



Annual Report and
Accounts 2021

DELIVERING WITH PURPOSE

NEWTON
Medical Centre



WHO WE ARE

We are a listed UK real estate investment trust ("REIT") specialising in the development of, investment in and management of, a portfolio of primary care, community, diagnostic and treatment buildings across the UK.

2021 HIGHLIGHTS

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
< £1m	78	48.8	2
£1 – 5m	393	1,001.3	41
£5 – 10m	91	606.1	25
> £10m	47	758.5	32
	609	2,414.7	100

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
North	190	878.6	36
South	232	861.7	36
Midlands	104	465.8	19
Wales	58	140.6	6
Scotland & NI	25	68.0	3
	609	2,414.7	100

Portfolio analysis by occupier covenant

	Total rent roll £m	Total value %
GPs	80.3	66
NHS body	20.8	17
Pharmacy	9.6	8
Private providers	6.4	5
Other	4.6	4
	121.7	100

Operational highlights

- Over £290m invested in portfolio growth during the year
- Acquisitions, developments and asset enhancements grow rent roll by 12% to £121.7m
- 12 developments completed (benefitting over 170,000 patients) and a further 16 currently on site
- Development capability further boosted by acquisition of pipeline and team of primary care developer Apollo
- 31 lease regears completed, covering £2.8m of existing rent roll
- £300m, 10-year Social Bond successfully launched in September 2020 and £185m equity raise completed in April 2020
- Assura Community Fund established with initial £2.5m contribution and over £800,000 distributed to eligible projects

Financial highlights

	2021	2020	Change
Financial performance			
Net rental income	£112.0m	£103.7m	8.0%
Profit before tax	£108.3m	£78.9m	37.3%
IFRS earnings per share (Note 6)	4.1p	3.1p	32.3%
Adjusted EPRA earnings per share (Note 6)	2.8p	2.8p	–
Dividend per share	2.82p	2.75p	2.5%
Property valuation and performance			
Investment property	£2,453m	£2,139m	14.7%
Diluted EPRA NTA per share (Note 7)	57.2p	53.9p	6.1%
Rent roll	£121.7m	£108.9m	11.8%
Financing			
Loan to Value ("LTV") ratio (Note 22)	37%	38%	(1)ppt
Undrawn facilities and cash	£272m	£238m	14.3%
Weighted average cost of debt	2.47%	3.03%	(56)bps

EPRA summary table

	2021	2020
EPRA EPS	2.7p	2.8p
EPRA NTA	57.2p	53.9p
EPRA NRV	63.2p	59.7p
EPRA NDV	56.0p	52.7p
EPRA NIY	4.55%	4.69%
EPRA 'topped up' NIY	4.56%	4.73%
EPRA Vacancy Rate	1.3%	1.6%
EPRA Cost Ratio (including direct vacancy costs)	15.5%	12.6%
EPRA Cost Ratio (excluding direct vacancy costs)	14.5%	11.5%

See pages 66 and 67

This page includes a number of financial measures to describe the financial performance of the Group, some of which are considered Alternative Performance Measures as they are not defined under IFRS. Further details are provided in the CFO Review, notes to the financial statements and the Glossary.

REGIONAL PORTFOLIO COVERAGE

Value of property

The number of properties within each value range is shown in the location marker.

- 0 > £10 million
- 0 £5 – 10 million
- 0 £1 – 5 million
- 0 < £1 million

Leeds Student Medical Centre Leeds

Serving almost 40,000 patients in the heart of Leeds' student community, this centre provides mental health services and 'Linking Leeds', a wellbeing coordinator helping isolated local people. The practice's priorities also include eating disorders, sexual health and gender identity issues.

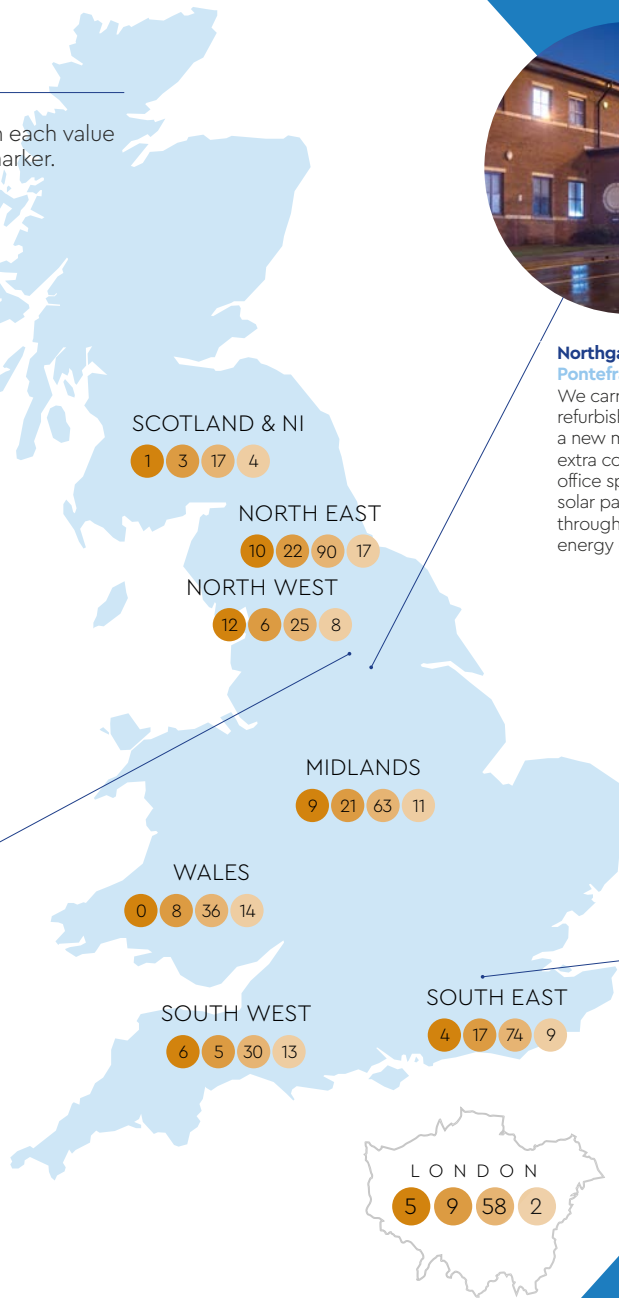


Northgate Medical Centre Pontefract

We carried out extensive refurbishment work here to create a new mezzanine level, adding two extra consulting rooms and more office space. We also installed solar panels and LED lighting throughout the building to reduce energy consumption.

Jubilee Health Centre Wallington, Surrey

This key hub for health services in South London provides not just general practice, but also services from Epsom and St Helier University Hospitals NHS Trust and South West London and St George's Mental Health NHS Trust.



Properties

609

Rent roll

£121.7m

Developments on site

16

Developments completed

12

Properties acquired

50

Disposals

29

The pandemic has made the whole world reconsider the role of buildings and space for health and wellbeing.

With this in mind, we're taking a fresh look at our purpose for the post-COVID world.

Patients have always been the end users of our buildings, but the long-term social impacts of the pandemic prompted us to look even more deeply at the role we can play through the buildings and spaces we create and care for.

With our commitment to social impact, we're in a unique position to support and collaborate with local health systems and health services through extensive partnerships as they build back beyond COVID-19 – with patient experiences, reducing health inequalities and a net zero carbon health service at the heart of their mission.

DELIVERING WITH PURPOSE

Our purpose is to create outstanding spaces for health services in our communities.

Our ambition is to be the number one listed property business for social impact.



CREATING OUTSTANDING SPACES

5.9m

Our buildings serve 5.9m people across the UK.

» Read more on pages 2 and 3



SUPPORTING OUR PEOPLE

82%

of eligible team members joined the Share Incentive Plan.

» Read more on pages 4 and 5



COLLABORATING WITH OUR COMMUNITIES

£800k

distributed to health-improving charity projects.

» Read more on pages 6 and 7



PERFORMING FOR OUR SHAREHOLDERS

2.8p

Dividends paid during the year.

» Read more on pages 8 and 9

Strategic report

Highlights of the year

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CREATING

OUTSTANDING SPACES

Better patient experiences and access to healthcare for everyone

As our research with Dimensions' #MyGpAndMe campaign completed, our new medical centre building in Cinderford, Gloucestershire opened its doors with a focus on neuro-inclusive design for people living with conditions such as dementia.



STATION
MEDICAL
CENTRE



This report marks an exciting new phase in the work Dimensions has led to support better outcomes for people who have a learning disability and autism in primary care. The buildings in which we all access healthcare can both help and hinder our engagement with health services and, as this report shows, it is vital that primary care buildings meet the needs of all patients."

Steve Scown
Dimensions CEO

> 5.9m

people are served by our
buildings across the UK

> 80%

of GPs say their premises
aren't fit for future needs
(The BMA)

> 74%

of patients feel very or somewhat
confident to go back to primary care
buildings after lockdown (Patients
Association survey for Assura)



SUPPORTING OUR PEOPLE

Sharing in success and giving back

In a year when many businesses were forced to furlough and lose staff, close offices and mothball plans, we launched our Share Incentive Plan, giving all staff the chance to benefit from the company's success and support their personal plans for the future.



I think it's a fabulous way to save and invest in your Company, the matched shares from the Company are very generous and I look forward to the benefits in a few years' time!"

Debbie Chalcraft
Group Compliance Manager

82%

of eligible team members joined the Share Incentive Plan

Outstanding

Indicative employee engagement levels in pulse survey with Best Companies

83%

of team members fed back in our first Mind Workplace Wellbeing Index survey



COLLABORATING WITH OUR COMMUNITIES

Led by local

Our Assura Community Fund launched in May and set out on its mission to distribute millions of pounds in funding and reach one million people through health-improving projects by March 2026. With support from our partners at Cheshire Community Foundation, we invited applications from projects working around our buildings across the country, finding those which are making a unique difference to health in their community.



We are so grateful for your pledge to support our psychological wellbeing service for young care leavers in Warrington. Care leavers are often surviving at a very young age without the practical or emotional support they need to live a happy and successful life. Your pledge will help us to support the mental health needs of a really vulnerable group of young people who are often overlooked. A huge heartfelt thank you."

Sarah Sturme

Pure Insight Founder and CEO



> **£800k⁺**

distributed to health-improving
charity projects

> **115**

grants to grassroots health
causes across the country,
28% of which focused on
mental health

> **60k**

people impacted

PERFORMING

FOR OUR SHAREHOLDERS

We notched up a first for UK real estate with our launch of the sector's first social bond. The £300m issuance with a rate of 1.5% saw us set the bar high and reinforced our commitment to invest only in projects which deliver on our social impact goals. The bond has widened our debt investor base by further promoting our social credentials.



Our Social Bond wasn't just a huge step forward for us – it was about our commitment to investing, decision-making and prioritising in a way which is focused on growing our impact for the patients, health services and communities we serve, and to minimising our impact on the environment. It was also a real first for the property sector. I couldn't be more proud that it's Assura leading the way on this."

Jayne Cottam
CFO



> **2.8p**

**per share dividend
paid during year**

Our eighth consecutive year
of increased dividends paid

> **2.5%**

current average interest
rate on debt facilities

"We remain passionate about the role of community space for health and wellbeing."

Non-financial highlights for the year

100%

development completions hitting Building Research Establishment Environmental Assessment Method ("BREEAM") and EPC targets

>£800k+

distributed by the Assura Community Fund



Dear Shareholder,

If I asked you to think of a word to describe the response of society and business to the last twelve months, one of these may well be high on your list: Innovative. Collaborative. Genuine. Passionate.

All of these are ways of working which the Assura team chose as our guiding values many years ago, and which have been at the heart of our approach to the quickly-changing external environment, our business and the unique pressures on both our people and those working in our buildings this year. Our continued solid progress, financial strength at a time of unprecedented economic shocks, strong investment pipeline and the quality of our service to those working in and using our buildings are testament to how we have delivered in a year like no other.

It's been a year of innovation: while the NHS pivoted people, systems and places to cope with the virus' peaks and to maintain essential care, we kept our buildings and the skills of our team at the NHS's disposal. We end the year with close to one in ten of

our buildings as designated vaccine hubs, and we have worked to support our customers in their needs to equip buildings for longer-term social distancing and hybrid care across both physical and virtual consultations. In the year when the NHS announced its goal of becoming the world's first net carbon zero health system, we advanced our plans to create the first primary care centre to achieve net carbon zero for both construction and operation. We have identified test locations and our research and development activity is well underway.

It's been a year for deep collaboration: we've worked with our customers, suppliers and wider partners to understand the longer-term impacts of the pandemic and the inequalities it has further exposed for the NHS's estate and for the future of care. We're building a picture of how our already ground-breaking surgery of the future vision must evolve for health services which want to build back greener and fairer, using the lived experiences from the frontline this year and the realities of emerging integrated care systems. We're about to start on-site

tests of our assessment tool for designing primary care environments which are truly inclusive and welcoming for everyone: ensuring that our spaces are doing everything they can to help people with disabilities and conditions such as autism, dementia and anxiety to access health services when they need to.

It's been a year where doing the right thing by people has been the lens through which we've made our decisions: our reputation for 'being genuine' is important to us. As a microcosm of society, our team has faced into the personal and professional challenges of the last year and we've worked hard to support them emotionally, technically, socially and financially. The team sought to make a real difference for tens of thousands of people in the communities around our buildings across the country through the Assura Community Fund, focusing its early grants on projects addressing the health impacts of loneliness, isolation, financial pressures and the widening inequalities of those already facing disadvantage. We remain passionate about the role of community space for health and wellbeing, whether within or through our developments and existing buildings, with some exciting schemes getting underway.

Underpinning all these things has been our financial strength. Assura delivered a sector first with its social bond and social finance framework – helping investors focus their investment on work which fits with their social goals. I want to thank our many shareholders for their support of the values of our business and for the values they bring to us.

This year sees Jenefer Greenwood step down from the Assura Board after nine years of incredible service – our thanks and best wishes to her cannot go far enough. In turn, we welcome Emma Cariaga, Noel Gordon and Sam Barrell to the team as Non-Executive Directors. Each brings with them unique experiences from the worlds of property, the NHS and technology (see page 76) – I very much look forward to their new energy and insights within the non-executive team.

Looking ahead, as health and care systems begin to move beyond the pandemic, begin to address the diagnostic and treatment backlogs and formally launch integrated care systems, we will continue to step up: providing the outstanding spaces that will be needed to deliver excellent care and access to it for everyone.

Ed Smith CBE
Non-Executive Chairman
17 May 2021

275k+

people benefitting from our SixBySix strategy in year one

5.9m

patients served by our buildings



We will continue to step up: providing the outstanding spaces that will be needed to deliver excellent care and access to it for everyone."

Ed Smith, CBE
Non-Executive Chairman



It's been a year where doing the right thing by people has been the lens through which we have made our decisions"

Ed Smith, CBE
Non-Executive Chairman

COVID-19 OUR CONTINUED RESPONSE

Doing the right thing by our people, customers and suppliers was our starting point in responding to the crisis in March 2020, and is still our constant today. We've worked hard to help our team through the personal and professional challenges of three lockdowns and a year of uncertainty. We've responded quickly to ever-evolving customer needs both large and small, supported our suppliers where necessary and – most importantly of all – we've listened. We've sought out the views of patients and healthcare professionals across the country and the health service on what they will need from us and local healthcare buildings in the future: how will the spaces where we all access care in our communities need to change, and what must they deliver for the people they serve? Experiences of delivering the vaccine programme, the ambition to level up and build back better and the practicalities of premises which can cope with more flexible delivery of healthcare both face-to-face and remotely are informing the way we design, invest and innovate for the future beyond COVID-19.



Our people

- We ensured all staff have the IT, desks, chairs and other equipment they need to work from home permanently as required, whilst keeping the office open, in line with national guidance and health and safety requirements, for those whose individual circumstances made home working particularly challenging.
- We've evolved our internal communications channels and techniques to meet the needs of a team working almost entirely from home. Increased management time was spent on regular contact with team members one to one, and also ensuring visibility of the leadership team through weekly all-team calls.
- Business travel was permitted for critical site visits only, with clear safety protocols and guidance for advance testing.
- No staff were furloughed or made redundant during the year.
- We reinforced information on employee assistance programme support around mental health, finances and other personal challenges, and provided weekly online physical fitness and wellbeing sessions.
- Social initiatives continued throughout the year to combat isolation and boost morale.
- Flexibility and staff autonomy promoted.
- Online training provided on a range of topics.
- Succession planning and business continuity plans were reviewed.
- Regular review of workloads.

Our communities

- Our first national grants programme from the Assura Community Fund included a particular focus on supporting local charities and community organisations to deliver projects which tackled the long-term health impacts of the pandemic such as loneliness, financial instability and digital exclusion.

Our customers

- We kept our portfolio and skills on permanent offer to support the NHS response, with vacant space to help practices with distancing requirements and temporary reconfigurations including one-way systems being put into action.
- Regular practical guidance to customers.
- Support to help local planning for vaccine hub sites.
- Payment plans agreed with minority of debtors.
- Technology used to progress projects remotely, such as virtual design meetings with practices.

Our suppliers

- We've continued to work closely with our suppliers and contractors, supporting them to prioritise the health of their teams and to apply best practice guidance for construction and essential building works.
- Prompt payment of invoices to aid supplier cash flow, with faster payments to development contractors where appropriate.
- Support to contractors to work safely on site and when visiting premises.
- Regular contact maintained to identify issues and provide support and aid remobilisation.
- Remote meetings/inspections.

Our financial stability and operations

- Continuing with e-invoicing and careful monitoring of debtors with escalation process.
- Costs carefully monitored and advice sought as appropriate, with enhanced authorisation procedure for payments introduced.
- Microsoft Teams introduced to promote safe communication.
- Ongoing review of marketing channels.
- Teams video conferencing successfully used for board meetings, and board agenda changed to cover COVID-specific updates at each meeting. Additional meetings were held when required and the Board asked for particular focus on the people aspects of our response.
- Regular updates from management for shareholders.

"Our approach has been to put our team first and we've seen the true benefit of this in the sustained, high level of service."



In preparing for our annual results presentation this year, we asked a few members of our team – Luke, who started working with us as an apprentice in our IT team only a few months ago, and Lisa, a senior portfolio manager who's been with us for almost four years now – to answer some questions about how they reflect on the last year. While I think we'd all agree wholeheartedly with their description of the last 12 months as 'like no other', what also came through was their sense of pride at having been part of a business playing its small part to help the NHS – taking care of the local medical centres which needed to be safe and open to patients, offering support to those which have become vaccination centres and keeping new-build schemes on track to create essential new local capacity for the NHS.

Just like every team in every business all over the world over the last 12 months, for every person in our organisation there is an individual story of working through the pandemic. I couldn't be prouder of how our whole team has adapted to support our customers over the last year.

Our approach has been to put our team first and we've seen the true benefit of this in the sustained, high level of service.

Inevitably we have had some challenges and suffered some lost productivity – disruption from adapting to remote working, site visits not able to be completed, delays in construction, the lost benefits of collaborations between customers and the team on future solutions, all of which are inevitably harder to undertake remotely.

Despite this, the team has excelled in delivering enhancement to our portfolio. Over the year we completed £230 million of acquisitions, completed 12 developments (more than in any other year in our history) and moved a further 13 on site, and our asset enhancements continued to deliver with 31 lease re-gears all of which contributed to an increase in both our total contracted rent roll and WAULT.

This growth has only been possible thanks to the continued support from our investors with £185 million raised from our equity investors in April and £300 million from the successful launch of our debut Social Bond in September.

Of course, the launch of the Social Bond was only possible due to the strength of our social impact strategy, SixBySix, which we launched in May 2020. The six core pledges are all designed to maximise our positive impact on society and the environment.

During the year, we started the implementation of our pledges and plans. We've completed our assessment of the EPC ratings of our portfolio and know what we need to do to achieve an average rating of a B. We've identified two development projects which will be our first net zero carbon pilots and we hope to be on site with these within 12 months. And the Assura Community Fund has been able to support more than 115 projects all over the country following its launch with an initial contribution of £2.5 million in 2020.

There is a long way to go to deliver the ambitious social impact targets we have set ourselves. The big questions around patient experiences and health inequalities beyond the pandemic and the NHS's big goal of becoming the world's first net zero carbon health system have got us deepening our thinking about how we want our work to contribute. The team has embraced the challenge and I look forward to reporting to you the positive achievements over the coming months and years.

Financial and operational performance

Assura's business and our ability to continue to deliver on our purpose to create outstanding spaces for health services in our communities is built on the reliability and resilience of our long-term, secure cash flows. These are supported by a weighted average unexpired lease term of 11.9 years and a strong financial position (demonstrated by our A- credit rating from Fitch Ratings Ltd).

While remaining resilient, Assura has consistently demonstrated an ability to identify and secure new opportunities for growth, building on our market-leading capabilities to manage, invest in and develop outstanding spaces for health services in our communities.

“
The launch of the Social Bond was only possible due to the strength of our social impact strategy, SixBySix”

Jonathan Murphy
CEO



Jonathan Murphy and Emma Degg, Chief Executive, NWBLT
Top

Jayne Cottam, CFO
volunteering at a COVID-19 vaccination centre
Above

We have continued our strong track record of investing in new properties, completing 50 acquisitions for a total consideration of £230 million throughout the year. Our investment team continues to leverage the relationships we have with existing occupiers to identify new opportunities, as well as analysing our bespoke database which contains details on all the medical centres in the UK.

The design of modern fit-for-purpose GP surgeries has always been a cornerstone of our development activities and we have delivered over £450 million of new developments and improvements to existing properties over 18 years. We have had a record year with 12 development completions and a further 13 schemes moving on site. In addition, our development capability was further strengthened in February 2021 when we completed the acquisition of the development pipeline and team of Apollo Capital Projects Development Ltd ("Apollo"), one of the leading developers in primary care across the country. Their experienced team and strong pipeline are a welcome addition to the Assura proposition as we move forward.

Assura has a high-quality portfolio of 609 properties, which has been meticulously assembled over the course of our 18-year history. This is an essential part of our growth strategy as we carefully review every asset for opportunities to enhance its lifetime cash flows and impact on the community. Reflecting the importance of this activity, we have now set total contracted rental income as a key strategic KPI. This metric is a combination of our passing rent roll and lease length, providing an effective measure of our ability to both grow and extend our cash flows for the long term. It captures the crucial value-enhancing activity of our portfolio management teams as they agree rent reviews, complete lease re-gears, let vacant space and undertake physical extensions. This year, the team completed 320 rent reviews, 31 lease re-gears and 15 new tenancies for our vacant space. This has enabled us to increase both our total contracted rental income to £1.57 billion and our weighted average unexpired lease term which stands at 11.9 years.

The combination of these elements has enabled us to continue our strong track record of growth year-on-year. Our portfolio has increased by 15% to £2,453 billion and our passing rent roll is up 12% to £121 million. Our adjusted EPRA earnings have increased by 12% to £75.4 million which translates to an adjusted EPRA EPS of 2.8 pence per share. Taking into account the positive valuation movements, our net profit is £108.2 million or 4.2 pence per share.

Finally, the resilience of our income and the growth we have delivered is reflected in our dividend payments. Today, we announce a 4% increase in the quarterly dividend payment to 0.74 pence with effect from the July 2021 payment, our eighth consecutive year of increased dividend.

Assura outlook

Assura's success, and its future strategy, is built on our complementary offer of investment, development and management of premises to our customers. This multi-faceted approach enables us to better understand the requirements of our customers and anticipate their future needs. This year we have demonstrated the effectiveness of this model, and the resilience of our business to extreme economic shocks. However, the real test will be our ability to sustain and support this growth for the long-term.

We enter the new financial year with a strong immediate pipeline. In development, we are on site at 16 schemes with a gross development spend of £72 million, an immediate pipeline of £111 million of development opportunities that are expected to commence within the next 12 months, and an extended pipeline of £222 million of further opportunities where Assura is the exclusive partner. Acquisition opportunities in legal hands total £46 million and we have £15 million of asset enhancement capital projects in the immediate pipeline.

We are also exploring exciting opportunities in new areas, all supporting delivery of community-based services away from hospitals. Our development pipeline includes a multi-use facility for the Northumbria Healthcare NHS Foundation Trust in Cramlington (which will be our largest development to date), a state-of-the-art facility for an Ambulance Trust in the West Midlands and we have acquired a site in Greater Manchester let to a local mental health trust.

We are also pleased to report that we have signed a strategic partnership with a national provider of primary care at scale. This is an exciting emerging area for us with the full scale of our offering – management, investment and development – supporting the growth prospect of the provider and providing attractive investment opportunities for our portfolio.

We remain well funded to support our future growth plans. We currently have cash and undrawn committed facilities totalling £272 million having completed well-supported equity and debt raises during the previous 12 months. This financial strength further underpins our future growth prospects.

Market outlook

As we head into a summer which we all hope will bring an end to many of the pandemic's restrictions, attention must turn to the NHS's future needs and to how the response to COVID-19 should change the sorts of spaces we need for healthcare in local communities. Demographics remain the same, with a growing, ageing population in the UK requiring care. But this is one of the groups with the greatest reliance on primary care, and research by Age UK suggests that many older people with long-term conditions have been struggling to manage given the more limited access to services during the pandemic, with worsening symptoms, reduced ability to complete day-to-day activities and an increase in pain. While remote consulting is here to stay, it does not work for all patients or every clinical scenario. Healthwatch has warned about the dangers of older people being left behind, so the primary care spaces of the future must be fit for a sophisticated marriage of remote and face-to-face care.

Waiting times for non-urgent procedures grew exponentially last year as the system pivoted to cope with the pandemic, and will take years to clear. The wider health, social and economic impacts of this, such as the mental health challenges of living with long-term pain, are lurking. But it is clear that local access to diagnostic services will be crucial in reducing waiting lists and their ripple effects for wider health and society. The Government remains committed to the expansion of access to primary care and to a broader range of professionals there; as Integrated Care Systems become formally part of the landscape in the coming year, the role of primary care as the gateway to wider health services is at their heart.

All of those changes notwithstanding, the primary care and community health estate remains doggedly unfit for purpose. Many of these gateway buildings to the NHS are too old, too small, don't meet accessibility requirements and – as our YouGov research with healthcare professionals found this year – have not provided the flexibility needed during the pandemic and beyond to a future with hybrid care routes. A recovery built on new housing and infrastructure must include the healthcare provision to care for new communities, and equality of access to healthcare is as much about the NHS's places, spaces and technology as it is the design of local systems and pathways. The NHS's net zero ambition – to become the world's first healthcare system to achieve this – will require a shift like we have never seen before across its vast estate.

Assura's role beyond the pandemic is as a trusted partner to help the NHS on all of these fronts, particularly on the social and environmental tests which have been laid bare over the last year. Over a time of global uncertainty, Assura has shown that it has the financial strength, innovation and skills to rise to the challenge.

Jonathan Murphy

CEO
17 May 2021

Assura Community Fund

Launched in 2020 with an initial contribution of £2.5 million, our fund supports health-improving projects in the communities around our buildings.

£2.5m

Our initial contribution to support health-improving projects

Administered by the fantastic team at Cheshire Community Foundation and a panel of Assura team members, over £800,000 has been distributed during the first year to more than 115 charities and organisations working across the UK for the benefit of over 60,000 people.

£800k+

Over £800,000 has been distributed to more than 115 charities and organisations across the UK



Changing demographics

We are living longer and with more complex, long-term conditions.

- There are nearly 12 million people aged 65 and above in the UK, of which 1.6 million are 85 or older (ONS)
- The 85+ age group – the group with the highest GP consultation rate – is the fastest growing (ONS, Hobbs et al 2016)
- GP practices in England delivered almost 280m appointments in 2020 (NHS Digital)
- One million people will have dementia by 2025, and this figure will double by 2050

85+

The number of people aged 85+ is projected to double by 2043 (ONS)

1 in 14

Approximately 1 in 14 people over the age of 65 have dementia (Alzheimer's Society, 2014)

Lack of investment and capital

Primary care has more revenue funding under the Long Term Plan, but capital options remain limited.

- Primary care aspects of the Health Infrastructure Plan not yet clear
- 2015/16 – 2019/20 Estates and Technology Fund complete, and was heavily oversubscribed
- The long-term economic recovery from COVID-19 means added pressure on all government investment, including that for the NHS estate

£850m

committed to 20 hospital upgrade projects

Unfit infrastructure

Many primary care buildings are too old, too small, don't meet accessibility requirements and have not provided the flexibility needed during the pandemic. Remote consulting is here to stay, but does not work for all patients or every clinical scenario.

- 80% of GP practices say their premises will not be fit to cope with future growth (The BMA)
- 58% of patients responding said that there was not enough space to allow reasonable privacy. (The Patients Association, 2019)
- More than one third of disabled respondents said they felt stressed in their primary care environment and almost 45% felt worried (Dimensions, 2020)
- Certain groups also risk being left behind (by remote consultation), such as older people, disabled people, people affected by homelessness and on low incomes, and those whose first language isn't English. (Healthwatch, 2021)

27%

of healthcare professionals say healthcare buildings haven't worked sufficiently for services during the pandemic (YouGov)

70%

say community medical centre buildings of the future need flexible space which can be adapted quickly when needed (YouGov)

47%

of adults over 65 and 24% of people who are Equality Act disabled don't have a smartphone for private use (ONS, cited by Healthwatch)

Growing backlog

Waiting times for non-urgent procedures grew exponentially last year as the system pivoted to cope with the pandemic, and will take years to clear. The wider health impacts of this, such as the mental health challenges of living with long-term pain, cannot yet be quantified.

- The treatment backlog for non-urgent procedures was at 4.52 million people by the end of 2020 (NHS Confederation)
- 224,000 of those people had been waiting more than a year for their treatment, compared to fewer than 1,500 people at the end of 2019
- Major expansion and reform of diagnostic services is needed over the next five years to facilitate recovery from the COVID-19 pandemic and to meet rising demand... new facilities and equipment will be needed (Richards Review, 2021)

5.9m

fewer referrals for elective treatment made in 2020 compared to 2019

33.3%

proportion of total patients referred for any of 15 key diagnostic tests who had been waiting six weeks or more by end of January (NHS England)

Healthcare policy

Easier access to more services in primary care.

- Integration of health services
- There will be more GPs, nurses and 20,000 additional pharmacists, physiotherapists, paramedics, physician associates and social prescribing link workers working in primary care (NHS Long Term Plan)
- Call for "additional investment in the primary care estate and digital infrastructure... to capitalise on this expanding workforce, by ensuring they have sufficient facilities to meet patient needs." (RCGP and the BMA, 2021)
- New homes need supporting health infrastructure
- Focus on the need to tackle loneliness through place-strengthening community infrastructure (Department for Digital, Culture, Media & Sport)

2 in 5

say loneliness is having a negative impact on their mental health (British Red Cross)

1m

new homes by the end of this parliament

Building back greener and fairer

The Government has set out its recovery strategy from the pandemic – which focuses on levelling up geographic and social disparities, and accelerating the green economy.

- The NHS aims to become the world's first net carbon zero health system
- Infrastructure investment is one of government's three core pillars for growth
- There are significantly fewer GPs per head in the most deprived areas of England compared to the least deprived (Nuffield Trust/Financial Times, 2018)
- Certain groups also risk being left behind on access to care from their GP practice, such as older people, disabled people, people affected by homelessness and on low incomes, and those whose first language isn't English. (Healthwatch, 2021)

18%

of all emissions from non-domestic buildings in the UK are generated by the NHS's built footprint (University of Cambridge)

53

GPs per 100,000 patients in the least deprived CCGs, compared with 47 in the most deprived (Nuffield Trust, 2018)

60%

of people with learning disabilities or autism said their GP did not make reasonable adjustments for them (Dimensions)

What does this mean for Assura?

We take the time to understand the health needs of our communities, the challenges the healthcare system faces – to recover from COVID-19, to launch formal integrated care systems and to build on both face-to-face and remote means to improve access to health services – and the role we play in helping the NHS deliver the Long Term Plan. We are always looking ahead to ensure our buildings have longevity and can evolve with the changing needs of healthcare professionals and patients. We understand the responsibility we have to future generations. We are playing our part in the journey to net zero carbon through our work to create vital community infrastructure. We believe our contribution to improving health in the communities we work in must reach far beyond our buildings.

OUR STRATEGY

The primary healthcare property sector is subject to strong growth in underlying demand and Assura holds a leading position in this distinct market.

> Our purpose

Our purpose is to create outstanding spaces for health services in our communities. We aim to generate long-term value for all of our stakeholders through providing high quality facilities for our customers, growing financial returns for our shareholders and aiming to be the UK's number one listed property business for long-term social impact.

To achieve these aims, we focus on five strategic priorities, which are all underpinned by our commitment to positive social impact:

Our strategic priorities

- > **1.**
Leveraging our financial strength
- > **2.**
Quality of buildings
- > **3.**
Quality of service
- > **4.**
People
- > **5.**
Long-term relationships



To invest in our portfolio, making each £ invested work harder aiming to generate secure, growing returns for investors.



To develop buildings that serve all relevant stakeholders and are fit for the future of healthcare.



To deliver on the promises we make to existing and prospective customers and the communities our buildings serve.



To attract, retain and develop our high-quality, specialist team.



To build long-term relationships that benefit all of our stakeholders.



> Our commitment to ESG through our social impact strategy

Our strategic priorities are underpinned by our SixBySix pledges, aiming to minimise our impact on the environment and maximise our impact on society.

>> Read more on page 24 and 25

1 Leveraging our financial strength

To invest in our portfolio, making each £ invested work harder aiming to generate secure, growing returns for investors.

2021 priorities	2021 actions & progress	2022 priorities	KPIs
<ul style="list-style-type: none"> – Driving rental growth from rent reviews, to grow recurring earnings and contracted rental income – Maintain EPRA Cost Ratio below 13%, excluding charitable donations – Maintain investment grade rating of A- – Exploring ESG and sustainability-linked debt financing options 	<ul style="list-style-type: none"> – Rental growth of 1.5% achieved from rent reviews – A- investment grade rating reiterated by Fitch – £300m Social Bond issued and RCF refinanced to 2024 – EPRA Cost Ratio maintained at 13%, excluding Assura Community Fund contribution – Dividend increase for eighth consecutive year – 31 lease re-gears completed adding £43 million to total contracted rental income 	<ul style="list-style-type: none"> – Minimise natural reduction in WAULT through investment and asset-enhancing activities – Exploring sustainability-linked debt financing options – Driving rental growth from rent reviews, to grow recurring earnings and contracted rental income – Maintain investment grade rating of A- 	<p>KPIs</p> <ul style="list-style-type: none"> – Financial: EPRA EPS, EPRA NTA & EPRA Cost Ratio – Total Property Return, Total Shareholder Return, Total Accounting Return – Portfolio: Rental growth from rent reviews – Stakeholder: Growing, covered dividend, ESG-linked financing <p>Risks</p> <ul style="list-style-type: none"> – Reduction in investor demand – Failure to communicate – Reduction in availability and/or increase in cost of finance – Failure to maintain capital structure and gearing – Underperformance of assets

2 Quality of buildings

To develop buildings that serve all relevant stakeholders and are fit for the future of healthcare.

2021 priorities	2021 actions & progress	2022 priorities	KPIs
<ul style="list-style-type: none"> – Rolling out cognitive design principles across on site and immediate pipeline schemes where possible – Identifying and delivering the first development that is net zero carbon for construction and operation – Continue to develop sustainable solutions – Begin rollout of EPC rating improvements across existing portfolio 	<ul style="list-style-type: none"> – 16 developments on site and immediate pipeline of 17 further schemes – Immediate and extended development pipeline boosted by acquisition of pipeline and team of primary care developer Apollo – Completed developments hit BREEAM and EPC targets – Working with partners to develop Designing For Everyone framework 	<ul style="list-style-type: none"> – Progressing identified pilot developments for net zero carbon for construction and operation – Step up rollout of EPC rating improvements across existing portfolio – Continue to develop sustainable and innovative solutions for our customers utilising the latest technology – Revising space requirements to meet our customers evolving needs 	<p>KPIs</p> <ul style="list-style-type: none"> – Portfolio: Rental growth from rent reviews, WAULT, occupier covenant, developments on site <p>Risks</p> <ul style="list-style-type: none"> – Changes to government policy – Development overspend – Underperformance of assets

» See our KPIs on pages 26 to 31

» See Principal risks and uncertainties on pages 56 to 61

3 Quality of service

To deliver on the promises we make to existing and prospective customers and the communities our buildings serve.

2021 priorities

- Advance the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Complete developments on site and convert immediate pipeline to on site
- Begin rollout of smart meters across existing portfolio and review current energy purchase arrangements
- Establish Assura Community Fund

2021 actions & progress

- 12 developments completed during the year
- 50 properties acquired and successfully integrated by our portfolio management team
- Eight asset enhancement projects completed or underway and 31 re-gears completed
- Assura Community Fund launched with initial £2.5m contribution
- Energy contract tendered and now 100% of energy purchased is renewably sourced
- Continued strong results from our customer satisfaction survey

2022 priorities

- Continue to strive to maximise the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Listening to our customers and understanding and adapting to their changing requirements
- Complete developments on site and convert immediate pipeline to on site
- Launch pilot project with selected customers to review technological solutions that can be implemented to reduce energy consumption
- Advance work of the Assura Community Fund through second years of grants, leveraging our position as Community Health Partner to the 2021 Rugby League World Cup
- Working closely with supply chain partners to improve the quality of service delivery and attainment of our wider social impact objectives
- Implementing a Customer Service Desk approach to our FM activities in order to maximise customer service and responsiveness

KPIs

- Portfolio: Growth in rent roll, WAULT, customer covenant, developments completed
- Stakeholder: Customer satisfaction surveys

Risks

- Changes to government policy
- Competitor threat
- Staff dependency
- Underperformance of assets

4 People

To attract, retain and develop our high-quality, specialist team.

2021 priorities

- Support employee wellbeing
- Continue with flexible working culture
- Further improvements to diversity and inclusion

2021 actions & progress

- Supporting our employees in working remotely through the pandemic
- 91% response rate to staff survey, achieving indicative increase on employee engagement from Very Good to Outstanding
- Commitments made with respect to Diversity & Inclusion and being Disability Confident Committed
- 26% of staff now work flexibly or part-time

2022 priorities

- Focus on working patterns, encouraging flexible arrangements to support employee health and wellbeing
- Advancing diversity and inclusion measures, working on the back of the findings from our first cross-team survey
- Continuing to develop our employees at all levels, building on existing manager, intern and apprenticeship programmes

KPIs

- Stakeholder: Staff satisfaction survey

Risks

- Staff dependency

5 Long-term relationships

To build long-term relationships that benefit all of our stakeholders.

2021 priorities

- Advance the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Review our supply chain processes to ensure we share the same social impact values
- Develop our offering for NHS Trusts, local authorities and GP collaboratives in a primary care setting
- Establish Assura Community Fund

2021 actions & progress

- Eight asset enhancement projects completed or underway
- Partnership for premises solutions developed with national provider of primary care at scale
- Development pipeline includes schemes for NHS Trusts in the North East and West Midlands

2022 priorities

- Finalise development of our supply chain framework, rolling out and asking for supplier commitments to follow and leveraging shared social impact objectives
- Develop our offering for NHS Trusts, local authorities and GP collaboratives in a primary care setting
- Advance work of the Assura Community Fund through second year of grants, leveraging our position as Community Health Partner to the 2021 Rugby League World Cup

KPIs

- Portfolio: Growth in rent roll, developments on site
- Stakeholders: Customer satisfaction survey

Risks

- Changes in government policy
- Competitor threat
- Underperformance of assets

» See our KPIs on pages 26 to 31

» See Principal risks and uncertainties on pages 56 to 61

Maximising
our contribution
to society

sixbysix

By 2026, our goal is that six million
people will benefit from
improvements to or through
our buildings.

Minimising
our impact on
the environment

We refer to ESG as being our Social Impact Strategy. We published our SixBySix plan alongside our March 2020 Annual Report and the disclosures in this year's report reflect the progress made over the first 12 months. As we have worked through our plans, we have improved the wording of several pledges.

Our approach

In setting our SixBySix pledges and targets, our starting point was alignment with the UN Sustainable Development Goals – two of the goals particularly resonating with our purpose.



The Social Impact Committee, made up of team members across all departments of the business, then went through a materiality assessment process of deciding what was important to us and our stakeholders.

Our approach considered three main factors:







- what is the right thing to do
- what is within our control
- what is the most ambitious target we can set

SixBySix governance

Overall responsibility for progress against SixBySix targets rests with the CEO, Jonathan Murphy. Efforts are led by the Head of Sustainability, who is a member of the Executive Committee, and the Social Impact Committee, which monitors progress against the specific SixBySix targets and regularly reports into the Executive Committee and Board.

Progress against our SixBySix pledges

Our SixBySix ambition is that six million people will benefit from improvements to or through our buildings. In the first year, we impacted over 275,000 people, mainly through our delivery of 12 completed developments and the activities of the Assura Community Fund. This number will accelerate as we rollout our plans to improve the environmental performance of our existing portfolio.

	Pledge	2020/21 progress	2021/22 priorities	KPI
Maximising our contribution to society	 one Through the Assura Community Fund's grant-making and our support for shared community space, to help improve the wellbeing of more than one million people	<ul style="list-style-type: none"> – Fund launched with £2.5m initial contribution – £800,000 distributed to more than 120 health-improving projects, impacting over 60,000 people – Official Community Health Partner for upcoming 2021 Rugby League World Cup 	<ul style="list-style-type: none"> – Distribute a further £550,000 through the second year of the grant programme – Pilot innovation community space partnerships – Launch staff fundraising activities 	Assura Community Fund reach <ul style="list-style-type: none"> – Total fundraising achieved – Amounts distributed to health improving projects – People reached by projects supported
	 two Develop a sustainable supply chain which shares our commitment to adding value for the communities we work in	<ul style="list-style-type: none"> – Advanced our review of existing supply chain and developed priorities for our Supply Chain Framework 	<ul style="list-style-type: none"> – Finalise our Supply Chain Framework working with our supply chain partners for attainment of our social impact objectives – Roll out compliance programme, initially targeting our largest suppliers 	Supply Chain Framework¹ <ul style="list-style-type: none"> – Proportion of suppliers that have certified to us they comply
	 three Create opportunity via volunteering, education, partnerships and mentoring to help reduce inequalities and build more inclusive communities	<ul style="list-style-type: none"> – Joined Mission INCLUDE mentoring programme – Delivered over 850 training hours to our employees – Taken on three apprentices and four interns 	<ul style="list-style-type: none"> – Launch diversity and inclusion strategy across the business, applying actions from the team survey – Create volunteering opportunities with Assura Community Fund projects – Create education, mentoring and volunteering opportunities through our Supply Chain Framework 	Staff satisfaction survey <ul style="list-style-type: none"> – Proportion of staff stating they are engaged, satisfied and able to contribute Staff volunteering¹ <ul style="list-style-type: none"> – Proportion of staff engaging in community fundraising and volunteering activities
Minimising our impact on the environment	 four Work with our customers to reduce the energy consumed in our buildings – targeting an EPC rating of B or better across our portfolio	<ul style="list-style-type: none"> – Appointed Murton & Co as our EPC improvement partner – Completed assessment of our existing portfolio and incorporated into our strategy for each individual building 	<ul style="list-style-type: none"> – Begin implementation of improvement plan for individual buildings – Incorporate sustainability feature into all customer newsletters – Launch the Assura Energy Forum for customers 	EPC ratings of our portfolio <ul style="list-style-type: none"> – Proportion of buildings (by area) that have an EPC rating of B or better, or have been improved by at least two bands
	 five Advance our development process to be creating only buildings with a net zero carbon rating for construction and operation	<ul style="list-style-type: none"> – Technology & Innovation Group established to further advance our development process – Two pilot net zero carbon schemes identified, and appointed Hoare Lea as net zero carbon consultant 	<ul style="list-style-type: none"> – Finalise design on pilot schemes, including method of assessing compliance under UK Green Building Council framework – Aim for at least one of the pilot schemes to be on site 	Net zero carbon developments <ul style="list-style-type: none"> – Proportion of net developments with a net zero carbon rating for construction and operation BREEAM ratings <ul style="list-style-type: none"> – Sum of completed developments achieving the certified BREEAM rating of Very Good or better
	 six Source only renewable energy and drive innovative energy solutions for customers through the use of appropriate technology	<ul style="list-style-type: none"> – Appointed Head of Sustainability – Energy contract replaced in November 2020 with new stipulation that all energy is 100% renewably sourced 	<ul style="list-style-type: none"> – First phase of smart metering programme, focusing on properties where we control the supply of utilities – Development of sustainability strategy at a property level 	Renewably sourced energy <ul style="list-style-type: none"> – Proportion of the energy purchased by Assura that is from renewable sources

1. not currently reported against – aiming for reporting by March 2022.

OUR KEY PERFORMANCE INDICATORS

Assura is one of the UK's leading healthcare REITs. In order to sustain this position, we need to demonstrate that we can consistently outperform over time. To measure ourselves against this objective we have a wide range of key performance indicators ("KPIs").

Our financial KPIs track the performance of the business in terms of the returns we generate for shareholders. Our portfolio metrics measure the quality of our portfolio and our development activities. Our stakeholder metrics measure the influence we have on the wide range of stakeholders impacted by our activities. All of these KPIs link back to our strategic priorities and SixBySix pledges and form the basis for how the executive management team is judged and rewarded.

These KPIs are reflected in both the short-term (annual bonus details on page 97) and long-term management incentive schemes (linked to TSR, growth in EPRA EPS and performance against ESG targets over a three-year period, further details on page 99).

Certain of these measures are considered Alternative Performance Measures (calculations or references provided where appropriate) which, as explained in the CFO Review on pages 62 to 67, are provided to help provide relevant information to understand how our business is performing.

FINANCIAL KPIS

EPRA EPS (p)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

See Note 6 to the accounts

Commentary

EPRA EPS provides an indication of the recurring profits of the Group. EPRA EPS has fallen to 2.7 pence as a result of the one-off £2.5 million contribution to the Assura Community Fund. Adding this one-off item back gave an adjusted EPRA EPS of 2.8 pence, which has remained flat due to the timing of the equity raise at the start of the year.

Target

Grow

Diluted EPRA NTA (p)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

See Note 7 to the accounts

Commentary

EPRA NTA shows the net accounting value of our assets and liabilities, adjusted in accordance with the widely used EPRA guidelines for the real estate industry. As a REIT with a high dividend pay out ratio, movements in our EPRA NTA primarily are attributed to asset revaluations.

Target

Grow

EPRA Cost Ratio (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

See page 66

Commentary

EPRA Cost Ratio is the operating efficiency of our model, being the costs incurred as a proportion of rental income. The EPRA Cost Ratio has increased slightly during the period, excluding the £2.5 million Assura Community Fund donation. The portfolio has grown during the period and the corresponding increase in costs reflects the investment we have made during the year in growing the development team, boosting our in-house capability to deliver our growing development pipeline.

Target

Maintain or reduce

Total Property Return (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Net rental income plus revaluation, divided by opening property assets plus additions. See Glossary

Commentary

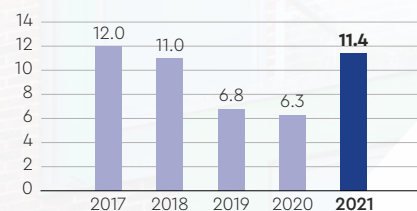
Total Property Return measures our success in choosing the right investments and managing these assets over time. The return is made up of two components – the income return (which has remained broadly consistent with previous years) and any valuation movement (which has remained positive).

Target

Maintain or grow over long term

Total Accounting Return (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Movement on EPRA NAV plus dividends paid, divided by opening EPRA NAV. See Glossary

Commentary

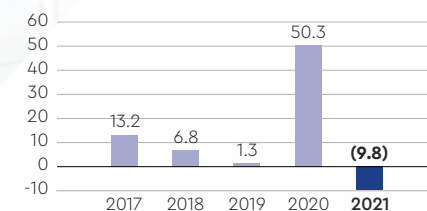
Total Accounting Return measures the returns we have delivered to shareholders in the forms of dividends paid and the growth in NAV. In the current year, the dividend paid had again grown compared with the prior year, and the return has been strengthened by the positive valuation movement.

Target

Maintain or grow over long term

Total Shareholder Return (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Movement in share price plus dividends paid, divided by opening share price. See Glossary

Commentary

Total Shareholder Return reflects the value of dividends paid and the relative movement of the share price over the year. In the current year, the dividend paid had again grown compared with the prior year, although the TSR is negative due to the share price movement, having opened the year at 83.5 pence and closed at 72.1 pence.

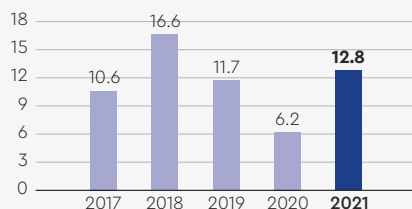
Target

Maintain or grow over long term

PORTFOLIO METRICS

Growth in rent roll (£m)

Performance



Strategic priority

- 5 Long-term relationships
- 3 Quality of service

Definition

Increase in rent roll over the year.
See Glossary

Commentary

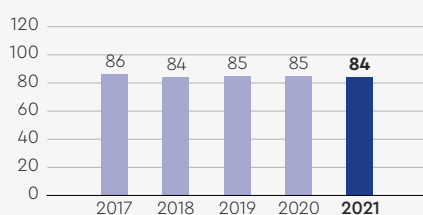
Growth in rent roll is a measure of how we are growing our income which in turn should support our dividend policy. The £12.8 million increase in the current year reflects acquisitions (£10.2 million), development completions (£3.1 million) and portfolio management activity including rent reviews (£1.1 million), offset by the rent relating to disposals (£1.6 million).

Target

Positive

% of occupier covenant NHS/GPs (%)

Performance



Strategic priority

- 2 Quality of buildings
- 3 Quality of service

Definition

Proportion of our rent roll that is paid directly by GPs or NHS bodies

Commentary

The occupier covenant provides an indication of the security of our rental income, reflecting how much is paid directly by GPs or the NHS. The figure has remained strong at 84%, reflecting that portfolio additions have an occupier mix that is consistent with our existing portfolio.

Target

Maintain or grow

Total contracted rental income (£bn)

Performance



Strategic priority

- 5 Long-term relationships
- 3 Quality of service

Definition

Total amount of rent to be received over the remaining term of leases currently contracted. See Glossary

Commentary

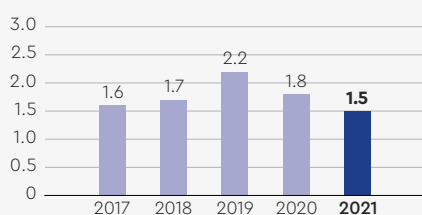
Total contracted rental income is the total amount of rent we are due to receive over the remaining term of leases currently in place and committed rent for developments on site. The passage of time would see this figure reduce each year. However, the positive actions we have taken in the year, through portfolio additions and asset enhancement activities, has seen this natural decline be offset to an extent that the total contracted rental income has increased to £1.57 billion.

Target

Maintain or grow

Rental growth from rent reviews (%)

Performance



Strategic priority

- 1 Leveraging our financial strength
- 3 Quality of service

Definition

Weighted average annualised uplift on rent reviews settled during the year

Commentary

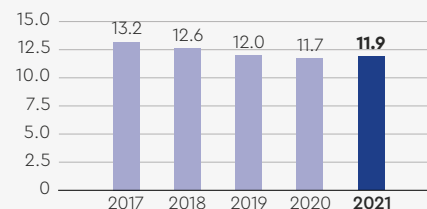
Rental growth from rent reviews settled in the year provides a measure of the growth in our rent roll, which we would expect to flow through to our income and support our dividend policy. In the current year, we have increased the number of rent reviews settled to 320 (296 in prior year). Open market reviews generated an average uplift of 1.2% (1.2% in the prior year).

Target

> inflation

WAULT (years)

Performance



Strategic priority

- 2 Quality of buildings
- 3 Quality of service

Definition

Average period until the next available break clause in our leases, weighted by rent roll

Commentary

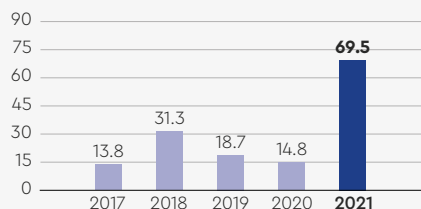
Weighted Average Unexpired Lease Term ("WAULT") provides a measure of the average time remaining on the leases currently in place on our portfolio. The passage of time would see this figure reduce each year. However, the positive actions we have taken in the year, through portfolio additions and asset enhancement activities, has seen this natural decline be offset such that the WAULT has increased to 11.9 years.

Target

Maintain or grow

Developments completed (£m)

Performance



Strategic priority

3 Quality of service

Definition

Number and total cost of developments that reached practical completion during the year

Commentary

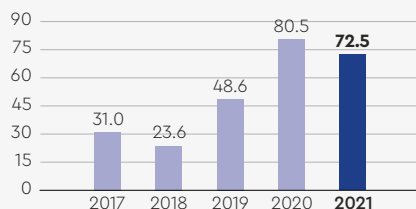
Developments completed give an indication of how we are moving schemes from the pipeline through to our portfolio. Figures quoted represent the total cost of the schemes. We have seen momentum growing in the NHS approval of new medical centre developments over the past 18 months, which will flow through into completions following the build period which is normally between 14 and 18 months for each scheme. We are currently expecting 13 of the 16 on site developments to complete in the next financial year.

Target

Maintain or grow

Developments on site (£m)

Performance



Strategic priority

3 Quality of service

Definition

Number and expected cost of developments that are currently in the course of construction

Commentary

Developments on site give a measure of our success in moving opportunities from our pipeline through to live schemes. Figures quoted represent the total cost of the schemes. 13 schemes have moved to on site during the year, giving us a total of 16 at year end. In addition, we have a strong immediate pipeline of 17 schemes (estimated cost £111 million) which we would hope to be on site in the next 12 months.

Target

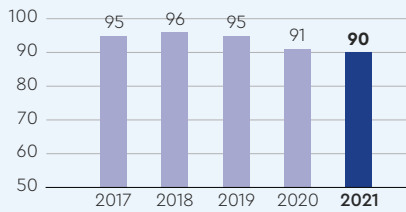
Maintain or grow

STAKEHOLDER METRICS

Our customers

Customer satisfaction (%)

Performance



Strategic priority

- 5 Long-term relationships
- 3 Quality of service

Definition

Proportion of completed customer satisfaction surveys that would consider recommending us as a landlord to others

Commentary

The satisfaction of the customers in our buildings is a crucial benchmark of the quality of the service we provide. The score obtained from our customer satisfaction survey again indicates that our customers value having Assura as a landlord and would recommend us to prospective customers.

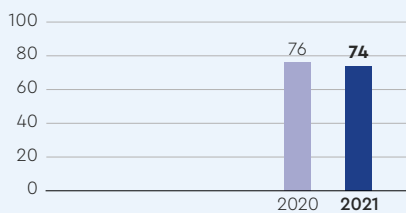
Target

>90%

Our people

Staff satisfaction survey (%)

Performance



Strategic priority

- 4 People

Definition

Proportion of respondents to the employee opinion survey stating they were engaged, satisfied and able to make a valuable contribution to the success of Assura

Commentary

Our staff survey in the year to March 2020 saw us obtain a Best Companies One Star award. Our pulse survey completed during 2021 saw us obtain an indicative improvement in engagement from Very Good to Outstanding.

Target

Maintain or grow

Our investors and lenders

Growing, covered dividend (p)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Dividend per share paid out during the financial year

Commentary

Our dividend policy is for the dividend paid to be progressive and covered by EPRA earnings (before charitable donations).

Target

Grow

ESG linked financing (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Proportion of available facilities certified as being linked to social or green objectives

Commentary

Reflecting the positive social impact that is ingrained within our business model, and our plans to minimise the environmental impact of our portfolio, we successfully launched our debut Social Bond during the year.

Target

Maintain or grow

Our communities

Assura Community Fund Reach (people)

Performance



SixBySix pledge

- 1 Community impact

Definition

People impacted by projects supported by the Assura Community Fund

Commentary

The aim of the Assura Community Fund is to distribute funds to support community programmes in and around our buildings. Having been seeded with an initial contribution of £2.5m, we are delighted to have been able to support over 115 projects, distribute over £800,000 and positively impact 60,000 people.

Target

>50,000 per year

Staff volunteering

We aim for over 50% of staff to be engaged in community fundraising and volunteering activities during the year, increasing to 75% in year 2.

We aim to report against this KPI from March 2022.

The environment

EPC ratings (%)

Performance



SixBySix pledge
4 EPC ratings

Definition

Proportion of portfolio buildings that have an EPC rating of B or better, or have been improved by at least two bands

Commentary

During the year we completed our assessment of the entire portfolio and generated plans for each property that requires an improvement on the current rating.

Target

100% by March 2026

Net zero carbon developments (%)

Performance



SixBySix pledge
5 Net zero development

Definition

Proportion of on site developments designed to be net zero carbon for construction and operation

Commentary

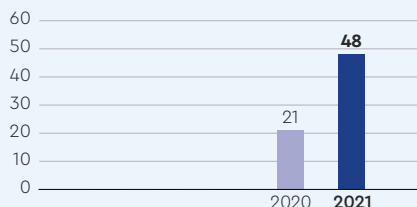
We would expect this to be low in the initial years of SixBySix as we run pilot projects. We have identified our first pilot project and are targeting being on site by March 2022.

Target

>50% by March 2026

Renewably sourced energy (%)

Performance



SixBySix pledge
6 Renewable energy

Definition

Proportion of energy purchased by Assura (whether for own use or on behalf of customers) that is renewably sourced

Commentary

During the year we tendered our utilities supply contract and switched to 100% renewably sourced with effect from December 2020.

Target

100%

BREEAM rating (%)

Performance



Strategic priority
2 Quality of buildings

Definition

Proportion of completed developments achieving the BREEAM certified rating of "Very Good" or better

Commentary

BREEAM is the world's foremost environmental assessment method and rating for buildings and sets the standard for best practice in sustainable building design, construction and operation. Strong performance against this measure demonstrates our commitment to building sustainable buildings that improve the local infrastructure. All developments completed during the year achieved our BREEAM target.

Target

100%

Our suppliers

We are currently conducting a review of our supply chain. This includes development of a revised supplier code of conduct with reference to our SixBySix pledges and gaining an understanding of how our suppliers currently source labour for work on our properties. Our aim is to have >95% of our suppliers (by spend) certifying to us that they are compliant with our Supply Chain Framework. We expect to start reporting against these new KPIs from March 2022.

WHO WE ARE



We are a listed UK real estate investment trust ("REIT") specialising in the development of, investment in and management of a portfolio of primary care, diagnostic and treatment buildings across the UK.

Our purpose is to create outstanding spaces for health services in our communities. We aim to be the UK's number one listed property business for long-term social impact.

Our values

- > Innovation
- > Expertise
- > Being genuine
- > Collaboration
- > Passion

How we work

- > We champion new ideas and we're open minded
- > We do what we say we will
- > We don't give up
- > We strive for excellence
- > We listen to, learn from and encourage others

WHAT WE DO



> Development

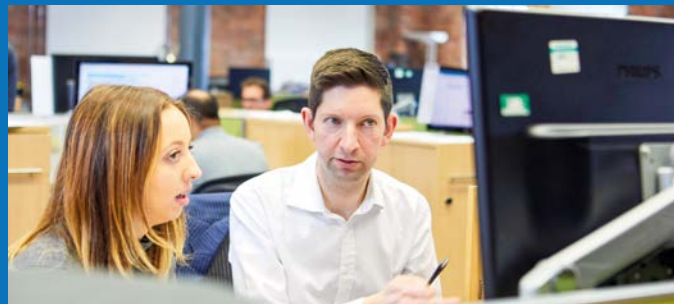
Growing our portfolio through new developments

Our team of development managers work with existing and prospective GP customers to design and deliver bespoke new medical centres that meet the needs of the communities they serve.

The customers and patients benefit from our strong relationships with our expert healthcare partners, with whom we work to incorporate the latest sustainability and design innovations.

A development only moves on site when everyone is agreed that the project is the highest quality and value for money; the District Valuer agrees the rent, the GPs sign an agreement for lease and our third-party building contractor partners sign fixed price contracts.

Following the 12-18 month build period, we get a long, secure income stream at a return on cost that reflects the relatively low development risk we take on, and a building that showcases our ability to deliver sustainable solutions that benefits all stakeholders.



> Investment

Growing our portfolio through acquisition of existing properties

Our investment team identify opportunities to add existing buildings to our portfolio, whether through a competitive bidding process or an off-market opportunity benefitting from our reputation as a landlord that owns and operates buildings as a long-term partner to the GP customer.

Our knowledge of the sector, bespoke database covering all primary healthcare properties in the country, our reputation as a landlord and our long-standing relationships give us strong credentials when sourcing opportunities and speaking to prospective customers, who are often the same people that are selling their building.

The investment process considers numerous criteria including the quality of the building, environmental impact and physical climate change risk, asset enhancement opportunities and returns but the key factor is the importance of the building to its local health economy – i.e. is this building the right solution for that community in the long term.

> Managing our portfolio

Maintaining and enhancing our properties

Our portfolio management team looks after the needs of the customers in our existing buildings. This covers a range of offerings: lease renewals, extensions or refurbishments, improving environmental performance, managing building costs or simply sharing their experience with a customer that wants assistance fixing a problem.

Enhancing the building through extension or refurbishment benefits the GPs and the patients as well as allowing us to extend the lease through a re-gear. Our social impact strategy includes measures to ensure these initiatives include sustainability improvements, reducing both the impact of the building on the environment and hopefully reducing the running costs for the customers.

The portfolio management team also liaise with the District Valuer in settling rent reviews, making sure the rents on our leases are at the latest open market rates.

HOW WE DO IT



› Our unique offering

We are unique in offering our customers (mainly GPs and other primary healthcare professionals) a full property service; we develop new buildings, invest in high-quality existing buildings, look after and enhance our portfolio (manage), and ultimately, own them for the long term. Our internally managed structure provides a highly scalable model and gives us direct relationships with our customers. This enables us to be responsive to their evolving needs and to provide innovative solutions.

› Our reputation for being sector experts

We are the partner of choice with more than 90% of respondents to our annual customer survey saying they would consider recommending Assura to others.

Operating within a market that supports the NHS means we have a responsibility not just to meet current NHS specifications for buildings, but also to advance the sustainability agenda to ensure buildings are fit for the NHS's future needs and to satisfy District Valuers (responsible for agreeing rents on new build developments and rent reviews) that our developments represent value for money.

We have a highly knowledgeable and experienced in-house team of surveyors and external expert partners in architecture, sustainability and construction. Our team across development, investment, management and external experts work closely with each other and our customers.

› Our secure, stable occupier base

We have a secure, long-term rental income stream from our stable customer base made up mainly of GPs and NHS bodies who benefit from government reimbursement of their rent. Our typical leases are 21+ years in length, giving us strong visibility of future income.

› Our carefully managed balance sheet

The continued support of our shareholders and lenders is crucial to funding future growth in our portfolio. We generally borrow on an unsecured basis (which we believe gives us access to a larger range of funding options) with a loan-to-value that is currently sub-40% with a policy that allows us to reach the range 40–50% should the need arise.

As we grow, so the benefits of scale will accrue to shareholders and drive our progressive dividend policy.

› Our commitment to long-term social and environmental impact

Consideration of social and environmental impact is ingrained through our operations and long-term strategy for each building in our portfolio. Minimising the environmental impact and maximising the positive social impact of each building in our portfolio through our SixBySix pledges is fundamental to our offering for all stakeholders. See our SixBySix strategy on page 24–25.

OUR IMPACT

Our customers

Our GP and NHS customers get spaces at the forefront of the sector in terms of design, innovation and environmental performance that allow them to provide the services needed by the communities that they serve.

> **90%**
of respondents to our annual satisfaction survey rated our service as either 'good' or 'OK'

Our communities

The communities that use our spaces get a building that meets the bespoke health needs of that local health economy.

> **5.9m**
patients served by our buildings, £800,000 distributed by the Assura Community Fund

Our suppliers

Our supplier partners benefit from a collaborative approach to finding innovative solutions to meet the needs of our customers.

> **£92m**
paid during the year to suppliers for construction, property management and overheads

Our people

Assura employees work in a friendly, engaging environment that supports aspirations to develop their skills and opportunities.

> **84%**
of team members took part in our first diversity and inclusion survey

Our investors and lenders

Our financial supporters, both equity and debt, get a fair financial return derived from rental income from investment in the essential health infrastructure of our country.

> **2.8p**
dividends per share paid during the year, 2.47% weighted average interest rate paid on debt facilities

S172 STATEMENT

Listening to and understanding our stakeholders underpins our decision-making and the way we work. The following pages make up our Section 172 statement, outlining our core stakeholders, how we and our Board members engage with them and the impact of that engagement.

The Board is required to understand the views of the Group's key stakeholders and describe in the annual report how their interests and the matters set out in s172 of the Companies Act 2006 have been considered in Board discussions and decision-making.

Making long-term decisions

The very nature of what we do makes it necessary for us to consider all decisions for the long term. This year our decision-making has been influenced by the impact of COVID-19. The Board has met more frequently to discuss our strategic, financial and operational resilience. Read more on our response to COVID-19 on page 13 and Governance Report on pages 69 to 108.

We adopt a long-term approach to holding our assets as set out in our strategy and business model on pages 32 to 35. In February 2021 the Board approved the acquisition of Apollo which will enhance our development pipeline, capabilities and capacity for managing on site schemes. Read more on page 78. Our investment decisions consider how crucial an asset is to the local health economy for the long term. We strive to build lasting relationships with our occupiers with the average length of our leases being 21 years. We seek to improve and enhance existing assets so they remain fit for purpose by working collaboratively with our occupiers, for example this year with asset enhancement projects at our properties in Scarborough and Swindon, and aim to develop new properties that incorporate future-proof technology and environmental measures.

We maintain a conservative funding structure. This year we have issued a £300m social bond which represents 25% of our available funding (see page 77 in our Governance Report). Our dividend policy is based on paying out a proportion of recurring earnings (see our CFO Review page 65).

Understanding and responding to stakeholder concerns

Pages 38 to 51 describe how we have engaged with and responded to matters raised by employees, suppliers, customers, investors and communities. Unsurprisingly, the key matters raised this year across all our stakeholder groups have centred around the impact on COVID. Read more about our COVID response on page 13.

Our impact on the environment

Pages 52 to 54 set out our approach to minimising our impact on the environment, including climate change. This year all our completed developments have hit BREEAM targets and finalised all EPC certifications and costed improvements required. We have also piloted our first net zero carbon developments and retendered our energy contract and are now 100% renewable.

Maintaining high standards of business conduct

We believe good governance is crucial to ensuring high standards of business conduct are maintained (see our Governance Report on pages 69 to 108). We have a clear purpose that is embedded through our culture and values of innovation, expertise, being genuine, collaboration and passion (read more on pages 49 and 80). This year we have undertaken a review of our supplier chain including the development of a revised Supplier Code of Conduct. Our target is for >95% of our suppliers by value certify their compliance to us by March 2022.

The Board considers that throughout the year, it has acted in a way and made decisions that would most likely promote the success of the Group for the benefit of its members as a whole and the case study on page 78 demonstrates this further.



STAKEHOLDER ENGAGEMENT

Our communities

Who they are

- 5.9 million patients who use our buildings and those who live in the communities around our buildings.

Important because individuals are the end users of our buildings. Their experiences of the physical space and environment impact upon their engagement with health services and their perceptions of the care they receive. Their feedback helps us improve design and ensure that our buildings are helping to improve equal access to local health services. We need buy-in from communities to create new health facilities, which may involve services moving to a different location.

» Read more on page 42-43

Stakeholder metrics

- Assura Community Fund reach
- Developments supporting community space.

Method of engagement

- Seeking views from Patient Participation Groups, local Healthwatch/Community Health Council members on proposed new development schemes
- Using expertise of national patient organisations to gather feedback on specific design issues
- Local public consultations to seek feedback on proposed new developments
- Engagement with councillors and MPs on specific issues
- Outreach by Assura Community Fund to seek funding bids from local health-improving projects.

Why these methods are effective: Ensuring that our work delivers for those who will receive care in our buildings and those who live in the surrounding community relies on understanding local priorities, issues and concerns.

Monitored by: Heads of Property, Business Development and Public Affairs.

Board members met with the Chief Executive of Cheshire Community Foundation, which manages the Assura Community Fund, to understand our 20-21 priorities and approach to best support communities recovering from the health impacts of COVID-19. Board members also receive updates on SixBySix activities at every Board meeting.

Issues raised

- COVID-19 impacts on healthcare buildings
- Accessibility of medical centre buildings
- New development schemes and their impact on communities
- Car parking at medical centres to support vaccination programme
- Need for funding for local charity health projects to tackle impacts of COVID-19.

Our response (and next year's priorities)

- National survey with the Patients Association to understand measures required at primary care buildings to help patients feel confident to return to them when they are asked to - with recommendations communicated to every GP practice in our buildings
- Building Better Together report on improving primary care environments for people with disabilities and autism published with Dimensions and launched by Baroness Jolly and the BMA's Executive Committee Lead for Premises.
- Virtual meetings with community councils to offer more detailed opportunities for questions and discussion of new development proposals
- Assura Community Fund distributed more than £800,000 in grants to health-improving projects around our buildings
- Liaison with individual MPs on issues such as suspending the parking management system at a major vaccination centre to get elderly and vulnerable patients through more quickly.

Our customers

Who they are

- GP practices
- NHS Trusts
- Other professionals delivering health services in the community.

Important because the local health services which our customers deliver are what make our buildings so vital in the communities and local health ecosystems they serve. The long-term rental income from our customers is reimbursed by government.

» Read more on page 44-45

Stakeholder metrics

- Customer satisfaction.

Method of engagement

- Existing relationships with our portfolio managers, portfolio administrators and portfolio asset assistants, credit controller (ongoing)
- Instant, adhoc and annual feedback surveys
- Monthly customer ezine which invites dialogue
- Supplier relationships (ongoing)
- Public affairs activities with local influencers (adhoc).

Why these methods are effective: All approaches allow us to get a real-time sense of how our customers are feeling, the challenges they are facing and the problems they need us to solve.

Monitored by: Heads of Property, Business Development and Public Affairs.

Board members periodically hold meetings with NHS influencers and leaders, join sessions with suppliers and consider feedback from customer surveys.

Issues raised

- Vital building improvements and replacements
- Changing layouts, signage and infrastructure for COVID-19 social distancing
- Vaccination rollout support
- Changing building features for the future, informed by experiences of COVID-19
- Speed of response to queries
- Challenges of moving in.

Our response (and next year's priorities)

- Projects to improve space for occupiers in several locations, or to support COVID-19 operations
- Kept new-build schemes progressing under COVID-safe working practices
- All customers offered direct support to meet vaccine centre specifications
- Trialled new ways of working in our property team to offer faster and more consistent reactive maintenance and facilities management support
- Used national polling of healthcare professionals to understand views on immediate and future premises needs from COVID-19, along with feedback from similar questioning in our customer survey calling for temporary external covered areas, external space for patients and staff and more flexible space which can be adapted quickly when needed.

Our people

Who they are

- Our team around the UK.

Important because they are Assura. Their expertise and skills are what allow us to deliver for our customers and to our purpose.

» [Read more on page 48-49](#)

Stakeholder metrics

KPI:

- Best Companies survey

Supporting metrics:

- Internal mood surveys
- Annual diversity and inclusion data
- Quarterly feedback from The Voice team representatives with designated employee NED
- Data on staff turnover, training and sickness trends reported to the Board.

Issues raised

- Mental wellbeing, isolation and stress due to pressures of lockdown, home-schooling and uncertainty
- IT systems and equipment/furniture for long-term remote working
- FM/maintenance desk resourcing
- Greater autonomy for managers
- Knowledge stagnation/feeling of lack of creativity/innovation.

Method of engagement

- Weekly virtual team town hall
- Monthly team ezine which includes calls to action for feedback
- Departmental team meetings
- The Voice
- Virtual social events to help encourage dialogue and feedback during full remote working
- Individual wellbeing calls during lockdown
- Mission INCLUDE Mentoring programme
- Virtual training/coaching for managers both one to one and group.

Why these methods are effective: We seek regular feedback from the team representatives group, the Voice, to understand which methods are effective and which need reviewing. We also track engagement with internal surveys and events to judge their effectiveness.

Monitored by: Head of HR.

Board members have participated in a range of virtual team social events across the year and undertook wellbeing calls with the executive committee. Louise Fowler has completed quarterly meetings with The Voice group and has brought feedback into the wider Board.

Our response (and next year's priorities)

- Flexibility for all staff on working patterns and ongoing encouragement to raise new pressures
- Increased signposting to Employee Assistance Programme resources
- Making one day per week a day with no internal meetings
- Weekly virtual mindfulness, yoga, HIT and fitness sessions open to all
- Regular virtual social events
- Equipment upgrades and launch of major programme to upgrade finance system
- Pilot of alternative team structure to support FM/maintenance helpdesk operations
- Coaching and training for all managers on change, leadership and business planning
- Cross section of team members being externally mentored under the Mission INCLUDE diversity and inclusion programme.

Our suppliers

Who they are

- The contractors and businesses providing goods and services to us or for us.

Important because our suppliers help us meet the needs of communities and customers and to deliver our social impact, thus growing our business.

» Read more on page 46–47

Stakeholder metrics

- Supplier conduct code compliance
- Supply chain locality.

Issues raised

- Financial and operational pressures of COVID-19
- Supporting local jobs.

Method of engagement

- Facilities management, portfolio and development team member relationships (ongoing)
- Executive Committee and Board meetings with key suppliers from time to time (ad hoc).

Why these methods are effective: Our relationships with our regular suppliers allows us to understand emerging issues and challenges, and to respond accordingly.

Monitored by: Heads of Property, Finance and Legal.

Our response (and next year's priorities)

- Working to pay all suppliers promptly
- 'COVID-terms' for some suppliers to help their cash flow
- Move to e-invoicing
- Keeping guidance for maintenance contractors visiting primary care sites under continual review in line with COVID-19
- Continuing to use smaller, local suppliers when possible.

Our investors and lenders

Important because their investment allows us to generate long-term value for all our stakeholders.

» Read more on page 50–51

Stakeholder metrics

- Share price
- Composition of investor register
- Growing covered dividend
- ESG linked financing.

Issues raised

- Deployment of proceeds from equity raise and Social Bond
- Development pipeline
- Apollo acquisition
- ESG benchmarking and reporting
- Net zero carbon
- Rent collection during COVID-19
- Political developments for our sector.

Method of engagement

- Results presentations
- Virtual investor tour
- Chairman meets with major shareholders when requested
- Direct meetings with investors and lenders
- Appropriate use of expert advisors.

Why these methods are effective: Regular dialogue with our investors and lenders allows us to respond to questions, seek feedback and test ideas with our financial stakeholders.

Monitored by: Heads of Finance and Investor Relations.

Board members receive updates on investor issues raised at every meeting.

Our response (and next year's priorities)

- Rolling programme of investor and lender meetings
- Increased use of virtual tools to provide regular updates.

OUR COMMUNITIES



53,400

beneficiaries of the Assura Community Fund national small grants scheme

6,500

callers supported by Dementia UK's Admiral Nurse Helpline thanks to our funding

Shortlisted

for Estates Gazette Social Impact Award and Third Sector Magazine's Business Charity Award for Community Impact



Men Up North want to see increased feelings of improved mental health amongst men. We want men to become more open to talking as a result of these sessions and for them to feel in a position to positively deal with navigating the ever changing and often challenging world."

Men Up North, one of the projects supported during the year

How we engage

We seek feedback from, listen to and communicate with patients through Patient Participation Groups, national and local charities, research partnerships, community groups, local and social media, MPs and local councillors. This year, of course, we've had to employ virtual techniques and online channels for public consultation events, meetings with local residents and to gather feedback. We've also engaged with local health projects all over the country this year through our work making grants from the Assura Community Fund.

Why these methods are effective

Ensuring that our work delivers for those who will receive care in our buildings and those who live in the surrounding community relies on seeking out their perspectives and understanding local priorities, issues and concerns.

Achievements for 2021 and priorities for 2022

The power of place in access to healthcare
This year, we published our research with the national charity Dimensions - to explore how primary care buildings could work better for people with disabilities and autism - at a virtual roundtable led by Baroness Jolly and the British Medical Association's Executive Committee lead for premises, Dr Gaurav Gupta. The final research was extended to include additional feedback experiences of people with disabilities and autism during the first stages of the pandemic. The report is informing the next phase of this work, which will create an assessment tool to help any GP practice or community health service understand how their premises design and environment works for people with disabilities, dementia or autism and steps they can take to make improvements. We will be testing this tool in our buildings this year, and are working with Dimensions and the University of Worcester's Association for Dementia Studies to launch the tool as a resource within the national #MyGPAndMe campaign.

We joined forces with the Patients Association once again to gauge patient confidence to return to primary care buildings when they are asked to, and the steps which will make patients feel more comfortable to be in spaces which may look very different for some time to come.

We ran virtual sessions allowing local residents, MPs and councillors to chat with GPs, architects and scheme leads to feed in their views and understand more about our plans for new medical centre buildings in places including Cardiff and Wallsend in

North Tyneside, and we used surveys of communities to gather input and ideas for scheme design, location and local connections. In 21-22, we plan to further deepen our digital engagement capabilities to better understand the live experiences of all patients in our buildings.

Helping grassroots health projects

The Assura Community Fund distributed more than £550,000 in small grants to health-improving projects in communities around our buildings across the UK, ranging from projects helping young care leavers and those experiencing homelessness to schemes reducing loneliness and isolation, helping families with budgeting and cooking skills, and innovation with primary care to support people who are digitally excluded. These projects will reach 53,400 people with better health outcomes including increased self-esteem and confidence, improved mental health and wellbeing, improved physical health and wellbeing, reduced stress or anxiety, taking part in sport or activity, improved diet and improved social networks. A further £200,000 was donated from the fund to a number of more strategic health projects in Assura's 'home' county of Cheshire, and almost £38,000 to Dementia UK to fund their national Admiral Nurse helpline on Sundays, Christmas Eve and Boxing Day, to help support people living with dementia who have been particularly hard-hit by the pandemic. And our relationship with Warrington Youth Zone, as founder patrons, continued to deepen; our team donated food and Christmas gifts which help the club distribute more than 500 Christmas hampers to families living in poverty across Warrington and one team member volunteered her time to support the youth zone on the development of a unique online hub which will bring together virtual mental health support and activities for young people from charities across Cheshire.

Projects that matter for health:

The Men Up North charity operates in South Yorkshire and Derbyshire to provide men, particularly those from a BAME background, with a safe space to have open and honest conversations about mental health and masculinity within a supportive network. The charity was given a £5,000 grant from the Assura Community Fund to support its 'Micro Greens for Mental Health' project that will use food growing to reduce loneliness, build skills for cooking and eating healthily and raise awareness of the impact of COVID-19 on the BAME community in Sheffield near our buildings for Dovercourt and Upwell Street surgeries.



£550k

**distributed in our
national small grants
programme**

Largest beneficiary groups: children and young people, families and lone parents and people with mental health issues



90%

respondents to our
annual satisfaction
survey rating our service
as either good or OK

OUR CUSTOMERS



70%

of healthcare professionals want to see more flexible space which can be adapted quickly in community medical centre buildings of the future, based on their experiences of care during the pandemic (YouGov Plc, June 2020)

52%

want both face-to-face consulting rooms and smaller remote consulting spaces

49%

want external spaces for both patients and staff



Ours is a purpose-built medical centre which houses three GP practices along with community staff. It's quite a modern building but due to the pandemic, we needed to review a one-way system for the building."

Tina Birkby

Practice Manager, Dene Drive Medical Centre, Winsford

How we engage

This year, our direct communication routes with customers have been particularly important in understanding the live issues they've been dealing with during the pandemic and vaccination programme. The day-to-day interactions of our portfolio, maintenance and facilities management team members, our monthly customer ezine which encourages two-way dialogue, instant feedback and sector polling have all helped us identify where we can offer more support to practices in our buildings. We've given virtual welcomes to customers in buildings which are new to our network and we are piloting a Facebook group to offer our customers peer networking and learning opportunities. We've continued to maintain our relationships with organisations such as the British Medical Association, National Association of Primary Care and our chair of the British Property Federation's Healthcare Committee.

Why these methods are effective

Our mixed approach to gathering customer feedback and ideas give us a sense of how our customers are feeling, the challenges they are facing and the problems they need us to solve.

Achievements for 2021 and priorities for 2022

Support during COVID-19

We moved quickly to support our customer's emerging needs at various points during the pandemic, such as NHS England's call-out for venues to act as vaccination hubs. We reached out to understand which buildings may need additional support to operate as a vaccine centre and have at various points helped our customers with speedy reconfigurations to support social distancing and one-way patient flow. Through our close relationships with customers, we've been able to progress schemes to add crucial new capacity at some of our buildings despite the limitations of distancing and repeated lockdowns. At Northgate Medical Centre in Pontefract, we worked with NHS England's Estates and Technology Transformation Fund to complete an internal extension adding two mezzanine level consulting rooms. We commissioned research with YouGov to understand how well health premises were working for staff across the NHS as the pandemic progressed, gaining invaluable insight into the priority improvements they would make to healthcare infrastructure for the future.

Small things make a big difference

"Ours is a purpose-built medical centre which houses three GP practices along with community staff. It's quite a modern building but due to the pandemic, we needed to review a one-way system for the building. We approached Assura for permission to convert two existing windows into exit doors for the two practices on the ground floor. Within days the permission was granted and, much to our delight, over a period of three weeks the works have almost been completed! Cannot thank Natalie enough for all her hard work and enthusiasm for our project and thanks to her, this was carried out effectively and efficiently." Tina Birkby, Practice Manager, Dene Drive Medical Centre, Winsford.

Helping customers reduce the health impacts of digital exclusion

A social prescribing and community development service based in 10 GP practices across Mendip received funding from the Assura Community Fund to increase digital awareness and access for local people who aren't digitally connected. The grant funding will make a Digital Connector available in our Frome Medical Practice building every week to provide advice on where to get free wi-fi, where to find use of digital devices, advice on SIM cards, pay-as-you-go tariffs, courses on setting up an email account, using a mouse or key pad and using a search engine. Digital exclusion has an impact on poorer health outcomes, lower life expectancy, increased isolation, less access to jobs and education and challenges in accessing welfare benefits.

OUR SUPPLIERS



£92m

paid to our suppliers and contractors

£21m

Total Tax Contribution – £7.0m borne (payroll and stamp taxes) and £13.0m collected (PID withholding tax and net VAT)

How we engage

We've continued to keep in close contact with our supplier network through our relationships across the business, with key maintenance service relationships now coordinated by our facilities manager and property asset assistants. The Executive Committee invites suppliers to meetings from time to time to hear about the latest trends in the sector. We require that all suppliers are Safe Contractor verified, whether for a large repair or for small routine maintenance on a building – ensuring the suitability of health and safety procedures and insurance in relation to the work they are set to complete. We also require all of our suppliers to adhere to our Modern Slavery and Anti-Bribery and Corruption Policies, both of which are available to view on our website. We also communicate our Quality and Environmental policies (as part of our procedures in relation to our ISO 9001 and ISO 14001 accreditation) to suppliers as well as making clear our policies in respect of whistleblowing and the prevention of tax evasion.

Why these methods are effective

Dialogue with our regular suppliers allows us to understand emerging issues and challenges, and to respond accordingly.

Achievements for 2021 and priorities for 2022

With the acquisition of Apollo, we have again widened our pool of relationships with professionals working on our expanding development pipeline. We have made headway on work to improve our processes for tracking and auditing compliance by our suppliers, and launched work to map the potential social value which can be created by our supplier network to support our SixBySix pledges; conversations have already begun on potential ideas and opportunities with some of our major suppliers. In the 21–22 year we plan to pilot a quarterly ezine for our suppliers to increase our engagement with them on growing the social impact we can have together.

Getting the work done with minimal disruption

Our suppliers are often completing essential maintenance, refurbishments, major reconfigurations and construction work for our buildings alongside the busy day-to-day of primary care continues at pace. We work with our customers and suppliers to plan jobs carefully, minimising disruption for patients and staff. During the year we helped our development contractors and other suppliers by accelerating payment dates to help with cash flow during the pandemic, and prompt payment of suppliers is a value that will feed into the Supply Chain Framework work under SixBySix.



We are delighted with the progress on site to date. It's not an easy development, which involves the refurbishment of a building of significant local interest together with a large contemporary extension. It is located in a very busy town centre with limited working area and Conamar have created absolutely minimal disruption."

Dolphin House Surgery, Ware

on the work of our contractor to create their new primary care building to serve more than 14,500 local people.

Scott Arms
Medical Centre

40

apprenticeship
weeks delivered
by our development
at Cinderford

84%

of team members took part in our first diversity and inclusion survey

Employee gender diversity

	Female	Male
Board of Directors	3	3
Senior management (excluding executives)	3	4
Employees	37	31
Total no. of employees (including NEDs)	43	38

OUR PEOPLE



15%

of employees are living with a health problem or disability

80%

of men in our business have kept mental health symptoms to themselves, compared to 42% of women



My mentee is going through a huge life change at the moment and her courage and resilience to deal with that in both her personal and professional life has me looking at some things in my own life very differently. It's also great to hear how the business she works for is supporting her in the ways which are right for her - it's helping me look at my emotional intelligence as a manager and how I need to think about the individual every time."

Assura mentor

Mission INCLUDE

How we engage

Our annual team survey and adhoc polls, our team representatives group, weekly virtual team town hall meetings, a monthly team ezine, departmental team meetings, virtual social events and team away days, virtual health and wellbeing sessions, coaching and training and individual wellbeing calls during lockdown have all been important routes for our engagement with our team this year. The Board has joined a number of our social events, recorded personal messages of encouragement to the team during some of the toughest parts of lockdown and our designated team NED, Louise Fowler, has held regular sessions with our team representatives group, The Voice, to feedback ideas and concerns. Our culture reflects the values of being genuine, innovation, collaboration, expertise and passion which were chosen by the team as the things they see as important at Assura; we engage to understand how our people are feeling about change and future plans, and to support them to embrace these.

Why these methods are effective

We seek regular feedback from the team representatives group, the Voice, to ensure we are engaging in ways which work for our people, understand which methods are effective and which need reviewing.

Achievements for 2021 and priorities for 2022

Growing engagement

The team participated in a pulse employee opinion survey with Best Companies and responses indicated an increase in levels of employee engagement from 'very good' during 2019 to 'outstanding' during 2020. Areas of continued focus are team wellbeing and internal communication which we have kept in sharp focus throughout the year, creating as many opportunities as we can to keep a fully-remote team connected and healthy with virtual mindfulness, yoga, HIT and fitness sessions open to all every week, a guest speaker session on resilience, team 'away' time and social events including an online 'Assura Big Day In', a virtual Christmas party complete with yule log decorating and wine tasting, an afternoon tea with our NEDs and the ever-popular Friday quiz.

Diversity and inclusion

This has been an important year for our work to create a more inclusive business: we carried out our first cross-team survey on diversity and inclusion, highlighting ways in which our team wants to see faster

progress. As a result, in the coming year we will be focusing on further building a culture of gender equality and championing female representation in more senior roles, and to grow our understanding of and diversity of support for mental health challenges at work. This year also saw every executive committee member and a cross section of employees from the business joining the award-winning Mission INCLUDE mentoring programme as both mentors and mentees for peers in other businesses. We also joined the national Disability Confident employer scheme and were named one of joint top businesses in the European Women On Boards Gender Equality Index, placing eleventh in the Hampton-Alexander league table.

Developing talent

Core to our long-term success as an organisation is the development of our current and future talent. We increased our team to 81 people during the year, offering further graduate internships to real estate students from Liverpool John Moores University and taking on three more apprentices in our finance, IT and HR teams. A number of internal promotions offered new opportunities to existing team members, and we built our learning and development offering with a particular focus on autonomy and empowerment in our manager's group. We have listened to staff ideas and feedback on the need for flexibility to work around the pressures of home schooling, isolation and poor mental wellbeing during national lockdowns, offering alternative working patterns where needed, encouraging a 'no internal meetings' day once a week and implementing recommendations from our survey with the MIND Wellbeing Index.

A brew and a bake with the #TeamAssura Board

Our usual dinner with the Board for the whole team couldn't be held in person this year - so we ran a virtual afternoon tea with every member of the business and the full Board taking part. Boxes of scones, cake and tea were sent to everyone's homes around the country and we joined together online for discussions on lockdown memories and our hopes for 2021. The format allowed every team member the chance to chat with our NEDs and the NEDs to get a deep sense of the team's experiences of both personal and professional challenges during 2020.

OUR INVESTORS AND LENDERS



128

investor meetings held during the year

67%

of the share register seen

12

equity analysts currently cover Assura
(up from nine at March 2021)



"We've focused on expanding the number of channels through which we are available for investors; conferences, virtual property tours, platforms such as InvestorMeetCompany and of course, video meetings."

David Purcell

Head of Investor Relations

How we engage

As detailed in the Governance section on page 81, the Board is committed to maintaining an appropriate level of communication with shareholders. The Executive Directors and Head of Investor Relations are available throughout the year for investor meetings, and work with advisors to give investors the opportunity to engage with management at a range of forums, the most important being the year end and interim results presentations, to which our lenders are also invited. Direct feedback is sought from investors from every meeting we hold during the year, through our shareholder engagement platform (Ingage) and we also signed up to Investor Meet Company, a platform that aims to give retail investors appropriate access to management to ask questions and provide feedback.

Relationships with our diverse pool of lenders are also maintained through regular interaction, primarily with the CFO, as well as our website and financial documents.

Why these methods are effective

Regular dialogue with our investors and lenders allows us to respond to questions, seek feedback and test ideas with our financial stakeholders.

Achievements for 2021 and priorities for 2022

This year saw us offer our first virtual site tour, giving investors the opportunity to hear from the CEO, CFO and team members working on some of our latest completed developments across the country. Fly-through footage and interviews with primary care teams working in our new buildings for Cinderford in Gloucestershire and Netherfield in Nottinghamshire offered an insight into the bespoke design processes and social impact created through both new schemes and allowed us to highlight our next steps and priorities in these areas.

The launch of our Social Finance Framework and our first Social Bond gave us opportunities for greater engagement with our investors on our social impact plans and priorities.

In 2022, our priorities are maintaining our extensive engagement activities – ensuring we continue to identify new potential investors, particularly through highlighting our positive social impact to ESG-focused investors and leveraging our relationships with the 12 equity analysts that currently cover Assura. We look forward to conducting physical meetings again, following the entire 2021 investor relations activity having been completed virtually, including plans for additional events giving further detailed information on our sustainability plans and a tour of one of our completed developments.

Key materials and contact information

Our website (www.assurapl.com) includes all regulatory announcements, financial results, news stories and additional background on our strategy and policies. The materials are supplemented by videos giving further information.

Interaction with our shareholders and equity analysts is managed by our Head of Investor Relations.

Activities in 2021 – all activities completed virtually

April

£185m equity raise

June

Morgan Stanley European
Property Conference

September

- Chairman meetings with larger shareholders
- Virtual property tour
- £300m Social Bond launched
- Unsecured bond investor call

November

- Interim results presentation
- Results roadshow

February

Non-holder targeting
roadshow

May

- Year end results presentation
- Results roadshow
- RCF extended to November 2024
- EPRA Corporate Access Day

July

- Trading statement
- AGM
- North American focused roadshow

October

Trading statement

January

- Trading statement
- Barclays European Real Estate Conference
- Private wealth manager focused roadshow

March

- JP Morgan ESG Conference
- Retail investor presentation via InvestorMeetCompany platform
- Bank of America EMEA Real Estate Conference

OUR ENVIRONMENTAL IMPACT

We continue to advance our environmental progress, for the benefit of all stakeholders, with ambitious targets for both our existing portfolio and new developments, all as part of our vision for healthcare spaces that are good for the environment.

Our environmental strategy is fundamental to our whole offering:

- Ensuring our developments meet the needs of our customers: the GPs, the NHS and the communities they serve;
- Helping our customers reduce their energy bills; and
- Driving value in our portfolio through sustainability linked asset enhancements giving us extended leases or increased rent.

But we also want to go a lot further. Our goal is to produce the first medical centre in the UK that is net zero carbon for both construction and operation, and then make that standard for all of our developments by 2026.

2021 key actions and progress

- Newly appointed Head of Sustainability
- All developments completed hit BREEAM targets of "Very Good" or better
- EPC certifications finalised and improvements costed
- Energy purchase contract retendered and now 100% renewably sourced
- Updated green lease clauses to advance expectations of customers
- Net zero carbon development pilot projects identified.

2022 priorities

- Delivering on site developments to achieve BREEAM targets
- Advancing pilot net zero carbon development design and approval process, aiming to have pilot on site in 2022.
- Rolling out plans to commence EPC improvement programme amongst existing portfolio
- Advancing plans in respect of metering and customer energy usage reduction amongst existing portfolio
- Developing plans to ensure compliance with TCFD from March 2022 (see page 55).

Minimising the environmental impact of our existing properties

As a landlord of a large portfolio, our ability to influence the energy consumed in our buildings is through improving the fabric of the buildings and specifically more efficient heating, lighting and ventilation systems for our customers. That is why we have created our SixBySix pledges targeting an improvement to the EPC ratings of the portfolio – aiming for all properties to have a rating of B by 2026.

Our actions during the year have been to complete the current assessment of our portfolio and cost the plans for the improvements. Our initial assessment indicates we will need to spend £15-20 million over the next five years to achieve our target and will aim for this spend to be linked to a lease regear or asset enhancement project.

During the year, we completed four asset enhancement projects, all of which included an improvement in the energy performance of the building, generally through an upgrade of the lighting to LEDs. All of these 4 buildings are now at EPC B or better. All of our pipeline asset enhancement schemes include measures to improve sustainability at the same time as the capital works.

The following table shows the proportion of certificates in our portfolio in each EPC band, weighted by building area.

EPC band	% of certificates
A/A+	6%
B	24%
C	49%
D	17%
E	4%

For the majority of our portfolio, customers purchase energy directly from the utility companies. For these properties, our portfolio management team meets regularly with the customers to understand their needs, concerns around energy usage and working with them to identify energy saving opportunities.

In respect of 47 properties (7.7% of portfolio), we purchase utilities on behalf of the customers which are recharged, usually through a service charge. In these buildings, energy consumption is at the discretion of the customer but we are generally in more frequent discussion with these customers. During the year, we have tendered our energy purchase contract and mandated that energy bought is 100% renewably sourced.

One of our SixBySix pledges is to drive innovative energy solutions for customers through the use of appropriate technology. During the year we plan to launch a pilot scheme in the buildings for which we currently procure energy to gather detailed data on energy consumption and building utilisation with the aim of using this analysis to help our customers to use the building more efficiently and reduce utility bills.

Our standard leases include green lease clauses that allow us to request data on energy usage, to gain access to make energy performance improvements and to prevent customer works on our buildings that negatively impact the energy performance. We continue to review our standard lease clauses and whether further advancements would be appropriate for our customers.

Minimising the environmental impact of our developments

As a developer of buildings, we are focused on ensuring our new buildings are designed to be right at the cutting edge of sustainability within our sector, and we pride ourselves on innovating to advance our environmental performance. As mentioned above, our SixBySix pledge is to advance our developments to be net zero carbon for construction and operation and to measure the whole life carbon impact of the buildings we develop. We continue to measure our current developments by reference to BREEAM – read more about how we do this in our Sustainable Development section opposite.

During the year we completed 12 developments which all hit our minimum EPC target of B, with six achieving an A.

Signatory of the World Building Council Net Zero Carbon Buildings Commitment

Sustainable development

The environmental impact of a new building is something that we consider from the initial design phase and maintain focus on throughout the project. We measure this against BREEAM for which we target a score of "Very Good" or "Excellent" on all our in-house developments.

BREEAM is a holistic methodology for assessing the environmental, social and economic sustainability performance of a building. It measures sustainability in a range of categories (such as energy, innovation, materials, pollution, waste and water), assessing factors such as carbon emissions reduction, design durability, adaptation to climate change and protection of ecology and biodiversity.

In practice, this means that we need to select the materials in the right way (BRE produces a Green Guide to Specification from which materials are chosen), we commission environmental and ecological reports from which the actions are incorporated into our plans, and we work with our customers to ensure that the energy systems installed are both environmentally friendly and cost effective. All of this needs to be completed to a high standard and is independently assessed.

Of the 10 eligible developments completed during the year, seven achieved BREEAM ratings of Excellent and three achieved Very Good, although three are awaiting the final certification. All of the 16 currently on site developments are on track to achieve at least BREEAM Very Good with 85% on track for Excellent.

Minimising the environmental impact of our employees

The greenhouse gas emission data below relates to the environmental impact of Assura employees – specifically electricity consumed at the head office and fuel usage from travelling to visit our properties. During the past year, our energy usage and working patterns have changed significantly and we would expect our travel to reduce in future years relative to pre-pandemic levels, with greater time spent working from home and more meetings hosted virtually where possible.

Environmental policy and greenhouse gas emissions

We have in place an environmental policy (available in the Corporate Governance section of our website) which is reviewed on an annual basis by the Board. The policy sets out our commitment we make in addressing environmental risks in the work we carry out, working with suppliers and partners to promote environmentally friendly behaviours, and maintaining our ISO 14001 Environmental Management System certification.

The table below shows the Scope 1 and Scope 2 emissions directly within the operational control of the Group. Scope 1 relates to business vehicles and estimated gas used by homeworkers for heating, and Scope 2 relates to grid electricity consumed at the Company head office, both of which have been converted using government published conversion factors.

For 2021, in light of the pandemic, Scope 1 and Scope 2 figures include an estimate of the energy consumed by employees for homeworking which we calculated in accordance with a whitepaper published by EcoAct (<https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020>).

We consider the most appropriate intensity factor to be Mt CO₂e per employee. During the year the intensity has reduced, mainly as a result of reduced business travel during the pandemic – in previous years business travel has represented over 75% of our greenhouse gas emissions. However, the reduced travel has been offset by estimated gas used by homeworkers – our usual office operations do not use gas normally, and hence the Scope 1 usage in kWh was nil in the prior year.

100% of Scope 1 and 2 emissions relate to consumption in the UK and as we re-evaluate how we work post-pandemic we are reviewing how we can reduce energy consumed by the team.

See the Sustainability and Corporate Governance policies section of our website for detailed energy disclosures in respect of our portfolio: www.assurapl.com

	2021	2020	Change
Scope 1			
Mt CO ₂ e	52.3	62.2	(16%)
Mt CO ₂ e per employee	0.68	0.94	(28%)
kWh	256,615	-	n/a
Scope 2			
Mt CO ₂ e	15.7	21.7	(27%)
Mt CO ₂ e per employee	0.20	0.33	(38%)
kWh	67,524	84,869	(20%)
Total (Scope 1 plus Scope 2)			
Mt CO ₂ e	68.1	83.9	(19%)
Mt CO ₂ e per employee	0.88	1.27	(30%)
kWh	324,140	84,869	282%
kWh per employee	4,210	1,286	227%

OUR ENVIRONMENTAL IMPACT
CONTINUED

Case Study

Ware Primary Care Centre

In Hertfordshire, our sustainable design solution for the nearby, relocating GP practices involves the extension and refurbishment of Meade House, a building that was previously used as a police, fire and Citizens Advice hub. The badly needed additional space for the local Dolphin House Surgery and The Maltings practices will serve over 14,500 patients. The building is on track for BREEAM Very Good with plans for the site to include on site renewable energy (PV panels and air source heat pumps) and an efficient waste management plan designed for all waste to be either recycled or diverted from landfill.

23%

forecast reduction in carbon emissions at Ware through use of PV panels and air source heat pump

100%

of waste from Ware either recycled or diverted from landfill as part of sustainable development plan



Case Study

Health and Wellbeing Centre
Bournville Village Trust

Our newly completed development at Bournville is on track to achieve a BREEAM rating of Excellent – with all measures designed to reduce costs for the customers and minimise the environmental impact on the surrounding area. The design incorporates eight electric car charging points for building users and the designs result in a 23% reduction in energy usage versus a notional medical centre.

8

electric car charging points installed for new building users

100%

LED lighting used throughout building.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The Board recognises the significance of combatting climate change and the role that Assura must play in relation to the buildings owned and operations. This is reflected in the social impact strategy, SixBySix, incorporating plans to minimise our impact on the environment.

Below, we have set out for the first-time disclosures against the requirements of Task Force on Climate-related Financial Disclosures ("TCFD").

Governance

The Board review climate-related risks and opportunities within our existing reporting and governance structure. This is typically within relevant update papers presented to the Board at each meeting from relevant members of the Executive Committee, and through Risk Committee reporting into the Audit Committee.

At each Board meeting, the Board receive an update of progress against SixbySix, which includes pledges to minimise our environmental impact, and from the newly appointed Head of Sustainability.

Overall responsibility for progress against environmental targets rests with the CEO, Jonathan Murphy. Efforts are led by the Head of Sustainability, who is a member of the Executive Committee, and the Social Impact Committee, which monitors progress against the specific SixBySix targets and regularly reports into the Executive Committee.

Strategy

During the year we completed a review of the climate-related risks and opportunities, considering the short (< 1 year), medium (1-5 years) and long-term (> 5 years) time horizons, and incorporating consideration of both transitional and physical climate risks.

This initial review has been fed into the Risk Committee and an action plan for the course of 2021/22 has been agreed. Below we have included examples of the risks and opportunities that could have a material impact on the business.

In line with the requirement for full reporting against TCFD for the March 2022 annual report, we will conduct a review over the coming year of the resilience of our strategy taking into consideration different climate-related scenarios.

Risk Management

Our assessment of climate-related risks follows the existing processes of the Risk Committee, as detailed on pages 56 to 61, including escalation to the Audit Committee as appropriate and decisions of assessing the size and materiality of each risk. The review highlighted in the Strategy section was reported into the Risk Committee in March.

Targets & Metrics

In our first year of reporting under TCFD, we have identified the risks and opportunities that we consider material to our business and strategy. Over the coming year we will assess which specific targets and metrics we consider to be most relevant for our business in direct response to climate-related risks and opportunities.

We would expect this to include a specific, science-based target for reduction of our Scope 1 and Scope 2 emissions (disclosure of which can be found on page 53), and be closely aligned with our SixBySix targets which are already aimed at minimising our environmental impact. The SixBySix targets are incorporated into the Executive Remuneration targets as detailed on pages 97 to 98.

Examples of risks

Regulatory requirements for minimum energy efficiency.

Impact on business strategy and financial planning

Energy performance certificate for every building obtained and action plans created to improve where necessary.

Financial impact would be through lost revenue or negative valuation movement were a building not able to be re-let.

Risks to buildings from climate-related events such as flooding and temperature rise affecting water supply temperature.

Individual building strategies incorporate risks for each property. Financial impact would be through additional insurance requirements or property maintenance required to meet water supply obligations.

Example of opportunity

Enhanced reputation with GP occupiers and the NHS through better, more energy efficient buildings could lead to more development opportunities and higher rents.

Impact on business strategy and financial planning

We continue to ensure our buildings provide the latest technology and innovation for our customers. Being at the forefront will ensure our customers continue to demand our spaces. Financial impact would be through portfolio growth and increased rent roll.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk management is the responsibility of the Board, which sets the risk appetite and tolerances for the business, determines the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives and ensures that risk management and internal controls are embedded in the Group's operations.

Risk appetite

The Group's risk appetite is to target above market, risk adjusted returns in our chosen healthcare real estate assets, by developing assets ourselves (as opposed to purchasing only completed developments) and using debt to gear returns in line with our LTV policy. However, we seek to avoid, trap or heavily mitigate risks in all other areas of the business, including:

- property event risk – by full insurance cover, full due diligence and committed funds for acquisitions
- development risk – by only undertaking developments where there is already an agreement for lease in place with fixed price or capped price build contracts
- control risk – by clear management controls and Board reporting
- gearing risk – we maintain an appropriate range of lenders and debt maturities with variable rate debt being restricted to an appropriate level
- political risk – which could limit future growth but does not affect the current business assets.

Our approach to risk management

The Risk Committee includes staff from all areas of the business; together with the CEO and CFO it met five times in the year, to review the risk register, identify emerging risks and conduct "deep dives" into individual risks to ensure that sound assurance is in place. KPMG, the Group's internal auditor attended all Risk Committee meetings in the year.

The regular business of the meetings included:

- a brainstorm on emerging risks,
- an IT update with a particular focus on increased cyber risk facing staff working from home (addressed through increased IT penetration testing and cyber awareness training), extra capacity requirements for remote working (including server access, extra portable hardware and increased system functionality) and our reliance on an external IT provider with increased demand from its customers (no issues arose),
- health and safety compliance (including on asbestos and legionella),

- a review of potential occupier defaults where there is a possibility of GPs revoking their GMS contract or where GPs on the lease are no longer practising (there have been no GP occupier defaults in the year) or where non-GP occupiers are facing financial difficulties (a small number of rent deferment plans have been agreed)
- an update on complaints (none).

Internal audit in the year focused on developments, financial close and reporting, IT general controls and internal audit follow up and further detail on their findings is set out in the Audit Committee report on page 85.

The Risk Committee provides copies of the Risk Committee Minutes to the Audit Committee and twice yearly provides a detailed report on its activity to the Audit Committee. The Audit Committee regularly monitors risk management and internal control systems and reports to the Board. The Board has carried out a robust assessment of the principal risks facing the business. These are the risks which would threaten its business model, future performance, solvency or liquidity and are summarised on pages 58 to 61.

The Board has also considered which of the Group's strategic objectives may be affected by these risks and its findings are set out in the table on pages 22 to 25.

Brexit, Climate and Cyber

As during the previous financial year, the Risk Committee, the Audit Committee and the Board considered the impact of Brexit on the business and again concluded, on the basis that the Group is a wholly UK-based operation with no reliance on exports and limited reliance on imports for building products, that Brexit did not, in itself, constitute a significant risk to the business. The review again examined a number of potential areas where business operations could be impacted, including property valuations, interest rates and the supply chain, with the conclusion being that the impact from the specific risk factor was not material.

Cyber security was also kept under close review recognising the heightened risk of cyber-attacks on staff working remotely. Penetration testing and cyber awareness training were increased in the year, firewalls were upgraded, and the Group signed up to its second year of a managed assurance service to cover email phishing, external vulnerability scanning, online security awareness training and cyber health

check-up. The Group is close to achieving Cyber Essentials Plus Certification which it hopes to secure in the Autumn following an upgrade to its finance system. Given this increased protection it was considered that an appropriate level of risk mitigation was in place. All significant recommendations from the previous year's internal audit report on the cyber security report were implemented in the year.

Climate risks were considered in relation to the EPC ratings of existing properties (specifically the requirement for a minimum EPC of B for all properties being let by 2030. EPC surveys were commissioned for 288 properties which did not have a rating and further details of the Company's activities to identify and improve these ratings are set out on page 52. Climate risk is not currently considered a principal risk of the Group, but this will be kept under review. In addition, our TCFD disclosures can be found on page 55.

While staff have been working remotely, the culture of working collaboratively, freedom to raise concerns and all departments being represented on the risk committee means, risks are quickly and easily identified.

COVID-19

Emerging risks were considered by the Committee with many of these centred around the effects of COVID-19, including:

- changing working practices and building requirements for healthcare providers including for the vaccination programme,
- ongoing pressures faced by staff and real and perceived risks in returning to the workplace,
- financial pressures on pharmacy occupiers and other occupiers impacted by reduced footfall,
- financial pressures facing suppliers and contractors,
- delays to planning approvals and approvals of new leases due to staff shortages in the planning departments and district valuers offices.

The business departments reviewed the COVID-19 risk register and updated it for lessons learnt. The register is kept under constant review.

The Board held four extra Board meetings in the year with the specific aim of keeping abreast of the impact of COVID-19 on the business, particularly on staff and their wellbeing. You can read more about our response to the pandemic on page 13.

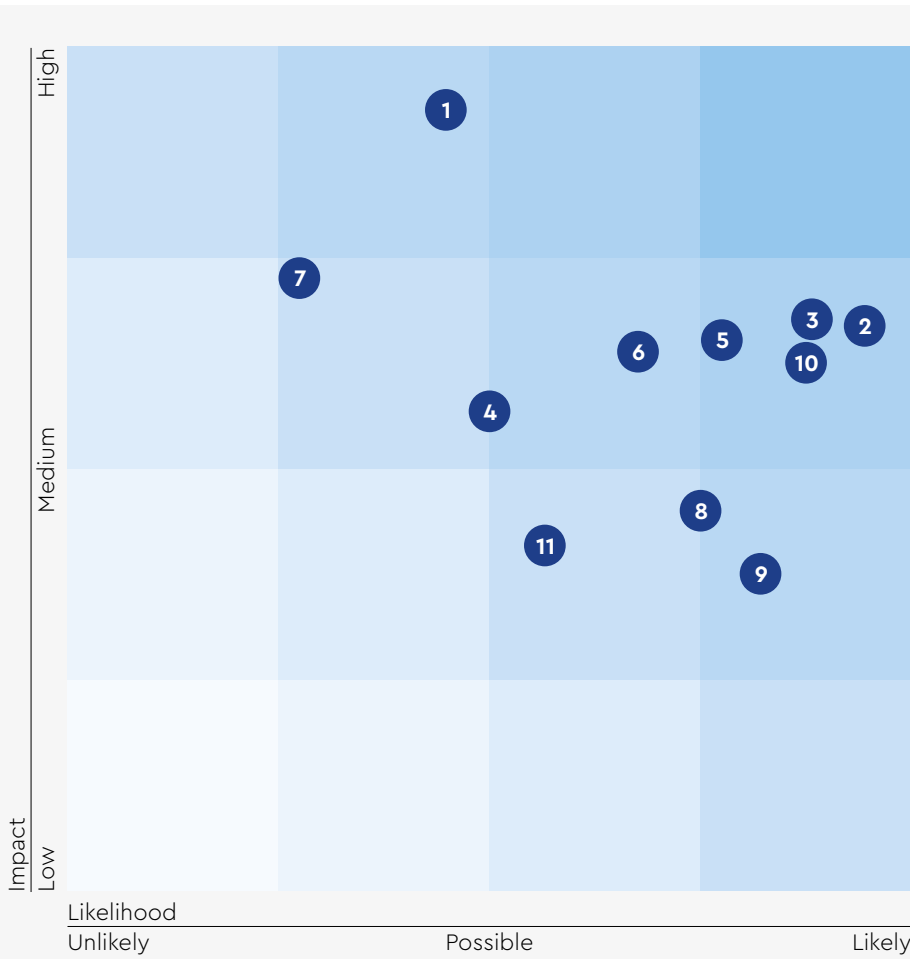
RISK MANAGEMENT FRAMEWORK

The Board has established a clear risk management framework that defines responsibilities for risk management across the Group. The framework provides an effective process for the identification, assessment, monitoring, and reporting of risk, with a strategic top-down approach to risk management and a bottom-up operational management of risk by the business. This framework is regularly reviewed by the Board to ensure its effectiveness and has been in place for the financial year ended 31 March 2021 and to the date of approval of this report.

Top-down Strategic Risk Management

BOARD AND AUDIT COMMITTEE	
Sets strategic objectives and the Group's risk appetite to optimise delivery of Group strategy, whilst reviewing external environment to assess emerging risk.	Oversees management of risk management and internal control systems and assesses their effectiveness. Reports principal risks.
EXECUTIVE COMMITTEE	
Executes the Group's strategy and the day-to-day management of the business, considering the risk appetite and the impact of key business risks. Monitors key risk indicators.	Ensures risk management strategies are in place to manage risk in line with the Board's expectations. Considers completeness of risk register and adequacy of mitigation.
RISK COMMITTEE	
Reviews adequacy of risk register and risk mitigation by reference to the Group's risk appetite. Considers and evaluates emerging risks and their impact on strategy.	Identifies, evaluates, prioritises, mitigates and monitors operational risks including emerging risks and records them in the risk register. Carries out deep dives to review the effective management of risks. Reports to the Executive Committee and the Audit Committee on principal and emerging risks and movement in these risks.
BUSINESS UNITS AND ALL EMPLOYEES	
Ensures that risk is assessed and managed effectively in their areas, through engagement with the business, and by establishing processes to identify, manage and escalate changing or emerging risks.	Responsible for identifying risks in performing their daily duties and acting to limit the likelihood and impact of these risks in line with expectations. Reports these risks or changes in them to the Risk Committee or its members.

Bottom-up Operational Risk Management



Risk heat map

The gross risk exposure of the Company's principal risks are shown in the heat map which plots likelihood of a risk occurring against potential impact if it does, before likelihood is reduced due to mitigation in place.

Movements in principal risks

The Board has carried out a robust assessment of the principal risks facing the business. These are the risks which would threaten its business model, future performance, solvency or liquidity.

The gross risk exposure of the principal risks is unchanged from last year.

The gross risk (prior to any mitigation) and net risk (post mitigation) exposure of each risk is set out in the table opposite which does not list such risks in order of priority or concern.

The Board considers that the top risks the business faces are those with a net risk rating of medium and above, being, change in government policy, competitor threat, reduction in investor demand and lack of rental growth.

- 1 Changes to Government policy
- 2 Competitor threat
- 3 Reduction in investor demand
- 4 Failure to communicate
- 5 Reduction in availability of finance
- 6 Failure to maintain capital structure and gearing
- 7 Building obsolescence
- 8 Development overspend
- 9 Staff dependency
- 10 Lack of rental growth
- 11 Occupier default

STRATEGIC RISKS

1 Changes to Government policy

Risk

Reduced funding for primary care premises' expenditure 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 occupiers.

Avoid

The Group proactively engages with the Government over policy that could impact the business, both directly and through the Healthcare Committee of the British Property Federation.

Trap

The Board monitors changes in government policy and management reports to the Board at every meeting.

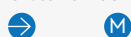
Mitigate

Active engagement with Government, where appropriate.

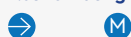
Comment

There continues to be significant progression of support for sustainable healthcare infrastructure. The current pandemic has highlighted the need for delivery of appropriate health services in a community setting, in quality, fit-for-purpose premises. Proposed revisions to the NHS premises costs directions shows no material change to the system of GPs rent reimbursement.

Gross risk rating



Net risk rating



Risk owner

CEO and Head of Public Affairs

2 Competitor threat

Risk

Increased competition from new purchasers could lead to a reduction in our ability to acquire new properties and a general increase in prices across the sector.

Avoid

We maintain our specialist knowledge, team structure and strong brand recognition with GPs, and focus heavily on customer care.

Trap

The Board receives regular property reports, highlighting where we have lost to competitors and when new entrants are identified. The market is increasingly competitive, and every proposed transaction is reviewed by our Investment Committee to ensure that the prospective returns are adequate.

Mitigate

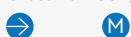
Continuing use of our specialist expertise.

Comment

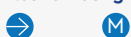
A further significant increase in asset prices increases the risk of these returns not achieving our required level and our rate of acquisitions slowing significantly. However, we have made substantial additions to our portfolio during the year and we have strengthened our development pipeline and team through the acquisition of Apollo.

While sector specialists and other low risk income-focused funds continue to drive competition and pricing in the sector, our investment team maintains a pipeline of suitable investment opportunities.

Gross risk rating



Net risk rating



Risk owner

Executive Board

3 Reduction in investor demand

Risk

Reduced investor demand for UK primary care property could lead to a falling share price and difficulty raising equity to fund our strategic plans.

This could arise from:

- Changes in NHS policy
- Health of the UK economy
- Availability of finance
- Relative attractiveness of other asset classes.

Avoid

We are open in communicating our strategy to investors and maintain an LTV range which is acceptable to the market.

Trap

The overall economy and its impact on the Group's operations are regularly assessed and considered in reviewing the Group's strategy.

The Board receives regular reports on investor relations and the development of our share register.

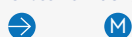
Mitigate

The dividend yield and the underlying strength of the cash flows supporting it remain attractive relative to other asset classes.

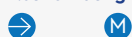
Comment

The fundamentals for our sector remain very strong and the longevity and security of our cash flows have continued to generate strong investor demand for our shares in the past year.

Gross risk rating



Net risk rating



Risk owner

CEO and CFO

4 Failure to communicate strategy

Risk

Failure to adequately communicate the Company's strategy and explain performance may result in an increased disconnect between investors' perceptions of value and actual performance.

Avoid

Strategic priorities are clearly articulated in corporate communications and the Group's performance is transparently reported.

We communicate regularly with investors and analysts.

Trap

The Board receives regular reports on investor attitudes and the market.

The Group maintains close links with its two brokers, which communicate investor thoughts and concerns.

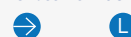
Mitigate

Investor communication, particularly through face-to-face meetings, remains a key priority.

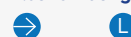
Comment

128 meetings have been held during the year.

Gross risk rating



Net risk rating



Risk owner

CEO and CFO

Risk key



STRATEGIC RISKS

5 Reduction in availability and/or increase in cost of finance

Risk
A reduction in available financing could adversely affect the Group's ability to source new funding and refinance existing facilities.

This 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.

Avoid
The Group has a number of long-term facilities which reduce these refinancing risks, choosing to take fixed interest rates where possible.

Trap
The Group regularly monitors and manages its refinancing profile and cash requirements.

Mitigate
The Group actively engages with a range of funders to ensure a breadth of funder and maturity profiles.

We continue to explore financing options with other lenders as well as maintaining strong relationships with existing lenders.

Comment
Current market conditions due to COVID-19 have meant that capital markets are more volatile. However, we maintain our strong cash flows and A-rating from Fitch Ratings Ltd and in September 2020 our oversubscribed Social Bond raised £300 million at a coupon of 1.5% allowing us to reduce our RCF facility and repay our 4.75% £110 million secured bond. As at the year end net debt stood at £908 million with undrawn facilities of £225 million and cash of £46.6 million.

Gross risk rating

→ M

Net risk rating

→ L

Risk owner
CFO

6 Failure to maintain capital structure and gearing

Risk
Property valuations are inherently uncertain and subject to significant judgement.

A fall in property values or income could adversely affect bank covenants.

Breach of covenants could lead to forced asset disposals which could reduce the Group's net assets and profitability.

Avoid
Valuations and yields are regularly benchmarked against comparable portfolios.

All financial forecasting, including for new acquisitions, considers gearing and covenant headroom.

Trap
The Group engages two external valuers to review property valuations.

The valuations are formally reviewed by the Board twice a year.

Covenant headroom and gearing are regularly monitored with reference to possible valuation movements and future expenditure.

The Board regularly reviews the capital structure of the Group.

Mitigate
It is possible to dispose of properties to preserve covenants as the majority of facilities are unsecured.

Comment
LTV is currently at 37% and this provides covenant headroom. The Group has recently disposed of 29 assets which were considered to have lower growth prospects.

COVID-19 has presented challenges in the ability to value properties at current market prices in certain sectors.

We have completed a number of transactions post year end, both acquisitions and disposals, at values in line with our current yields.

Gross risk rating

→ M

Net risk rating

→ L

Risk owner
CFO

7 Building obsolescence

Risk
The shift in service delivery towards more digital consultations could reduce overall demand for medical centre buildings and could increase the risk of our buildings being no longer fit for purpose if we fail to implement latest standards and guidance or equip them for remote consultations.

Avoid
We work closely with our GPs to keep our buildings up to current standards and provide adaptable solutions for healthcare access. We are working through our partnerships to get a better understanding of the digital healthcare landscape, get their (customer) feedback on who is good in those different customer segments and understand impact. We can through these develop our response (which could take many forms).

Trap
We carefully monitor the latest standards and digital solutions.

Mitigate
We seek to future proof our new developments for digital readiness, for example through provision of remote consultation rooms where clinicians can contact patients remotely in a confidential manner. We are also mitigating through a structured approach to understanding the market and developing our strategic response to digital health.

Comment
Our surgery of the future concept embraces digital health solutions which we consider on each new development. We adapted many GP premises for COVID-safe working during the pandemic. We see digital health as an opportunity for our business and there will be opportunities to work with our partners on digital first projects in FY21/22 to create some innovative virtual and physical solutions.

Gross risk rating

N M

Net risk rating

N L

Risk owner
Head of Property

OPERATIONAL RISKS

8 Development overspend

Risk

Development risk could adversely impact the performance of the Group as a result of cost overruns and delays on new projects.

Avoid

The Group has strengthened its development pipeline and team with the acquisition of Apollo.

The Group's policy is to engage in developments that are substantially pre-let with fixed price or capped price build contracts.

Trap

A high level of due diligence is undertaken before works commence and detailed designs are negotiated to prevent variations.

Regular reviews are conducted of latest cost estimates as each project progresses.

Mitigate

We remain confident in our ability to manage this risk through our experienced team of development surveyors and reduce the potential risk through the use of fixed price contracts and the use of performance bonds.

A performance bond insures against the risk of the main contractor becoming insolvent.

Comment

The potential impact of this increased slightly during the year as the number of developments gathered momentum and COVID-19 led to some delays on site.

Our future development programme is more geared towards in-house development (as opposed to forward funding commitments) so increased scrutiny on contract conditions and pre-contract due diligence is required in conjunction with our legal advisors.

The successful integration of the experienced GPI and Apollo team strengthens our development team and our ability to manage risk on development projects.

Gross risk rating

➔ M

Net risk rating

➔ L

Risk owner

Head of Property

9 Staff dependency

Risk

Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in underperformance.

Avoid

Competitive salary and benefit packages are aligned with appropriate peer groups and periodically benchmarked.

Professional development and training are encouraged and costs are met by the Group.

Succession plans are in place for each department.

Long-term incentive plans span three-year periods to encourage retention of staff.

Trap

Succession planning, team structure and skill sets are regularly evaluated and planned.

The appraisal process acts as a two-way discussion forum to identify employee aspirations and any dissatisfaction.

Any employee resignations are reported at each Board meeting.

Mitigate

Continuing use of our specialist expertise.

Comment

The average number of employees in the year was 77 (2019: 66).

Seven members of staff are currently working towards professional qualifications.

We successfully recruited several qualified members of staff in the year. See pages 48 and 49 for details of improvements to employee engagement in the year including the work of the designated workforce Non-Executive Director and activities to promote staff wellbeing during lockdown.

Gross risk rating

➔ L

Net risk rating

➔ L

Risk owner

Head of HR

10 Lack of rental growth

Risk

Not all rent reviews are upwards only and challenges to reviews and appeals could lead to lack of rental growth.

Avoid

The Group engages experienced third parties to conduct rent reviews.

Trap

Leases are carefully reviewed on acquisition and the Group does not acquire any new leases with an occupier right to trigger a downward rent review.

Mitigate

The Group targets Retail Price Index ("RPI") reviews for new leases but if this is unachievable then open market upwards only reviews or open market landlord trigger only reviews are accepted.

Comment

The commission-driven agreements with its two designated rent review agents and internal improvements to the rent review process with better data capture and analysis continues to drive rental growth, although there have been some delays to rent review approvals as a result of staff shortages in DV departments.

Gross risk rating

➔ M

Net risk rating

➔ M

Risk owner

Head of Property

11 Occupier default

Risk

Loss of income could arise from failing practices handing back GP contracts and losing the right to rent reimbursement or from financial pressures on pharmacy and other occupiers putting pressure on their business and becoming unable to meet their financial obligations under the lease.

Avoid

The strategic importance of a practice to its location is a key investment decision.

Trap

We are in regular contact with GPs to ensure there are no financial issues and carefully monitor the financial health of non GP occupiers, including pharmacies.

Mitigate

We liaise with GPs and NHS commissioning bodies to ensure continuing provision of services from that practice. GPs remain personally liable as named individuals under the lease. We review financial information provided by the NHS on our occupiers and as part of the acquisition due diligence.

Comment

Approximately 30% of leases have fixed uplifts or are linked to RPI.

Less than 5% of leases have occupier ability to trigger a downward rent review.

There are very limited cases of GPs handing back medical contracts and we are in active discussion with the occupiers and NHS commissioning bodies in these cases.

Rent reimbursement for GP occupiers has not been threatened by COVID-19. We have agreed a small number of payment plans for certain non-GP occupiers. We continue to monitor the situation and manage our debtors carefully.

Gross risk rating

➔ L

Net risk rating

➔ L

Risk owner

Head of Property



Highlights for the year:

£2.45bn

Current portfolio

11.9 years

WAULT

£1.57bn

Total contracted rental income

37%

LTV

2.47%

Weighted average interest rate on debt



We are delighted to report another strong year of growth, despite the pandemic."

Jayne Cottam
CFO

Development pipeline:

March 2020

£81m

on site cost of 15 schemes

12

schemes completed

£77m

immediate pipeline cost of 18 schemes

13

schemes moved on site

March 2021

£72m

on site cost of 16 schemes

£111m

immediate pipeline cost of 17 schemes

We are delighted to have received continued, strong support from our debt and equity holders during the year; raising £185 million of equity in April 2020, extending our RCF to November 2024 and successfully launching our debut £300 million Social Bond in September 2020.

Our deployment of these proceeds has been ahead of our initial expectations, with strong acquisition and development activity.

Whilst our asset enhancement activity has been a little slower than initially intended due to the NHS rightly concentrating on their heroic pandemic response and vaccine roll out, we continue to report positive performance on lease regears and rent reviews.

Alternative Performance Measures ("APMs")

The financial performance for the period is reported including a number of APMs (financial measures not defined under IFRS). We believe that including these alongside IFRS measures provides additional information to help understand the financial performance for the period, in particular in respect of EPRA performance measures which are designed to aid comparability across real estate companies. Explanations to define why the APM is used and calculations of the measures, with reconciliations back to reported IFRS measured normally in the Glossary, are included where possible.

In particular, in the current period we have disclosed an adjusted EPRA earnings measure. This has been introduced to exclude the one-off impact of the £2.5 million contribution to the Assura Community Fund in the period, so as to ensure readers of the accounts can continue to understand the underlying, recurring earnings of the property rental business.

Portfolio as at 31 March 2021 £2,453.3 million (2020: £2,139.0 million)

Our business is based on our investment portfolio of 609 properties (2020: 576).

This has a passing rent roll of £121.7 million (2020: £108.9 million), 84% of which is underpinned by the NHS. The WAULT is 11.9 years and we have a total contracted rent roll of £1.57 billion (2020: £1.43 billion).

At 31 March 2021 our portfolio of completed investment properties was valued at a total of £2,414.7 million, including investment properties held for sale of £14.3 million (2020: £2,093.6 million and £20.3 million), which produced a net initial yield ("NIY") of 4.58% (2020: 4.68%). 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 4.81% (2020: 4.94%). Adjusting this

Royal Institution of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 4.83% (2020: 4.96%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.55% (2020: 4.69%).

	2021 £m	2020 £m
Net rental income	112.0	103.7
Valuation movement	41.6	9.7
Total Property Return	153.6	113.4

Expressed as a percentage of opening investment property plus additions, Total Property Return for the year was 6.3% (2020: 5.3%). This can be split as 4.6% from net rental income (2020: 4.9%) and 1.7% from valuation movement (2020: 0.4%).

Our annualised Total Return over the five years to 31 December 2020 as calculated by MSCI was 8.1% compared with the MSCI All Healthcare Benchmark of 8.2% over the same period.

The net valuation gain in the year of £41.6 million reflects a 2.1% uplift on a like-for-like basis net of movements relating to properties acquired in the period. The valuation gain is split equally between our asset enhancement activities (due to both lease regears and rent review uplifts) and the 13 basis point movement in our equivalent yield.

The NIY on our assets continues to represent a substantial premium over both the 10-year and 15-year UK gilts which traded at 0.845% and 1.22% respectively at 31 March 2021 (2020: 0.35% and 0.59% respectively).

Investment and development activity

We have invested significantly during the period, with this expenditure split between investments in completed properties, developments, forward funding projects, extensions and fit-out costs enabling vacant space to be let as follows:

	2021 £m
Acquisition of completed medical centres	228.9
Developments/forward funding arrangements	56.9
Capitalised interest	1.9
Investment properties – no incremental lettable space	4.6
Total capital expenditure	292.3

We have completed 50 acquisitions and 12 developments during the year.

These additions were at a combined total cost of £298.6 million with a combined passing rent of £13.3 million (yield on cost of 4.4%) and a WAULT of 18.8 years.

We continue to source properties that meet our investment criteria for future acquisition. The acquisition pipeline stands at £46 million, being opportunities that are currently in solicitors' hands and which we would hope to complete within three to six months, subject to satisfactory due diligence.

During the year, we disposed of 29 properties where we believed there was lower growth prospects than the rest of our portfolio, generating proceeds of £26.2 million at a premium over book value of £0.9 million.

We continue to review our portfolio for any indication that properties no longer meet our investment criteria and as at the year end have £14.3 million of investment properties held for sale.

Of the 15 developments that were on site at March 2020, 12 have completed in the year and the remainder are due to complete during the remainder of 2021.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with 13 schemes moving on site during the year meaning that 16 are on site at March 2021.

Of the 16 developments on site at 31 March 2021, nine are under forward funding agreements and seven are in-house developments. These have a combined development cost of £72 million of which we had spent £37 million as at the year end.

Our already strong in-house development capabilities have been further boosted by the acquisition of the pipeline and team of primary care development Apollo in February 2021. The acquisition added four experienced development surveyors to our team (which now stands at 11) and an initial £50 million to our immediate and extended pipelines.

In addition to the 16 developments currently on site and including the addition of the Apollo figures, we have an immediate pipeline of 17 properties (estimated cost £111 million, which we would hope to be on site within 12 months) and an extended pipeline of 37 properties (estimated cost £222 million, appointed exclusive partner and awaiting NHS approval).

We recorded a revaluation gain of £4.9 million in respect of investment property under construction (2020: £1.3 million).

Portfolio management

Our rent roll grew by £12.8 million during the year to £121.7 million.

The growth came from acquisitions (£10.2 million), development completions (£3.1 million) and portfolio management activity including rent reviews (£1.1 million), offset by the rent relating to disposals (£1.6 million).

During the year we successfully concluded 320 rent reviews (2020: 296 reviews) to generate a weighted average annual rent increase of 1.5% (2020: 1.8%) on those properties, which is a figure that includes 74 reviews we chose not to instigate in the year. These 320 reviews covered £36.6 million or 34% of our rent roll at the start of the year and, on a like-for-like basis, the absolute increase of £1.5 million is a 4.2% increase on this rent. Our portfolio benefits from a 33% weighting in fixed, RPI and other uplifts which generated an average uplift of 2.0% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.2% (2020: 1.2%) during the period.

Our total contracted rental income, which is a function of current rent roll and unexpired lease term on the existing portfolio and on-site developments, has increased from £1.43 billion at March 2020 to £1.57 billion at March 2021, despite the passage of time. We grow our total contracted rental income through additions to the portfolio and getting developments on site, but increasingly our focus has been extending the unexpired term on the leases on our existing portfolio ("re-gears").

The team has had success in delivering 31 re-gears in the period, covering £2.8 million of rent roll and adding 15.5 years to the WAULT for those particular leases (2020: 32 re-gears, £2.9 million of rent). We also have terms agreed on a pipeline of 39 re-gears covering a further £5.0 million of rent roll and these are currently in legal hands.

We have secured 15 new tenancies with an annual rent roll of £0.4 million and a pipeline in legal hands of six new tenancies (rent £0.3 million). Our EPRA Vacancy Rate at March 2021 is 1.3% (2020: 1.6%).

We completed four asset enhancement capital projects during the year (spend £1.2 million) and are currently on site with a further four projects with a total capital spend of £2.7 million. In total we have a pipeline of 19 asset enhancement capital projects we hope to complete in the next two years. These have an estimated capital spend of £15 million, additional rent of £0.9 million and improve the WAULT on those properties.

Live developments and forward funding arrangements

	Estimated completion date	Development costs	Costs to date	Size
Beaconsfield	Q1 22	£6.2m	£4.0m	1,668 sq.m
Brighton	Q1 23	£4.7m	£1.9m	948 sq.m
Broadway	Q3 21	£3.6m	£3.5m	1,027 sq.m
Calne	Q2 22	£3.7m	£0.3m	813 sq.m
Hackbridge	Q3 21	£1.6m	£0.2m	565 sq.m
Hemel Hempstead	Q1 22	£5.1m	£2.8m	997 sq.m
Kelsall	Q4 21	£2.9m	£0.7m	700 sq.m
Leeds	Q3 21	£3.0m	£1.5m	680 sq.m
London Colney	Q3 21	£4.0m	£2.8m	680 sq.m
Newcastle	Q3 21	£3.8m	£1.6m	1,212 sq.m
Portsmouth	Q1 22	£4.8m	£1.8m	968 sq.m
Preston	Q3 21	£12.9m	£6.3m	1,894 sq.m
Stourport	Q4 21	£5.6m	£2.7m	1,950 sq.m
Sutton	Q1 22	£3.2m	£1.4m	664 sq.m
Timperley	Q2 21	£2.1m	£0.2m	424 sq.m
Ware	Q2 21	£5.3m	£4.9m	1,191 sq.m

Our current rent roll is £121.7 million and, on a proforma basis (i.e. assuming relevant figures are added to the rent roll as it stands), would increase to approximately £145 million once the acquisition pipeline and extended development pipeline are completed plus anticipated rent reviews and asset enhancements identified.

Administrative expenses

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 15.5% and 14.5% respectively (2020: 12.6% and 11.5%).

These ratios would reduce to 13.4% and 12.3% respectively excluding the impact of the one-off contribution of £2.5 million to the Assura Community Fund which was announced as part of the equity raise in April 2020.

Making a further adjustment to exclude the direct and indirect costs of the development team, the EPRA Cost Ratio (including direct vacancy costs) for the year is 11.9% (2020: 11.1%). All direct development team costs are taken to the income statement as opposed to an element being capitalised within the cost of investment property under construction.

We also measure our operating efficiency as the ratio of administrative costs to the average gross investment property value. This ratio during the period equated to 0.48% (2020: 0.48%) and administrative costs stood at £11.0 million (2020: £9.9 million) excluding the £2.5 million contribution to the Assura Community Fund.

Financing

As we continue to grow through acquisitions and developments, we are delighted to have received support from both the debt and equity markets.

In April 2020 we completed an equity placing for £185 million.

In May 2020 we extended the term on our RCF to November 2024. In October 2020 we took the option to reduce the facility from £300 million to £225 million.

In September 2020 we successfully launched a £300 million, 10-year Social Bond which priced at a fixed interest rate of 1.5%. This was launched alongside our Social Finance Framework, which supports our SixBySix social impact strategy, and the proceeds are to be used for investment in eligible acquisitions, developments and refurbishment of publicly accessible primary care and community healthcare centres.

In October 2020 we repaid in full our sole remaining secured debt instrument, the £110 million 4.75% secured bond which was due to mature in December 2021. The early repayment cost of £6.4 million has been presented through the income statement as Capital and Non-EPRA.

Financing statistics	2021	2020
Net debt (Note 22)	£906.6m	£828.6m
Weighted average debt maturity	8.0 years	6.8 years
Weighted average interest rate	2.47%	3.03%
% of debt at fixed/capped rates	100%	91%
EBITDA to net interest cover	3.9x	3.6x
Net debt to EBITDA	9.3x	8.9x
LTV (Note 22)	37%	38%

Our LTV ratio currently stands at 37% and will increase in the short term as we utilise cash to fund the pipeline of acquisitions, development and asset enhancement opportunities. Our LTV policy allows us to reach the range of 40% to 50% should the need arise.

At 31 March 2021, 100% of our facilities are at fixed interest rates, although this will change as we draw on the RCF which is at a variable rate. The weighted average debt maturity is 8.0 years.

As at 31 March 2021, we had undrawn facilities and cash totalling £271.6 million. Details of the outstanding facilities and their covenants are set out in Note 16.

Net finance costs presented through EPRA earnings in the year amounted to £25.2 million (2020: £26.1 million), having increased due to our additional borrowings funding the growth in our portfolio.

Profit before tax

Profit before tax for the period was £108.3 million (2020: £78.9 million). As can be seen below, adjusted EPRA earnings have increased compared with the prior year and we have also recorded an increased valuation gain following our positive asset enhancement activities and valuation yield movement.

EPRA earnings

	2021 £m	2020 £m
Net rental income	112.0	103.7
Administrative expenses	(13.5)	(9.9)
Net finance costs	(25.2)	(26.1)
Share-based payments and taxation	(0.5)	(0.2)
EPRA earnings	72.8	67.5
Add back one-off Assura Community Fund contribution	2.5	–
Adjusted EPRA earnings (exc. one-off donation)	75.3	67.5

The movement in adjusted EPRA earnings (exc. one-off donation) can be summarised as follows:

	£m
Year ended 31 March 2020	67.5
Net rental income	8.3
Administrative expenses	(1.1)
Net finance costs	1.0
Share-based payments	(0.3)
Year ended 31 March 2021	75.4

Adjusted EPRA earnings has grown 11.5% to £75.4 million in the year to 31 March 2021 reflecting the property acquisitions and developments completed as well as the impact of our asset management activity with rent reviews and new lettings. This has been offset by increases in administrative expenses and financing costs.

Earnings per share

The basic earnings per share ("EPS") on profit for the period was 4.2 pence (2020: 3.3 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 2.7 pence (2020: 2.8 pence). Excluding the £2.5 million Assura Community Fund contribution, adjusted EPRA EPS was 2.8 pence (2020: 2.8 pence).

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 1.6 million new shares expected to be issued. The dilution is not material as illustrated in the following table:

EPS measure (pence)	Basic	Diluted
Profit for year	4.2	4.2
EPRA	2.7	2.7
Adjusted EPRA (exc. one-off donation)	2.8	2.8

Dividends

Total dividends settled in the year to 31 March 2021 were £73.6 million or 2.82 pence per share (2020: 2.76 pence per share). £11.7 million of this was satisfied through the issuance of shares via scrip.

As a REIT with requirement to distribute 90% of taxable profits (Property Income Distribution, "PID"), the Group expects to pay out as dividends at least 90% of recurring cash profits. Two of the four dividends paid during the year were normal dividends (non-PID), as a result of brought forward tax losses and available capital allowances. The April 2020 and October 2020 dividends were paid as a PID and future dividends will be a mix of PID and normal dividends as required.

The table below illustrates our cash flows over the period:

	2021 £m	2020 £m
Opening cash	18.5	18.3
Net cash flow from operations	77.4	66.3
Dividends paid	(61.9)	(56.6)
Investment:		
Property and other acquisitions	(236.8)	(132.6)
Development expenditure	(56.9)	(53.7)
Sale of properties	26.2	20.1
Financing:		
Net proceeds from equity issuance	181.7	–
Net borrowing movement	98.4	156.7
Closing cash	46.6	18.5

Net cash flow from operations differs from EPRA earnings due to movements in working capital balances, but remains the cash earned that is used to support dividends paid.

The investment activity in the period has been funded by the proceeds from the April 2020 equity raise and the September 2020 Social Bond issuance.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 March 2020 (Note 7)	1,301.9	53.9
EPRA earnings	72.8	2.7
Capital (revaluations and capital gains)	42.5	1.5
Dividends	(73.6)	(2.8)
Equity issuance	185.2	1.9
Other	1.6	0.0
Diluted EPRA NTA at 31 March 2021 (Note 7)	1,530.2	57.2

Our Total Accounting Return per share for the year ended 31 March 2021 is 11.4% of which 2.82 pence per share (5.2%) has been distributed to shareholders and 3.3 pence per share (6.2%) is the movement on EPRA NTA.

Jayne Cottam

CFO
17 May 2021

EPRA performance measures

The calculations below are in accordance with the EPRA Best Practice Recommendations published October 2019.

Summary table

	2021	2020
EPRA EPS (p)	2.7	2.8
EPRA Cost Ratio (including direct vacancy costs) (%)	15.5	12.6
EPRA Cost Ratio (excluding direct vacancy costs) (%)	14.5	11.5
	2021	2020
EPRA NRV (p)	63.2	59.6
EPRA NTA (p)	57.2	53.9
EPRA NDV (p)	56.0	52.6
EPRA NIY (%)	4.55	4.69
EPRA "topped-up" NIY (%)	4.56	4.73
EPRA Vacancy Rate (%)	1.3	1.6

EPRA EPS

2.7p

2020: 2.8p

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 6 to the accounts.

EPRA NAV Metrics

EPRA NRV

63.2p

2020: 59.6p

Definitions

EPRA Net Reinstatement Value assumes entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets assumes that entities never buy and sell assets thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

Purpose

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.

The calculations of EPRA NRV, EPRA NTA and EPRA NDV are shown in Note 7 to the accounts.

EPRA NTA

57.2p

2020: 53.9p

EPRA NDV

56.0p

2020: 52.6p

EPRA NIY

4.55%

2020: 4.69%

EPRA "topped-up" NIY

4.56%

2020: 4.73%

Definitions

EPRA NIY is 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.

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.

	2021 £m	2020 £m
Investment property	2,453.3	2,139.0
Less developments	(45.0)	(57.5)
Completed investment property portfolio	2,408.3	2,081.5
Allowance for estimated purchasers' costs	158.8	137.5
Gross up completed investment property – B	2,567.1	2,219.0
Annualised cash passing rental income	121.7	108.1
Annualised property outgoings	(5.0)	(4.1)
Annualised net rents – A	116.7	104.0
Notional rent expiration of rent-free periods or other incentives	0.3	0.9
Topped-up annualised rent – C	117.0	104.9
EPRA NIY – A/B (%)	4.55	4.69
EPRA "topped-up" NIY – C/B (%)	4.56	4.73

EPRA Vacancy Rate

1.3%

2020: 1.6%

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.

	2021 £m	2020 £m
ERV of vacant space (£m)	1.7	1.7
ERV of completed property portfolio (£m)	125.1	111.7
EPRA Vacancy Rate (%)	1.3	1.6

EPRA Cost Ratio (including direct vacancy costs)

15.5%

2020: 12.6%

EPRA Cost Ratio (excluding direct vacancy costs)

14.5%

2020: 11.5%

Definition

Administrative and operating costs (including and excluding direct vacancy costs) divided by gross rental income. Note that in the current year, no overhead was capitalised by the Company (2020: £nil).

Purpose

A key measure to enable meaningful measurement of the changes in a company's operating costs.

	2021 £m	2020 £m
Direct property costs	5.0	4.1
Administrative expenses	13.5	9.9
Share-based payment costs	0.5	0.2
Net service charge costs/fees	(0.5)	(0.3)
Exclude:		
Ground rent costs	(0.4)	(0.4)
EPRA Costs (including direct vacancy costs) – A	18.1	13.5
Direct vacancy costs	(1.2)	(1.2)
EPRA Costs (excluding direct vacancy costs) – B	16.9	12.3
Gross rental income less ground rent costs (per IFRS)	116.6	107.4
Gross rental income – C	116.6	107.4
EPRA Cost Ratio (including direct vacancy costs) – A/C	15.5%	12.6%
EPRA Cost Ratio (excluding direct vacancy costs) – B/C	14.5%	11.5%

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Board has conducted a review of the Company's current position and principal risks to assess the Company's longer-term viability.

The Board believes the Company has strong long-term prospects, being well-positioned to address the need for better primary health care buildings in the UK and the Company culture placing emphasis on long-term relationships and market understanding.

The business model (see page 32) and strategic priorities (see page 20) are designed to identify, assess and meet the evolving needs of our occupiers and other stakeholders through the lifecycle of our buildings, utilising our balance sheet strength and capital discipline (as reflected in our current rating of A- from Fitch Ratings Limited).

In completing the assessment of viability, the Board has considered the principal risks of the Group, as set out on pages 56 to 61, in developing sensitivities that have been applied in aggregate to financial forecasts covering the five-year assessment period.

Specific scenarios modelled	Link to principal risks
Prolonged downturn in property valuations (75bps over two years with no further growth)	Strategic risks – competitor threat and investor demand
Increase in interest rates (assumed 0.5% increase in base rate per annum)	Financial risks – increase in cost of finance
Sustained absence of rental growth (assumed 0% open market rental growth) and increased risk of occupier default (assumed bad debt at 3% of rent roll per annum)	Operational risks – underperformance of assets

This assessment has not assumed any significant changes to Government policy with respect to NHS estates strategy or the GP reimbursement model, or any specific implications as a result of Brexit or the current COVID-19 outbreak, all of which we consider to have a low likelihood (government policy) or low potential impact (Brexit and COVID-19).

In addition, it has been assumed that debt facilities can be refinanced as required in normal market lending conditions. For prudence, we have assumed that the interest rates achieved are in excess of what we have achieved in the current year.

Company forecasts are prepared using a comprehensive financial model which projects the income statement, balance sheet, cash flows and key performance indicators (including covenant compliance) over the relevant timeframe. The model allows various assumptions to be applied and altered in respect of factors such as level of investment, investment yield, availability and cost of finance, rental growth and potential movements in interest rates and property valuations.

A five-year period is considered appropriate for this review as this corresponds with the Company's strategic planning timeframe. In addition, the long-term nature of leases and debt facilities support an assessment over this period.

The forecasts prepared (including application of the specific scenarios detailed above in aggregate) showed that the business remained viable throughout the forecast period. In addition, a reverse stress test was completed to consider by how much valuations would need to fall (30%) and how much rental income would need to be removed (65%) for covenants to be breached.

Based on this consideration of principal risks and the forecasting exercise completed, the Board has a reasonable expectation that the Company will be able to withstand the impact of the specific scenarios considered over the five-year period assessed. The Board considers that the long-term nature of the leases and financing arrangements in place mean that the business model would remain viable in the event that further growth of the business was not achieved.

Going concern

Assura's business activities together with factors likely to affect its future performance are set out in the CFO Review on pages 62 to 67. In addition, Note 22 to the accounts 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.

In addition to surplus available cash of £46.6 million at 31 March 2021 (2020: £18.3 million), the Group has undrawn facilities of £225 million at the balance sheet date, with commitments as at year end of £40.2 million (see Note 23).

The Group has facilities from a number of financial institutions, none of which are repayable before November 2024.

The Group's primary care 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 WAULT of 11.9 years. They are diverse both geographically and by lot size and therefore represent excellent security.

The Group's financial forecasts (including the financial models prepared in relation to the viability statement) 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.

In reaching its conclusion, the Directors have considered the specific impact in respect of Brexit and COVID-19, neither of which, in themselves, are considered significant risks to the business based on the current position. The Directors continue to monitor these, and any other emerging risks, as appropriate.

Accordingly, the Board considers it appropriate that the financial statements have been prepared on a going concern basis of accounting and there are no material uncertainties regarding the Company's ability to continue to prepare them on this basis over a period of at least 12 months.



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GOVERNANCE REPORT

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Our strong culture supports our strategic priorities and promotes employee engagement"

Ed Smith, CBE

Non-Executive Chairman

Dear shareholder

This is our Corporate Governance Report, which sets out how the Board and its Committees operate and how we are committed to maintaining the highest level of corporate governance.

Implementing the 2018 Code ("Code")

In accordance with the Listing Rules, I am very pleased to confirm that throughout the year ended 31 March 2021, the Company was compliant with all the relevant provisions as set out in the Code save for:

- Code Provision 38 – the pension contribution rate for the current Executive Directors is currently higher than the rate applicable to the majority of the wider workforce (currently 6%). We recognise that this is an important matter of principle for investors and therefore the Remuneration Committee has agreed that the pension rate for the Directors will be aligned with that of the majority of the wider workforce by the end of December 2022, consistent with the guidance issued by the Investment Association.
- Code Provision 36 – we have not introduced shareholding requirements to apply for a period of time following cessation of employment. The Remuneration Committee believes that the Remuneration Policy as currently structured provides for sufficient alignment between Executive Directors and shareholders, but also recognises that these post-employment requirements are now favoured by a majority of investors. As a result, we commit to introducing post-employment shareholding requirements as part of the Remuneration Policy to be proposed for shareholder approval at the AGM in 2022.

This Report explains how the Board has applied the other principles of the Code.

Leadership

The Board is collectively responsible for the effective leadership and long-term success of the Group.

We held four specific Board meetings in the year to discuss the impact of COVID-19 on the business and staff wellbeing with the Board providing support and sharing helpful insights from their other business interests. I recorded a video message for staff at Christmas and the Board members shared their experiences of lockdown and messages of support in other videos shared in the year.

Culture

Our clear strategic and social purpose is to create outstanding spaces for health services in our communities. Our strong culture supports our strategic priorities and promotes employee engagement, retention and productivity. We are genuine and passionate about what we do, working collaboratively and using our expertise to find innovative quality solutions for our occupiers and the people who use our buildings.

The Board leads by example, focusing on our purpose and values in all decision making and demonstrating the behaviours we encourage and support in everyone at Assura. The Board agreed that its legacy should be as a dynamic partner to the NHS and leading social impact business, playing a key role in modernising and improving community healthcare whilst delivering consistent long-term shareholder returns. Our social impact strategy, SixBySix, embodies the simple aim of improving the healthcare buildings used by more than six million patients by 2026.

Culture is measured through the results of our employee engagement surveys, absenteeism and staff turnover, whistleblowing reports, health and safety incidents and initiatives and customer satisfaction.

Our executive pay policies are fully aligned to Assura's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against our targets that directly underpin the delivery of our strategy. The incentive schemes are aligned with our strong performance culture and are linked to a strategy to support the clear social purpose of Assura's business.



Employee and other stakeholder engagement

Louise Fowler has responsibility for workforce engagement and regularly meets with the employee representative group "the Voice", feeding their comments back to the Board so that their views can be understood and considered in Board decisions. You can read more on their interaction on page 80.

The Board members usually "walk the floor" when attending Board meetings at the head office in Warrington and engage with employees who present Board papers and accompany them on site visits. However, since the start of the pandemic all Board meetings have been held virtually and the Board have not been able to meet with staff or attend any site visits.

Instead, our colleagues have continued to engage with the Board through presenting their papers in the virtual Board meetings and the annual informal dinner, which allows the Board to interact freely with employees and understand what matters to them, was replaced with a remote "cream tea" where the Board members led informal sessions with groups of employees reflecting on highlights from 2020 and discussing what people were most looking forward to when lockdown ends.

The Board were particularly concerned about staff wellbeing during the pandemic and so this was a standing agenda item for all Board meetings held in the year. In the Pulse employee survey undertaken in the Summer of 2020, we were delighted to achieve an indicative improvement in engagement from Very Good to "Outstanding" which is a credit to management's efforts in looking after their colleagues during this difficult time.

The Board factors stakeholders into all our decisions and management regularly updates the Board on the implementation of our strategy with a particular focus on stakeholders and the risks and opportunities which have arisen in the year in relation to these groups.

Performance evaluation

The Board Review carried out by Weva Ltd (who has no other involvement with the Company or Board members) in 2019 recommended that the Board consider several areas of effectiveness to build on or develop as part of its approach to continuous improvement. The Board has continued to make progress in all areas, for example, completing a skills matrix to aid with succession planning, regularly engaging with management on COVID-19 and on the development of the Group's strategy and inviting external speakers to present to the Board to build skills and develop and explore new insights and ideas.

Remuneration

We received over 83% of votes in favour of our Remuneration Report and over 99% votes in favour of our all employee share incentive plan at the 2020 AGM and I am grateful to shareholders for the level of engagement and support during the year.

Effectiveness

I believe that the Board has an effective, well-balanced structure. Board members have a wealth of skills and experience, as shown on pages 74 to 76, which enable them to challenge, motivate and support the business.

The skills matrix identified our breadth of experience and strengths for example in capital markets, governance, investor relations, strategy, finance and risk, leadership, people and change management, business development as well as social purpose and ethical focus. The Board's experience in NHS strategy and technology has been bolstered by the appointment of three Non-Executive Directors in May 2021.

I am pleased to report that all the Directors continue to devote sufficient time to discharging their duties to a high standard and remain committed to their roles.

Diversity

The Board is committed to ensuring that the Group is free from discrimination and equitable to all employees.

We were delighted to be ranked 11th in the Hampton-Alexander Report 2020 for FTSE 250 Women on Boards and in Leadership and were named one of the joint top businesses in the European Women On Boards Gender Equality Index. With 50% female representation on our main Board, this shows our commitment to gender diversity throughout the organisation.

The Board aspires to greater diversity throughout the Group and this year we carried out our first cross-team survey on diversity and inclusion with the results informing our recruitment and training strategies for the business. We have also joined the Mission INCLUDE mentoring programme as both mentors and mentees for peers in other businesses and the national Disability Confident employer scheme.

Ed Smith, CBE

Non-Executive Chairman

GOVERNANCE IN NUMBERS

Board composition



Meetings per year



THE BOARD

Responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders and setting the culture, values and governance framework for the Group. Provides effective challenge to management concerning execution of the strategy and ensures the Group maintains an effective risk management and internal control system.

The Board has approved a schedule of matters reserved for decision by the Board.

The Board delegates certain matters to its three principal committees:



Nominations Committee

Responsible for ensuring our Board and its Committees have the right balance of skills, knowledge and experience and ensuring adequate succession plans are in place.

Audit Committee

Responsible for reviewing and reporting to the Board on the Group's financial reporting, maintaining an appropriate relationship with the Group's auditor and monitoring the internal control systems.

Remuneration Committee

Responsible for establishing the Group's Remuneration Policy and ensuring there is a clear link between performance and pay and pay is fair relative to the workforce.



EXECUTIVE COMMITTEE

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Executive Committee which operates under the direction and authority of the CEO.

The Committee makes key decisions to ensure achievement of strategic plans, ratifies the decisions of the supporting committees, considers key business risks and shapes and sustains the culture and values of the business.

It is supported by sub-committees each focusing on an area of the business.



Risk Committee

Reviews and monitors key risks and the effectiveness of the risk management systems. Identifies emerging risks. Reports to the Audit Committee.

Investment Committee

Reviews and approves investment, development and asset enhancement transactions, allocates investment capital and agrees investment hurdle rates.

Operational Excellence Committee

Drives operational excellence in systems and processes across the business and is responsible for performance management of our IT systems and controls including cyber controls.

Social Impact Committee

Establishes which social impact risks and opportunities are of strategic significance, integrates them into business strategy and ensures effective communication to stakeholders.

DIVISION OF RESPONSIBILITIES

Chairman

- The effective running of the Board.
- Ensuring the Directors receive accurate and timely information.
- Promoting high standards of Corporate Governance.
- Ensuring Board agendas take full account of relevant issues and Board members' concerns.
- As Chair of the Nominations Committee, ensuring effective Board succession plans are in place.

CEO

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

CFO

- Responsible for the preparation and integrity of financial information.
- Operating effective systems of risk management and control.
- Developing and implementing financial strategy and policies.

Non-Executive Directors

- Challenging and helping to develop proposals on strategy.
- Satisfying themselves as to the integrity of the financial information and that there are effective systems of risk management and financial control.
- Chairing and/or serving on relevant Committees.

Senior Independent Director

- Acting as Chair of the Board if the Chairman is conflicted.
- If necessary, acting as a conduit to the Board for communicating shareholder concerns.
- Ensuring the Chairman is provided with effective feedback on performance.
- Serving as an intermediary for other Directors when necessary.

Company Secretary

- Ensuring good information flow within the Board and Committees.
- Facilitating induction and training of Board members.
- Advising the Board on all governance matters.

BOARD AT YEAR END



Jonathan Murphy
CEO

Appointed
February 2017

Skills and experience

Jonathan has been with Assura since January 2013 having joined the Group as Finance Director and becoming CEO in 2017. Jonathan was previously finance director for the fund management business of Brooks Macdonald and Braemar Group plc and these roles provided broad experience in finance and accounting, corporate finance, capital markets and real estate investment.

Jonathan's earlier career included commercial and strategic roles at Spirit Group and Vodafone.

Jonathan is a Non-Executive Director for the British Property Federation and chairs their Healthcare Committee, sits on the Advisory Board of EPRA and is Chair of the North West Business Leadership Team.

He qualified as a Chartered Accountant with PwC, holding management roles in both the UK and Asia.



Ed Smith, CBE
Non-Executive Chairman

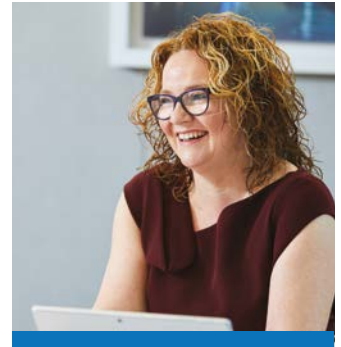
Appointed
October 2017

Skills and experience

As an experienced Chairman, Ed has extensive governance skills in both the private and public sectors. During his time as Chairman of NHS Improvement and Deputy Chairman of NHS England he gained significant health service and public sector experience. Ed's skills include strategy and operational excellence as he was the former Global Assurance Chief Operating Officer and Strategy Chairman of PricewaterhouseCoopers ("PwC"). During his 30-year career as a Senior Partner at PwC, holding many leading Board and top client roles in the UK and globally, he gained broad experience in finance and accounting, capital markets and customer focus.

He is Senior Independent Director at HS2 Ltd, the independent Non-Executive Director at Push Doctor Ltd and chairs the Advisory Board at HCA Healthcare UK.

Ed is a Chartered Accountant.



Jayne Cottam
CFO

Appointed
September 2017

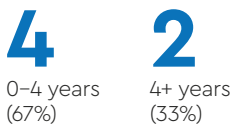
Skills and experience

Jayne is a CIMA qualified accountant, with skills including finance, debt strategy and risk management. She joined Assura from Morris Homes, one of the UK's largest private national housing developers where she was the Finance Director for Operations, heading up the operational finance team across the Group and providing financial and strategic support as a member of the Board for each of the three operating regions.

Jayne was previously Director of Finance for the Continental Europe Division of European Metal Recycling Limited, one of the world's largest metal recyclers, and before that held a number of other senior finance positions.

Jayne sits on the North West Regional Council of the CBI (Confederation of British Industry) and the Finance Committee of the British Property Federation.

Board tenure
(in current role)



Board gender balance



Executive Committee gender balance



In order to deliver the Group's purpose and strategy, the Board believes the following mix of skills within our leadership team is required:

Skills and experience

	Number of Non-Executive Directors (including the Chairman)	Number of Executive Directors
Executive and strategic leadership	4	2
Financial accounting, reporting or corporate finance	2	2
Property development, investment or real estate management	2	2
Governance and compliance	4	2
Social impact, people or charities	3	2
Health and safety, risk management or internal controls	2	2
Investor relations and engagement	2	2
Prior remuneration committee experience and or experience in remuneration	3	2



Jonathan Davies
Senior Non-Executive Director

Appointed
June 2018

Skills and experience

As Chief Financial Officer of SSP Group plc, Jonathan has extensive experience of finance, mergers and acquisitions and corporate governance. He has broad capital market skills, taking SSP private in 2006, listing it on the London Stock Exchange in 2014 and undertaking various debt and equity raises since then. Jonathan's skills include strategy, commercial and financial management.

He began his career in Unilever plc's management development programme before joining OC&C, the strategic management consultancy, as a start-up in 1987 where he was part of its rapid growth to become a leading international consulting firm. From 1995 to 2004 Jonathan worked for Safeway plc, where he was Finance Director on its Executive Board between 1999 and 2004.

Jonathan chairs the Audit Committee and is Senior Independent Director.



Jenefer Greenwood, OBE
Non-Executive Director

Appointed
May 2012

Skills and experience

Jenefer is a Chartered Surveyor with extensive knowledge of the real estate industry. Jenefer started her career at Hillier Parker in 1978, becoming Executive Director and Head of Retail on merger with CBRE. She worked for Grosvenor Estate from 2003 until 2012 where she expanded her skills in development and maximising real estate value.

Jenefer chairs the Remuneration Committee, having initially gained remuneration experience as chair of the remuneration committee of The Crown Estate. She has significant board level experience and is currently on the board of St Modwen Properties plc and LiveWest Housing.

Jenefer will be retiring as a Non-Executive Director at the conclusion of the 2021 AGM.



Louise Fowler
Non-Executive Director

Appointed
June 2019

Skills and experience

From beginning her career at British Airways before moving into financial services with Barclays and the Co-operative Banking Group, Louise has achieved 25 years' marketing, customer and digital experience at a senior level in the travel and financial services industries.

In recent years, she has been working as an independent consultant for well-known consumer brands such as the Post Office, First Direct and M&S furthering her skills in branding and developing strategy through customer focus.

Louise is a Non-Executive Director at Howdens Joinery Group plc.



Orla Ball
Company Secretary

Appointed
April 2015

Skills and experience

Orla is a lawyer, qualified Chartered Secretary and an Associate of ICSA whose skills include corporate governance and managing legal risk. She qualified as a solicitor with Eversheds Manchester and gained significant legal, mergers and acquisitions and capital markets experience working as a corporate lawyer for over 14 years.

Orla's move in-house to Braemar Group plc, subsequently acquired by Brooks Macdonald plc, provided her with real estate skills as she looked after the legal matters for its property management and property funds business.

Orla is Head of Legal for the Group, Chair of the Risk Committee and a member of the Executive Committee.

Committee meeting attendance

	Board	Audit	Rem	Nom
Ed Smith	10/10	4/4	6/6	4/4
Jonathan Murphy	10/10	4/4	6/6	4/4
Jayne Cottam	10/10	4/4	6/6	4/4
Jenefer Greenwood	10/10	4/4	6/6	4/4
Jonathan Davies	9/10	4/4	6/6	4/4
Louise Fowler	10/10	4/4	6/6	4/4

OUR NEWLY APPOINTED NON-EXECUTIVE DIRECTORS



Emma Cariaga
Non-Executive Director

Appointed
May 2021

Skills and experience

Emma is the Joint Head of Canada Water, one of the largest regeneration schemes in London, with British Land where she also sits on their Executive Committee. She also holds a current Non-Executive role with TEDI-London – a higher education provider for engineering.

She has over 20 years' experience in the property sector across residential, retail, commercial and leisure with previous roles at Landsec, Barratt Homes and Crest Nicholson. She was previously on the Board of Thames Valley Housing Association where she chaired the Investment Committee.

Emma is passionate about sustainable development within the property sector and has a strong interest in the evolution of cities and the social impact of property.



Noel Gordon
Non-Executive Director

Appointed
May 2021

Skills and experience

Noel is a recognised figure across the UK health system, formerly as Chair of NHS Digital, Chair of Healthcare UK and as a Non-Executive Director on the Board of NHS England. He spent most of his career transforming the footprint and operating models of large, multinational banking institutions.

In the late 90's, Noel led significant restructuring programmes to enable banks to adopt new digital channels. He brought this transformative experience to NHS England and NHS Digital, reshaping their approach to digital change and new models for healthcare delivery.

Noel is a Non-Executive Director of Bestway Panacea Holdings.



Dr Sam Barrell, CBE
Non-Executive Director

Appointed
May 2021

Skills and experience

Sam is the COO of the Francis Crick Institute – a world-leading biomedical research organisation which she joined from a career in the NHS as a noted healthcare leader. Sam was CEO of the Taunton and Somerset NHS Foundation Trust and before that, established and led the South Devon and Torbay CCG. Earlier in her career, as a practising GP, she led the formation of a practice based commissioning consortium.

Sam offers strong ESG credentials, as a past National Advisory Council Member of the King's Fund and an active Mentor for the NHS Innovator Accelerator Programme. She is a Non-Executive Director of the York Health Economics Consortium.

She was awarded the CBE in 2014 for services to healthcare.

Time commitments and independence

Other directorships of the Board members are set out on pages 74 to 76. Executive Directors would be permitted to serve on one other Board if this would not interfere with their time commitment to the Company. At present, neither of the Executive Directors holds any Non-Executive Director positions. However, Jonathan Murphy has recently been appointed as chair of the North West Business Leadership Team.

The Board regularly considers the independence of our Non-Executive Directors and all Directors are required to declare any relationships or interests which may constitute a conflict of interest at the commencement of each Board meeting.

Re-election of Directors

In accordance with Corporate Governance best practice, it is the Company's policy that all Directors will submit themselves for re-election at the 2021 AGM and the Notice of AGM will explain why their contribution remains important to the Company's long-term sustainable success.

KEY BOARD ACTIVITIES

Social impact strategy – launch of our first Social Bond

We launched our SixBySix social impact strategy last year, to put our purpose – creating outstanding spaces for health services in our communities – at the centre of everything we do. Our ambition is to become the UK's number one listed property business for social impact.

In September 2020 we announced the launch of our first Social Bond, a Sterling-denominated senior unsecured bond in an amount of £300 million with a tenor of 10 years. This followed a series of UK fixed income investor meetings which generated strong institutional demand.

Our Social Bond is the first issued under the Assura Social Finance Framework and the proceeds will be used to fund or refinance eligible social projects, specifically the acquisition, development or refurbishment of publicly accessible primary care and community healthcare centres.

The issuance of our first Social Bond demonstrates our commitment to contributing to the communities in which we operate and will be used to support our continued investment in providing more fit-for-purpose primary and community healthcare centres.

The strong level of bond investor support leaves us well positioned to deliver against our acquisition and development pipeline, as well as SixBySix.

£300m

Sterling denominated senior unsecured bond was launched in September 2020



Making the right strategic decision – acquisition of Apollo

The Board factors our stakeholders, the long-term impact on the business and the impact on the environment into all our decisions in line with its duties under s172 Companies Act 2006.

In March 2020 the Board approved the acquisition of primary care developer Apollo.

The Board considered that the acquisition would be beneficial to the Group's long-term strategy of becoming the number one listed business for social impact as Apollo had a strong, 20-year track record of developing high-quality primary care properties across the UK.

The acquisition would also provide continuity of service and enhanced benefits for the very experienced four-person development team and two administration staff who shared our culture and high standards for design.

Extensive due diligence was carried out on the pipeline to ensure its viability for shareholders and that the schemes presented no adverse environmental impact. The Board noted that the acquisition would secure the ongoing workstreams for the Apollo suppliers including building contractors and architects.

The Board approved the acquisition as it expanded the Assura development team to 11 specialist surveyors, increased our immediate and extended development pipeline and further deepened our understanding of the future trends shaping the sector, from building design to sustainability allowing us to expand our offer to the NHS as its partner of choice.



Apollo pipeline scheme
Top

On site at the Beaconsfield development
Right



**We aim to become
the number one
listed business for
social impact with
the acquisition of
businesses like Apollo**

No.1



Q&A

with Louise Fowler



Overall, there has been a sense of 'looking out for each other' and a very supportive culture."

Louise Fowler
Non-Executive Director

Q. Do you feel that the Voice trust you with their feedback?

Yes, I feel that they do. As the designated NED for workforce engagement, I explain to them that I will share any feedback with the Board on an anonymous basis respecting any confidences shared. I also stress that this communication should not replace normal lines of communication in the business through line managers or the whistle-blowing process. The team are pretty open with me about what's on their minds.

Q. From your discussions can you comment on how the business has looked after colleagues in these difficult times?

The Voice feel that Assura has reacted incredibly well. They really appreciated the early confirmation of job security and the prompt extension of fixed-term contracts which put their minds at ease as well as the speed with which IT equipment and office chairs were provided to ensure successful remote working. The Company adopted a very flexible approach to working from home patterns allowing employees with young children to vary their hours to suit childcare arrangements and everyone was encouraged to switch off the screen at regular intervals, go for more walks, to keep in touch and look out for each other. From speaking to friends and relatives they felt very lucky and proud to work for an organisation that has clearly done so much more than some others. Obviously, as time has gone on, it has become harder for some people: it has been noted that Assura is

doing much to provide individual support and there is strong desire for the Company to continue, and increase, the focus on mental health issues beyond the pandemic. This has been highlighted as a key priority for all staff through a recent survey.

Q. How well does the Voice feel the business communicated with staff during lockdown?

The Voice said that the Company worked very hard to keep everyone included and up to date with what has been happening in the business with lots of regular emails, Teams meetings and the weekly call with Jonathan which is very well-liked. They understand that there is a lot of uncertainty, but they believe they will be given the information they need at the right time, and particularly appreciated some of the insights into the home lives of senior managers, for example, when small children or pets wandered into the video conference.

Q. Do the Voice feel concerned about returning to the office?

They appreciate that the Company is taking the time to consider what's right, and no decision has been made about a return date although it is good that the office has been opened to colleagues who are struggling to work from home. Some are impatient to get back whilst others are naturally more cautious. They have said they do not feel pressured, and communication has been very good.



Q. What are the Voice hoping will be learnt from how we are working now?

They have been surprised at how well working from home has worked. The biggest challenge has been managing children at home as well as a job but people have surprised themselves at how productive they can be, and at their ability to keep motivated and not get distracted. There is a widespread hope that when they do go back, it's not to exactly the same and the business should look at how we use the office for example mixing remote and office working.

Before lockdown, Assura was very meetings oriented. There is a hope that there will be fewer meetings, or that they can be shorter or a mix of face-to-face and video conferencing. Often employees can drive 3 – 4 hours for a half-hour meeting with an occupier. Whilst there is no doubt face-to-face is sometimes necessary, they think it will be possible to reduce costs, help the environment and increase productivity by doing things like this less often.

They also hope that a short, weekly, informal communication from Jonathan (or "the top") could continue after lockdown as this makes them feel involved and engaged in how the business is doing in a way that may have been missing before.

Q. How is staff wellbeing?

There are a mix of views here: Lockdown has meant less physical activity, commuting, walking around the office etc but while some have felt encouraged to go outside and get exercise during office hours, others were afraid it would be frowned on. There is a greater all-Assura team spirit because of this period, when before there was more of an emphasis on individual teams. People feel they have been working very hard and obviously some parts of the business have been more affected than

others by the lockdown: engaging with GPs and practice managers during the pandemic, for example, has been harder as they have quite naturally had other priorities, whilst new buildings under construction have continued much as before, so there is a hope that everyone is rewarded fairly for what they have done during this difficult period.

Q. What have people found most difficult and what are they worried about?

The prolonged working from home and isolation, particularly among colleagues who live alone, or younger colleagues still early in their career, has really begun to take a toll, especially in this third lockdown, and of course parents having to home-school as well as do their busy jobs have found it tough. There is a high level of appreciation for what Assura has done to help, particularly when people talk to family or friends who work elsewhere and whose experiences have been quite different.

Q. What has been the culture of Assura during lockdown?

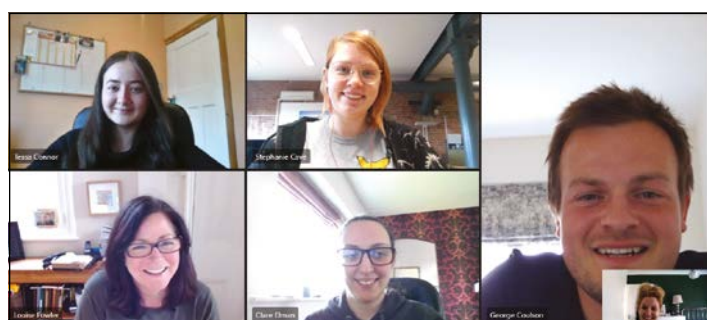
Overall, there has been a sense of "looking out for each other" and a very supportive culture. Line managers are accessible and frequently make contact, colleagues keep in touch and look out for each other. Some employees are speaking to more people now than when they were in the office. There has also been a little less formality and they have loved seeing the more personal side of Jonathan, hearing about his family etc and we have held numerous virtual team events that have really brought people together. Assura has always had a supportive, people-led culture, but during this difficult year people have come to feel that they are really part of one big team and have greatly valued the feeling of everyone supporting each other and us all being in it together.

Stakeholder engagement

The Board embraces open dialogue with shareholders and works with its stockbrokers Stifel and JP Morgan Cazenove to ensure that an appropriate level of communication is facilitated through a series of investor relations activities, including regular meetings between the Executive Directors, institutional investors, sales teams and industry/sector analysts, as well as regular advice from Makinson Cowell. Details of the investor relations programme over the year is shown on page 51.

We have increased IR reporting to the Board with a dedicated slot at each Board meeting where feedback from meetings and observations from the equity markets is provided for discussion. This is to ensure that all Board members, and Non-Executive Directors in particular, develop an understanding of the views of major shareholders and of the market in general. This year the Chairman again offered direct meetings to our largest shareholders to allow the Chairman to directly hear their views and feedback to the Board. The Chairman found these discussions very useful as they covered current strategy, the NHS and the importance of social impact.

Committee Chairs consult with shareholders on appropriate matters. During the year, the Remuneration Committee deemed it appropriate to consult with shareholders in respect of the proposed increase in remuneration for the Executive Directors, further details of which can be found on page 88.



There is a greater all-Assura team spirit because of this period, when before there was more of an emphasis on individual teams."



“Our Board has a wealth of skills and experience, bolstered by our three new Non-Executive Directors”

Ed Smith, CBE
Non-Executive Chairman

Committee members	Attendance*
Ed Smith, CBE (Committee Chair)	4/4
Jenefer Greenwood, OBE	4/4
Jonathan Davies	4/4
Louise Fowler	4/4

* out of the maximum possible meetings

Additional attendees*

- Orla Ball – Company Secretary
- Jonathan Murphy – CEO

* as appropriate

Meetings in the year:

4



Terms of Reference

<https://www.assurapl.com/investorrelations/shareholder-information/sustainability-and-corporate-governance-policies>

Dear shareholder

The Committee continues to play a crucial role in supporting Assura’s strategy by ensuring the Board and its Committees have an appropriate balance of skills, experience and knowledge, with succession plans in place, maintain a diverse pipeline for board and senior management positions and a robust evaluation process to ensure the Board and Committees are working effectively.

**Board composition
Resignation of Jenefer Greenwood**

Jenefer intends to step down from the Board at the conclusion of the AGM. I would sincerely like to thank Jenefer for her significant contribution to Assura over the last nine years, a period during which the Group has been transformed and its future growth prospects have never looked better. We all wish her the very best.

Appointment of Emma Cariaga, Sam Barrell and Noel Gordon.

In October 2020 we appointed recruitment firm Warren Partners to assist with the search process for two Non-Executive Directors to further strengthen the Board. Warren Partners had been engaged on the appointment of Jayne Cottam and have no other connections with the Group or any members of the Board.

The Committee agreed the recruitment brief based on the board skills analysis carried out by the Company Secretary and the desire to replace Jenefer’s skills with someone from an equally strong property background. In addition, across the two roles, the brief sought to find candidates with an understanding of the health ecosystem, digital/technology expertise along with strong ESG credentials.

The position was open to those with no previous Non-Executive Directorship experience but who would be attracted by our purpose, values and wider social strategies and diversity in its broadest sense was encouraged. Warren Partners carried out an extensive external search process from which they identified a long list of potential candidates for the Committee to review and, from this, a shortlist was selected. The Committee then interviewed a number of these candidates.

The calibre of the shortlist was extremely high, and the Committee recommended the appointment of three shortlisted candidates who would fulfil the brief and bring complementary skills to the Board. In May 2021, the Board appointed Sam Barrell, Emma Cariaga and Noel Gordon on the Committee’s recommendation.

Remuneration Chair and designated Non-Executive Director for employee representation

As Louise Fowler will take over from Jenefer Greenwood as chair of the Remuneration Committee at the AGM, a new designated Non-Executive Director for employee representation will be appointed at the AGM.

Induction of new Non-Executive Directors

Emma, Noel and Sam are undertaking a full, formal and tailored induction programme. 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, and have access to the advice and services of the Company Secretary.

Non-Executive Director induction process

The new Non-Executive Directors are currently undertaking the following induction process:



Succession planning

The Committee maintains regular focus on succession planning for both Board and senior leadership roles. Our talent pipeline of high performing individuals are identified as part of the annual appraisal process.

The Company Secretary carried out a review of the Board member's skills and created a skills matrix which formed the basis of the brief for the new Non-Executive Directors. The skills matrix identified wide board skills in capital markets, plc governance and investor relations and business skills such as finance, strategy, leadership and people and change management but a concentration of skills in NHS Strategy and technology/digital health. As Jenefer is stepping down from the Board in July, there was also a need to replace her strong real estate skills.

A formal succession planning exercise is undertaken biannually and seeks to identify training needs, high potential employees and risks to the organisation across a 3-year horizon. External consultants are engaged to provide executive coaching and 360 feedback where appropriate. Internal secondment opportunities are also available. This overarching approach dovetails with the quarterly business planning activity which seeks to set targets which enhance business performance and people management and development approaches.

Diversity

The Board believes that a diverse workforce and management team improve the performance and culture of the organisation and add value to the business as a whole. Warren Partners were tasked with searching for possible Non-Executive Director candidates who could increase the diversity of the Board.

Warren Partners, conducted an extensive search to identify and engage with a diverse and broad pool of candidates across sectors linked to Assura. In order to attract candidates from minority ethnic backgrounds, a range of talent engagement strategies were used including: leveraging professional diversity networks within the property and healthcare sectors; uncovering ethnically diverse talent utilising technology (such as LinkedIn and advanced search operators in online search engines); identifying potential candidates outside listed companies including exploring talent within the public sector/private owned organisations; and by assessing 'first time' Non-Executives/candidates operating below Board level. We were pleased to have assessed five ethnically diverse candidates at the longlist stage of the search process who were independently benchmarked against the wider talent pool by Warren Partners. Whilst this search process did not result in an ethnically diverse appointment, partly due to the exceptional calibre of the shortlisted candidates, the exercise has delivered Assura with a pipeline of ethnically diverse talent to consider for future appointments.

Female representation on the Board remains at 50% and the Group were ranked 11th in the final Hampton-Alexander Review – FTSE 250 Rankings Women on Boards and in Leadership, and 5th in the FTSE 350 real estate sector Rankings Women on Boards and in Leadership.

Diversity overview

The Committee will continue to consider gender and wider aspects of diversity such as industry experience, nationality, disability and age when recommending any future Board appointments and recruitment firms are instructed to include a diverse list of candidates for the Committee's consideration. Final appointments will always be made on merit.

Further details of our employee policies to promote equality and diversity can be found on pages 48 to 49 but in summary this year we have:

- established six diversity and inclusion objectives which underpin the organisation and provide strategic guidance for our work. These objectives also sit alongside our core values and behaviours of Innovation, Expertise, Being Genuine, Collaboration and Passion.

Objective 1: Creation and promotion of culture of openness and candour, one in which we treat each other with the dignity we all deserve

Objective 2: Consulting and involving staff and customers in developing the business and improving our services; driving a sense of autonomy and empowerment

Objective 3: To understand and embrace our differences and have a zero tolerance to stereotypes or discrimination

Objective 4: To continuously strive to deliver new and innovative working practices and approaches which promote inclusivity, greater work-life balance, and access to opportunities for underrepresented groups

Objective 5: Work to ensure that our contractors comply with our equality standards

Objective 6: To develop a range of metrics and KPIs against which our progress can be measured

- Gained a "Committed to Action" rating in the MIND Wellbeing Index and developed a Mental Health Strategy for our workforce
- Joined the Mission INCLUDE cross organisational diversity mentoring programme
- Committed to become a Disability Confident employer
- Recruited three apprentices
- Captured employee diversity and inclusion data for the first time – achieving response rates of 84%
- Under our social impact strategy, set a goal to improve the gender diversity of managers at all levels within the organisation
- Reviewed employee satisfaction by gender in the recent Best Companies survey (equal levels)

Internal Board evaluation

The externally facilitated Board review carried out by Weva Limited – a specialist board and leadership consultancy which has no connections with the Group or the Board members – in 2018 developed a Board effectiveness framework ("the Framework") under the specific headings:

- Outside World
- Creating the Future
- Board Team Effectiveness
- Nurturing Identity
- Managing the Present

The Framework is regularly reviewed by the Board as part of the internal board evaluation process to identify any required changes in focus or priority and to agree future actions for board effectiveness. The Board have noted success in a number of areas. In particular the Board has:

1. Agreed a statement of the Board's purpose and legacy.
2. Actively supported Assura's social purpose and its importance to long-term success.
3. Created formal succession plans to ensure the Board continues to have the capability it needs to deliver the strategy. The Board skills matrix was used to create the brief for the latest Board appointments.

4. Encouraged active Board engagement with management to extend trust-building, share knowledge of the business and develop insights around successful delivery of the strategy. The Board have engaged regularly with management around COVID-19 and on development of the strategy and plan to have two half days to analyse and stress test the strategy in September.
5. Commissioned management to produce a clear articulation of the Assura business model to explain how value is created over time, and a clear set of strategy success criteria with ongoing refinement through updates to the strategy.
6. Continued engagement with staff around Assura's purpose and strategy and the behaviours that will support long-term success.
7. Commissioned management to develop a formal stakeholder engagement strategy to manage external risks and opportunities around delivery of the strategy.
8. Scheduled regular Board Development sessions to explore new insights and ideas, develop skills and build Board dynamics – this has been difficult due to the current pandemic and remote working but Sir Jim Mackey joined a virtual catch up in July 2020 and the Cheshire Community Fund presented at the July Board meeting. More external speakers will be invited to virtual catch ups.
9. Supported individual Board members to see themselves as more than a subject matter expert, and to vary the nature of their Board contributions – this will be crucial at the strategy days in September.

The Board carried out a self-evaluation this year and the results show that the Board is committed to strengthening its effectiveness across all areas of the Framework with a focus on continuous improvement. A questionnaire was compiled by the Company Secretary to cover all areas of the Framework. Each Board member scored the perceived strength of the Board and its Committees in each area and added commentary if they wished.

The Company Secretary collated the scores from the questionnaire and reported back to the Board anonymising the comments.

Recommended actions from the self-evaluation include:

Outside World

Opportunity to reinforce understanding of healthcare environment, including potential digital/online and political developments which has been addressed through recent Non-Executive Director appointments. The Board should also undertake more horizon scanning and external speakers from non-related industries will help to challenge our thinking.

Creating the Future

Continue to explore organic growth opportunities and partnerships. The Board should spend more time on strategic questions and the purpose/social impact discussions will further help.

Board Team Effectiveness

Take care to properly on-board the new Non-Executive Directors and accommodate any changes to dynamics positively. Continue to build on good board relationships when face to face contact resumes.

Nurturing Identity

Lockdown has hampered the Board's visibility to staff, despite the Teams meetings, calls, videos and virtual teas – we will need to work hard once we can get back into the office on this.

Managing the Present

We will need to think about the implications of moving from a situation where all Non-Executive Directors are on all committees to a more usual, split responsibilities and how we make that work effectively.

These actions will be progressed this year and the Framework will be regularly considered at Board meetings to identify any required changes in focus or priority.

Ed Smith, CBE

Chair of the Nominations Committee
17 May 2021

AUDIT COMMITTEE REPORT



The Board has established a framework of financial reporting and controls to provide effective assessment and management of risk"

Jonathan Davies

Chair of the Audit Committee

Committee members	Attendance*
Jonathan Davies (Committee Chair)	4/4
Jenefer Greenwood, OBE	4/4
Louise Fowler	4/4

* out of the maximum possible meetings

Additional attendees*

- Deloitte LLP
- Savills Commercial Limited and Jones Lang LaSalle
- KPMG LLP as internal auditor
- Ed Smith, CBE - Non-Executive Chairman
- Jonathan Murphy - CEO
- Jayne Cottam - CFO
- Orla Ball - Company Secretary
- David Purcell - Head of Investor Relations
- Owen Roach - Group Financial Controller

* as appropriate

Meetings in the year:

4



Terms of Reference

<https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies>

Dear shareholder

In my second year as Chair of the Audit Committee ("the Committee") I have pleasure in setting out below the formal report on its activities for the year ended 31 March 2021.

During the year the Committee comprised myself and the two other Non-Executive Directors, with two of the newly appointed NEDs (Emma Cariaga and Noel Gorden) joining from May 2021. I confirm I have recent and relevant financial experience as CFO of SSP Group plc. We met four times in the year and the key matters considered by the Committee at each meeting were as follows:

May 2020

- Reviewed the external portfolio valuations for the financial year ended 31 March 2020
- Received a report from Deloitte on the audit and the annual report and accounts
- Reviewed use of Deloitte for non-audit work and confirmed their independence
- Reviewed the draft annual report and accounts
- Considered the impact of COVID-19 on the annual report and disclosure
- Reviewed the going concern statement and assumptions
- Reviewed the viability statement and assumptions
- Reviewed the external auditor's performance, the use of Deloitte for non-audit work and auditor independence

November 2020

- Reviewed the half year external portfolio valuations
- Reviewed the interim report and accounts and auditor's report
- Carried out a detailed review of going concern
- Received reports from the internal auditor on internal processes
- Confirmed compliance with REIT tests, considered property income distributions and nominated Jayne Cottam as HMRC Senior Accounting Officer

February 2021

- Approved the agenda items and schedule of Committee meetings for the upcoming calendar year
- Approved the terms of reference for the Committee
- Reviewed the quarterly valuation
- Approved the treasury counterparties
- Received an update on progress of actions recommended by internal audit and approved the processes to be reviewed by internal audit this calendar year

March 2021

- Approved the external audit plan and fee
- Received a report on the Risk Committee activity for the year, reviewed principal risk movement and approved the risk section of the annual report
- Reviewed the accounting treatment for the acquisition of Apollo
- Received an update on IT projects and cyber risk
- Received an internal audit update
- Approved the draft viability statement
- Received an update on the audit tender process

Audit meetings are held in advance of the Board meeting and I provide a report to the Board of the key matters discussed giving the Board the opportunity to consider any recommendations proposed by the Committee.

Subsequent to the year end, the March 2021 annual report and accounts was reviewed at the May 2021 Audit Committee meeting.

Fair, balanced and understandable assessment

The Committee performed a detailed review of the content and tone of the annual report and half year results and has satisfied itself that there are robust controls over the accuracy and consistency of the information presented, including comprehensive reviews undertaken by the Board, senior management and the auditors. Accordingly, the Committee has advised the Board that the annual report taken as a whole is "fair, balanced and understandable" and provides the information necessary for the shareholders to assess the Company's position and performance, business model and strategy.

Significant financial reporting matters

During the year the Committee reviewed the following significant financial reporting judgements:

- Valuation of investment properties, including those under construction - valuations and yields are discussed with management and benchmarked against comparable portfolios. The two external valuers, Savills and JLL, presented and discussed their findings with the Committee. Deloitte separately discuss the valuations and the assumptions they are based on with the valuers. The Committee considered the impact of COVID-19 on the reported basis of valuation, concluding the valuation was accurate.

- Validity of the going concern basis and the availability of finance going forward – the Committee considers the financing requirements of the Group in the context of committed facilities and evaluates management's assessment of going concern and the assumptions made. The external auditor also reports to the Committee following its review. The going concern statement which confirms the going concern status of the business despite the current situation with COVID-19 is on page 68
- Viability statement – the Committee considered the viability statement proposed for inclusion in the annual report and the supporting analysis produced by management. The statement was approved for inclusion in the 2021 report and appears on page 68. The Committee reviewed the period covered by the viability statement and continues to be of the view that a five-year period remains the most appropriate timespan in this regard.

Other financial reporting matters

In addition to the significant financial reporting matters discussed above, the Committee considers other financial reporting matters as and when they arise to ensure appropriate treatment in the accounts, receiving appropriate briefings on emerging regulations and standards from management and Deloitte.

During the year this included the following:

- Consideration of whether the acquisition of the pipeline and team of Apollo should be accounted for under IFRS 3 Business Combinations, or the purchase of individual assets, concluding that we have purchased a collection of assets so it should not be accounted for under IFRS 3 Business Combinations.

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

Risk and internal controls

The Committee is aware of the Code's requirements in relation to risk and the monitoring of internal control systems and the risk assessment and internal control processes are a key consideration of the Committee. The Board has established a framework of financial reporting and controls to provide effective assessment and management of risk as set out on page 56. During the year the Committee received minutes from the meetings of the Risk Committee, reviewed the principal risk register and monitored the Group's risk management and internal control systems including in relation to Brexit and COVID-19. The Committee has not identified any significant failings or material weakness in these control systems during the year. The risk report is set out in full on pages 56 to 61.

The Group's internal control systems are codified in policies and procedures which are regularly reviewed and include a detailed authorisation process, formal documentation of all transactions, a robust system of financial planning (including cash flow forecasting and scenario testing), regular financial reporting and reports to the Board from the CEO and CFO and on specialist risks including tax, and a robust appraisal process for all property investments. Changes to internal controls, or controls to respond to changing risks identified (for example in the current COVID-19 situation in respect of cyber risk and remote working), are addressed by the Risk Committee with appropriate escalation to the Audit Committee as required.

Internal audit

The Committee appointed KPMG as internal auditor to complete reviews of specific internal processes on a rolling basis. The Committee agreed that the processes to be reviewed last calendar year were controls over property development, financial close and reporting and general IT controls. The Committee received detailed reports on the work completed and the KPMG internal audit partner attended Audit Committee meetings to present their findings and answer questions. Improvements were identified for each of these processes which have now been substantially implemented. The Committee has agreed that the processes to be reviewed this calendar year are data integrity, acquisition process, finance systems upgrade and supplier management.

Save for commissioning specific processes for review, the Committee is satisfied that the correct level of control and risk management within the business adequately meets the Group's current needs.

Audit/non-audit fees payable to external auditor

The fees paid to the external auditor are disclosed in Note 4(a) to the accounts, and the policy for non-audit services is in the Audit Committee Terms of Reference available on our website. In the year ended 31 March 2021, the auditor provided non-audit non-statutory services in the form of a comfort letter on the Social Bond issuance and the review of the interim report, being services closely related to assurance.

Effectiveness of external audit process

The Committee assessed the effectiveness of the external audit process, initially reviewing and challenging the audit planning memorandum prepared by Deloitte and then monitoring fulfilment of this plan. As in the prior year, the audit was carried out remotely due to the COVID-19 pandemic but this did not impact the audit process in any material way. The Committee received regular feedback from management on the service provided by Deloitte, reviewed at an Audit Committee and concluded that the external audit was carried out efficiently and effectively with objective, independent challenge.

During the year, the Company completed a competitive audit tender including Deloitte, EY and PwC. Several mid-tier firms were invited to tender but all declined to participate. Following the tender, the Audit Committee has decided to appoint EY as auditor. The Committee would like to thank Deloitte for their diligent service over the past 10 years.

We receive regular updates on potential regulatory changes affecting the audit industry and are assessing their impact on the Company and the work of the Committee.

Jonathan Davies

Chair of the Audit Committee
17 May 2021

DIRECTORS' REMUNERATION REPORT



The Committee paid close attention to the impact of COVID-19 on Assura and considered carefully the implications from a remuneration perspective."

Jenefer Greenwood

Chair of the Remuneration Committee

Committee members	Attendance*
Jenefer Greenwood, OBE (Committee Chair)	6/6
Ed Smith, CBE	6/6
Jonathan Davies	6/6
Louise Fowler	6/6

* out of the maximum possible meetings

Additional attendees*

- Jonathan Murphy (CEO)
- Jayne Cottam (CFO)
- Orla Ball (Company Secretary)
- Korn Ferry

* as appropriate

Meetings in the year:

6



Terms of Reference

<https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies>

Annual Statement

Dear shareholder

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2021.

This report is split into three parts:

- This **Annual Statement** – in which I explain the work of the Remuneration Committee during 2020/21 and the key decisions taken during the year;
- A summary of the **Directors' Remuneration Policy** – which was approved by shareholders at the AGM on 2 July 2019, and which was in force for the year under review; and
- The **Annual Report on Remuneration** – which details the link between Company performance and remuneration and includes payments and awards made to the Directors for 2020/21 and information on how the Remuneration Policy will be implemented for 2021/22.

At the AGM to be held on 6 July 2021, you will be asked to approve an advisory resolution covering this Annual Statement and the Annual Report on Remuneration.

Remuneration for 2020/21

For the year under review the Remuneration Committee applied the Remuneration Policy approved by shareholders at the 2019 AGM. The Policy includes a sensible balance of fixed and variable remuneration, providing the Executive Directors with the opportunity to benefit from annual incentive payments and the vesting of long-term share awards in the event of challenging performance conditions being met.

Throughout the year, the Committee paid close attention to the impact of COVID-19 on Assura and considered carefully the implications from a remuneration perspective. As discussed in the Strategic Report, business performance during the year was very strong despite the disruption caused by the pandemic. The Committee was impressed by the leadership demonstrated by the management team to support all colleagues during this period and drive ongoing business success. In the circumstances, results for the year were exceptional.

The Committee has given extensive thought to Executive Director remuneration during the year. As discussed with major shareholders during the consultation exercise on the Remuneration Policy in late 2018/early 2019, and as explained in detail in recent Remuneration Reports, we have for some time been concerned with the material gap between the Directors' basic salaries and those available in the wider real estate market.

We do not seek to precisely benchmark against the median or rigidly match the salaries offered elsewhere, but we wish to ensure that the Directors are paid fairly, reflecting their performance and commitment. To help narrow the gap with the market, the Remuneration Policy explicitly provides the Committee with scope to increase the Directors' salaries each year by an amount up to 7% higher than the increase for the wider workforce.

In last year's report I explained that the Committee had considered applying a basic salary increase for the Executive Directors with effect from 1 April 2020 at a level above inflation and above the wider workforce average. However, the Committee decided to defer this increase in light of the market uncertainties triggered by COVID-19 and instead limit the Directors' April increase to 1.8%, in line with inflation and the increase for the rest of the workforce. I also explained that the Committee intended to review this matter further, later in the financial year.

The Committee met later in 2020 and agreed to apply an increase of 7% for the salaries of both the CEO and CFO with effect from 1 October 2020, to £429,760 and £241,536 respectively. In reaching this decision, the Committee considered the excellent performance of the business over the first half of the financial year and the continued performance and growth of both the CEO and the CFO in their roles. We reflected on Assura's resilience during the pandemic and noted, among other things, the continuation of dividend payments and the fact that Assura had made no use of Government support. No employees were furloughed or made redundant as a result of the pandemic. Assura did raise equity from shareholders in April 2020 but, unlike those companies which sought urgent emergency support from investors to bolster their balance sheets as the impact of the pandemic was felt, our placing was designed to fund Assura's near-term development, acquisition and asset enhancement pipeline.

This salary increase was a deferred implementation of the increase we had initially envisaged making in April 2020, but prudently decided against at the time, as explained above. The increase was not backdated to April and thus applied only to the second half of the financial year.

After the year end, we assessed the Directors' performance against the annual bonus targets set at the start of the year. The bonus scheme again used a mixture of financial and non-financial targets linked closely to Assura's strategic priorities for the year.

Given the strong level of performance of the business, the overall level of achievement against the financial targets was very good, with the maximum target exceeded for total accounting return and a relatively high level of bonus earned for the measures linked to EPRA earnings and growth in total contracted rent roll. In addition, both Executive Directors partially achieved their objectives linked to strategic, operational and personal goals.

As a result, we determined that the CEO and CFO had earned bonuses of 83% of maximum and 77% of maximum respectively. Details of the targets employed during the year and the extent of achievement against them are set out in the Annual Report on Remuneration. This includes detailed information on the specific non-financial objectives used and the performance achieved.

For the Performance Share Plan ("PSP"), we measured TSR and EPRA EPS performance over the three-year period to 31 March 2021 to determine the level of vesting for the awards granted in July 2018. The TSR performance condition was partially met but EPS performance was unfortunately insufficient to meet the threshold level of vesting for the EPS portion of the award. Taking into account this level of performance, the Committee agreed that the PSP awards will vest at a level of 33.9%. In line with the Remuneration Policy that applied at the date of grant, (i) Jonathan Murphy's vested shares will not be subject to a two-year post-vesting holding period because at the time of vesting he will have satisfied his shareholding requirement, but (ii) Jayne Cottam's vested shares will be subject to a two-year post-vesting holding period as she has not yet built up the required shareholding (with it noted that the Remuneration Policy approved in 2019 requires a post-vesting holding period for all shares that vest under awards made from 2019 onwards).

In summary, we believe that that there has been a clear link between executive remuneration outcomes and the experience of shareholders during the year. No discretion was exercised by the Committee in deciding upon the level of bonus payout or PSP vesting for 2020/21.

Our plans for 2021/22

We have reviewed all aspects of the remuneration package for the Executive Directors for the year ahead.

The Committee considered the basic salaries of the Executive Directors to apply with effect from 1 April 2021. After further assessment of the performance of the Company and of the individual Directors, the Committee agreed that an increase of a further 7% above the wider workforce

average increase (1.5%) was appropriate. The resulting salaries are £466,290 and £262,067 for the CEO and CFO respectively, these being 8.5% higher than the salaries in place since October 2020.

In reaching this decision, the Committee took into account a number of key achievements over 2020/21, including the accelerated development programme and the multiple successes achieved as Assura has sought to become the UK's number one listed property business for social impact. This includes the launch of the Assura Community Fund, the rollout of the SixBySix strategy, the strong investment in our portfolio and the successful launch of the Social Bond in September 2020. The CEO and CFO have continued to demonstrate exceptional leadership of the business during this period and the Committee was unanimous in its view that the salary gap with the market must continue to be narrowed. Even after these increases, the salaries of the CEO and the CFO remain well below the median for comparably-sized companies in the FTSE 250 Real Estate sector and the FTSE 250 more broadly.

I would like to reiterate that these increases, and those implemented in October 2020, while significant in percentage terms, are within the limit set out in the Directors' Remuneration Policy and are entirely consistent with the approach set out in the 2019 Remuneration Report, at the time shareholder approval of the Policy was sought. The Committee believes that we would be remiss in our duty to shareholders if we did not maintain appropriate and fair packages for a high-performing management team. Continuing material misalignment with the market is a concern for the Committee and we remain well aware that remuneration opportunities on offer elsewhere exceed what Assura currently provides. The Committee has also considered this matter very carefully in the context of remuneration for the wider employee base. While, as noted above, the increases are higher than those for the wider workforce, they are considered necessary to address a misalignment with the market against the backdrop of continued strong performance. Limiting the Executive Directors' salary increases to the inflationary increase agreed for the wider team would not have been consistent with our previously stated intention to move the Directors' salaries closer to the market rate.

The Committee reflected on this in the context of the employee experience during 2020/21 and concluded that the proposal remained appropriate.

I wrote to major shareholders and the leading advisory bodies in February 2021 to explain the Committee's decision on this matter and to seek feedback.

I am pleased to report that the majority of those who responded were supportive of the increases and recognised that they were appropriate in the context of the Executive Directors' performance and in light of salary positioning against the market. Nevertheless, there were some questions regarding the appropriateness of the salary increases at the current time. We therefore commit to further consideration of our approach to basic salary when reviewing the Directors' Remuneration Policy later in 2021.

For the year ahead, the annual bonus scheme will operate in a similar fashion to 2020/21, with performance assessed against a mix of financial and non-financial metrics. We are making a small but important change and increasing the overall weighting on financial metrics to 70% of the maximum bonus (up from 60%), with a corresponding reduction in the weighting on non-financial performance. This will ensure an appropriate level of focus on the key drivers of performance for the coming year and also bring our approach more into line with market standards more generally. The specific bonus targets are considered commercially confidential at the current time but will be disclosed in next year's Annual Report on Remuneration. The Committee will continue to have the discretion to determine the appropriate bonus amount based on a rounded assessment of performance at the end of the year. The maximum bonus opportunity will remain at 125% of basic salary for the CEO and 100% of basic salary for the CFO.

During the course of 2020/21 the Committee considered long-term incentive provision for the Executive Directors and compared the current PSP with alternative models. It was decided not to make any changes and therefore continue with the PSP. We intend to make a PSP grant in 2021 at a level of 150% of basic salary for both the CEO and the CFO. The performance metrics will again be a mixture of TSR, EPS and targets linked to Assura's long-term performance on critical ESG measures, measured over the three-year performance period to 31 March 2024. The specific targets are set out on pages 104 and 105 and are the same as those which applied to the award granted in 2020, with the exception of minor changes to one of the ESG measures. A two-year holding period will apply to any vested awards.

The Committee believes that the combination of measures used for the bonus scheme and the PSP continues to ensure a clear link between a number of key strategic objectives and Executive Directors' remuneration. As evidenced with the launch of the SixBySix strategy, ESG is central to Assura's business and investment case and we wish to continue to ensure this is reflected appropriately in incentives.

UK Corporate Governance Code

We have again sought to comply with the provisions of the UK Corporate Governance Code and we continue to believe that in all material respects the Remuneration Policy and its implementation are aligned with the Code (save where indicated below). The Policy and its implementation are consistent with the six factors set out in Provision 40 of the Code:

- **Clarity** – our Policy is well understood by our management team and has been clearly articulated to our shareholders and representative bodies;
- **Simplicity** – the Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the Committee's objectives is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate;
- **Risk** – our Remuneration Policy is designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both short- and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in our incentive plans (together with shareholding guidelines) and (iii) malus/clawback provisions;
- **Predictability** – our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits;
- **Proportionality** – there is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded; and
- **Alignment to culture** – our executive pay policies are fully aligned to Assura's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against our targets that directly underpin the delivery of our strategy. The incentive schemes are aligned with our strong performance culture and, as noted above, are linked to a strategy to support the clear social purpose of Assura's business.

As required by the Code, the Committee has again reviewed workforce remuneration and related policies. This has been particularly important during what has been a highly unusual year for our employees. As stated above, we are comfortable that the approach for Directors is appropriate in the context of the wider employee perspective. Below Board level, we believe that Assura offers attractive and market-competitive remuneration packages.

In addition to basic salary, all permanent employees participate in an annual bonus scheme which pays out subject to performance conditions based on a mix of financial and personal targets. We also offer a comprehensive benefits package to all employees. On top of this, a key development during the course of the year was the launch of a Share Incentive Plan for employees following shareholder approval at last year's AGM. Under the plan, participants can receive awards of free shares and also benefit from additional matching shares in the event of their voluntary investment in additional shares. The Committee was pleased to see a very high level of participation in the plan, with approximately 82% of eligible employees taking part, thus demonstrating commitment to the organisation and alignment with shareholders. At the year end, the Committee was delighted to support a proposal from management to make an additional award of £500 of free shares to all employees in recognition of their dedication and contribution throughout 2020/21.

One of the members of the Committee, Louise Fowler, is the designated Non-Executive Director for engagement with the workforce and has had discussions with The Voice, a cross-functional, cross-hierarchical representative group of colleagues, on a number of matters during the year, with a particular focus on colleague engagement. Shortly after the year end, Louise held a session with The Voice which covered, among other things, the Remuneration Committee's approach to setting executive remuneration, the alignment of Directors' pay with that of the wider workforce, and the key issues being considered by the Committee. There was a helpful discussion of the bonus scheme for the Directors and that for colleagues and comments on the wider benefits package, all of which will be reflected upon by the Committee as it reviews the Directors' Remuneration Policy and workforce pay more widely.

The Code recommends that we consider the appropriateness of Directors' remuneration using internal and external measures such as pay ratios. In this report, we are again voluntarily reporting the ratio of the CEO's pay to the remuneration of employees more broadly, in line with best practice and the expectations of investors. The ratio is set out on page 102 alongside the supporting detail as required by the relevant regulations. The median pay ratio for 2020/21 is similar to that for 2019/20, reflecting the similar level of total CEO pay for each year and the lack of material changes to the total pay of employees at the median level of the organisation. A significant portion of the CEO's pay for the year represents the value of his performance-related incentives (annual bonus and PSP). Although the vast majority of other colleagues participate in a bonus scheme, the level of award for the CEO is the highest in the organisation, reflecting the

responsibilities of the role. In addition, and as noted above, the CEO benefited from the partial vesting of a PSP award for 2020/21, and PSP participation has not been extended broadly throughout the organisation. This is reflective of an approach which recognises that while Executive Directors should be provided with market-relevant incentives linked to aligning their interests with those of shareholders, such incentives are not appropriate at all levels of the business. At the same time, we believe that the incentives for the Directors should not result in rewards which are excessive when compared to pay levels throughout the organisation.

There are two areas of current non-compliance with the Code. First, under Code Provision 38, the pension contribution rate for the current Executive Directors is currently higher than the rate applicable to the majority of the wider workforce (currently 6%). We recognise that this is an important matter of principle for investors and therefore the Committee has agreed that the pension rate for the Directors will be aligned with that of the majority of the wider workforce by the end of December 2022, consistent with the guidance issued by the Investment Association.

The second issue of non-compliance, relating to Code Provision 36, is that we have not introduced shareholding requirements to apply for a period of time following cessation of employment. The Committee believes that the Remuneration Policy as currently structured provides for sufficient alignment between Executive Directors and shareholders, but also recognises that these post-employment requirements are now favoured by a majority of investors. As a result, we commit to introducing post-employment shareholding requirements as part of the Remuneration Policy to be proposed for shareholder approval at the AGM in 2022.

In conclusion

During the course of the current financial year, the Committee will review all aspects of Executive Directors' remuneration as part of a full Policy review, and will consult with major shareholders on the proposals. This process will be led by Louise Fowler, who will succeed me as Chair of the Committee at the conclusion of the AGM on 6 July 2021. I would like to take this opportunity to wish Louise well in her new role and also to thank you, our shareholders, for your support on remuneration matters during my tenure as Committee Chair.

Ahead of the AGM, I would be delighted to receive any feedback or comments you may have on our approach during 2020/21 and our plans for 2021/22.

Jenefer Greenwood

Chair of the Remuneration Committee
17 May 2021

At a Glance

What our Executive Directors earned during 2020/21

The following table provides a summary single total figure of remuneration for 2020/21. Further details are set out in the Annual Report on Remuneration.

£'000	Salary	Pensions	Benefits	Bonus	LTIs	Other	Total
Jonathan Murphy	416	56	15	430	268	2	1,187
Jayne Cottam	234	32	13	181	136	2	598

How our Executive Directors will be paid in 2021/22

A summary of how the Committee intends to operate the Remuneration Policy for 2021/22 is as follows:

Component	Jonathan Murphy	Jayne Cottam
Base salary	£466,290 (Increased by 8.5% from 1 April 2021)	£262,067 (Increased by 8.5% from 1 April 2021)
Pension allowance (% of salary)		13.5%
Annual bonus max (% of salary)	125%	100%
Annual bonus deferral	Any bonus payable over 100% of salary deferred into shares for two years	50% of any bonus deferred for two years until shareholding guideline is met
Annual bonus metrics	20% total accounting return, 25% EPRA earnings, 25% total contracted rental roll, 10% strategic plan (CEO only)/10% operational excellence (CFO only), 20% personal objectives	
PSP (% of salary)		150%
PSP Performance Conditions	33% TSR, 33% EPS and 33% key ESG measures	
Post vesting holding period		Two years
Shareholding guidelines (% of salary)	300%	200%

Remuneration Scenarios for 2021/22

The charts on page 94 show how total pay for the Executive Directors varies under four different performance scenarios: Minimum; Target; Maximum; and Maximum with share price growth.

Directors' Remuneration Policy (Summary)

Policy scope

The policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

The policy was passed by a binding shareholder vote at the Company's Annual General Meeting on 2 July 2019 and became effective from that date. It will remain in place for three years unless approval for a new policy is sought. All payments to Directors during the policy period will be consistent with the approved policy.

Overview of Remuneration Policy

The Committee considers that the Group's remuneration policies should align to Assura's values and behaviours, encourage a strong performance culture and emphasise long-term shareholder value creation in order to be aligned with its shareholders' interests.

The policy was developed following an extensive review by the Committee in 2018 of the previous policy. This included consideration of the link between Assura's strategy and executive remuneration, developments in market practice and the expectations of institutional investors. Following this review, a set of proposals was developed which was then the subject of a comprehensive consultation exercise with major shareholders in late 2018 and early 2019. The proposals were refined as a result of feedback received and the policy presented for shareholder approval at the AGM in 2019. Throughout the policy period, the Committee keeps the policy and its implementation under review. The Committee will consult with major shareholders if it considers that a change to the policy is required.

Conflicts of interest are managed through the operation of existing governance procedures. The Committee is comprised of independent Non-Executive Directors and the Chairman of the Board. While Executive Directors may attend meetings of the Committee, they are not present when matters specifically relating to their own remuneration are discussed. The Committee receives advice on the remuneration policy from independent external advisers who are appointed by the Committee.

The policy has the following objectives:

- to develop a remuneration structure which supports the Company's strong performance culture and our key objective of creating long-term shareholder value;
- to enable the Company to recruit and retain Executives with the capability to lead the Company on its ambitious growth path;
- to reflect principles of best practice; and
- to ensure our remuneration structures are transparent and easily understood both internally and externally.

The full policy was included in the Annual Report and Accounts 2019, available on Assura's website. A summary of the policy is set out below and on the following pages.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Fixed remuneration			
<p>Base salary Core element of remuneration set at a level that recognises the size and complexity of the Company and, when combined with the performance based variable remuneration potential, can attract and retain Executive Directors of the quality to execute the strategy.</p>	<p>An Executive Director's base salary is considered by the Committee on appointment and then reviewed periodically or when an individual changes position or responsibility.</p> <p>Any changes normally take effect from 1 April each year.</p> <p>When making a determination as to the appropriate salary level, the Committee first considers remuneration practices within the Group as a whole and, where considered relevant, conducts objective research on the Company's peers.</p> <p>It should be noted that the results of any benchmarking will only be one of many factors taken into account by the Committee. Other factors include:</p> <ul style="list-style-type: none"> - individual performance and experience; - pay and conditions for employees across the Group; - the general performance of the Company; and - the economic environment. <p>No recovery provisions apply to base salary.</p>	<p>Any increase in salary for Executive Directors will take into account salary levels of comparable FTSE Real Estate companies and companies of comparable size and complexity.</p> <p>However, 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 although the maximum increase in any year will be 7% above the general workforce increase.</p>	None.
<p>Benefits The Company provides benefits in line with market practice.</p>	<p>Executive Directors may receive a benefit package which includes:</p> <ul style="list-style-type: none"> - health insurance; - death in service benefits; - company car allowance; and - other benefits as provided from time to time. <p>Benefits are reviewed periodically to ensure that they remain market competitive.</p> <p>The payments are not included in salary for the purposes of calculating any benefit or level of participation in incentive arrangements.</p> <p>No recovery provisions apply to benefits.</p>	<p>Benefit values vary year on year depending on premiums and the maximum value is the cost of the provision of these benefits. The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in all the circumstances.</p>	None.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
<p>Pension The Company provides a level of pension contribution in order to be competitive and to ensure that it has the ability to recruit and retain Executive Directors.</p>	<p>Executive Directors may receive pension contributions to personal pension arrangements or a cash supplement.</p> <p>Pension-related payments are not included for the purposes of calculating any benefit or level of participation in incentive arrangements. No recovery provisions apply.</p>	<p>The maximum employer's contribution is 13.5% of base salary for the current Executive Directors.</p> <p>For any new Executive Director appointments to the Board, the Committee will look to align pension provision to general workforce levels.</p>	<p>None.</p>
<p>Performance-based variable remuneration</p>			
<p>Bonus Incentivises the achievement of a range of key performance targets that are key to the success of the Company.</p>	<p>Awards may be made annually.</p> <p>The performance period is one financial year. Pay-outs may be made in a mix of cash and deferred shares determined by the Committee following the financial year end, based on achievement against a range of financial and strategic targets.</p> <p>Where an element of bonus is payable as deferred shares, individuals may be able to receive a dividend equivalent in cash or shares equal to the value of dividends which would have accrued during the vesting period.</p> <p>50% of any bonus is deferred into shares for two years where the shareholding guideline has not been met. Additionally, any bonus payment above 100% of salary will be deferred into shares for two years.</p> <p>Bonus payments are not pensionable, but are subject to malus and clawback provisions.</p>	<p>The maximum annual bonus for Executive Directors is 125% of salary. At threshold performance 0% of maximum can be earned.</p> <p>The CEO has a maximum bonus opportunity of 125% of salary and an on-target level of 75% of salary.</p> <p>The CFO has a maximum bonus opportunity of 100% of salary and an on-target level of 56.25% of salary.</p>	<p>Performance measures are set annually based on a number of financial and strategic measures which may include (but are not limited to) for example:</p> <ul style="list-style-type: none"> - delivering specific added value activities; - delivering financial goals; - improving operational performance; and - developing the performance capability of the team. <p>The Committee has the discretion to vary the performance targets depending on economic conditions and Company-specific circumstances that may occur during the year.</p> <p>At the end of each financial year the Committee takes into account the Company's financial performance and achievement against key short-term objectives established at the beginning of the year. This involves establishing in advance what constitutes success for good, strong or outstanding performance. 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.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
<p>Long-term Incentives</p> <p>To motivate and incentivise delivery of sustained performance over the long term, and to promote alignment with shareholders' interests, the Company operates the Performance Share Plan ("PSP").</p>	<p>Awards under the PSP may be granted as nil/nominal cost options or conditional awards which vest to the extent performance conditions are satisfied over a period of at least three years, with a two-year post vesting holding period also applying. In exceptional circumstances, vested awards may also be settled in cash.</p> <p>PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards, and the expiry of any vesting period and any holding period.</p> <p>Clawback and malus provisions apply to PSP awards.</p>	<p>The PSP allows for awards over shares with a maximum value of 150% of base salary per financial year.</p>	<p>The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual).</p> <p>Performance periods may be over such periods as the Committee selects at grant, which will not be less than (but may be longer than) three years.</p> <p>No more than 10% of awards vest for attaining the threshold level of performance conditions.</p> <p>In addition, while performance measures and targets used in the PSP will generally remain unaltered, if in the Committee's opinion, circumstances are such that a different or amended target would be a fairer measure of performance, such amended or different target can be set provided that it is not materially more or less difficult to satisfy than the original target was at the time it was set.</p>
<p>Shareholding requirement</p> <p>To ensure alignment between Executive Directors and shareholders' interests over a longer time horizon.</p>	<p>The Committee operates shareholder guidelines to encourage long-term share ownership by the Executive Directors.</p> <p>Executive Directors may not sell any shares acquired via any share-based incentive plan if the sale would take their shareholding below the shareholding requirement.</p>	<p>200% of salary.</p> <p>Where an Executive Director has participated in the former Value Creation Plan ("VCP") the requirement is 300% of salary.</p>	

Notes to the Policy table for Executive Directors

Performance measures and targets

The annual bonus plan measures are selected to provide direct alignment with the short-term operational targets of the Company. Care is taken to ensure that the short-term performance measures are always supportive of the long-term objectives. This is especially important in a business which has a long-term investment horizon. Short-term targets are stretching and geared to encourage outstanding performance, which if delivered, can earn the executive up to the maximum under the plan.

The PSP targets are selected to ensure that the executives are encouraged in, and appropriately rewarded for, delivering against the Company's key long-term strategic goals so as to ensure a clear and transparent alignment of interests between executives and shareholders and the generation of sustainable long-term returns.

Discretion

The Committee has discretion in several areas of the Policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval. In addition, for the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors prior to the adoption of this Policy.

Differences in Remuneration Policy for all employees

Any differences in the types of reward between Directors and staff reflect common practice. All employees are entitled to base salary, benefits and defined contribution pension payments and are eligible for annual bonuses and to participate in the PSP (although actual participation in the PSP will be limited to the most senior executives within the Company). The bonus targets for staff are more focused on specific personal goals that further the Company's interests. The maximum bonus opportunity available is based on the seniority and responsibility of the role.

Clawback

The Committee retains the power to reduce the annual bonus or potential vesting of unvested deferred bonus/PSP awards (including to zero) (often referred to as malus) or to recoup the value of previously paid or vested awards from an individual within two years of vesting if it considers appropriate to do so (often referred to as clawback). The Committee may choose to exercise this power where there has been:

- a material misstatement of financial results for any period;
- an error or the use of inaccurate information in assessing the extent to which any performance condition was satisfied; or
- circumstances warranting the summary dismissal of an individual.

Illustrations of application of Remuneration Policy

The policy of the Committee is to align Executive Directors' interests with those of shareholders and to give the Executive Directors incentives to perform at the highest levels. To achieve this, the Committee seeks to ensure that a significant proportion of the remuneration package varies with the performance of the Company and that targets are aligned with the Company's stated business objectives.

The composition and total value of the Executive Directors' remuneration package for the financial year 2021/22 at minimum, on-target and maximum performance scenarios are set out in the charts below:

Assumptions used in determining the level of pay-out under given scenarios are as follows:

Minimum – Base salary at 1 April 2021, estimated 2021/22 benefits and 13.5% of salary for pension provision (or cash allowance).

On-target – Based on what the Director would receive if performance were on-target (excluding share price appreciation and dividends):

- Annual bonus: consists of the on-target bonus (75% of salary for Jonathan Murphy and 56.25% of salary for Jayne Cottam).
- Long-term incentive: consists of the midpoint level of vesting (50% vesting) under the PSP.

Maximum – Based on the maximum remuneration receivable (excluding share price appreciation and dividends):

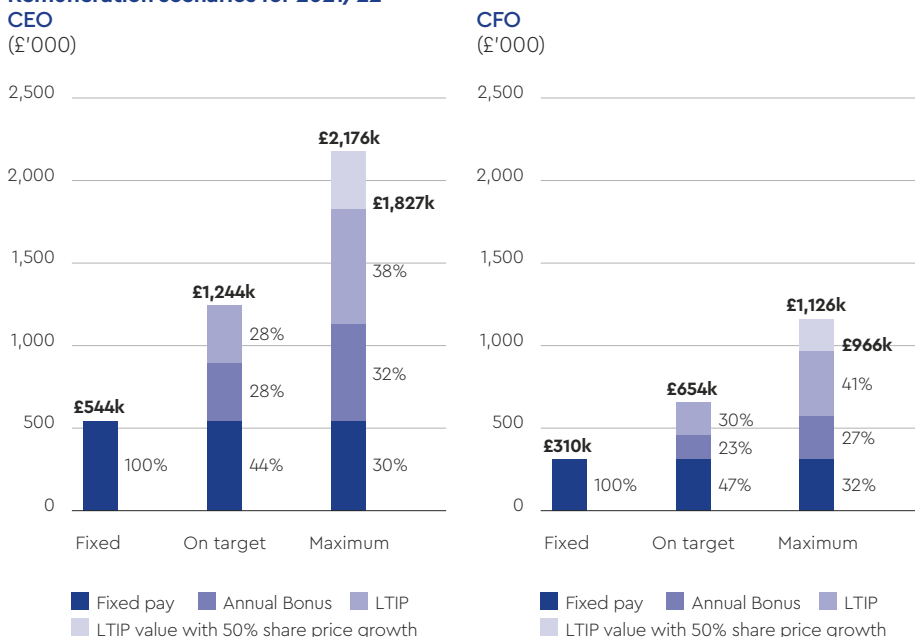
- Annual bonus: consists of maximum bonus of 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam.
- Long-term incentive: consists of the face value of awards (at 150% of salary).

Maximum with share price growth – As per maximum but with a 50% share price growth assumed on PSP awards.

Approach to recruitment remuneration and promotions

The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the Executive Directors, as set out in the remuneration Policy table. The Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

Remuneration scenarios for 2021/22



Approach to service contracts and cessation of employment

Each of the Executive Directors has a service contract with the Company which is terminable by the Company on six months' notice and by the Director on six months' notice. Jonathan Murphy's contract is dated April 2017 and Jayne Cottam's contract is dated August 2017.

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time.

The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Good leaver status

The Committee has discretion to determine whether an individual is a "good leaver" under the Company's incentive plans. Where the Committee uses its general discretion to determine that an Executive Director is a good leaver, it will provide a full explanation to shareholders of the basis for its determination.

Consideration of employment conditions elsewhere in Assura when developing the Policy

In setting the Remuneration Policy for Directors, the pay and conditions of other employees of Assura are taken into account, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for all staff and uses this information to ensure consistency of approach throughout the Company.

The Company has a small number of employees and applies the same broad policy in relation to incentive compensation throughout the organisation.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when drawing up the Policy report. A discussion with colleagues in The Voice on executive remuneration and the alignment with wider workforce pay took place shortly after the 2020/21 year end.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping Remuneration Policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy (as was the case in relation to the Policy introduced in 2019). During 2020/21, the Committee wrote to those shareholders who voted against the Remuneration Report resolution at the 2020 AGM to understand their reasons for doing so. The Committee also consulted with major shareholders in early 2021 in respect of basic salary changes, as explained in the Annual Statement from the Chair of the Remuneration Committee.

Policy table – Non-Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
The Company sets fee levels necessary to attract and retain experienced and skilled Non-Executive Directors to advise and assist with establishing and monitoring the strategic objectives of the Company.	Fee levels are sufficient to attract individuals with appropriate knowledge and experience.	Fees will take account of fee levels of comparable companies within the FTSE Real Estate Investment Trusts and FTSE Real Estate Investment Services sectors, and companies of comparable size and complexity.	None.
	Non-Executive Directors are paid a base fee and additional fees for Chairmanship of Committees and/or acting as the Senior Independent Director.	The aggregate fees and any benefits of Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £700,000 p.a. in aggregate).	
	Fees are reviewed periodically with any changes generally effective from 1 April.		
	In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties.		
	Non-Executive Directors do not receive a bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme.		
	The Company reserves the right to provide benefits (including travel and office support) to the Non-Executive Directors.		

The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment rather than service contracts. Their appointment is usually for a term of three years subject to annual re-election by the shareholders at the Company's AGM. When setting notice periods, the Committee has regard for market practice and Corporate Governance best practice. The dates of the letters of appointment for the current Non-Executive Directors are October 2017 for Ed Smith, May 2012 for Jenefer Greenwood, June 2018 for Jonathan Davies, June 2019 for Louise Fowler and May 2021 for Emma Cariaga, Noel Gordon and Sam Barrell.

Annual Report on Remuneration

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 2021. This report has been prepared in accordance with the provisions of the Companies Act 2006 and the associated reporting regulations. An advisory resolution to approve this report will be put to shareholders at the 2021 AGM.

Consideration by the Committee of matters relating to Directors' remuneration

The members of the Committee during 2020/21 were Jenefer Greenwood (Committee Chair), Ed Smith, Jonathan Davies and Louise Fowler. Sam Barrell joined the Committee following her appointment to the Board on 1 May 2021. Jenefer Greenwood will step down from the Board at the AGM on 6 July 2021 and will be replaced as Committee Chair by Louise Fowler. The members of the Committee have no personal financial interest, other than as shareholders, in matters to be decided, and no potential conflicts of interest arising from cross-directorships. The Non-Executives have 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 for setting the remuneration packages for each Executive Director and the executive tier directly below Board. The Committee sets the fees of the Chairman and the fees for the Non-Executive Directors are set by the Chairman in conjunction with the CEO. 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 six meetings during the year. Its activities during and relating to the financial year 2020/21 included:

- Consideration of objectives and targets for annual bonuses
- Consideration of annual pay awards and bonuses
- Consideration of targets and awards under the PSP
- Review of the basic salary levels of the Executive Directors
- Oversight of pay levels for the Executive Committee
- Preparing this report

Advisors to the Committee

Korn Ferry served as independent advisors to the Remuneration Committee during 2020/21, having been appointed with effect from 1 January 2020.

Korn Ferry is a member of the Remuneration Consultants Group and, as such, voluntarily operates under its code of conduct in relation to executive remuneration consulting in the UK. The Committee reviewed the nature of the services provided by Korn Ferry during the year and was satisfied that no conflict of interest exists or existed in relation to the provision of these services. The total fees paid to Korn Ferry for services provided to the Committee during the year were £39,320 (ex VAT). Fees were determined based on the scope and nature of the projects undertaken for the Committee.

Korn Ferry did not provide additional services to Assura during 2020/21.

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

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 reporting regulations:

£'000	Year	Salary	Pensions	Taxable benefits	Bonus ¹	Long-term incentives ^{2,3}	Other ⁴	Total	Total fixed	Total variable
Jonathan Murphy	2020/21	416	56	15	430	268	2	1,187	487	700
	2019/20	395	53	15	233	459	-	1,155	463	692
Jayne Cottam	2020/21	234	32	13	181	136	2	598	279	319
	2019/20	222	30	13	100	124	-	489	265	224

Notes

1. For both Jonathan Murphy and Jayne Cottam a portion of bonus is deferred as explained on page 98.
2. The long-term incentive value for 2020/21 reflects the outturn for the 2018 PSP which vests in 2021 at 33.9%. The vesting share price has been estimated at 74.10 pence, based on the three-month average share price ended 31 March 2021. Further details are set out below. The long-term incentive value for 2019/20 has been restated to reflect the value of the shares (inclusive of dividend equivalents) at the time of vesting, being 78.60p on 22 July 2020 for Jonathan Murphy and 73.76p on 9 February 2021 for Jayne Cottam.
3. £53,598 and £27,093 of the 2020/21 figure for Jonathan Murphy and Jayne Cottam respectively is attributable to share price appreciation since the date of grant. The Committee has not exercised any discretion in relation to this matter.
4. This relates to the value of free shares and matching shares awarded under the terms of the Share Incentive Plan, which was introduced during 2020/21.

Total pension entitlements

The Executive Directors received payments in lieu of pension contributions equivalent to 13.5% of salary respectively for 2020/21.

Benefits

Taxable benefits comprised health insurance, death in service benefits, critical illness, group income protection and company car allowance.

2020/21 annual bonus plan outcome

The bonus scheme for 2020/21 was based on similar measures as used in 2019/20. 80% of the bonus scheme was based on a mixture of financial and business targets, with 20% of this depending on strategic and operational goals specific to each Executive Director. The remaining 20% based on personal objectives. The table below includes details of the specific targets and the extent to which they were achieved.

For 2020/21 the maximum potential bonus awards were 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam.

Metric	Weight	Threshold	Maximum	Result	Bonus achieved
Financial and business targets					
Total Accounting Return	20%	5.3%	8.8%	11.4%	100%
Adjusted EPRA earnings	20%	£67.7m	£78.4m	£75.4m	82%
Growth in total contracted rent roll ¹	20%	£237.8m	£358.8m	£319m	87%
Strategic and operational goals	20%	See below	See below	See below	See below
Personal objectives					
Individual targets	20%	See below	See below	See below	See below

Note

1. The growth in total contracted rent roll is measured on the basis of the gross increase, which was £319 million. On a net basis, the total contracted rent roll increased £142 million compared with March 2020, factoring in the passage of time on existing leases.

Strategic and operational goals (20% of the total bonus)

For this element of the bonus scheme, each Executive Director had objectives linked to a specific area of strategic and/or operational importance for the year under review. For Jonathan Murphy, this element of the bonus was based on his success in launching and delivering on Assura's social impact strategy, a major area of focus for the business in 2020/21 and critical to Assura's long-term market positioning. Various success factors were included for this metric, including: employee engagement and commitment to the social impact strategy; increasing the public profile of Assura's impact on society; increased engagement with occupiers on the sustainability agenda, e.g. through the take-up of new sustainability programmes; recognition from an investment body of Assura's position as a leading player in social impact; and delivery of the first year targets across key areas such as progress towards zero carbon construction and community fund actions.

The Committee assessed Jonathan's performance against these objectives after the year end and agreed that a bonus of 85% was payable. In reaching this conclusion, the Committee determined that Jonathan had successfully met many of the targets set for him although not all objectives had been met in full. In particular, the Committee took into account the following key achievements:

- A strong level of awareness and commitment from the team to the social impact strategy, and an evolved level of understanding on how this acts as a unifying motivator across the business;
- The successful launch of the SixBySix strategy and its recognition by the investment community as a market-leading approach, with Assura a target investment for ESG funds;
- The successful launch of Assura's first Social Bond, generating a strong level of demand from fixed income investors;
- Occupier buy-in to make sustainability-linked improvements; and
- The creation of the Assura Community Fund and its initial funding, to help support charities and other organisations in their health-improving work around Assura's buildings.

For Jayne Cottam, this element of the bonus was based on demonstrating further progress in improving operational excellence, i.e. enhancing the work undertaken in previous years to develop measures designed to improve business processes and increase efficiency across the Group. Various success indicators were agreed for this metric, including: creation of a Project Board for the process review and subsequent systems implementation; implement further detailed process reviews across the whole business; have a full tender for all IT systems requiring an upgrade; preparing the business for systems upgrades in 2021/22; and drive cost and efficiency savings to offset new system costs.

The Committee assessed Jayne's performance against these objectives and agreed that a bonus of 80% was payable. In reaching this conclusion, the Committee determined that performance had been strong but not all objectives had been met in full, in part due to the challenges of remote working in force for the entire financial year. In particular, the Committee took into account the following key achievements:

- Reviews of key systems and processes across different aspects of the business, with good progress made in implementation of changes and new technology where required;
- Groundwork done to establish basis for necessary systems upgrades in 2021/22;
- Cost savings within the finance team achieved despite the growth of the business; and
- The trialling of additional reporting technology to improve access to data on performance across the entire business

Personal objectives (20% of the total bonus)

Personal objectives were set for both Jonathan Murphy and Jayne Cottam based on their individual areas of responsibility. For Jonathan Murphy, these objectives were based on: championing team welfare as Assura moved to working from home during the pandemic; continuing to deliver business objectives and meet customer requirements during a period of significant disruption; demonstrating effective crisis management leadership; and successfully delivering the second year of the Strategic Plan and ensuring appropriate planning for future years. For Jayne Cottam, the objectives were linked to: effective IR promotion of the social impact strategy; improving reporting and management of the cost of capital and investment returns; further improvements to the operation of the finance team; and ensuring business continuity during the pandemic. For both Jonathan and Jayne, success indicators were identified for each objective to help determine the extent of achievement.

The Committee assessed Jonathan's performance against his objectives after the year end and agreed that a bonus of 92% was payable. In reaching this conclusion, the Committee determined that Jonathan had performed exceptionally well during the year and successfully met many of the targets set for him. In particular, the Committee took into account the following key achievements:

- Clear and effective leadership during an unprecedented period of disruption, with priorities identified and communicated;
- The prioritisation of employee welfare during an unprecedented and unsettling period, with employee support packages put in place to support wellbeing and an emphasis placed on flexibility;
- Positive feedback from the Voice, Assura's committee of staff representatives, on the measures taken to adapt to the challenges presented by the pandemic;
- A very strong level of overall business performance for the year despite the disruption. Under Jonathan's leadership, Assura was able to minimise the impact of the pandemic by quickly putting in place effective remote working solutions. As a result, cash collection was largely unaffected, construction sites were maintained and growth opportunities were identified and delivered;
- Significant strategic progress was made, with primary care at scale gaining momentum and new market entry confirmed; and
- Restructuring of the executive team to further drive performance, with greater levels of cross-business working and a unified property team structure.

The Committee also assessed Jayne's performance and agreed that a bonus of 85% was payable in light of the successful achievement of key individual objectives. Factors taken into account by the Committee included:

- The effective integration of the SixBySix strategy across Assura's reporting suite and a successful campaign to ensure a positive response from the market on Assura's position as a leading social impact investment;
- Significant improvement in the costs of debt through the Social Bond issue and an improvement in RCF pricing;
- Additional enhancements made to the reporting of the cost of capital, with ongoing work undertaken to enhance KPI reporting;
- Impressive leadership of the finance team, with all members of the team performing strongly and taking on additional responsibilities; and
- The overall level of business performance during the year was very strong, evidencing good levels of business continuity despite the shift to remote working. Finance processes held up well and a number of projects were successfully executed as staff adapted well to the new ways of working.

In total, the bonus payable to Jonathan Murphy in light of his performance against both the Group and personal objectives was equivalent to 83% of the maximum payable (103% of his average basic salary for the year). This resulted in a bonus award of £430,077. In line with the provisions of the Directors' Remuneration Policy, the amount of the bonus above 100% of Jonathan's basic salary will be deferred into shares for two years.

The bonus payable to Jayne Cottam in light of her performance against both the Group and personal objectives was equivalent to 77% of the maximum payable (77% of her basic salary for the year). This resulted in a bonus award of £180,584, of which 50% will be deferred into shares for two years, in line with the provisions of the Directors' Remuneration Policy. This recognises that Jayne is in the process of building her shareholding towards the guideline specified in the Policy.

Vesting of long-term incentive awards based on performance to 31 March 2021

The LTIP value included in the single figure relates to the awards granted to Jonathan Murphy and Jayne Cottam in July 2018. These awards will vest in July 2021 based on the achievement of TSR and EPRA EPS performance measured to 31 March 2021.

Under the TSR performance target (50% of awards), which uses a sliding scale, 0% of this part of an award vests for TSR of 5% p.a. increasing pro-rata to full vesting for TSR of 15% p.a., measured over the three years to 31 March 2021:

Performance target	Threshold TSR	Maximum TSR	Actual TSR	Vesting % (max 100%)
TSR (50% of awards)	5% p.a.	15% p.a.	11.78% p.a.	67.83%

Under the EPRA EPS performance target (50% of awards), which uses a sliding scale, 0% of this part of an award vests for EPRA EPS growth of 5% p.a. increasing pro-rata to full vesting for EPRA EPS growth of 15% p.a., measured over the three years to 31 March 2021:

Performance target	Threshold EPS growth	Maximum EPS growth	Actual EPS growth	Vesting % (max 100%)
EPRA EPS (50% of awards)	5% p.a.	15% p.a.	3.85% p.a.	0%

As a result of TSR (67.83% of awards vest) and EPRA EPS (0% of awards vest) performance, the total vesting percentage is 33.9% and the gross value of LTIP share awards expected to vest in 2021 is as follows:

	Share price at 31 March 2021 ¹	Proportion to vest	Shares to vest	Dividend equivalents ²	Total shares to vest	Total £
Jonathan Murphy	74.10p	33.9%	322,883	38,936	361,819	268,108
Jayne Cottam	74.10p	33.9%	163,211	19,681	182,892	135,523

Notes

1. The share price at 31 March 2021 is based on a three-month average to 31 March 2021.
2. Additional shares awarded in respect of dividend equivalents accrued over the vesting period. This represents the position as at 31 March 2021. The precise number of additional shares awarded as dividend equivalents will depend on the share price at the time of vesting. Participants will also have an entitlement to additional shares in respect of further dividends declared prior to the vesting date.

Performance Share Plan

The following awards were made under the PSP to the Executive Directors during the year:

	Date of grant	Basis of award	Face value of award £	End of performance period
Jonathan Murphy	7 July 2020 ¹	150% of salary	603,165	31 March 2023
Jayne Cottam	7 July 2020 ¹	150% of salary	338,994	31 March 2023

Note

1. The awards made on 7 July 2020 were granted using the average mid-market share price on the three dealing days prior to the date of grant (78.93 pence). The awards were granted as nil-cost options and the exercise price is nil.

Details of the outstanding PSP awards are:

Executive	Date of grant	Awards outstanding at 01/04/20	Awards granted during the year	Awards vested during the year ¹	Awards lapsed during the year	Interests outstanding at 31/03/21	Normal vesting/exercise date
Jonathan Murphy	18 July 2017	803,781	-	514,419 ²	289,362	-	From 18 July 2020
	3 July 2018	951,897	-	-	-	951,897	From 3 July 2021
	2 July 2019	927,714	-	-	-	927,714	From 2 July 2022
	7 July 2020	-	764,145	-	-	764,145	From 7 July 2023
Jayne Cottam	9 February 2018	230,967	-	147,818	83,149	-	From 9 February 2021
	3 July 2018	481,165	-	-	-	481,165	From 3 July 2021
	2 July 2019	521,398	-	-	-	521,398	From 2 July 2022
	7 July 2020	-	429,469	-	-	429,469	From 7 July 2023

Notes

1. Excludes additional shares awarded in respect of dividend equivalents accrued over the vesting period.
2. Jonathan Murphy sold 45,000 of the shares which vested to make a contribution to the Assura Community Fund.

For PSP awards granted prior to 2019, a two-year post-vesting holding period applies to the extent that, on vesting, a participant does not comply with the shareholding guideline in place at the time (currently 300% of salary for the CEO and 200% for the CFO). For PSP awards granted in 2019 and subsequent years, a two-year post-vesting holding period applies irrespective of whether or not the shareholding guideline has been met.

Outstanding PSP awards vest based on performance against the following targets which encourage the generation of sustainable long-term returns to shareholders over a three-year performance period commencing at the start of the financial year of grant:

2018 PSP awards:

50% of awards		50% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	0%	5% p.a.	0%
Between 5% and 15% p.a.	Pro-rata between 0% and 100%	Between 5% and 15% p.a.	Pro-rata between 0% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

2019 PSP awards:

50% of awards		50% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	10%	5% p.a.	10%
Between 5% and 15% p.a.	Pro-rata between 10% and 100%	Between 5% and 15% p.a.	Pro-rata between 10% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

2020 PSP awards:

As disclosed in last year's report, for these awards new ESG performance targets were introduced to supplement the TSR and EPRA EPS measures:

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	10%	5% p.a.	10%
Between 5% and 15% p.a.	Pro-rata between 10% and 100%	Between 5% and 15% p.a.	Pro-rata between 10% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

The final 33% of these awards is split into two halves. For the first half, vesting will depend on the proportion of buildings receiving an EPC rating of B or higher, as set out below:

Proportion of portfolio receiving an EPC rating of B or higher by March 2023	Vesting schedule (% of the EPC element which vest)
< 60%	0%
60%	10%
Between 60% and 80%	Pro-rata between 10% and 50%
80%	50%
Between 80% and 100%	Pro-rata between 50% and 100%
100%	100%

For the second half, vesting will depend on the Remuneration Committee's assessment of the success of Assura's social impact strategy, with the Committee judging the extent to which targets linked to the main elements of the strategy are met. These targets involve metrics linked to:

- Buildings (including additional measures to the EPC rating set out above)
- Operations (including suppliers and the use of contractors)
- People (including diversity and employee engagement)
- Communities
- Investors

In considering the extent to which awards vest under this element of the PSP, the Committee will review progress against the targets by the end of the 2022/23 financial year. In the Directors' Remuneration Report for that year, the Committee will explain in detail its rationale for determining the appropriate vesting percentage, taking into account the performance against the targets set and other relevant factors.

In addition, the Committee will also reflect on Assura's overall financial and business performance over the course of the performance period when determining the extent of vesting.

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 reporting regulations:

Non-Executive Director (£'000)		Basic fees	Additional fees ⁴	Total fees	Total fixed	Total variable
Ed Smith	2020/21	155.8	–	155.8	155.8	–
	2019/20	153.0	–	153.0	153.0	–
Jenefer Greenwood	2020/21	40.1	9.1	49.2	49.2	–
	2019/20	39.4	8.9	48.3	48.3	–
Jonathan Davies ¹	2020/21	40.1	18.1	58.2	58.2	–
	2019/20	39.4	13.3	52.7	52.7	–
Louise Fowler ²	2020/21	40.1	–	40.1	40.1	–
	2019/20	32.8	–	32.8	32.8	–
David Richardson ³	2019/20	10.1	4.6	14.7	14.7	–

Notes

1. Jonathan Davies was appointed as Senior Independent Director and Chairman of the Audit Committee on 2 July 2019.
2. Louise Fowler was appointed to the Board on 3 June 2019.
3. David Richardson retired from the Board on 2 July 2019.
4. Additional fees represent Senior Independent Director and Chairman of Board Committee fees.

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 300% of their basic salary in the Company if they participated in the former Value Creation Plan (i.e. Jonathan Murphy), or 200% of salary for other Executive Directors (i.e. Jayne Cottam). The Remuneration Committee notes that Jayne Cottam is building her holding in Assura shares following her appointment to the Board in 2017. As set out in the Remuneration Policy, 50% of any annual bonus is required to be deferred into shares for two years where the shareholding guideline has not been met.

Shareholding and other interests at 31 March 2021

Director	Shares required to be held (percentage of salary)	Number of shares required to hold ¹	Number of beneficially owned shares ²	Shareholding requirement met?	Total number of scheme interests ³
Jonathan Murphy	300	1,788,183	2,427,390	Yes	2,643,756
Jayne Cottam	200	670,003	266,966	No	1,432,032
Ed Smith	-	-	96,490	n/a	-
Jenefer Greenwood	-	-	117,256	n/a	-
Jonathan Davies	-	-	63,360	n/a	-
Louise Fowler	-	-	-	n/a	-

Notes

- Shareholding requirement calculation is based on the share price at the end of the year (72.1 pence at 31 March 2021).
- Beneficial interests include shares held directly or indirectly by connected persons.
- This relates to unvested PSP awards (see also the table on page 99).

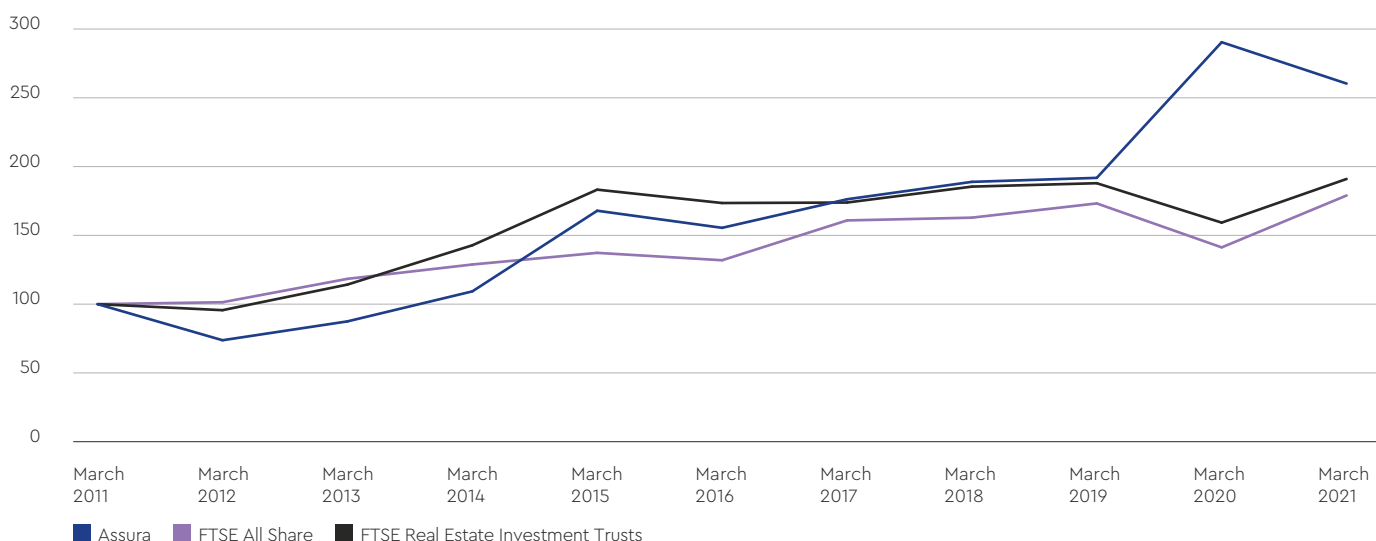
The Company funds its share incentives through a combination of new issue and market purchased shares. The Company monitors the levels of share grants and the impact of these on the ongoing requirement for shares. In accordance with guidelines set out by the Investment Association the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans, with an inner 5% limit applying to discretionary plans.

There has been no movement in Directors' shareholdings since the year-end, except for shares issued relating to the April dividend payment by Ed Smith, Jonathan Murphy and Jayne Cottam under the scrip alternative.

Performance graph and table

The Committee believes that the Executive Directors' Remuneration Policy and the supporting reward structure provide clear alignment with the Company's performance. The Committee believes it is appropriate to monitor the Company's performance against the FTSE All Share Real Estate Investment Trusts index for these purposes. 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 ten-year period as required by the reporting regulations. Assura is a member of both of these indices and therefore these are viewed as appropriate comparators for the purpose of the regulations.

Rebased TSR



DIRECTORS' REMUNERATION REPORT
CONTINUED

The table below shows the CEO's remuneration packages over the past ten years:

Year	Name	Single figure £'000 ²	Bonus (% of max)	LTI (% of max)
2020/21	Jonathan Murphy	1,187	83	34
2019/20	Jonathan Murphy	1,155	47	64
2018/19	Jonathan Murphy	794	61	32
2017/18	Jonathan Murphy	1,513	84	100
2016/17 ¹	Jonathan Murphy	1,232	93	100
2016/17 ¹	Graham Roberts	3,489	-	100
2015/16	Graham Roberts	3,747	71	100
2014/15	Graham Roberts	677	90	-
2013/14	Graham Roberts	680	95	-
2012/13	Graham Roberts	674	100	-
2011/12	Nigel Rawlings ³	395	85	-

Notes

- Both Graham Roberts' and Jonathan Murphy's remuneration details have been included as they both served as CEO during the year.
- 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.
- Nigel Rawlings ceased to be a Director with effect from 30 April 2012. The bonus of £100,000 was a one-off award reflecting his contribution to selling the Pharmacy business.

Percentage change in Directors' remuneration

The table below compares the percentage change in pay of all Directors (including salary and fees, taxable benefits and annual bonus) from 2019/20 to 2020/21 with the average percentage change for employees, as required by the reporting regulations:

Director	Salary/fees % change	Taxable benefits % change	Bonus % change
Executive Directors			
Jonathan Murphy	5.3	-	84.5
Jayne Cottam	5.4	-	81.0
Non-Executive Directors			
Ed Smith	1.8	-	-
Jenefer Greenwood	1.9	-	-
Jonathan Davies ¹	10.6	-	-
Louise Fowler ¹	22.3	-	-
Employees			
Average per employee – parent company ²	-	-	-
Average per employee – group	4.3	1.7	5.5

Notes

- Percentage change reflects the fact that Jonathan Davies and Louise Fowler were appointed part way through the prior financial year.
- No employees (other than Directors) are directly employed by Assura plc.

CEO pay ratio information

Although Assura does not have more than 250 UK employees, and is thus not formally required to publish the ratio of the CEO's pay to the wider UK employee base, we have again decided to do so as a matter of good practice.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020/21 ¹	Option A	45:1	22:1	14:1
Total pay and benefits		£26,372	£54,425	£82,274
Salary		£23,414	£43,729	£60,571
2019/20 ¹	Option B	35:1	21:1	15:1
Total pay and benefits		£32,561	£54,999	£78,472
Salary		£28,619	£41,205	£60,000

Note

- The calculations of the pay for the employees at the different levels have been calculated as at 31 March 2021 for the 2020/21 figures and as at 31 March 2020 for the 2019/20 figures. Where relevant, full-time equivalent employee pay was calculated by applying a proportionate increase to the pay and benefits of part-time employees. Employees who joined Assura following the acquisition of Apollo in February 2021 have been excluded from the calculations given they were not fully integrated into Assura's remuneration policies for the vast majority of the financial year.

Option A was chosen for the pay ratio calculation for 2020/21 as it ensures that the most accurate and up-to-date employee pay information has been used. Option B was chosen for the prior year to ensure that the calculation was undertaken in the most efficient manner possible. We have considered carefully the remuneration of the employees identified through this exercise and believe that they are reasonably representative of the 25th, 50th and 75th percentiles of remuneration in both 2020/21 and 2019/20. This assessment took into account their pay arrangements, the pay of other employees at a similar level with the organisation and pay structures and levels across the Company as a whole.

The median pay ratio for 2020/21 is similar to that for 2019/20, reflecting the similar level of total CEO pay for each year and the lack of material changes to the total pay of employees at the median level of the organisation. The Committee believes that the median pay ratio for the year is consistent with Assura's wider pay, reward and progression policies for its employees and takes into account the pay and incentives available to employees at or around the median level. The ratio reflects the differentials between the CEO's pay and others within the organisation, most notably in terms of the incentives received by the CEO during the year under review. Together, the performance-related incentives for the CEO (annual bonus and PSP) make up the largest component of his single figure for 2020/21. The bonus payment reflects a high level of achievement against the financial and non-financial targets set for the year, as discussed on page 97, and the value ascribed to the PSP award reflects partial achievement of the performance conditions, as disclosed on page 99. Although the vast majority of other colleagues participate in a bonus scheme, the level of award for the CEO is the highest in the organisation, reflecting the responsibilities of the role. In addition, PSP awards have been limited to Executive Directors and other members of the Executive Committee, and therefore the employee remuneration disclosed in the table above does not include a value for long-term incentives. The Committee has noted that the pay ratio for the 25th percentile is notably higher for 2020/21 than for 2019/20. This reflects the appointment during the financial year of a number of new junior colleagues whose salary and total pay is at the lower end of the overall spectrum within the organisation.

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	2020/21 £m	2019/20 £m	% change
Overall spend on pay for employees, including Executive Directors	6.5	5.8	12.0
Distributions to shareholders by way of dividends	73.6	66.2	11.2

Payments to past Directors or for loss of office

No Executive Director left the Company during the year. No payments for compensation for loss of office were paid to, or receivable by, any Director for that or any earlier year.

Statement of shareholder voting

The table below shows the results of voting on remuneration resolutions at recent AGMs:

AGM resolution	Votes for	%	Votes against	%	Votes withheld
Remuneration Policy (2019 AGM)	1,615,726,915	89.43	190,877,698	10.57	151,645
Annual Report on Remuneration (2020 AGM)	1,732,647,243	83.74	336,543,380	16.26	59,655

After the 2020 AGM, the Chair of the Committee wrote to a number of shareholders who it was understood had voted against the Annual Report on Remuneration but who had not communicated their rationale for doing so ahead of the AGM. This process was helpful in gaining some additional feedback on matters of concern to specific investors. The Committee gave further attention to these matters later in the financial year when determining Directors' remuneration for 2021/22 and will also revisit some of the points made during the upcoming review of the Remuneration Policy.

Statement of implementation of Remuneration Policy for 2021/22

Executive Directors

Salary

As explained in the Annual Statement from the Chairman of the Remuneration Committee, the salaries of the Executive Directors were increased with effect from 1 October 2020, this increase representing the deferred implementation of the increase the Committee originally envisaged making in April 2020. The Committee has decided to apply a further increase to the Executive Directors' salaries with effect from 1 April 2021, up to the limit set out in the Remuneration Policy. The full rationale for this further increase is set out in the Annual Statement from the Chairman of the Committee.

The salaries with effect from 1 April 2021 and the relative increases are set out below:

Executive Director	1 Oct 2020 salary £'000	1 April 2021 salary £'000	% change
Jonathan Murphy	430	466	8.5%
Jayne Cottam	242	262	8.5%

Pension and benefits

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

Annual bonus

The maximum bonus opportunity for 2021/22 will remain at 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam. The on-target levels will remain at the current level of 75% of salary for Jonathan and 56.25% of salary for Jayne. The Committee remains aware that these on-target levels are slightly higher than the 50% of total opportunity recommended by some investors and advisory bodies as the maximum applicable for on-target levels of performance. The Committee believes that the current framework is appropriate given the levels of stretch inherent in the bonus targets, but will review this matter again as part of the wider review of the Remuneration Policy later in 2021.

The performance objectives under the annual bonus plan for 2021/22 will continue to relate to measures which are critical to Assura's strategic goals and will include a mixture of financial and non-financial goals. The metrics will be similar to those in place for 2020/21 although there will be a slightly increased weighting on financial measures, recognising the importance of these metrics to Assura's short-term goals. The metrics and weightings will therefore be: total accounting return (20%), EPRA earnings (25%), growth in total contracted rental roll (25%) and personal objectives (20%). The final 10% of the bonus will be based on key strategic and operational goals specific to each Executive Director. For the CEO, payments will depend on his success in overseeing the continued successful roll-out of the strategic plan. For the CFO, this final element will be linked to further progress in improving operational excellence. 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. Appropriate levels of disclosure of the 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.

As was the case with the bonus for earlier years, a deferred share element will apply, under which up to 50% of any bonus earned by an Executive Director will be deferred into shares for two years to the extent that the Executive Director does not already hold shares worth at least equal to the relevant shareholding guideline (300% of salary for the CEO and 200% of salary for the CFO). In addition, any bonus earned above 100% of salary will be similarly deferred (regardless of shareholding).

Long-term incentives

A further grant of awards will be made under the PSP to Jonathan Murphy and Jayne Cottam over shares worth 150% of salary. These will vest subject to the extent to which three-year TSR, EPRA EPS and key ESG performance targets are satisfied. No changes will be made to the required growth ranges for the TSR and EPRA EPS measures. As such, the performance targets for the 2021 PSP awards, which are expected to be granted in July 2021, will be as follows:

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	10%	5% p.a.	10%
Between 5% and 15% p.a.	Pro-rata between 10% and 100%	Between 5% and 15% p.a.	Pro-rata between 10% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

The final 33% of the awards will vest subject to the proportion of buildings receiving an EPC rating of B or higher (for one half of this element) and the Committee's assessment of the success of Assura's social impact strategy (for the other half of this element), as set out below:

Proportion of portfolio receiving an EPC rating of B or higher by 31 March 2024	Vesting schedule (% of the EPC element which vest)
< 45%	0%
45%	10%
Between 45% and 65%	Pro-rata between 10% and 50%
65%	50%
Between 65% and 100%	Pro-rata between 50% and 100%
100%	100%

The EPC targets are similar to those which are in place for the PSP award granted in July 2020. The Committee has, however, agreed to reduce the threshold and intermediate vesting targets from 60% (threshold) and 80% (intermediate) to 45% (threshold) and 65% (intermediate), as set out in the table above. This follows further assessment of the expected levels of achievement against this measure over the coming three-year period, taking into account the impact of the pandemic on progress during 2020/21 and the desire to set challenging but achievable targets. Assura has a stated goal of 100% of the portfolio having an EPC rating of B or higher by March 2026 (see page 25) and the revised targets are consistent with what can realistically be achieved by March 2024. Notwithstanding these adjustments, the Committee wishes to ensure that full vesting continues to require stretching outperformance, and therefore full vesting of this portion of the PSP award will continue to require 100% of the portfolio having an EPC rating of B or higher. This target is unchanged from the award granted in July 2020.

For the element of the PSP based on Assura's social impact strategy, the Committee will judge the extent to which targets linked to the main elements of the strategy are met. These targets involve metrics linked to:

- Buildings (including additional measures to the EPC rating set out above)
- Operations (including suppliers and the use of contractors)
- People (including diversity and employee engagement)
- Communities
- Investors

In considering the extent to which awards vest under this element of the PSP, the Committee will review progress against the targets by the end of the 2023/24 financial year. In the Directors' Remuneration Report for that year, the Committee will explain in detail its rationale for determining the appropriate vesting percentage, taking into account the performance against the targets set and other relevant factors.

In addition, the Committee will also reflect on Assura's overall financial and business performance over the course of the performance period when determining the extent of vesting.

A two-year post vesting holding period will also apply.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors from 1 April 2021:

Executive Director	2020/21 £'000	2021/22 £'000	% change
Chairman fee	155.8	158.1	1.5
Non-Executive Director base fee	40.1	40.7	1.5
Additional fee for chairing of Audit and Remuneration Committee	9.1	9.2	1.5
Additional fee for Senior Independent Director	9.1	9.2	1.5

By order of the Board

Jenefer Greenwood

Chair of the Remuneration Committee
17 May 2021

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 2021. The Corporate Governance Statement set out on page 70 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 on page 145.

Principal activities

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

The subsidiary and associated undertakings are listed in Note 8 to the accounts.

CFO 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 in the CFO Review on pages 62 to 67, which are incorporated in this report by reference.

Future developments

Details of future developments are discussed on page 64 in the CFO Review.

Going concern

The Company's going concern statement is on page 68.

Long-term viability statement

The Company's viability statement is on page 68.

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 risk management and internal control systems, including financial, operational and compliance control systems.

The Board monitors these systems on an ongoing basis and this year's review found them to be operating effectively.

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

Full details of how these risks are mitigated can be found in Note 22 to the accounts.

Dividends

Details of the dividend can be found in Note 18 to the accounts. The Group benefits from brought forward tax losses, which resulted in two of the four dividends paid during the year being paid as ordinary dividends. The April 2020 and October 2020 dividend were both paid as a PID.

Details of the Group's dividend policy can be found in the CFO review on page 65.

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 2021, the average number of days taken by the Group to pay its suppliers was 20 days (2020: 28 days).

Further details of how the Group manages and monitors relationships with suppliers, and our supplier policies can be found on page 46.

Donations

In the year to 31 March 2021, Assura donated £2,608,700 to charities (2020: £103,500), with all activity through the Assura Community Fund which is administered by the Cheshire Community Foundation, and no contributions were made for political purposes (2020: nil). More details of our chosen charities can be found on our website and pages 42 to 43.

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 award proportionate to the individual's contribution. 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. 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 Directors and being given the opportunity to express views and opinions.

Further details of how the Directors engage with employees can be found in the Employees section on pages 48 to 49 and in the Corporate Governance section on pages 80 to 81.

The Group is committed to the promotion of equal opportunities, supported by its Equal Opportunity and 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. Further details are provided on page 49.

Share capital

Assura has a single class of share capital which is divided into Ordinary Shares of nominal value 10 pence each ranking *pari passu*. No other securities have been issued by the Company. At 31 March 2021, there were 2,671,853,938 Ordinary Shares in issue and fully paid, none of which are held in treasury. No shares were bought back during the year. Further details relating to share capital, including movements during the year, are set out in Note 17 to the financial statements.

Subsequent to the year end, the Company issued 3,011,418 Ordinary Shares via scrip in respect of the April 2020 dividend paid and a further 682,128 Ordinary Shares as part consideration for the acquisition of a medical centre. As at 17 May 2021, the number of Ordinary Shares in issue is 2,675,547,484.

The Board manages the business of Assura under the powers set out in the Articles of Association. These powers include the Directors' ability to issue or buy back shares. Shareholders' authority to empower the Directors to make market purchases of up to 10% of its own Ordinary Shares is sought at the AGM each year.

All the issued and outstanding Ordinary Shares of Assura have equal voting rights with one vote per share. There are no special control rights attaching to them save that the control rights of Ordinary Shares held in the Employee Benefit Trust ("EBT") can be directed by the Company to satisfy the vesting of outstanding awards under the PSP.

The rights, including full details relating to voting of shareholders and any restrictions on transfer relating to Assura's Ordinary Shares, are set out in the Articles and in the explanatory notes that accompany the Notice of the 2020 AGM. These documents are available on Assura's website at: www.assurapl.com. Assura is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities or on voting rights. The EBT is used to act as a vehicle for the issue of new shares under the PSP. As at 31 March 2021, the EBT held 213,319 Ordinary Shares (2020: nil) related to restricted share awards under the PSP. A dividend waiver is in place from the Trustee in respect of all dividends payable by Assura on shares which it holds in trust.

Interests in voting rights

As at 17 May 2021, the Company had been notified of the following interests in accordance with Disclosure Guidance and Transparency rules 5:

Name of shareholder	31 March 2021	17 May 2021
	Percentage of Ordinary Shares	Percentage of Ordinary Shares
BlackRock, Inc.	10.67	11.01
Resolution Capital Limited	5.17	No change
Legal & General Group plc	3.01	No change

Directors

The appointment and replacement of Directors is governed by Assura's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 ("The Act") and related legislation. The Board may appoint a Director either to fill a casual vacancy or as an addition to the Board so long as the total number of Directors does not exceed the limit prescribed in the Articles. An appointed Director must retire and seek election to office at the next AGM. In addition to any power of removal conferred by the Act, Assura may by ordinary resolution remove any Director before the expiry of their period of office and may, subject to the Articles, by ordinary resolution appoint another person who is willing to act as a Director in their place. In line with the Code and the Board's policy, all Directors are required to stand for re-election at each AGM.

Subject to provisions of the Act, the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company.

The Directors may exercise all the powers of the Company to borrow money.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment or otherwise that occurs specifically because of a takeover.

The Company has arranged qualifying third-party indemnity insurance cover in respect of legal action against its Directors, including all Directors of the wholly owned subsidiaries within the Group structure.

Competition and Markets Authority ("CMA") Order

The Company confirms that it has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 published by the CMA on 26 September 2014.

GHG emissions and energy usage

Details of greenhouse gas emissions from employee and head office activities can be found on page 53.

The annual quantity of energy consumed from activities for which the company is responsible is 324,140 kWh. This is the energy consumed by employees either through our head office activities or through homeworking.

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 Act.

The Directors, on recommendation from the Audit Committee, intend to place a resolution before the AGM to appoint EY as auditor for the year ending 31 March 2022.

Amendments to the Articles of Association

The Articles can only be amended, or new Articles adapted, by a resolution passed by shareholders in a general meeting and being approved by at least three quarters of the votes cast.

Change of control

The Group's financing agreements afford the lender a right to mandatory repayment on change of control following a takeover. The Company's PSP contains provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan.

Annual General Meeting

The AGM will be held on 6 July 2021. The principal meeting location will be at the offices of CMS, Cannon Place, 78 Cannon Street, EC4N 6AF. However, if it is not possible or advisable for the Board to meet in person, the AGM will be held at the Chairman's private residence in Kent. The AGM will address formal matters only. A question and answer session for investors will be hosted by the Chairman on the Investor Meet Company platform for which investors can register at this link (<https://www.investormeetcompany.com/assura-plc/register-investor>). Shortly after the meeting, the Company will publish on its website the result of the AGM.

Both the Directors' Report on pages 106 and 107 and the Strategic Report on pages 1 to 68 were approved by the Board and signed on its behalf.

Orla Ball

Company Secretary
17 May 2021

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 accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU. The Directors have also chosen to prepare the Parent Company financial statements under IFRSs adopted pursuant to Regulation (EC) 1606/2002 as it applies in the EU. 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 pursuant to Regulation (EC) 1606/2002 as it applies in 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, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Orla Ball
Company Secretary
17 May 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Assura plc (the "Parent Company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("EU");
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, which comprise:

- the Consolidated and Parent Company Income Statement;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Statements of Changes in Equity;
- the Consolidated and Parent Company Cash Flow Statement;
- the related Notes 1 to 24 and the Parent Company Notes A to G.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group and Parent Company for the year are disclosed in Note 4 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters

The key audit matter that we identified in the current year was:

- Valuation of the completed investment property (excluding properties under development).

Within this report, key audit matter is identified as follows:

(➤) denotes similar level of risk

Materiality

The materiality applied for the Group financial statements was £30.6 million which was determined on the basis of 2% of net assets and specific materiality applied was £3.3 million which was determined on the basis of 5% of EPRA earnings (as defined in Note 6 to the financial statements).

Scoping

The Group audit team performed full scope audit procedures giving a coverage of 100% of the Group's profit and net assets.

Significant changes in our approach

There were no significant changes in our approach in the current year.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of relevant controls related to management's process for evaluating the Group's ability to continue as a going concern, including the identification and evaluation of the relevant business risks and the method, model and assumptions applied by management;
 - obtaining management's approved going concern model, including the sensitivities performed;
 - performing a retrospective review of management's historical accuracy of forecasting;
 - challenging the assumptions and sensitivities used in management's going concern model with reference to analyst reports, market data and other external information;
 - assessing the appropriateness of the scenario analysis, including the 'additional stress-testing' performed by management with reference to analyst reports and forecasts, historical performance and other external data;
 - assessing the Group's position in relation to its debt facilities and respective covenants at the period end date and throughout the going concern period using forecast performance with management's going concern model; and
 - evaluating the appropriateness of management's disclosures in the financial statements on going concern.
- Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those, which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of Investment property (excluding properties under development) (->)

Key audit matter description	<p>The Group owns and manages a portfolio of 609 (2020: 576) modern primary healthcare properties that are carried at fair value in the financial statements. The portfolio is valued at £2,410 million as at 31 March 2021 (2020: £2,082 million) and comprises the majority of the assets in the Group balance sheet.</p> <p>The Group uses professionally qualified external valuers, (the "Valuers"), to fair value the Group's portfolio at half-yearly intervals. The Valuers are engaged by the Directors and perform their work in accordance with the Royal Institution of Chartered Surveyors ("RICS") Valuation – Professional Standards. The Valuers used by the Group are independent and have considerable experience in the markets in which the Group operates.</p> <p>In determining a property's valuation, the Valuers take into account property specific information such as current tenancy agreements and rental income attached to the asset. The portfolio (excluding development properties) is valued by the investment method of valuation.</p> <p>The fair value of the Group's property portfolio is primarily derived by net initial yield ("NIY") with the Valuers and Assura looking to market based factors such as net equivalent yield ("NEY") and estimated rental value ("ERV") to support the valuation number.</p> <p>The estimation of the property valuations, by reference to net initial yield adopted, is a significant judgement area, underpinned by a number of assumptions relating to the volume of transactional evidence in the sector and the characteristics of the individual property and lease like current tenancy agreements, rental income, condition and location of the property and future rental prospects. Further, the judgemental nature of the yields used in the valuation process is compounded by the uncertainty caused by COVID-19 and Brexit, which has resulted in fluctuations in the investment and occupier markets. Recent market information supports that the primary healthcare market has shown resilience however there remains judgement in the estimations made.</p>
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<p>Key audit matter description continued</p>	<p>We considered a variety of factors and inputs to focus our key audit matter on those investment properties within the portfolio that carry the highest level of risk. This involved identifying a common range for NIY across the portfolio of 4% – 6.5%, through reference to market reports and data. This in combination with other factors such as weighted average unexpired lease terms ("WAULTs"), unusual market value changes, NIY and NEY changes year on year informed our determination of the assets that had the greatest characteristics of risk associated with them.</p> <p>Given the high level of judgement involved, we determined that there was a potential for fraud through manipulation of the net initial yield year on year to result in optimistic valuations on an asset level. The inherent subjectivity in relation to estimation of yields, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement on the Statement of Comprehensive Income and the Statement of Financial Position, warrants specific audit focus in this area.</p> <p>Valuation of property represents a key source of estimation uncertainty for the Group, as described in the Group's accounting policies in Note 2, and a significant financial reporting matter considered by the audit committee, as described in page 85. Further details are disclosed in Note 9 to the financial statements.</p>
<p>How the scope of our audit responded to the key audit matter</p>	<p>Given the inherent subjectivity involved in the valuation of investment properties, the need for detailed market knowledge when determining the most appropriate assumptions, and the technicalities of a valuation methodology, we involved our internal valuation specialists (qualified chartered surveyors) in addressing the key audit matter.</p> <p>In conjunction with our internal valuation specialists, the following procedures were performed on those assets in the portfolio having the highest level of risk:</p> <ul style="list-style-type: none"> - We obtained an understanding of management's and the Valuers controls over data, model and assumptions, including assessing management's process and control for reviewing and challenging the work of the external Valuers as well as management's experience and knowledge to undertake this activity. We observed discussions between Assura's portfolio managers and the Valuers, which demonstrated appropriate challenge before final valuations were determined. - We assessed the accuracy and completeness of information provided to the Valuers by agreeing (on a sample basis) to underlying leases and other supporting documents for observable inputs. - We compared the portfolio of assets used by the Valuers to an estimated range of expected yields, determined via reference to published benchmarks, and to recent transactions. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations and, where necessary, held further discussions with management and the Valuers in order to challenge the assumptions and impacts upon the valuations. - We reviewed the valuation reports prepared by the Valuers and in order to assess whether the valuations are based on RICS valuation standards. We obtained explanations directly from the Valuers and management, relating to specific considerations with regards to COVID-19 and Brexit, and any events subsequent to 31 March of relevance to the market and associated valuation trend. - We assessed NIY movements on an asset-by-asset basis against the prior year to understand whether any lease events have occurred to justify the movement in NIY and therefore the valuation itself. - We assessed the assumptions adopted by the Valuer within the valuations and review of responses provided by the Valuers and liaised with the Assura in-house property team and the Valuers to challenge the appropriateness of the explanations and evidence provided. - We evaluated variances between NEY and NIY to determine whether any assets present a risk of being overvalued or undervalued due to rentals currently achieved not being in line with ERV. - We assessed the competence, capabilities, independence and objectivity of the external Valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. <p>We also assessed the appropriateness of the Group's disclosures about the degree of the estimation and sensitivity to key assumptions made when valuing these properties, including the impact of the COVID-19 and Brexit.</p>
<p>Key observations</p>	<p>We concluded that the assumptions applied in relation to NIY, and any supporting judgements relating to NEY and ERV, in arriving at the fair value of the Group's property portfolio were appropriate and reasonably disclosed.</p>

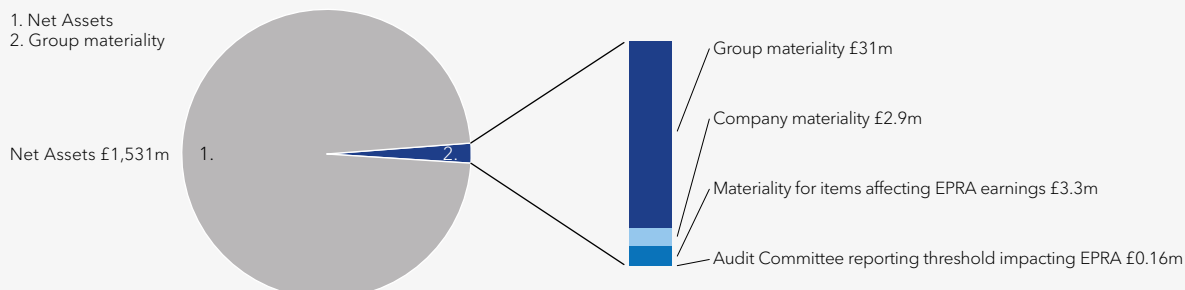
6. Our application of materiality

6.1. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent Company financial statements
Materiality	£30.6 million (2020: £26.0 million) and a lower materiality of £3.3 million (2020: £3.3 million) for balances affecting EPRA earnings.	£1.64 million (2020: £2.97 million).
Basis for determining materiality	2% (2020: 2%) of net assets The lower materiality used for balances affecting EPRA earnings was determined using 5% (2020: 5%) of EPRA earnings.	The Parent Company materiality represents 2% (2020: 2%) of net assets, which is capped at 50% (2020: 90%) of lower level Group materiality.
Rationale for the benchmark applied	In arriving at this judgement we considered the primary performance measure of the Group is the carrying value of property investments and therefore set the overall Group materiality level based on net assets. In addition to net assets, we consider EPRA earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £3.3 million based on 5% of that measure for testing of all impacted balances, classes of transactions and disclosures.	As a non-trading parent Company, equity is the key driver of the company. The cap is applied against the lower level group materiality due to the EPRA earnings affecting transactions within the company.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent Company financial statements
Performance materiality	70% (2020: 70%) of Group materiality	70% (2020: 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. In determining performance materiality, we considered factors including: <ul style="list-style-type: none"> – our assessment of the group's overall control environment; and – our past experience of the audit, which has indicated a low number of uncorrected misstatements identified in prior periods. 	

6.3. Error reporting threshold

We agreed with the Audit Committee (the "Committee") that we would report to the Committee all audit differences in excess of £1.5 million (2020: £1.3 million) or £163,000 (2020: £165,000) for differences impacting EPRA earnings, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its internal and external environment, including group-wide controls and assessing the risks of material misstatement at the Group level. This also involved looking at where the directors make subjective judgements, for example in respect of significant accounting estimates or adoption of accounting policies that are underpinned by a number of assumptions.

Audit work to respond to the risks of material misstatement was performed directly by the Group engagement team and led the Senior Statutory Auditor.

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, and ranged between £0.01 million and £1.8 million (2020: £0.2 million and £8.1 million). This result in full scope audit procedures performed on 100% (2020: 100%) of the Group's profit and net assets. We also tested the consolidation process and carried out analytical procedures to conclude that there were no significant risks of material misstatement of the aggregated financial information.

7.2. Our consideration of the control environment

We have also obtained an understanding of the processes and controls operated by the Group in relation to certain key business cycles including the property valuations and revenue processes.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud through the manipulation of the net initial yield year on year to result in optimistic valuations on an asset level in respect of the valuation of completed investment property (excluding properties under development). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, REIT and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of completed investment property (excluding properties under development) as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the audit committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.
- In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 68;
- the Directors' explanation as to its assessment of the group's prospects, the period this assessment covers and why the period is appropriate set out on page 68;
- the Directors' statement on fair, balanced and understandable set out on page 108;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 56 to 61;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 86; and
- the section describing the work of the Audit Committee set out on pages 85 to 86.

14. Matters on which we are required to report by exception

14.1. 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 audit 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 this regard.

14.2. 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 this regard.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 21 January 2012 to audit the financial statements for the year ending 31 March 2012 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 10 years, covering the years ending 31 March 2012 to 31 March 2021.

15.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

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.

Scott Bayne, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP
Statutory Auditor
Manchester, United Kingdom
17 May 2021

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Note	2021			2020		
		EPRA £m	Capital and non-EPRA £m	Total £m	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		117.0	3.8	120.8	107.8	3.7	111.5
Property operating expenses		(5.0)	(3.8)	(8.8)	(4.1)	(3.7)	(7.8)
Net rental income	3	112.0	-	112.0	103.7	-	103.7
Administrative expenses	4	(13.5)	-	(13.5)	(9.9)	-	(9.9)
Revaluation gains	9	-	41.6	41.6	-	9.7	9.7
Gain on sale of property	9	-	0.9	0.9	-	1.7	1.7
Share-based payment charge	19	(0.5)	-	(0.5)	(0.2)	-	(0.2)
Finance income		0.2	-	0.2	-	-	-
Finance costs	5	(25.3)	(7.1)	(32.4)	(26.1)	-	(26.1)
Profit before taxation		72.9	35.4	108.3	67.5	11.4	78.9
Taxation	21	-	-	-	-	-	-
Profit for the year attributable to equity holders of the parent		72.9	35.4	108.3	67.5	11.4	78.9
EPS – basic & diluted	6			4.1p			3.3p
EPRA EPS – basic & diluted	6	2.7p			2.8p		

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. All income arises from continuing operations in the UK.

CONSOLIDATED BALANCE SHEET

As at 31 March 2021

	Note	2021 £m	2020 £m
Non-current assets			
Investment property	9	2,453.3	2,139.0
Property work in progress		13.6	11.1
Property, plant and equipment	10	0.3	0.2
Investments	8	0.7	0.2
Deferred tax asset	21	0.5	0.5
		2,468.4	2,151.0
Current assets			
Cash, cash equivalents and restricted cash	11	46.6	18.5
Trade and other receivables	12	27.4	19.1
Property assets held for sale	9	14.7	20.7
		88.7	58.3
Total assets		2,557.1	2,209.3
Current liabilities			
Trade and other payables	13	40.7	32.2
Borrowings	16	-	11.0
Head lease liabilities	14	0.1	0.1
Deferred revenue	15	25.4	22.8
		66.2	66.1
Non-current liabilities			
Borrowings	16	948.7	830.5
Head lease liabilities	14	5.4	5.5
Deferred revenue	15	6.1	4.8
		960.2	840.8
Total liabilities		1,026.4	906.9
Net assets		1,530.7	1,302.4
Capital and reserves			
Share capital	17	267.2	241.3
Share premium		763.1	595.5
Merger reserve	17	231.2	231.2
Retained earnings		269.2	234.4
Total equity		1,530.7	1,302.4
NAV per Ordinary Share			
- basic	7	57.3p	54.0p
- diluted	7	57.3p	53.9p
EPRA NTA per Ordinary Share			
- basic	7	57.3p	54.0p
- diluted	7	57.2p	53.9p

The financial statements were approved at a meeting of the Board of Directors held on 17 May 2021 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2019		239.8	587.4	231.2	221.5	1,279.9
Profit attributable to equity holders		-	-	-	78.9	78.9
Total comprehensive income		-	-	-	78.9	78.9
Dividends	18	1.5	8.1	-	(66.2)	(56.6)
Employee share-based incentives		-	-	-	0.2	0.2
31 March 2020		241.3	595.5	231.2	234.4	1,302.4
Profit attributable to equity holders		-	-	-	108.3	108.3
Total comprehensive income		-	-	-	108.3	108.3
Issue of Ordinary Shares	17	24.2	161.8	-	-	186.0
Issue costs	17	-	(4.3)	-	-	(4.3)
Dividends	18	1.6	10.1	-	(73.6)	(61.9)
Employee share-based incentives		0.1	-	-	0.1	0.2
31 March 2021		267.2	763.1	231.2	269.2	1,530.7

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Operating activities			
Rent received		117.2	104.6
Interest paid and similar charges		(24.6)	(23.7)
Fees received		1.1	0.9
Interest received		0.2	-
Cash paid to suppliers and employees		(16.5)	(15.5)
Net cash inflow from operating activities	20	77.4	66.3
Investing activities			
Purchase of investment property		(236.1)	(132.4)
Development expenditure		(56.9)	(53.7)
Proceeds from sale of property		26.2	20.1
Other investments and property, plant and equipment		(0.7)	(0.2)
Net cash outflow from investing activities		(267.5)	(166.2)
Financing activities			
Issue of Ordinary Shares	17	186.0	-
Issue costs paid on issuance of Ordinary Shares	17	(4.3)	-
Dividends paid		(61.9)	(56.6)
Repayment of loan/borrowings	16	(190.0)	-
Long-term loans drawn down	16	298.1	157.0
Early repayment costs	16	(6.4)	-
Interest on head lease liabilities		(0.1)	(0.1)
Loan issue costs	16	(3.2)	(0.2)
Net cash inflow from financing activities		218.2	100.1
Increase in cash, cash equivalents and restricted cash		28.1	0.2
Opening cash, cash equivalents and restricted cash		18.5	18.3
Closing cash, cash equivalents and restricted cash	11	46.6	18.5

NOTES TO THE ACCOUNTS

For the year ended 31 March 2021

1. Corporate information and operations

The Company is a public limited company, limited by shares, incorporated and domiciled in England and Wales, whose shares are publicly traded on the main market of the London Stock Exchange.

With effect from 1 April 2013, the Group has elected to be treated as a UK REIT. See Note 21 for further details.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, including investment properties under construction and land which are included at fair value. The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial statements are prepared on a going concern basis, having factored in considerations for Brexit, COVID-19 and climate change, as explained in the Directors' Report on pages 106 to 107 and are presented in pounds 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.

Standards affecting the financial statements

The following standards and amendments became effective for the Company in the year ended 31 March 2021. The pronouncements either had no material impact on the financial statements or resulted in changes in presentation and disclosure only (effective for periods beginning on or after the date in brackets):

- Amendments to IFRS 3 regarding the definition of a business (1 January 2020)
- Amendments regarding the definition of materiality (1 January 2020)
- Amendments to references to the Conceptual Framework in IFRS Standards (1 January 2020)

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).

- Amendments to IAS 1 regarding the classification of Liabilities as Current or Non-Current (1 January 2023)
- Annual improvements to IFRS Standards 2018-2020 (1 January 2022)

There are no other standards or interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property valuations

The key source of estimation 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 and details of the accounting policies applied in respect of valuation are set out below. The valuation is most subjective to the inputs of net initial yield, equivalent yield and Estimated Rental Value ("ERV"), which are considered by the Group to be the assumptions with the highest risk of causing a material movement in the next financial year. Note 9 includes details and sensitivities of these outputs.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described below, the Directors do not consider there to be significant judgements applied with regard to the policies adopted, other than in respect of property valuations as described above.

Basis of consolidation

Subsidiaries and associates

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 power over the entity, exposure to variable returns and the ability to use its power over the entity to affect the amount of returns.

Investments in associates are initially held at cost, and then applying equity accounting rules. Investments which are not deemed to be subsidiaries or associates due to insufficient control are initially held at cost and subsequently remeasured to fair value through the income statement.

In the Company financial statements, investments in subsidiaries are held at cost less any provision for impairment. In addition, the Company recognises dividend income when the rights to receive payment have been established (normally when declared and paid).

2. Significant accounting policies (continued)

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, which represents fair value, as at the balance sheet date and are recorded at valuation.

Investment property under construction ("IPUC") is valued as if complete, with appropriate deductions for expected cost to complete and theoretical developer's margin on remaining costs.

Any surplus or deficit arising on revaluing investment property and 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.

Leasehold properties that are leased out to occupiers 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 head lease liability. Short-term leases (less than 12 months) or those of low value assets are kept off balance sheet in accordance with IFRS 16.

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. Properties are classified as assets held for sale when it is considered highly probable that it will be disposed in the next financial year and are recorded at the lower of carrying value and fair value less costs to sell.

Costs incurred prior to a development being legally committed ("on site") are recorded as property work in progress and held at cost, being transferred to investment property under construction when legally committed. With the increase in value of the acquisition, development and asset enhancement pipelines, the Group has deemed it appropriate to present property work in progress as a separate line item on the face of the balance sheet.

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

In accordance with IFRS 15, service charge income and expenditure is shown gross on the face of the income statement, presented within the capital and non-EPRa column in accordance with EPRa guidelines.

Gains on sale of properties

Gains on sale of properties are recognised on the completion of the 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 are recorded at transaction value and trade payables are recorded at invoice value (including VAT where applicable). Appropriate provisions are made for expected credit losses considering historical credit losses incurred and future expected losses.

Other investments are shown at amortised cost and held as loans and receivables. Loans and receivables are initially valued at fair value less directly attributable transaction costs. After recognition, 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 assets are derecognised only when the contractual rights to the cash flows from the asset expire or when substantially all the risks and rewards of ownership of the asset have been transferred to another entity. Any difference between the asset's carrying value and any consideration received is recognised in the income statement.

Financial liabilities are derecognised only when the Group's obligations have been discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

2. Significant accounting policies (continued)

Financial instruments

Cash equivalents are limited to instruments with a maturity of less than three months measured at amortised cost.

Tax

Current tax is expected tax payable on any non-REIT taxable income for the period and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. 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.

Alternative performance measures

In the reporting of financial information, the Group uses certain measures (non-GAAP measures, also known as "Alternative Performance Measures") that are not required under IFRS, the generally accepted accounting principles ("GAAP") under which the Group reports. The Board believes that these measures, as described in the CFO review, provide additional useful information on performance and trends to shareholders, in particular where EPRA measures are used to aid comparability between real estate companies. These are used by the Board for internal performance analysis and incentive compensation arrangements for employees. They are not intended to be a substitute for, or superior to, GAAP measures.

Income statement definitions

EPRA earnings represents profit calculated in accordance with the guide published by the European Public Real Estate Association. See Note 6 for details of the adjustments.

Capital and non-EPRA represents all other statutory income statement items that are excluded from EPRA earnings.

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 an appropriate valuation 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

The Group is run and management assess performance as one business and as such no segmental analysis is presented for the current or prior year results.

3. Net rental income

	2021 £m	2020 £m
Rental revenue	115.9	106.9
Service charge income	3.8	3.7
Other related income	1.1	0.9
Gross rental and related income	120.8	111.5
	2021 £m	2020 £m
Gross rental and related income	120.8	111.5
Direct property expenses	(5.0)	(4.1)
Service charge expenses	(3.8)	(3.7)
Net rental income	112.0	103.7

4. Administrative expenses

	Note	2021 £m	2020 £m
Wages and salaries		4.7	4.0
Social security costs		0.7	0.7
Auditor's remuneration	4(a)	5.4	4.7
Directors' remuneration and fees		0.4	0.2
Assura Community Fund contribution		1.8	1.5
Other administrative expenses		2.5	-
		3.4	3.5
		13.5	9.9

4. Administrative expenses (continued)

The Group operates a defined contribution pension scheme, available to all employees. The Group contribution to the scheme during the year was £315,100 (2020: £205,600), which represents the total expense recognised through the income statement. As at 31 March 2021, contributions of £33,300 (2020: £17,800) due in respect of the reporting period had not been paid over to the plan but were all paid in April 2021.

The average number of employees in the year was 77 (2020: 66).

Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 87 to 105.

	2021 £m	2020 £m
Key management staff (Executive Committee)		
Salaries, pension holiday pay, payments in lieu of notice and bonus	3.0	2.1
Cost of employee share-based incentives (including related social security costs)	0.2	0.2
Social security costs	0.5	0.3
	3.7	2.6

(a) Auditor's remuneration

	2021 £m	2020 £m
Fees payable to auditor for audit of Company's annual accounts	0.2	0.1
Fees payable to auditor for audit of Company's subsidiaries	0.1	0.1
Total audit fees	0.3	0.2
Other assurance services (total non-audit fees) – half year review and bond comfort letters	0.1	–
	0.4	0.2

5. Finance costs

	2021 £m	2020 £m
Interest payable	25.8	25.6
Interest capitalised on developments	(1.8)	(1.0)
Amortisation of loan issue costs	1.2	1.4
Interest on head lease liability	0.1	0.1
Total finance costs – presented through EPRA earnings	25.3	26.1
Write-off of loan issue costs	0.7	–
Early repayment costs	6.4	–
Total finance costs	32.4	26.1

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2020: 4% to 5%).

Loan costs written off related to facilities terminated prior to their maturity, and early repayment costs were amounts paid in the year to terminate the secured bond due 2021.

6. Earnings per Ordinary Share

	Earnings 2021 £m	EPRA earnings 2021 £m	Earnings 2020 £m	EPRA earnings 2020 £m
Profit for the year	108.3	108.3	78.9	78.9
Revaluation gains		(41.6)		(9.7)
Gain on sale of property		(0.9)		(1.7)
Loan early repayment cost		7.1		–
EPRA earnings		72.9		67.5
Additional Company-specific adjustment				
Add back: One-off Assura Community Fund contribution		2.5		–
Adjusted EPRA earnings (exc. Community Fund contribution)		75.4		67.5
EPS – basic & diluted	4.1p		3.3p	
EPRA EPS – basic & diluted		2.7p		2.8p
Adjusted EPRA EPS (exc. Community Fund contribution)		2.8p		2.8p

6. Earnings per Ordinary Share (continued)

	2021	2020
Weighted average number of shares in issue	2,658,745,619	2,407,359,922
Potential dilutive impact of share options	1,637,671	2,506,034
Diluted weighted average number of shares in issue	2,660,384,290	2,409,865,956

The current number of potentially dilutive shares relates to nil-cost options under the share-based payment arrangements and is 1.6 million (2020: 2.5 million).

7. NAV per Ordinary Share

2021 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		1,530.7	1,530.7	1,530.7	1,530.7
Deferred tax			(0.5)	(0.5)	-
Fair value of debt			-	-	(34.6)
Real estate transfer tax			158.8	-	-
EPRA adjusted NAV			1,689.0	1,530.2	1,496.1
NTA per Ordinary Share	- basic	57.3p		57.3p	
	- diluted	57.3p		57.2p	
NRV per Ordinary Share	- basic		63.2p		
	- diluted		63.2p		
NDV per Ordinary Share	- basic				56.0p
	- diluted				56.0p
2020 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		1,302.4	1,302.4	1,302.4	1,302.4
Deferred tax			(0.5)	(0.5)	-
Fair value of debt			-	-	(30.9)
Real estate transfer tax			137.5	-	-
EPRA adjusted			1,439.4	1,301.9	1,271.5
NTA per Ordinary Share	- basic	54.0p		54.0p	
	- diluted	53.9p		53.9p	
NRV per Ordinary Share	- basic		59.6p		
	- diluted		59.6p		
NDV per Ordinary Share	- basic				52.6p
	- diluted				52.6p

	2021	2020
Number of shares in issue	2,671,853,938	2,413,241,827
Potential dilutive impact of share options	1,637,671	2,506,034
Diluted number of shares in issue	2,673,491,609	2,415,747,861

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated October 2019.

Mark to market adjustments have been provided by the counterparty or by reference to the quoted fair value of financial instruments.

8. Investments

Below is a listing of all subsidiaries of Assura plc:

Property investment companies

Apollo Capital Projects Development Ltd*	Assura Trellech Ltd*	Newton Healthcare Ltd*
Assura (SC1) Ltd*	BHE (Heartlands) Ltd*	Park Medical Services Ltd*
Assura (SC2) Ltd*	BHE (St James) Ltd*	Pentagon HS Ltd*
Assura Aspire Ltd*	Bicester HC Developments Ltd*	Prime Hereford Hub Ltd*
Assura Aspire UK Ltd*	Cheltenham Family Health Care Centre Ltd*	Prospect Medical (Malvern) Ltd*
Assura Development Hub Ltd*	Community Ventures Windmill Ltd*	Ridge Medical Ltd*
Assura GHC Ltd*	Donnington Healthcare Ltd*	Shotfield Development Business Partnership Ltd*
Assura HC Ltd*	Holywell House Ltd*	SJM Developments Ltd*
Assura HC UK Ltd*	Malmesbury Medical Enterprise Ltd*	Surgery Developments Ltd*
Assura Health Investments Ltd*	Medical Properties Limited*	Trinity Medical Properties Ltd*
Assura Medical Centres Ltd*	Meridian Medical Services Ltd*	Upton Community Health Care Ltd*
Assura Primary Care Properties Ltd*	Metro MRH Ltd*	Whitton Property Limited*
Assura Properties plc*	Metro MRI Ltd*	
Assura Properties UK Ltd*	Metro MRM Ltd*	

Holding or dormant companies

Assura (AHI) Ltd*	Assura Property Ltd* (Guernsey)	Oakcastle Investments (XXI) Ltd*
Assura Banbury Ltd*	Assura Property Management Ltd*	PCD Pembrokeshire Ltd*
Assura Beeston Ltd*	Assura Services Ltd*	PCI Management Ltd*
Assura CS Ltd*	Broadfield Surgery Ltd*	Primary Care Properties (Manchester) Ltd*
Assura CVSK Ltd*	Community Ventures Hartlepool Ltd*	SHC Holdings Ltd* (Jersey)
Assura Financing plc*	Community Ventures Hartlepool Midco Ltd*	Stratford Healthcare Ltd*
Assura Group Ltd (Guernsey)	Destra Hartlepool Ltd*	The 3P Development Ltd*
Assura IH Ltd	Destra Windmill Ltd*	Upton Medical Ltd*
Assura Investments Ltd*	General Practice Investment Corporation Ltd*	Xantaris Investments (March) Ltd*
Assura Management Services Ltd*	GP Premises Ltd*	Xantaris Investments (XXI) Ltd*
Assura PCP UK Ltd*	GP Premises Holdings Ltd*	Whitton Limited* (Jersey)
Assura Pharmacy Holdings Ltd* (Guernsey)	MapleOak Investments Ltd*	

* Indicates subsidiary owned by intermediate subsidiary of Assura plc.

All companies are wholly owned by the Group (holding the Ordinary Shares) and registered in England unless otherwise indicated.

All companies registered in England have a registered address of The Brew House, Greenalls Avenue, Warrington WA4 6HL. The companies registered in Guernsey have a registered address of PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey and the Jersey company registered addresses are 44 Esplanade, St Helier, Jersey (SHC) and 2nd Floor, Gaspé House, 66-72 Esplanade, St Helier, Jersey (Whitton). Taking into consideration the facts of each transaction, acquisitions of companies completed during the years ended 31 March 2021 and 31 March 2020 have been accounted for as asset purchases as opposed to business combinations.

During the year ended 31 March 2020, a 100% subsidiary of the Group committed to invest up to £5 million in PI Labs III LP, a limited partnership registered in England (LP020025, registered address 151 Wardour Street, London, W1F 8WE). £0.7 million had been invested as at 31 March 2021. The first £3 million can be drawn on demand to cover investments the fund makes in qualifying, selected PropTech businesses. The remaining £2 million may only be drawn in tranches of £1 million when total investment in the fund exceeds £40 million and £50 million respectively (currently £10 million of committed investors of which Assura represents 30%). This investment has initially been recorded at cost and will subsequently be recorded at fair value through the income statement. At 31 March 2021, the Directors believe the cost is equal to the fair value.

The Group also holds an investment in Virgin Healthcare Holdings Limited, made up of a 0.7% equity holding (book value £nil) and a £4 million loan note receivable (book value £nil, 2020: £nil). The registered address is Lynton House, 7-12 Tavistock Square, London WC1H 9LT.

9. 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 2021. The properties have been valued individually and on the basis of open market value (which the Directors consider to be the fair value) in accordance with RICS Valuation – Professional Standards 2020 ("the Red Book"). Valuers are paid on the basis of a fixed fee arrangement, subject to the number of properties valued.

	Investment 2021 £m	IPUC 2021 £m	Total 2021 £m	Investment 2020 £m	IPUC 2020 £m	Total 2020 £m
Opening market value	2,075.9	57.5	2,133.4	1,952.9	23.0	1,975.9
Additions:						
– acquisitions	228.9	–	228.9	119.4	–	119.4
– improvements	4.6	–	4.6	1.7	–	1.7
	233.5	–	233.5	121.1	–	121.1
Development costs	–	56.9	56.9	–	47.3	47.3
Transfers	77.7	(77.7)	–	15.1	(15.1)	–
Transfer to assets held for sale	(14.3)	–	(14.3)	(18.9)	–	(18.9)
Capitalised interest	–	1.9	1.9	–	1.0	1.0
Disposals	(5.2)	–	(5.2)	(2.7)	–	(2.7)
Unrealised surplus on revaluation	36.7	4.9	41.6	8.4	1.3	9.7
Closing market value	2,404.3	43.5	2,447.8	2,075.9	57.5	2,133.4
Add head lease liabilities recognised separately	5.5	–	5.5	5.6	–	5.6
Closing fair value of investment property	2,409.8	43.5	2,453.3	2,081.5	57.5	2,139.0
					2021 £m	2020 £m
Market value of investment property as estimated by valuer					2,400.4	2,073.3
Add IPUC					43.5	57.5
Add capitalised lease premiums and rental payments					3.9	2.6
Add head lease liabilities recognised separately					5.5	5.6
Fair value for financial reporting purposes					2,453.3	2,139.0
Completed investment property held for sale					14.3	20.3
Land held for sale					0.4	0.4
Total property assets					2,468.0	2,159.7
					2021 £m	2020 £m
Investment property					2,400.4	2,073.3
Investment property held for sale					14.3	20.3
Total completed investment property					2,414.7	2,093.6
					2021 £m	
Assets held for sale at 1 April 2020						20.7
Disposals during the year						(20.3)
Net transfers from investment property						14.3
Assets held for sale at 31 March 2021						14.7

At March 2021, 11 assets are held as available for sale (2020: 24 assets). These properties are either being actively marketed for sale or have a negotiated sale agreed which is currently in legal hands.

Fair value hierarchy

The fair value measurement hierarchy for all investment property and IPUC as at 31 March 2021 was Level 3 – Significant unobservable inputs (2020: 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 used to derive Level 3 fair values

The valuations have been prepared on the basis of fair market value which is defined in the Red Book as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arms-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

9. Property assets (continued)

Unobservable inputs

The key unobservable inputs in the property valuation are the net initial yield, the equivalent yield and the ERV, which are explained in more detail below. It is also worth noting that the properties are subject to physical inspection by the valuers on a rotational basis (at least once every three years).

In respect of 95% of the portfolio by value, the net initial yield ranges from 3.4% to 8.1% (2020: 3.6% to 8.3%) and the equivalent yield ranges from 3.8% to 8.1% (2020: 3.9% to 8.3%). A decrease in the net initial or equivalent yield applied to a property would increase the market value. Factors that affect the yield applied to a property include the weighted average unexpired lease term, the estimated future increases in rent, the strength of the occupier covenant and the physical condition of the property. Lower yields generally represent properties with index-linked reviews, 100% NHS tenancies and longer unexpired lease terms, ranging from 3.80% to 4.65%. Higher yields (range 5.15% to 8.00%) are applied for a weaker occupier mix and leases approaching expiry. Our properties have a range of occupier mixes, rent review basis and unexpired terms. A 0.25% shift in either net initial or equivalent yield would have approximately a £132 million (2020: £111.8 million) impact on the investment property valuation.

The ERV ranges from £100 to £427 per sq.m (2020: £100 to £427 per sq.m), in respect of 97% of the portfolio by value. An increase in the ERV of a property would increase the market value. A 2% increase in the ERV would have approximately a £48.3 million (2020: £41.9 million) increase in the investment property valuation. The nature of the sector we operate in, with long unexpired lease terms, low void rates, low occupier turnover and upward only rent review clauses, means that a significant fall in the ERV is considered unlikely.

10. Property, plant and equipment

The Group holds computer and other equipment assets with cost of £1.3 million (2020: £1.1 million) and accumulated depreciation of £1.0 million (2020: £0.9 million), giving a net book value of £0.3 million (2020: £0.2 million).

There were £0.2 million additions during the year (2020: £0.1 million) and depreciation charged to the income statement was £0.1 million (2020: £0.1 million).

11. Cash, cash equivalents and restricted cash

	2021 £m	2020 £m
Cash held in current account	46.3	18.3
Restricted cash	0.3	0.2
	46.6	18.5

Restricted cash arises where there are rent deposits, interest payment guarantees or cash is ring-fenced for committed property development expenditure, which is released to pay contractors' invoices directly.

12. Trade and other receivables

	2021 £m	2020 £m
Trade receivables	18.4	12.8
Accrued income	5.4	4.3
Prepayments	1.4	1.1
Other debtors	2.2	0.9
	27.4	19.1

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less loss allowance for expected credit losses.

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 (2020: £nil). As at 31 March 2021 and 31 March 2020, the analysis of trade debtors that were past due but not impaired is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired		
			>30 days £m	>60 days £m	>90 days £m
2021	18.4	13.7	1.2	0.5	3.0
2020	12.8	9.8	0.9	0.7	1.4

The Group has not recognised a loss allowance as historical experience has indicated that the risk profile of trade receivables is deemed low and the bulk of the Group's income derives from the NHS or is reimbursed by the NHS; the risk of default is not considered significant.

13. Trade and other payables

	2021 £m	2020 £m
Trade creditors	5.2	4.8
Other creditors and accruals	31.9	25.6
VAT creditor	3.6	1.8
	40.7	32.2

The maturity of trade and other payables is disclosed in Note 22.

14. Head lease liabilities

	2021 £m	2020 £m
Current	0.1	0.1
Non-current	5.4	5.5
	5.5	5.6

Head lease liabilities are amounts payable in respect of leasehold investment property held by the Group. The fair value of the Group's lease liabilities is approximately equal to their carrying value. The minimum payments due under head lease liabilities is disclosed in Note 22.

15. Deferred revenue

	2021 £m	2020 £m
Arising from rental received in advance	24.9	22.3
Arising from pharmacy lease premiums received in advance	6.6	5.3
	31.5	27.6
Current	25.4	22.8
Non-current	6.1	4.8
	31.5	27.6

16. Borrowings

	2021 £m	2020 £m
At 1 April	841.5	683.3
Amount drawn down in year	298.1	157.0
Amount repaid in year	(190.0)	-
Loan issue costs	(3.2)	(0.2)
Amortisation of loan issue costs	1.6	1.4
Write-off of loan issue costs	0.7	-
At 31 March	948.7	841.5
Due within one year	-	11.0
Due after more than one year	948.7	830.5
At 31 March	948.7	841.5

The Group has the following bank facilities:

- 10-year senior unsecured bond of £300 million at a fixed rate of 3% maturing July 2028 and 10-year senior unsecured Social Bond of £300 million at a fixed interest rate of 1.5% maturing September 2030. The Social Bond was launched in accordance with Assura's Social Finance Framework to be used for eligible investment in the acquisition, development and refurbishment of publicly accessible primary care and community healthcare centres. The bonds are subject to an interest cover requirement of at least 150%, maximum LTV of 65% and priority debt not exceeding 0.25:1. In accordance with pricing convention on the bond market, the coupon and quantum of the facility are set to round figures with the proceeds adjusted based on market rates on the day of pricing.
- Five-year club revolving credit facility with Barclays, HSBC, NatWest and Santander for £225 million on an unsecured basis at an initial margin of 1.60% above LIBOR, expiring in November 2024. The margin increases based on the LTV of the subsidiaries to which the facility relates, up to 1.95% where the LTV is in excess of 45%. The facility is subject to a historical interest cover requirement of at least 175% and maximum LTV of 60%. As at 31 March 2021, the facility was undrawn (2020: £80 million drawn).

16. Borrowings (continued)

3. 10-year notes in the US private placement market for a total of £100 million. The notes are unsecured, have a fixed interest rate of 2.65% and were drawn on 13 October 2016. An additional £107 million of notes were issued in two series, £47 million in August 2019 and £60 million in October 2019, with maturities of 10 and 15 years respectively and a weighted average fixed interest rate of 2.30%. The facilities are subject to a historical interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years.
4. £150 million of unsecured privately placed notes in two tranches with maturities of eight and ten years drawn on 20 October 2017. The weighted average coupon is 3.04%. The facility is subject to a historical cost interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years.

In October 2020, the Group repaid in full the £110 million 10-year senior secured bond that was due to mature in December 2021. The loan carried an interest rate of 4.75% and an early termination fee of £6.4 million was paid.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the year. Debt instruments held at year-end have prepayment options that can be exercised at the sole discretion of the Group. As at the year end no prepayment option has been exercised. Borrowings are stated net of unamortised loan issue costs and unamortised bond pricing adjustments totalling £8.3 million.

17. Share capital

	Number of shares 2021	Share capital 2021 £m	Number of shares 2020	Share capital 2020 £m
Ordinary Shares issued and fully paid				
At 1 April	2,413,241,827	241.3	2,398,371,795	239.8
Issued 17 April 2019 – scrip	-	-	3,707,485	0.4
Issued 17 July 2019 – scrip	-	-	3,664,995	0.4
Issued 9 August 2019	-	-	323,781	-
Issued 16 October 2019 – scrip	-	-	4,478,732	0.4
Issued 15 January 2020 – scrip	-	-	2,695,039	0.3
Issued 9 April 2020	240,207,920	24.0	-	-
Issued 15 April 2020 – scrip	6,543,440	0.7	-	-
Issued 15 July 2020 – scrip	1,290,983	0.1	-	-
Issued 22 July 2020	676,549	0.1	-	-
Issued 4 September 2020	213,319	-	-	-
Issued 14 October 2020 – scrip	1,879,606	0.2	-	-
Issued 4 November 2020	1,199,598	0.1	-	-
Issued 13 January 2021 – scrip	6,433,015	0.7	-	-
Issued 5 February 2021	167,681	-	-	-
At 31 March	2,671,853,938	267.2	2,413,241,827	241.3
Own shares held	-	-	-	-
Total share capital	2,671,853,938	267.2	2,413,241,827	241.3

There is no difference between the number of Ordinary Shares issued and authorised. At the AGM each year, approval is sought from shareholders giving the Directors the ability to issue Ordinary Shares, up to 10% of the Ordinary Shares in issue at the time of the AGM.

The Ordinary Shares issued in April 2019, July 2019, October 2019, January 2020, April 2020, July 2020, October 2020 and January 2021 were issued to shareholders who elected to receive Ordinary Shares in lieu of a cash dividend under the Company scrip dividend alternative. In the year to 31 March 2021 this increased share capital by £1.6 million and share premium by £10.1 million (2020: £1.5 million and £8.1 million respectively).

In April 2020, a total of 240,207,920 new Ordinary Shares were placed at a price of 77 pence per share. The equity raise resulted in gross proceeds of £185.0 million which has been allocated appropriately between share capital (£24.0 million) and share premium (£161.0 million). Issue costs totalling £4.3 million were incurred and have been allocated against share premium.

On 4 November 2020, 1,199,598 Ordinary Shares were issued as part consideration for the acquisition of a medical centre, which further increased share capital and share premium.

The Ordinary Shares issued in August 2019, July 2020, September 2020 and February 2021 relate to employee share awards under the Performance Share Plan. Full details of amounts paid to Executive Directors can be found in the Directors' Remuneration Report.

The merger reserve relates to the capital restructuring in January 2015 whereby Assura plc replaced Assura Group Limited as the top company in the Group and was accounted for under merger accounting principles.

18. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	2021 £m	2020 £m
17 April 2019	0.685	2,398,371,795	-	16.4
17 July 2019	0.685	2,402,079,280	-	16.5
16 October 2019	0.685	2,406,068,056	-	16.5
15 January 2020	0.697	2,410,546,788	-	16.8
15 April 2020	0.697	2,413,241,824	16.9	-
15 July 2020	0.71	2,654,993,187	18.9	-
14 October 2020	0.71	2,662,174,038	18.9	-
13 January 2021	0.71	2,665,253,242	18.9	-
			73.6	66.3

The April dividend for 2021/22 of 0.71 pence per share was paid on 14 April 2021 and the July dividend for 2021/22 of 0.74 pence per share is currently planned to be paid on 14 July 2021 with a record date of 11 June 2021.

A scrip dividend alternative was introduced with effect from the January 2016 quarterly dividend. Details of shares issued in lieu of dividend payments can be found in Note 17.

The October 2019, April 2020, October 2020 and April 2021 dividends were PIDs as defined under the REIT regime. Future dividends will be a mix of PID and normal dividends as required.

19. Share-based payments

As at 31 March 2021, the Group has two long-term incentive schemes in place – the Performance Share Plan ("PSP") and the newly introduced Share Incentive Plan ("SIP"). Further details in respect of the PSP can be found in the Remuneration Committee Report on pages 87 to 105.

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.

The SIP is open to all permanent employees that have passed their probationary period and works on the principle of the Group matching voluntary employee contributions deducted from the monthly payroll. This scheme is accounted for as an expense when the shares are granted to the employees, with the fair value based on the share price on the day of grant.

As at 31 March 2021, the Employee Benefit Trust held 213,319 (2020: nil) Ordinary Shares of 10 pence each in Assura plc. The Trust remains in place to act as a vehicle for the issuance of new shares under the PSP and holding any restricted shares awarded to employees.

Performance Share Plan

During the year, 1,406,933 nil-cost options were awarded to senior management under the PSP. Participants' awards will vest after a three-year period if certain targets relating to TSR, EPS and ESG are met, as detailed in the Remuneration Committee Report.

The following table illustrates the movement in options (all of which were nil-cost options) outstanding:

Options outstanding at 1 April 2020	4,920,356
Options issued during the year	1,406,933
Options exercised during the year	(743,253)
Options lapsed during the year	(418,084)
Options outstanding at 31 March 2021	5,165,952

Of the options outstanding at 31 March 2021, 1,836,919 have a performance period ending 31 March 2021, 1,922,100 for the period ending 31 March 2022 and 1,406,933 for the period ending 31 March 2023.

The fair value of the newly issued PSP equity settled options granted during the year was estimated as at the date of grant using the Monte Carlo Model, taking into account the terms and conditions upon which awards were granted. The following table lists the key inputs to the models used:

	2021	2020
Expected share price volatility (%)	22	22
Risk free interest rate (%)	(0.06)	0.46
Expected life units (years)	3	3

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

19. Share-based payments (continued)

The fair value of the awards granted in 2021 was £869,583 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 £0.5 million (2020: £0.2 million).

20. Note to the consolidated cash flow statement

	2021 £m	2020 £m
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net profit before taxation	108.3	78.9
Adjustments for:		
Increase in debtors	(5.2)	(5.8)
Increase in creditors	9.5	3.9
Revaluation gain	(41.6)	(9.7)
Interest capitalised on developments	(1.9)	(1.0)
Gain on disposal of properties	(0.9)	(1.7)
Depreciation	0.1	0.1
Employee share-based incentive costs	0.4	0.2
Early repayment costs	7.1	-
Amortisation of loan issue costs	1.6	1.4
Net cash inflow from operating activities	77.4	66.3

21. Tax and deferred tax

There were no amounts relating to corporation tax recorded in the income statement during 2021 or 2020. The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2021 £m	2020 £m
Profit before taxation	108.2	78.9
UK income tax at rate of 19% (2020: 19%)	20.6	15.0
Effects of:		
Non-taxable income (including REIT exempt income)	(20.6)	(14.9)
Movement in unrecognised deferred tax	-	(0.1)
	-	-

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 19% in 2021/22 (2020/21: 19%).

Any Group tax charge/(credit) relates to its non-property income. As the Group has sufficient brought forward tax losses, no tax is due in relation to the current or prior period.

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. During the year, the April 2020 and October 2020 dividends paid by the Group were PIDs. Future dividends will be a mix of PID and normal dividends as 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 2021.

The deferred tax asset consists of the following:

	2021 £m	2020 £m
At 1 April	0.5	0.5
Income statement movement	-	-
At 31 March	0.5	0.5

The amounts of deductible temporary differences and unused tax losses (which have not been recognised) are as follows:

	2021 £m	2020 £m
Tax losses	212.3	211.9
Other timing differences	0.9	1.1
	213.3	213.0

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

21. Tax and deferred tax (continued)

	2021 £m	2020 £m
Tax losses	40.3	40.3
Other temporary differences	0.2	0.2
	40.5	40.5

The March 2021 Budget announced a further increase to the main rate of corporation tax to 25% from April 2023. This rate has not been substantively enacted at the balance sheet date, as a result deferred tax balances as at 31 March 2021 continue to be measured at 19%. If all of the deferred tax was to reverse at the amended rate the impact to the closing deferred tax position would be to increase the deferred tax asset by £0.1m.

22. 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 occupier, 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 occupiers 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 £30 million; however, this amount derives from all the occupiers in the portfolio and such a scenario is hypothetical. The Group's credit risk is well spread across circa 1,250 occupiers 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.

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 current £225 million revolving credit facility is due to mature in November 2024 and the next maturity of the long-term fixed facilities is 2025.

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 WAULT of 11.9 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:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Receivables as at 31 March 2021						
Non-cancellable leases	-	30.4	91.2	475.2	970.7	1,567.5
Trade and other receivables	-	27.4	-	-	-	27.4
	-	57.8	91.2	475.2	970.7	1,594.9
Receivables as at 31 March 2020						
Non-cancellable leases	-	27.3	81.8	436.2	880.6	1,425.9
Trade and other receivables	-	19.1	-	-	-	19.1
	-	46.4	81.8	436.2	880.6	1,445.0

The table below summarises the maturity profile of the Group's financial liabilities, including interest, at 31 March 2021 and 31 March 2020 based on contractual undiscounted payments at the earliest date on which the Group can be required to pay.

22. Derivatives and other financial instruments (continued)

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Payables as at 31 March 2021						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	-	6.3	18.8	177.2	1,018.3	1,220.6
Trade and other payables	-	32.9	7.8	0.2	5.1	46.0
Total financial liabilities	-	39.2	26.6	177.4	1,023.4	1,266.6
Payables as at 31 March 2020						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	-	6.4	30.3	262.1	715.0	1,013.8
Trade and other payables	-	25.7	6.6	0.2	5.3	37.8
Total financial liabilities	-	32.1	36.9	262.3	720.3	1,051.6

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 and restricted to one third of the loan book.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2021 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash, cash equivalents and restricted cash	46.6	-	-	46.6
Liabilities (fixed rate unless stated)				
Long-term loans:				
Revolving credit facility (variable rate)	-	-	-	-
Private placements	-	-	(357.0)	(357.0)
Unsecured bonds (inc. Social Bond)	-	-	(600.0)	(600.0)
Payments due under finance leases	0.1	0.4	5.0	5.5

Details of the principal amounts, maturities, interest rates and covenants of all debt instruments are provided in Note 16.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2020 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash, cash equivalents and restricted cash	18.5	-	-	18.5
Liabilities (fixed rate unless stated)				
Long-term loans:				
Revolving credit facility (variable rate)	-	(80.0)	-	(80.0)
Private placements	-	-	(357.0)	(357.0)
Secured bond	(11.0)	(99.0)	-	(110.0)
Unsecured bond	-	-	(300.0)	(300.0)
Payments due under finance leases	(0.1)	(0.4)	(5.1)	(5.6)

22. Derivatives and other financial instruments (continued)

Sensitivity analysis

The table below shows the book and fair value of financial instruments. As at 31 March 2021, 100% of debt drawn by the Group is subject to fixed interest rates and the only current variable rate facility is the RCF. A 0.25% movement in interest rates (deemed to be a reasonable approximation of possible changes in interest rates) would cause no change to profit (2020: change of £0.2 million), based on the amount of variable rate debt drawn at the period end.

	Book value		Fair value	
	2021 £m	2020 £m	2021 £m	2020 £m
Long-term loans – fair value hierarchy Level 1	596.9	408.5	627.0	422.7
– fair value hierarchy Level 2	357.0	357.0	364.5	375.2
– Other	–	80.0	–	80.0
Cash, cash equivalents and restricted cash	46.6	18.5	46.6	18.5
Payments due under head leases	5.5	5.6	5.5	5.6

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. The fair value of long-term loans has been included by reference to either quoted prices in active markets (Level 1), calculated by reference to observable estimates of interest rates (Level 2), or book value is determined to be approximately equal to fair value for variable rate debt (other).

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 LTV, which is calculated as net debt divided by total property. The LTV percentage on this basis is 37% at 31 March 2021 (31 March 2020: 38%).

	2021 £m	2020 £m
Investment property	2,409.8	2,081.5
Investment property under construction	43.5	57.5
Held for sale	14.7	20.7
Total property	2,468.0	2,159.7
	2021 £m	2020 £m
Borrowings	948.7	841.5
Head lease liabilities	5.5	5.6
Cash, cash equivalents and restricted cash	(46.6)	(18.5)
Net debt	907.6	828.6
LTV	37%	38%

Financial liabilities, which comprise loans and head lease liabilities in the table above, have increased from £847.1 million to £954.2 million as at 31 March 2021. The movement primarily relates to loans drawn (movement reconciled in Note 16) which, combined with the equity raise completed during the year, has been used to fund the growth in the investment property portfolio.

23. Commitments

At the year end the Group had 16 (2020: 15) committed developments which were all on site with a contracted total expenditure of £72.5 million (2020: £80.5 million) of which £36.6 million (2020: £50.3 million) had been expended.

As detailed in Note 8, the Group is committed to invest up to £5 million in PropTech investor PI Labs III LP. £0.7 million had been invested as at 31 March 2021. The first £3 million can be drawn on demand to cover investments the fund makes in qualifying, selected PropTech businesses. The remaining £2 million may only be drawn in tranches of £1 million when total investment in the fund exceeds £40 million and £50 million respectively.

24. Related party transactions

Details of transactions during the year and outstanding balances at 31 March 2021 in respect of investments held are detailed in Note 8.

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

COMPANY INCOME STATEMENT

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Revenue			
Dividends received from subsidiary companies		70.0	76.0
Group management charge		3.0	3.1
Total revenue		73.0	79.1
Administrative expenses		(6.1)	(3.1)
Share-based payment charge	19	(0.4)	(0.2)
Impairment of investment in subsidiary	B	-	(30.9)
Operating profit		66.5	44.9
Profit before taxation		66.5	44.9
Taxation		-	-
Profit attributable to equity holders		66.5	44.9

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 2021

	Note	2021 £m	2020 £m	1 April 2019 £m
Non-current assets				
Investments in subsidiary companies	B	266.1	266.1	297.0
Amounts owed by subsidiary companies	C	1,162.8	917.2	926.1
		1,428.9	1,183.3	1,223.1
Current assets				
Cash and cash equivalents	D	0.1	-	0.1
Other receivables		0.3	0.2	0.1
		0.4	0.2	0.2
Current liabilities				
Trade and other payables		(1.5)	(1.3)	(1.1)
Amounts owed to subsidiary companies	E	(146.2)	(87.3)	(115.8)
		(147.7)	(88.6)	(116.9)
Net assets				
		1,281.6	1,094.9	1,106.4
Capital and reserves				
Share capital	17	267.2	241.3	239.8
Share premium		763.1	595.5	587.4
Merger reserve	B	77.3	77.3	108.2
Retained earnings		174.0	180.8	171.0
Total equity				
		1,281.6	1,094.9	1,106.4

Amounts owed by subsidiary companies of £917.2 million were previously presented within current receivables in 2020. As explained in Note A, these have been reclassified as non-current receivables and following this change, amounts owed to subsidiary companies have been split out as current liabilities. As required under IFRS, a third balance sheet has also been presented to illustrate the effect of this change at the beginning of the comparative period.

The financial statements were approved at a meeting of the Board of Directors held on 17 May 2021 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

Company registered number: 9349441

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2019		239.8	587.4	108.2	171.0	1,106.4
Profit attributable to equity holders		-	-	-	44.9	44.9
Total comprehensive income		-	-	-	44.9	44.9
Merger reserve release	B	-	-	(30.9)	30.9	-
Dividends	18	1.5	8.1	-	(66.2)	(56.6)
Employee share-based incentives		-	-	-	0.2	0.2
31 March 2020		241.3	595.5	77.3	180.8	1,094.9
Profit attributable to equity holders		-	-	-	66.5	66.5
Total comprehensive income		-	-	-	66.5	66.5
Issue of Ordinary Shares	17	24.2	161.8	-	-	186.0
Issue costs	17	-	(4.3)	-	-	(4.3)
Dividends	18	1.6	10.1	-	(73.6)	(61.9)
Employee share-based incentives		0.1	-	-	0.3	0.4
31 March 2021		267.2	763.1	77.3	174.0	1,281.6

COMPANY CASH FLOW STATEMENT

For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Operating activities			
Amounts received from subsidiaries		3.0	3.1
Amounts paid to suppliers and employees		(6.1)	(3.0)
Amounts paid to subsidiaries		(0.8)	-
Net cash (outflow)/inflow from operating activities		(3.9)	0.1
Investing activities			
Dividends received from subsidiaries		70.0	56.4
Amounts paid to subsidiaries		(186.0)	-
Net cash (outflow)/inflow from investing activities		(116.0)	56.4
Financing activities			
Issue of Ordinary Shares		185.0	-
Issue costs paid on issuance of Ordinary Shares		(4.3)	-
Dividends paid		(61.7)	(56.6)
Net cash inflow/(outflow) from financing activities		119.0	(56.6)
Increase/(decrease) in cash and cash equivalents		0.1	(0.1)
Cash and cash equivalents at start of period		-	0.1
Cash and cash equivalents at end of period	D	0.1	-

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2021

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.

The auditor's remuneration for audit and other services is disclosed in Note 4(a) to the Group accounts. Disclosure of each Director's remuneration, share interests, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those specified for audit by the Listing Rules of the Financial Conduct Authority are shown in the Remuneration Report on pages 87 to 105 and form part of these accounts.

The average number of employees in the Company during the year was 2 (2020: 2).

Amounts owed by subsidiary companies of £917.2 million were previously presented within current receivables in 2020. The amounts are not expected to be settled within the Company's normal operating cycle and have therefore been presented as non-current receivables. Accordingly amounts presented in current receivables in 2020 have been reclassified to non-current receivables. Additionally, amounts that were owed by the Company (£87.3 million) had been aggregated with the receivables. These amounts have been separated and included in current payables. As required under IFRS, a third balance sheet has also been presented illustrating the effect of this change at the beginning of the comparative period, at which point the amount reclassified to non-current receivables was £926.1 million and the amount shown as current liabilities was £115.8 million.

B. Investments in subsidiary companies

	2021 £m	2020 £m
Cost	484.2	484.2
Provision for diminution in value	(218.1)	(218.1)
	266.1	266.1

Details of all subsidiaries as at 31 March 2021 are shown in Note 8 to the Group accounts.

The Company directly holds investments in Assura Group Limited and Assura IH Limited, which are both intermediate holding companies for the property-owning subsidiaries in the Assura plc group.

During the prior period the Company received a dividend of £40 million from its wholly owned subsidiary company, Assura Group Limited, which was settled by clearing an intercompany balance owed by Assura plc to Assura Group Limited. The resulting reduction in net assets of Assura Group Limited led to management completing an impairment assessment of the investment held in Assura Group Limited. Following this assessment, an impairment charge of £30.9 million was recorded, which was determined by reference to the net assets of subsidiaries, which is considered to be equivalent to the fair value less costs to sell. The net assets are driven by the investment property valuations, in addition to intragroup dividends, and sensitivities in respect of property valuations and appropriate Level 3 unobservable input disclosures are provided in Note 9 to the Group accounts. A corresponding amount was transferred from the merger reserve to retained earnings which is considered distributable.

C. Amounts owed by subsidiary companies – non-current

	2021 £m	2020 £m
Amounts owed by Group undertakings	1,162.8	917.2

The above amounts are unsecured, non-interest bearing and repayable upon demand. As explained in Note A, the amounts have been included as non-current as the Company believes it is more representative as they are not expected to be settled in the normal operating cycle.

The recoverable amount of amounts 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 amount is not considered recoverable. No provision has been deemed necessary.

D. Cash and cash equivalents

	2021 £m	2020 £m
Cash held in current account	0.1	–

E. Amounts owed to subsidiary companies – current

	2021 £m	2020 £m
Amounts owed to Group undertakings	(146.2)	(87.3)

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

F. Related party transactions

	Charges received £m	Dividends received £m	Amounts owed by £m	Amounts owed to £m
Group undertakings				
31 March 2021	3.0	70.0	1,162.8	(146.2)
31 March 2020	3.1	76.0	917.2	(87.3)

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 had trade and other payables of £1.5 million at 31 March 2021 (31 March 2020: £1.3 million).

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

APPENDIX A

Medical centres valued over £10 million

Building official name	Town	Build date	Sq.m	List size	NHS rent %
Ashfields Health Centre	Sandbach	2004	1,567	26,328	88%
Aspen Centre	Gloucester	2014	3,481	30,042	86%
Birkenhead Medical Building	Birkenhead	2010	2,636	19,988	92%
Bonnyrigg Medical Centre	Bonnyrigg	2005	4,083	22,168	97%
Centre for Diagnostics, Oncology & Wellbeing	Bristol	2014	1,729	-	n/a
Cheltenham Family Health Centre	Cheltenham	1999	3,732	47,884	79%
Church View Medical Centre	South Kirkby	2013	2,812	14,889	90%
Church View Primary Care Centre	Nantwich	2008	3,271	24,930	89%
Crompton Health Centre	Bolton	2007	2,964	12,832	87%
Dene Drive Primary Care Centre	Winsford	2007	2,793	24,935	88%
Dickson House	Basingstoke	2007	2,316	46,849	66%
Durham Diagnostic Treatment Centre	Durham	2018	2,069	-	100%
Eagle Bridge Health and Wellbeing Centre	Crewe	2007	6,809	45,959	90%
Fleetwood Health and Wellbeing Centre	Fleetwood	2012	5,204	12,063	91%
Freshney Green Primary Care Centre	Grimsby	2009	6,590	27,578	86%
Frome Medical Centre	Frome	2012	4,062	29,326	79%
Hall Green Health Centre	Birmingham	2003	2,409	26,921	85%
Heysham Primary Care Centre	Heysham	2012	3,127	53,779	93%
Hillside Primary Care Centre	Harlesden	2008	1,945	15,926	100%
Jubilee Health Centre	Shotfield	2012	3,011	29,644	90%
Malmesbury Primary Care Centre	Malmesbury	2008	3,205	16,075	91%
Market Drayton Primary Care Centre	Market Drayton	2005	3,589	17,771	90%
Moor Park Medical Centre	Blackpool	2011	4,964	28,157	94%
North Ormesby Health Village	North Ormesby	2005	7,652	15,566	64%
Northgate Health Centre	Bridgnorth	2007	3,588	16,247	89%
One Life Building	Middlesbrough	2005	3,326	10,420	91%
Parkshot Medical Centre	Richmond	2014	1,221	14,704	100%
Priory Health Park	Wells	2003	4,628	19,355	83%
Prospect View Medical Centre	Malvern	2011	2,316	13,951	91%
Rothbury Community Hospital & Medical Centre	Rothbury	2007	1,476	5,873	100%
Severn Fields Health Village	Shrewsbury	2012	6,003	16,893	94%
South Bar House	Banbury	2009	3,692	54,312	89%
St Annes Health Centre	Lytham St Annes	2009	3,393	19,104	96%
Station Medical Centre	Hereford	2020	2,562	47,404	100%
Stratford Healthcare Centre	Stratford-upon-Avon	2005	5,988	19,380	98%
Sudbury Community Health Centre	Sudbury	2014	2,937	10,184	100%
Tees Valley Treatment Centre	Middlesbrough	2018	4,389	-	n/a
The Duchy	Harrogate	1990	3,978	-	n/a
The Montefiore Medical Centre	Ramsgate	2006	2,339	27,696	85%
The Ridge	Bradford	2008	3,763	23,639	89%
The Surgery @ Wheatbridge	Chesterfield	2008	2,862	15,382	74%
Todmorden Medical Centre	Todmorden	2008	4,166	16,239	91%
Turnpike House Medical Centre	Worcester	2006	4,132	29,439	90%
Upton Surgery	Upton	2006	1,685	11,493	94%
Waters Green Medical Centre	Macclesfield	2006	6,018	61,689	94%
Well Street Surgery	Hackney	2008	1,080	13,945	100%
Centre for Diagnostics, Oncology & Wellbeing	Windsor	2017	1,831	-	n/a

Portfolio statistics

Portfolio statistics	Number	Rent (£m)	WAULT (years)	Total floor area (sq.m)	Value (£m)	<£1m	£1-5m	£5-10m	>£10m
North East	139	29.0	12.6	147,328	552.4	10.2	228.2	138.7	175.3
Midlands	104	22.7	13.4	119,949	465.8	7.0	175.0	141.7	142.1
North West	104	18.8	9.6	96,122	359.8	7.7	190.4	115.4	46.3
South East	51	15.7	10.8	81,060	326.2	5.1	62.3	39.8	219.0
London	74	14.1	11.5	58,071	299.2	1.5	160.1	62.0	75.6
South West	54	10.1	14.6	57,849	202.7	7.7	77.3	33.5	84.2
Wales	58	7.7	10.4	48,692	140.6	6.7	78.6	55.3	-
Scotland & NI	25	3.6	11.1	22,210	68.0	2.9	29.4	19.7	16.0
	609	121.7	11.9	631,281	2,414.7	48.8	1,001.3	606.1	758.5

GLOSSARY

AGM is the Annual General Meeting.

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.

British Property Federation ("BPF") is the membership organisation, the voice, of the real estate industry.

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

Clinical Commissioning Groups ("CCGs") are the groups of GPs and other healthcare professionals responsible for commissioning primary and secondary healthcare services in their locality.

Code or New Code is the UK Corporate Governance Code 2018, a full copy of which can be found on the website of the Financial Reporting Council.

Company is Assura plc.

Direct Property Costs comprise cost of repairs and maintenance, void costs, other direct irrecoverable property expenses and rent review fees.

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

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.

EBITDA is EPRA earnings before tax and net finance costs. In the current period this is £98.0 million, calculated as net rental income (£112.0 million) less administrative expenses (£13.5 million) and share-based payment charge (£0.5 million).

European Public Real Estate Association ("EPRA") is the industry body for European REITs. EPRA is a registered trade mark of the European Public Real Estate Association.

EPRA Cost Ratio is administrative and operating costs divided by gross rental income. This is calculated both including and excluding the direct costs of vacant space. See page 67.

EPRA earnings is a measure of profit calculated in accordance with EPRA guidelines, designed to give an indication of the operating performance of the business, excluding one-off or non-cash items such as revaluation movements and profit or loss on disposal. See Note 6.

EPRA EPS is EPRA earnings, calculated on a per share basis. See Note 6.

EPRA NAV is IFRS NAV adjusted to adjust certain assets to fair value and exclude long-term items not expected to crystallise. This has now been replaced by EPRA NTA. See Note 7.

EPRA Net Disposal Value ("EPRA NDV") is the balance sheet net assets adjusted to reflect the fair value of debt and derivatives. See Note 7.

EPRA Net Reinstatement Value ("EPRA NRV") is the balance sheet net assets excluding deferred tax and adjusted to add back theoretical purchasers' costs that are deducted from the property valuation. See Note 7.

EPRA Net Tangible Assets ("EPRA NTA") is the balance sheet net assets excluding deferred taxation. See Note 7.

EPRA NIY is annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of property, increased with (estimated) purchasers' costs.

EPRA "topped up" NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives. See page 67.

EPRA NNNAV is EPRA NAV adjusted to include the fair value of debt, financial instruments and deferred tax. This has now been replaced by EPRA NDV. See Note 7.

EPRA Vacancy Rate is the ERV of vacant space divided by the ERV of the whole portfolio. See page 67.

Equivalent Yield 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.

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

IFRS is International Financial Reporting Standards adopted pursuant to Regulation (EC) 1606/2002 as it applies in the EU.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £25.1 million, EBITDA is £98.0 million, giving interest cover of 3.9 times.

KPI is a Key Performance Indicator.

Like-for-like represents amounts calculated based on properties owned at the previous year end.

Loan to Value ("LTV") is the ratio of net debt to the total value of property assets. See Note 22.

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

MSCI is an organisation that provides performance analysis for most types of real estate and produces an independent benchmark of property returns. The MSCI All Healthcare Index refers to the MSCI UK Annual Healthcare Property Index, incorporating all properties reported to MSCI for the 12 months to December that meet the definition of healthcare.

NAV is Net Asset Value.

Net debt is total borrowings plus head lease liabilities less cash. See Note 22.

Net Initial Yield ("NIY") 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 purchasers' 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.

Operating efficiency is the ratio of administrative costs (before one-off charitable donation of £2.5 million) to the average gross investment property value. This ratio during the period equated to 0.48%. This is calculated as administrative expense of £11.0 million (£13.5 million less the £2.5 million donation) divided by the average property balance of £2,296 million (opening £2,139 million plus closing £2,453 million, divided by two).

Primary Care Network ("PCN") is a GP practice working with local community, mental health, social care, pharmacy, hospital and voluntary services to build on existing primary care services and enable greater provision of integrated health services within the community they serve.

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.

PSP is Performance Share Plan.

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 (i.e. at a point in time) being the total of all the contracted rents reserved under the leases, on an annual basis. At March 2021 the rent roll was £121.7 million (March 2020: £108.9 million) and the growth in the year was £12.8 million.

Retail Price Index ("RPI") is an 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.

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.

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 NTA (see glossary definition and Note 7) for the period plus the dividends paid, divided by the opening EPRA NTA. Opening EPRA NTA (i.e. at 31 March 2020) was 53.9 pence per share, closing EPRA NTA was 57.2 pence per share, and dividends paid total 2.82 pence per share giving a return of 11.4% in the year.

Total Contracted Rent Roll or Total Contracted Rental Income is the total amount of rent to be received over the remaining term of leases currently contracted. For example, a lease with rent of £100 and a remaining lease term of ten years would have total contracted rental income of £1,000. At March 2021, the total contracted rental income was £1.57 billion (March 2020: £1.43 billion) and the growth in the year was £142 million.

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. In the year to March 2021, the calculation is net rental income of £112.0 million plus revaluation of £41.6 million giving a return of £153.6 million, divided by £2,420.9 million (opening investment property £2,066.7 million and IPUC £57.5 million plus additions of £233.2 million and development costs of £56.9 million). This gives a Total Property Return in the year of 6.3%.

Total Shareholder Return ("TSR") is the combination of dividends paid to shareholders and the net movement in the share price during the period, divided by the opening share price. The share price at 31 March 2020 was 83.5 pence, at 31 March 2021 it was 72.1 pence, and dividends paid during the period were 2.82 pence per share.

UK GBC is the UK Green Building Council.

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 basis points) 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.

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Forward-looking statements

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