 years. In addition we were able to secure four future sites with an estimated value of £21 million under a forward funding agreement with the same vendors. The assets have been rapidly integrated and the team has reviewed for asset management opportunities which has already generated a significant letting at one of the sites of more than 2,100 square metres.

The equity fund raise of £175 million, net of expenses, in October 2014 was key to delivering this substantial investment. We are grateful to our shareholders for their support and the level of demand enabled us to secure an increase in our equity base of 90%. Our increased equity base has reduced our loan to value ratio to 48%. We believe a range of 45% to 55% provides us with the financial flexibility to take advantage of future acquisition and development opportunities and we will look to maintain this level over the medium term.

The longevity and security of our cash flows and the inflation-tracking characteristics of our income stream underpins our future dividend growth.

We continue to see excellent risk adjusted returns in primary care real estate and there are positive signs of investment in new developments returning to our sector.

Since the fund raise we have been focused on the twin objectives of making further additions to our property portfolio and reducing our borrowings. Since October we have secured further property additions of £105 million at a yield on cost of 5.2% and a weighted average unexpired lease term of 16.7 years. This represents 25 properties with a wide geographic spread. The attractiveness of our sector is becoming increasingly understood and so this has been achieved against a backdrop of an increasingly competitive market. Our strong brand recognition, long experience in the sector and our reputation amongst the GP community have all been factors in successfully securing this pipeline of opportunities.

In addition to the completed transactions we also have a further pipeline of development opportunities and acquisitions of more than £100 million. We remain focused on further growth through acquisition and our dedicated team of property professionals are active in sourcing new opportunities across the country.

We are also committed to strengthening our balance sheet and have redeemed borrowings of £57 million and restructured facilities of £177 million, reducing our ongoing interest cost. Our current borrowings have a weighted maturity of 11.9 years and a weighted average cost of 5.28%.

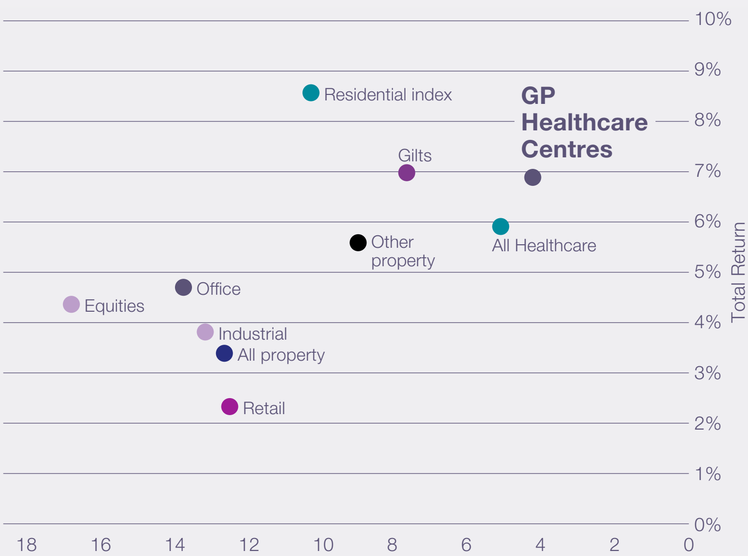
Property returns

The enlarged property portfolio has delivered a Total Property Return of 7.8%. Assura is a constituent of the IPD Healthcare Index and since its inception in 2007 we have delivered a return of 7.6% against the index of 5.9%. This level of consistent outperformance over a long period is a testament to the skills and dedication of our property team and to the specialist knowledge we have in our sector.

The IPD Index also captures the performance of the primary care property sector as a whole and since the launch of the index it has delivered a very consistent level of return. The relatively low volatility results in an excellent risk adjusted return when compared with other sectors as indicated in the chart below:

Risk reward spectrum

Seven-year Total Return vs standard deviation 2007–2014
(since the inception of the IPD Healthcare Index)



SOURCE: IPD

CHIEF EXECUTIVE'S STRATEGIC REVIEW CONTINUED

The key driver of our property return is the income from our long-term leases and in the year we have delivered rental growth of 1.3% from settled rent reviews which is ahead of inflation. The majority of our rent reviews are on an open market basis set by reference to rental awards agreed with the District Valuer on new schemes. The basis of these reviews effectively means that they are influenced by land and construction cost inflation over the medium term. Over the last 12 months this inflation has picked up. This increased cost is not currently reflected in our passing rents as rents are set by reference to new developments and there has been a slowdown in the approval of new schemes.

Our portfolio is well placed to capture this rental growth once new developments recommence and this gives us confidence for the medium term prospects for rental growth in our sector.

The balance of the return is generated from our capital growth, which has seen a like for like valuation growth of 5.2% in the past year. This increase has primarily come from a movement in our yields with our equivalent yield moving by 30 basis points in the past year. This relatively moderate repricing over the past year still leaves our yields maintaining a premium over fixed return gilts in excess of 360 basis points.

We also add value through our development activities. We have completed four developments during the year with a total development cost of £19.6 million. This has added £1.4 million to our annual rent roll and generated a margin over the revaluation yield in excess of 100 basis points. The level of development expenditure in the year is significantly below the levels we would normally expect. This reflects the delays in the approval of new schemes following the introduction in 2013 of the reforms to the NHS in the Health and Social Care Act 2012.

Our in-house development capability gives us the opportunity to source new premises at levels significantly cheaper than we could achieve through purchasing completed properties from developers. On a typical scheme we are able to source a development at a 1% higher yield on cost than for an equivalent property acquired in the investment market by taking on the risk of development. This provides an incremental return to our shareholders. In addition, by being involved as a developer, long-term landlord and asset manager we are able to build effective long-term relationships with our GPs and this provides us with a unique positioning and market insight in our sector.

Operational efficiency

The £245 million of property additions have been integrated seamlessly without any increase in headcount. This was facilitated by the restructuring of our in-house property management team during the year to create a team with the sole focus of client interaction and management. By understanding the evolving needs and demands of our GPs we can position ourselves to be at the forefront of the significant investment required in improving premises in the future.

We have created a separate team of investment managers who have responsibility for identifying value enhancing asset management opportunities such as lease extensions and redevelopments within our existing estate as well as new acquisition opportunities. This revised focus is already starting to result in an increased pipeline of potential acquisitions and a number of asset management opportunities. This highlights the advantages of our scalable internal management model. We can integrate acquisitions without significant additional costs and we have the skills in-house to maximise the value of the portfolio.

4
developments completed

£19.6m
cost

Property additions
£245m

This structure enables us to ensure that we can maximise the efficiency with which we can translate increased rental income into underlying profit and hence dividends. In the year we have delivered 46% growth in underlying profit to £15.9 million. This has been achieved from 41% growth in our investment property value and a reduction in our EPRA Cost Ratio from 20% to 18%.

The overall impact of all of these factors is reflected in a 51% increase in our profit before tax to £36.6 million and our dividends increasing from £7.2 million to £14.4 million.

Market outlook

The primary care sector displays very strong real estate fundamentals: excellent occupier covenants, minimal development risk, restricted supply with no speculative development and long leases without breaks. In addition the underlying open market rent review mechanism most common in the sector has provided inflation tracking returns over the medium term.

A secure and predictable income stream with an underpinning of inflation linkage is a highly attractive proposition to the investor in all economic conditions. In addition the sector is experiencing increasing demand at a time when supply has been heavily restricted by the approval processes of the NHS. There are increasing signs that this situation is improving and the unblocking of the significant investment required in primary care property is becoming more likely.

Increasing demand

Assura as a developer and investor in primary care property provides bespoke, purpose built premises that meet the evolving needs of GPs as they look to meet the increasing health requirements of the UK population.

GPs are the cornerstone of the UK health model and provide consultations with over 1.3 million patients every day[1]. Many of these consultations take place in outdated and unsuitable premises that are not able to provide the broad range of additional services that are available in our modern purpose built premises. In the 2014 BMA Survey of GP practices 40% of GPs stated that their premises were not fit for purpose[2].

The demands on our health service are increasing. An ageing population places greater demands on our GPs. There are 4.2 million people aged over 75 in England and this age group has twice as many GP consultations as the average person. Population forecasts predict a 30% increase in this demographic over the next ten years and this will have a corresponding increase in the demands on GPs.

In addition to an ageing population the number of people with long-term conditions is also increasing and the number of people living with more than one long-term condition is forecast to increase from 1.9 million in 2008 to 2.9 million in 2018.

These increasing demands on primary care will be in the context of wider demands on the NHS in the decades to come. The NHS budget has increased from £80 billion to £120 billion in the last decade. This rate of growth is not sustainable and efficiencies need to be found to support the funding of the NHS.

The migration of services out of the acute, secondary sector and into the community, primary care sector is both a clinical and financial imperative to meet the increasing health needs of the population within reasonable budgetary constraints. A study from management consultants Deloitte LLP, commissioned by the Royal College of GPs, says that increasing the GP budget would save £5 for every £1 put in[3].

Underlying profit grown by

46%

1 RCGP, January 2015
2 BMA, July 2014
3 Deloitte LLP, November 2014

CHIEF EXECUTIVE'S STRATEGIC REVIEW CONTINUED

The increasing role of the primary care sector and the importance of greater service provision in the community is highlighted in the NHS England Five Year Forward View. This document sets out the strategic priorities for the NHS and commits to invest more in primary care in order to generate overall savings in the NHS budget. This commitment has been continued with the announcement in December of the £1 billion Primary Care Infrastructure Fund, which provides capital for GP premises to support the greater provision of services, extended opening hours and new ways of working.

A further development is the increasing coordination of health and social care and the greater involvement of GPs in this service provision, as evidenced by the recent announcement of the devolved healthcare budget for Greater Manchester. This provides a unified funding model for primary care, secondary care and social care and is likely to be a model employed elsewhere in the country. A GP led model of integrated primary and social care in the community would be attractive to the NHS and enable these services to be delivered in an integrated and cost effective manner.

Restricted supply

The reorganisation of the NHS that was implemented in April 2013 led to a reduction in the number of approvals of new developments as the new organisational structures took time to be bedded in. Recent announcements by the NHS point to the approval process being at last resolved and we have recently received our first approval under the new process.

We are hopeful that approvals for new schemes will be forthcoming in the near future and we remain ready to provide the expertise and the capital to support this essential investment in the infrastructure of the NHS.

People

One of our core strategic priorities is Culture and we are committed to the development and training of our people. We have a small head office team of 30 people and crucial to our success is enhancing the skills of our teams. We have six people currently undergoing formal training. As a small team we outsource a number of functions and this is something that we constantly review. We have recently decided to recruit an experienced solicitor to join our senior leadership team as Head of Legal and we continue to monitor our resource requirements to make appropriate investment where necessary.

Outlook

We enter the new financial year with a strengthened financial position that has enhanced our ability to take advantage of a fragmented market place and the significant opportunity to support the NHS in its future plans for the increased provision of care in the primary care setting. Primary care continues to provide strong property fundamentals with good prospects for capital and income growth and the Board believes Assura's brand, expertise and scale position it well to capitalise on this.

GRAHAM ROBERTS
CHIEF EXECUTIVE
20 May 2015

OUR BUSINESS MODEL

Creating long-term shareholder value...

Uniquely in our sector we provide all of the elements of the property service for GPs, which enables us to offer a long-term partner approach throughout their involvement in the lifecycle of their medical centre.

1. Strategic priorities

Focus
Maintaining a strategic focus on a highly attractive market.

Expertise
Responding to the NHS agenda.

Culture
Spearheading investment in social infrastructure.

Effectiveness
Leveraging our team's skills to maximum advantage.

2. How we create long-term sustainable value

Develop
Our team of development managers works with our design and development partners to provide bespoke, community-led property solutions for each of our healthcare partners. We monitor and manage the process from design through to delivery of the completed building.

Invest
As a long-term investor we are committed to any new development being constructed to the highest possible standards and to its ongoing efficient operation and maintenance. We support the evolving requirements of the GPs through lease renewals, property extensions or co-locating appropriate partners such as pharmacies.

Manage
Our team of property surveyors manages the medical centre and its efficient operation through frequent liaison with our tenants. This integrated approach enables us to capture more development and other added value opportunities. Our internally managed structure provides a highly scalable model that means as we grow the benefits of scale accrue to shareholders and help drive our progressive dividend policy.

3. Outputs

Property return
7.8%

% NHS covenant
87%

Average EPC rating
B

Accounting return
7.7%

Our business model is underpinned by robust internal systems and controls

Acting responsibly
As a leading investor in social infrastructure and a member of the Social Stock Exchange we take our corporate and wider social responsibilities very seriously.

Read more on p22-23

Risk management
Risk management is essential to the way we operate and is a key responsibility of the Board. We monitor and manage both external and internal risks and ensure that those risks assumed are regularly assessed by the Board.

Read more on p30-35

Robust governance
The Board is committed to maintaining the highest standards of corporate governance and aligning the long-term interests of shareholders and management through its remuneration policy.

Read more on p60-61

...we develop, invest and manage allowing us to achieve our vision

Performance in 2015

Focus

Assura has a deep understanding of the economic dynamics of healthcare real estate. By building on the knowledge and expertise of our team and engagement with our healthcare partners we believe we can generate superior Total Property Return through a strategic focus on a highly attractive market.

Read more on p18

- Delivered rental growth of 1.3% from settled rent reviews.
- 41% growth in investment property to £925 million.
- Total Property Return of 7.8%.
- Outperformed the IPD Healthcare Index by 1.9%.

Expertise

The Assura brand has a strong reputation for innovation derived from our bespoke designs for our medical centres. Our designs have an emphasis on flexibility and adaptability to ensure that the buildings can adapt to the changing NHS agenda.

Read more on p20

- Engaged with senior NHS leaders and politicians to support transforming primary care property.
- Delivered four bespoke GP led developments.

Culture

We pride ourselves on our commitment to the highest possible standards in everything we do, our commitment to the sustainability agenda, the personal development of our teams and our role in spearheading investment in social infrastructure.

Read more on p22

- Two out of our four completed developments achieved BREEAM Excellent, with the remainder achieving Very Good.
- Continued membership of the Social Stock Exchange.

Effectiveness

We are committed to supporting the NHS in tackling the major underinvestment in UK primary care property and utilising our skills and capital in achieving this. We have the right team to source and manage these opportunities and the right plans to leverage our team's skills to maximum advantage.

Read more on p24

- Acquired MP Realty (£107 million) and Metro (£63 million) portfolios.
- EPRA Cost Ratio reduced from 20% to 18%.

For more details:

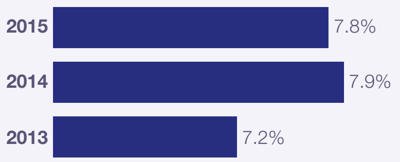
Read more on p26-29

Priorities for 2016 | **Key risks** | **KPIs**

- Drive development opportunities to support rental growth evidence.
- Investment managers to focus on asset enhancement opportunities.
- Continue to seek growth opportunities through acquisitions and purchase and leasebacks.

- The development pipeline remains subdued and continued uncertainty over NHS approval processes for new developments could lead to further delays in re-building this pipeline.
- The market is becoming increasingly competitive though our strong brand and reputation as a long-term investor in the sector means we are well placed to secure further attractive opportunities.

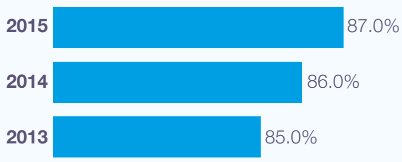
Property return



- Promote benefits of investment in primary care infrastructure for the NHS.
- Build on a strong brand with GPs to be at the forefront of new development planning.

- Further changes to the organisational structures or policies of the NHS could lead to delays to further investment in primary care infrastructure. However, the current Government remains committed to increased funding for the NHS and an increasing role for primary care service provision.

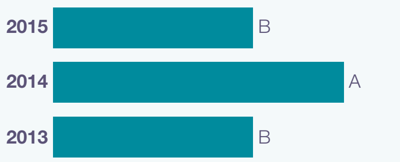
% NHS tenant covenant



- Develop zero carbon medical centre of the future for the NHS.
- Further investment in our team's development.

- Sustainable development and building design is an area of constant change and we are required to ensure we are fully up to date with the latest technologies and innovations.
- Our membership of the Social Stock Exchange requires a rigorous annual review and reporting process that monitors our performance against key criteria and there is a risk that we fail to meet the requirements.

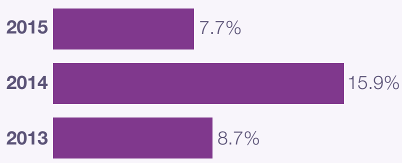
Average EPC rating



- Seek further opportunities to expand the portfolio.
- Promote the Company to a wider shareholder base to continue increase in share trading volumes.

- Maintaining cost discipline as the business expands will be crucial in ensuring that we continue to reduce our overall EPRA Cost Ratio. Included within this metric is the cost of vacant space and so letting this available space will improve this cost metric.
- We have been successful in securing both equity and debt capital for supporting the expansion of the business although there is no certainty that future expansion will be supported in the same way. We believe the fundamentals of the business remain very strong and attractive to both equity and debt funders.

Accounting return



Read more on p30-35

Read more on p26-29

MEETING THE NHS AGENDA

Large co-located GP practices can vastly increase the services offered to patients in their locality

Sudbury Community Health Centre

Diagnostics and scanning
The building accommodates a diagnostic suite including a full diagnostic imaging facility (X-ray) and a docking port for a mobile MRI scanning vehicle. The vehicle can park in a designated area of the car park and simply hook up to the specialist electric port located on the exterior of the building.

Musculoskeletal physiotherapy
A special gym area and consulting rooms host general physiotherapy and musculoskeletal physiotherapy, a specialised area of physiotherapy treating injuries and conditions which affect the muscles, joints and soft tissues.

Phlebotomy
A blood taking clinic runs daily from 8.30am to 4pm.

Pharmacy
Pharmacy offers advice and prescriptions as well as over the counter medicines for a wide range of conditions. A range of other services are also available at pharmacies, such as asthma checks, smoking cessation advice and flu vaccinations.

Community dentistry
This specialist clinic offers community dental services to a variety of patients, including people with learning disabilities or complex medical conditions, people who use mental health services, the homeless or those with physical and sensory impairments.

GP surgery
A full range of GP and nursing consultations and treatments, including vaccinations, immunisations, health checks and a minor injury clinic.

Community midwifery and nursing
The midwifery team provide antenatal and postnatal care and support to women and families. Antenatal clinics are held five days a week and postnatal clinics twice a week.

Audiology
This clinic gives hearing aid wearers the opportunity to have their hearing aid re-tubed and maintained, to get replacement batteries and to discuss hearing aid matters. A specialist sound proof room is provided for hearing tests.

Paediatric physiotherapy
Children aged up to 18 can be referred to this clinic for rehabilitation from a team of specialist paediatric physiotherapists who are experienced in assessing and treating children to help them fulfil their potential.

Environmental services

Air source heat pumps
Heat from outside air is mechanically extracted via roof mounted pumps and filters to help heat the hot water supply to the building.

Solar photovoltaic panels
Roof-mounted solar panels capture the sun's energy using photovoltaic cells. The cells convert the sunlight into electricity, which can be used to top up the energy supply to the building.

Green roof
The roofs of the building are planted with sedum and wild flowers to attract invertebrates and aid biodiversity.

12

Services available in a primary care setting

On-site pharmacy


Green roof and solar photovoltaic panels
Mental health services
GP surgery
Serving 8,600 patients in the local community

FOCUS

Maintaining a strategic focus on a highly attractive market

Portfolio acquisitions

The previous owners of the MP Realty and Metro portfolios placed significant weight on selling to an investor that understood the market place and would maintain the relationships they had carefully built up with their tenants over many years. Assura's track record of developing and investing in primary care property demonstrated the necessary understanding of the sector and requirements of the GP tenants which convinced the sellers that the portfolio would be in safe hands. The transactions were partly settled in equity and the vendors remain substantial shareholders.

Opportunities to improve on-site services

Assura's experience in the sector has meant the portfolios have been integrated quickly into existing processes. The focus for the in-house team is now on identifying opportunities to improve the facilities or letting vacant space through securing tenants that offer complementary services.

Close working relationships

The knowledge and expertise of the investment team is vital in satisfying GPs looking to sell their premises that Assura is the preferred partner as landlord for that practice. By building close working relationships with GPs, Assura is able to secure investment opportunities on competitive terms. This has included purpose built, multi-function premises such as the One Life Building in Middlesbrough and smaller premises in need of upgrade or replacement.

Read more at www.assuraplc.com

West Quay Medical Centre
Acquired as part of the Metro portfolio, this modern, purpose built premises houses 10 GPs with a list size of over 13,000 patients.

Left to right:
Alexander Taylor, Adam Lowe

"WE UNDERSTAND THE INCREASING TIME PRESSURES ON GPs. WE WORK CLOSELY WITH THEM THROUGH A SALE PROCESS TO MAKE SURE THERE IS A SMOOTH TRANSITION"

ALEXANDER TAYLOR, INVESTMENT MANAGER

Responding to the NHS agenda

Partnering

Assura has a close working relationship with the primary care specialist architects West Hart Partnership (WHP) which has been built up over the last 11 years. Their deep understanding of the healthcare market makes them our natural choice and an integral part of the development team on both new build projects and asset enhancement initiatives.

Patient centric

The main purpose of a primary care centre is to deliver improvements to the health outcomes of their communities. WHP keep the patient experience at the forefront of their mind when planning a new centre. Their designs provide ease of way-finding which reduces stress and travel distances for patients from waiting areas to clinical rooms. Natural light and ventilation coupled with a design that has the community space at its heart go a long way to successful primary care design.

Design approach

WHP and Assura's approach to design is to evoke a sense of wellbeing and openness, yet still meet the exacting standards required by the latest legislation, environmental and sustainability regulations. Each building is a bespoke design. As well as meeting the needs of the health professionals and occupiers, the key to successful design is to meet the needs of the patients and clinicians. These two groups often have varying needs yet WHP and Assura will, through their extensive experience, manage to accommodate both groups.

By approaching the design, layout and configuration from the inside to meet the users' and occupiers' needs results in one that every local community can be proud of and WHP have secured many design accolades and awards for their schemes.

Read more at www.assuraplc.com

Architects' impression
Created by specialist architects West Hart Partnership, this digital impression shows some of the key features of modern primary care premises.

"THE KEY TO SUCCESSFUL DESIGN IS TO MEET THE NEEDS OF THE PATIENTS AND COMMUNITY"

STEVE HART AND JIM WEST, WEST HART PARTNERSHIP

After working in the health sector for a number of years we formed West Hart Partnership in 1999. We are passionate about inspirational and innovative design solutions and making them a reality. We have an experienced and capable team specialising in the varied and demanding needs of the health sector.

CULTURE

Spearheading investment in social infrastructure

Social Stock Exchange

The Social Stock Exchange is a foundation of the UK's social investment infrastructure. Launched in 2013, those companies that look to deliver a measurable social or environmental impact, as well as a financial return, can now find aligned shareholders by applying to be members of the Social Stock Exchange. Twelve companies have been granted membership so far and collectively they have a market capitalisation of in excess of £1.2 billion, with many more members set to be added in the coming months.

The application process is rigorous to ensure that only those companies who have that social or environmental impact at the heart of their values proposition can be granted membership. Being a part of the Social Stock Exchange can often see member firms attract more supportive shareholders whose interests are typically aligned with those of the firm.

Investing for impact is now a rapidly growing phenomena. It has been the preserve of high net worth individuals or private equity funds for decades, but innovations such as the Social Stock Exchange help make it accessible to all. The Global Impact Investing Network estimated in a 2013 report that the size of the impact investing market globally will grow to as much as $1 trillion by 2020 and those already investing in this sector should take pride in knowing they are on the cutting edge of a revolution in finance.

social stock exchange

Read more at www.assuraplc.com

Clockwise from left:
Kirsty Brady, Anna McMullan,
Guy Redman, Jacqui Fishwick,
Zoe Bradbury, Francesca Harris.

INVESTMENT IN PROFESSIONAL DEVELOPMENT

“ASSURA HAS ALWAYS SUPPORTED MY PROFESSIONAL DEVELOPMENT”

ZOE BRADBURY
MANAGEMENT ACCOUNTANT

Assura is keen to invest in and develop its staff. We currently have six members of staff training for qualifications including the Assessment of Professional Competence with the Royal Institution of Chartered Surveyors, the Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants and Chartered Institute of Marketing. Our staff are supported by the Company with time off for courses and also guidance from colleagues who have completed similar qualifications.

Living wall
The Vines Medical Centre in Maidstone has a ‘living wall’ which provides an evergreen wall of planting on the exterior of the building which helps the building blend in with its surroundings.

EFFECTIVENESS

Leveraging our team's skills to maximum advantage

Internal management structure

Assura's in-house team of property professionals has the skills to identify and maximise the opportunities in our sector. A specialist dedicated team is on hand to deal efficiently and effectively with all matters, whether it be a day to day matter, a new acquisition as a result of purchase and leaseback or a development.

Our service

Our culture of providing first class service to GPs and health professionals is at the forefront of our business and we constantly review and tailor the property team to deliver a service worthy of recommendation.

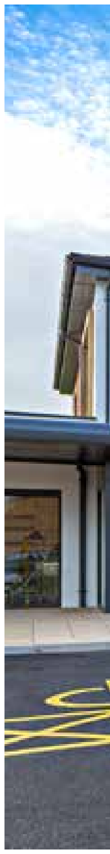
Improving team structure

We have this year continued to invest in the professional development of the property team. In addition they are now structured into North and South with each team having all three disciplines of portfolio/property manager, investment and development surveyors.

Having a regional focus will provide greater continuity of care to our tenants in all aspects of their premises needs.

The improved structure will promote more efficient team working whilst ensuring our occupiers, patients and local communities reap the benefits.

Read more at www.assuraplc.com



"THE DELIVERY OF EXCELLENT SERVICE IS AN IMPERATIVE PART OF THE ROLE"

ADAM WAHEED,
PORTFOLIO MANAGER

As a portfolio manager I am responsible for the strategic asset management of my portfolio, from the enhancement of asset value, identifying additional income streams through to the actual property and facilities management of a property. The delivery of excellent service is an imperative part of the role as it attracts attention from other potential occupiers, including GPs. As a specialist manager in the healthcare industry we understand the needs and requirements of our occupiers and are there to meet those needs.

Willington Surgery, Derbyshire
This state of the art surgery provides the local village with an integrated pharmacy along with additional health and community services. The building houses 5 GPs and has a list size of over 8,000 patients.

KEY PERFORMANCE INDICATORS

Our vision is to be the UK's best developer and owner-manager of primary care property

Strategic priority	KPI and benchmark

Focus

Maintaining a strategic focus on a highly attractive market

Assura has a deep understanding of the economic dynamics of healthcare real estate.

By building on the knowledge and expertise of our team and engagement with our healthcare partners we believe we can generate superior Total Property Return through a strategic focus on a highly attractive market.

Rental growth from rent reviews

2015	2014	2013
1.3%	1.9%	2.4%

Total Property Return

2015	2014	2013
7.8%	7.9%	7.2%

IPD five-year Total Return

ASSURA	IPD
9.1%	7.2%

Expertise

Responding to the NHS agenda

The Assura brand has a strong reputation for innovation derived from our bespoke designs for our medical centres. Our designs have an emphasis on flexibility and adaptability to ensure that the buildings can adapt to the changing NHS agenda.

Lease length

2015	2014	2013
14.4 years	14.4 years	14.8 years

% of tenant covenant NHS/GP

2015	2014	2013
87%	86%	85%

Completed developments

2015 – 4 SITES	2014 – 8 SITES	2013 – 5 SITES
£22.8m	£24.5m	£14.4m

Developments on site

2015 – 5 SITES	2014 – 5 SITES	2014 – 9 SITES
£22.2m	£23.2m	£34.9m

In order to be the best we need to demonstrate that we can consistently outperform over time. In order to measure ourselves against this objective we have a wide range of key performance indicators, these can be distilled into three key areas. Firstly, Total Property Return, which measures our success in choosing the right investments and managing these over time. Secondly, Total Accounting Return, which measures the returns we have delivered to our shareholders in the form of dividends paid and our growth in net asset value ("NAV"). Lastly, we consider Total Shareholder Return as measured by the stock market, which reflects the value of dividends paid and the relative movement in our share price over the period.

These measures are complementary and should build on each other although the share price movement is also affected by other external factors outside of our control. By managing the Property Return and Accounting Return over the medium term we should be able to deliver a superior Total Shareholder Return to our investors. This overriding objective is reflected in the long-term management incentive scheme, the Value Creation Plan ("VCP"), which provides incentives to management based on the Total Shareholder Return delivered to investors over a five-year time horizon. This is explained in more detail in the Remuneration Committee report on pages 57 to 72.

In order to achieve these objectives we have four strategic priorities and how we monitor ourselves against them is outlined below:

Explanation	Performance
Rental growth is the weighted average annualised uplift in rent reviews settled in the year.	We have delivered rental growth of 1.3% which is ahead of inflation over the period. The rate of growth has been slowing, though with construction cost inflation returning we believe medium-term prospects will recover.
Total Property Return measures the overall return generated by our properties on a debt free basis. It is calculated as the net rental income generated by the portfolio plus the change in our market values, divided by opening property assets plus additions.	We have continued to deliver a Total Property Return in excess of our net initial yield from delivering capital growth from our investment portfolio.
We measure our performance against the All Healthcare Benchmark as calculated by IPD.	Over the last five years, our Total Return of 9.1% per annum has outperformed the All Healthcare Benchmark of 7.2%. This has been achieved with low volatility of returns and is ahead of our estimated cost of equity.
The weighted average unexpired lease term ("WAULT") provides the average period until the first available break in our underlying property leases calculated on the basis of the weighted average of the underlying rent.	Our lease length of 14.4 years provides a high level of income certainty to underpin investor returns.
The proportion of our rent roll that is paid directly by GPs or NHS PropCo.	An effective government backing for 87% of our income provides low default risk for our income at a premium to the equivalent gilt rates.
The number and valuation on completion of completed developments during the year.	The value of completed schemes has decreased slightly during the year to £22.8 million. This reflects the reduced number of developments being undertaken across the sector.
The number and estimated valuation on completion of developments currently commenced at the year end.	The NHS reorganisation has inevitably led to a slowdown in development activity and so the number of schemes we have on site has reduced. Despite this we have continued to work with the NHS on future developments and we currently have an indicative pipeline in excess of 22 schemes and £60 million, although the timing of final contracts and therefore construction remains subject to NHS approval procedures.

KEY PERFORMANCE INDICATORS CONTINUED

Strategic priority	KPI and benchmark

Culture

Spearheading investment in social infrastructure

We pride ourselves on our commitment to the highest possible standards in everything we do, our commitment to the sustainability agenda, the personal development of our teams and our role in spearheading investment in social infrastructure.

BREEAM Rating achieved on developments 'Very Good' or better

2015	2014	2013
100%	100%	100%

Average EPC rating

2015	2014	2013
B	A	B

Effectiveness

Leveraging our team's skills to maximum advantage

We are committed to supporting the NHS in tackling the major underinvestment in UK primary care property and utilising our skills and capital in achieving this. We have the right team to source and manage these opportunities and the right plans to leverage our team's skills to maximum advantage.

Total Accounting Return

2015	2014	2013
7.7%	15.9%	9.7%

EPRA Cost Ratio

2015	2014	2013
18%	20%	23%

Total Shareholder Return

2015	2014	2013
49.9%	24.2%	18.6%

Underlying profit per share

2015	2014	2013
2.1p	2.1p	1.7p

Explanation	Performance
BREEAM is the world's foremost environmental assessment method and ratings for buildings. BREEAM sets the standard for best practice in sustainable building design, construction and operation, and has become one of the most comprehensive and widely recognised measures of a building's environmental performance.	Two of our developments achieved a rating of Excellent in the current year with the remaining two achieving a Very Good rating.
An Energy Performance Certificate ("EPC") is an assessment based on the construction and type of property and relevant fittings such as heating systems, insulation or double glazing.	The average rating has declined in the year which reflects the fact that our data for the prior year included our most sustainable medical centre ever built, in Harlech. This centre achieved an exceptional level of sustainability and was our first "zero carbon" building. If we exclude this medical centre our performance for the prior year would have been for an average "B" rating, which is our target level for new developments.
Total Accounting Return is the overall return generated by the Group including the impact of debt. It is calculated as the movement on EPRA NAV for the year plus the dividends paid, divided by the opening EPRA NAV for the year and is expressed as a percentage. Over time we would expect our Total Accounting Return to be a good proxy for our Total Shareholder Return.	Our Total Accounting Return is in-line with our Total Property Return of 7.8%, reflecting the one-off costs of equity issuance, debt restructuring and acquisitions incurred in the year offset by property revaluation surpluses. This is ahead of our estimated cost of equity. The prior year included a one-off gain from the sale of our LIFT investments, which added 5.1% to the prior year return.
This is measured as the total administrative costs for the year including the direct costs of vacancy divided by gross rental income. It is expressed as a percentage.	The integration of the 57 property additions has been achieved with no increase to headcount, which has contributed to a reduction in the ratio to 18%.
Total Shareholder Return is calculated as the movement in the share price for the period plus the dividends paid, divided by the opening share price for the year expressed as a percentage.	Total Shareholder Return will differ from Total Accounting Return to the extent that there has also been a movement during the period of the ratio of the share price to the EPRA NAV. During the year we rejoined the FTSE All Share Index at the end of June 2014 and entered the EPRA/NAREIT index in March 2015.
The underlying profit per share is calculated as the underlying profit (see income statement definitions on page 87 for more detail on this definition) divided by the average number of shares in issue during the year.	The premium to EPRA NAV at 31 March 2015 was 38.5% (31 March 2014: discount of 1.4%).

RISK MANAGEMENT

Risk management is essential to the way we operate and is a key responsibility of the Board

The level and type of risk assumed is regularly monitored by the Board and key to this is having an appropriate internal controls and risk management process, which is subject to regular review by the Board.

With a small head office team with a flat structure and detailed day to day engagement of Executive Directors, emerging risks are identified and existing risks monitored constantly.

It is inherent in the nature of risk that it is not possible to eliminate all risk. In fact it is not desirable as assuming manageable risk is key to enhancing profits and returns to investors.

The most significant judgements affecting our risk exposure include our property sector selection, our level of development risk and our gearing.

Our focus on the primary care property sector provides us with very predictable and long-term cash flow and thus reduces the overall level of risk.

Our developments are managed by our specialist teams and only undertaken when a committed long-term tenant is in place and a fixed price contract has been agreed with the main contractor. This reduces the risk to a level we are happy to accept for the available returns.

A key risk factor for any potential investor on real estate is the level of gearing they wish to take on. The security and longevity of our cash flows support a relatively high level of gearing. We believe a loan to value ratio of 45% to 55% is the right range over the medium term.

Many of the key external risks are areas where we have limited control, such as government policy towards the NHS and the strength of the economy. Although these cannot be controlled we regularly review their potential impact on our business and consider how our strategy and its implementation can be adjusted to mitigate any potential impact.

Our flat management structure and relatively small team enables a regular two-way information flow. This enables a complementary top-down and bottom-up approach to risk management.

Top-down enables the Board to review strategic risks and for these to be communicated down. Bottom-up enables the head office team to apply operational risk management and for the issues to be communicated up to the Audit Committee and the Board.

A summary of the more critical risks identified through that review and identified by the Board as having potential to affect the Group's operating results, financial control and reputation are summarised on pages 32 to 35.

TOP-DOWN Strategic risk management		BOTTOM-UP Operational risk management
Review external environment Set risk appetite and parameters Determine strategic action points	**BOARD AND AUDIT COMMITTEE**	Assess effectiveness of risk management systems Report principal risks
Direct delivery of strategic actions Monitor key risk indicators	**SENIOR LEADERSHIP TEAM**	Consider completeness of identified risks and adequacy of mitigating actions Consider aggregation of risk exposures across the business
Execute strategic actions Report on key risk indicators	**HEAD OFFICE TEAM**	Report priority and emerging risks Identify, evaluate, prioritise, mitigate and monitor operational risks recorded in risk register

EXTERNAL RISKS

	Risks and impacts	Key mitigation factors	Change from last year
Government policy	Changes in NHS procurement and funding could adversely affect the Group. Reduced funding for premises expenditure in the primary care sector of the NHS could lead to a reduction in our development pipeline and growth prospects. A change to the reimbursement mechanism for GPs could lead to a change in the risk profile of our underlying tenants.	The increased provision of healthcare services in the community and a closer coordination of primary and elderly care provision is a stated policy objective of the current government and so a reduction in funding to this sector is considered unlikely. The organisational changes in the NHS have led to a reduction in the number of new developments being approved. A new procedure for approval by the NHS is now in place and we are confident the increasing demands on GPs and their premises will lead to an increase in the funding for new developments. The Group actively engages with the Government over policy that could impact the business, both directly and through the Healthcare Committee of the British Property Federation. The reimbursement mechanism is not currently under review. Any change would probably result in an increased cost to the NHS in the future supply of primary care properties, which could reduce the opportunities to increase healthcare provision in the community.	During the year there have been very few new developments approved as the NHS has not had clear approval processes in place following the structural reorganisation undertaken since the Health and Social Care Act 2012. The recent announcement by NHS England of the £1 billion Primary Care Infrastructure Fund highlighted the importance of investment in primary care premises. £190 million of investment has now been approved, which has predominantly been allocated to smaller scale improvement and extension projects. There is an expectation that larger scale capital projects will be approved in the current financial year and this points to this risk reducing over the coming year, though it remains unchanged at the current time.
Availability and cost of finance	Reduced availability of real estate financing could adversely affect the Group's ability to source new funding and refinance existing facilities. Reduced availability of new financing could delay or prevent the development of new premises. Increasing financing costs could increase the overall cost of debt to the Group and so reduce underlying profits.	The Group predominantly has long-term facilities, which reduce the refinancing risk both in terms of availability of finance and potential rate increases. The Group has a policy of active engagement in capital and banking markets and engages with a range of funders to ensure a breadth of financing options. The current appetite for lending into the sector is very strong. The Group regularly monitors and manages its refinancing profile. 100% of drawn debt is fixed for the duration of the loans.	The primary care sector remains a very attractive sector for lenders given the quality of the underlying cash flows. We have continued to see strong interest from a broad range of lenders that we regularly interact with. We expect to broaden the range of lenders to the Company in the year ahead at competitive rates and see no immediate catalyst to reverse this positive trend.

EXTERNAL RISKS

	Risks and impacts	Key mitigation factors	Change from last year
Investor demand	Reduction in investor demand for UK primary care property may result in falls in asset valuations, which could reduce the Group's future profits and net asset values and could arise from: ▪ Changes in NHS policy ▪ Health of the UK economy ▪ Availability of finance ▪ Relative attractiveness of other asset classes.	The overall economic position and its impact on the Group's operations are regularly assessed and considered in reviewing the Group's strategy. The Group's focus on the primary care sector provides a strong covenant and long-term income, which reduces the impact of the wider economy. The relative attractiveness of the sector has increased during the year as other prime markets have seen significant price increases, which are yet to feed into our sector.	The fundamentals for our sector remain very strong and the longevity and security of our cash flows has continued to generate strong investor demand for our shares in the past year. The dividend yield and the underlying strength of the cash flows supporting it remain attractive relative to other asset classes and this has contributed to the significant share price appreciation in the year.
Threat of new entrants	Increased competition from new purchasers could lead to a reduction in our ability to acquire new properties.	We have seen evidence of new entrants into the sector during the year. Increased competition could lead to a general increase in prices across the sector. Our specialist knowledge and strong brand recognition with GPs reduces this overall risk.	The market for primary care medical centres has become more competitive in the last year. The relative attractiveness of our asset class has led to a number of new entrants acquiring assets during the year. Despite this we have made substantial additions to our portfolio during the year and we remain confident in our ability to continue to do so.

RISK MANAGEMENT CONTINUED

INTERNAL RISKS

	Risks and impacts	Key mitigation factors	Change from last year
Development Strategic focus Expertise	Development risk could adversely impact the performance of the Group including: ■ Cost overruns and delays on new projects ■ Delays in letting parts of premises.	The Group has a dedicated and experienced development management team to manage this exposure. The Group's policy is to engage in developments that are substantially pre-let with fixed price or capped price build contracts. The Group has substantial experience of developments in the sector and has strong relationships with suppliers.	The potential impact of this has reduced in the year as the number of developments has declined. We remain confident of our ability to manage this risk through our experienced team of development surveyors when the number of developments increases.
Capital structure, gearing Strategic focus Effectiveness	Property valuations are inherently uncertain and subject to significant judgement. A fall in property values or income could adversely affect the covenants on facilities with lenders. If covenants were breached this could lead to forced asset disposals which could reduce the Group's net assets and profitability.	The Group engages two external valuers to review property valuations on a regular basis and these are formally reviewed by the Board twice a year. All financial forecasting, including scenario analysis of prospective transactions, incorporates consideration of the impact on gearing and covenant headroom. Covenant headroom and gearing are monitored with reference to possible valuation movements and future expenditure. The Board regularly reviews the capital structure of the Group.	Following the successful equity fund raising last year the level of gearing has reduced significantly. The Board considers a net loan to value ratio in the range of 45% to 55% to be optimal over the medium term. The current position of 48% is in line with that policy.

CORPORATE AND COMPLIANCE RISKS

	Risks and impacts	Key mitigation factors	Change from last year
Communication Strategic focus Focus	Failure to adequately communicate the Company's strategy and explain performance in respect of this may result in an increased disconnect between the investor perceptions of value and actual performance.	Strategic priorities in corporate communications, including the Annual Report, are clearly articulated and reiterated. We have held a significant number of investor meetings in the year. The Group reports performance transparently and communicates regularly with investors and analysts.	Investor communication remains a key priority and during the year we held a significant number of meetings, especially in relation to the equity fund raise. Some 114 meetings have been held during the year, including 49 meetings with new potential investors.
People Strategic focus Culture	Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in underperformance.	Succession planning is regularly evaluated. Director and employee remuneration and incentives are aligned with appropriate peer groups and periodically benchmarked. The Group has a regular performance appraisal process with a focus on continuous personal development and an employee engagement programme, which promotes its corporate values and culture.	Professional development and training are a priority for the business and six members of staff are currently working towards a professional qualification. An enhanced performance appraisal process is currently being rolled out and succession planning is reviewed on a regular basis.

Proceeds from equity raise substantially invested and we are well positioned for further growth

At 31 March 2015 our portfolio of completed investment properties was valued at a total of £908.3 million (2014: £631.6 million), which produced a net initial yield ("NIY") of 5.56% (2014: 5.98%). Taking account of potential lettings of unoccupied space and any uplift to current market rents on review, our valuers assess the net equivalent yield to be 5.77% (2014: 6.07%). Adjusting this Royal Institute of Chartered Surveyors standard measure to reflect the advanced payment of rents, the true equivalent yield is 5.98% (2014: 6.31%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 5.43% (2014: 5.85%).

	2015 £m	2014 £m
Net rental income	**48.2**	37.8
Valuation movement	**21.4**	12.4
Total Property Return	**69.6**	50.2

Expressed as a percentage of opening investment property plus additions, Total Property Return was 7.8% compared with 7.9% in 2014.

Our annualised Total Return over the last five years as calculated by IPD was 9.1% compared with the IPD All Healthcare Benchmark of 7.2% over the same period.

The valuation gain in the year of £21.4 million represents a 5.2% uplift on a like-for-like basis, as well as movements relating to properties acquired in the year, and has arisen as a result of the downward pressure on yields with increased competition for acquiring assets in the sector. Despite the downward pressure, the NIY on our assets continues to represent a substantial premium over the 15 year gilt which traded at 1.96% at 31 March 2015.

Investment and development activity

Despite the recent hiatus in NHS development approvals, we have invested substantially during the year.

Although this growth has primarily been through numerous acquisitions of completed investment properties, we have still completed four developments during the year with a total development cost of £19.4 million. This has added £1.4 million to our annual rent roll and generated a 7.2% yield on cost.

We recorded an unrealised revaluation deficit of £0.9 million during the year in respect of investment property under construction (2014: surplus of £1.3 million). Excluding the £3.3 million revaluation deficit in respect of the land at Scarborough, we recorded a gain of £2.4 million.

Portfolio as at 31 March 2015 £908.3 million (2014: £631.6 million)

Our business is based on our investment portfolio of 265 properties. This has a passing rent roll of £55.6 million (2014: £41.8 million), 87% of which is underpinned by the NHS. The WAULT is 14.4 years and 93% of the rent roll will still be contracted in 2025.

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
<£1m	37	25.2	3
£1–5m	180	451.6	50
£5–10m	36	253.3	27
>£10m	12	178.2	20
	265	**908.3**	**100**

Despite the reduction in developments being approved we were able to source a number of properties through forward funding agreements. As at 31 March 2015, we had five developments on site under such agreements, with a total committed investment value of £22.2 million, and a further two which we would hope to be on site shortly (estimated cost of £9.5 million).

The bulk of the growth in our investment portfolio has come from the acquisition of two portfolios and a number of standing investments. The table below highlights the main transactions:

Date	Portfolio/property	Property cost £m
Jun-14	MP Realty (28 properties)	107.0
Nov-14	Metro (11 properties)	63.1
Jul-14	One Life Building, Middlesbrough	12.3
Dec-14	South Kirkby	10.1
	Other (16 properties)	37.8
	Total	230.3

Portfolio management

We have continued to deliver rental growth and have successfully concluded on 137 rent reviews during the year to generate a weighted average annual rent increase of 1.27% (2014: 1.89%) on those properties. Our portfolio benefits from a 21% weighting in fixed and Retail Price Index ("RPI") uplifts which generated an average uplift of 3.06% during the year. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 0.38% during the year.

We work very hard at developing and maintaining customer relationships. This approach is carried across the range of services we provide both during development and after completion, as a portfolio manager. We have a dedicated team of asset managers who are in regular communication with our customers and we monitor progress through regular customer satisfaction surveys. All asset managers are appraised on their success in a continuous improvement on tenant interaction.

During the year we have successfully secured six new tenancies with an annual rent roll of £0.1 million covering 550 square metres. In addition we have significantly extended the lease on four properties.

£276.7m

growth in completed investment property portfolio

3.4%

growth in EPRA NAV per share

£37.2m

net profit for the year

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
North	109	411.2	45
South	74	221.4	24
Midlands	55	201.2	22
Scotland	9	23.9	3
Wales	18	50.6	6
	265	**908.3**	**100**

Portfolio analysis by tenant covenant

	Total rent roll £m	Total rent roll %
GPs	38.1	69
NHS body	10.2	18
Pharmacy	4.3	8
Other	3.0	5
	55.6	**100**

Our EPRA Vacancy Rate was 3.2% (2014: 1.8%) which has increased during the year due to the level of expansion space included in portfolios acquired during the year. One of our focuses for the coming year is to reduce the vacancy rate.

Administrative expenses

The Group measures its operating efficiency as the proportion of administrative costs to the average gross investment property value. This ratio during the year was 0.72% (2014: 0.82%) and administrative costs stood at £5.7 million (2014: £5.0 million).

We also analyse cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 17.7% and 16.3% respectively (2014: 20.2% and 18.4%). This is now our key KPI as reported on page 28.

Financing

From a financing perspective, the highlight of the year was the successful equity issuance in October 2014, which raised proceeds of £175 million, net of costs.

Our focus since then has been on investing the proceeds in primary care property but we have also made some adjustments to our lending arrangements to increase flexibility and take advantage of long-term interest rates which remain at historically low levels.

We have repaid our debt with Santander along with the associated interest rate swap, which was due for refinancing in November 2016, creating a large pool of unsecured assets. When debt has been assumed alongside acquired properties we have negotiated an allowance from the vendor to reflect the cost of assumed debt. These allowances have been utilised in full during the year to secure reduced interest rates on these facilities.

Further to this, we announce today that we have secured an increase in our available revolving credit facility from £30 million to £60 million for an initial five year term, with interest variable at 170 basis points above LIBOR further diversifying our available funding sources.

We continue to hold discussions with lenders to broaden our base of lenders, who have maintained their appetite to lend into our sector, and to ensure facilities are in place to support future acquisitions. At 31 March 2015, we had undrawn facilities and cash of £96.5 million.

Financing statistics	**2015**	2014
Net debt	**£450.0m**	£414.8m
Weighted average debt maturity	**11.9 years**	10.9 years
Weighted average interest rate	**5.28%**	5.28%
% of debt at fixed/ capped rates	**100%**	98%
Interest cover[1]	**160%**	150%
Loan to value	**48%**	62%

[1] Interest cover is the number of times net interest payable is covered by underlying profit before net interest.

Our loan to value ratio currently stands at 48%, which is a level that the quality of our cash flows can comfortably support. 100% of the debt facilities are fixed with a weighted average debt maturity of 11.9 years compared with a WAULT of 14.4 years, which highlights the security of the cash flows of the business however, our new RCF give us access to variable rate funding.

Details of the facilities and their covenants are set out in Note 19 to the accounts.

Net finance costs in the year amounted to £26.6 million (2014: £21.9 million).

Underlying profit

	2015 £m	2014 £m
Net rental income	**48.2**	37.8
Administrative expenses	**(5.7)**	(5.0)
Net finance costs	**(26.6)**	(21.9)
Underlying profit	**15.9**	10.9

The movement in underlying profit can be summarised as follows:

	£m
Year ended 31 March 2014	10.9
Net rental income	10.4
Administrative expenses	(0.7)
Net finance costs	(4.7)
Year ended 31 March 2015	15.9

Underlying profit has grown 45.9% to £15.9 million in the year to 31 March 2015 following the property acquisitions completed during the year.

Underlying profit differs from EPRA earnings as it excludes accounting adjustments such as IFRS 2 charges for share-based payments and one-off expenses that we consider to be exceptional and not reflective of continuing underlying performance.

Earnings per share

The basic earnings per share ("EPS") from continuing operations for the year was 4.9 pence (2014: 4.5 pence) and on profit for the year was 4.9 pence (2014: 6.6 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 2.1 pence (2014: 1.7 pence).

Underlying profit per share omits accounting adjustments and certain exceptional items and has remained at 2.1 pence (2014: 2.1 pence) as the investment proceeds are still in the process of being deployed.

Based on calculations completed in accordance with IAS 34, share-based payment schemes are currently expected to be dilutive to EPS, with 20.7 million new shares expected to be issued based on the average share price for the three months to 31 March 2015. The following illustration is an extraction. Further details are provided in Note 9 on page 91.

EPS measure	Basic	Diluted
Continuing operations	4.9p	4.7p
Profit for year	4.9p	4.7p
EPRA	2.1p	2.0p
Underlying	2.1p	2.0p

Dividends

Total dividends paid in the year to 31 March 2015 were £14.4 million or 1.85 pence per share (2014: 1.36 pence per share).

As a result of brought forward tax losses all dividends paid during the year were normal dividends (non-PID) with an associated tax credit.

We remain committed to maintaining a covered dividend that is progressive broadly in line with underlying rental growth.

The table below illustrates how our cash flows support the dividend we pay:

	2015 £m	2014 £m
Opening cash	**38.6**	35.7
Net cash flow from operations	**16.9**	7.9
Dividends paid	**(14.4)**	(7.2)
Investment:		
Property and business acquisitions	**(64.3)**	(9.1)
Development expenditure	**(14.0)**	(23.5)
Sale of properties	**4.2**	3.3
Sale of discontinued operations	–	27.4
Other	**0.1**	–
Financing:		
Proceeds from equity issuance	**173.5**	–
Net borrowings movement	**(74.1)**	4.1
Closing cash	**66.5**	38.6

Property additions during the year were £230.3 million, although the cash outflow was only £64.3 million after taking into account shares issued as consideration (£28.3 million), associated debt (£135.3 million) and net working capital assumed (£2.4 million).

Net assets

EPRA NAV movement

	£m	Pence per share
EPRA NAV at 31 March 2014	229.6	43.4
Underlying profit	15.9	2.1
Capital (revaluations and capital gains)	21.3	2.8
Dividends	(14.4)	(1.9)
Equity issuance	201.8	(1.4)
Other	(1.8)	(0.1)
EPRA NAV at 31 March 2015	452.4	44.9

Our Total Accounting Return per share for the year ended 31 March 2015 is 7.7% of which 1.85 pence per share (4.3%) has been distributed to shareholders and 1.5 pence per share (3.4%) is the movement on EPRA NAV including an element of dilution associated with the equity issuance in October 2014.

The equity issuance saw the Company raise proceeds of £175 million net of issuance costs. In addition, the Company issued 44,264,196 shares to the vendors of the MP Realty portfolio in June 2014 and a further 18,834,148 shares to the vendors of the Metro portfolio in November 2014. These shares issued as part consideration were priced based on the market value of the Company shares at the time of completion.

In January 2015, Assura plc replaced Assura Group Limited as the top company in the Group. This was completed through a scheme of arrangement, sanctioned by the Royal Court of Guernsey, which saw shares exchanged on a one-for-one basis. There was no change in the number of issued shares. The change was completed to align the Group's corporate structure with its tax jurisdiction and should enable it to develop even better commercial relationships with GPs and the NHS, which are the Group's principal customers.

EPRA performance measures

The European Public Real Estate Association ("EPRA") has published Best Practice Recommendations with the aim of improving the transparency, comparability and relevance of financial reporting with the real estate sector across Europe.

This section details the rationale for each performance measure as well as our performance against each measure.

Summary table

	2015	2014
EPRA EPS (p)	**2.1p**	1.7p
EPRA NAV (p)	**44.9p**	43.4p
EPRA NNNAV (p)	**35.9p**	42.0p
EPRA NIY (%)	**5.43%**	5.85%
EPRA "topped-up" NIY (%)	**5.43%**	5.85%
EPRA Vacancy Rate	**3.2%**	1.8%
EPRA Cost Ratio (including direct vacancy costs) (%)	**17.7%**	20.2%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	**16.3%**	18.4%

EPRA EPS

	2015	2014
EPRA EPS (p)	**2.1**	1.7
Diluted EPRA EPS (p)	**2.0**	1.7

Definition	Earnings from operational activities.
Purpose	A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

The calculation of EPRA EPS and diluted EPRA EPS are shown in Note 9 to the accounts.

EPRA NAV

	2015	2014
EPRA NAV (p)	**44.9**	43.4

Definition	NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.
Purpose	Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities with a true real estate investment company with a long-term investment strategy.

The calculation of EPRA NAV is shown in Note 10 to the accounts.

EPRA NNNAV

	2015	2014
EPRA NNNAV (p)	**35.9p**	42.0p

Definition	EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.
Purpose	Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.

The calculation of EPRA NNNAV is shown in Note 10 to the accounts.

EPRA NIY and EPRA "topped-up" NIY

	2015	2014
EPRA NIY (%)	**5.43**	5.85
EPRA "topped-up" NIY (%)	**5.43**	5.85

Definition – EPRA 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, increased with (estimated) purchasers' costs.
Definition – 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 step rents).
Purpose	A comparable measure for portfolio valuations, this measure should make it easier for investors to judge for themselves how the valuation compares with that of portfolios in other listed companies.

	2015 £m	2014 £m
Investment property	**925.3**	656.7
Less developments	**(6.7)**	(14.8)
Completed investment property portfolio	**918.6**	641.9
Allowance for estimated purchasers' costs	**52.7**	36.7
Gross up completed investment property – B	**971.3**	678.6
Annualised cash passing rental income	**55.6**	41.8
Property outgoings	**(2.9)**	(2.1)
Annualised net rents – A	**52.7**	39.7
Notional rent expiration of rent free periods or other incentives	**–**	–
Topped up annualised rent – C	**52.7**	39.7
EPRA NIY – A/B (%)	**5.43**	5.85
EPRA "topped up" NIY – C/B (%)	**5.43**	5.85

EPRA Vacancy Rate

	2015	2014
EPRA Vacancy Rate (%)	**3.2**	1.8

Definition	Estimated rental value ("ERV") of vacant space divided by ERV of the whole portfolio.
Purpose	A "pure" (%) measure of investment property space that is vacant, based on ERV.

	2015	2014
ERV of vacant space (£m)	**1.9**	0.8
ERV of completed property portfolio (£m)	**57.9**	42.8
EPRA Vacancy Rate (%)	**3.2**	1.8

EPRA Cost Ratios

	2015	2014
EPRA Costs (including direct vacancy costs) (%)	**17.7**	20.2
EPRA Costs (excluding direct vacancy costs) (%)	**16.3**	18.4

Definition	Administrative and operating costs (including and excluding direct vacancy costs) divided by gross rental income.
Purpose	A key measure to enable meaningful measurement of the changes in a company's operating costs.

	2015 £m	2014 £m
Direct property costs	**2.9**	2.1
Administrative expenses	**5.7**	5.0
Share-based payment costs	**0.7**	0.7
Property provision	**–**	(0.5)
Corporate finance fees	**–**	1.1
Net service charge costs/fees	**(0.2)**	(0.2)
Exclude:		
Ground rent costs	**(0.3)**	(0.4)
EPRA costs (inc direct vacancy costs) – A	**8.8**	7.8
Direct vacancy costs	**(0.7)**	(0.7)
EPRA costs (exc direct vacancy costs) – B	**8.1**	7.1
Gross rental income less ground rent costs (per IFRS)	**49.8**	38.6
Gross rental income – C	**49.8**	38.6
EPRA Cost Ratio (inc direct vacancy costs) – A/C	**17.7%**	20.2%
EPRA Cost Ratio (exc direct vacancy costs) – B/C	**16.3%**	18.4%

SUSTAINABILITY

As part of our strategic priority of culture we pride ourselves on our commitment to the sustainability agenda, the personal development of our teams and our role in spearheading investment in social infrastructure.

100%

of developments in the year achieved a BREEAM rating of Very Good or Excellent

6

members of staff training to gain professional qualifications

Founding member

of the Social Stock Exchange

Environmental policy

The Group is committed to minimising the environmental impact of its activities and achieving continual improvement in its environmental performance by:

- Openly addressing the environmental risks of the work carried out, and identifying and managing the environmental risks associated with the business on an ongoing basis
- Setting and reviewing annual environmental objectives and targets, and monitoring performance
- Complying with applicable environmental legislation and other requirements relevant to the Group's operations
- Gaining certification to the ISO14001: 2004 management standard and carrying out regular internal and external audits to ensure good performance and identify opportunities for improvement
- Working with partners, sub-contractors and suppliers to promote good environmental management and performance
- Reducing the environmental impacts of new developments by achieving a BREEAM Excellent rating where possible
- Reducing the environmental impacts of all owned and leased premises by adopting or promoting reasonable controls for preventing pollution, improving resource efficiency, reducing waste and reducing the Group's carbon footprint
- Training employees appropriately and promoting environmental awareness and commitment amongst all staff.

This policy is reviewed and updated annually by the Board of Directors and is available to the public, on our website www.assuraplc.com.

Social and community matters

Assura operates in a responsible, professional, ethical and reliable manner and is trusted as a provider of services and facilities. Reflecting our commitment to the sustainability agenda, Assura has aligned itself with the wider corporate and social responsibility interests of the NHS. Accordingly, the Group has a formal Environmental Management System and has gained accreditation to the ISO14001: 2004 standard.

The Group's role in developing new medical facilities in the community, thereby bringing services closer to the patient, helps to improve quality of life. In developing a new medical centre, the Group enters into consultation with local communities. Many of the Group's developments are part of regeneration schemes that also enhance the non-medical facilities for local communities.

A current example of work in this area is the recently completed development at Sudbury which achieved a BREEAM Excellent rating. This development has a biodiverse habitat creation, a green roof, photovoltaic cells and combined heat and power.

Assura supports a charity close to its head office which is heavily involved with local communities.

Assura became a founder member of the Social Stock Exchange ("SSE") during the year. On 6 June 2013 the SSE was launched by David Cameron to coincide with the Government's Social Impact Investment Conference organised as part of the UK's hosting of the G8.

The SSE showcases Social Impact Businesses that have taken the step to evidence their impact via the publication of an Impact Report. A Social Impact Business is one that uses commercial models to organise, mobilise and manage a for-profit business that delivers social and environmental change.

The aim of the SSE is to provide stakeholders with the information they need to identify and compare organisations that deliver value to society and the environment.

Health and safety

The Group is committed to maintain safe working environments, and regularly undertakes programmes to identify, evaluate and reduce risk in the work place and on site. Risk reviews, supported by executive management reporting, are presented to the Board on a regular basis.

"Assura operates in a responsible, professional, ethical and reliable manner"

CHARITIES

"During 2014, Assura supported the hospital support and rehabilitation programme in Bangassou"

Médecins Sans Frontières

Médecins Sans Frontières/Doctors Without Borders ("MSF") is an independent international medical humanitarian organisation that delivers emergency aid in more than 60 countries to people affected by armed conflict, epidemics, natural or man-made disasters or exclusion from healthcare.

In emergencies and their aftermath, MSF rehabilitates and runs hospitals and clinics, performs surgery, battles epidemics, carries out vaccination campaigns, operates feeding centres for malnourished children and offers mental healthcare.

Through longer-term programmes, MSF treats patients with infectious diseases such as tuberculosis, sleeping sickness and HIV/AIDS, and provides medical and psychological care to marginalised groups such as street children.

Founded by doctors and journalists in 1971, MSF is now a worldwide movement with offices in 19 countries and an international coordination office in Geneva, Switzerland.

During 2014 Assura supported the hospital support and rehabilitation programme in Bangassou. For decades, the Central African Republic has faced political and military instability, and the country now stands on the edge of a chronic humanitarian and health emergency. Violence has engulfed the country following a coup d'état in March 2013, which saw Séléka rebels seize control of Bangui, removing the president and replacing him in April with Michel Djotodia, the leader of the rebel group. With the situation deteriorating at an unprecedented pace, MSF teams are witnessing extreme levels of violence and an urgent need for emergency aid.

The project rehabilitated the University of Bangassou, where there were 100 beds before lootings, which had left only 67. The objective of the project was to provide the population in the Bangassou and Ouango districts with free access to quality healthcare services and to gain control over the mortality and morbidity rates.

For further information, please go to www.msf.org.uk

Brainwave

Brainwave is a charity that exists to help children with disababilities and developmental delay achieve their full potential. The children they work with have a range of conditions including autism, brain injuries such as cerebral palsy and genetic conditions such as Down's syndrome. The centre we are supporting is in Birchwood, Warrington.

Thanks to its supporters and dedicated therapy teams, Brainwave now impacts on the lives of over 600 children with additional needs. Brainwave's growth and regional outreach have been driven by the commitment to bring measurable improvements to the lives of children with physical, sensory, learning, cognitive and behavioural difficulties.

Key to ongoing success of the three centres is the ability for the charity to raise funds. As well as providing a financial donation, Assura has supported several of Brainwave's events during the last 12 months.

For further information, please go to www.brainwave.org

Our charities for 2015/16

During the forthcoming year all of our chosen charities will be local. We will continue to support Brainwave and in addition we will be working jointly with the Warrington Wolves Charitable Foundation and the Salford Red Devils Foundation.

The two foundations work within their local communities and through the umbrella of sport they work in four key areas: health, education, young people and social welfare.

For further information, please go to www.wolvesfoundation.com www.salfordreddevilsfoundation.co.uk

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

The Board has engaged widely with shareholders during the year

SIMON LAFFIN
CHAIRMAN

DEAR SHAREHOLDER

The Board is committed to maintaining the highest standards of Corporate Governance.

The regulatory and reporting landscape for UK listed companies continues to develop and we are monitoring current and future requirements, including the forthcoming enhanced disclosure around our approach to risk management and the revised statement of going concern and statement of longer-term viability.

The Board continues to believe that it has an effective, well-balanced structure, which includes a group of Non-Executives who collectively draw on a wealth and variety of experience, thus providing for meaningful discussion, constructive challenge and effective decision making. In accordance with Corporate Governance best practice, all Directors will submit themselves for re-election at the 2015 Annual General Meeting ("AGM").

The Board has engaged widely with shareholders during the year; we are delighted to welcome so many new shareholders to our register and are grateful for the significant support we received during our fund raising in October 2014. Effective communication with investors is a key strategic priority and no fewer than 114 investor meetings have been held during the year. All shareholders are encouraged to attend the AGM in July where the Directors and executive team will be available to meet shareholders directly and to discuss any matters of importance.

BOARD STRENGTHS

■ Non-Executive Chairman
■ Executive Director
■ Non-Executive Director

Simon Laffin
Non-Executive Chairman

- Experienced Chairman
- Strategy
- Finance

Graham Roberts
Chief Executive

- Real Estate
- Capital Markets
- Investment

Jonathan Murphy
Finance Director

- Corporate Finance
- Accounting and Reporting
- Risk Management

Jenefer Greenwood
Non-Executive Director

- Real Estate
- Customer Focus
- Marketing

David Richardson
Senior Independent Director

- Finance and Accounting
- Merger and Acquisition
- Corporate Governance

Composition of the Board	
Chairman	1
Executive	2
Independent Non-Executive	2

Length of tenure of Directors	
One year	–
Two years	1
Three years	4

Chairman's responsibilities

- The effective running of the Board, ensuring that the Directors receive accurate and timely information to enable debate and high quality decision making.
- Promoting high standards of Corporate Governance.
- Ensuring that the Board agendas take full account of the important issues facing the Company and the concerns of all Board members.
- Ensuring, as Chairman of the Nominations Committee, that there are Board succession plans in place in order to retain and build an effective and complementary Board.

Chief Executive's responsibilities

- Running the Company's business.
- Implementing the business strategy.
- Regularly updating the Board on progress against approved plans.
- Providing effective leadership of the Executive Board to achieve the agreed strategies and objectives.

BOARD OF DIRECTORS

	Simon Laffin Non-Executive Chairman	**Graham Roberts** Chief Executive
		
EXPERIENCE	Simon Laffin is the Non-Executive Chairman of Assura. Simon is also Non-Executive Chairman of Flybe Group plc and a Non-Executive Director of Quintain Estates & Development PLC. Previously he served as chairman of Hozelock Group and a Non-Executive Director of Mitchells & Butlers plc, Aegis Group plc and Northern Rock plc (as part of the rescue team). Between 1995 and 2004 he was Group Chief Financial Officer of UK grocery retailer Safeway plc (which he joined in 1990) and was latterly also responsible for property. Prior to that, he held a variety of finance and management roles in Mars Confectionery, Rank Xerox and BP. He is a qualified accountant.	Graham Roberts is Chief Executive of Assura. Graham was Finance Director at The British Land Company PLC from 2002 to 2011, and before that was Senior Partner for real estate at Arthur Andersen, where he also led the public sector assurance practice, which included clients such as NHS Estates and a number of NHS trusts. His early career was at Binder Hamlyn. He is currently a Non-Executive Director at Balfour Beatty plc and is Chairman of their audit committee.
APPOINTED	August 2011	March 2012
BOARD MEETINGS AND ATTENDANCE	Board meeting 14/14 Audit Committee 6/6 Remuneration Committee 3/3 Nominations Committee (Chair) 2/2	Board meeting 14/14 Nominations Committee 2/2
INDEPENDENT	Not applicable	Not applicable

Jonathan Murphy
Finance Director

Jonathan Murphy is the Finance Director of Assura. Jonathan was previously Finance Director of the fund management business of Brooks Macdonald Group plc, having joined as a result of the acquisition of Braemar Group plc in 2010, where he was Finance Director for four years. Jonathan was previously Managing Director for the property management business of Brooks Macdonald.

His earlier career included commercial and strategic roles at Spirit Group and Vodafone. Jonathan qualified as a Chartered Accountant with PricewaterhouseCoopers, holding management roles in both the UK and Asia. Jonathan holds an MBA from IESE, the leading European Business School in Barcelona.

January 2013

Board meeting	14/14

Not applicable

Jenefer Greenwood
Non-Executive Director

Jenefer Greenwood is a Chartered Surveyor who started her career at Hillier Parker in 1978, becoming Executive Director and Head of Retail on merger with CBRE. Jenefer worked for Grosvenor Estate from 2003 until 2012.

Jenefer sits on the Investment Advisory Board of INTERNOS Global investors and was appointed to the Board of DCH Group in August 2014.

She has previously served on the Board of The Crown Estate and chaired its Remuneration Committee. She has held positions as Chair of the National Skills Academy for Retail and President of the British Council of Shopping Centres.

May 2012

Board meeting	14/14
Audit Committee	6/6
Remuneration Committee (Chair)	3/3
Nominations Committee	2/2

Yes

David Richardson
Senior Independent Director

David Richardson is a Non-Executive Director of Assura. David is currently Chairman of BBGI SICAV SA and a Board member of The Edrington Group. Previously he spent 22 years at Whitbread Plc where he was the Strategic Planning Director for eight years and the Finance Director for four years.

At Whitbread he played a pivotal role in transforming the Group from a brewing and pubs company into a market leader in hotels, restaurants and leisure clubs. Following this he has held a number of Non-Executive roles in FTSE listed companies including Serco Group plc, Forth Ports plc (now called Forth Ports Ltd), Tomkins plc (now called Gates Worldwide Limited), Dairy Crest plc and De Vere Group plc. He is a Chartered Accountant.

January 2012

Board meeting	14/14
Audit Committee (Chair)	6/6
Remuneration Committee	3/3
Nominations Committee	2/2

Yes

CORPORATE GOVERNANCE

Statement of compliance with the UK Corporate Governance Code

In accordance with the Listing Rules of the UK Listing Authority, the Company confirms that throughout the year ended 31 March 2015 and as at the date of this Annual Report it was compliant with all the relevant provisions as set out in the UK Corporate Governance Code published in September 2012 ("the Code"). The Board has taken account of the flexibility in the Code in its application to smaller companies.

Role of the Board

The Company has an effective Board which is collectively responsible for the long-term success of the Company by directing and supervising the activity of the Company. The Board has approved a schedule of matters reserved for decision by the Board. This includes all corporate acquisitions or corporate disposals, debt raising above £50 million, the remuneration policy, the annual budget approval and amendments to delegated authorities. The Board meets at least six times per year for scheduled meetings. It also meets as required to consider any important or urgent business.

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

Shareholder relations

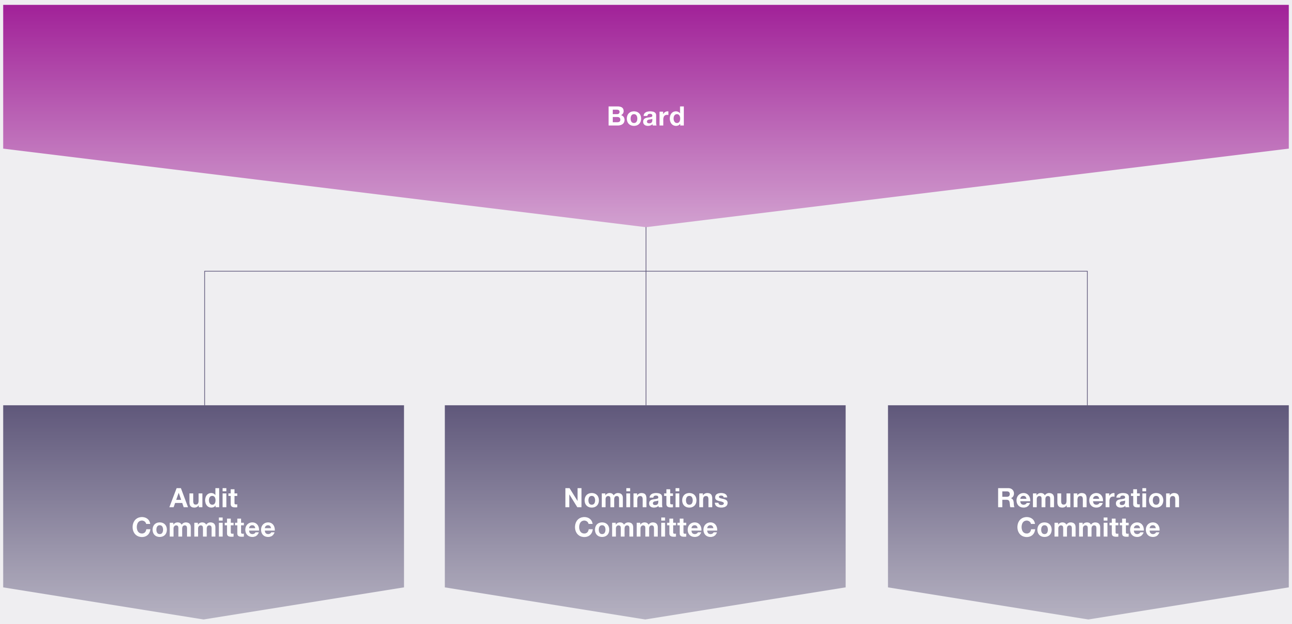
The Board welcomes open communication with its shareholders and works with its stockbrokers Liberum Capital and Stifel to ensure that an appropriate level of communication is maintained. The dialogue with shareholders is facilitated by a series of investor relations mechanisms, including regular meetings between senior members of the Company's executive management with institutional investors and sales teams and industry/sector analysts. Feedback from these meetings is regularly relayed to the Board in order to ensure that all Board members, and Non-Executive Directors in particular, develop an understanding of the views of major shareholders. This process augments the regular dissemination of annual reports and other market updates. Copies of these announcements and any accompanying presentational materials are available on the Company's website at www.assuraplc.com.

The Board responds to adhoc requests for information from shareholders and all shareholders have access to the Board and senior management, with an opportunity to raise questions, at the AGM and other shareholder meetings.

July 2014 AGM – key highlights

- All resolutions passed.
- Full Director attendance.
- 266.7 million to 420.2 million votes cast for each resolution.
- All Directors retired and were re-elected to the Board.
- Remuneration report and policy resolution passed with 98.7% and 97.8% respectively of votes cast in favour.

BOARD STRUCTURE



Read more on p54
Read more on p56
Read more on p57

To assist in its Corporate Governance responsibilities, the Board has established standing Committees. All Non-Executive members serve on all Committees. This is appropriate given the relatively small size of the Board. Each committee follows Terms of Reference which are reviewed annually.

Other Director information

On appointment, new Directors receive a full briefing on the role, duties and responsibilities of a Director of a listed company, and on the Company and its Board. An induction pack with important information is provided. Training needs are reviewed annually as part of the Board evaluation.

Each Board member is permitted to take professional advice on any matter which relates to their position, role and responsibilities as a Director at the cost of the Company.

Audit Committee Report

Audit Committee members

- David Richardson (Chairman)
- Simon Laffin
- Jenefer Greenwood

Number of meetings in the year: six

Other attendees

Deloitte LLP
Savills and Jones Lang LaSalle
Graham Roberts – Chief Executive
Jonathan Murphy – Finance Director
Paul Carroll – Financial Controller
David Purcell – Group Finance Manager
Andrew Darke – Managing Director – Property

Responsibilities

Financial statements and reports

- To monitor the integrity of the half year and annual Financial Statements before submission to the Board, reviewing significant financial reporting matters and judgements focusing particularly on matters of material financial impact.
- To review the effectiveness of the Company's system of internal control.
- To conduct an annual review of the need to establish an internal audit function.
- To discuss the issues arising from the interim and final audits.
- To monitor and review annually the auditor's independence, objectivity and effectiveness.
- To develop and implement the policy for provision of non-audit services by the external auditor.
- To make recommendations to the Board in relation to the selection process for the appointment of the external auditor, their fees and terms of engagement.

Key activities of the Committee

Financial statements and reports

- Reviewed the Annual Report and Financial Statements and half year financial report and made recommendations to the Board regarding the approval of these documents.

Prospectus and working capital reports

- Reviewed the two prospectuses published during the year with particular emphasis on reviewing the work undertaken by Deloitte LLP to review the assessment of the Board that the Group's working capital was sufficient to support the business at the date of each prospectus.

Review of external audit

- Reviewed, considered and agreed the scope of the audit work to be undertaken by the external auditor.
- Reviewed the effectiveness, performance and fees of the external auditor.

Review of external valuers

- Received presentations from both valuers and raised queries on these.
- Reviewed the effectiveness, performance and fees of the external valuers.

Review of internal controls

- Reviewed the effectiveness of the Company's internal controls and processes and the disclosures made in the Annual Report.
- Reviewed the appropriateness of the accounting policies and the design and operation of the internal controls.

Others

- Monitored compliance with the REIT rules.
- Reviewed the effectiveness of the Committee.
- Reviewed the requirement for an internal audit function.
- Reviewed the approved treasury counterparties.

DEAR SHAREHOLDER

As Chairman of the Audit Committee, I have pleasure in setting out below the formal report on its activities for the year ended 31 March 2015.

It has been a busy year for the Group in property acquisitions and each one has been assessed to review whether the transaction was a business combination or a property acquisition. In all cases the transactions involved acquiring income producing property assets without associated employees or ancillary income streams and each one has been categorised as a property acquisition. Property acquisitions during the year amounted to £230 million. The way in which these were accounted for and the impact their inclusion had on the overall valuations of the Group's property portfolio is key to an understanding of the financial statements for the year. We discussed the accounting treatments with Deloitte LLP, both before and after their audit work, and the valuations with Messrs Jones Lang LaSalle and Savills LLP at the conclusion of their work. We satisfied ourselves that all aspects were properly treated.

You will also note from the report that the Company engaged Deloitte LLP during the year to undertake the role of reporting accountant in association with the two prospectuses published during the year in accordance with UK Listing Authority requirements. In addition the insertion of a new UK plc required clearance from HMRC in relation to the REIT regime as this was the first time a REIT had undertaken this type of transaction. Deloitte LLP assisted the Company in gaining this clearance.

The Board as a whole has determined that the Financial Statements are "fair, balanced and understandable".

Significant financial reporting matters

- Valuation of investment properties including those under construction.
- Validity of the going concern basis and the availability of finance going forward.
- Accounting for the property acquisitions completed during the year.
- Accounting for new equity issuance and the insertion of a new UK plc as the ultimate holding company for the Group.

These issues were discussed with management, the external auditor and external consultants, such as valuers, where applicable.

We are satisfied that there were no matters that we wish to draw to the attention of the shareholders.

Internal audit

The Audit Committee is satisfied that the current level of control and risk management within the business adequately meets the Group's current needs and that therefore there is no case for having an internal audit department.

Audit/non-audit fees payable to external auditor

Analysis of the fees paid to the Company's external auditor (divided between audit and non-audit services) is disclosed in Note 4.a) to the audited accounts.

During the year Deloitte LLP undertook a piece of tax consultancy work in respect of compliance with the REIT rules associated with the insertion of the new UK plc and obtaining clearance from HMRC. The fees for this were £0.1 million. The external auditor was engaged on an exceptional basis to provide these services since they are widely recognised as the market leader in this area. Additionally, Deloitte LLP was engaged to undertake the reporting accountant role in the publication of the two prospectuses during the year. All engagements were commissioned on an arm's length basis.

The Audit Committee carefully considered the level of total non-audit fees in the current year and satisfied itself that they were appropriate. The Committee was therefore able to satisfy itself that Deloitte LLP's independence was not prejudiced.

DAVID RICHARDSON
CHAIRMAN OF THE AUDIT COMMITTEE

Nominations Committee Report

Nominations Committee members

- Simon Laffin (Chairman)
- David Richardson
- Jenefer Greenwood
- Graham Roberts

Number of meetings in the year: two

Responsibilities

The Terms of Reference, which are reviewed annually, (and are available to view on the Company website) require the Committee to meet at least once per year.

Key issues

- Re-election of all Directors at the July 2014 AGM.
- Review of succession planning.
- Review of Board composition, Committee composition and Committee Chairmanship.
- Consideration of training needs and skills updating.
- Board performance evaluation.

Key activities of the Committee

Board and Committee changes

There have been no appointments to the Board or Board Committees during the year.

Board performance evaluation

The Board has reviewed its performance, its Committees and individual Directors based on an internal evaluation and concluded that its access to relevant information is good, discussions are carried out in an appropriate manner, the strategy and goals of the Company have been clarified and the Board is appraised promptly and fully of investor views. The Nominations Committee also met in the absence of the Chairman to appraise his performance. There were no major changes adopted in the way the Board operates. The Board also concluded that no further appointments were necessary at this time.

Commitments of the Chairman

Simon Laffin is also Chairman of Flybe Group plc and Non-Executive Director at Quintain Estates & Development PLC. Mr Laffin manages his time effectively in order to allocate sufficient time to each of his roles.

Policies

The Board believes that a diverse workforce and management team improve the culture of the organisation and add value to the business as a whole.

The Board targeted having at least 20% female representation which was achieved in 2012.

The Committee will continue to consider gender diversity when recommending any future Board appointments. Final appointments will always be made on merit.

SIMON LAFFIN
CHAIRMAN OF THE NOMINATIONS COMMITTEE

REMUNERATION REPORT

Remuneration Committee members

- Jenefer Greenwood (Chairman)
- Simon Laffin
- David Richardson

Number of meetings in the year: three

Attendees

Graham Roberts – Chief Executive
Marcus Peaker – PwC

Responsibilities

The Terms of Reference, which are reviewed annually, (and are available to view on the Company website) require the Committee to meet at least once per year.

The Committee's activities during the year included:

- Considering objectives and targets for annual bonuses.
- Considering annual pay awards and bonuses.
- Approving increase in staff pension contributions (company and personal).
- Reviewing and agreeing changes to allocation basis for the staff bonus pool.
- Confirming second vesting of Executive Recruitment Plan ("ERP").
- Reviewing the Directors' Remuneration Policy.
- Reviewing new disclosure requirements.
- Reviewing and allocating staff awards under the VCP.
- Amending the Threshold Price for future vesting of the VCP, arising from equity issued in the year.

PART 1: ANNUAL STATEMENT – UNAUDITED

DEAR SHAREHOLDER

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2015. This report has been prepared by the Remuneration Committee ("the Committee") and approved by the Board. The report is split into two parts:

- **Remuneration policy and practice at a glance** sets out a summary of the Directors' Remuneration Policy and the key remuneration decisions made by the Committee for the 2014/15 and 2015/16 financial years.
- **The Annual Report on Remuneration** sets out payments and awards made to the Directors and details the link between Company performance and remuneration for the 2014/15 financial year.

The Directors' Remuneration Policy, subject to a binding vote, was approved by shareholders at the AGM on 22 July 2014 and will last for a period of three years from that date or until another Policy is approved in a general meeting. In line with the Regulations[1], the full Directors' Remuneration Policy has not been presented in this report given that the Policy was approved at last year's AGM and it is not intended to move a similar resolution again at the 2015 AGM. The Directors' Remuneration Policy is available to view in full on the Company's website at www.assuraplc.com.

The Annual Report on Remuneration together with this letter will be subject to an advisory shareholder vote at the AGM in July 2015.

Details of voting at last year's AGM, where 97.82% and 98.68% of those voting supported the resolutions to approve the Directors' Remuneration Policy and the Annual Report on Remuneration respectively, are set out on page 52 of this report.

Context to the Committee's decisions

The investment market remained stable in the year but saw steadily increasing competition for investment properties. As expected the NHS approved no new medical centre developments in England during the year for the structural reasons highlighted previously. As a result the Board identified that its ambition to achieve economies of scale would best be achieved through a portfolio acquisition. In the end, two acquisitions formed the major element of expansion as £245 million of medical centres in total were added through acquisition and development spend.

The Board was also alert to the opportunity provided by such transactions to seek shareholder support for a recapitalisation of the business. This would provide funds for the acquisitions and subsequent investment and also reduce net debt and take the Group's loan to value ratio down to the optimal range between 45% and 55%.

[1] The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013

The Firm Placing and Placing and Open Offer in October were oversubscribed and the Group raised £175 million net. It was envisaged that the combination of increased scale, increased earnings, increased dividends per share and reduction in financial risk profile would significantly enhance shareholder value. As a result the Board set stretching targets at the beginning of the year for the Executive to achieve the above strategy and the annual bonuses awarded reflect the successful achievement of those stretch targets.

Key reward decisions

Key decisions made by the Committee during and in relation to the financial year include:

- The Executive Directors earned a bonus equal to 90% and 93% of the maximum for 2014/15 (90% of salary for the Chief Executive and 46.5% for the Finance Director).
- The salary of the Chief Executive, Graham Roberts, has been increased by 2% for 2015/16. This compares with the average increase for staff of 3%.
- The salary of the Finance Director, Jonathan Murphy, has been increased by 19% for 2015/16 and is now considered to be in line with Policy. Jonathan's salary was set below policy on appointment and has been progressively increased to align with policy over his first few years in the role dependent on performance.
- Malus and clawback rules have been put in place for both the existing annual bonus and the existing Value Creation Plan ("VCP") in line with the revised UK Corporate Governance Code and best practice in this area.

Following a detailed review of the impact of the new capital raised during the first three years of the operation of the VCP, the Committee has determined that an adjustment should be made to the VCP Threshold Price which affects future vesting under the plan. The net effect of the adjustment is to ensure that the potential VCP benefit created at each Measurement Date is aligned with the value created for shareholders during the measurement period.

In conclusion

I trust you find this report helpful and informative. I look forward to receiving your support for the resolution on the Annual Report on Remuneration at our forthcoming AGM.

JENEFER GREENWOOD
CHAIRMAN OF THE REMUNERATION COMMITTEE

PART 2: REMUNERATION POLICY AND PRACTICE AT A GLANCE

The Executive Directors' Remuneration Policy supports the strategic priorities, which are set out on page 13. The Policy and its use of performance metrics appropriately support shareholder value creation by incentivising sustainable performance consistent with the strategic drivers and appropriate risk management.

In line with the Regulations, the full Directors' Remuneration Policy has not been presented here given that the Policy was approved at last year's AGM and it is not intended to move a similar resolution again at the 2015 AGM. The Directors' Remuneration Policy has been summarised below and is available to view in full on the Company's website at www.assuraplc.com.

Strategy linkage

Our goal is to maximise returns for shareholders over the long term. Our success is measured by three KPIs:

Total Property Return	Total Accounting Return	Total Shareholder Return
measuring income and capital appreciation generated from the portfolio	measuring total reported returns for the Company after all overheads and including the effect of leverage	which is the dividend and capital appreciation experienced by shareholders

Over the long term, delivering consistent strong performance in Total Property Return ("TPR") and Total Accounting Return ("TAR") should culminate in a consistent and strong Total Shareholder Return ("TSR"). This is the dominant KPI and is the basis for aligning Executives' and shareholders' interests through the VCP.

The remuneration structure is designed to attract and incentivise a top quality management team. We are both a small company and a long-term investor, so the remuneration structure is geared to reward performance over a five-year horizon. This is reflected in the approach adopted to each element of remuneration relative to the market: fixed remuneration is set at lower quartile to median; the annual bonus at median; the VCP at upper quartile.

Targets for the annual bonus relate to actions primarily required to deliver the strategy and the desired long-term outcome but which need to be completed in the next 12 months.

The VCP five-year plan commenced 1 April 2012, and rewards the Executive Directors (and participating members of staff) with nil-cost options over shares, where the reward is up to 10% of any excess TSR created over an 8% threshold (below which there is no reward). By linking the main element of reward to TSR rather than absolute or relative accounting returns, Executives' interests are directly aligned with those of long-term shareholders.

The table below shows progress on the three KPIs over the year and over the last three years of the VCP measurement period:

Measure	Return over 2014/15	Return since 1 April 2012
Total Property Return	7.8%	18.0%
Total Accounting Return	7.7%	36.0%
Total Shareholder Return	49.9%	117.6%

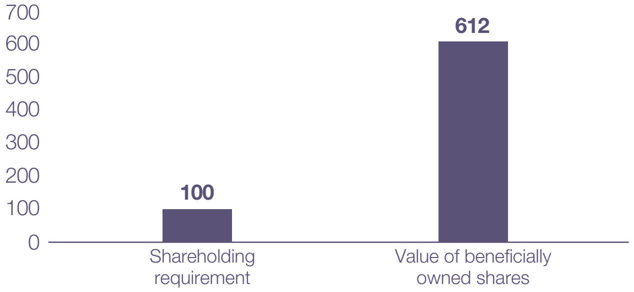
Summary of Executive Directors' Remuneration Policy:

Element	Policy summary description	Maximum opportunity
Base salary	When making a determination as to the appropriate salary level, the Committee will consider a number of factors, including individual performance and experience, pay and conditions for employees across the Group, the general performance of the Company and the economic environment. Objective research on companies within the Company's peers will be undertaken only where considered relevant.	In the normal course of events, increases in the Executive Directors' salaries will not exceed the average increase for employees. Individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved.
Pension and benefits	A market competitive benefits package is provided, along with payments in lieu of pension.	The maximum payment in lieu of pension is 20% of salary for the Chief Executive and 15% for other Executive Directors. Benefit values vary year on year depending on premiums and the maximum value is the cost of the provision of these benefits.
Annual bonus	An annual bonus is payable each year, in cash, based on achievement against a range of financial and strategic targets.	The maximum annual bonus is 100% of salary. Currently, the maximum for the Chief Executive is 100% of salary and 50% for the Finance Director.
Long term incentives	Under the VCP, Executive Directors (and other participants) will be able to earn shares (through nil-cost options) equivalent to 10% of any Total Shareholder Return (share price appreciation and dividends) created above a pre-determined hurdle (Threshold Price) at the three Measurement Dates (in 2015, 2016 and 2017). 50% of the total accrued nil-cost options become exercisable at the first Measurement Date, 50% at the second and 100% at the third. Any unvested accrued awards will lapse at the third Measurement Date if the 8% p.a. return to shareholders has not been sustained.	The maximum aggregate number of shares that can be issued to satisfy awards under the VCP to all participants is limited to 25 million.
Shareholding requirement	100% of salary.	n/a

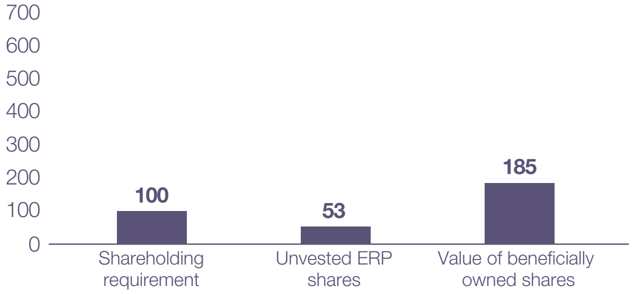
Total equity exposure of Executives at 31 March 2015

The Chief Executive and Finance Director together owned 3,788,281 million shares as at 31 March 2015 (March 2014: 2,087,935 million), representing 0.4% of the Company's share capital. A table summarising their interests is included in the Annual Report on Remuneration (Part 3 below). The chart below compares their respective interests at 31 March 2015 with the target shareholding requirement set out in the Policy:

Graham Roberts (% of salary)



Jonathan Murphy (% of salary)



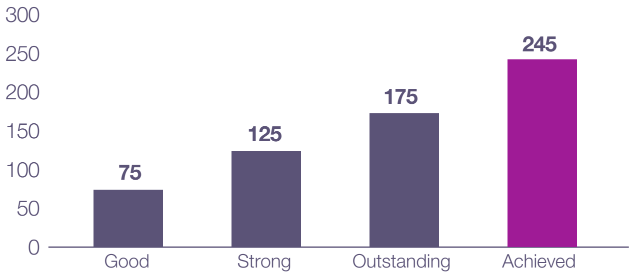
Key reward decision for 2014/15

The key award decision related to the annual bonus. In determining the award for 2014/15, the Committee took into account the Company's financial performance and achievement against key short-term objectives established at the beginning of the year. This involved establishing in advance what would constitute success for good, strong or outstanding performance. Bonus awards for 2014/15 reflect the excellent progress in delivering the strategy during the year.

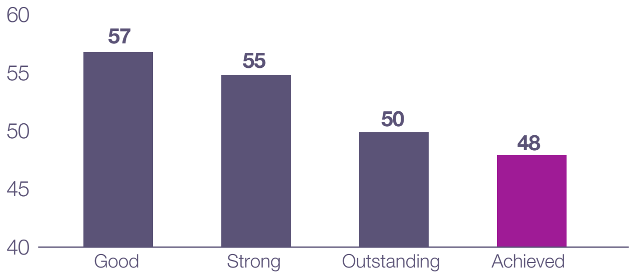
The Committee determined that a bonus payment equal to 90% and 46.5% of salary (equal to 90% & 93% of the maximum for both Executive Directors) would be paid to Graham Roberts and Jonathan Murphy respectively following an assessment of performance against 2014/15 objectives. A table showing the full details on the 2014/15 bonus assessment is set out in the Annual Report on Remuneration (Part 3 below).

The Committee established at the outset of the year two critical success factors in particular: achieving a step change in scale and reducing leverage. These were the dominant measures applied in assessing the bonus award. The bar charts below show the performance achieved for these two measures against what the Committee assessed were good, strong or outstanding levels of achievement:

Additions to portfolio (£m)



Reduction in leverage (%)

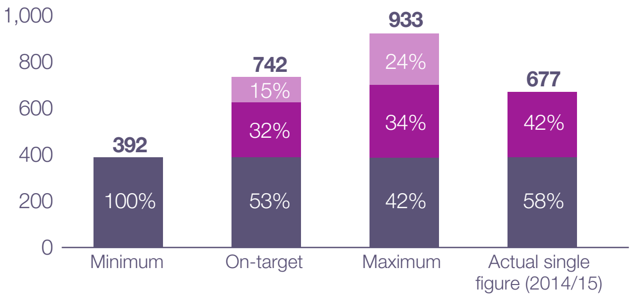


2014/15 single total figure of remuneration – Executive Directors

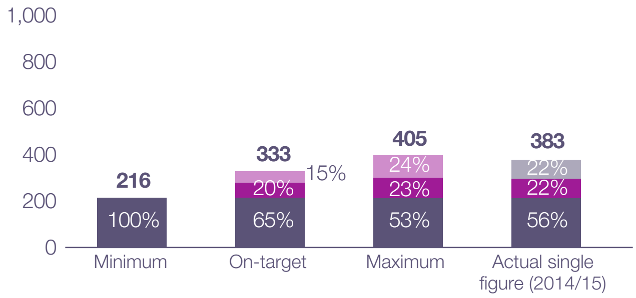
The single figure total remuneration of the Chief Executive calculated in accordance with the Regulations amounted to £677,000 (2013/14 : £680,000). The single figure total remuneration of the Finance Director was £383,000 (2013/14: £317,000). The analysis of the constituent parts of this remuneration is provided in Part 3 below.

The following charts show the actual single figure of remuneration for the Executive Directors against the Remuneration Policy scenarios applying for 2014/15 (as disclosed in the Directors' Remuneration Policy in the 2013/14 Directors' Remuneration Report):

Graham Roberts (£'000)



Jonathan Murphy (£'000)



■ Fixed elements ■ Annual variable ■ Multiple reporting periods ■ ERP

Notes
1. The VCP is a five year plan with rewards only capable of vesting at the three Measurement Dates (in 2015, 2016 and 2017). As last year, the single figure total remuneration for 2014/15 does not therefore have an element of long term incentive, whereas the policy includes the notional value of the VCP as calculated in accordance with the regulations. In 2015/16 any vesting will include 50% of rewards relating to the achieved value creation over a three year time horizon. The balance will be deferred and subject to future performance conditions. An indication of the potential reward in 2015/16 is included in the statement of implementation of Remuneration Policy for 2015/16 below.
2. One third of Jonathan Murphy's Executive Recruitment Plan ("ERP") award vested in 2015 and therefore, consistent with 2013/14, has been included in the single figure table and in the "Actual" column above. However, since the ERP was approved under the previous policy and not under the current policy it is not included in the Remuneration Policy scenarios for 2014/15 above.

Statement of implementation of Remuneration Policy for 2015/16

Executive Directors

Salary

In setting salary levels for 2015/16 for the Executive Directors, the Committee considered a number of factors, including individual performance and experience, pay and conditions for employees across the Group, the general performance of the Company, pay levels in other comparable companies and the economic environment.

The salaries for 2015/16 and the relative increases are set out below:

				Sector comparison[1] (£'000)		
Executive Director	2014/15 salary (£'000)	2015/16 salary (£'000)	% change	Lower quartile	Median	Upper quartile
Graham Roberts	315	321	2%	306	385	400
Jonathan Murphy	180	215	19%	196	249	275

Notes

1. The salary benchmarking data was provided to the Committee in March 2014 and was based on companies in the Real Estate Investment Trusts and Real Estate Investment & Service sectors with a market capitalisation between £50 million and £775 million. Benchmarking data is only used as one point of reference by the Committee in making its decisions to ensure any changes are within the approved Remuneration Policy.

The salary of the Chief Executive, Graham Roberts, has been increased by 2% for 2015/16. This compares with the average increase for staff of 3%.

The salary of the Finance Director, Jonathan Murphy, has been increased by 19% for 2015/16 and is now considered in line with Policy. Jonathan's salary was set below policy on appointment and has been progressively increased to align with policy over his first few years in the role dependent on performance.

Pension and benefits

Graham Roberts and Jonathan Murphy will receive payments in lieu of pension contributions equivalent to 20% and 13.5% of salary respectively. Benefits will be provided in line with the Remuneration Policy.

Annual bonus

The maximum bonus opportunity for 2015/16 is 100% of salary for Graham Roberts and 50% of salary for Jonathan Murphy.

The performance objectives under the annual bonus plan for 2015/16 relate to value-added opportunities, within the portfolio and from market activity, financial targets and customer satisfaction. The Committee is of the opinion that the precise performance targets for the bonus plan are commercially sensitive and that it would be detrimental to the interests of the Company to disclose them before the start of the financial year. Actual targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs. The Committee will also follow the same practice of the last three years and view the weightings for bonus purposes at the end of the year, having regard to all known factors.

Long-term incentives

Awards of 400,000 and 175,000 performance units were made to Graham Roberts and Jonathan Murphy respectively under the VCP in 2012/13. These are one-off awards to cover the period up to the end of the 2016/17 financial year.

Decision to adjust the Threshold Price for the purposes of the VCP

Under the VCP, the Executive Directors and other participants will be able to earn shares (through nil-cost options) equivalent to 10% of any excess TSR over a minimum 8% threshold. The total value that can be earned at each Measurement Date will be the Measurement Price less the Threshold Price (i.e. the minimum return that must be achieved before value is created for participants), multiplied by the number of shares in issue at that Measurement Date.

In accordance with the Rules of the VCP, the Committee has the discretion to amend certain terms of the plan in the event of a variation of share capital. During the year, three significant capital raising events occurred – the first since the VCP was introduced.

The Committee felt that it was important that the VCP reflects the fact that these shares had been issued at a higher price than the original Threshold Price. It therefore used its discretion to put these amounts into tranches with higher Threshold Prices. This avoids executives getting an "unfair" benefit from capital raises. The paragraphs below summarise the alterations.

The Threshold Prices applicable to each tranche of shares at the first Measurement Date will be as follows:

	Tranche	Shares (m)	Original Threshold Price (pence per share)	New Threshold Price (pence per share)
Share capital at the start of the VCP	1	529.5	39.37	39.37
Capital issued for MP Realty portfolio acquisition	2	44.3	39.37	44.95
Capital issued following placing/offer to shareholders	3	414.3	39.37	45.06
Capital issued for Metro portfolio acquisition	4	18.8	39.37	51.29

The Threshold Price for each new capital event (i.e. tranches 2 – 4) has been calculated by using the price at which new capital was raised (i.e. the Offer Price for tranche 3) or the price on the day of issue (tranches 2 and 4) and increasing this by the 8% p.a. compound threshold return rate from the date of the event to the end of the 2015 financial year for the first Measurement Date. The original Threshold Price of 39.37 pence will continue to apply to tranche 1 ("Base Price").

Each tranche under the VCP will be tested on the first Measurement Date and will be subject to the original terms and conditions of the VCP, except that as above each tranche will have its own Threshold Price.

At subsequent Measurement Dates (i.e. one and two years after the first Measurement Date), the methodology for determining the Threshold Price for each tranche will be the same whereby the Threshold Price for each tranche will be the higher of:

- The highest return achieved at any previous Measurement Date (treated as separate tranches); or
- 8% p.a. TSR from the Base Price for tranche 1 or the capital raising price/price on the day of issue for Tranches 2, 3 and 4 (and others if further capital raising events occur).

Each tranche has its own minimum return threshold which must be achieved before any awards earned and deferred at previous Measurement Dates vest at the second or third Measurement Dates. This means that awards rolled over (i.e. accrued but not vested) from previous Measurement Dates must sustain an 8% p.a. TSR from the Base Price for tranche 1 or the capital raising price/price on the day of issue for tranches 2, 3 and 4.

It is the Committee's view that these adjustments:

- Are in the best interests of our shareholders on the basis that they will ensure that shareholders are protected from any immediate value transfer as a result of the capital raising events; and
- Will provide participants with the opportunity to share in any value created for shareholders on the new capital, in line with the Rules of the VCP, provided the minimum level of return on all new shares (i.e. the 8% p.a. return threshold) is achieved.

The maximum aggregate number of shares that can be issued to satisfy awards under the VCP to all participants remains limited to 25 million. No adjustments have been made to the cap on the number of shares that can be earned under the VCP as a result of the changes to the share capital.

Indicative calculation of potential VCP vesting at first Measurement Date

The table below sets out the potential value creation under the VCP at the first Measurement Date, using for illustrative purposes the average share price for the three months to 31 March 2015. The actual Measurement Price at the first Measurement Date will be determined by the average share price over three months following the announcement of the Company's financial results for the 2014/15 financial year plus dividends paid on shares in issue. Following the first Measurement Date in 2015/16, full details of the application of the performance conditions at the first Measurement Date and any benefit earned by participants will be disclosed in the 2015/16 Annual Report on Remuneration.

		Tranche 1 (pence per share)	Tranche 2 (pence per share)	Tranche 3 (pence per share)	Tranche 4 (pence per share)
Illustrative share price at first Measurement Date	A	54.17	54.17	54.17	54.17
Dividends paid per share in issue[1]	B	5.06	2.40	1.95	1.50
Measurement Price	C=A+B	59.23	56.57	56.12	55.67
Threshold Price	T	39.37	44.95	45.06	51.29
Value created	C-T	19.86	11.62	11.06	4.38

Notes
1. Dividends paid per share in issue assume a projected dividend payment to be made in July 2015 of 0.5 pence per share.

The total potential participant benefit available will be 10% of the above value created for each tranche multiplied by the number of shares in each tranche, which amounts in total to £15.7 million. To date 85% of the total available performance units have been awarded and so the illustrative number of shares over which nil-cost options would be granted is 85% of the above amount divided by the share price, which is 24.6 million shares.

50% of any shares that are accrued at the first Measurement Date (in the form of nil-cost options) become exercisable at the first Measurement Date (12.3 million shares in this illustration), 50% become exercisable at the second and 100% of accrued nil-cost options at the third Measurement Date provided the minimum return thresholds for each tranche are achieved at each Measurement Date.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors from 1 April 2015:

	2014/15 £'000	2015/16 £'000	% change
Chairman fee	126.0	128.5	2
Non-Executive Director base fee	35.5	36.2	2
Additional fee for Chairmanship of Audit and Remuneration Committees	8.0	8.2	2
Additional fee for Senior Independent Director	8.0	8.2	2

Consideration by the Committee of matters relating to Directors' remuneration

The Members of the Committee during 2014/15 were Jenefer Greenwood (Committee Chairman), Simon Laffin and David Richardson. The members of the Committee have no personal financial interest, other than as shareholders, in matters to be decided, no potential conflicts of interest arising from cross directorships and no day to day involvement in running the business.

The Committee is responsible for recommending to the Board the remuneration policy for Executive Directors and the senior management and for setting the remuneration packages for each Executive Director. The Committee also has oversight of the remuneration policy and packages for other senior members of staff. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

The Committee held three meetings during the year. Its activities during and for the financial year 2014/15 included:

- Reviewing salary levels for the Executive Directors.
- Considering objectives and targets for 2014/15 annual bonus payments and determining the bonus payments at year end.
- Confirming second vesting of the ERP for Jonathan Murphy in January 2015.
- Considering the impact of the capital raising events during the year on the VCP.
- Approving the introduction of malus and clawback rules for both the annual bonus and the VCP in line with the revised UK Corporate Governance Code and best practice in this area.
- Amending the Threshold Price for future vesting of the VCP, arising from equity issue in the year.

Advisors to the Committee

The Committee received external advice in 2014/15 from PwC, who were appointed by the Committee and are considered objective and independent. PwC are members of the Remuneration Consultants Group and, as such, voluntarily operate under the code of conduct in relation to executive remuneration consulting in the UK.

The Committee reviewed the nature of the services provided and was satisfied that no conflict of interest exists or existed in the provision of these services.

The Committee also sought the views of the Chief Executive, Graham Roberts, during the year. The Chief Executive is given notice of all meetings and, at the request of the Chairman of the Committee, attends part of the meetings. The Chief Executive may request that he attends and speaks at Committee meetings. In normal circumstances, the Chief Executive will be consulted on general policy matters and matters concerning the other Executive Director and employees.

The total fees paid to PwC in respect of services to the Committee during the year were £27,500. Fees were determined based on the scope and nature of the projects undertaken for the Committee.

PART 3: ANNUAL REPORT ON REMUNERATION – UNAUDITED UNLESS STATED

This Annual Report on Remuneration contains details of how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 March 2015. This report has been prepared in accordance with the provisions of the Companies Act 2006 and the Regulations. An advisory resolution to approve this report will be put to shareholders at the AGM.

Single total figure of remuneration – Executive Directors – audited

The remuneration of Executive Directors showing the breakdown between components with comparative figures for the prior year is shown below. Figures provided have been calculated in accordance with the Regulations.

Executive Director (£'000)	Year	Salary	Taxable benefits	Bonus	Pensions	Long-term incentives	Total
Graham Roberts	**2014/15**	**315**	**15**	**284**	**63**	**–**	**677**
	2013/14	309	15	294	62	–	680
Jonathan Murphy[1]	**2014/15**	**180**	**11**	**84**	**24**	**84**	**383**
	2013/14	153	11	73	19	61	317

Notes
1. Jonathan Murphy joined the Company on 2 January 2013. His long-term incentive which vested on 29 January 2015 is the second of three due under his ERP and comprised 153,334 shares at 54.5 pence per share.

Single total figure of remuneration – Non-Executives – audited

The remuneration of Non-Executive Directors showing the breakdown between components, with comparative figures for the prior year, is shown below. Figures provided have been calculated in accordance with the Regulations.

Non-Executive Director (£'000)		Basic fees	Additional fees[2]	Total fees
Simon Laffin[1]	**2014/15**	**126**	**–**	**126**
	2013/14	126	–	126
David Richardson	**2014/15**	**36**	**16**	**52**
	2013/14	36	16	52
Jenefer Greenwood	**2014/15**	**36**	**8**	**44**
	2013/14	36	8	44

Notes
1. Simon Laffin's fees and expenses were paid to Simon Laffin Business Services Limited.
2. Additional fees represent Senior Independent Director's and Chairman of Board Committee fees.

Total pension entitlements

No Executive Director nor any member of staff is entitled to a defined benefit pension arrangement. Graham Roberts and Jonathan Murphy received payments in lieu of pension contributions equivalent to 20% and 13.5% of salary respectively for 2014/15.

Strategic report

Governance

Financial statements

2014/15 annual bonus plan outcome

In determining the award for 2014/15, the Committee took into account the Company's financial performance and achievements against key short-term objectives identified at the beginning of the year. This involved establishing in advance what would constitute success for good, strong or outstanding performance. The performance targets and performance are summarised below. It is the Committee's approach to view the performance in the round at the end of the year, taking into account extraneous events and changing priorities, where relevant.

The requirements to achieve a step change in scale and to reduce leverage at the same time were identified as the key critical success factors.

For 2014/15 the maximum potential bonus awards were 100% of salary for the Chief Executive and 50% of salary for the Finance Director.

Performance measures	Actual targets set at the beginning of the year	Actual performance outcome
Grow the scale of the portfolio	Good £75 million additions, Strong £125 million, Outstanding £175 million	Outstanding: £245 million
Raise equity opportunistically reducing leverage	Good 57% LTV, Strong 55%, Outstanding below 50%	Outstanding: 48%
Deliver underlying income growth against assets and liability management targets	Good 100%, Strong 105%, Outstanding 110%	Good: 100%
Improve GP customer satisfaction ratings; measured by ratio of satisfied to dissatisfied	Good 3.2x, Strong 3.5x, Outstanding 3.8x	Outstanding : 12.8x
Increase diversification on share register attracting increased private client and wealth manager weightings	Good 8%, Strong 10%, Outstanding 12%	Not met: 6%

In addition to the above, the Committee agreed personal objectives at the outset to the year. The Chief Executive's related to progressing initiatives with clinical and other health bodies to raise awareness of the importance of addressing the backlog in primary care infrastructure development and unblocking the related development funding and approval process. The Finance Director's related to reviewing the Group's capital structure and developing the finance team.

Improvements to earnings from actions unrelated to acquisitions were in line with budget. Customer satisfaction ratings on the other hand improved significantly, well exceeding the outstanding target. The sixfold increase in the percentage of retail investors on the share register over the year was creditable reflecting the focused programme undertaken but this lagged ambitious targets.

The Chief Executive was thought to have made strong progress in developing an industry dialogue with Government, the NHS and clinical bodies around primary care infrastructure development. Announcements from Jeremy Hunt on the £1 billion primary care infrastructure fund in December 2014 were welcome. The 5 Year Forward View published by Simon Stevens in October 2014 included a focus on upgrading the primary care estate. The Finance Director was considered to have developed a sound strategy for debt management following the equity raise, keeping the board aware of all options and to have made good progress in developing the finance team.

The Committee concluded the bonus for the Chief Executive should be 90% of maximum (90% of salary) and for the Finance Director 93% of maximum (46.5% of salary), reflecting predominantly their contributions to exceeding the outstanding target for increasing scale and lowering leverage.

Vesting of long-term incentive awards – audited

There was no vesting under the VCP in 2014/15. Vesting in respect of the first Measurement Date is due to occur three months after we announce our results for the financial year 2014/15.

Awards were made under the ERP to Jonathan Murphy in 2013 to facilitate his recruitment. The awards have no performance criteria and vest in three equal instalments on the first, second and third anniversary of their award. One third of the awards granted to Jonathan Murphy vested on 29 January 2014 and another third vested on 29 January 2015. The value of the element which vested in January 2015 is shown in the table below:

Award	Performance measures	Number of nil-cost options vested	Value of vested awards £'000
ERP awards	None	153,334	84

Notes
1. The value of nil-cost options is calculated using the closing middle market share price on 29 January 2015 of 54.5 pence per share, the date the awards became exercisable.

Statement of Directors' shareholding and share interests – audited

Directors' share interests and, where applicable, achievement of shareholding requirements are set out below. In order that their interests are aligned with those of shareholders, Executive Directors are expected to build up and maintain a personal shareholding equal to 100% of their basic salary in the Company.

Shareholding and other interests at 31 March 2015

	Shareholding					
Director	Shares required to be held (% salary)	Number of shares required to hold	Number of beneficially owned shares[1]	Number of shares in ERP[2]	Total interests held at 31 March 2015	Shareholding requirement met?[3]
Executive						
Graham Roberts	100%	506,827	3,100,000	–	3,100,000	Yes
Jonathan Murphy	100%	289,156	534,947	153,334	688,281	Yes
Non-Executive						
Simon Laffin	–	–	3,138,578	–	3,138,578	n/a
David Richardson	–	–	359,998	–	359,998	n/a
Jenefer Greenwood	–	–	97,256	–	97,256	n/a

Notes
1. Beneficial interests include shares held directly or indirectly by connected persons.
2. ERP interests are subject to continued employment and represent the final third of those awards granted to Jonathan Murphy in 2013.
3. Shareholding requirement calculation is based on the share price at the end of the year (62.25 pence at 31 March 2015).
4. VCP interests are not included in this table because they are awards of performance units with a right to a number of nil-cost options over shares at each Measurement Date provided the performance conditions are achieved. At the date of grant of the performance units, the number of nil-cost options that could be earned is unknown.

The Company funds its share incentives through a combination of new issue and market purchased shares. The Company monitors the levels of share grants and the impact of these on the ongoing requirement for shares. In accordance with guidelines set out by the Investment Association the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans.

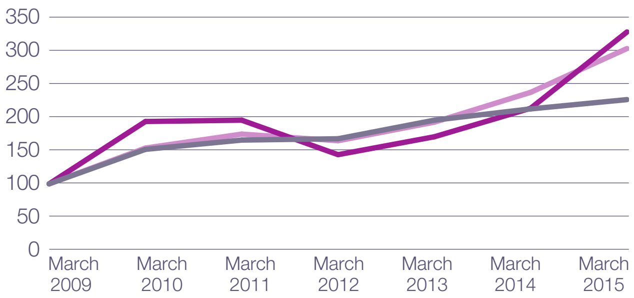
There has been no movement in Directors' shareholdings and share interests from 31 March 2015 to the date of this report.

Performance graph and table

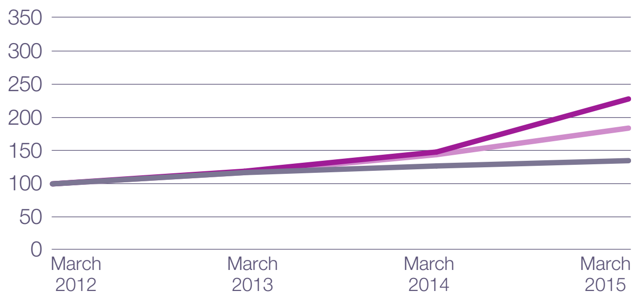
The Committee believes that the current Executive Directors' Remuneration Policy and the supporting reward structure provide clear alignment with the Company's performance. Following the sale of the Company's Pharmacy business in 2011 and conversion to a REIT in April 2013, the Committee believes it is appropriate to monitor the Company's performance against the FTSE All Share Real Estate Investment Trusts Index.

The graph below sets out the TSR performance of the Company compared to the FTSE All Share Real Estate Investment Trusts Index and for comparison, the FTSE All Share Index over a six-year period as required by the Regulations and for the three-year period elapsed of the VCP:

Six-year relative TSR performance



Three-year relative TSR performance (VCP period to date)



■ Assura ■ FTSE UK Real Estate Investment Trusts ■ FTSE All Share

The table below shows the Chief Executives' remuneration packages over the past six years:

Year	Name	Single figure of total remuneration (£'000)[1]	Bonus pay-out (as % maximum opportunity)	Long-term incentive vesting rates (as % maximum opportunity)
2014/15	Graham Roberts	677	90	–
2013/14	Graham Roberts	680	95	–
2012/13	Graham Roberts	674	100	–
2011/12	Nigel Rawlings[2]	395	85	–
2010/11	Nigel Rawlings	314	75	–
2009/10	Nigel Rawlings (from 16/03/10)	11	–	–
2009/10	Richard Burrell[3] (until 15/03/10)	487	–	–

Notes
1. Includes base salary, taxable benefits, bonus payments for the relevant financial year, long-term incentive awards that vested for performance related to the financial year and cash in lieu of pension.
2. Nigel Rawlings ceased to be a Director with effect from 30 April 2012. A bonus of £100,000 was a one-off award reflecting his contribution to selling the Pharmacy business.
3. During the financial year 2009/10 Richard Burrell was Chief Executive from 1 April 2009 until 15 March 2010 when Nigel Rawlings assumed the position. The amounts above are therefore reflective of the relative lengths of service.

Percentage change in the Chief Executive's remuneration

The table below compares the percentage increase in the Chief Executive's pay (including salary and fees, taxable benefits and annual bonus) with the wider employee population. The Company considers the full-time employee population, excluding the Executive Board, to be an appropriate comparator group.

	Salary % increase	Taxable benefits % increase	Bonus % increase/ (decrease)
Chief Executive	2	–	(3.4)
Total employee pay	2	–	15.0
Average employee pay	3	–	4.0

Relative importance of spend on pay

The table below sets out the overall spend on pay for all employees compared with the returns distributed to shareholders.

Significant distributions	2013/14 £m	2014/15 £m	% change
Overall spend on pay for employees including Executive Directors	2.9	3.0	3.4
Distributions to shareholders by way of dividends	7.2	14.4	100

Notes
1. The above figures are taken from Notes 4 and 22 to the financial statements.

Payments to past Directors or for loss of office

During the year there were no payments to past Directors, and no payments for loss of office (2014: same).

Statement of implementation of Remuneration Policy for 2015/16 and consideration by the Committee of matters relating to Directors' remuneration

The details surrounding the statement of implementation of our Remuneration Policy for 2015/16 and consideration by the Committee of matters relating to Directors' remuneration can be found in "Remuneration Policy and practice at a glance" on pages 60 to 67.

Statement of shareholder voting

The table below shows the binding vote approving the Directors' Remuneration Policy and the advisory vote on the 2013/14 Directors' Remuneration Report at the AGM held on 22 July 2014:

2014 AGM resolution	Votes for	%	Votes against	%	Votes withheld
Annual Report on Remuneration	414,663,908	98.68	5,566,499	1.32	4,706
Directors' Remuneration Policy	394,388,116	97.82	8,799,185	2.18	17,047,812

By order of the Board

JENEFER GREENWOOD
CHAIRMAN OF THE REMUNERATION COMMITTEE
20 May 2015

DIRECTORS' REPORT

Financial and business reporting

The Directors present their Annual Report and Accounts on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2015. The Corporate Governance Statement set out on page 52 forms part of this report.

The Directors' Report and the other sections of this Annual Report contain forward-looking statements. The extent to which the Company's shareholders or anyone may rely on these forward-looking statements is set out in the Glossary on page 113.

Principal activities

Assura plc is the UK's leading primary care property investor and developer. It owns and procures good quality primary care properties across the UK.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in Note 11 to the financial statements.

Business review

The Group is required to include a business review in this report. The information that fulfils the requirements of the business review can be found on pages 36 to 43, which are incorporated in this report by reference.

Going concern

Assura's business activities together with factors likely to affect its future performance are set out in the business review on pages 36 to 43. In addition, Note 26 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

The Group has facilities froma number of financial institutions, none of which are repayable before May 2019 other than modest annual amortisation and much of the debt is not repayable before 2021. In addition to surplus available cash of £65.3 million at 31 March 2015 (2014: £27.6 million), the Group has surplus security comprising unmortgaged property assets totalling £146.7 million at that date (2014: £7.6 million).

The Group's medical centre property developments in progress are all substantially pre-let.

The Group has adequate headroom in its banking covenants. The Group has been in compliance with all financial covenants on its loans throughout the year.

The Group's properties are substantially let with rent paid or reimbursed by the NHS and they benefit from a weighted average lease length of 14.4 years. They are also diverse both geographically and by lot size and therefore represent excellent security.

The Group's financial forecasts show that borrowing facilities are adequate and the business can operate within these facilities and meet its obligations when they fall due for the foreseeable future. The Directors believe that the business is well placed to manage its current and reasonably possible future risks successfully.

Accordingly, the financial statements have been prepared on a going concern basis.

Internal controls and risk management

The Board accepts and acknowledges that it is both accountable and responsible for ensuring that the Group has in place appropriate and effective systems, procedures, policies and processes for internal controls.

Throughout the period covered by this report and up to the date of this report the Board believes that there have been appropriate internal controls and risk management processes in place which have been reviewed and updated as outlined in this report.

Dividends
Details of the dividend can be found in Note 22. The Group benefits from brought forward tax losses which results in all dividends paid during the year being paid as ordinary dividends with an associated tax credit.

Supplier payment policy
The Group has not signed up to any specific supplier payment code; it is Assura's policy to comply with the terms of payment agreed with its suppliers. Where specific payment terms are not agreed, the Group endeavours to adhere to the suppliers' standard payment terms. As at 31 March 2015, the average number of days taken by the Group to pay its suppliers was 46 days (2014: 20 days).

Post balance sheet events
Subsequent to the year end, a subsidiary of the Group has extended the existing revolving credit facility from £30 million to £60 million with the potential to extend further to £90 million.

Directors' liability insurance
The Company has arranged insurance cover in respect of legal action against its Directors.

Company share scheme
The Assura plc Employee Benefit Trust holds 3,911,551 (0.4%) of the issued share capital of the Company on trust for the benefit of employees of the Group and their dependants. The voting rights in relation to these shares are exercised by the Trustees who will take into account any recommendation made to them by the Board of Assura plc.

Donations
In the year to 31 March 2015 Assura donated £26,962 to charities (2014: £13,094), all of which were UK registered charities, and no contributions were made for political purpose (2014: nil). More details of our chosen charities can be found on pages 46 and 47.

Employees
Employees are encouraged to maximise their individual contribution to the Group. In addition to competitive remuneration packages, they participate in an annual bonus scheme which links personal contribution to the goals of the business. Outperformance against the annual targets can result in a bonus of up to 20% for all staff below the Senior Leadership Team. Employees are provided regularly with information regarding progress against the budget, financial and economic factors affecting the business's performance and other matters of concern to them. In addition, all staff are eligible to participate in a defined contribution pension scheme and the VCP. The views of employees are taken into account when making decisions that might affect their interests. Assura encourages openness and transparency, with staff having regular access to the Chief Executive and being given the opportunity to express views and opinions.

The Group is committed to the promotion of equal opportunities, supported by its Equal Opportunity and Valuing Diversity Policy. The policy reflects both current legislation and best practice. It highlights the Group's obligations to race, gender and disability equality. Full and fair consideration is given to applications for employment from disabled persons and appropriate training and career development are provided.

Share capital
The issued share capital of the Company is 1,006,900,141 Ordinary Shares of 10 pence each.

as at 20 May 2015

Interests in voting rights

As at 1 May 2015 the Company had been notified of the following interests representing 3% or more of its issued Ordinary Share Capital.

Name of shareholder	31 March 2015		1 May 2015	
	Number of shares	**% of Ordinary Shares**	Number of shares	% of Ordinary Shares
Invesco	**266,111,749**	**26.43**	266,111,749	26.43
Artemis Investment Management	**164,976,078**	**16.38**	166,227,603	16.51
Ameriprise Financial Inc.	**50,090,422**	**4.97**	50,332,473	5.00
Legal and General	**38,894,880**	**3.86**	39,553,749	3.93
BlackRock	**38,360,446**	**3.81**	40,046,970	3.98
Liontrust Asset Managers	**37,196,877**	**3.69**	34,983,829	3.47
Raymond Seymour	**36,401,976**	**3.62**	36,401,976	3.62
Investec Wealth & Investment	**35,081,499**	**3.48**	32,225,104	3.20
Alistair Campbell Blacklaws	**32,615,065**	**3.24**	28,012,565	2.78

Price risk, credit risk, liquidity risk and cash flow risk

Full details of how these risks are mitigated can be found in Note 26.

Future developments

Details of future developments are discussed on page 37 in the business review.

Greenhouse gas emissions

The greenhouse gas emissions from operating activities and property occupied by the Company represented 71.7mt CO_2e (2014: 71.5mt CO_2e). These reported levels exclude investment properties where we are not the occupier.

Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Directors, on recommendation from the Audit Committee, intend to place a resolution before the AGM to re-appoint Deloitte LLP as auditor for the year ending 31 March 2016.

Amendments to the Articles of Incorporation

The Articles of Incorporation of the Company may be amended by special resolution of the Company.

Annual General Meeting

The AGM of the Company will be held at the offices of Addleshaw Goddard, 60 Chiswell Street, London EC1Y 4AG on 21 July 2015 at 11am.

By order of the Board

JONATHAN MURPHY
COMPANY SECRETARY
20 May 2015

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, IAS 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

JONATHAN MURPHY
COMPANY SECRETARY
20 May 2015

INDEPENDENT AUDITOR'S REPORT

Opinion on financial statements of Assura plc	In our opinion the financial statements: ■ give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2015 and of the Group's and the Parent Company's profit for the year then ended; ■ have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and ■ have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation. The financial statements comprise the Consolidated and Parent Company Income Statements, the Consolidated and Parent Company Statements of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated and Parent Company Cash Flow Statements, the Consolidated and Parent Company Statements of Changes in Equity and the related Notes 1 to 30 and A to G. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.
Going concern	As required by the Listing Rules we have reviewed the Directors' statement contained within the Directors' Report on page 73 that the Group is a going concern. We confirm that: ■ we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and ■ we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.
Our assessment of risks of material misstatement	The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk	How the scope of our audit responded to the risk
Valuation of property portfolio The Group owns and manages a portfolio of primary care properties (including a number of development properties). The valuation of the portfolio is underpinned by a number of judgements and assumptions. The Group fair values the Group's portfolio at six-monthly intervals. The portfolio was valued by the investment method of valuation with development properties valued by the same method with a deduction of all costs necessary to complete the development together with a developer's margin.	We assessed management's process for reviewing and challenging the work of the external valuer. We held calls with the third party valuers, Savills and Jones Lang LaSalle, appointed by management for the valuation of the property portfolio and we assessed the reasonableness of the significant judgements and assumptions applied in their valuations including outstanding rent reviews and yields. Further, our in-house property specialists were present on these calls in order to provide sector specific knowledge as part of our discussion and challenge of the valuation. We assessed the competence, independence and integrity of the external valuer, by consideration of the professional qualifications and market standing as valuers of primary care properties. We benchmarked and challenged the key assumptions to external industry data and comparable portfolios, in particular the yield. We verified the integrity of a sample of information provided to valuers by management relating to rental income, occupancy and life of the lease.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Risk	How the scope of our audit responded to the risk
Accounting for acquisitions The Group has undertaken a number of significant transactions during the current year of companies which own a portfolio of properties.	We challenged the assumption that the acquistions constitute asset purchases rather than business combinations. We challenged the fair value of consideration paid by reference to acquisition agreements and other external evidence. We performed procedures to assess the fair value of the assets and liabilities acquired and assessed the accounting treatment adopted, with reference to the significant judgements and estimates involved (as per Note 2). We considered the date at which the transactions completed based on the acquisition or disposal agreements and considered the impact of these transactions on revenue recognition. We considered the adequacy of the disclosure of the transactions in the financial statements.

The description of the risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 55.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality	We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be £1.5 million. In determining the materiality of the Group, we have considered a number of factors including net assets, underlying profit and profit before tax being the critical performance measures of the Group. The figure represents less than 5% of pre-tax profit and less than 0.5% of equity. We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £30,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.
An overview of the scope of our audit	Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The Group is audited in its entirety by Deloitte LLP in Manchester. Our audit work on the individual subsidiary entities was executed at levels of materiality applicable to each individual entity which were lower than Group materiality. At the parent entity level we also tested the consolidation process.
Matters on which we are required to report by exception	
Adequacy of explanations received and accounting records	Under the Companies Act 2006 we are required to report to you if, in our opinion: ▪ we have not received all the information and explanations we require for our audit; or ▪ adequate accounting records have not been kept by the Parent Company, or returns adequate for our adiut have not been received from branches not visited by us; or ▪ the Parent Company financial statements are not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.

Directors' remuneration	Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report in respect of these matters.
Corporate Governance Statement	Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.
Our duty to read other information in the Annual Report	Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is: ▪ materially inconsistent with the information in the audited financial statements; or ▪ apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or ▪ otherwise misleading. In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.
Respective responsibilities of Directors and auditor	As explained more fully in the Directors' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews. This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.
Scope of the audit of the financial statements	An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

RACHEL ARGYLE
for and behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, UK
20 May 2015

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2015

	Note	2015 Underlying £m	2015 Capital and other £m	2015 Total £m	2014 Underlying £m	2014 Capital and other £m	2014 Total £m
Continuing operations							
Gross rental and related income	3	**51.1**	**–**	**51.1**	39.9	–	39.9
Property operating expenses		**(2.9)**	**–**	**(2.9)**	(2.1)	–	(2.1)
Net rental income		**48.2**	**–**	**48.2**	37.8	–	37.8
Administrative expenses	4	**(5.7)**	**–**	**(5.7)**	(5.0)	–	(5.0)
Revaluation gains	12	**–**	**21.4**	**21.4**	–	12.4	12.4
(Loss)/gain on sale of property		**–**	**(0.1)**	**(0.1)**	–	0.2	0.2
Share-based payment charge	23	**–**	**(0.7)**	**(0.7)**	–	(0.7)	(0.7)
Exceptional items	7	**–**	**–**	**–**	–	(0.4)	(0.4)
Finance revenue	5	**0.4**	**–**	**0.4**	0.3	–	0.3
Finance costs	6	**(27.0)**	**–**	**(27.0)**	(22.2)	–	(22.2)
Gain on derivative financial instruments	6	**–**	**0.1**	**0.1**	–	1.8	1.8
Profit before taxation		**15.9**	**20.7**	**36.6**	10.9	13.3	24.2
Taxation	8			**0.6**			(0.4)
Profit for the year from continuing operations				**37.2**			23.8
Discontinued operations							
Profit for the year and gain on disposal from discontinued operations	27			**–**			11.2
Profit for the year attributable to equity holders of the parent				**37.2**			35.0
Earnings per share							
from underlying profit – basic	9	**2.1p**			2.1p		
from continuing operations – basic	9			**4.9p**			4.5p
– diluted	9			**4.7p**			4.5p
on profit for year – basic	9			**4.9p**			6.6p
– diluted	9			**4.7p**			6.6p

There were no items of other comprehensive income or expense and therefore the profit for the year also reflects the Group's total comprehensive income.

CONSOLIDATED BALANCE SHEET

As at 31 March 2015

	Note	2015 £m	2014 £m
Non-current assets			
Investment property	12	**925.3**	656.7
Investments	11	**0.4**	0.5
Property, plant and equipment	13	**0.1**	0.1
Deferred tax asset	25	**1.3**	0.7
		927.1	658.0
Current assets			
Cash, cash equivalents and restricted cash	14	**66.5**	38.6
Trade and other receivables	15	**8.3**	5.5
Property assets held for sale	12	**5.4**	11.6
		80.2	55.7
Total assets		**1,007.3**	713.7
Current liabilities			
Trade and other payables	16	**18.9**	14.8
Borrowings	19	**8.0**	5.9
Deferred revenue	17	**12.7**	9.9
Provisions	18	**0.1**	0.1
		39.7	30.7
Non-current liabilities			
Borrowings	19	**505.5**	444.4
Obligations due under finance leases	16	**3.0**	3.0
Derivative financial instruments at fair value	20	**–**	1.8
Deferred revenue	17	**6.9**	6.8
Provisions	18	**0.3**	0.4
		515.7	456.4
Total liabilities		**555.4**	487.1
Net assets		**451.9**	226.6
Capital and reserves			
Share capital	21	**100.7**	53.0
Own shares held	21	**(1.8)**	(1.9)
Share premium		**–**	77.1
Merger reserve		**231.2**	–
Reserves		**121.8**	98.4
Total equity		**451.9**	226.6
Net asset value per Ordinary Share – basic	10	**44.9p**	42.8p
– diluted	10	**44.0p**	42.8p
Adjusted (EPRA) net asset value per Ordinary Share – basic	10	**44.9p**	43.4p
– diluted	10	**44.0p**	43.4p

The financial statements were approved at a meeting of the Board of Directors held on 20 May 2015 and signed on its behalf by:

GRAHAM ROBERTS
CHIEF EXECUTIVE

JONATHAN MURPHY
FINANCE DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Share capital £m	Own shares held £m	Share premium £m	Merger reserve £m	Reserves £m	Total equity £m
1 April 2013		53.0	(1.9)	77.1	–	69.9	198.1
Profit attributable to equity holders		–	–	–	–	35.0	35.0
Total comprehensive income		–	–	–	–	35.0	35.0
Dividends	22	–	–	–	–	(7.2)	(7.2)
Employee share-based incentives		–	–	–	–	0.7	0.7
31 March 2014		53.0	(1.9)	77.1	–	98.4	226.6
Profit attributable to equity holders		**–**	**–**	**–**	**–**	**37.2**	**37.2**
Total comprehensive income		**–**	**–**	**–**	**–**	**37.2**	**37.2**
Issue of Ordinary Shares	21	**47.7**	**–**	**160.8**	**–**	**–**	**208.5**
Issue costs		**–**	**–**	**(6.7)**	**–**	**–**	**(6.7)**
Scheme of arrangement	21	**–**	**–**	**(231.2)**	**231.2**	**–**	**–**
Dividends	22	**–**	**–**	**–**	**–**	**(14.4)**	**(14.4)**
Own shares held		**–**	**0.1**	**–**	**–**	**(0.1)**	**–**
Employee share-based incentives		**–**	**–**	**–**	**–**	**0.7**	**0.7**
31 March 2015		**100.7**	**(1.8)**	**–**	**231.2**	**121.8**	**451.9**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2015

	Note	2015 £m	2014 £m
Operating activities			
Rent received		**50.8**	39.3
Interest paid and similar charges		**(26.9)**	(22.3)
Fees received		**1.0**	0.9
Interest received		**0.4**	0.8
Cash paid to suppliers and employees		**(8.4)**	(10.8)
Net cash inflow from operating activities	24	**16.9**	7.9
Investing activities			
Purchase of investment property		**(64.3)**	(2.5)
Development spend		**(14.0)**	(23.5)
Proceeds from sale of property		**4.2**	3.3
Proceeds from sale of LIFT investments	27	**–**	21.7
Proceeds from sale of businesses		**–**	6.0
Net loans received from/(advanced to) associated companies		**0.1**	(0.3)
Subsidiaries acquired	11	**–**	(6.6)
Net cash outflow from investing activities		**(74.0)**	(1.9)
Financing activities			
Issue of Ordinary Shares		**180.2**	–
Issue costs paid on issuance of Ordinary Shares		**(6.7)**	–
Dividends paid	22	**(14.4)**	(7.2)
Repayment of loans	19	**(64.1)**	(5.1)
Long-term loans drawdown	19	**–**	9.2
Cash settlement of loan fair value adjustments		**(7.8)**	–
Swap cash settlement		**(1.7)**	–
Loan issue costs		**(0.5)**	–
Net cash inflow/(outflow) from financing activities		**85.0**	(3.1)
Increase in cash and cash equivalents		**27.9**	2.9
Opening cash and cash equivalents		**38.6**	35.7
Closing cash and cash equivalents	14	**66.5**	38.6

Strategic report

Governance

Financial statements

1. Corporate information and operations

Assura plc ("Assura") is incorporated in England and Wales and the Company's Ordinary Shares are listed on the London Stock Exchange.

As of 1 April 2013, the Group has elected to be treated as a UK REIT. See Note 8 for further details.

Capital restructuring

On 28 January 2015, a scheme of arrangement proposed by the Group under Part VIII of the Companies (Guernsey) Law, 2008 became effective resulting in Assura plc replacing Assura Group Limited as the top company in the Group. The accounting for group reorganisations is not within the scope of IFRS 3 and accordingly, as required by IAS 8, the Company has referred to current UK GAAP for suitable guidance. This capital restructuring has been accounted for under merger accounting principles meaning the consolidated accounts are presented as if the Group had always been constructed in this way. The consolidated income statement shows the results for the year ended 31 March 2015, with comparatives for the year ended 31 March 2014.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and investment properties, including investment properties under construction and land which are included at fair value. The financial statements have also been prepared in accordance with IFRSs and interpretations adopted by the European Union and in accordance with the Companies Act 2006.

Standards affecting the financial statements

The following standards and amendments became effective for the Company in the year ended 31 March 2015. The pronouncements either had no material impact on the financial statements or resulted in changes in presentation and disclosure only:

— IFRS 10 Consolidated Financial Statements
— IFRS 11 Joint Arrangements
— IFRS 12 Disclosure of Interests in Other Entities
— IAS 27 Separate Financial Statements (2011)
— IAS 28 Investments in Associates and Joint Ventures (2011)
— Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
— Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
— Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

Standards in issue not yet effective

The following standards and amendments are in issue as at the date of the approval of these financial statements, but are not yet effective for the Company. The Directors do not expect that the adoption of the standards listed below will have a material impact on the financial statements of the Company in future periods but are continuing to assess the potential impact (effective for periods beginning on or after the date in brackets):

– IFRS 9 Financial Instruments (1 January 2018)
– IFRS 15 Revenue from Contracts with Customers (1 January 2018)
– Amendments to IAS 1 Disclosure Initiatives (1 January 2017)

The financial statements are prepared on a going concern basis as explained in the Directors' report on page 73 and are presented in sterling.

The accounting policies have been applied consistently to the results, other gains and losses, liabilities and cash flows of entities included in the consolidated financial statements. All intragroup balances, transactions, income and expenses are eliminated on consolidation.

Significant judgements and key estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

2. Significant accounting policies continued

Property valuations

The key source of estimation and uncertainty relates to the valuation of the property portfolio, where a valuation is obtained twice a year from professionally qualified external valuers. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. Property valuations are one of the principal uncertainties of the Group.

Accounting for acquisitions and disposals

A degree of judgement is required in relation to acquisitions to determine whether they should be accounted for as business combinations under IFRS 3 or as asset purchases. Consideration is taken of all the facts concerning the transaction in making the appropriate judgement. In addition, the fair value of assets and liabilities acquired as part of the transaction must be determined, which is based on external market evidence where available.

Basis of consolidation

Subsidiaries

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

In the Company financial statements, investments in subsidiaries are held at cost less any provision for impairment.

Where properties are acquired through the purchase of a corporate entity but the transaction does not meet the definition of a business combination under IFRS 3, the purchase is treated as an asset acquisition. Where the acquisition is considered a business combination, the excess of the consideration transferred over the fair value of assets and liabilities acquired is held as goodwill, initially recognised at cost with subsequent impairment assessments completed at least annually. Where the initial calculation of goodwill arising is negative, this is recognised immediately in the income statement.

Property portfolio

Properties are externally valued on an open market basis as at the balance sheet date and are recorded at valuation.

Any surplus or deficit arising on revaluing investment properties and investment property under construction ("IPUC") is recognised in the income statement.

All costs associated with the purchase and construction of IPUC are capitalised including attributable interest. Interest is calculated on the expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. When IPUC are completed, they are classified as investment properties.

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value.

Where an investment property is held under a head lease it is initially recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation.

The market value of investment property as estimated by an external valuer is increased for the unamortised pharmacy lease premium held at the balance sheet date.

Net rental income

Rental income is recognised on an accruals basis and recognised on a straight line basis over the lease term. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Pharmacy lease premiums received from tenants are spread over the lease term, even if the receipts are not received on such a basis.
The lease term is the non-cancellable period of the lease.

2. Significant accounting policies continued

Net rental income continued

Property operating expenses are expensed as incurred and property operating expenditure not recovered from tenants through service charges is charged to the income statement.

Gains on sale of properties

Gains on sale of properties are recognised on the completion of contract, and are calculated by reference to the carrying value at the end of the previous reporting period, adjusted for subsequent capital expenditure.

Financial assets and liabilities

Trade receivables and payables are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Other investments are shown at amortised cost and held as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption at a constant rate on the carrying amount of the liability.

Financial instruments

Where the Group uses derivative financial instruments, in the form of interest rate swaps, to hedge its risks associated with interest rate fluctuations they are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value by reference to market values for similar instruments. The resulting gains or losses are recognised through the income statement.

Cash equivalents are limited to instruments with a maturity of less than three months.

Tax

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Income statement definitions

Underlying profit represents adjusted earnings, with further Company adjustments to exclude items such as property revaluations, exceptional items and share-based payment charges. These adjustments have been made on the basis they are non-cash fair value adjustments, which are not reflective of the underlying performance of the business.

Capital and other represents all other statutory income statement items that are not considered underlying, including exceptional items.

Employee costs

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are charged to the income statement as incurred.

Share-based employee remuneration

Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement over the vesting period on a straight line basis. The fair value of share options is calculated using the Black Scholes option pricing model or the Monte Carlo Model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. IFRS 2 Share-based Payment has been applied to share options granted.

Segmental information

In previous periods, the Group ran more than one operating segment. Following the sale of the majority of assets in the Non-Core segment, the Group is now run as one business and as such no segmental analysis is presented for the current or prior year results.

3. Revenue

	2015 £m	2014 £m
Rental revenue	**50.1**	39.0
Other related income	**1.0**	0.9
Gross rental and related income	**51.1**	39.9
LIFT interest (through discontinued operations)	**–**	0.6
Bank and other interest	**0.4**	0.3
	0.4	0.9
Total revenue	**51.5**	40.8

4. Administrative expenses

		2015 £m	2014 £m
Wages and salaries		**1.6**	1.6
Social security costs		**0.3**	0.3
		1.9	1.9
Auditor's remuneration	Note 4(a)	**0.3**	0.3
Directors' remuneration and fees	page 68	**1.3**	1.2
Other administrative expenses		**2.2**	1.6
		5.7	5.0

a) Auditor's remuneration

	2015 £m	2014 £m
Group audit including interim	**–**	–
Statutory audit	**0.1**	0.1
Total audit fees	**0.1**	0.1
Reporting accountant services	**0.1**	0.1
Tax services – advisory	**0.1**	0.1
	0.3	0.3

The Group's policy on non-audit fees is discussed in detail in the Report of the Audit Committee on page 55.

The average monthly number of employees during the year was 30 (2014: 30).

Key management are the Executive Directors and other key management personnel.

	2015 £m	2014 £m
Key management staff		
Salaries, pension, holiday pay, payments in lieu of notice and bonus	**1.7**	1.6
Cost of employee share-based incentives	**0.7**	0.7
Social security costs	**0.3**	0.3
	2.7	2.6

5. Finance revenue

	2015 £m	2014 £m
Bank and other interest	**0.4**	0.3
	0.4	0.3

6. Finance costs

	2015 £m	2014 £m
Interest payable	**27.1**	22.4
Interest capitalised on developments	**(0.4)**	(0.6)
Amortisation of loan issue costs	**0.6**	0.5
Amortisation of loan fair value adjustments	**(0.3)**	(0.1)
	27.0	22.2
Change in fair value of interest rate swaps	**(0.1)**	(1.8)
	26.9	20.4

Interest was capitalised on property developments at 5% (2014: 5%).

7. Exceptional items in prior year

	2015 £m	2014 £m
Negative goodwill on acquisition of Trinity	**–**	0.6
Acquisition costs of Trinity	**–**	(0.4)
Corporate finance fees	**–**	(1.1)
Property provision	**–**	0.5
	–	(0.4)

Acquisition costs and negative goodwill relate to the acquisition of the Trinity portfolio in the prior year. For further details see Note 11.

£1.1 million of corporate finance fees were incurred in considering a takeover approach during the prior year.

See Note 18 for further information in respect of the property provision.

8. Taxation

Consolidated income tax	2015 £m	2014 £m
Deferred tax		
Relating to origination and reversal of temporary differences	**(0.6)**	0.4
Income tax (credit)/charge reported in consolidated income statement	**(0.6)**	0.4

The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2015 £m	2014 £m
Profit from continuing operations before taxation	**36.6**	24.2
Profit from discontinued operations before taxation	**–**	11.2
Net profit before taxation	**36.6**	35.4
UK income tax at rate of 21% (2014: 23%)	**7.7**	8.1
Effects of:		
Non-taxable income (including REIT exempt income)	**(8.9)**	(7.8)
Expenses not deductible for tax purposes	**2.2**	0.5
Movement in unrecognised deferred tax	**(1.6)**	(0.4)
	(0.6)	0.4

The Group elected to be treated as a UK REIT with effect from 1 April 2013. The UK REIT rules exempt the profits of the Group's property rental business from corporation tax. Gains on properties are also exempt from tax, provided they are not held for trading or sold in the three years post completion of development. The Group will otherwise be subject to corporation tax at 20% (2015: 21%).

The Group tax (credit)/charge relates to its non-property income. As the Group has sufficient brought forward tax losses, no tax is due and so the amount represents the movement in deferred tax.

As a REIT, the Group is required to pay Property Income Distributions ("PIDs") equal to at least 90% of the Group's rental profit calculated by reference to tax rules rather than accounting standards. In the year to 31 March 2015 the taxable rental profit of the Group was £nil as a result of capital allowances available, and consequently no PID was required.

To remain as a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activities and the balance of business. The Group remains compliant at 31 March 2015.

A further reduction in the main rate of corporation tax has been substantively enacted; the rate reduced to 20% from 1 April 2015. This change has been reflected in the calculation of deferred tax.

9. Earnings per Ordinary Share

	Earnings 2015 £m	**Adjusted (EPRA) earnings 2015 £m**	Earnings 2014 £m	Adjusted (EPRA) earnings 2014 £m
Profit for the year from continuing operations	**37.2**	**37.2**	23.8	23.8
Acquisition costs and negative goodwill		**–**		(0.2)
Revaluation gains		**(21.4)**		(12.4)
Revaluation of derivative financial instruments		**(0.1)**		(1.8)
Loss/(gain) on sale of property		**0.1**		(0.2)
Adjusted (EPRA) earnings		**15.8**		9.2
Weighted average number of shares in issue – basic	**763,163,756**	**763,163,756**	529,548,924	529,548,924
Potential dilutive impact of VCP	**20,723,772**	**20,723,772**	–	–
Weighted average number of shares in issue – diluted	**783,887,528**	**783,887,528**	529,548,924	529,548,924
Earnings per Ordinary Share from continuing operations	**4.9p**	**2.1p**	4.5p	1.7p
Earnings per Ordinary Share from discontinued operations	**–**	**–**	2.1p	2.1p
Earnings per Ordinary Share – basic	**4.9p**	**2.1p**	6.6p	3.8p
Earnings per Ordinary Share from continuing operations	**4.7p**	**2.0p**	4.5p	1.7p
Earnings per Ordinary Share from discontinued operations	**–**	**–**	2.1p	2.1p
Earnings per Ordinary Share – diluted	**4.7p**	**2.0p**	6.6p	3.8p

Underlying profit per share of 2.1 pence (2014: 2.1 pence) has been calculated as underlying profit for the year as presented on the income statement of £15.9 million (2014: £10.9 million) divided by the weighted average number of shares in issue of 763,163,756 (2014: 529,548,924). Based on the diluted weighted average shares, underlying profit per share is 2.0 pence (2014: 2.1 pence).

As set out on page 66, the current estimated number of shares over which nil-cost options may be issued to participants is 24.6 million. After allowing for shares held by the Employee Benefit Trust, this would amount to a potential issuance of a further 20.7 million shares over the course of the next three years.

10. Net asset value per Ordinary Share

	Net asset value 2015 £m	Adjusted (EPRA) net asset value 2015 £m	Net asset value 2014 £m	Adjusted (EPRA) net asset value 2014 £m
Net assets	**451.9**	**451.9**	226.6	226.6
Own shares held		**1.8**		1.9
Derivative financial instruments		**–**		1.8
Deferred tax		**(1.3)**		(0.7)
NAV in accordance with EPRA		**452.4**		229.6
Number of shares in issue	**1,006,900,141**	**1,006,900,141**	529,548,924	529,548,924
Potential dilutive impact of VCP (Note 9)	**20,723,772**	**20,723,772**	–	–
Diluted number of shares in issue	**1,027,623,913**	**1,027,623,913**	529,548,924	529,548,924
NAV per Ordinary Share – basic	**44.9p**	**44.9p**	42.8p	43.4p
NAV per Ordinary Share – diluted	**44.0p**	**44.0p**	42.8p	43.4p

	Adjusted net asset value 2015 £m	Adjusted net asset value 2014 £m
EPRA NAV	**452.4**	229.6
Mark to market of derivative financial instruments	**–**	(1.8)
Mark to market of fixed rate debt	**(90.7)**	(5.5)
EPRA NNNAV	**361.7**	222.3
EPRA NNNAV per Ordinary Share	**35.9p**	42.0p

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Property Real Estate Association dated December 2014.

Mark to market adjustments have been provided by third party valuers in the case of fixed rate debt or the counterparty in the case of derivative financial instruments.

11. Investments

Below is a table listing all the principal subsidiaries of Assura plc:

Name of subsidiary	Place of incorporation	Shareholding	Business activity
Assura Group Limited	Guernsey	100%	Intermediate holding company
Assura Health Investments Limited	England	100%	Property investment
Assura Medical Centres Limited	England	100%	Property investment
Assura Primary Care Properties Limited	England	100%	Property investment
Assura Properties plc	England	100%	Property investment
Assura Properties UK Limited	England	100%	Property investment
Medical Properties Limited	England	100%	Property investment
Metro MRH Limited	England	100%	Property investment
Metro MRI Limited	England	100%	Property investment
Metro MRM Limited	England	100%	Property investment
Trinity Medical Properties Limited	England	100%	Property investment

All acquisitions in the year to 31 March 2015 were deemed to be asset purchases.

The acquisition of Trinity Medical Properties Limited on 10 September 2013 was deemed to be a business combination and was accounted for as such. Net assets acquired totalled £7.5 million and cash consideration was £6.9 million resulting in negative goodwill of £0.6 million which was shown through exceptional items in the prior year. Cash flow was £6.6 million, net of cash acquired. Transaction costs of £0.4 million were incurred.

The Group also holds the following investments:

GB Partnerships Investments Limited; 15% equity holding (book value £0.4 million, 2014: £0.5 million).

Virgin Healthcare Holdings Limited; made up of a 6% equity holding (book value £nil) and a £4 million loan note receivable (book value £nil, 2014: £nil).

12. Property assets

Investment property and investment property under construction ("IPUC")

Properties are stated at fair value, which has been determined for the Group by Savills Commercial Limited and Jones Lang LaSalle as at 31 March 2015. The properties have been valued individually and on the basis of open market value in accordance with RICS valuation – Professional Standards 2014 ("the Red Book").

Initial yields mainly range from 5.25% to 5.50% (2014: 5.60% to 5.80%) for prime units. For properties with weaker tenants, poorer units or held under short leaseholds, the yields range between 6.25% and 22.40% (2014: 6.50% and 18.30%).

A 0.25% shift of valuation yield would have approximately a £42.8 million (2014: £27.7 million) impact on the investment property valuation.

12. Property assets continued

	Investment 2015 £m	IPUC 2015 £m	Total 2015 £m	Investment 2014 £m	IPUC 2014 £m	Total 2014 £m
Opening fair value	**638.8**	**14.8**	**653.6**	539.9	14.3	554.2
Additions:						
– acquisitions	**229.8**	**0.5**	**230.3**	63.5	–	63.5
– improvements	**0.7**	**–**	**0.7**	1.9	–	1.9
	230.5	**0.5**	**231.0**	65.4	–	65.4
Development costs	**–**	**14.0**	**14.0**	–	23.7	23.7
Transfers	**24.5**	**(24.5)**	**–**	24.8	(24.8)	–
Transfer from assets held for sale	**1.5**	**4.7**	**6.2**	0.2	0.2	0.4
Capitalised interest	**–**	**0.4**	**0.4**	–	0.6	0.6
Disposals	**(2.0)**	**(2.3)**	**(4.3)**	(2.6)	(0.5)	(3.1)
Unrealised surplus/(deficit) on revaluation	**22.3**	**(0.9)**	**21.4**	11.1	1.3	12.4
Closing market value	**915.6**	**6.7**	**922.3**	638.8	14.8	653.6
Add finance lease obligations recognised separately	**3.0**	**–**	**3.0**	3.1	–	3.1
Closing fair value of investment property	**918.6**	**6.7**	**925.3**	641.9	14.8	656.7

	2015 £m	2014 £m
Market value of investment property as estimated by valuer	**908.3**	631.6
Add IPUC	**6.7**	14.8
Add pharmacy lease premiums	**7.3**	7.2
Add finance lease obligations recognised separately	**3.0**	3.1
Fair value for financial reporting purposes	**925.3**	656.7
Investment property held for sale	**–**	2.0
Vacant property held for sale	**0.6**	0.1
Land held for sale	**4.8**	9.5
Total property assets held for sale	**5.4**	11.6
Total property assets	**930.7**	668.3

Three property investments and eight land sites are held as available for sale (2014: two property investments and 10 land sites).

Fair value hierarchy

The fair value measurement hierarchy for all investment property and investment property under construction as at 31 March 2015 was Level 3 – Significant unobservable inputs (2014: Level 3). There were no transfers between Levels 1, 2 or 3 during the year.

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

Valuation techniques: market comparable method

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions.

Unobservable inputs

These include: estimated rental value ("ERV") based on market conditions prevailing at the valuation date; estimated average increase in rent based on both market estimations and contractual situations; equivalent yield (defined as the weighted average of the net initial yield and reversionary yield); and the physical condition of the property determined by inspections on a rotational basis.

13. Property, plant and equipment

The Group holds computer and other equipment assets with cost of £0.5 million (2014: £0.5 million) and accumulated depreciation of £0.4 million (2014: £0.4 million), giving a net book value of £0.1 million (2014: £0.1 million).

Additions during the year were £nil (2014: £nil) and depreciation charged to the income statement was £nil (2014: £nil).

14. Cash, cash equivalents and restricted cash

	2015 £m	2014 £m
Cash held in current account	**65.3**	27.6
Restricted cash	**1.2**	11.0
	66.5	38.6

Restricted cash arises where there are interest payment guarantees, cash is ring-fenced for committed property development expenditure, which is released to pay contractors' invoices directly, or under the terms of security arrangements under the Group's banking facilities or its bond.

15. Trade and other receivables

	2015 £m	2014 £m
Trade receivables	**5.6**	3.4
Prepayments and accrued income	**1.1**	1.4
Other debtors	**1.6**	0.7
	8.3	5.5

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The Group's principal customers are invoiced and pay quarterly in advance, usually on the English quarter days. Other debtors are generally on 30–60 days' terms. No bad debt provision was required during the year (2014: £nil).

As at 31 March 2015 and 31 March 2014, the analysis of trade debtors that were past due but not impaired is as follows:

			Past due but not impaired			
	Total £m	Neither past due nor impaired £m	>30 days £m	>60 days £m	>90 days £m	>120 days £m
2015	**5.6**	**5.0**	**0.4**	**–**	**0.2**	**–**
2014	3.4	2.8	0.1	–	0.1	0.4

The bulk of the Group's income derives from the NHS or is reimbursed by the NHS, hence the risk of default is minimal.

The amount due over 120 days related to one property for which there was a legal dispute to clarify the terms of the lease.

16. Trade and other payables

	2015 £m	2014 £m
Trade creditors	**2.5**	1.6
Other creditors and accruals	**13.5**	11.7
VAT creditor	**2.9**	1.4
Payments due under finance leases	**–**	0.1
	18.9	14.8

Finance lease arrangements are in respect of investment property held by the Group on leasehold property. The amounts due after more than one year, which total £3.0 million (2014: £3.0 million), have been disclosed in non-current liabilities on the consolidated balance sheet. The maturity of trade and other payables and the minimum payments due under finance leases are disclosed in Note 26.

The fair value of the Group's lease obligations is approximately equal to their carrying value.

17. Deferred revenue

	2015 £m	2014 £m
Arising from rental received in advance	**12.3**	9.5
Arising from pharmacy lease premiums received in advance	**7.3**	7.2
	19.6	16.7
Current	**12.7**	9.9
Non-current	**6.9**	6.8
	19.6	16.7

18. Provisions

	2015 £m	2014 £m
At 1 April	**0.5**	1.0
Utilisation of provision	**(0.1)**	–
Released	**–**	(0.5)
At 31 March	**0.4**	0.5
Analysed as:		
Current	**0.1**	0.1
Non-current	**0.3**	0.4
	0.4	0.5

Provisions relate to the onerous property lease on the former Pall Mall office and represent management's best estimate of the Group's liability. A proportion of the provision was released in the prior year following a subtenant not exercising a break clause.

19. Borrowings

	2015 £m	2014 £m
At 1 April	**450.3**	392.1
Amount issued or drawn down in year	**–**	9.2
Amount repaid in year	**(64.1)**	(5.1)
Assumed with acquisition of properties/subsidiaries	**135.3**	53.7
Amortisation of loan fair value adjustments	**(0.3)**	(0.1)
Cash settlement of loan fair value adjustments	**(7.8)**	–
Loan issue costs	**(0.5)**	–
Amortisation of loan issue costs	**0.6**	0.5
At 31 March	**513.5**	450.3
Due within one year	**8.0**	5.9
Due after more than one year	**505.5**	444.4
At 31 March	**513.5**	450.3

The Group has the following bank facilities:

1. 10-year senior secured bond for £110 million at a fixed interest rate of 4.75% maturing in December 2021. The secured bond carries a loan to value covenant of 75% (70% at the point of substitution of an investment property or cash) and an interest cover requirement of 1.15 times (1.5 times at the point of substitution).

2. Loans from Aviva with an aggregate balance of £406.6 million at 31 March 2015 (2014: £284.5 million), including £127.6 million of loans following the various acquisitions during the year. The Aviva loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2044 with a weighted average term of 13 years to maturity; £8.0 million is due within a year. These loans are secured by way of charges over specific medical centre investment properties with cross-collateralisation between the loans and security. The loans are subject to fixed all-in interest rates ranging between 4.11% and 6.66%, and a weighted average of 5.43% and do not have loan to value covenants. The loans carry a debt service cover covenant of 1.05 times, calculated across all loans and secured properties.

   The principal amount of the debt assumed with the various acquisitions during the year was £128.8 million. The debt has been recorded on the balance sheet at £135.3 million, which represents the fair value as determined by the Group at the point of acquisition. In December 2014, an amount equal to the unamortised fair value provision of £7.8 million was paid to Aviva to reset the interest rate on all mortgages assumed with the acquisitions completed in the 2014 and 2015 financial years. The interest rate on loans with principal outstanding of £177.5 million was reset, with the weighted average rate on these loans reducing from 5.54% to 5.12%.

3. Five-year club revolving credit facility with RBS and Barclays for £30.0 million at an initial margin of 1.85% above LIBOR, expiry in May 2019. The facility reduces to £27.5 million and £25.0 million in years four and five respectively, with the loan to value covenant also reducing from 65% to 60% in these years. The facility is also subject to a historical interest cover requirement of at least 175% and a weighted average lease length of nine years. The margin increases to 2.2% where amounts are drawn and the loan to value ratio is in excess of 60%. The facility attracts a non-utilisation fee equal to 40% of the applicable margin. The facility was undrawn at 31 March 2015.

As at 31 March 2014, the Group had drawn £57.4 million under an investment facility from Santander. This loan had an interest rate of 1.95% above LIBOR, with an interest rate swap taken out on £50.0 million at 2.575% to hedge against movements in LIBOR. The debt was repaid in full on 4 November 2014 along with the associated swap liability.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the year.

20. Derivative financial instrument at fair value through profit or loss

	Interest rate swaps (Santander) £m
Liability at 1 April 2014	1.8
Movement in year	(0.1)
Settled during year	(1.7)
Liability at 31 March 2015	–

The swap liability was settled in full on 4 November 2014 at the time of the associated debt being repaid.

The table above includes the net position of derivative financial instruments at the balance sheet date. These are presented under the following captions on the consolidated balance sheet:

	2015 £m	2014 £m
Non-current liabilities	**–**	1.8
	–	1.8

Fair value hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2015 and 31 March 2014 and throughout the two-year period the financial liabilities measured have been determined and valued as Level 2.

During the reporting years ending 31 March 2015 and 31 March 2014, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of the Level 3 fair value measurements.

21. Share capital

	Number of shares 2015	Share capital 2015 £m	Number of shares 2014	Share capital 2014 £m
Ordinary Shares issued and fully paid				
At 1 April	**529,548,924**	**53.0**	529,548,924	53.0
Issued 13 June 2014	**44,264,196**	**4.4**	–	–
Issued 15 October 2014	**414,252,873**	**41.4**	–	–
Issued 6 November 2014	**18,834,148**	**1.9**	–	–
At 31 March	**1,006,900,141**	**100.7**	529,548,924	53.0
Own shares held	**(3,911,551)**	**(1.8)**	(4,064,885)	(1.9)
Total share capital	**1,002,988,590**	**98.9**	525,484,039	51.1

On 13 June 2014, 44,264,196 Ordinary Shares were issued as part consideration for the acquisition of the MP Realty portfolio. Based on the closing share price on 12 June 2014 of 42.75 pence per Ordinary Share the shares were valued at £18.9 million and this has been allocated accordingly between share capital (£4.4 million) and share premium (£14.5 million). Issue costs totalling £0.2 million were incurred and have been allocated against share premium.

On 15 October 2014, 414,252,873 Ordinary Shares were issued by way of a Firm Placing, Placing and Open Offer and Offer for Subscription at a price of 43.5 pence per Ordinary Share. Gross proceeds to the Company were £180.2 million, which has been allocated accordingly between share capital (£41.4 million) and share premium (£138.8 million). Issue costs totalling £5.8 million were incurred and have been allocated against share premium.

On 6 November 2014, 18,834,148 Ordinary Shares were issued as part consideration for the acquisition of the Metro portfolio. Based on a closing share price on 5 November 2014 of 50 pence per Ordinary Share the shares were valued at £9.4 million and this has been allocated accordingly between share capital (£1.9 million) and share premium (£7.5 million). No issue costs were incurred.

On 28 January 2015, a scheme of arrangement proposed by the Group under Part VIII of the Companies (Guernsey) Law, 2008, as sanctioned by the Royal Court of Guernsey became effective resulting in Assura plc replacing Assura Group Limited as the top company in the Group. The scheme was implemented through all shareholders at 27 January 2015 exchanging shares on a one-for-one basis. The newly issued shares in Assura plc were admitted to trading on the London Stock Exchange at 8.00am on 28 January 2015. The share capital of Assura plc is 1,006,900,141. The accounting for group reorganisations is not within the scope of IFRS 3 and accordingly, as required under IAS 8, the Company has referred to current UK GAAP for suitable guidance. This capital restructuring has been accounted for under merger accounting principles meaning the consolidated accounts are presented as if the Group had always been constructed this way.

Movements in the above table prior to 28 January 2015 relate to Assura Group Limited, with all subsequent movements relating to Assura plc.

Assura plc was incorporated on 10 December 2014 with total share capital of £50,000, being two Ordinary Shares of 10 pence and 499,998 redeemable preference shares of 10 pence. These shares were redeemed and cancelled following the scheme of arrangement.

Own shares held comprise shares held by the Employee Benefit Trust.

22. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	2015 £m	2014 £m
21 January 2015	0.5	1,006,900,141	**5.0**	–
5 November 2014	0.45	988,065,993	**4.4**	–
23 July 2014	0.45	573,813,120	**2.6**	–
23 April 2014	0.45	529,548,924	**2.4**	–
22 January 2014	0.45	529,548,924	**–**	2.4
23 October 2013	0.3025	529,548,924	**–**	1.6
24 July 2013	0.3025	529,548,924	**–**	1.6
24 April 2013	0.3025	529,548,924	**–**	1.6
			14.4	7.2

A dividend of 0.5 pence per share was paid to shareholders on 30 April 2015.

A quarterly dividend for 2015/16 of 0.5 pence per share is currently planned to be paid on 22 July 2015 to shareholders on the share register at 10 July 2015.

The dividends paid do not include any PIDs as defined under the REIT regime.

All dividends up to and including 21 January 2015 were paid by Assura Group Limited. Following the scheme of arrangement, all dividends from 30 April 2015 will be paid by Assura plc.

23. Share-based payments

As at 31 March 2015, the Group had two long-term incentive schemes in place – the Value Creation Plan ("VCP") and the Executive Recruitment Plan ("ERP").

The long-term incentive arrangements are structured so as to align the incentives of relevant Executives with the long-term performance of the business and to motivate and retain key members of staff. To the extent practicable long-term incentives are provided through the use of share-based (or share-fulfilled) remuneration to provide alignment of objectives with the Group's shareholders. Long-term incentive awards are granted by the Remuneration Committee which reviews award levels on a case by case basis.

As at 31 March 2015 the Employee Benefit Trust held a total of 3,911,551 (2014: 4,064,885) Ordinary Shares of 10 pence each in Assura plc. Previous long-term incentive plans have lapsed without vesting.

Value Creation Plan

As at 31 March 2015, a total of 848,950 performance units (2014: 822,080) had been granted to employees (including 575,000 units granted to Executive Directors as detailed in the Remuneration Committee Report). No payment has been made for the grant of these awards and the performance units have no value at grant.

Participants have the opportunity to receive 10% of the total value created for shareholders above a threshold price determined at three measurement dates in a five-year measurement period. Before any awards vest, which are granted as nil-cost options on conversion of any value created, a minimum level of Total Shareholder Return of 8% per annum compound growth from the base price at each measurement date must be achieved.

Further details in respect of the VCP are provided in the Remuneration Committee Report on page 60.

Executive Recruitment Plan

During a prior year, a nil-cost contingent award of 460,002 Ordinary Shares was made under the ERP. The scheme is in respect of one Executive Director and full details are provided in the Remuneration Committee Report on pages 63 and 68.

23. Share-based payments continued

All schemes

The fair value of equity settled units granted during 2013 was estimated as at the date of grant using the Monte Carlo Model, taking into account the terms and conditions upon which units were granted. The following table lists the inputs to the models used for the year ended 31 March 2013, being the last point at which a valuation was required under IFRS 2:

	2013
Dividend yield (%)	3.5
Expected share price volatility (%)	20.7
Risk-free interest rate (%)	0.74
Expected life of units (years)	4.5

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the units granted in 2013 was £2,475,000 based on the market price at the date the units were granted. This cost is allocated over the vesting period. The cost allocation for all outstanding units in the period was a charge of £623,500 (2014: charge of £655,500).

For share options outstanding as at 31 March 2015, the weighted average remaining contractual life is 0.83 years (2014: 1.83 years). No share options were granted during 2015 (2014: none).

24. Note to the consolidated cash flow statement

	2015 £m	2014 £m
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net profit before taxation		
Profit from continuing activities	36.6	24.2
Profit from discontinued activities	–	11.2
	36.6	35.4
Adjustment for non-cash items:		
Decrease/(increase) in debtors	0.9	(1.1)
Increase/(decrease) in creditors	0.3	(0.7)
Decrease in provisions	(0.1)	(0.5)
Revaluation gain	(21.4)	(12.4)
Interest capitalised on developments	(0.4)	(0.6)
Gain on revaluation of financial instrument	(0.1)	(1.8)
Loss/(gain) on disposal of properties	0.1	(0.2)
Amortisation of acquired loans fair value adjustment	(0.3)	(0.1)
Profit on disposal of LIFT business	–	(10.5)
Negative goodwill on acquisition of Trinity	–	(0.6)
Share of profits of associates and joint ventures	–	(0.2)
Employee share-based incentive costs	0.7	0.7
Amortisation of loan issue costs	0.6	0.5
Net cash inflow from operating activities	16.9	7.9

25. Deferred tax

Deferred tax consists of the following:

	2015 £m	2014 £m
At 1 April	0.7	1.1
Income statement movement	0.6	(0.4)
At 31 March	1.3	0.7

The amount of deductible temporary differences and unused tax losses are as follows:

	2015 £m	2014 £m
Tax losses	212.0	207.0
Other timing differences	6.0	7.5
	218.0	214.5

The majority of tax losses carried forward relate to capital losses generated on the disposal of former divisions of the Group.

The following deferred tax assets have not been recognised due to uncertainties around future recoverability:

	2015 £m	2014 £m
Tax losses	42.4	41.4
Other temporary differences	1.2	1.5
	43.6	42.9

26. Derivatives and other financial instruments

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments and properties are credit risk, liquidity risk, interest rate risk and capital risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

In the event of a default by an occupational tenant, the Group will suffer a rental income shortfall and may incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Given the nature of the Company’s tenants and enhanced rights of landlords who can issue proceedings and enforcement by bailiffs, defaults are rare and potential defaults are managed carefully by the credit control department. The maximum credit exposure in aggregate is one quarter’s rent of circa £15 million; however, this amount derives from all the tenants in the portfolio and such a scenario is hypothetical. The Group’s credit risk is well spread across circa 585 tenants at any one time. Furthermore the bulk of the Group’s property income derives from the NHS or is reimbursed by the NHS, which has an obligation to ensure that patients can be seen and treated and steps in when GPs are unable to practise, hence the risk of default is minimal.

The maximum credit risk exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

26. Derivatives and other financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments. Investments in property are relatively illiquid; however, the Group has tried to mitigate this risk by investing in modern purpose built medical centres which are let to GPs and NHS PropCo. In order to progress its property investment and development programme, the Group needs access to bank and equity finance, both of which may be difficult to raise notwithstanding the quality, long lease length, NHS backing and geographical and lot size diversity of its property portfolio.

The Group manages its liquidity risk by ensuring that it has a spread of sources and maturities.

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining terms of up to 30 years and have a weighted average lease length of 14.4 years. All leases are subject to revision of rents according to various rent review clauses. Future minimum rentals receivable under non-cancellable operating leases along with trade and other receivable as at 31 March are as follows:

Receivables as at 31 March 2015	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Non-cancellable leases	–	14.0	41.9	223.9	573.2	853.0
Trade and other receivables	–	8.3	–	–	–	8.3
	–	22.3	41.9	223.9	573.2	861.3

Receivables as at 31 March 2014	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Non-cancellable leases	–	10.6	32.0	170.4	449.9	662.9
Trade and other receivables	–	5.5	–	–	–	5.5
	–	16.1	32.0	170.4	449.9	668.4

The table below summarises the maturity profile of the Group's financial liabilities, including interest, at 31 March 2015 and 31 March 2014 based on contractual undiscounted payments at the earliest date which the Group can be required to pay.

The total contracted discounted payments are higher than the total minimum rentals receivable due to the rent receivable not including any residual values on properties at the end of the lease contract. In practice, the Group expects a significant renewal of leases at the end of the lease term.

Payables as at 31 March 2015	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	10.2	25.4	172.5	650.0	858.1
Trade and other payables	–	14.2	3.5	0.1	2.9	20.7
Total financial liabilities	–	24.4	28.9	172.6	652.9	878.8

26. Derivatives and other financial instruments continued

Payables as at 31 March 2014	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	8.2	19.9	163.5	529.4	721.0
Trade and other payables	–	11.7	3.1	0.1	3.0	17.9
	–	19.9	23.0	163.6	532.4	738.9
Derivative financial liabilities:						
Interest rate swap	–	0.3	0.8	3.5	–	4.6
	–	0.3	0.8	3.5	–	4.6
Total financial liabilities	–	20.2	23.8	167.1	532.4	743.5

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash deposits and, as debt is utilised, long-term debt obligations. The Group's policy is to manage its interest cost using fixed rate debt, or by interest rate swaps, for the majority of loans and borrowings although the Group will accept some exposure to variable rates where deemed appropriate. The swaps are revalued to their market value by reference to market interest rates at each balance sheet date.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2015 was as follows:

	Within 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Floating rate asset				
Cash	**66.5**	**–**	**–**	**66.5**
Fixed rate (all liabilities)				
Long-term loans:				
Bond	**–**	**–**	**(110.0)**	**(110.0)**
Aviva	**(8.0)**	**(37.2)**	**(361.4)**	**(406.6)**
Payments due under finance leases	**(0.1)**	**(0.1)**	**(2.8)**	**(3.0)**

In November 2011 the Group issued a £110.0 million 10-year senior secured bond at 4.75%.

Aviva loans were increased during the period to £406.6 million (2014: £284.5 million). The Aviva loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2044. £8.0 million is due within a year. These loans are secured by way of charges over specific medical centre investment properties with cross-collateralisation between the loans and security. The loans are subject to fixed all-in interest rates ranging between 4.11% and 6.66%.

In November 2011 the Group entered into an interest rate swap with Santander for a principal of £50.0 million at 2.575% plus 1.95% margin for five years. This was settled in full in November 2014 when the associated debt was repaid.

26. Derivatives and other financial instruments continued

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2014 was as follows:

	Within 1 year £m	1 to 5 years £m	> 5 years £m	Total £m
Floating rate asset/(liability)				
Cash	38.6	–	–	38.6
Santander – investment facility	(0.6)	(56.8)	–	(57.4)
Interest rate swap	–	(1.8)	–	(1.8)
Fixed rate (all liabilities)				
Long-term loans:				
Bond	–	–	(110.0)	(110.0)
Aviva	(5.3)	(32.6)	(246.6)	(284.5)
Payments due under finance leases	(0.1)	(0.1)	(2.9)	(3.1)

Sensitivity analysis

The Group has largely eliminated its exposure to interest rate movements affecting income by the use of fixed rate debt and interest rate swaps. The Group is 100% fixed such that a 0.25% movement in interest rate would have no impact on underlying profits.

	Book value		Fair value	
	2015 £m	2014 £m	**2015 £m**	2014 £m
Cash	**66.5**	38.6	**66.5**	38.6
Interest rate swap	**–**	(1.8)	**–**	(1.8)
Long-term loan	**(513.5)**	(450.3)	**(604.2)**	(455.8)
Payments due under finance leases	**(3.0)**	(3.1)	**(3.0)**	(3.1)

The Group is exposed to the valuation impact on investor sentiment of long-term interest rate expectations, which can impact transactions in the market and increase or decrease valuations accordingly.

Capital risk

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may make disposals, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital structure with reference to loan to value ("LTV"), which is calculated as net debt divided by total property. The LTV percentage on this basis is 48% at 31 March 2015 (62% at 31 March 2014).

	2015 £m	2014 £m
Investment property	**918.6**	641.9
Investment property under construction	**6.7**	14.8
Held for sale – investment property	**0.6**	2.1
Held for sale – land	**4.8**	9.5
Total property	**930.7**	668.3

	2015 £m	2014 £m
Loans	**513.5**	450.3
Finance lease	**3.0**	3.1
Cash	**(66.5)**	(38.6)
Net debt	**450.0**	414.8
LTV	**48%**	62%

27. Discontinued operations

During the year to 31 March 2014, the Board announced plans to sell the investments held in LIFT companies, as it was concluded that shareholder value would be best realised through any proceeds being re-invested in primary care property assets. Contracts were exchanged on 24 November 2013, with the sale completed in two tranches: the first on 23 January 2014 and the second on 13 February 2014.

The following table shows the calculation of gain on disposal, relative to the net assets at the effective date of the transaction (30 September 2013, being the date from which the purchasers were entitled to interest and equity returns):

	£m
Gross consideration	22.4
Costs	(0.7)
Net proceeds	21.7
LIFT investments at 30 September 2013	(10.9)
Additional investment	(0.3)
Gain on disposal of discontinued operations	10.5

Prior to the sale, the Group increased its investment in one LIFT company for consideration of £0.3 million.

The results of the LIFT segment for the year to 31 March 2014 are presented below:

	2014 £m
Share of profits of associates and joint ventures	0.1
Finance revenue	0.6
Profit before tax	0.7
Gain on disposal of discontinued operations	10.5
Profit for the period from discontinued operations	11.2

The net cash flows attributable to the LIFT segment were as follows:

	2014 £m
Operating activities	0.6
Investing activities	21.4
Net cash inflow	22.0

28. Commitments

At the year end the Group had five (2014: five) developments on-site with a contracted total expenditure of £22.2 million (2014: £21.5 million) of which £6.1 million (2014: £12.5 million) had been expended.

29. Related party transactions

Details of transactions during the year and outstanding balances at 31 March 2015 in respect of associates and joint ventures are detailed in Notes 11 and 27 as applicable.

Details of payments to key management personnel are provided in Note 4.

30. Post balance sheet events

Subsequent to the year end, a subsidiary of the Group has extended the existing revolving credit facility from £30 million to £60 million with the potential to extend further to £90 million.

COMPANY INCOME STATEMENT

As at 31 March 2015

	01/01/2015 to 31/03/2015 £m	10/12/2014 to 31/12/2014 £m
Revenue		
Dividends received from subsidiary companies	**30.0**	–
Total revenue	**30.0**	–
Operating profit	**30.0**	–
Profit before taxation	**30.0**	–
Taxation	**–**	–
Profit attributable to equity holders	**30.0**	–

All amounts relate to continuing activities. There were no items of other comprehensive income or expense and therefore the profit for the period also reflects the Company's total comprehensive income.

COMPANY BALANCE SHEET

As at 31 March 2015

	Note	31/03/2015 £m	31/12/2014 £m
Non-current assets			
Investments in subsidiary companies	B	**396.7**	–
		396.7	–
Current assets			
Cash and cash equivalents	C	**1.0**	–
Other receivables	D	**–**	0.1
Amounts owed by subsidiary companies	E	**26.6**	–
		27.6	0.1
Net assets		**424.3**	0.1
Represented by:			
Capital and reserves			
Share capital (Note 21 to the Group accounts)		**100.7**	0.1
Own shares held		**(1.8)**	–
Merger reserve		**295.4**	–
Reserves		**30.0**	–
Total equity		**424.3**	0.1

The financial statements were approved at a meeting of the Board of Directors held on 20 May 2015 and signed on its behalf by:

GRAHAM ROBERTS
CHIEF EXECUTIVE

JONATHAN MURPHY
FINANCE DIRECTOR

Company registered number: 9349441

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Share capital £m	Own shares held £m	Merger reserve £m	Reserves £m	Total equity £m
10 December 2014	–	–	–	–	–
Profit attributable to equity holders	–	–	–	–	–
Total comprehensive income	–	–	–	–	–
Issue of Ordinary Shares	0.1	–	–	–	0.1
31 December 2014	0.1	–	–	–	0.1
Profit attributable to equity holders	**–**	**–**	**–**	**30.0**	**30.0**
Total comprehensive income	**–**	**–**	**–**	**30.0**	**30.0**
Cancellation of opening shares	**(0.1)**	**–**	**–**	**–**	**(0.1)**
Scheme of arrangement (Note 21 to the Group accounts)	**100.7**	**–**	**296.0**	**–**	**396.7**
Share issue costs	**–**	**–**	**(0.6)**	**–**	**(0.6)**
Own shares held	**–**	**(1.8)**	**–**	**–**	**(1.8)**
31 March 2015	**100.7**	**(1.8)**	**295.4**	**30.0**	**424.3**

COMPANY CASH FLOW STATEMENT

For the year ended 31 March 2015

Operating activities	Note	01/01/2015 to 31/03/2015 £m	10/12/2014 to 31/12/2014 £m
Operating activities			
Dividends received from subsidiaries		30.0	–
Net cash inflow from investing activities		**30.0**	–
Investing activities			
Net loans advanced to subsidiaries		(28.4)	–
Net cash outflow from investing activities		**(28.4)**	–
Financing activities			
Issue costs paid on issuance of Ordinary Shares		(0.6)	–
Net cash outflow from financing activities		**(0.6)**	–
Increase in cash and cash equivalents		**1.0**	–
Cash and cash equivalents at start of period		–	–
Cash and cash equivalents at end of period	C	**1.0**	–

Strategic report

Governance

Financial statements

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2015

A. Accounting policies and corporate information

The accounts of the Company are separate to those of the Group.

The accounting policies of the Company are consistent with those of the Group which can be found in Note 2 to the Group accounts.

Following the scheme of arrangement as detailed in Note 21 to the Group accounts, the Company became the top company in the Assura plc group structure.

B. Investments in subsidiary companies

	31/03/2015 £m	31/12/2014 £m
Cost	**396.7**	–
Provision for diminution in value	**–**	–
	396.7	–

During the period, the Company acquired Assura Group Limited and its subsidiaries following the scheme of arrangement described in Note 21 to the Group accounts.

Details of principal subsidiaries as at 31 March 2015 are shown in Note 11 to the Group accounts.

C. Cash and cash equivalents

	31/03/2015 £m	31/12/2014 £m
Cash held in current account	**1.0**	–

D. Other receivables

	31/03/2015 £m	31/12/2014 £m
Unpaid share capital	**–**	0.1

E. Loans to subsidiary companies – current

	31/03/2015 £m	31/12/2014 £m
Amounts owed by Group undertaking	**26.6**	–

The above loans are unsecured, non-interest bearing and repayable upon demand.

The recoverable amount of loans receivable from subsidiaries is reviewed annually by reference to the subsidiary balance sheet and expected future activities, with a provision recorded to the extent the loan is not considered recoverable. No provision has been deemed necessary.

F. Related party transactions

	Interest receivable £m	Dividends received £m	Amounts owed by £m	Amounts owed to £m
Group undertakings				
31 March 2015	**–**	**30.0**	**26.6**	**–**
31 December 2014	–	–	–	–

The above transactions are with subsidiaries.

G. Risk management

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

Credit risks within the Company derive from non-payment of loan balances. However, as the balances are receivable from subsidiary companies the risk of default is considered minimal.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

The Company balance sheet largely comprises illiquid assets in the form of investments in subsidiaries and loans to subsidiaries, which have been used to finance property investment and development activities. Accordingly the realisation of these assets may take time and may not achieve the values at which they are carried in the balance sheet.

The Company's other assets are cash of £1.0 million (31 December 2014: £nil). The Company had no trade and other payables at 31 March 2015 (31 December 2014: £nil).

There are no differences between the book value of cash and trade payables, nor is there any meaningful interest rate sensitivity.

GLOSSARY

Adjusted Earnings per Ordinary Share from Continuing Operations ("Adjusted EPS") is the profit attributable to equity holders of the parent adjusted for non-recurring items including goodwill impairment, revaluation losses on derivative financial instruments (including associates) and movements in deferred tax divided by the weighted average number of shares in issue during the period.

Average Debt Maturity is each tranche of Group debt multiplied by the remaining period to its maturity and the result divided by total Group debt in issue at the year end.

Average Interest Rate is the Group loan interest and derivative costs per annum at the year end, divided by total Group debt in issue at the year end.

Building Research Establishment Environmental Assessment Method ("BREEAM") assesses the sustainability of buildings against a range of criteria.

Clinical Commissioning Groups ("CCGs") are the groups of GPs and other healthcare professionals that took over commissioning of primary and secondary healthcare from PCTs in England with effect 1 April 2013.

Company is Assura plc.

Debt Service Cover is the number of times net interest payable plus debt amortisation is covered by underlying profit before net interest.

Direct Property Costs comprise ground rents payable under head leases, void costs, other direct irrecoverable property expenses, rent review fees and valuation fees.

District Valuer ("DV") is the District Valuer Service being the commercial arm of the Valuation Office Agency ("VOA"). It provides professional property advice across the public sector and in respect of primary healthcare represents NHS bodies on matters of valuation, rent reviews and initial rents on new developments.

Dividend Cover is the number of times the dividend payable (on an annual basis) is covered by underlying profit.

Earnings per Ordinary Share from Continuing Operations ("EPS") is the profit attributable to equity holders of the parent divided by the weighted average number of shares in issue during the period.

European Public Real Estate Association ("EPRA") is the industry body for European REITs.

EPRA Net Asset Value ("EPRA NAV") is the balance sheet net assets excluding own shares held, mark-to-market derivative financial instruments (including associates) and deferred taxation.

EPRA NNNAV is the EPRA NAV adjusted to reflect the fair value of debt and derivatives.

Equivalent Yield (true and nominal) is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated Rental Value ("ERV") is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

IFRS is International Financial Reporting Standards as adopted by the European Union.

Interest Cover is the number of times net interest payable is covered by underlying profit before net interest.

Interest Rate Swap is a contract to exchange fixed payments for floating payments linked to an interest rate, and is generally used to manage exposure to fluctuations in interest rates.

IPD is the Investment Property Databank Limited which provides performance analysis for most types of real estate and produces an independent benchmark of property returns.

IPD Healthcare is the Investment Property Databank's UK Annual Healthcare Property Index.

IPD Total Return is calculated as the change in capital value, less any capital expenditure incurred, plus net income, expressed as a percentage of capital employed over the period, as calculated by IPD.

London Interbank Offered Rate ("LIBOR") is the interest rate charged by one bank to another for lending money.

Local Improvement Finance Trusts ("LIFT") are public-private consortia that develop primary care and community based facilities and services.

Loan to Value ("LTV") is the ratio of net debt to the total value of property and LIFT assets.

Mark to Market ("MtM") is the difference between the book value of an asset or liability and its market value.

Net Initial Yield is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchaser's costs). Development properties are not included.

Net Rental Income is the rental income receivable in the period after payment of direct property costs. Net rental income is quoted on an accounting basis.

NHS Property Services Limited ("NHS PropCo") is the company, wholly owned and funded by the Department of Health, which, as of 1 April 2013, has taken on all property obligations formerly borne by the PCTs.

Primary Care Property is the property occupied by health services providers who act as the principal point of consultation for patients such as GP practices, dental practices, community pharmacies and high street optometrists.

Property Income Distribution ("PID") is the required distribution of income as dividends under the REIT regime. It is calculated as 90% of exempted net income.

Real Estate Investment Trust ("REIT") is a listed property company which qualifies for and has elected into a tax regime, which exempts qualifying UK profits, arising from property rental income and gains on investment property disposals, from corporation tax, but requires the distribution of a PID.

Rent Reviews take place at intervals agreed in the lease (typically every three years) and their purpose is usually to adjust the rent to the current market level at the review date.

Rent Roll is the passing rent being the total of all the contracted rents reserved under the leases.

Reversionary Yield is the anticipated yield, which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

Retail Price Index ("RPI") is the official measure of the general level of inflation as reflected in the retail price of a basket of goods and services such as energy, food, petrol, housing, household goods, travelling fares, etc. RPI is commonly computed on a monthly and annual basis.

RPI Linked Leases are those leases which have rent reviews which are linked to changes in the RPI.

Total Accounting Return is the overall return generated by the Group including the impact of debt. It is calculated as the movement on EPRA NAV for the year plus the dividends paid, divided by the opening EPRA NAV.

Total Property Return is the overall return generated by properties on a debt free basis. It is calculated as the net rental income generated by the portfolio plus the change in market values, divided by opening property assets plus additions.

Total Shareholder Return ("TSR") is the combination of dividends paid to shareholders and the net movement in the share price during the year. It is calculated as the movement in the share price for the period plus the dividends paid, divided by the opening share price.

Underlying Profit is the pre-tax earnings measure adjusted for non-cash fair value adjustments and non-recurring items such as revaluation gains, revaluation of derivatives, share-based payment charge and gains on sale of property.

Weighted Average Unexpired Lease Term ("WAULT") is the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

Yield on cost is the estimated annual rent of a completed development divided by the total cost of development including site value and finance costs expressed as a percentage return.

Yield shift is a movement (usually expressed in bps) in the yield of a property asset, or like-for-like portfolio over a given period. Yield compression is a commonly-used term for a reduction in yields.

CORPORATE INFORMATION

Registered Office:	The Brew House Greenalls Avenue Warrington Cheshire WA4 6HL
Company Secretary:	Jonathan Murphy
Auditor:	Deloitte LLP 2 Hardman Street Manchester M60 2AT
Legal Advisors:	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB
Stockbrokers:	Stifel 150 Cheapside London EC2V 6ET
	Liberum Capital Limited Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
Bankers:	Aviva plc
	Barclays Bank plc
	Santander UK plc
	The Royal Bank of Scotland plc

NOTES

NOTES

MIX
From responsible sources
FSC® C016486
www.fsc.org

This report is printed on Finesse Silk which is made from pulp sourced from well managed forests and other controlled sources. Both the paper and the print factory are FSC® (Forest Stewardship Council®) certified.

Design, consultancy and production by Luminous
www.luminous.co.uk

Assura plc
The Brew House
Greenalls Avenue
Warrington
WA4 6HL

T: 01925 420660
F: 01925 234503
E: info@assura.co.uk

www.assuraplc.com