



Long-term performance

Assura plc Annual Report and Accounts 2023

CONTENTS

Strategic report

- 1 Who we are
- 2 Long-term performance
 - for our customers
 - for our people
 - for our communities
 - drives our sustainable future
- 6 Highlights
- 9 Timeline
- 13 At a glance
- 14 Investment case
- 15 Chairman's statement
- 17 s172 statement
- 18 CEO statement
- 21 Spotlight on sustainability
- 22 CFO review
- 26 Our market
- 33 Our business model
- 36 Our strategy
- 42 Our key performance indicators
- 47 Our impact
- 62 Our environmental impact
- 67 Task force on climate-related financial disclosures
- 70 Principal risks and uncertainties
- 79 Compliance statements

Governance

- 80 Chairman's introduction to governance
- 83 Our governance framework
- 84 Board of Directors
- 88 Key Board activities
- 90 Q&A with Louise Fowler
- 91 Nominations Committee Report
- 94 Audit Committee Report
- 96 ESG Committee Report
- 97 Directors' Remuneration Report
- 115 Directors' Report
- 118 Directors' Responsibility Statement

Financial statements

- 119 Independent Auditor's Report
- 127 Consolidated income statement
- 127 Consolidated balance sheet
- 128 Consolidated statement of changes in equity
- 128 Consolidated cash flow statement
- 129 Notes to the accounts
- 142 Company financial statements

Additional information

- 145 Appendices
- 148 Glossary
- 151 Corporate information

MORE INFORMATION



This report forms part of our year end reporting suite.

Our website includes our year end results presentation, sustainability disclosures and investor fact sheet. We have also published our Net Zero Carbon Pathway.



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.

Our purpose

We BUILD for Health

B

Build better futures for people and places

U

Unlock the power of design and innovation

I

Invest in skills and inspire new ways of working

L

Lead for a sustainable future

D

Deliver lasting impact with communities





Long-term performance

for our customers

We're creating capacity whether that's at an existing site or a brand-new development. We're making sure the spaces where our customers work and patients visit are sustainable and designed with everyone in mind.



Long-term performance

for our people

We're enhancing our learning and development programme, driving collaboration, finding new ways of working and providing a flexible workspace.

Carlton

Netherfield

Colwick

Holme
Pierrepont

Long-term performance

for our communities

We ensure every £1 invested makes a difference to the local area beyond just our buildings. Our ambitious target is to be the number one listed property business for long-term social impact.



Long-term performance

drives our sustainable future

We've got ambitious energy reduction targets in place – aiming for net zero carbon across our portfolio by 2040. We're leading by example, creating a showcase sustainable head office in the heart of Greater Manchester.

HIGHLIGHTS

Operational highlights

We are delighted to be reporting on another year of strong progress:

- delivering against strategic priorities (seen in the operational highlights on this page);
- driving strong cash flow returns (see page 22); and
- advancing our sustainability plans for the long-term benefit of our stakeholders (see page 21).

Jonathan Murphy
CEO
22 May 2023



£130m

net investment in the period

£2.8m

additional rent from reviews settled in the period, 3.8% annual equivalent uplift

10

developments completed in the period, benefitting over 170,000 patients with a further 11 on site

10

asset enhancement capital projects delivered (£5.4m cost), further eight projects on site (£8.9m cost)

2

developments on site in Ireland, taking our portfolio to four properties

A-

Investment grade credit rating reaffirmed by Fitch Ratings Ltd

HIGHLIGHTS CONTINUED

Financial highlights

	2023	2022	Change
Financial performance			
Net rental income	£138.0m	£126.5m	9%
(Loss)/profit before tax	£(119.2)m	£155.8m	
IFRS earnings per share (Note 6)	(4.0)p	5.6p	
EPRA earnings per share (Note 6)	3.3p	3.1p	6%
Dividend per share	3.08p	2.93p	5%
Property valuation and performance			
Investment property	£2,738m	£2,752m	(1%)
Diluted EPRA NTA per share (Note 7)	53.6p	60.7p	(12%)
Rent roll	£143.4m	£135.7m	6%
Financing			
Loan to Value ("LTV") ratio (Note 22)	41%	36%	5ppt
Undrawn facilities and cash	£243m	£369m	
Weighted average cost of debt	2.30%	2.30%	No change

See pages 22 to 25

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.

EPRA summary table

	2023	2022
EPRA EPS	3.3p	3.1p
EPRA NTA	53.6p	60.7p
EPRA NRV	59.5p	66.7p
EPRA NDV	61.2p	62.7p
EPRA NIY	4.77%	4.42%
EPRA 'topped up' NIY	4.78%	4.43%
EPRA Vacancy Rate	1.0%	1.2%
EPRA Cost Ratio (including direct vacancy costs)	13.5%	13.1%
EPRA Cost Ratio (excluding direct vacancy costs)	12.3%	12.1%
EPRA LTV	43%	37%

3.3p
EPRA EPS

3.1p
dividends paid in the year

53.6p
diluted EPRA NTA



HIGHLIGHTS CONTINUED

Sustainability highlights

Sustainability is at the heart of what we do – underpinning our strategic priorities, incorporated into our day-to-day activities for the long-term benefit of all of our stakeholders.

We've launched our Net Zero Carbon Pathway and are investing in our capabilities.

56

net zero carbon audits completed on properties – enabling the publication of our Net Zero Carbon Pathway

1st

net zero carbon development on site

£469k

community grants awarded by the Assura Community Fund, £1.8m cumulatively since 2020

25

EPC improvement projects delivered in the year, including our first air source heat pump retrofit at Banbury

7

developments with bespoke community social value initiatives

AA

MSCI ESG rating upgraded in the year



TIMELINE

20 years of supporting healthcare infrastructure

This year marks two decades of supporting healthcare infrastructure in the UK but our impact stretches far beyond the bricks and mortar of our buildings.

We're building better futures for people and places, unlocking the power of design and innovation, investing in skills and inspiring new ways of working, leading for a sustainable future and delivering lasting impact for communities.



2003

Wide Way Medical Centre

We work with our customers to ensure they have the space they need to provide their services to patients. Wide Way was in our initial portfolio, and in 2018 we extended the property to significantly increase the capacity for services delivered from the practice.

"This extension will also take our services into the future of primary care, allowing us to deliver care closer to home for thousands more patients in Merton."

Mariam Ganesaratnam,
Managing Partner at Wide Way Medical Centre

"By placing the pharmacy at the heart of primary care, patients with minor ailments can be dealt with easily and quickly by us in store, rather than seeking the advice of their GP. This helps free up the time for the GP to deal with more serious medical complaints."

Manager Zeshan Saba
(2009) on the introduction of pharmacy space to Crompton

2008

Crompton Health Centre

Improving health access in one of the UK's most deprived regions, our development of the Crompton Health Centre in Bolton is a great example of how the local community can benefit from multiple services being combined under one roof.



TIMELINE CONTINUED



2013

Victoria Park Health Centre

Our future needs to be sustainable. This development in Leicester was our first to be certified as BREEAM 'Excellent', an important step in launching us towards our net zero carbon future.

"We are delighted with the new surgery building, it is the realisation of many years work."

Dr Pratima Khunti,
lead GP at Victoria Park Health Centre



"The building has been designed with patients firmly in mind and will provide a much better environment for those who are using our services regularly."

Ken Bremner,
Chief Executive of City Hospitals Sunderland and South Tyneside NHS Foundation Trust

2018

Durham Diagnostic and Treatment Centre

Without the proper infrastructure we can't move hospital services away from hospital sites. The development of our Durham Diagnostics and Treatment centre did just that, bringing services closer to home for those that need it.

We asked our longest-serving team members to name their favourite buildings from the past two decades.

"It's a hard choice but I've got to go with North Ormesby Health Village. It's an early example of hub working, bringing primary care services closer together for the benefit of patients and the local community."

Roger Thompson,
our Director of Portfolio and Facilities Management

"My favourite is the Y Felinheli Health Centre in North Wales. It was carefully designed to blend in well with the existing landscape, using local Welsh slate and cedar boarding. We know how much of an impact well designed facilities can have on our sense of wellbeing – and the views from Y Felinheli across the Menai Strait can't help but put patients at ease."

Amanda Roddy,
our Senior Investment Manager



TIMELINE CONTINUED




HEALTHCARE AS WE MOVE FORWARD

Critical investment is needed now

The maintenance backlog for the NHS has reached over £10 billion, waiting times are higher than ever, more and more healthcare workers are taking strike action, GPs are leaving the profession in their droves and big intentions have seen no actions.


"Healthcare premises have a vital role to play in facing these challenges – allowing more services to be delivered in a community setting and creating positive work environments."

Rob James,
our Head of Development

 Read more in our market pages 26–32

Leading for a sustainable future

We're investing in our net zero carbon capabilities, leading the way in our sector and advancing net zero carbon design of both new premises and retrofitting existing buildings. This aims to minimise our impact on the environment, help the NHS hit its own net zero carbon targets, and reduce the running cost for our occupiers.

 Read more: Net Zero Carbon Pathway, page 21; Fareham, page 12; Banbury, page 66



"It's amazing to see the impact a health building can have on a community – acting as a focal point for a wider range of services and social prescribing activities."

Karen Nolan,
our Social Impact Lead

Delivering lasting impact with communities

Better primary care buildings support equality of access, reduced overall treatment costs and delivery of community-focused services. We Design for Everyone and collaborate with local health bodies to get this right at each location.



TIMELINE CONTINUED

CASE STUDY

Net zero carbon in Fareham

Our on site development in Fareham is our first live project designed using our Net Zero Carbon Design Guide.

In partnership with Solent NHS Trust, we're developing a child development centre in a high street location that will be home to a wide range of children's services including community paediatrics, speech therapy, physiotherapy and occupational therapy.

As well as providing an accessible location for patients, repurposing and retrofitting an existing building offers a significant reduction in carbon emissions as the existing building frame can be used – avoiding both the waste from demolition and avoiding the production of new materials.

Our design work is then about making the building as energy efficient as possible:

- Improving the air tightness of the building through upgrading the u-values of the roof, walls and windows
- Developing an efficient solution for heating and cooling the building and avoiding any gas being used on site
- Maximising the renewable energy generated on site through optimising the photo-voltaic ("PV") array on the roof

Our proposed design amendments will reduce the operational carbon on site by 46%, and after allowing for on site renewables, results in a minimal annual offsetting requirement for residual emissions.

Go to www.assurapl.com



"We are looking forward to providing larger, more flexible clinical space for our children's services colleagues, enabling them to give the best possible treatment and care to their young patients in a building that also furthers our carbon reduction aspirations."

Mark Young,
Associate Director of Estates Transformation for Solent NHS Trust

AT A GLANCE

A balanced portfolio

Wantage Health Centre Oxfordshire

Our extension and refurbishment of this health centre moved to site this year. It will create more than 700m² of extra space for two busy GP practices and reduce the building's energy usage.

Facts and figures

608

Properties

6.3m

Patients served by our buildings

2040

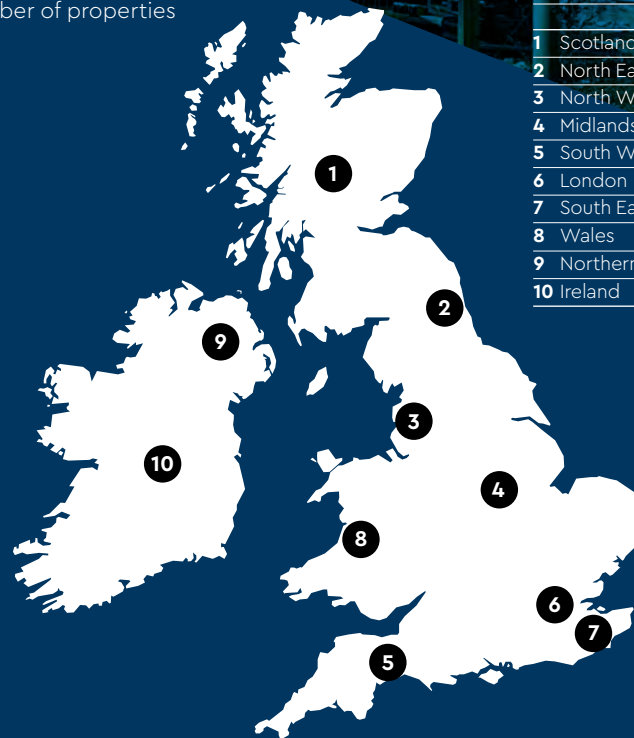
Net zero carbon target date

£483m

Total development pipeline

Regional portfolio

Number of properties



Value of properties by region

	>£10m	£5-10m	£1-5m	<£1m
1 Scotland	2	3	12	2
2 North East	11	22	96	10
3 North West	13	7	25	3
4 Midlands	8	26	66	5
5 South West	6	7	34	8
6 London	8	11	56	3
7 South East	4	25	77	8
8 Wales	1	6	37	-
9 Northern Ireland	-	2	2	-
10 Ireland	1	-	1	-

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
> £10m	54	886.0	33
£5 - 10m	109	718.3	27
£1 - 5m	406	1,045.3	39
< £1m	39	27.8	1
Total	608	2,677.4	100

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
South	247	1,004.9	38
North	187	915.0	34
Midlands	105	488.3	18
Scotland, Ireland and Northern Ireland	25	136.5	5
Wales	44	132.7	5
Total	608	2,677.4	100

Portfolio analysis by occupier covenant

	Total rent roll £m	Total value %
GPs	86.0	60
NHS bodies	30.8	21
Pharmacy	11.2	8
Independent providers	7.7	6
Other	7.7	5
Total	143.4	100

Go to our website for the latest information about Assura

INVESTMENT CASE

Five reasons to invest in Assura

Kelsall Medical Centre and Wellbeing Hub, Cheshire

Our 99th development completion, relocates a nearby GP practice serving 6,000 patients in a rural community and also incorporates a community wellbeing hub.

The sustainable design solution is part of a wider development site incorporating 29 senior living units as well as a badger habitat as part of the local ecology plan.

1

Purpose

We're delivering our purpose to build better futures for people and places by deploying capital into schemes which deliver financially and make a difference to the environment and society

£2.7bn

portfolio at March 23

2

Experience

We use our extensive sector experience and creative skills to meet the unrelenting, critical need for investment in fit-for-purpose, community healthcare buildings

£130m

net investment in the year – 18 acquisitions, 10 developments, 10 asset enhancement projects, 65 disposals

3

Innovation

We use the power of design and innovation to create outstanding buildings, ensuring we play our part in a sustainable future and supporting the NHS to meet its goal to be the first net zero carbon health service by 2045

10

development completions, with a further 11 projects on site

4

Low risk

We have a low risk, growing portfolio and scalable platform that provides a recurring and predictable revenue stream

5%

compound average EPRA EPS growth over last six years

5

Performance

We have a strong balance sheet that enables us to invest in our portfolio and provide a sustainable, covered and progressive dividend policy

5%

compound average dividend growth rate over last six years

CHAIRMAN'S STATEMENT

Long-term performance for our shareholders

Dear shareholder,

This year marks a shared celebration for Assura and the NHS: we will shortly celebrate 20 years of operation, whilst the country will come together to pay tribute to 75 years of the NHS service in July.

Aiming to be a partner of choice to the NHS, we are proud to have supported the health service over our two decades of business – using our expertise in investing, developing and managing high-quality, sustainable premises that allow health professionals to deliver fantastic health services in the communities they serve.

The NHS is an incredible, albeit challenged, service that will have, at some point in time, touched the lives of everyone in this country. In honour of this, its anniversary will be marked with a series of events to celebrate outstanding stories of health professionals and patients that showcase the best of the NHS as we look to the future.

However, the NHS anniversary also provides time for reflection – about where the NHS currently stands and the challenges ahead to ensure it remains a health service of which we as citizens can be proud and which other nations can admire.

The NHS faces persistent patient backlogs following the pandemic, and an ageing population presents increasing demands on the healthcare system. With a continued drive for hospital services to be moved into a community setting, now more than ever, there is a need for investment in the primary care and related estate to increase the ability of GPs to serve the healthcare needs of patients in the community, resulting in fewer of them needing to go to hospital.

In this report, we celebrate some of our own long-term success stories, in supporting the fantastic work that our NHS is commissioned to do. From examples such as Wide Way Medical Centre in Mitcham, part of our initial portfolio that we have supported with a significant extension in 2018 to help the practice grow and evolve; to Kelsall Medical Centre in Cheshire, which is our 99th and most recent development completion. All properties in our portfolio provide essential settings for the delivery of crucial health services in our communities.

The theme of this report is long-term performance. Assura's strong financial position, excellent portfolio, strategic expansion into growth areas, and supportive market drivers mean we are primed for sustainable growth.

"We are proud to have supported the NHS using our unique set of skills."



CHAIRMAN'S STATEMENT CONTINUED

Our execution to date, described in detail by Jonathan in his CEO statement and Jayne in her CFO review, leaves us well-positioned for the future – targeting long-term performance for our customers, communities and our investors.

For these reasons, we are investing in our capabilities now and for the future.

Investing in our credentials to meet our net zero carbon ambitions. In Fareham, we are delivering our first net zero carbon building for the local NHS Trust, which will provide a children's therapy centre for the local area.

Investing in buildings that help the NHS clear the backlog. In Guildford, we are developing for Genesis Care a cancer treatment centre that uses cutting edge technology and will be used under a contract with the local NHS Trust.

Investing in maximising social impact. Around our development in Cramlington, we have worked with the local primary care network to create a bespoke social impact plan to help support the health needs of that community.

Investing in technology to advance the services we provide. We have partnered with Mace Group to advance our facilities management offering, using technology to improve the speed and efficiency of our customer service offering.

Investing in health services for a digital future. In Winchester, we have partnered with the local academic health science network to fund a study of how innovations and technology could support the practice's goal of becoming a more streamlined and efficient surgery.

All of these initiatives are expanding our offering, making us a more attractive long-term partner for our customers – and the NHS – allowing them to spend more time doing what they do best: providing high-quality health services.

And just like the NHS, we wouldn't be who we are without our people. I have been privileged to work across private and public organisations for much of my career and I'm proud to say of my Assura colleagues that they work tirelessly and with purpose to help us achieve results that deliver for all stakeholders. So to support our colleagues we are also investing in renewed learning and development programmes led by our new Chief People Officer.

I look forward to reporting on our successes in the years to come, as both Assura and the NHS work together to deliver critical new capacity for health services in a community setting.

Ed Smith CBE
Non-Executive Chairman
22 May 2023

"All of these initiatives are expanding our offering, making us a more attractive, long-term partner for our customers."

Wide Way Medical Centre, Mitcham

The site of one of our largest extensions. Wide Way serves over 11,000 patients with space to offer additional services including phlebotomy, ECGs and spirometry.

S172 STATEMENT

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(1) 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 requires us to consider the long-term impact of our decisions.

We adopt a long-term approach to holding our assets as set out in our strategy and business model on pages 33 to 41. 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 as the standard length of our leases is 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 Banbury (see page 66) and our EPC B upgrade programme (see page 62), and aim to develop new properties that incorporate future-proof technology and environmental measures (see page 21).

We maintain a conservative funding structure and our dividend policy is based on paying out a proportion of recurring earnings (see our CFO review page 25).

A Board strategy day is held each year where the Board discusses long-term strategy.



Understanding and responding to stakeholder concerns

Pages 48 to 61 describe how we have engaged with and responded to matters raised by employees, suppliers, customers, investors and communities. Following our 2022 customer satisfaction survey, we decided to focus on improving our facilities management service and partnered with Mace Group, to give our customers even higher quality service via access to sector-leading technology capabilities – read more on pages 58 and 88.

The Board considers stakeholder interests when determining the level of dividend and in all strategic decisions.

Our impact on the environment

Pages 62 to 69 set out our approach to minimising our impact on the environment, including climate change. This year, we have gathered data to gain a better understanding of how energy is consumed across our portfolio, and launched our Net Zero Carbon Pathway detailing our plan to achieve net zero carbon by 2040. All completed developments have again hit our BREEAM and EPC targets. We continue the rollout of our EPC improvements works, having completed improvement projects at 25 properties.

“We adopt a long-term approach to holding our assets.”

This year we established our ESG board committee to oversee all ESG matters for the Group. See more on page 96. The Board considers ESG matters in every decision it makes and receives regular ESG updates.

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 80 to 118). We have a clear purpose that is embedded through our culture and values of innovation, expertise, being genuine, collaboration and passion. We aim to work with our suppliers to ensure their values on social impact and sustainability align with ours. In the year the tender for our development consultant panel included criteria for social impact in the scoring matrix and Mace Group were specifically chosen as our facilities management partner for their commitment to ESG. The Board and the Audit Committee oversee the Company's risk management framework and the actions that are in place to mitigate risk in the short, medium and long term.

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 89 demonstrates this further.

CEO STATEMENT

Long-term performance

Assura is a business built for the long-term. We have again demonstrated this with another successful year of progress and I am proud of how our team has delivered against our strategy.

We operate in a market that offers a significant opportunity, with substantial investment required in the primary care estate, offering attractive investment characteristics, with long leases and a secure cash flow stream.

Our portfolio has strong fundamentals, having been carefully constructed over the past 20 years through selective acquisitions and completion of 99 development projects. Geographically spread through the UK and now Ireland, it has a long remaining lease term of over 11 years, 81% benefitting from an NHS-backed occupier covenant and occupancy of 99%.

We have a strong financial position, with a secure balance sheet, recently re-affirmed A- rating from Fitch and a debt book that is fully fixed at a rate of 2.3% and with a maturity of seven years.

Our longest-dated debt, being our Social and Sustainability Bonds representing approximately 50% of our outstanding debt, also have the lowest rates, at 1.5% and 1.625% respectively.

These characteristics mean we are well positioned for the future. But we are also investing in our capabilities to ensure we remain best-placed to meet the needs of our customers for the long-term. We place a heavy emphasis on social impact and sustainability in everything we do – initiatives such as Design for Everyone, the activities of the Assura Community Fund and the launch of our Net Zero Carbon Pathway demonstrate this. Similarly, partnering with the right suppliers that can help us deliver more social impact, building greater requirements into our tenders, or a better technology-based solution in our facilities management offering, demonstrates the benefit of working collaboratively for the long term.

Financial and operational performance

Assura's business is built on the reliability and resilience of the long-term, secure cash flows from our high-quality £2.7 billion portfolio of 608 properties and our efficient capital structure.

We strive to grow the rental income generated from our portfolio...

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.

We have continued our strong track record of investing with capital discipline. During the year, our net investment was £130 million, adding 28 assets to our portfolio through acquisitions and completed developments, but also recycling capital through the disposal of 65 assets for £78 million. This enabled us to deliver 9% growth in net rental income to £138 million, and our passing rent roll stands at £143.4 million.

"We operate in a market that offers significant opportunity and attractive investment characteristic."



SCAN TO VIEW
OUR MEDIA CENTRE

CEO STATEMENT CONTINUED

...whilst protecting the quality of our cash flows...

An essential part of our growth strategy is the careful review of every asset for opportunities to increase its lifetime cash flows and impact on the community. Our portfolio management team seek to enhance the value of our assets through agreeing rent reviews, completing lease re-gears, letting vacant space and undertaking physical extensions.

This year, the team completed 352 rent reviews, 15 lease re-gears, eight new tenancies for our vacant space, 10 capital projects and 25 sustainability upgrades. Our total contracted rental income, which is a combination of our passing rent roll and lease length, stands at £1.77 million, our weighted average unexpired lease term is 11.2 years and 81% of our income is backed by the NHS or HSE.

...and carefully controlling our balance sheet and cost base...

Despite the decline in valuation in the year, which has resulted in us recording an IFRS loss of £119 million or 4.0 pence per share, our balance sheet remains conservatively positioned with strong debt metrics of net debt to EBITDA, interest cover and LTV. Our investment grade rating of A- was re-affirmed by Fitch Ratings Ltd in January 2023.

All of our drawn debt has fixed interest, at an average of 2.3%, a weighted average maturity of seven years and we have no significant refinancings due in the next five years.

...to deliver earnings growth that supports our dividend policy.

The combination of these elements has enabled us to continue our track record of growth year on year. Our EPRA earnings have increased by 12% to £96.8 million which translates to an EPRA EPS of 3.3 pence per share.

The resilience of our income and the growth we have delivered is reflected in our fully covered dividend payments, which we have now increased for ten consecutive years. Today, we announce a 5% increase in the quarterly dividend payment to 0.82 pence with effect from the July 2023 payment, equivalent to 3.28 pence per share on an annualised basis.

Net zero carbon in focus

Alongside this report, we are launching our Net Zero Carbon Pathway, which sets out the energy consumed in our portfolio, our targets for reducing this and our strategy to achieve this.

To us, this is more than simply ticking an environmental box. The easiest thing for us to do would be calculate our emissions and buy some carbon offsets. However, alongside our social impact ambition, we consider moving

toward net zero carbon as being fundamental to our long-term business model and strategy.

Our buildings need to meet the expectations of our customers and all stakeholders. We aim to lead the way in designing buildings that are efficient in their energy consumption and carbon emissions, both embodied in the construction process and day-to-day operational usage, to help the NHS meet its own net zero carbon targets and to reduce the running costs of our buildings.

This means rolling out our Net Zero Carbon Design Guide to the development projects in our pipeline. It means reducing our own direct carbon footprint. But most importantly it means looking at the operational emissions in our existing portfolio and working with our occupiers to reduce energy used – both through occupier engagement initiatives to improve energy consumption behaviours and retrofitting our buildings with appropriate technological improvements.

We do not underestimate the scale of this challenge over the next 17 years to 2040. Our plans will involve investment over time and our priority is ensuring that this investment has a suitable return for investors.

Assura outlook

Over recent years, our growth has been driven by a blend of external portfolio growth (acquisitions), development activities and internal growth (asset enhancement activity and rent reviews). We have been successful in identifying suitable opportunities in each of these areas, building the pipeline and delivering this into our portfolio.

The market to expand our portfolio through acquisition in the UK has been muted over the months since the turmoil in the bond markets in reaction to the mini-budget in September 2022 and remains the case today. Looking ahead we would expect the majority of our growth in the short-term to come from maximising the returns on our existing portfolio, focusing on developments and asset enhancement opportunities as the areas in which we can generate most value-add.

We are on site with 11 developments, with a total cost of £129 million that will complete over the next 18 months. These have a remaining spend of £75 million and are fully funded from available cash.

The recent challenges in the construction industry, with significant cost inflation and delays in the supply chain, continue to impact us with schemes typically facing a two-to-three-month extension in the build period. Whilst we are starting to see a slowdown in the pace of tender price cost inflation in our development pipeline, it takes time to flow the

increased costs into the negotiations with the District Valuer to set the rent on these schemes. We only move on site when all aspects of a scheme (NHS approval, fixed price construction contract, agreement for lease in place) are agreed in full. We are seeing progress in our areas of strategic expansion – working directly with NHS Trusts, independent providers and stakeholders in Ireland. Each of these areas are closely aligned with our existing portfolio, being buildings that deliver health services in a community setting – aiming to relieve some of the pressure on the NHS system – with a strong underlying occupier covenant.

Our on-site developments include three schemes directly with NHS Trusts (Shirley, Fareham and Cramlington), two schemes with independent providers (Kettering and Guildford) and also our first two forward funding projects in Ireland (Kilbeggan and Ballybay). Similarly, our immediate pipeline of five schemes (total estimated cost of £37 million) contains three schemes in Ireland and one ambulance hub, building on the recent successes we have had in these areas becoming meaningful contributors to our portfolio and cash flow stream.

CEO STATEMENT CONTINUED

Having completed 10 asset enhancement projects (£5.4 million) in the period, we are on site with eight more (total spend £8.9 million). The nature of each of these projects is different – for example, a fit out of vacant space and refurbishment of the existing area at West Byfleet, an extension adding consulting rooms at Riverside in Castleford, and a sustainability linked upgrade in Banbury (conversion to air source heat pump) – but crucially responds to the needs of the customer and patients at that particular location. Delivering opportunities such as these helps us serve our customers best, as well as driving long-term returns from the assets in our portfolio.

Market outlook

The critical need for investment in infrastructure to support the services delivered by the NHS is as pronounced as it has ever been. We have an ageing population, and it is cheaper for the NHS to deliver health services in a primary care setting. Waiting lists are longer than they have been for decades because hospitals are overburdened, and appropriate space doesn't exist in a community setting to deliver care where it is needed.

The existing NHS estate is not fit for purpose and requires significant investment to meet this demand. Healthcare professionals openly admit that the premises they work in are constraining the services they can provide, hindering recruitment of

staff and holding back progress on tackling the care backlog. The recent restructuring of the NHS into Integrated Care Partnerships should provide a greater opportunity for stronger collaboration across health professionals, services and the property estate.

Assura has a vital role as a partner to health providers to ease the pressures faced by the system. By investing in our capabilities, we are strategically placing ourselves as the partner of choice for the long-term. We are best placed to provide high-quality, sustainable new premises for delivery of health services, to retrofit existing buildings to meet the net zero carbon challenge, partnering with our supply chain to maximise the social value that we create for the communities we operate in and continually evolving our offering through adopting the latest technologies.

Focusing on enhancing our expertise and delivering this into our buildings, both physically and through the customer service we aim to deliver, means that our customers can focus on what they do best – delivering essential health services.

Jonathan Murphy
CEO

22 May 2023

"The existing NHS estate is not fit for purpose and requires significant investment."



Northumbria Health and Care Academy, Cramlington.
We are supporting an extensive social impact programme including five higher education bursaries.

SPOTLIGHT ON SUSTAINABILITY

On target to net zero

Sustainability and social impact targets have been part of our business model for a number of years – our SixBySix strategy, launched in 2020, set out our six pledges to achieve by 2026. But long before the launch of this strategy we had been at the forefront of sustainability in our sector – most particularly on our new build developments where we have incorporated BREEAM targets since 2013 and buildings designed to be net zero carbon in operation at Harlech in 2014 and West Gorton in 2017.

2023 successes

- Moved on site with Fareham – our first net zero carbon development (see page 12)
- Launched our Net Zero Carbon Pathway (see opposite)
- Continued the great work done through the Assura Community Fund – distributing over £469,000 to 74 projects (see page 52)
- Developed bespoke social impact plans for seven on site developments
- Implemented sustainability and social impact criteria into the selection criteria for partners in our development supply chain (see page 57)

2024 priorities

- Developing our customer offer to engage on energy reduction initiatives – both quick win opportunities and building improvement projects
- Rolling out social impact and sustainability criteria into more supplier selection tenders
- Moving on site with more developments in line with our Net Zero Carbon Design Guide
- Accelerating EPC Band B improvement works

Ambitions

No.1

No.1 listed property business for long-term social impact

2040

Net zero carbon across our portfolio by 2040

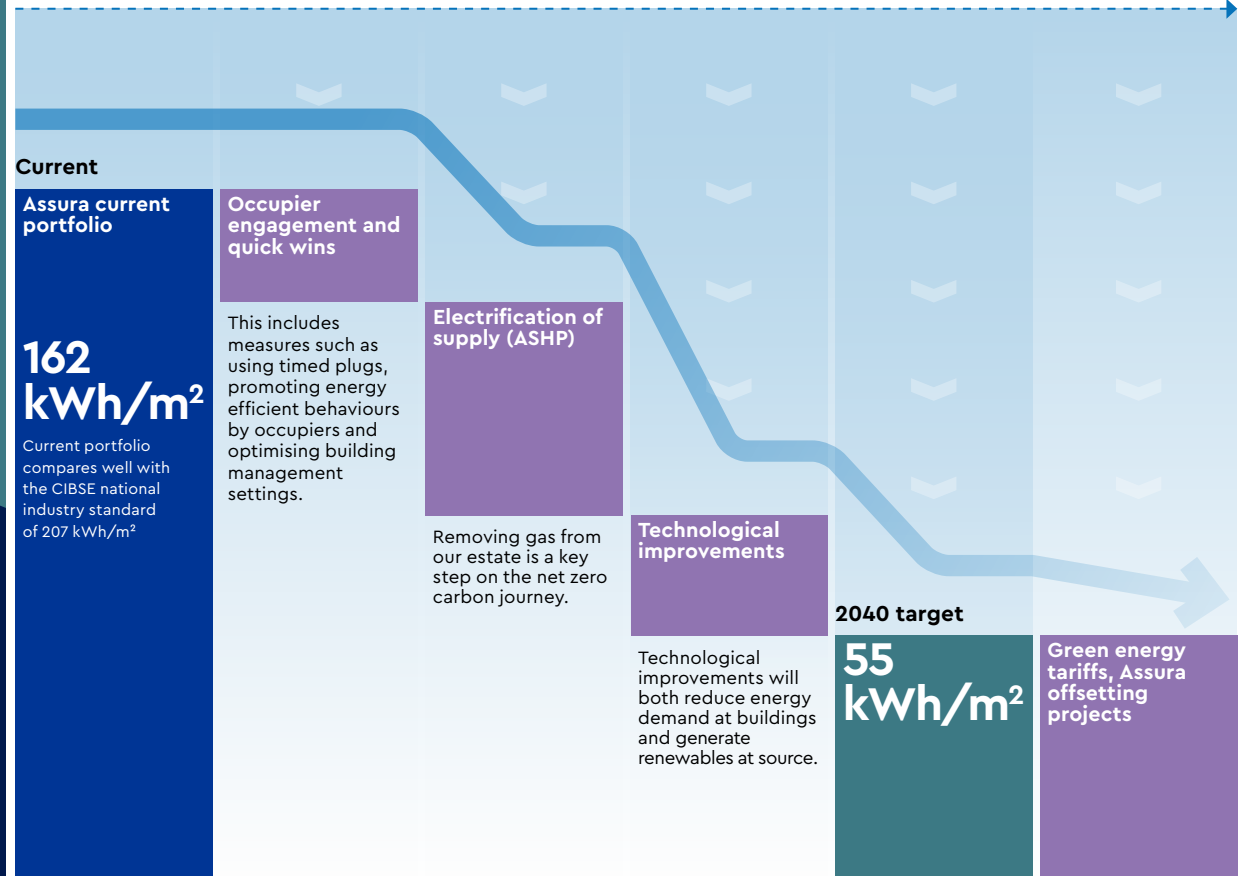
Read more on pages 62–66

NET ZERO CARBON PATHWAY

One of our priorities for the year was to understand better the energy used across our portfolio by occupiers in our buildings. We obtained data representing 55% of properties by area and completed net zero carbon audits on 15%.

We then used this to create our science-based reduction targets – following UK Green Building Council guidance and we are seeking SBTi verification over the coming months – and understanding of how we will achieve them.

Go to www.assurapl.com



CFO REVIEW

Long-term, resilient assets creating strong cash flow



"The strength of our business model and balance sheet continues to result in rock solid cash flows."

PORTFOLIO HIGHLIGHTS:

£2.7bn

current portfolio

11.2 years

WAULT

£1.8bn

total contracted rental income

7 years

weighted average debt maturity

2.3%

weighted average interest rate on debt

This has very much been a year of two halves from an investment perspective, with a significant change in capital markets and a high inflationary environment impacting external growth activities. We entered the year with a strong pipeline of acquisition, development and asset enhancement activities, which we delivered, mainly in the first quarter. Then, as the market conditions changed in the second half of the year, we responded quickly, pausing acquisition activity as interest rates rose sharply.

What has remained consistent is the resilience of our assets in generating high-quality cash flows, highlighting the strength of our business model. Our asset class benefits from increasing demand, long leases and a primarily government-backed occupier base, and so it remains attractive regardless of the political or economic backdrop.

This is then enhanced by our disciplined balance sheet management, with long-term, fixed and sustainable financing in place meaning the growth in rental income can efficiently flow through to EPRA earnings and the dividend we pay.

All of this means we continue to have high confidence in our future prospects and our ability to deliver attractive returns that benefit all of our stakeholders.

FOCUS ON EXISTING PORTFOLIO

25

sustainability improvement projects delivered

£2.8m

uplift in rent roll from settled rent reviews

£14m

pipeline of asset enhancement capital projects

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.

CFO REVIEW CONTINUED

Portfolio as at 31 March 2023 £2,738.0 million (2022: £2,751.9 million)

Our business is based on our investment portfolio of 608 properties (2022: 645).

This has a passing rent roll of £143.4 million (2022: £135.7 million), 81% of which is underpinned by the NHS. The WAULT is 11.2 years (2022: 11.6 years) and we have a total contracted rent roll of £1.77 billion (2022: £1.81 billion).

At 31 March 2023 our portfolio of completed investment properties was valued at a total of £2,677.4 million (2022: £2,750.3 million including assets held for sale of £76.0 million), which produced a net initial yield ("NIY") of 4.87% (2022: 4.48%). Taking account of potential lettings of unoccupied space and any uplift to current market rents on review, our valuers assess the net equivalent yield to be 5.09% (2022: 4.72%). Adjusting this Royal Institution of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 5.12% (2022: 4.74%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.77% (2022: 4.42%).

	2023 £m	2022 £m
Net rental income	138.0	126.5
Valuation movement	(215.3)	69.4
Total Property Return	(77.3)	195.9

Reflecting the recent unstable macroeconomic backdrop and movement in gilt yields, we, like most real estate companies, recorded a loss on valuation of £215.3 million in the period. This is consequently reflected in our Total Property Return (expressed as a percentage of opening investment property plus additions) which was (2.6%) for the year (2022: 7.1%).

The net valuation loss represents a 6.4% movement on a like-for-like basis. However, this was offset by the positive actions we have taken in the year to improve the portfolio - with 15 lease regears, 10 capital projects and £2.8 million additional rent from rent reviews settled in the year.

As a comparison, the 10-year and 15-year UK gilts moved significantly in the year, now standing at 3.49% and 3.78% respectively (2022: 1.61% and 1.81% respectively).

Portfolio additions

We have taken a disciplined approach to investment in 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:

	2023 £m
Acquisitions	129.7
Completed developments	70.2
Additions	199.9
Disposals	(77.8)
Asset enhancement & sustainability	15.2
Net investment	137.3

We have completed 18 acquisitions and 10 developments during the year.

These additions were at a combined total cost of £200 million with a combined passing rent of £9.9 million (yield on cost of 4.9%) and a WAULT of 14.5 years.

During the period, we disposed of 65 properties which no longer met our investment criteria, generating proceeds of £78 million, in line with their book values at March 2022, and this cash is now being recycled into the on site pipeline of developments and asset enhancement opportunities. We are continually reviewing our portfolio for any indication that properties no longer meet our investment criteria.

Development activity

We completed 10 developments during the year, adding an initial £2.9 million to our rent roll and creating improved facilities to serve 170,000 patients.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with five schemes moving on site during the year meaning that 11 are on site at 31 March 2023.

Of the 11, seven are under forward funding arrangements (including our first two developments in Ireland) and four are in-house schemes. These have a combined development cost of £129 million, of which we had spent £54.7 million as at the year end.

We continue to source additional schemes for our development pipeline, but the pressures of both rising construction costs and higher costs of finance have led us to proceed with discipline before committing to schemes, ensuring all aspects are fixed before we commence. We have an immediate pipeline of five properties (estimated cost £37 million, which we would hope to be on site within 12 months) and an extended pipeline of 49 properties (estimated cost £446 million, appointed exclusive partner and awaiting NHS approval).

We recorded a revaluation loss of £4.8 million in respect of investment property under construction (2022: gain of £4.0 million) reflecting the valuation movement during the year.

Live developments and forward funding arrangements

	Forward fund/ in house	Principal occupier	Estimated completion date	Total Development costs £m	Costs to date £m	Size sq.m
Ballybay	FF	HSE	Q2 24	4.3	0.6	1,695
Brighton	FF	GPs	Q1 24	4.9	2.0	948
Cramlington	In house	NHS Trust	Q1 24	25.3	11.8	6,500
Fareham	In house	NHS Trust	Q2 24	4.9	1.5	950
Guildford	FF	Independent provider	Q4 23	30.8	10.3	2,818
Kettering	FF	Independent provider	Q2 23	21.6	13.3	3,500
Kilbeggan	FF	HSE	Q1 24	5.4	1.7	1,740
Kings Lynn	FF	GPs	Q2 24	10.1	2.8	1,702
Southampton	In house	GPs	Q3 23	7.5	4.3	1,385
Winchester	In house	GPs	Q3 24	8.4	1.9	1,353
Wolverhampton	FF	GPs	Q3 23	5.9	4.5	1,325

CFO REVIEW CONTINUED

Portfolio management

Our rent roll grew by £7.7 million during the year to £143.4 million. The growth came from acquisitions (£6.9 million), development completions (£2.9 million) and portfolio management activity including rent reviews (£2.8 million), offset by the rent relating to disposals (£4.9 million).

During the year we successfully concluded 352 rent reviews (2022: 308 reviews) to generate a weighted average annual rent increase of 3.8% (2022: 1.9%) on those properties, which is a figure that includes 16 reviews we chose not to instigate in the year. These 352 reviews covered £38.7 million or 29% of our rent roll at the start of the year and, on a like-for-like basis, the absolute increase of £2.8 million is a 7.2% increase on this rent. Our portfolio benefits from a 33% weighting in fixed, RPI and other uplifts which generated an average uplift of 5.7% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.5% (2022: 1.4%) during the period.

Our total contracted rental income is a function of the current rent roll and unexpired lease term on the existing portfolio and on-site developments is £1.77 billion (March 2022: £1.81 billion). 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").

We delivered 15 lease re-gears in the year covering £2.0 million of current annual rent and adding 13.2 years to the WAULT for those particular leases (2022: 22 re-gears, £1.3 million of rent). We have also agreed terms on a pipeline of 35 re-gears covering £8.2 million of rent roll and these are currently in legal hands.

We have completed 10 capital projects in the year (total spend £5.4 million) and are currently on site with a further eight (total spend of £8.9 million). These schemes increase the WAULT on those properties by 15.6 years and improve the sustainability performance of those buildings. In addition, we have a further 17 asset enhancement projects we hope to complete in the next two years with estimated spend of £14.1 million.

Our EPRA Vacancy Rate was 1.0% (March 2022: 1.2%).

Our current contracted annual rent roll is £143.4 million and, on a proforma basis, would increase to in excess of £159 million once on site developments, asset enhancement projects and rent reviews are completed.

Administrative expenses

Administrative expenses in the year were £13.3 million (2022: £11.7 million).

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 13.5% and 12.3% respectively (2022: 13.1% and 12.1%).

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% (2022: 0.45%).

Financing

Our balance sheet and financing position remains strong. We have cash reserves and committed undrawn facilities totalling £243 million, and our long-term, drawn facilities have fixed rates in place.

Growth during the period, with net investment of £130 million, has been primarily funded by cash reserves, in addition to the capital recycled from the 65 properties disposed in the year.

Our LTV ratio currently stands at 41% and will increase in the short term as we utilise cash to fund the pipeline of development and asset enhancement opportunities. We generally operate with an LTV in and around 40%, and our policy allows us to reach the range of 40–50% should the need arise.

100% of our drawn debt facilities are at fixed interest rates, although this will change as and when we draw on the revolving credit facility which is at a variable rate.

The weighted average debt maturity is 7.0 years, and our longest dated facilities (the Social and Sustainability bonds which mature in 2030 and 2033 respectively) are at our lowest rates (1.5% and 1.625% respectively).

Net finance costs presented through EPRA earnings in the year amounted to £27.3 million (2022: £28.0 million).

IFRS loss before tax

IFRS loss before tax for the period was £119.2 million (2022: profit of £155.8 million).

This has reduced compared with the prior year due to revaluation movements, as described above.

"Our balance sheet and financing position remains strong."

Financing statistics	2023 £m	2022 £m
Net debt (Note 22)	£1,134.6m	£1,006.4m
Weighted average debt maturity	7.0 years	8.0 years
Weighted average interest rate	2.30%	2.30%
% of debt at fixed/capped rates	100%	100%
EBITDA to net interest cover	4.5x	4.1x
Net debt to EBITDA	9.1x	8.8x
LTV (Note 22)	41%	36%

CFO REVIEW CONTINUED

EPRA earnings

Financing statistics	2023 £m	2022 £m
Net rental income	138.0	126.5
Administrative expenses	(13.3)	(11.7)
Net finance costs	(27.3)	(28.0)
Share-based payments and other	(0.6)	(0.6)
EPRA earnings	96.8	86.2

The movement in EPRA earnings can be summarised as follows:

	£m
Year ended 31 March 2022	86.2
Net rental income	11.5
Administrative expenses	(1.6)
Net finance costs	0.7
Year ended 31 March 2023	96.8

EPRA earnings has grown 12.3% to £96.8 million in the year to 31 March 2023 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 an increase in administrative expenses.

Earnings per share

The basic earnings per share ("EPS") on loss for the period was (4.0) pence (2022: 5.6 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 3.3 pence (2022: 3.1 pence).

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 1.1 million new shares expected to be issued. The dilution is not material with no impact on EPS figures.

Dividends

Total dividends settled in the year to 31 March 2023 were £91.0 million or 3.08 pence per share (2022: 2.93 pence per share). £2.1 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 EPRA earnings. Three dividends paid during the year were PIDs and one was a normal dividend (non-PID). It is expected that the majority of future dividends will be PIDs.

The table below illustrates our cash flows over the period:

Financing statistics	2023 £m	2022 £m
Opening cash	243.5	46.6
Net cash flow from operations	94.1	94.6
Dividends paid	(88.9)	(75.4)
Investment:		
Property and other acquisitions	(150.3)	(245.3)
Development expenditure	(57.9)	(63.7)
Sale of properties	77.8	15.1
Financing:		
Net proceeds from equity issuance	-	177.9
Net borrowing movement	(0.3)	293.7
Closing cash	118.0	243.5

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 from cash reserves and the disposals during the period.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 March 2022 (Note 7)	1,789.0	60.7
EPRA earnings	96.8	3.3
Capital (revaluations and capital gains)	(216.0)	(7.3)
Dividends	(91.0)	(3.1)
Equity issuance	5.1	-
Other	3.0	-
Diluted EPRA NTA at 31 March 2023 (Note 7)	1,586.9	53.6

Our Total Accounting Return per share for the year ended 31 March 2023 is (6.6)% (2022: 11.2%) of which 3.1 pence per share (5.1%) has been distributed to shareholders, offset by the 7.1 pence per share (11.7%) reduction in EPRA NTA.

Jayne Cottam

CFO

22 May 2023

OUR MARKET

Long-term performance in the primary care market

Key trends affecting our market:

1

Demand for care

Falling NHS bed numbers and ever-increasing waiting lists for treatment

[Read more on page 27](#)

2

The state of the estate

Cramped outdated spaces with no room for offering additional services or training new doctors

[Read more on page 28](#)

3

Reorganisation of the NHS

The Integrated Care Systems are reaching their one-year anniversary

[Read more on page 29](#)

4

A lever to help reduce health inequalities

Infrastructure has an important role to play in helping to reduce health inequalities

[Read more on page 30](#)

5

The NHS's net zero carbon challenge

4% of the UK's carbon emissions are produced by the NHS, with a target to reach net zero carbon by 2045

[Read more on page 31](#)

6

Lack of investment

The maintenance backlog across the NHS estate has now reached over £10 billion, significant investment is needed now


[Read more on page 32](#)

OUR MARKET CONTINUED

1. DEMAND FOR CARE

How can the primary care estate help alleviate pressures facing NHS hospitals?

Analysis of workforce data commissioned by NHS Confederation suggests that for every GP added to the workforce, there is a decrease of 98 A&E attendances locally per 10,000 people, and a decrease of 10 long-stay non-elective inpatient stays (two days or more) per 10,000 people.

 Go to 'the link between investing in health and economic growth' NHS Confederation Oct 22

>98

For every GP added to the workforce, there is a decrease of 98 A&E attendances locally



OUR MARKET CONTINUED

2. STATE OF THE ESTATE

How important is the quality of primary care estate in delivering services?

I think it's really important. Since we have moved into a new building, we have started to run the UPCC (Unplanned Primary Care Clinic) for our cluster, this will hopefully help to take the pressure off other surgeries as we will be seeing the new sore throat, coughs and other acute issues. We have also started hosting a mental health counsellor for the cluster/locality. From April this year, we will be hosting MSK (physiotherapy) and Spirometry clinic (COPD, Asthma). If we were still in our old building, none of this would be possible.

Gareth Lucocq,
Practice Manager at our recently developed
Whitchurch Road Surgery



OUR MARKET CONTINUED

3. REORGANISATION OF THE NHS

One year in, what have the new ICSs meant for collaboration and investment?

The new Integrated Care Systems and the Boards that are managing these regions are providing estate strategies for the provision of care. Assura is identifying short-term estate solutions for the provision of services while exploring longer-term service pathways and locations where services are required. Our understanding and knowledge on the provision of care in the communities allows us to respond quickly and with flexibility to the ever-evolving needs of the NHS.

Roger Thompson,
our Director of Portfolio and Facilities Management



OUR MARKET CONTINUED


4. INEQUALITY OF ACCESS

How can improved NHS premises support reduced health inequalities?

Researchers from the University of York have evidenced how modern, well designed buildings, such as Maggie's Centres, create an environment that enables better care and improves staff wellbeing.

Our recently launched Designing for Everyone Toolkit brings together best practice on design to improve physical environments for people with disabilities and conditions, such as dementia, neurodiversity and anxiety. Some premises changes can be as simple as the colours painted on the wall, yet can go a long way to improve user experience and reduce inequalities of access.

Karen Nolan,
our Social Impact Lead

 [Read more on page 52](#)



OUR MARKET CONTINUED

5. NET ZERO CARBON CHALLENGE

How is Assura helping the NHS meet its net zero carbon ambition?

The scale of the challenge facing the NHS cannot be understated – it has a vast property estate and carbon footprint. Building on our historical track record, we're investing in our capabilities now to be at the forefront of supporting our customer in tackling this challenge as a long-term partner.

We're on site with our first net zero carbon development in Fareham, have delivered another 25 energy efficient improvement projects in our portfolio and are working on our occupier engagement initiatives to help reduce energy bills for our occupiers.

Paul Warwick,
our Director of Sustainability and Projects

25

energy efficient building
improvements delivered
in the year



OUR MARKET CONTINUED

6. LACK OF INVESTMENT

Is the NHS estate still suffering from lack of investment?

A recent article from The BMA highlights inadequate space and deteriorating estates as a barrier, preventing staff from delivering the care they would like and training new doctors, putting additional pressures on secondary and tertiary services.

The Autumn Budget promised an additional £3.3 billion cash boost for NHS England in 2023/24 but with NHS digital figures putting the cost to eradicate NHS maintenance backlog at over £10 billion it seems the estate has been overlooked again.

Alex Taylor,
our Director of Investment

£3.3bn

cash boost for NHS England
2023/24



OUR BUSINESS MODEL

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 that **we BUILD for health.**



We aim to be the UK's number one listed property business for long-term social impact and we are targeting net zero carbon across our portfolio by 2040.

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

OUR VALUES

- Innovation
- Expertise
- Being genuine
- Collaboration
- Passion



OUR BUSINESS MODEL CONTINUED

What we do



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 our customers and the patients through higher quality buildings, allowing more services to be delivered, reducing the environmental impact and lowering running costs for occupiers through energy efficient upgrades and providing our investors with a value-enhancing lease re-gear.

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.

DEVELOPMENT

Growing our portfolio through new developments

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

The customers and patients benefit from our strong relationships with our expert healthcare partners, who we work with to incorporate the latest sustainability and design innovations, in line with our recently launched Net Zero Carbon Design Guide, targeting net zero carbon development – both for carbon in operation and carbon embodied through construction.

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 customers sign an agreement for lease and our third-party building contractor partners sign fixed price contracts.

Following the 14–20 month build period, we get a long, secure income stream at a return on cost and development margin that reflects the relatively low development risk we take on, and a building that showcases our ability to deliver sustainable solutions that benefit all stakeholders.

INVESTMENT

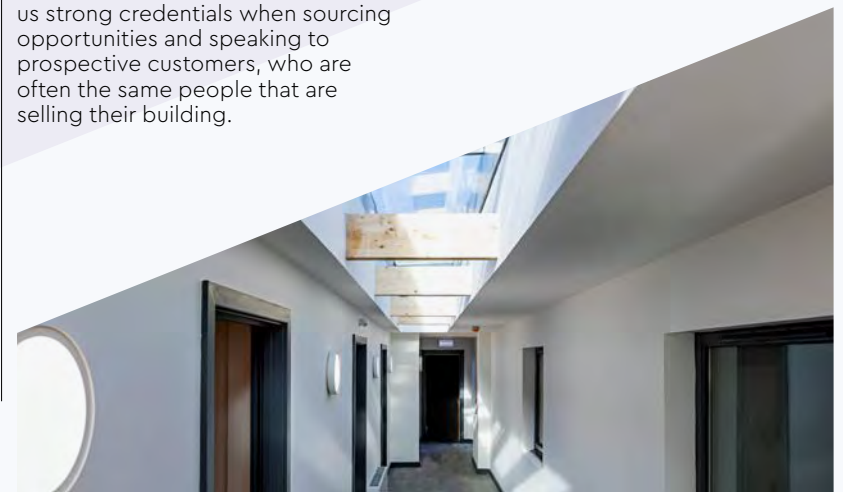
Growing our portfolio through acquisition of existing properties

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 long-standing reputation as a landlord that owns and operates buildings as a long-term partner to our customers.

Our knowledge of the sector, bespoke database covering all primary healthcare properties in the country, our reputation as a landlord seeking a positive social impact 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. If a potential opportunity doesn't meet our environmental standards, then the price is adjusted accordingly for the cost of making the required improvements.

The key factor for every investment 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.



OUR BUSINESS MODEL CONTINUED

How we do it

OUR UNIQUE OFFERING

We are unique in offering our customers (GPs, the NHS and HSE, 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; listening to the problems they face before working with them to provide innovative, sustainable solutions; building better futures for people and places.

OUR REPUTATION FOR BEING INNOVATIVE, SECTOR EXPERTS

We are a partner of choice with more than 92% of respondents to our most recent 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 ensure buildings are fit for the NHS's future needs, including for their net zero carbon targets. We innovate to incorporate the latest advances in the delivery of care, looking at use of space, technological change and sustainability. We then agree with the District Valuers (responsible for agreeing rents on new build developments and rent reviews) that our buildings 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, NHS bodies and the HSE who benefit from government reimbursement of their rent, or independent health providers who support the NHS in reducing waiting lists. 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. Our balance sheet ratios, unsecured borrowing structure and strong ESG credentials give us access to a wide range of funding options, operating our loan-to-value ratio in and around 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.

LEADING FOR A SUSTAINABLE FUTURE, DELIVERING LASTING IMPACT WITH COMMUNITIES

Social and environmental impact is ingrained through our operations and long-term strategy for each building. Minimising the environmental impact and maximising the positive social impact of each building in our portfolio through our ESG targets and SixBySix pledges is fundamental to our offering for all stakeholders.




OUR STRATEGY

To respond to the market drivers, we focus on five strategic priorities, which are all underpinned by our purpose and our commitments to social impact and sustainability:


Strong market drivers

Demand for more capacity in primary care is unrelenting, as more services are moved out of hospitals into a community setting and challenges faced by the NHS have only been exacerbated by waiting list pressure. As hybrid models of face-to-face and digital care continue to embed, the NHS is evolving its infrastructure to support the future of local health services.

 Read more in our market on pages 26 to 32

We BUILD for health

As a purpose-driven organisation, we're generating long-term value for our stakeholders through providing high-quality facilities for our customers, growing financial returns for our shareholders, helping the NHS to reach its net zero carbon ambitions and delivering lasting impact with communities.

 Read more in Assura at a glance on page 13

STRATEGIC PRIORITIES

01

Leveraging our financial strength

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



02

Quality of buildings

To deliver the outstanding spaces our customers need, leading for a sustainable future and a net zero carbon NHS.



03

Quality of service

To deliver on the promises we make to the customers and communities our buildings serve, unlocking the power of design and innovation to tackle their challenges.



04

People

To attract, retain and develop our high-quality, specialist team, investing in skills and new ways of working.



05

Long-term relationships

To build better futures for people and places through our enduring partnerships with them and delivering lasting impact with communities.



Underpinned by our commitments to social impact and sustainability

OUR STRATEGY CONTINUED

01

Leveraging our financial strength

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

2023 PRIORITIES

- Continue to invest in earnings accretive portfolio additions
- Use asset enhancement pipeline to drive sustainability improvements
- Drive rental growth from rent reviews, to grow recurring earnings and contracted rental income
- Maintain investment grade rating of A- from Fitch Ratings Ltd
- Continue to recycle capital and explore finance sources including joint ventures as appropriate
- Continue improving customer engagement and satisfaction

2023 ACTIONS & PROGRESS

- Rental growth of £2.8 million achieved from rent reviews (3.8% equivalent annual amount on those rents)
- Expanded investment in Ireland, with one acquisition and two forward fund developments moving on site
- A- investment grade rating and stable outlook reiterated by Fitch Ratings Ltd
- EPRA Cost Ratio maintained at 13%
- Dividend increase for tenth consecutive year
- 15 lease re-gears completed adding £26 million to total contracted rental income

2024 PRIORITIES

- Drive internal growth from asset enhancements and rent reviews
- Use asset enhancement pipeline to drive sustainability improvements and generate accretive returns
- Renew revolving credit facility, incorporating ESG linkage
- Maintain investment grade rating of A- from Fitch Ratings Ltd

KPIS

- 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

See our KPIs on pages 42 to 46

RISKS

- 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

See principal risks and uncertainties on pages 70 to 78

15
lease re-gears
completed

£2.8m
increase in passing rent
from rent reviews



OUR STRATEGY CONTINUED

02

Quality of buildings

To deliver the outstanding spaces our customers need, leading for a sustainable future and a net zero carbon NHS.

2023 PRIORITIES

- Deliver on site developments
- EPC B across 50% of our portfolio by March 2023
- Complete net zero carbon audits across 50 sites in our portfolio with a view to completing pilot net zero carbon retrofit programme
- Roll out Net Zero Carbon Design Guide to development pipeline

2023 ACTIONS & PROGRESS

- 11 developments and eight asset enhancement projects on site
- Energy data collection and net zero carbon audits turned into Net Zero Carbon Pathway
- Completed developments hit BREEAM and EPC targets
- Moved on site with Fareham – our first net zero carbon development – and upgraded Banbury – our first air source heat pump retrofit
- 25 buildings with improved energy efficiency following EPC upgrades
- 53% of portfolio now at EPC B or better

2024 PRIORITIES

- Deliver on site developments and asset enhancement projects
- EPC B across 65% of our portfolio by March 2024
- Increase proportion of on site developments that use Net Zero Carbon Design Guide
- Roll out energy reduction initiatives into portfolio – through occupier communications, LED lighting, PV panels and air source heat pumps

KPIS

- Portfolio: Rental growth from rent reviews, WAULT, occupier covenant, developments on site,
- Stakeholder: Net zero carbon developments, EPC ratings, BREEAM ratings

See our KPIs on pages 42 to 46

RISKS

- Changes to government policy
- Development programmes
- Underperformance of assets

See principal risks and uncertainties on pages 70 to 78

11
developments on site

56
net zero carbon audits completed in the year



OUR STRATEGY CONTINUED

03

Quality of service

To deliver on the promises we make to the customers and communities our buildings serve, unlocking the power of design and innovation to tackle their challenges.



2023 PRIORITIES

- Continue to maximise the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Complete developments on site and convert immediate pipeline to on site
- Implement learnings from QFlow and BuiltID trials
- Continue to leverage investment in Pi Labs to identify technological solutions and better ways of working

2023 ACTIONS & PROGRESS

- 10 developments completed during the year
- 18 properties acquired and successfully integrated by our portfolio management team
- 10 asset enhancement capital projects completed and a further eight underway
- 15 lease regears completed and eight new tenancies delivered
- Partnered with Mace Group to enhance our facilities management offering through a technology-based solution
- Engaged with four emerging technology companies through our Pi Labs investment

2024 PRIORITIES

- Continue to maximise the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Share learnings from energy data collected across portfolio with customers, helping to generate savings in energy consumed
- Explore PV panel offering for customers under Power Purchase Agreements ("PPA")
- Roll out facilities management offering for customers through partnership with sector leading technology specialist Mace Group

KPIS

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

See our KPIs on pages 42 to 46

RISKS

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

See principal risks and uncertainties on pages 70 to 78

10
developments
completed

10
asset enhancement
projects completed

OUR STRATEGY CONTINUED

04

People

To attract, retain and develop our high-quality, specialist team, investing in skills and new ways of working.



2023 PRIORITIES

- Supporting our employees to drive a high performance culture
- Setting metrics for EDI advancement across the organisation
- 50% of employees undertaking volunteering activities
- Development of clear career pathways to aid employee development and succession planning

2023 ACTIONS & PROGRESS

- High performance training delivered to managers across the business
- Learning & development continuum launched to support development for all employees
- ESG & cyber training delivered to all employees
- Volunteering participation at 65%

2024 PRIORITIES

- Finalise and roll out people-related metrics focused on improving inclusivity and driving high performance
- Realigning the company culture to support a continual flexible workforce as we transition to our new net zero carbon headquarters
- Build on successful implementation of volunteering programme to embed as a team-wide responsibility
- Supporting our team members through the cost of living crisis

KPIS

- Stakeholder: Staff satisfaction survey, Staff volunteering

See our KPIs on pages 42 to 46

RISKS

- Staff dependency

See principal risks and uncertainties on pages 70 to 78

65%
volunteering participants

OUR STRATEGY CONTINUED

05

Long-term relationships

To build better futures for people and places through our enduring partnerships with them, and delivering lasting impact with communities.



2023 PRIORITIES

- Advance work of the Assura Community Fund through third year of grants, leveraging our position as Community Health Partner to the 2021 Rugby League World Cup
- Finalise development of our supply chain framework and leveraging shared social impact objectives
- Advance relationships with NHS Trusts and independent providers to deliver more buildings that ease pressure faced by the NHS

2023 ACTIONS & PROGRESS

- Over £469,000 of grants delivered to 74 projects by the Assura Community Fund
- Social impact and sustainability metrics built into selection criteria for development consultants and facilities management
- Developing our offering: Completed buildings for NHS Ambulance Trust in the West Midlands, independent provider in Preston as well as having other schemes on site
- Entered into joint ownership arrangement of asset with NHS Foundation Trust in Yorkshire
- Social impact programmes rolled out for seven on site developments, curating bespoke funding package for local health improving community groups

2024 PRIORITIES

- Demonstrate value of investment in sustainable buildings to GPs and the NHS, generating savings in terms of energy use and minimising environmental impact
- Roll out social impact and sustainability metrics as criteria across all supplier selection exercises
- Continue to evolve offering for NHS Trusts and independent providers
- Strengthen relationships in Ireland to develop further pipeline of opportunities

KPIS

- Portfolio: Growth in rent roll, developments on site
- Stakeholders: Customer satisfaction survey, Assura Community Fund reach, Staff volunteering

See our KPIs on pages 42 to 46

RISKS

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

See principal risks and uncertainties on pages 70 to 78

£469k

grants distributed in the year

7

bespoke social impact programmes for on site developments

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.

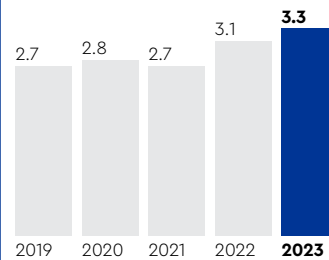
These KPIs are reflected in both the short-term (annual bonus details on page 107) and long-term management incentive schemes (linked to TSR, growth in EPRA EPS and performance against ESG targets over a three-year period, further details on page 108).

Certain of these measures are considered Alternative Performance Measures (calculations or references provided where appropriate) which, as explained in the CFO review on pages 22 to 25, are provided to help provide relevant information to understand how our business is performing.

FINANCIAL

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 increased to 3.3 pence. This growth has been delivered from accretive portfolio additions, rent reviews and effective capital recycling.

TARGET

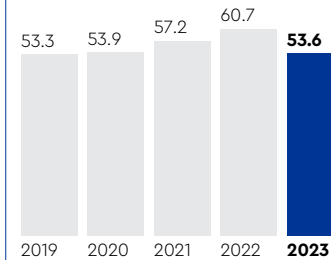
Grow

LINKAGE TO REMUNERATION

Short term, long term

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 payout ratio, movements in our EPRA NTA primarily are attributed to asset revaluations, which were negative in the current year following the outward movement in valuation yields.

TARGET

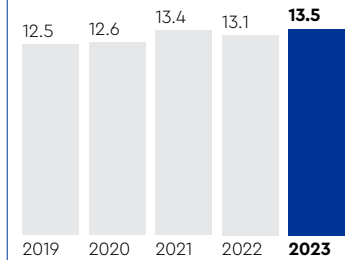
Grow

LINKAGE TO REMUNERATION

No link

EPRA Cost Ratio (%)

PERFORMANCE



STRATEGIC PRIORITY

1. Leveraging our financial strength

DEFINITION

See page 146

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 remained broadly static again, reflecting careful cost management despite the inflationary environment.

TARGET

Maintain or reduce

LINKAGE TO REMUNERATION

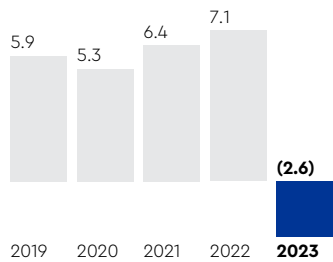
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OUR KEY PERFORMANCE INDICATORS CONTINUED

FINANCIAL CONTINUED

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 been negative in the current year).

TARGET

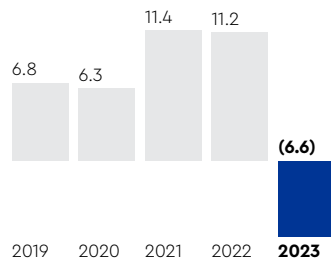
Maintain or grow over long term

LINKAGE TO REMUNERATION

No link

Total Accounting Return
(%)

PERFORMANCE



STRATEGIC PRIORITY

1. Leveraging our financial strength

DEFINITION

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

COMMENTARY

Total Accounting Return measures the returns we have delivered to shareholders in the forms of dividends paid and the growth in NTA. In the current year, the dividend paid has again grown (for the 10th consecutive year), but this has been offset by the negative valuation movement.

TARGET

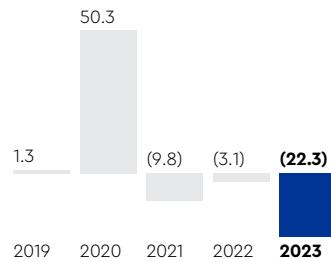
Maintain or grow over long term

LINKAGE TO REMUNERATION

Short 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 has again grown (for the 10th consecutive year), although the TSR is negative due to the share price movement, having opened the year at 66.9 pence and closed at 48.9 pence.

TARGET

Maintain or grow over long term

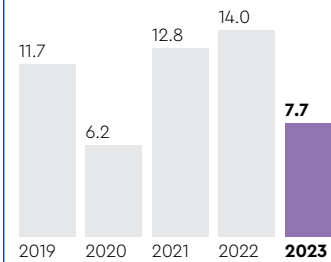
LINKAGE TO REMUNERATION

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. Rent roll currently stands at £143.4 million. The £7.7 million increase in the current year reflects acquisitions (£6.9 million), development completions (£2.9 million) and portfolio management activities including rent reviews (£2.8 million), offset by the rent relating to disposals (£4.9 million).

TARGET

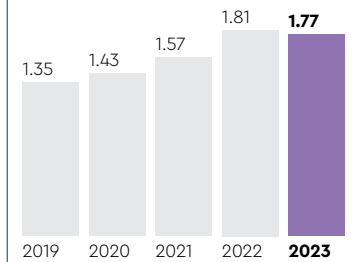
Positive

LINKAGE TO REMUNERATION

No link

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 lease 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 (portfolio additions and asset enhancement activities) have seen this natural decline be offset to an extent that the total contracted rental income has only decreased to £1.77 billion.

TARGET

Maintain or grow

LINKAGE TO REMUNERATION

Short term

OUR KEY PERFORMANCE INDICATORS CONTINUED

PORTFOLIO METRICS CONTINUED

WAULT
(years)

PERFORMANCE

Year	WAULT (years)
2019	12.0
2020	11.7
2021	11.9
2022	11.8
2023	11.2

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 (portfolio additions and asset enhancement activities) have seen this natural decline be offset such that the WAULT has only decreased to 11.2 years.

TARGET
Maintain or grow

LINKAGE TO REMUNERATION
No link

% of occupier covenant NHS/GPs (%)

PERFORMANCE

Year	% of occupier covenant NHS/GPs (%)
2019	85
2020	85
2021	84
2022	82
2023	81

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 81%, reflecting that the portfolio additions have an occupier mix that is consistent with our existing portfolio and our strategic expansion to work with more independent providers in a community setting.

TARGET
Maintain or grow

LINKAGE TO REMUNERATION
No link

Rental growth from rent reviews (%)

PERFORMANCE

Year	Rental growth from rent reviews (%)
2019	2.2
2020	1.8
2021	1.5
2022	1.9
2023	3.8

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 reviewed £38.7 million of existing rent (circa 29% of opening rent roll) generating an uplift of £2.8 million. Open market reviews generated an average uplift of 1.5% (1.4% in the prior year).

TARGET
>medium-term inflation

LINKAGE TO REMUNERATION
No link

Developments completed (£m)

PERFORMANCE

Year	Developments completed (£m)
2019	18.7
2020	14.8
2021	69.5
2022	36.5
2023	70.5

STRATEGIC PRIORITY
3. Quality of service

DEFINITION
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 schemes. Recent momentum in NHS approvals for new medical centre developments, and the strength of our pipeline of opportunities, has flowed into a strong number of completions in the year. We are currently expecting seven of the 11 on site developments to complete in the next financial year.

TARGET
Maintain or grow

LINKAGE TO REMUNERATION
No link

Developments on site (£m)

PERFORMANCE

Year	Developments on site (£m)
2019	48.6
2020	80.5
2021	72.5
2022	166.4
2023	129.1

STRATEGIC PRIORITY
3. Quality of service

DEFINITION
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. Five schemes have moved to on site in the year, giving us a total of 11 at year end. In addition, we have an immediate pipeline of five schemes (estimated cost £37 million) which we would hope to be on site in the next 12 months.

TARGET
Maintain or grow

LINKAGE TO REMUNERATION
No link

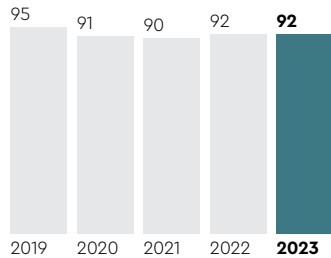
OUR KEY PERFORMANCE INDICATORS CONTINUED

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 most recent customer satisfaction survey indicates that our customers value having Assura as a landlord and would recommend us to prospective customers.

TARGET

>90%

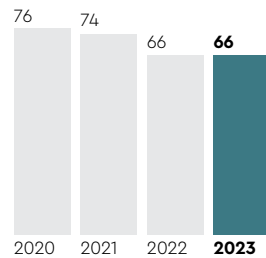
LINKAGE TO REMUNERATION

No link

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

As with many companies our most recent staff survey results have dipped slightly as employees focus on their individual wellbeing and we continue to evolve our plans accordingly.

TARGET

Maintain or grow

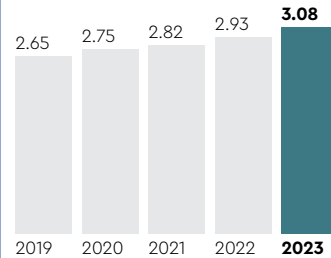
LINKAGE TO REMUNERATION

No link

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.

TARGET

Grow

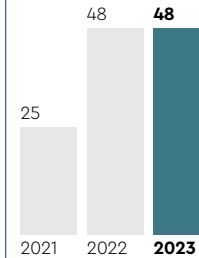
LINKAGE TO REMUNERATION

No link

Our investors and lenders

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

Our two most recent debt instruments were issued in accordance with our Social and Sustainable Finance Frameworks, and use of proceeds have been externally verified.

TARGET

Maintain or grow

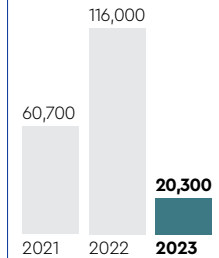
LINKAGE TO REMUNERATION

No link

Our communities

Assura Community Fund reach (People)

PERFORMANCE



STRATEGIC PRIORITY

- 5. Long-term relationships

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. We are delighted to have been able to support 74 projects, distributing £469,000 and positively impacting 20,300 people, having this year distributed larger grants to fewer projects to maximise our social value.

TARGET

Maximise impact

LINKAGE TO REMUNERATION

No link

OUR KEY PERFORMANCE INDICATORS CONTINUED

STAKEHOLDER METRICS CONTINUED

Our communities

Staff volunteering
(%)

PERFORMANCE



2023

STRATEGIC PRIORITY

- 4. People
- 5. Long-term relationships

DEFINITION

Proportion of staff that have engaged in volunteering activities during the year.

COMMENTARY

As we continue to evolve our social impact programme, our employees have delivered a total of 520 volunteering hours over the year, generally supporting charities in and around Cheshire.

TARGET

>75%

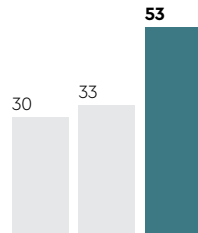
LINKAGE TO REMUNERATION

No link

The environment

EPC ratings
(%)

PERFORMANCE



2021 2022 2023

STRATEGIC PRIORITY

- 2. Quality of buildings

DEFINITION

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

COMMENTARY

During the year, we completed energy improvement projects at 25 buildings, upgrading either the lighting or installing PV panels.

TARGET

100% by March 2026

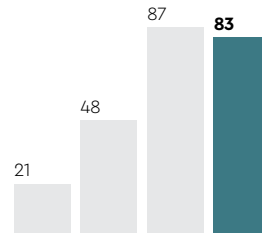
LINKAGE TO REMUNERATION

Long term

The environment

Renewably sourced energy
(%)

PERFORMANCE



2020 2021 2022 2023

STRATEGIC PRIORITY

- 3. Quality of service

DEFINITION

Proportion of energy purchased by Assura on behalf of occupiers that is renewably sourced.

COMMENTARY

Most of the properties for which we procure energy on behalf of occupiers is subject to a 100% renewably sourced energy supply contract, but has dropped during the year as acquisitions take time to be moved from existing supply contracts.

TARGET

100%

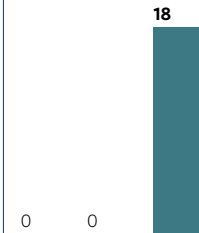
LINKAGE TO REMUNERATION

No link

The environment

Net zero carbon developments
(%)

PERFORMANCE



2021 2022 2023

STRATEGIC PRIORITY

- 2. Quality of buildings

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 following the launch of our Net Zero Carbon Design Guide and as we learn from our first projects. During the year we have moved on site with Fareham and Winchester, which will be our first developments that we get to net zero carbon for embodied and operational carbon.

TARGET

>50% by March 2026

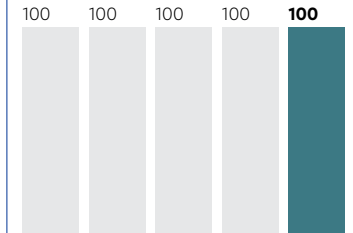
LINKAGE TO REMUNERATION

Long term

The environment

BREEAM rating
(%)

PERFORMANCE



2019 2020 2021 2022 2023

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%

LINKAGE TO REMUNERATION

No link

OUR IMPACT



OUR CUSTOMERS

Our GP and NHS customers benefit from spaces at the forefront of the sector in terms of design, innovation and environmental performance, allowing them to provide the services their communities need.

[Go to page 48](#)

80%

of respondents to our most recent satisfaction survey rated our service positively



OUR COMMUNITIES

The communities that use our spaces have access to a building that meets the bespoke health needs of their local health economy.

[Go to page 52](#)

6.3m

patients served by our buildings, and over £469,000 distributed by the Assura Community Fund



OUR PEOPLE

Assura employees work in a collaborative, engaging environment that supports their aspirations to develop their skills and provides them with opportunities.

[Go to page 55](#)

88%

employees taking part in most recent employee engagement survey



OUR SUPPLIERS

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

[Go to page 57](#)

£103m

paid during the year to suppliers for construction, property management and overheads



OUR INVESTORS AND LENDERS

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

[Go to page 60](#)

3.08p

dividends per share paid during the year, 2.30% weighted average interest rate paid on debt facilities



OUR ENVIRONMENT

We deliver new premises which limit their impact on the environment, and upgrade the energy efficiency of existing buildings.

[Go to page 62](#)

25

energy efficient building upgrades delivered in the year

OUR IMPACT CONTINUED

Our customers

Our GP and NHS customers benefit from spaces at the forefront of the sector in terms of design, innovation and environmental performance, allowing them to provide the services their communities need.



WHO THEY ARE

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

The health services 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.

STAKEHOLDER METRICS

- Customer satisfaction

HOW WE ENGAGE

- Existing relationships with our portfolio managers, asset managers, facilities assistants, portfolio administrators and credit controller (ongoing)
- Feedback surveys
- 121 customer interviews
- Customer ezine which invites dialogue
- Dedicated customer inbox for direct feedback
- Supplier relationships (ongoing)
- Public affairs activities with local influencers (ad hoc)

These approaches allow us to get a sense of how our customers are feeling, the challenges they are facing and the problems they need us to solve.

Monitored by:

Director of Portfolio and Facilities Management.

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

80%
customers who were
positive about Assura's
service

ISSUES RAISED THIS YEAR

- Rising cost of utilities
- Speed of response to queries
- Meeting the NHS net zero carbon 2045 ambition
- Challenges of moving into a new building

OUR IMPACT – OUR CUSTOMERS CONTINUED

ACHIEVEMENTS IN 2023

Through our close relationships with customers, we've been able to progress schemes to add crucial new capacity at some of our buildings. And by phasing schemes and planning work carefully around their operations, we have enabled them to continue providing patient care. At Riverside Medical Centre, West Yorkshire, we added an extension and improved the existing bungalow structure, creating six additional clinical rooms, a sub-waiting area and training and meeting facilities. Meanwhile, at The Practice St Albans in Nottinghamshire, we worked with our partner Operose to add two new consulting rooms, create a larger waiting area as well as refurbishing the reception area and existing treatment room.

From the initial public and patient engagement events to the official opening and beyond, we've supported 11 practices move from outdated and unfit properties into our brand new primary care buildings. We don't just provide the building, we ensure the practices have the tools they need to engage and inform their patients and the communities they serve.

Further to the results of our customer satisfaction survey, we enlisted independent research business Quadrangle to seek direct feedback from our customers. Their objective was to deep dive into some of the main issues raised in the survey to help guide our ongoing plans. A key output from this feedback was our decision to develop a partnership for our facilities management services with Mace Group, giving our customers access to sector leading technology and expertise.

OUR PRIORITIES FOR 2024

In the coming year, we'll be focusing on our facilities management partnership project, ensuring this solution is working to provide the best service to our customers. We'll be expanding our sustainable offering, providing options to lower utility bills while supporting the NHS ambition to reach net zero carbon by 2045. We'll be using our new head office to trial modern hybrid working spaces and looking at innovative solutions to improve colleagues' wellbeing, with our long-term goal being to adapt these ideas across our portfolio.



84%

healthcare professionals say
fit-for-purpose premises will be
important or essential in delivering
effective hybrid primary care
(YouGov for Assura, August 2021)

OUR IMPACT CONTINUED

CASE STUDY

More than chocolate in Bournville

Completed in July 2021, the Bournville Health & Wellbeing Centre was built with additional services in mind and this year we've welcomed Birmingham's Royal Orthopaedic Hospital (ROH), on site. The fit out of the third-floor expansion space has enabled the ROH to extend and upgrade the local physiotherapy services, they offer, easing pressure at their main hospital site on Bristol Road.

"The ROH is a musculoskeletal (MSK) specialist, focused on recovery and wellness. The new flexible location will encompass a gym and exercise space to support rehabilitation, creating a fantastic environment for patient recovery and for colleagues to work in, as well as a dedicated paediatric space to support our younger patients."

Nikki Mason
Head of Therapy Services at the Royal Orthopaedic Hospital



OUR IMPACT CONTINUED

CASE STUDY

A decade-long dream come true

The Borough Road and Nunthorpe Medical Group near Middlesbrough had long needed new accommodation to meet the demand of an increasing population.

This year we finally made it happen when we completed their brand new sustainable and accessible surgery. Externally we ensured the building was highly sustainable, including PV panels on the roof and charging points for electric vehicles. Inside, we used colour to provide clear contrasts between walls, floors and doorways as well as wide internal corridors and spacious toilets to make the space an exemplar for accessibility in primary care.

"We were delighted to be able to move into our new building. It will help us cope with the increase in population and provide a better quality of service to our patients. It's not just a better environment for any patients visiting the building; it's also a much better environment for our staff, who are all so happy to finally be working in the new medical centre."

Lisa Fox
Practice Manager Borough Road and Nunthorpe Medical Group

"It's going to make life so much more pleasant for both patients and staff to have this wonderful facility to make their own and I am proud to have played my part."

CLr Mieka Smiles
Conservative councillor for Nunthorpe and Middlesbrough Deputy Mayor, said in TeesideLive



OUR IMPACT CONTINUED

Our communities

The communities that use our spaces have access to a building that meets the bespoke health needs of their local health economy.



WHO THEY ARE

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

Patients are the end users of our buildings. Their experiences of the physical space and environment affect the way they engage with health services and their perceptions of the care they receive. We need buy-in from communities to create new health facilities, as this may involve services moving to a different location. And communities are the ultimate custodians of better health: the primary care delivered by our customers sits within a whole ecosystem of wider local health projects and activities.

STAKEHOLDER METRICS

- Assura Community Fund reach
- Developments supporting community activities.

HOW WE ENGAGE

- Seeking views from Patient Participation Groups, local Healthwatch/Community Health Council members on proposed new development schemes
- Local public engagement events to seek feedback on proposed new developments
- Discussions with councillors, MPs and community organisations on specific issues
- Outreach by the Assura Community Fund to seek funding bids from local health-improving projects, including joining focus groups with community organisations
- Regular contact with strategic leaders from key Voluntary, Community, and Social Enterprise ("VCSE") organisations to identify local priorities for social impact activity
- Working with social prescribing link workers to identify gaps in community services where funding would help meet specific needs

All this ensures that our work delivers for those who will receive care in our buildings and those who live in the surrounding community – as this is led by our understanding of local priorities, issues and concerns.

ISSUES RAISED

- The ongoing and lasting impact of the pandemic on people's mental health particularly young people struggling to return to educational settings
- The cost of living crisis driving more people into poverty, with increasing demand on community services such as food banks and debt advice
- Accessibility of medical centre buildings
- New development schemes and their impact on communities
- Car parking at, and transport to, medical centres

Monitored by:

Head of Development and the Social Impact Lead.

Board members received feedback on new development schemes progressing through public planning processes when significant issues were raised and heard from those delivering/benefitting from Assura Community Fund projects at every Board meeting.

£469k

Assura Community
Fund awards made
to charities this year

OUR IMPACT – OUR COMMUNITIES CONTINUED



"It's crucial that people with learning disabilities and/or autism have the opportunity to access effective healthcare while maintaining their independence, dignity and comfort. But at the moment, inadequate building designs and patient environments are hindering this accessibility. The Designing for Everyone kit will address this situation and allow health centres to care for every patient in an inclusive, welcoming atmosphere."

Rachael Dodgson
Chief Executive of Dimensions

11,489
beneficiaries of Assura
Community Fund grants
awarded in 2022

ACHIEVEMENTS IN 2023

We successfully launched our Designing for Everyone toolkit in conjunction with Dimensions and the Association for Dementia Studies at the University of Worcester. The aim of the toolkit is to help GP practices improve their buildings and the physical environment for people with disabilities and conditions, such as dementia, neurodiversity and anxiety.

The tools can be used by practice managers, premises teams and patient groups to better understand how the design and layout of their health centre building works for people with a range of needs. The toolkit brings together best practice on design aspects including colour, lighting, acoustics, fixtures and fittings, wayfinding, artwork and use of space. This gives primary care sites the chance to assess their environments and find small, low-cost actions that will make them better for everyone. The toolkit is now being rolled out as standard as part of our development pipeline.

For new development schemes moving through concept and planning stages, we engaged with patients and their communities in a range of ways. Our aim was to help people understand proposals for new healthcare buildings, what this will mean for local health services and how they can be involved with design approaches.

We used dedicated microsites, meetings with patient participation groups, virtual meetings with community members and detailed surveys to offer more detailed opportunities for questions and discussion of new development proposals. One of these was our proposed redevelopment of a former nursing home in Nottinghamshire to create a new primary care centre. We worked closely with the Integrated Care Board to gather community sentiment and held detailed discussions with the relevant practices who raised questions on key issues such as car parking and tree loss.

In the last year, the Assura Community Fund has supported over 70 organisations to deliver health improving projects that benefit the communities around our buildings. The primary focus of our small grants was on 'cold-spot' areas where applications are traditionally low but where we have a number of properties. We selected Wales, West Yorkshire and Blackpool as our target areas. The Social Impact Lead worked with partners from infrastructure organisations, social prescribing services, ICB groups and other anchor organisations to set the priorities for each area and promote the Fund. This approach was very effective increasing applications across the three areas from a two-year total of 18 to 95, resulting in £144,000 being allocated.

OUR IMPACT – OUR COMMUNITIES CONTINUED

We also welcomed applications to our 'Growth and Impact' grant round from previously funded organisations. Groups were invited to bid for up to £50,000 over two years to scale up their projects, providing more financial stability and enabling them to create lasting impact. Five of these grants were issued to tackle serious youth violence, improve children and young people's mental health, provide support to children who have been bereaved, support those affected by food poverty and develop vital peer support networks for LGBT women.

We have continued to support Dementia UK. Our funding enables them to open the Admiral Nurse Helpline on Sundays, recognising that families affected by dementia need access to support seven days a week.

As founder patrons of the Warrington Youth Zone we were delighted to see this fantastic facility open its doors to young people this year. Assura staff enjoyed a day experiencing the Youth Zone as a young person might and were amazed by the breadth of activities available and the high-quality of the space that has been created. Young people from Warrington Youth Zone enjoyed an evening hosted by the Warrington Wolves Community Foundation to celebrate the Physical Disability Rugby League World Cup. The young people enjoyed chatting to players, took a tour of the stadium, played games and had a chance to try out wheelchair rugby with the captain of the Irish national team.

CASE STUDY

Assura team members have had the opportunity to increase their volunteering this year with over 500 hours completed. Our development team helped install several benches at Acker's Adventure, an inclusive outdoor education centre in Birmingham. Acker's Adventure had actually had the benches for several years but didn't have the capacity to put them in place until the Assura team stepped in.

Mike Owen from Acker's Adventure said, "Just like to say a huge THANK YOU to the group for all their hard work yesterday – Rob and his team did a great job."



PRIORITIES FOR 2024

In 2023-24, we will continue the rollout of our Designing for Everyone toolkit with our team and customers and work to raise awareness of the importance of design when delivering truly accessible public spaces.

We will be aligning our Assura Community Fund activity with the priorities of target Integrated Care Boards. This will enable us to support population health and fund VCSE organisations delivering the most impact within their communities. We will be moving on site with a number of community space projects across our portfolio working with our GP partners to identify VCSE organisations delivering excellent services to patients and the wider community.

"We are very grateful to Assura and Cheshire Community Foundation for the support that enabled us to bring some sunshine, music and smiles to our care home and elderly neighbours in Torbay."

"From arriving scared and nervous, I can now rationalise what happened to me and feel 'safer', should I be triggered."

"The funding we achieved enabled us to increase our support for bereaved parents following the loss of a baby and has enabled us to train and provide a bereavement support worker."

Comments from beneficiaries of work by Dance in Devon, a co-ordinated programme of arts activities aimed at those hardest hit by COVID-19, focused on supporting vulnerable older people suffering from (or at greatest risk of) isolation, loneliness and poor mental health; Survive, which used our funding to pay for

frontline staff, specifically a counsellor and support worker to help survivors of sexual violence living in East Riding of Yorkshire; and the Lily Mae Foundation, a charity running Solihull One to One Babyloss Support Service.

CASE STUDY

The Operational Support Team used their skills to plan and deliver a teddy bears' picnic at The Joshua Tree, for children and families affected by cancer. The children enjoyed teddy making, face painting, games and a picnic with their families.

Danielle Percival from The Joshua Tree said, "I know I speak for staff and families alike when I say the teddy bears' picnic was a big hit! It's not often I get to sit back and appreciate the events we host at The Joshua Tree but to see the families relax and enjoy your company, made me feel incredibly lucky."

"You were all incredible! Thank you so very much. Your energy, joy, enthusiasm and meticulous planning was an absolute pleasure today."

Danielle Percival
Joshua Tree



OUR IMPACT CONTINUED

Our people

Assura employees work in a collaborative, engaging environment that supports their aspirations to develop their skills and provides them with opportunities.



WHO THEY ARE

- Our 86-strong team around the UK.

Our people are Assura. Their expertise and skills are what allows us to deliver for our customers and work to achieve our purpose.

STAKEHOLDER METRICS

- Internal Engagement Survey
- Annual diversity and inclusion data
- Direct employee feedback via 1-2-1s
- Quarterly feedback from The Voice team representatives with designated employee Non-Executive Director ("NED")
- Data on staff turnover, training and sickness trends reported to the Board.

HOW WE ENGAGE

- Bi-weekly call with CEO
- 'The Hub', an established employee intranet page with internal and external updates
- Departmental team meetings
- The Voice
- Various team building and site-wide social events
- EDI and Wellbeing programme of events
- Ad hoc HR communications
- Direct 1-2-1s with employees across the business (CPO)
- Annual dinner with the Board and all employees invited

We seek regular feedback from the team representatives' group, the Voice, to understand the effectiveness of our engagement methods. We also track engagement with internal surveys and events to judge their impact.

Monitored by:

CPO.

Board members took part in our annual whole team 'meet the Board' team dinner in September and the March Board meeting included a breakfast round table with the group of managers who report into the Executive Committee ("ExCo").

ISSUES RAISED THIS YEAR

- Mental wellbeing concerns continue post COVID-19
- Facilities and portfolio management team resourcing
- Greater development training for managers
- Knowledge and detailed understanding of issues such as net zero carbon for Assura

GENDER DIVERSITY

	Female	Male
Board of Directors	4	4
Senior Management (excluding executives)	2	2
Employees	35	39
Total employees (including NEDs)	41	45

ACHIEVEMENTS IN 2023 AND OUR PRIORITIES FOR 2024

Learning and Development

This year we launched the Learning and Development Continuum, aimed at giving employees more clarity around the training and development support available through their careers at Assura. In addition to the planned developmental training, our focus has been on delivering training in line with the strategic business goals. To support our social impact, sustainability and net zero carbon commitments we ensure all our colleagues receive training in these areas. We have delivered training to 100% of employees and made this part of our induction for new hires to ensure we all have sound knowledge of our goals.

We have continued to provide summer intern and work experience opportunities. We hosted four summer interns in finance, property management, development and sustainability all of whom contributed to worthwhile projects in the business.

Following the success of last year's graduate programme, we recruited another two graduates in September with a two-year programme rotating around areas in the business while working towards their Royal Institution of Chartered Surveyors ("RICS") Assessment of Professional Competence ("APC").

OUR IMPACT – OUR PEOPLE CONTINUED

We were also delighted to see two team members (Tessa Connor in the investment team and Sam Callow in the development team) complete their APC and become Chartered Surveyors.

We have also continued our successful apprenticeship programme, with a combination of new apprentices in HR, IT and finance, while we have also used the programme to upskill our existing workforce.

With the appointment of a new CPO, Sarah Taylor, we will be developing a new People Strategy to support our overall business/organisation objectives with a focus on Culture & Engagement, Wellbeing and Leadership & Development.

Engagement

Following the 2022 Best Companies survey, we implemented a number of initiatives targeted at addressing areas for improvement. In particular, we focused on improving internal communications in the new hybrid work environment, as our teams adapt to the new way of working flexibly to suit our team members and the business needs.

We have also completed our first year of using Emotie as a wellbeing and engagement app across the business. As well as allowing efficient, consistent, objective and appraisal documentation, it has enabled more timely and regular feedback through a quick and intuitive tool.

EDI & Wellbeing

Following feedback from the EDI survey delivered in June, our focus has been on developing an EDI & Wellbeing programme for roll out in 2023. So far this programme has delivered a financial wellbeing week to all employees as well as the rollout of a Mental Health First Aid ("MHFA") programme with nine MHFA's trained across the business, and further awareness training planned for managers.

Following the pandemic and as we have adapted to the new hybrid working environment, we have continued to offer a range of flexible working arrangements and will continue to monitor and review the effectiveness of our practices. In the coming year we will be moving into our new net zero carbon head office which will support the effectiveness of our high performance environment over the long term.

Our priority in the coming year is to develop and implement an EDI & Wellbeing strategy to underpin the activities being undertaken as we move into our new long-term home.



"I've had a fantastic time working at Assura, where everyone's been so friendly and supportive in helping me adapt. I'm enjoying working with different teams all over the business and diversifying my knowledge & understanding. I look forward to seeing what lies in the future and how we will further positively impact the communities we serve."

Demirhan Peker
our Graduate Surveyor

OUR IMPACT CONTINUED

Our suppliers

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



WHO THEY ARE

A network of businesses and organisations providing the goods and services that enable us to serve our customers.

HOW WE ENGAGE

We keep in close contact with our supplier network through our relationships across the business, with key maintenance service relationships now embedded with 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 jobs on a building – ensuring the suitability of health and safety procedures and insurance in relation to all work they are set to complete.

We require all of our suppliers to adhere to our policies on Modern Slavery (including Human Rights) and Anti-Bribery and Corruption, both of which are available to view on our website. We 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.

We've started to incorporate social impact and sustainability considerations into our supplier selection processes – discussing up front how we can work together and align objectives.

WHY THESE METHODS ARE EFFECTIVE

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

Evaluating social impact and sustainability ambitions of potential suppliers allows us to ensure we are working with partners that are aligned with our own values.

£103m

paid to our suppliers and contractors

£25m

total tax contribution

OUR IMPACT – OUR SUPPLIERS CONTINUED

ACHIEVEMENTS IN 2023 AND OUR PRIORITIES FOR 2024

Working effectively with suppliers in partnership is vital to us maintaining our reputation with our customers, as well as helping us deliver on our ambitious social impact and sustainability targets. It is essential that our suppliers share our values in wanting to deliver high-quality buildings for the benefit of our customers and the communities the buildings support.

Where essential maintenance is required to a property, the works need to be completed efficiently and minimise disruption to the day-to-day operations of the practice. Where we are completing a building improvement project, whether it's a reconfiguration of the space, a sustainable upgrade or a major extension, we work with our customers and suppliers to plan jobs carefully, minimising disruption for patients and staff. Where we are designing a new building, we need to provide the best advice on how the design can help meet the health needs in that community, maximising the social impact and minimising the environmental impact.

In all these cases, our customer wants to know we have chosen the right partner – either to provide expert consultation or to deliver the works to a high standard.

Following the pilot contractor selection exercise we completed in 2022 for our LED improvement contract, we rolled out the learnings into two supplier selection exercises we ran this year.

Having successfully integrated the development teams of GPI and Apollo over recent years, we ran a development consultant rationalisation exercise in the year covering services such as architectural, mechanical and electrical, quantity surveying and civil and structural engineering. Alongside the commercial arrangements, suppliers were ranked according to three sustainability and social impact criteria – each designed to ensure alignment with our ambitions – and these were then used as the final selection factors. Specifically, we assessed:

- how potential partners felt they could assist us on our net zero carbon design aspirations (i.e. their credentials to incorporate the latest sustainable technologies into the design process);
- their own organisational carbon reduction plans (i.e. understanding how the organisations were managing their own carbon footprint); and
- their ongoing commitment to delivering social value to communities (whether that was through their own social impact initiatives or working with the Assura Community Fund).

Similarly, during the year we consolidated our facilities management service for customers with one nationwide supplier, Mace Group. Having previously provided much of this service in house, the decision was taken to partner with a larger supplier, one with strong sustainability and technology credentials, that could help us further enhance the service we provide to our occupiers. We are also aligned on social impact aspirations, and the service level agreement includes performance requirements linked to training, education and volunteering.

"In refining the list of consultants we use on our developments, we wanted to ensure our ongoing partners were aligned with our net zero carbon and social impact aspirations, and we were delighted with the commitments included in the submissions."

Rob James
our Head of Development



OUR IMPACT – OUR SUPPLIERS CONTINUED

CASE STUDY

Learning from experience to develop our expertise

Following the completion of the West Midlands Ambulance Hub in November 2022, we will shortly be moving on site with our second ambulance hub in Bury St Edmunds.

We facilitated a tour of the completed building in the West Midlands by the design team – giving them the chance to hear from the Operational Support Services Director about why particular features of the building are so important. The team also learned what pitfalls to avoid and what factors are most important to the exceptional staff that rely on the building.

The observations and insights gained from this visit will allow us to make the difference on the new project in Bury St Edmunds – ensuring the building meets the high expectations of our customer and demonstrating the value of working collaboratively with all of our long-term partners.

“The West Midlands Ambulance Hub was designed with the paramedics that use the building in mind how to make their day as efficient as possible. We are passionate about ensuring learnings from this building benefit the paramedics in Bury St Edmunds too.”

Ashley Seymour
our Development Director



OUR IMPACT CONTINUED

Our investors and lenders

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



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 Investor Relations Director are available throughout the year for investor meetings, and we work with advisors to give investors the opportunity to engage with management at a range of forums. The most important of these are the year-end and interim results presentations, to which our lenders are also invited. Direct feedback is sought from investors following every meeting we hold during the year, through our shareholder engagement platform (Engage). We also held further sessions with 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 through 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 FROM 2023 AND PRIORITIES FOR 2024

As has been the case in recent years, our focus is on making sure that the senior management team are available to engage with both existing and potential investors, whether equity or debt focused.

Following the pandemic, the last 12 months have seen demand for physical meetings rise, as investors appreciate the value of a face-to-face meeting over a virtual catch up.

In particular we have seen the return of international travel – holding our first overseas roadshows since 2019, visiting New York, Amsterdam and Brussels – alongside demand for physical meetings in UK regions, with roadshows in London, Yorkshire and Edinburgh.

We have also seen investors remember the value of an efficiently organised conference – meaning we have had a full schedule of meetings, with both existing and potential new investors, at the Real Estate focused conferences of EPRA, Barclays, UBS and Bank of America.

We have continued to highlight our social impact and sustainability credentials to ESG-focused investors, holding a number of 1-2-1 meetings with ESG specialists. We have seen an increase in ESG funds on our share register. We have placed emphasis on improving our ESG ratings with agencies such as MSCI (improved to "AA"), ISS (rated "Prime") and

disclosing to the Carbon Disclosure Project and GRESB for the first time.

In 2024, we will maintain extensive engagement activities – ensuring we continue to identify new potential investors, particularly through highlighting our positive social impact to ESG-focused investors, leveraging our relationships with the 13 equity analysts that currently cover Assura and increasing our activities overseas. We will continue to plan a programme of site tour options to showcase our buildings, including upcoming development completions.

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 Investor Relations Director.

129
meetings held
with investors

OUR IMPACT – OUR INVESTORS AND LENDERS CONTINUED

Investor engagement timeline

Riverside Medical Centre, Wakefield
Our extension and refurbishment of this medical centre completed this year. Creating additional clinical rooms a new sub-waiting area and a training and meeting facility. We also improved the sustainability of the building by introducing LED lighting and an air source heat pump.



May 22

- Year-end results presentation
- Results roadshow
- EPRA Corporate Access Day

June 22

- US roadshow (New York)

July 22

- Trading statement
- AGM, via Investor Meet Company platform
- London roadshow



September 22

- Unsecured bond holder call

October 22

- Trading statement
- Amsterdam roadshow
- Yorkshire roadshow

November 22

- Interim results presentation
- Results roadshow
- UBS Global Real Estate Conference



January 23

- Trading statement
- Barclays European Real Estate Conference

February 23

- Edinburgh roadshow
- Brussels roadshow

March 23

- JP Morgan Pan-European Small/Mid Cap CEO Conference
- Bank of America EMEA Real Estate Conference

OUR IMPACT CONTINUED

Our environmental impact

We deliver new premises which limit their impact on the environment, and upgrade the energy efficiency of existing buildings.

See our website for more



We have set ambitious targets for both our existing portfolio and new developments to advance our environmental progress for the benefit of all stakeholders. This is all a part of our vision for healthcare spaces that lead for a sustainable future, helping our customer, the NHS, meet its own net zero carbon aspirations.

Our environmental strategy is fundamental to what we do:

- 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. We're targeting net zero carbon for our whole portfolio by 2040, with our current focus on our SixBySix pledges which we aim to achieve by 2026.

162
kWh/m²
current average
energy usage intensity

Sustainability actions are ingrained throughout our team:

Investment: sustainability and social impact is a key element of the investment criteria, with the cost of any necessary EPC improvement works costed into an acquisition.

Portfolio management: Our EPC improvement programme is central to individual property strategies and in all asset enhancements we seek to improve energy efficiency.

Development: The continual evolution of sector-leading development designs enable us to advance our strong BREEAM track record by creating a Net Zero Carbon Design Guide.

2023 key actions and progress

- Moved on site with our first net zero carbon development at Fareham
- All developments completed hit BREEAM targets of "Very Good" or better
- 25 buildings in our portfolio improved to EPC B, and 53% of portfolio is now rated B or better
- Collected energy data on 55% of our portfolio and completed net zero carbon audits on 15% which we then used to generate our energy intensity reduction targets and Net Zero Carbon Pathway
- TCFD disclosures advanced through inclusion of scenario analysis (see page 68)

2024 priorities

- Continuing EPC improvement works, targeting 65% of portfolio at B by March 2024
- Rolling out occupier engagement initiatives targeted at reducing energy consumed in our buildings
- Increased proportion of on site developments using our Net Zero Carbon Design Guide
- Exploring commercial photo-voltaic solution on our properties

Governance

Overall responsibility for progress against our environmental targets rests with the CEO, Jonathan Murphy.

Progress against the ambitions and pledges is overseen by the Social Impact and Sustainability Steering Group with regular reporting to both the Executive Committee and the Board (through the newly established ESG Committee – see page 96). In particular, Sustainability is led by our Director of Projects and Sustainability (Paul Warwick), supported by our Sustainability Lead (Tim Bell).

Our environment metrics

Metric	2023	2022
EPC – % area of portfolio EPC B or better	53%	33%
Energy data – % area of portfolio on which we have energy data	55%	7%
Renewably sourced energy	83%	87%
Net zero carbon developments on site	18%	n/a
BREEAM ratings on completed developments	100%	100%

OUR IMPACT – OUR ENVIRONMENTAL IMPACT CONTINUED

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 comes through improving the fabric of the buildings and specifically providing more efficient heating, lighting and ventilation systems for our customers.

Our focus over the past year has been to understand how energy is used across our portfolio – both collecting the energy data for as many properties as possible and the interventions required to reduce consumption to achieve our net zero carbon ambitions.

We have successfully obtained data on over 300 properties (55% by area). This has allowed us to understand the energy usage intensity ("EUI") across our portfolio and convert this into absolute energy reduction targets (using UK Green Building Council guidance for a Paris-proof 1.5°C reduction scenario), before we use green tariffs or appropriate schemes to offset the residual carbon emissions.

2040

target date for net zero carbon across our portfolio

Absolute reduction targets

	Current energy consumed	2030 target – 25% reduction	2040 target – 66% reduction
kWh	117m	88m	40m
EUI (kWh/m ²)	162	122	55
Carbon (kgCO ₂ /m ²)	31	23	10

We also completed 56 net zero carbon audits (15% by area). This allowed us to understand, across an appropriate cross-section of our portfolio, the necessary interventions to achieve our targets. These are primarily removing any gas supplied into our buildings (installing air source heat pumps) and maximising on site renewables generated (using photovoltaic panels). However, it is just as important to make sure energy is not being wasted on site – so the first step for most buildings is to work with the occupiers to identify quick wins in each property (i.e. using sensors, switching off equipment when not in use) – following the appropriate energy reduction hierarchy.

Our SixBySix pledges are a stepping stone on the net zero carbon journey, and we are targeting an improvement to the EPC ratings of the portfolio – aiming for all properties to have a rating of B by 2026, where this doesn't conflict with net zero carbon aspirations.

In 2021 we completed our assessment of the EPC ratings across our portfolio and estimated the cost of the improvement works, being in the range £25–30 million across the portfolio, and where possible, we will look to complete these works alongside a lease re-gear or asset enhancement project.

Over the past two years, we have completed 67 improvement projects, primarily upgrading lighting in buildings, spending £3.0 million to date with the costs coming in line with our expectations. We also completed the installation of our first air source heat pump retrofit at Banbury (see page 66) which will be a substantial element of our works in the future to electrify our estate.

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

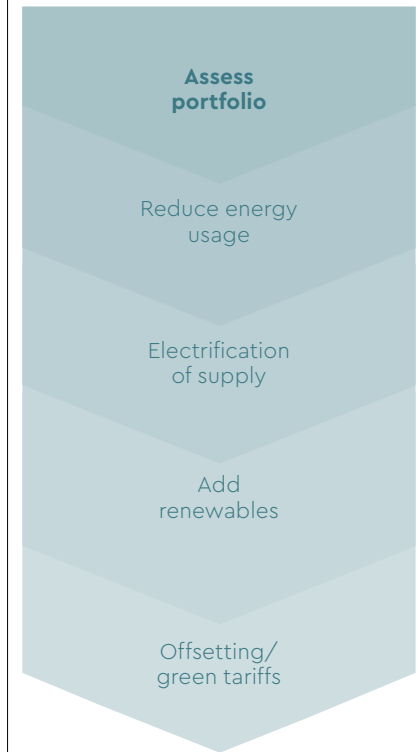
EPC band	% of certificates
A/A+	11%
B	42%
C	34%
D	9%
E or lower	4%

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 and concerns around energy usage and works with them to identify energy saving opportunities.

In respect of 53 properties (10% 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 discussions with these customers. Energy procured by Assura on behalf of occupiers is via a 100% renewably sourced tariff.

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.

ENERGY REDUCTION HIERARCHY



25%

target reduction in average building energy intensity by 2030

OUR IMPACT – OUR ENVIRONMENTAL IMPACT CONTINUED

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. One of our SixBySix pledges is to advance our developments to be net zero carbon for embodied and operational carbon and to measure the whole life carbon impact of the buildings we develop.

Our approach is to design the buildings to use as little energy as possible, following the principles of our Net Zero Carbon Design Guide, which we finalised in 2022. The Design Guide covers all elements of the development design process, laying out the principles to be applied to every stage – starting with site planning, building structure and fabric, right through to final elements of interior design and post occupancy evaluation. We expect the Design Guide to evolve as we work through our first few projects and technology continues to advance.

During the year we have moved on site with our first net zero carbon scheme in Fareham (see page 12), and are now applying this to schemes in our pipeline including Winchester which moved on site in March. The table opposite sets out the targets we have set, and we are aiming for this to be standard in all of our in-house schemes by 2026.

Metric/KPI	Baseline		
	(i.e. Polegate scheme)	Best Practice (Today)	Exemplary (2025)
Energy in use – EUI	50 kWh/m ² /yr	75 kWh/m ² /yr	50 kWh/m ² /yr
Upfront carbon	600 kgCO ₂ e/m ²	600 kgCO ₂ e/m ²	475 kgCO ₂ e/m ²
Total embodied carbon	780 kgCO ₂ e/m ²	970 kgCO ₂ e/m ²	750 kgCO ₂ e/m ²

We continue to measure our current developments by reference to BREEAM (Building Research Establishment Environment Assessment Method) and also our EPC targets – as described below.

BREEAM

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 then 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.

All developments completed in the year met our target of EPC B or better. Of the nine eligible developments completed during the year, seven achieved BREEAM ratings of Excellent and two achieved Very Good, although five are awaiting the final certification.

All of the nine eligible on site developments are on track to achieve at least EPC B and BREEAM Very Good with 66% on track for Excellent. 15% of our total portfolio has BREEAM certification.



25

properties with improved energy efficiency following works in the year

OUR IMPACT – OUR ENVIRONMENTAL IMPACT CONTINUED

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. In the current year our usage has grown, reflecting the increased travel for physical site meetings with occupiers, as business activities return to usual following COVID.

ESG policy and greenhouse gas emissions

We have in place an ESG policy (available in the Corporate Governance section of our website) which has been refreshed in the current year and is reviewed on an annual basis by the Board. The policy sets out the 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 required SECR disclosures, being carbon emissions directly within the operational control of the Group, calculated in line with the GHG Protocol, and solely relating to consumption in the UK.

Scope 1 relates to estimated gas used by homeworkers for heating, Scope 2 relates to grid electricity consumed at the head office and Scope 3 relates to emissions from business mileage, all of which have been converted from the appropriate unit to kgCO₂e using government published conversion factors.

	2023	2022	Change
Scope 1			
mt CO ₂ e	27.4	28.9	(5%)
mt CO ₂ e per employee	0.34	0.35	(2%)
kWh	149,910	157,664	(5%)
Scope 2			
mt CO ₂ e	19.5	17.5	11%
mt CO ₂ e per employee	0.24	0.21	15%
kWh	100,890	82,545	22%
Scope 3			
mt CO ₂ e	29.0	23.3	24%
mt CO ₂ e per employee	0.36	0.28	29%
kWh	121,790	98,056	24%
Total			
mt CO ₂ e	75.9	69.7	9%
mt CO ₂ e per employee	0.94	0.84	13%
kWh	372,590	338,265	10%
kWh per employee	4,657	4,075	14%

For both years presented, 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>).

Consumption has increased due to both increased usage of our head office (as more people return to working in the office compared with 2021/22) and similarly, greater mileage from the team completing more site visits.

We consider the most appropriate intensity factor to be mt CO₂e per employee, as the size of our business is directly proportionate to the mileage required. Going forward, we would expect our emissions to reduce, as we are moving to a new head office, where we are targeting a net zero carbon facility, and a greater proportion of mileage being from electric vehicles under our green car salary sacrifice scheme.

We have also included opposite what we consider our wider Scope 3 emissions to be – relating entirely to energy consumed by occupiers in our property portfolio. We have data for 55% of the portfolio by area, and for the remainder we have estimated usage based on the age of the building using UK GBC building classifications.

	2023
Scope 3	
Portfolio – properties where we have the data (55% by area) – kWh	58,271,399
Portfolio – properties where we have estimated usage (45% by area) – kWh	58,599,569
Total Scope 3 – kWh	116,870,968
EUI – kWh/m ²	162
mt CO ₂ e	21,665
Kg CO ₂ e/m ²	30

As further described on pages 21 and 63, the energy usage intensity of our portfolio compares favourably with the CIBSE national industry standard of 207 kWh/m².

No comparatives have been provided for the Scope 3 energy data as this is the first year of disclosure for the majority of data, and a meaningful comparison could not be made due to the amount of estimation required for the previous year. Further details on this energy data, including how missing figures have been estimated and for where appropriate like-for-like comparisons can be made, can be found in the Sustainability Disclosures on our website: www.assurapl.com

OUR IMPACT – OUR ENVIRONMENTAL IMPACT CONTINUED

CASE STUDY

South Bar House, Banbury

The project at Banbury Cross Health Centre is our first retrofit of an air source heat pump into an existing building since the publication of our ambition to be fully net zero carbon by 2040.

The 3,600 sq.m building, from which more than 55,000 patients are served, was added to the portfolio in 2006. As well as adding 10 years to the remaining lease term, the completion of the project is expected to see the EPC rating improve to B. In addition to the air source heat pump, the lighting has been upgraded to LED throughout and 175 photo-voltaic panels have been installed which will generate around 58,000 kWh. Overall, the carbon emissions from this building are expected to reduce by 25% and the energy usage intensity will reduce by 25% to 140 kWh/m².

“Our pilot project is a vital step in understanding the impact on the practice whilst the retrofit works are undertaken, and also testing the theory on how much energy is saved.”

Paul Warwick
our Director of Sustainability and Projects



25%
reduction in carbon emissions from pilot air source heat pump retrofit

TCFD disclosures

Our sustainability plans, including our net zero carbon ambition and EPC improvement plans, leave us well-placed to meet emerging climate-related risks



March 2021

- First disclosures – one year ahead of requirement
- Initial assessment of risks and opportunities



March 2022

- Mandatory disclosure for premium-listed companies, Assura's second disclosures
- Detailed workshops to assess risks and opportunities, including potential impacts, and development of plan for completing scenario analysis



March 2023

- Completion of qualitative scenario analysis, including 1.5°C scenario



March 2024

- Re-evaluation of risks and opportunities identified
- Annual review of TCFD plan, monitoring of changes to risks assessed or emerging areas and any proposed actions including development of quantitative scenario analysis

The Board recognises the importance of combatting climate change and the role that Assura must play due to the buildings we own and through our direct operations. This is reflected in the sustainability strategy we have for our buildings, targeting net zero carbon across our portfolio by 2040 and implementing plans to improve the EPC ratings to 100% B by 2026.

On this page we set out our disclosures in accordance with the requirements of the Task Force on Climate-related Financial Disclosures ("TCFD"), as required by listing Rule 9.8.6(R)8. We have taken into account all guidance stipulated by the listing rules and our disclosures are consistent with the recommendations, including the addition of qualitative scenario analysis in the current year.

Governance

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

At each Board meeting, the Board receives an update of progress against our social impact and sustainability plans, which includes pledges to minimise our environmental impact, and our wider sustainability efforts. During the year the Board has also received specific updates in respect of TCFD progress.

Strategic papers presented to the Board for consideration (such as recommended acquisitions or proposed actions within a particular team) include specific consideration of any climate-related risks identified as well as the anticipated social and sustainability impact. The annual budget process includes specific consideration of the sustainability plan for the coming year including any capital or operating spend required to address climate-related risks, which is first presented through the ESG Committee.

Overall responsibility for climate-related risks and progress against sustainability and social impact targets rests with the CEO, Jonathan Murphy. Operational and specific initiatives are led by the Director of Projects and Sustainability supported

TCFD DISCLOSURES CONTINUED

by the Social Impact and Sustainability Steering Group. The Group comprises of the executive directors and senior managers across the business, through which management are informed of emerging climate-related issues and which monitors progress against specific plans and targets. The Social Impact and Sustainability Steering Group reports into the ESG Committee, which is a sub-Committee of the main Board as described on page 83.

Strategy

Our assessment of climate-related risks and opportunities considers the short (1–3 years, up to 2026), medium (3–7 years, up to 2030) and long term (>7 years, beyond 2030 and up to 2040) time horizons, and incorporates consideration of both transitional and physical climate risks.

Most of the climate-related risks facing our business are relatively limited in the short term, with growing potential exposure over time. This is because the nature of our business (as a landlord with long-term occupiers with whom we have strong relationships) and our

existing social impact and sustainability strategy (i.e. placing short-term emphasis on improving buildings in our existing portfolio to EPC B, ensuring our new developments are designed to high energy performance standards and targeting net zero carbon across our portfolio by 2040) means most of the climate-related risks fall into the “monitor” category where we continue to observe emerging trends that may identify properties at higher risk. Clearly, if risks escalate this could result in future higher operating costs or capital spend on our properties to ensure they meet potential regulatory requirements or physical risks.

The risks highlighted on page 69 were deemed to be the highest specific climate-related risks on our risk register. These were assessed by senior team members across the team, with external support as appropriate, using the same profile and terminology as all risks on the register, and were deemed to have the highest net risk rating following assessment of the likelihood, financial impact and mitigating actions. Our assessment included consideration of other risks such as carbon taxing, energy price fluctuations and long-term increases in the cost of materials, among others, and concluded no additional disclosures in respect of these were deemed necessary in the current year.

Our SixBySix strategy focuses on the areas we believe require the initial focus in the period to 2026 (covered by this strategy). This includes targeting improvements to our portfolio from a regulatory perspective (i.e. ensuring compliance with expected minimum energy efficiency regulations and advancing our development process to minimise carbon embodied in construction), and is reflected in our business planning and budgeting as appropriate.

Strategic resilience

In the current year we have completed a qualitative scenario analysis exercise, considering three scenarios of climate change and the response of policy makers: a 1.5°C scenario, a 2°C scenario and a 4°C scenario. For each of these, we considered the possible transition and physical risks over the short, medium and long term and evaluated the impact across our business (on revenues, costs, operations, supply chain, capital expenditures etc.).

From this exercise, we have not identified any significant changes to our current business model in the short term. Instead we have identified a number of factors to monitor over time for potential indicators of a material response or change to our business model being required. This includes signs such as changes in our ability to source insurance for our buildings, or delays in the supply chain for particular equipment or materials.

The nature and location of our assets means we believe that we face limited exposure to physical risks. Transition risks represent a greater area of focus, as potential future changes in policies or regulations may require adaptations to our portfolio to meet emerging standards. This may be in the form of an advancement to the current MEES regulations requiring EPC B across all commercial properties by 2030 – albeit we are already well positioned to meet this with our existing strategy and our net zero carbon targets for 2040, see page 21, going well beyond current expectations.

Risk management

Our assessment of climate-related risks follows the existing processes of the Risk Committee, as detailed on pages 70 to 71, including escalation to the Audit Committee as appropriate and decisions of assessing the size and materiality of each risk, mitigations in place, risk owner and proposed actions.

Our process for identification of risks and opportunities, assessment of the relative significance and prioritisation includes team members from across our organisation and property team, with appropriate support from our environmental consultants (Evora) as appropriate. Typically, this is run as a workshop exercise, with perspectives shared from across the business, and the results fed into the Risk Committee for comment and challenge.

During the year, the Risk Committee has received specific updates in respect of our TCFD processes and a formal paper has also been presented to the ESG Committee.

The output of this work has included a consideration of the linkage and impact of specific climate risks and opportunities on the principal risks and uncertainties facing the business. We have reflected this in the table on page 69.

Targets and metrics

Key metrics and targets relating to climate-related risks and opportunities are primarily those within our Stakeholder KPIs, being targeted at what we have identified as the most material areas for our business.

The table on page 69 highlights the specific metrics that indicate exposure to the risks or performance against opportunities below, with targets set as appropriate.

The Group's disclosure of Scope 1, 2 and 3 emissions can be found in the environmental analysis on page 65, with further detail also provided in respect of our Scope 3 emissions in our Sustainability Disclosures available on our website.

Appropriate climate-related performance measures have been included within the remuneration targets for the Executive Directors, in respect of both the short-term and long-term incentives. Further details are provided in the Remuneration Committee Report on pages 113 to 114.

TCFD DISCLOSURES CONTINUED

CLIMATE-RELATED RISKS	IMPACT ON BUSINESS STRATEGY AND FINANCIAL PLANNING	LINK TO PRINCIPAL RISKS	SPECIFIC METRICS THAT MONITOR THIS RISK
<p>Regulatory requirements for minimum energy efficiency and potential future changes in regulations – medium term</p>	<p>Energy performance certificates for every building obtained and action plans created to improve where necessary.</p> <p>Financial impact would be through lost revenue or negative valuation movement where a building is not able to be re-let.</p>	<ul style="list-style-type: none"> - Changes to Government policy - Building obsolescence 	<p>% of portfolio at EPC B or better (see KPI on page 46) Current: 53% (2022: 33%) Target 100% by March 2026</p> <p>Portfolio energy usage intensity: 162 kWh/m² (2022: data not available) Target 25% reduction from current year baseline by 2030, and 66% reduction by 2040</p>
<p>Risks to buildings from climate-related events such as flooding and temperature rise affecting water supply temperature – long term</p>	<p>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.</p> <p>This may also affect requirements for new developments including availability of appropriate materials.</p>	<ul style="list-style-type: none"> - Building obsolescence (sustainability) - Development programmes 	<p>% of portfolio (by area) identified as higher risk of flood by insurers: Current: 1.8% (2022: 1.9%) Target: 0%</p>
<p>Failure to appropriately address climate-related expectations of stakeholders could result in lower investor demand – short term</p>	<p>Comprehensive ESG policy and sustainability strategy in place and continual improvement plan in place relating to ESG related disclosures.</p> <p>Financial impact from lower investor demand (both equity and debt) would be higher cost of finance and/or capital.</p>	<ul style="list-style-type: none"> - Reduction in investor demand - Reduction in availability and/or increase in cost of finance 	<p>ESG rating assigned by appropriate ratings agencies:</p> <p>MSCI: AA (2022: A) Target: AAA</p> <p>EPRA: Silver (2022: Silver) Target: Gold</p>
CLIMATE-RELATED OPPORTUNITY	IMPACT ON BUSINESS STRATEGY AND FINANCIAL PLANNING	LINK TO PRINCIPAL RISKS	SPECIFIC METRICS THAT MONITOR THE OPPORTUNITY
<p>Enhanced reputation with GP occupiers and the NHS through better, more energy efficient buildings could lead to more development opportunities and higher rents – medium term</p>	<p>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.</p>	<ul style="list-style-type: none"> - Lack of rental growth (i.e. this opportunity may provide evidence for rental growth in the future) - Staff dependency (i.e. strong ESG performance could aid recruitment) 	<p>% of completed developments hitting BREEAM and EPC targets (See KPI on page 46): Current: 100% (2022: 100%) Target: 100%</p> <p>On site developments designated net zero carbon (see KPI on page 46): Current: 18% (2022: n/a) Target 100% by 2026</p>

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 and full due diligence on contractors and main subcontractors;
- 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; and
- occupier default risk – by investing in strategically important premises which will be supported by the NHS with ongoing due diligence of our independent occupiers.

Our approach to risk management

The Risk Committee includes senior 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:

- identification of emerging risks;
- an IT update with a particular focus on cyber risk;
- a review of contractors in difficulty (some contractors entered administration in the year affecting several schemes);
- a portfolio management update covering health and safety compliance, reporting of accidents and claims, a review of medical contract issues, and potential occupier debt issues;
- an update of development projects with particular emphasis on potential delays, costs versus rental values, net carbon zero and contractor solvency; and
- an update on complaints.

Internal audit in the year focused on purchase to pay and the technology roadmap which the business is working on and further detail on their findings is set out in the Audit Committee report on page 95.

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 74 to 78.

The Board has also considered which of the Group's strategic objectives may be affected by these risks and its findings are set out on pages 37 to 41.

Brexit, cyber and climate

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 and the threat of state-sponsored attacks. Penetration testing, cyber awareness training, disaster recovery tests and social engineering simulations were completed in the year. The Group maintains its managed assurance service to cover email phishing, external vulnerability scanning, online security awareness training, penetration testing and cyber health check-ups. The Group continues to focus on achieving reputable cyber security accreditations, with Cyber Essentials Plus obtained in June 2022. Given this increased protection it was considered that an appropriate level of risk mitigation was in place.

Following on from the TCFD disclosures on pages 67 to 69 we have considered how climate affects each of our principal risks and added linkage to TCFD on pages 74 to 78.

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.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Emerging risks

Emerging risks were considered by the Committee, including:

- The war in Ukraine/Russia – raising the cyber security risk and the impact on customers of rising utility costs;
- General increases in cost of living and impact on cash collection/potential for bad debts, supplier solvency and staff wellbeing. There has been an increased focus on reviewing financial stability of contractors at the selection stage and where possible once on site. Financial health reviews have also been implemented for our major non-NHS occupiers. Lower paid staff were provided with a one-off cost of living payment in March 2023;
- RAAC (Reinforced Autoclaved Aerated Concrete) – the portfolio has been evaluated and surveys will be carried out on any properties in the 'risk category' where we are unable to satisfy ourselves from other documentation of the existence or not of RAAC. Risk of impact to our portfolio is currently assessed as unlikely;
- Impact of our head office move on our ability to retain staff and recruit in the short term.

Special focus reports

A report on financial difficulties facing pharmacy occupiers was presented to the committee which concluded that there was no immediate threat to the Assura business but that the sector should continue to be monitored closely for any potential downward pressure on valuation yield and WAULT.

A report was made to the Committee on the work being carried out to ensure that Assura complies with the disclosure requirements of the Task Force for Climate related Disclosures (TCFD). A six-monthly report on this matter has been scheduled. A separate Net Carbon Zero/TCFD risk register is in place to monitor and manage the potential risks.

Ukraine

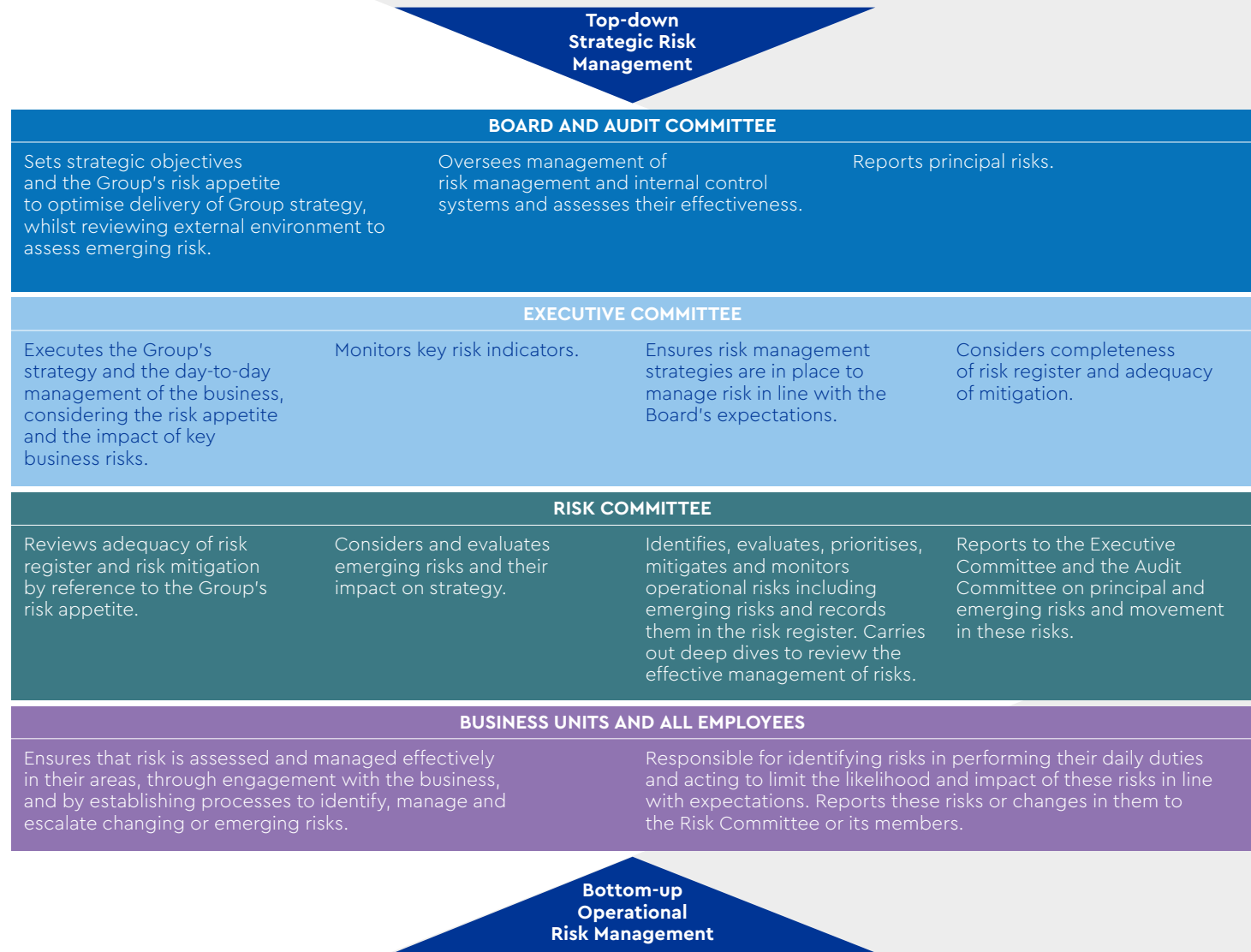
We continue to monitor materials cost inflation which may impact development start dates, and Assura's IT team have reconfirmed our disaster recovery and business continuity plan, clarified the roles and responsibilities in the event of a business interruption and continue to engage with our IT partners and the NCSC for best practice or emerging threats.



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

RISK MANAGEMENT FRAMEWORK

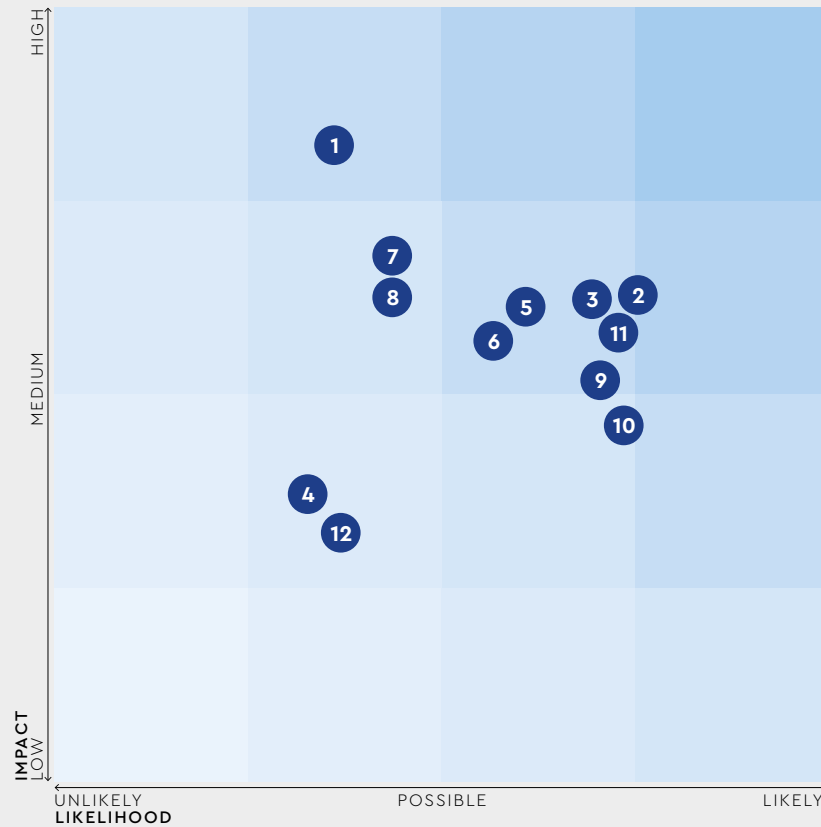
The Board has established a clear risk management framework that defines responsibilities for risk management across the Group. The framework provides an effective process for the identification, assessment, monitoring, and reporting of risk, with a strategic top-down approach to risk management and 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 2023 and to the date of approval of this report.



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

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.



- | | |
|---|--|
| 1 Changes to Government policy | 7 Building obsolescence – digital risks |
| 2 Competitor threat | 8 Building obsolescence – sustainability |
| 3 Reduction in investor demand | 9 Development programmes |
| 4 Failure to communicate strategy | 10 Staff dependency |
| 5 Reduction in availability/increased cost of finance | 11 Lack of rental growth |
| 6 Failure to maintain capital structure and gearing | 12 Occupier default |

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 tables on the following pages which do 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.

The net risk rating of reduction in availability and/or increase in cost of finance has increased to medium given the increased interest costs.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC RISKS

1 CHANGES TO GOVERNMENT POLICY

<p>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.</p>	<p>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 and the CBI.</p>	<p>TRAP The Board monitors changes in government policy and management reports to the Board at every meeting.</p>	<p>MITIGATE Active engagement with Government, where appropriate. Building relationships with key contacts responsible for NHS property at a strategic level.</p>	<p>COMMENT There continues to be significant support for sustainable healthcare infrastructure. The COVID-19 pandemic and consequent lengthening waiting lists in the NHS has only further highlighted the shortage of appropriate health services in a community setting, in quality, fit-for-purpose premises. Proposed revisions to the NHS premises cost directions show no material change to the system of GPs rent reimbursement. Government sentiment on the idea of giving GP's the option of becoming NHS contractors does not signal any negative change to third-party premises ownership.</p>
GROSS RISK RATING M ➡️	NET RISK RATING M ➡️	RISK OWNER CEO	LINK TO TCFD RISK MONITORED	

2 COMPETITOR THREAT

<p>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.</p>	<p>AVOID We maintain our specialist knowledge, team structure and strong brand recognition with GPs, and focus heavily on customer care.</p>	<p>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.</p>	<p>MITIGATE Continuing use of our specialist expertise.</p>	<p>COMMENT Increase in asset prices and debt costs increases the risk of these returns not achieving our required level and our rate of acquisitions slowing significantly. While sector specialists and other low risk income-focused funds continue to drive competition and pricing in the sector, our investment team closely monitors market activity.</p>
GROSS RISK RATING M ➡️	NET RISK RATING M ➡️	RISK OWNER CEO	LINK TO TCFD NO LINK	

3 REDUCTION IN INVESTOR DEMAND

<p>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:</p> <ul style="list-style-type: none"> - Changes in NHS policy - Health of the UK economy - Availability of finance - Relative attractiveness of other asset classes - ESG expectations 	<p>AVOID We are open in communicating our strategy to investors and maintain a balance sheet structure in line with our communicated policy.</p>	<p>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.</p>	<p>MITIGATE The dividend yield and the underlying strength of the cash flows supporting it remain attractive relative to other asset classes.</p>	<p>COMMENT The fundamentals for our sector remain very strong, as do the longevity and security of our cash flows that flow through to the dividend paid to shareholders.</p>
GROSS RISK RATING M ➡️	NET RISK RATING M ➡️	RISK OWNER CEO AND CFO	LINK TO TCFD RISK MONITORED	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC RISKS CONTINUED

4 FAILURE TO COMMUNICATE STRATEGY

<p>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.</p>	<p>AVOID Strategic priorities are clearly articulated in corporate communications and the Group's performance is transparently reported. We communicate regularly with investors and analysts.</p>	<p>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.</p>	<p>MITIGATE Investor communication, particularly through face-to-face meetings, remains a key priority.</p>	<p>COMMENT 129 meetings have been held during the year with investors and analysts via a range of mediums – including physical and virtual meetings with investors based in several financial centres, property tours and attendance at appropriate investor conferences.</p>
GROSS RISK RATING L ↘	NET RISK RATING L ↘	RISK OWNER CEO AND CFO	LINK TO TCFD NO LINK	

5 REDUCTION IN AVAILABILITY AND/OR INCREASE IN COST OF FINANCE

<p>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.</p>	<p>AVOID The Group has a number of long-term facilities which reduce these refinancing risks, choosing to take fixed interest rates where possible.</p>	<p>TRAP The Group regularly monitors and manages its refinancing profile and cash requirements.</p>	<p>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.</p>	<p>COMMENT Current market conditions have meant that capital markets are more volatile and debt is more expensive. However, all drawn debt has fixed interest (average 2.3%) with long maturity (weighted average 7.0 years) and Fitch Ratings have reaffirmed our A- rating with a stable outlook. As at the year end, cash and undrawn facilities stood at £243 million.</p>
GROSS RISK RATING M ↘	NET RISK RATING M ↗	RISK OWNER CFO	LINK TO TCFD NO LINK	

6 FAILURE TO MAINTAIN CAPITAL STRUCTURE AND GEARING

<p>RISK Property valuations are inherently uncertain and subject to significant judgement. A significant 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.</p>	<p>AVOID Valuations and yields are regularly benchmarked against comparable portfolios. All financial forecasting, including for new acquisitions, considers gearing and covenant headroom.</p>	<p>TRAP The Group engages three 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.</p>	<p>MITIGATE It is possible to dispose of properties to preserve covenants as the majority of properties are unsecured.</p>	<p>COMMENT The Group operates with conservative guidelines on debt metrics (net debt to EBITDA, interest cover, LTV). During the year, £78 million of disposals were completed to recycle capital into new opportunities.</p>
GROSS RISK RATING M ↘	NET RISK RATING L ↘	RISK OWNER CFO	LINK TO TCFD NO LINK	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

STRATEGIC RISKS CONTINUED

7 BUILDING OBSOLESCENCE – DIGITAL RISKS

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.

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 see digital health as an opportunity for our business and are working with the local AHSN on our new scheme in Winchester to study emerging trends.

GROSS RISK RATING M ➡️

NET RISK RATING L ➡️

RISK OWNER CEO

LINK TO TCFD NO LINK

8 BUILDING OBSOLESCENCE – SUSTAINABILITY

RISK

Increasing requirements for energy efficiency and carbon reduction could reduce the value of buildings if we fail to achieve net zero carbon aspirations for the estate.

AVOID

We work closely with our GPs and other partners to keep our buildings up to current standards. Sustainability forms a key metric in the investment appraisal process and EPC ratings of all buildings are closely monitored.

TRAP

We carefully monitor the latest standards. We have published our Net Zero Carbon Pathway. A Net Zero Carbon Design Guide is used to guide all new developments and a roadmap has been developed to ensure the portfolio achieves the EPC Band B target.

MITIGATE

Working closely with professional advisers, we are continually monitoring the estate for compliance with EPC Band B by 2026 as well as implementing best practice into new development projects.

COMMENT

We continue to stretch the possibilities on both our new buildings (incorporating our Net Zero Carbon Design Guide) and in our plans to achieve net zero carbon across our entire portfolio by 2040.

GROSS RISK RATING M ➡️

NET RISK RATING L ➡️

RISK OWNER CEO

LINK TO TCFD RISK MONITORED

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL RISKS

9 DEVELOPMENT PROGRAMMES

<p>RISK Development risk could adversely impact the performance of the Group as a result of cost overruns and delays on new projects.</p>	<p>AVOID The Group has continued to source new opportunities to add to the development pipeline. The Group's policy is to engage in developments that are substantially pre-let with fixed price or capped price build contracts.</p>	<p>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 and contractor financial health is closely monitored before contract award and throughout development projects.</p>	<p>MITIGATE We remain confident in our ability to manage this risk through our experienced team of development surveyors and professional advisers. Internal cost reviews have been enhanced and we continue to 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.</p>	<p>COMMENT In a high-inflationary environment, we have paid particular attention to contractor costs and then rent negotiations to ensure the finances on each development remain attractive. Our 10 completed developments were in line with our expected cost appraisals and on site developments remain on track.</p>
<p>GROSS RISK RATING M ⬆️</p>	<p>NET RISK RATING M ⬆️</p>	<p>RISK OWNER HEAD OF DEVELOPMENT</p>	<p>LINK TO TCFD RISK MONITORED</p>	

10 STAFF DEPENDENCY

<p>RISK Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in underperformance.</p>	<p>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.</p>	<p>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.</p>	<p>MITIGATE Continual review of culture and offer beyond pay and benefits and engagement of the team in various ways to understand views and feedback.</p>	<p>COMMENT The average number of employees in the year was 87 (2022: 83). Several members of staff are currently working towards professional qualifications. As hybrid working becomes the norm we have worked hard to support employees changing needs and to address changing expectations in the job market.</p>
<p>GROSS RISK RATING M ⬆️</p>	<p>NET RISK RATING M ⬆️</p>	<p>RISK OWNER CPO</p>	<p>LINK TO TCFD OPPORTUNITY</p>	

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

OPERATIONAL RISKS CONTINUED

11 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

For new developments, the Group targets initial rents that create positive open market rental evidence for the region. Open market rent reviews are either upwards-only or have a landlord-only trigger. Where the occupier is amenable, the Group will look to agree index-linked rent reviews as an alternative to open market reviews.

Specialist internal and external team in place to focus on maximising growth opportunities.

COMMENT

The commission-driven agreements with our team of designated rent review agents and internal improvements to the rent review process with better data capture and analysis, continues to drive rental growth. In addition, specialist property team members focus on driving value through the rent review process.

GROSS RISK RATING M ➡️

NET RISK RATING M ➡️

RISK OWNER CEO

LINK TO TCFD OPPORTUNITY

12 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 independent 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.

We undertake financial due diligence on independent providers prior to granting a lease or making an acquisition.

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 and independent providers during the term of the lease.

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 on our independent occupiers and as part of the acquisition due diligence and during the term of the lease.

COMMENT

Approximately 33% of leases have fixed uplifts or are linked to RPI.

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

We are aware of increased inflationary pressures on our occupiers and we have increased focus on occupier profile reviews in response. 81% of our rent is directly or indirectly reimbursed by the NHS.

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.

GROSS RISK RATING L ➡️

NET RISK RATING L ➡️

RISK OWNER CEO

LINK TO TCFD NO LINK

COMPLIANCE STATEMENTS

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 healthcare buildings in the UK and the Company culture placing emphasis on long-term relationships and market understanding.

The business model (see page 33) and strategic priorities (see page 36) 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 70 to 78, as well as historical performance, in developing sensitivities that have been applied to financial forecasts covering the five-year assessment period.

Specific scenarios modelled	Link to principal risks
Prolonged downturn in property valuations (100bps over two years with no further growth in the business)	Strategic risks – competitor threat and investor demand
Increase in interest rates (modelled at 4.75% throughout the five-year period)	Financial risks – increase in cost of finance
Sustained absence of rental growth (assumed 0% open market rental growth) & 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, which we consider to have a low likelihood.

In respect of climate change, the Group modelling includes capital expenditure improvements to our current portfolio in line with our current environmental targets (i.e. to achieve EPC B).

In addition, it has been assumed that debt facilities can be refinanced as required in normal market lending conditions. Throughout the forecast period, we have assumed a base rate of 4.75% for both short- and long-term borrowings.

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. Whilst the long-term nature of leases and debt facilities would support an assessment over a longer period, the reliability of the forecasts would be compromised.

The forecasts prepared (including application of the specific scenarios details 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 (25%, prior year 35%) and how much rental income would need to be removed (64%, prior year 62%) 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 22 to 25. 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 £118.0 million at 31 March 2022 (2021: £243.5 million), the Group has undrawn facilities of £125 million at the balance sheet date, with commitments as at year end of £81.3 million (see Note 23).

The Group has borrowing facilities from a number of financial institutions and the public debt markets, with no refinancing of drawn debt due before October 2025.

The Group's primary care property developments in progress are all substantially pre-let and operate with fixed price construction contracts where possible.

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 11.2 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, COVID-19 and the war in Ukraine, none 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 including climate change, 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 over the period to 31 May 2024.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE

GOVERNANCE AT A GLANCE

KEY BOARD DECISIONS

- Ongoing review of our five-year plan with refreshed KPI pack
- Refining our strategic framework for optimal portfolio structure and decision making
- Creation of ESG committee to oversee the social impact and sustainability strategy
- Approval of a technology strategy and roadmap
- Considering the realised benefits of opex initiatives
- Approval of a joint venture with an NHS trust in respect of an outpatient hospital
- Approval of partnering with a specialist facilities manager

KEY BOARD ACTIVITIES

Board strategy day considering markets, opportunities and risk/return profiles

📄 See page 81

Ongoing review of cost of capital

Employee engagement through our designated NED

📄 See page 90

Meetings to review the results of the staff survey and customer survey

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 as at 31 March 2023, the Company was compliant with all the provisions of the Code. There was full compliance with all provisions throughout the entirety of the financial year under review, with the following exceptions:

- Code Provision 36 – the Company did not have formal post-employment shareholding guidelines in place until the approval of the new Directors' Remuneration Policy at the AGM on 6 July 2022. Such guidelines were introduced as part of the new Policy and therefore the Company formally complied with this provision from the date of approval of the new Policy.



CHAIRMAN'S INTRODUCTION TO GOVERNANCE CONTINUED

– Code Provision 38 – for the period up to 31 December 2022, the pension contribution rate for the Executive Directors was higher than the rate applicable to the majority of the wider workforce. In line with the Directors' Remuneration Policy approved at the 2022 AGM, the contribution rate for the Directors was aligned with the wider workforce rate with effect from 1 January 2023.

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 a strategy day with the ExCo specifically considering the long-term future of primary care, risk reward profiles of investments and organic and external growth opportunities with external speakers providing insights to capital market trends and the broader healthcare markets.

The Board believes that its legacy should be as a dynamic partner to the NHS and a leading social impact business, playing a key role in modernising and improving community healthcare infrastructure whilst delivering consistent long-term shareholder returns.

Culture

Our purpose has evolved and is now captured in the revised language that "We Build for Health". Our strong culture supports our purpose and strategy 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.

Board collaboration with external experts is supported by informal Board dinners where Board members share their expertise and experience, and the wider market perspective is gained from external speakers. The Board members also collaborate with the wider business through mentoring individual members of ExCo and senior managers.

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

The appointment of a CPO in November 2022 demonstrates our ongoing commitment to investing in our people.

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 90.

Most Board meetings in the year have been face-to-face save where train disruptions have required a remote meeting and every other Board meeting is held at the head office in Warrington where Board members "walk the floor" and engage with employees. In addition, employees will get direct feedback from the Board when they present Board papers and accompany them on site visits. The Board also enjoys an informal dinner with employees once a year. The Board specifically engages with ExCo and senior managers at the strategy days and through mentoring. The Board held a breakfast meeting with ExCo and senior managers in March 2023 to understand and discuss the current priorities for the business.

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 in 2022 highlighted the strengths of the Board and made several recommendations as to how the Board could further enhance its effectiveness as part of its approach to continuous improvement. Weva Ltd also provides development support to ExCo when required.

The Board has continued to make progress in all areas and has demonstrated particular strength in creating a collaborative, productive Board climate and proved its capability in terms of effective oversight and assurance of strategy to support long-term, purpose-led growth.

CHAIRMAN'S INTRODUCTION TO GOVERNANCE CONTINUED

The Board has adopted all the review's recommendations and this year has focused on:

- Development of the Board as a team including: regular Board dinners and strategy days; a refresh of the Board's purpose and legacy and clarity on the Board's role in supporting a culture that will enable delivery of the Company's purpose and strategy.
- Gaining assurance that the Company culture supports the purpose and strategy and that staff are actively engaged in the discussion to embed desired behaviours.
- Gaining assurance that the Board and ExCo have the capability required to deliver the strategy; ensuring formal succession plans reflect this.

A review of the stakeholder map, materiality assessment and engagement strategy to align with the purpose and strategy, and to enhance the Board's collective understanding of Assura's outside world has been carried over to next year.

Remuneration

We received over 98% of votes in favour of our Remuneration Policy and Remuneration Report at the 2022 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 84 to 85, which enable them to challenge, motivate and support the business, for example, in NHS strategy and technology, capital markets, governance, investor relations, strategy, finance and risk, leadership, people and change management, business development as well as social purpose and ethical focus.

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 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. The Board is fully supportive of the recommendations of both the FTSE Women Leaders Review (the successor to the Hampton-Alexander Review) and the Parker Review, and of the new requirements of the LR 9.8.6R(9).

Female representation on the Board remains at 50% and the Group came 33rd for Women on Boards and in Leadership for FTSE 250 companies and 6th for Women on Boards and in Leadership in the FTSE 350 Real Estate Sector Rankings in the FTSE Women Leaders Review, the successor phase to the Hampton-Alexander Review. This shows our commitment to gender diversity throughout the organisation.

We are committed to supporting diversity and to creating an inclusive culture that attracts the best individuals to our workforce. The Board has set itself a target of having at least one Board member with an ethnically diverse background by December 2024 in accordance with the recommendations of the Parker review and we will publish our progress towards this target in next year's annual report.

The Board will continue to consider gender and wider aspects of diversity such as industry experience, nationality, disability gender reassignment, race, religious or spiritual beliefs, sexual orientation, marital and civil partnership status and education or social background and age in any future Board appointments and recruitment firms are instructed to include a diverse list of candidates for the Board's consideration. Final appointments will always be made on merit.

Further details of our activities to promote equality and diversity can be found in our Nominations Committee report on page 92 and on page 56 (our people).

Ed Smith, CBE
Non-Executive Chairman
22 May 2023

GOVERNANCE IN NUMBERS

Board composition

1
Chairman

2
Executive Directors

5
Non-Executive Directors

Meetings per year

7
Board

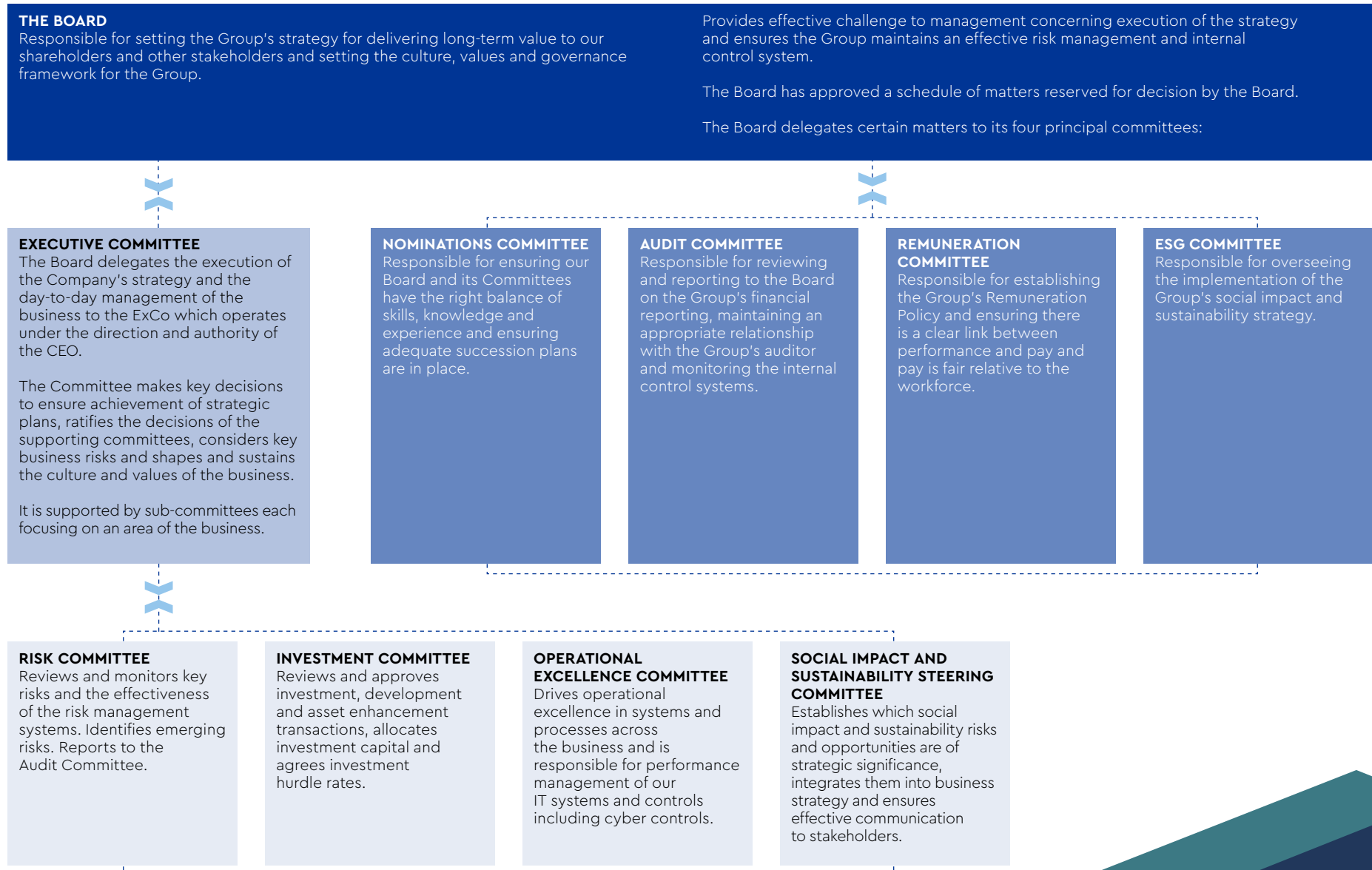
4
Audit Committee

2
Nominations Committee

5
Remuneration Committee

2
ESG Committee

OUR GOVERNANCE FRAMEWORK



BOARD OF DIRECTORS

BOARD TENURE (in current role)

4 0-4 years (67%)

4 4+ years (33%)

BOARD GENDER BALANCE

4 Female 4 Male

EXECUTIVE COMMITTEE GENDER BALANCE

2 Female 2 Male



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 including as former Chair of NHS Improvement and Deputy Chair of NHS England.

Ed's skills include strategy and operational excellence as he was the former Global Assurance Chief Operating Officer and Strategy Chairman of PricewaterhouseCoopers ("PwC"), with broad experience in finance and accounting, capital markets and customer focus.

Ed is currently Non-Executive Director at Saxton Bampfylde.



JONATHAN MURPHY
CEO

APPOINTED
February 2017

SKILLS AND EXPERIENCE

Jonathan joined Assura in 2013 as Finance Director and became CEO in 2017, bringing with him broad experience in finance and accounting, corporate finance, capital markets and real estate investment having previously worked as finance director for the fund management business of Brooks Macdonald and Braemar Group plc, and in 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 is also Non-Executive Director of Rugby League Commercial.



JAYNE COTTAM
CFO

APPOINTED
September 2017

SKILLS AND EXPERIENCE

Jayne 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.



JONATHAN DAVIES
Senior Non-Executive Director

APPOINTED
June 2018

SKILLS AND EXPERIENCE

Jonathan is Deputy Chief Executive and Chief Financial Officer of SSP Group plc and has extensive experience of finance, mergers and acquisitions and corporate governance. Jonathan took SSP private in 2006, listed it on the London Stock Exchange in 2014 and has undertaken numerous debt and equity raises since then.

His skills in strategy, commercial and financial management were built in his earlier roles with Unilever plc, OC&C and Safeway plc. Jonathan chairs our Audit Committee and is our Senior Independent Director.

BOARD OF DIRECTORS CONTINUED



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, and Head of Residential with British Land where she also sits on their Executive Committee. Her 20 years of experience in the property sector span residential, retail, commercial and leisure with previous roles at Landsec, Barratt Homes and Crest Nicholson.

Emma was previously on the Board of Thames Valley Housing Association where she chaired the Investment Committee, and is currently a non-executive with TEDI-London – a higher education provider for engineering.



LOUISE FOWLER
Non-Executive Director

APPOINTED
June 2019

SKILLS AND EXPERIENCE

Louise's customer, marketing and digital experience is drawn from her time as a senior executive in regulated services industries. She spent the first part of her executive career in travel and tourism working for British Airways and was CEO of Brymon Airways before moving into roles with Barclays, the Co-operative Group, First Direct and the Post Office.

Now an independent consultant advising consumer brands such as M&S, Barclays, Costa Coffee and ITV, Louise also serves as a Non-Executive Director on the boards of a number of publicly listed businesses. She is honorary professor of Marketing at Lancaster University Business School and chairs our Remuneration Committee.



NOEL GORDON
Non-Executive Director

APPOINTED
May 2021

SKILLS AND EXPERIENCE

Having led significant restructuring programmes to enable banks to adopt new digital channels, Noel brought that experience to NHS England and NHS Digital, reshaping their approach to digital change and new models for healthcare delivery.

Noel's former board roles include, Chair of NHS Digital, Chair of Healthcare UK and Non-Executive Director on the Board of NHS England.

Noel is a Non-Executive Director of Bestway Panacea Holdings and chairs our ESG Committee.



DR SAM BARRELL CBE
Non-Executive Director

APPOINTED
May 2021

SKILLS AND EXPERIENCE

Sam is the Deputy Chief Executive Officer 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 was a National Advisory Council Member of the King's Fund, an active Mentor for the NHS Innovator Accelerator Programme and was awarded the CBE in 2014 for services to healthcare.



ORLA BALL
Company Secretary

APPOINTED
April 2015

SKILLS AND EXPERIENCE

Orla is a lawyer, qualified Chartered Secretary and an Associate of ICOSA 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 as a corporate lawyer for more than 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 chairs our Risk Committee and is a member of the Executive Committee.

BOARD OF DIRECTORS CONTINUED

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.

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.

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.

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 OF DIRECTORS CONTINUED

TIME COMMITMENTS AND INDEPENDENCE

Other directorships of the Board members are set out on pages 84 to 85. Executive Directors would be permitted to serve on one other Board if this would not interfere with their time commitment to the Company. Jayne Cottam does not hold any Non-Executive Director positions. Jonathan Murphy has recently been appointed as a Non-Executive Director of Rugby League Commercial and is also the 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.

Skills and experience	Number of Non-Executive Directors (including the Chairman)	Number of Executive Directors
Executive and strategic leadership	6	2
Financial accounting, reporting or corporate finance	3	2
Property development, investment or real estate management	3	2
Governance and compliance	6	2
Social impact, people or charities	4	2
Health and safety, risk management or internal controls	4	2
Investor relations and engagement	2	2
Prior remuneration committee experience and or experience in remuneration	3	2

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 2023 AGM and the Notice of AGM will explain why their contribution remains important to the Company's long-term sustainable success.

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

Committee meeting attendance	Board	Audit	Nom	Rem	ESG
Ed Smith	7/7	4/4	2/2	5/5	n/a
Jonathan Murphy	7/7	4/4	2/2	5/5	2/2
Jayne Cottam	7/7	4/4	2/2	5/5	2/2
Jonathan Davies	6/7	4/4	2/2	4/5	n/a
Louise Fowler	7/7	4/4	2/2	5/5	n/a
Emma Cariaga	7/7	4/4	2/2	n/a	n/a
Noel Gordon	7/7	4/4	2/2	n/a	2/2
Sam Barrell	7/7	n/a	2/2	5/5	2/2

Reporting table on sex/gender representation

As at 31 March 2023	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	4	50	3	3	50
Women	4	50	1	3	50
Not specified/prefer not to say	-	-	-	-	-

No changes from 31 March 2023 to the date of the approval of the report on 22 May 2023.

Reporting table on ethnicity representation

As at 31 March 2023	Number of Board members	Percentage of the Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	8	100	4	6	100
Mixed/Multiple Ethnic Groups	-	-	-	-	-
Asian/Asian British	-	-	-	-	-
Black/African/Caribbean/Black British	-	-	-	-	-
Other ethnic group, including Arab	-	-	-	-	-
Not specified/prefer not to say	-	-	-	-	-

No changes from 31 March 2023 to the date of the approval of the report on 22 May 2023.

KEY BOARD ACTIVITIES

Enhancing our facilities management service

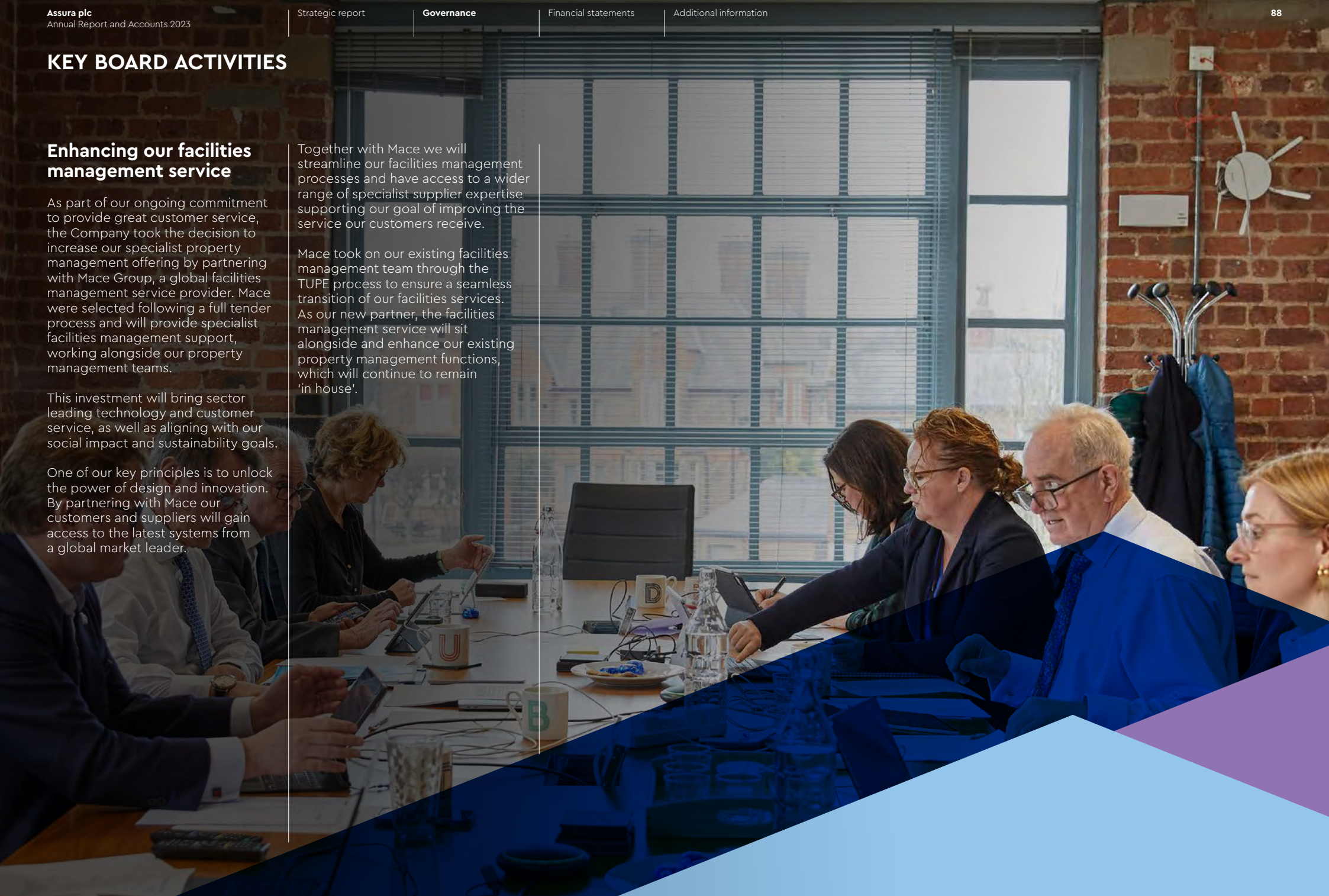
As part of our ongoing commitment to provide great customer service, the Company took the decision to increase our specialist property management offering by partnering with Mace Group, a global facilities management service provider. Mace were selected following a full tender process and will provide specialist facilities management support, working alongside our property management teams.

This investment will bring sector leading technology and customer service, as well as aligning with our social impact and sustainability goals.

One of our key principles is to unlock the power of design and innovation. By partnering with Mace our customers and suppliers will gain access to the latest systems from a global market leader.

Together with Mace we will streamline our facilities management processes and have access to a wider range of specialist supplier expertise supporting our goal of improving the service our customers receive.

Mace took on our existing facilities management team through the TUPE process to ensure a seamless transition of our facilities services. As our new partner, the facilities management service will sit alongside and enhance our existing property management functions, which will continue to remain 'in house'.



KEY BOARD ACTIVITIES CONTINUED

Making the right strategic decisions – Republic of Ireland

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

In November 2022 the Board approved the development funding agreement for the construction of a portfolio of four new primary care centres ("PCC") spread across the Republic of Ireland. Two of these schemes are on site and the other two are in our immediate pipeline and scheduled to hit financial close next year. Delivery is with the same development partner and under a legal framework that allows for further deals to be easily added, incentivising delivery of future projects and aligning Assura with a best-in-class developer.

The Board supported the decision as part of a long-term commitment to invest in Irish healthcare infrastructure, building upon the foundations for growth in this new territory. The deal provides the opportunity to work with high-quality operators and suppliers to further support the Irish government's ambitious 'Sláintecare' programme across the country.

The wide range of primary care services the four new buildings will offer (which go beyond typical GP services seen in the UK) were reported upon and given full consideration as part of our strategic approach. Services ranging from mental health support and speech and language therapy to wound clinics and physiotherapy will be supported from the new premises, and the importance of primary care within the macro health infrastructure was also considered – the relatively poor local existing premises and long travel distances from hospitals of a similarly low standard helped demonstrate the new PCCs will give a lasting and much-needed benefit improving health outcomes to all that will use them.

Environmental custodianship was a key part of the rationale for supporting the investment, with all four of the new developments being constructed to the latest 'nZEB' (Nearly Zero Energy Building) standards of the Irish Government that focus on high sustainability standards within construction to minimise the impact on the environment, with BER A3 ratings being secured as a minimum.

The broad geographic spread, with these projects in four communities across three differing counties allowed the Board to support the provision of charitable funding allocations towards a range of community impact pilot initiatives in a variety of locations as part of the overall transaction.

8,000m²
of new healthcare
accommodation.

Q&A WITH LOUISE FOWLER



How often have you met with the Voice and what have the key themes of the discussions been?

I met with the Voice twice in the year in May and December. Our discussions included the return to the office after lockdown, hybrid working as well as some of colleagues' anxieties due to the changing economic environment and some changes in the leadership team towards the end of 2022. I also consulted with them on the remuneration policy in May 2022 which they supported.

"Employees value the friendly feel of the business which they are keen to preserve as it grows."

Louise Fowler
Non-Executive Director

Do the Voice feel that they are listened to?

I think they do. For example, they mentioned that they felt able to influence how we ran a staff event in the summer. We try to make sure communications are clear and two-way, but of course there's always more we can do there.

What issues have been raised in the year and how has the business responded?

Employees are clearly concerned about the cost of living and pay and bonuses have been a big part of the conversation with the Voice. The Company made a cost of living payment to lower paid staff in February 2023 which has been well received.

The consequences of the "mini budget" for our business activity and strategy caused some anxiety in the teams but staff were assured that the business operates in a strong sector and while we may need to pause some activity, we are well positioned to make the most of potential opportunities.

Some teams have also been under resourced in the year and the business responded by asking other teams to step in to assist where they could.

What could the business have done better?

There have been a number of new starters since lockdown, changes in senior leaders and a team reorganisation which the Voice felt needed better communications. The departure of the Communications director and HR director at around the same time created some gaps in communication and engagement that we are working to fill with the help of the newly recruited CPO.

Are staff excited about the head office move?

The office move has caused mixed feelings with excitement about the new environment but concerns about how it will affect individuals personally. The business has been working to ensure employees who have to travel further to the new office are not adversely affected by the move.

What do staff value most about the business?

Employees value the friendly feel of the business which they are keen to preserve as it grows and returns from remote working. The Voice say staff are pleased to be back in the office and, given the benefits to morale and collaboration, the business is mandating minimum days spent in the office.

NOMINATIONS COMMITTEE REPORT

Committee members	Attendance*
Ed Smith CBE (Committee Chair)	2/2
Jonathan Davies	2/2
Louise Fowler	2/2
Dr Sam Barrell CBE	2/2

* Out of the maximum possible meetings.

ADDITIONAL ATTENDEES*

- Orla Ball – Company Secretary
- Jonathan Murphy – CEO
- Emma Cariaga
- Noel Gordon

* As appropriate.

MEETINGS IN THE YEAR:

2

TERMS OF REFERENCE

<https://www.assurapl.com/investor-relations/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, maintains 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

There have been no changes to the Board composition in the year and I would like to personally thank all Board members for their exceptional contribution particularly in mentoring members of ExCo and senior managers

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. A formal succession planning exercise is undertaken biannually and seeks to identify training needs, high potential employees and risks to the organisation across a three-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.

Non-Executive Director induction process:

Meetings with the Chairman and other Board members

Meetings with the CEO, CFO and Executive Committee members

Directors' duties and governance training from the Company's legal advisors and briefings from the Company Secretary

A full support pack of relevant reading materials

Briefings from the Company's advisors including auditors, corporate brokers and PR firm

Meetings with senior management and other staff members at the Company's head office

Visits to premises

Induction and training

Lara Naqushbhandi undertook a full, formal and tailored induction programme as part of the board fellowship 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.



Lara Naqushbhandi
Board Fellow

"The Board believes that a diverse workforce and management team improve the performance and culture of the organisation."

Ed Smith CBE
Non-Executive Chairman



NOMINATIONS COMMITTEE REPORT CONTINUED

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. The Board is fully supportive of the recommendations of both the FTSE Women Leaders Review (the successor to the Hampton-Alexander Review) and the Parker Review, and of the new requirements of the LR 9.8.6R(9).

The Committee is mindful of the new Listing Rules and amendments to the Disclosure Guidance and Transparency Rules, which came into effect for accounting periods starting on or after 1 April 2022.

As at 31 March 2023, the Board had already met two out of the three criteria set out in the Listing Rules, as 40 per cent of the Board members are women and Jayne Cottam is the CFO. The Company collects the data used for the purposes of making this disclosure from Directors and executive management on a voluntary basis see relevant charts on page 87.

We are committed to supporting diversity and to creating an inclusive culture that attracts the best individuals to our workforce. The Board has set itself a target of having at least one Board member with an ethnically diverse background by December 2024 in accordance with the recommendations of the Parker review and we will publish our progress towards this target in next year's annual report.

We are working with Warren and Partners to build the pipeline of ethnically diverse Board talent and in May 2022 we invited an ethnically diverse Board fellow to sit on the Board pro bono (save for expenses) for one year to gain first-hand experience of a FTSE 250 Board and receive mentoring from myself. I am pleased to say that this fellowship programme has been an overwhelming success with our Board fellow, Lara Naqushbandi, making valuable contribution to Board discussions, particularly around technology and ESG. We have agreed to extend Lara's fellowship until the end of September 23 and then hope to invite a new fellow to join our Board to benefit from this corporate experience. They will receive full Board papers and be encouraged to take an active part in Board discussions with the aim of going on to secure a permanent FTSE 250 Board appointment at Assura or elsewhere at the conclusion of their fellowship.

Female representation on the Board remains at 50% and the Group came 33rd for Women on Boards and in Leadership for FTSE 250 companies and 6th for Women on Boards and in Leadership in the FTSE 350 Real Estate Sector Rankings in the FTSE Women Leaders Review, the successor phase to the Hampton-Alexander Review.

The Committee will continue to consider gender and wider aspects of diversity such as industry experience, nationality, disability gender reassignment, race, religious or spiritual beliefs, sexual orientation, marital and civil partnership status and education or social background 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.

Board diversity policy

The Committee is responsible for monitoring the effectiveness of the Board Diversity Policy (the Policy), available to view on the Company's website, www.assurapl.com, which sets out the Company's approach to diversity in respect of the Board of Directors.

The Policy incorporates a broad range of diversity factors as set out in the Disclosure Guidance and Transparency Rules, specifies targets with which the Board aims to comply, and considers how the Policy is applied to the Audit, Nominations and Remuneration Committees as well as the Board as a whole. It was last updated during 2022. The Committee considers that the Policy is appropriate and aligned with best practice and will keep it under periodic review.

Diversity overview

The Committee will continue to consider all aspects of diversity such as industry experience, gender, nationality, disability, and age when recommending any future Board appointments. Recruitment firms are instructed to follow our recruitment Code of Conduct and our diversity goals to encourage applicants from minority backgrounds when shortlisting for Committee's consideration. In order to widen the pool for selection, candidates are not required to have previous FTSE board experience. Final appointments will always be made on merit.

Further details of our activities to promote equality and diversity can be found on page 56 but in summary this year we have:

- Carried out an equality and diversity survey which identified key areas of focus as Mental Health Awareness and Leadership.
- Launched a Mental Health First Aid programme training Mental Health First Aiders across the business with further Mental Health Awareness sessions planned for Managers.
- Formed a Menopause group raising awareness and ensuring we are meeting the needs of our employees.
- Taken on four interns and four work experience students at various points during the year as well as working closely with local high schools providing learning opportunities for students.
- Taken on two graduates for a two-year programme who are now enrolled with RICs to work towards their APC qualifications.
- Continued to work with local schools and universities in the region to promote roles in the property sector as well as how our work supports local communities.

In the coming year, we intend to:

- Work with minority groups for work experience including the Women's network.
- Develop an overall EDI strategy with the necessary policies to deliver a thorough EDI and Wellbeing programme.

NOMINATIONS COMMITTEE REPORT CONTINUED

External Board evaluation

The externally facilitated Board review in 2022 was carried out by Weva Ltd – a specialist board and leadership consultancy which is also engaged in individual and team coaching work for ExCo.

The review followed the Board effectiveness framework ("the Framework") already in use by the Board. The Framework is regularly reviewed by the Board as part of the internal Board evaluation process and is used as the basis for annual self-evaluation by the Board. This allows the Board to identify any required changes in focus or priority and to agree future actions for Board effectiveness.

The Board is progressing the recommended actions from the review as follows:

Outside world

ExCo will be undertaking a stakeholder review to include strategic/power map, materiality assessment and engagement strategy plus feedback on stakeholder engagement which will be brought to the Board.

External speakers at the strategy day and at Board dinners provide a valuable insight to other markets.

Creating the future

The Board capability map was refreshed against the strategy to include the three new NEDs and it confirmed that the Board has the capabilities it needs to oversee strategy delivery.

Board team effectiveness

The Board continues to invest in itself as a team with Board dinners before each Board meeting and relationships continue to be built through 1-2-1s and Board strategy days. Mentoring ExCo and senior managers also aids the Board members' understanding of the business.

The strategy day in September explored the Board's purpose, legacy, role and culture in the context of the strategy.

The Board reviewed its existing self-evaluation process to ensure it is simple to use and encourages reflection and action around the Board's continuous improvement. The Framework is regularly considered at Board meetings to identify any required changes in focus or priority.

Nurturing Identity

The Board has sought appropriate assurance from ExCo that the company culture will support the purpose and strategy. The Board will also seek assurance that the culture required to deliver the strategy is clearly articulated and staff actively engaged in the discussion to embed desired behaviours.

As part of the discussion on Board purpose, the Board will consider its role in supporting a culture that will enable delivery of the strategy. This role will include actively nurturing the culture through conscious role modelling of Assura's values and behaviours.

Managing the present

The Board worked with ExCo to refresh the KPI pack and ensure alignment to the strategy.

Risk analysis was included in the strategic framework reviewed at the September strategy day and the risk assurance process will also be reviewed to ensure a formalised risk assessment process and documentation is in place in the context of the strategy.

Ed Smith, CBE
Chair of the Nominations Committee
22 May 2023

AUDIT COMMITTEE REPORT

Committee members	Attendance*
Jonathan Davies (Committee Chair)	4/4
Emma Cariaga	4/4
Louise Fowler	4/4
Noel Gordon	4/4

* Out of the maximum possible meetings.

ADDITIONAL ATTENDEES*

- EY LLP as external auditor
- CBRE, Cushman & Wakefield and Jones Lang LaSalle as valuers
- KPMG LLP as internal auditor
- Ed Smith, CBE – Non-executive Chairman
- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- David Purcell – Investor Relations Director
- Owen Roach – Finance Director

* 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 fourth 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 2023.

During the year, the Committee comprised myself and three other Non-Executive Directors, with attendance from additional individuals and external advisors as appropriate. 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:

"As the organisation has grown, the business has evolved to carefully manage the risks that can bring."

Jonathan Davies
Chair of the Audit Committee

May 2022

- Reviewed the external portfolio valuations for the financial year ended 31 March 2022
- Received a report from EY on the audit and the annual report and accounts
- Reviewed use of EY for non-audit work, confirmed their independence and completed a review of their performance
- Reviewed the draft annual report and accounts, including TCFD disclosures
- Reviewed the viability and going concern statements and assumptions
- Received an update on cyber risk
- Considered the recommended appointments of CBRE, Cushman & Wakefield and JLL as property valuers
- Reviewed and approved the proposed accounting treatment for the investment in Theia Investments LLP

November 2022

- 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 an update report from the internal auditor in respect of recent work completed
- Completed a review of the audit committee performance
- Reviewed and approved the proposed accounting treatment for the investment in Pennine Property Partnership LLP

- Received an update on IT processes around cyber security and Ransomware

February 2023

- 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 portfolio valuation
- Received an update on progress of actions recommended by internal audit and approved the processes to be reviewed by internal audit this calendar year
- Approved the treasury counterparties

March 2023

- Approved the external audit plan and fee
- Received an update on cyber risk
- Approved the draft viability statement and assumptions used in modelling

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 2023 annual report and accounts were reviewed at the May 2023 Audit Committee meeting along with accounting papers in respect of going concern and viability, and including a review of the report from EY as external auditor.

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. This has been given increased focus in the current year given the fast-evolving macroeconomic backdrop and challenging the assumptions on yields given the changing interest rate environment.

AUDIT COMMITTEE REPORT CONTINUED

- The three external valuers, CBRE, Cushman & Wakefield and JLL, presented and discussed their findings with the Committee. EY separately discuss the valuations and the assumptions they are based on with the valuers, and the Committee is satisfied that EY apply appropriate professional scepticism in this area through the use of appropriate internal property valuation experts.
- 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, evaluates management's assessment of going concern and challenges 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 is on page 79.
- 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 2023 report and appears on page 79. The Committee reviewed and challenged the various assumptions adopted by management in the exercise, including the period covered by the viability statement and assumptions around availability and cost of finance. The Committee continues to consider a five-year period to be the most appropriate timespan in this regard and believes other assumptions and sensitivities applied are also appropriate.

- Revenue recognition – the Committee considers this risk to be appropriately addressed by the control environment in place, and upgrades to the accounting system in the current year have added further automation to the controls in this area.

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 EY.

During the year this included consideration of the appropriate accounting and disclosures around the investments in Theia Investments LLP and Pennine Property Partnership LLP, both of which are co-investment vehicles for investment properties.

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 83. 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. 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 70 to 78.

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 a robust appraisal process for all property investments (including acquisitions, developments and asset enhancement projects). Changes to internal controls, or controls to respond to changing risks identified 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 purchase to pay and progress against previous reports received. 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 are in the process of being implemented and will be monitored on an ongoing basis. The Committee has agreed that the processes to be reviewed this calendar year are ESG, technology roadmap, facilities management and supply chain 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 2023, the auditor provided non-audit non-statutory services in the form of a review of the interim report, being a service closely related to assurance.

The Committee is satisfied that the Company 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.

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 EY and then monitoring fulfilment of this plan. The Committee received regular feedback from management on the service provided by EY, specifically reviewed this at the May 2022 Audit Committee meeting and concluded that the external audit was carried out efficiently and effectively with objective, independent challenge.

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
22 May 2023

ESG COMMITTEE REPORT

Committee members	Attendance*
Noel Gordon (Committee Chair)	2/2
Sam Barrrell	2/2
Jonathan Murphy	2/2
Jayne Cottam	2/2

* Out of the maximum possible meetings.

ADDITIONAL ATTENDEES*

- Orla Ball – Company Secretary
- Paul Warwick – Director, Projects and Sustainability
- Tim Bell – Sustainability Lead
- Karen Nolan – Social Impact Lead
- David Purcell – Investor Relations Director

* As appropriate.

MEETINGS IN THE YEAR:

2

TERMS OF REFERENCE

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

Dear shareholder

Following the establishment of the ESG Committee ("the Committee") in the year, I am pleased to be able to share with you our inaugural report setting out activities for the year ended 31 March 2023.

During the year, the Committee comprised myself and one other Non-Executive Director, in addition to the two Executive Directors and appropriate representatives from the business.

Committee objectives and purpose

Assura has long-standing commitments to maximising social impact and minimising environmental impact which is ingrained within the purpose, business model and strategic priorities. We have decided to create this Committee to strengthen and formalise the oversight provided at Board-level in this area.

"ESG considerations have been central to the business strategy for a number of years. This Committee provides additional oversight as implementation plans accelerate."

Noel Gordon
Chair of the ESG Committee

The terms of reference detail the specific mandate of the Committee, which includes the following:

- Reviewing and approving the social impact and sustainability strategies, including budgeted costs
- Monitoring progress against the designed performance metrics of these strategies and reporting to the Board on their progress
- Reviewing external disclosures relating to ESG matters prior to publication, being relevant sections of the Annual Report including TCFD disclosures, sustainability disclosures and documents such as the Net Zero Carbon Pathway
- Assisting the Nominations Committee in monitoring the implementation of diversity and inclusion policies
- Staying up to date with emerging trends and ensuring the business strategy appropriately reflects these
- Monitoring emerging property and sustainability technologies, leveraging our investment in Pi Labs.

Matters discussed

The Committee met twice in the year and the key matters considered at each meeting were as follows:

November 2022

- Introduced the role of the Committee to attendees and discussion of priority areas
- Discussed proposed terms of reference
- Reviewed and approved proposed Committee timetable and agenda items
- Discussion of appropriateness of current metrics used

March 2023

- Approved terms of reference
- Reviewed and approved updated ESG policy
- Evaluated the current progress against overall ambition and SixBySix pledges, including discussion of metrics used and proposed changes moving forward
- Reviewed the proposed social impact and sustainability strategies for the coming year, including discussion of budget
- Received update on the Net Zero Carbon Pathway and energy reduction targets

In addition, a Committee meeting was held in April 2023, where the proposed ESG disclosures, including those within this Annual Report covering both sustainability and TCFD, were reviewed and approved. In addition the Committee recommended to the Remuneration Committee the specific ESG related performance objectives for the Executive Directors.

The Committee is scheduled to meet three times in the coming year.

Committee priorities 2023/24

The priority for the Committee is to provide appropriate oversight over the proposed strategic actions for the next 12 months, relating to both social impact and sustainability, as they relate to the long-term strategic objectives.

Social impact – The priorities include continuing the great work of the Assura Community Fund with the next round of grants, advancing our community programme for development schemes, improving our tracking and reporting of social value generated, evaluating the social impact credentials of potential suppliers as standard and enhancing our employee volunteering programme.

Sustainability – Following the data collection and net zero carbon audits completed over recent months and the creation of our science-based energy reduction targets, priorities for the coming year are rolling out energy reduction initiatives through our portfolio (aiming to turn this into a commercial offering with appropriate return on investment), increasing the proportion of on site developments meeting our net zero carbon design guide targets, and implementing the next phase of our EPC upgrade programme.

I look forward to updating on progress in the 2024 Annual Report.

Noel Gordon
Chair of the ESG Committee
22 May 2023



DIRECTORS' REMUNERATION REPORT

Committee members	Attendance*
Louise Fowler (Committee Chair)	5/5
Ed Smith CBE	5/5
Jonathan Davies	5/5
Dr Sam Barrell CBE	5/5

* Out of the maximum possible meetings.

ADDITIONAL ATTENDEES*

- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- Emma Cariaga – Non-Executive Director
- Noel Gordon – Non-Executive Director
- Korn Ferry

* As appropriate.

MEETINGS IN THE YEAR:

5

TERMS OF REFERENCE

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

Dear shareholder

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2023.

This report is split into three parts:

- This **Annual Statement** – in which I explain the work of the Remuneration Committee during 2022/23 and the key decisions taken during the year;
- A summary of the **Directors' Remuneration Policy** – as approved by shareholders at the AGM in 2022; 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 2022/23 and information on how we intend to implement the Remuneration Policy for 2023/24.

At the AGM to be held on 6 July 2023, you will be asked to approve this Annual Statement and the Annual Report on Remuneration by way of the usual advisory resolution.

The Directors' Remuneration Policy

The Committee reviewed the Directors' Remuneration Policy in extensive detail ahead of the requirement to get shareholder approval for a renewed Policy at last year's AGM. As part of this process, we engaged in a consultation exercise with major shareholders on the proposed Policy and its implementation, and made some changes to our original proposals in light of comments received. The Committee was pleased to receive 98.1% support for the Policy at the AGM.

As a reminder, the Policy as approved last year is a continuation of the approach taken in prior years. We did, however, make some amendments to the annual bonus scheme, with an increase to the Executive Directors' maximum bonus opportunity, a reduction to the percentage payable for on-target performance and a strengthening of the deferral arrangements. We retained the Performance Share Plan ("PSP") as the long-term incentive structure, making a small change to the level of vesting for threshold levels of performance.

We also confirmed the alignment (from January 2023) of the Directors' pension contributions with the wider workforce average and made a number of corporate governance enhancements, including introducing post-employment shareholding requirements. Full details of all changes made can be found in last year's Directors' Remuneration Report.

No amendments to the Policy are proposed for 2023/24. However, as explained further below, in implementing the Policy for the year ahead we have agreed changes to some of the incentive metrics we will be operating.

Remuneration Outcomes for 2022/23

The pay structures for the Executive Directors for the year under review were in line with the new Remuneration Policy. In July 2022, we granted an award under the PSP which will vest following an assessment of performance to the end of the 2024/25 financial year. As disclosed last year, we agreed targets for this award based on a mixture of objectives linked to EPRA EPS, TSR and ESG performance. The continued emphasis on ESG reflected the ongoing importance of this area to the business strategy, and for this award we agreed performance targets tied to EPC ratings and net zero carbon developments. The exact targets were disclosed last year and can also be found on page 114.

Performance against the targets set for the PSP award granted in July 2020 was assessed after the financial year end. One third of the award was

based on growth in EPRA EPS over the performance period. Given an EPRA EPS outturn of 3.3p for 2022/23, this element of the award vested at just above threshold. The second third of the award measured growth in Assura's TSR over the period. Unfortunately the minimum level of TSR over the period was not achieved and, accordingly, this element of the award did not vest.

The final third involved targets linked to different aspects of the social impact and sustainability strategy. This was the first year in which such measures were used for the PSP. Half of this portion of the award was based on the proportion of the portfolio receiving an EPC rating of B or higher by the end of 2022/23. A minimum of 60% of the portfolio had to be in this position for any vesting. This was, with hindsight, an exceptionally ambitious target and unfortunately not one that was met. This portion of the award lapsed in full. The other half of the social impact element of the award was subject to the Remuneration Committee's overall assessment of the success of the strategy over the performance period, taking into account progress against key measures.

In assessing this, the Committee reviewed various indicators linked to different aspects of the social impact strategy, as outlined in more detail on page 109. We concluded that performance over the period had been exceptionally strong, with Assura confirming its position as a market leader in the social impact space.

"The Committee was pleased to receive 98.1% support for the Policy at the AGM."

Louise Fowler
Chair of the Remuneration Committee



DIRECTORS' REMUNERATION REPORT CONTINUED

Clear evidence of internal progress has been reinforced by external recognition in the form of enhanced rankings from third-party ratings agencies. The Committee therefore agreed that the performance conditions for this element of the 2020 PSP award had been met in full.

In total, the vesting level for the 2020 PSP award was 20.93%. The Committee did not exercise any discretion to adjust this vesting level further.

In line with the Directors' Remuneration Policy, shares vesting from the PSP are subject to a two-year holding period (other than those shares required to be sold to pay tax at the point of vesting, or any proceeds donated to the Assura Community Fund).

Various challenging performance targets were set for the annual bonus scheme in operation for 2022/23. A total of 75% of the overall bonus was subject to financial measures, equally weighted between EPRA earnings, total accounting return and growth in contracted rent roll. There was a partial achievement of the EPRA earnings targets but unfortunately total accounting return and contracted rent roll performance was below threshold. As a result, the payout for financial performance was 16.88% of the total bonus amount. The full performance targets for the financial measures are disclosed on page 107.

For the 25% of the bonus subject to non-financial and strategic objectives, we agreed various metrics to help guide the performance assessment at the year end. These metrics were

tailored to each Executive Director and were designed to drive outperformance over the year. Both Executive Directors performed very well against their objectives, although performance was below maximum in both cases. Achievement was determined as 23% of the total bonus amount for Jonathan Murphy, the CEO, and 22% for Jayne Cottam, the CFO.

The overall bonus outturn for the year was 40% of the maximum available for Jonathan Murphy and 39% for Jayne Cottam. This equates to 60% of basic salary for Jonathan and 53% for Jayne. As required under the terms of the Remuneration Policy, one-third of the bonus will be deferred into shares to be held for at least two years.

The Committee believes that the remuneration outcomes set out above are consistent with Assura's overall performance during the year and reflect the more challenging external market environment faced by the business. No discretion was exercised by the Committee in respect of the level of bonus payout or PSP vesting for 2022/23.

The approach to wider workforce remuneration

The Remuneration Committee has considered in detail remuneration issues as they impact all employees at Assura, recognising that 2022/23 has been a challenging year given significant increases to the cost of living.

As disclosed last year, the average salary increase agreed for the wider workforce for 2022/23 was 5%, reflecting the inflationary pressures that were starting to be seen in the early part of 2022. For lower paid members of staff, the average increase was 7%. Later in the financial year, the Committee approved a management proposal for a targeted one-off payment of £1,250 to be made to employees below manager level. This payment, made in March 2023, was designed to provide additional assistance to this group of employees at a time of continued financial stress for many. For 2023/24, the salary increase across the wider workforce has been agreed at 4%, with no more than 2.5% awarded to the most senior employees. This reinforces the Company's ongoing desire to focus the highest levels of support on lower-paid colleagues while reflecting an appropriately conservative approach given current market conditions.

In addition to basic salary, Assura continues to offer a comprehensive and competitive benefits package for all employees. Performance-related pay remains important, with all permanent employees participating in an annual bonus scheme which pays out subject to performance conditions based on a mix of financial and personal targets. Certain senior staff receive equity awards in the form of restricted shares and all colleagues are encouraged to participate in the Share Incentive Plan ("SIP").

We take engagement with employees seriously. In my role as the designated Non-Executive Director for engagement with the workforce, I have had further discussions during the year with The Voice, the body which includes a representative sample of Assura colleagues. This engagement covered a wide variety of topics, including executive remuneration and communication plans from the senior leadership team. These sessions were extremely valuable and I look forward to further conversations with The Voice over the coming year. Further information on the discussions with The Voice during 2022/23 can be found on page 90.

As a Committee, we believe that the remuneration of the Executive Directors is appropriate in this wider workforce context. The pay levels of the Directors reflect their roles and responsibilities in running a listed company and are informed, among other things, by the remuneration for equivalent roles at relevant comparator companies. The Committee is comfortable with the Directors being the only employees who receive awards of performance shares given their Group-wide roles and standard practice for senior executives at UK-listed companies.

The UK Corporate Governance 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 112, alongside the supporting detail as required by the relevant regulations. The median pay ratio has declined further for the year under review, reflecting a lower CEO single total figure as well as higher pay and benefits for the individual identified at the median level of the organisation. Pay levels across the business were higher in 2022/23 than in previous years in part due to the salary increases and one-off payments mentioned above.

Implementation of the Remuneration Policy for 2023/24

For the coming year, pay for the Directors will continue to be in line with the Remuneration Policy approved in 2022.

The Committee has reviewed the salary of the CEO in the context of the wider workforce pay review (noted above) and agreed that he will receive an increase of 2.5%, in line with the approach for the most senior people in the organisation, but lower than the wider workforce pay increase of 4%. This takes his salary to £501,845 for the year ahead.

DIRECTORS' REMUNERATION REPORT CONTINUED

For the CFO, the Committee has confirmed that the second part of the two-stage salary increase agreed last year will apply. As a reminder, given Jayne's growth in role and ongoing strong performance, and recognising her materially below-market package, we agreed to increase Jayne's salary to £300,000 over a two-year period, with the first increase (to £285,000) applying for 2022/23 and the second for 2023/24. Jayne has continued to perform very strongly over the last 12 months and we believe that the second increase remains wholly appropriate. As indicated last year, we have also applied the same 2.5% cost-of-living increase to Jayne, taking her salary to £307,500 for 2023/24.

Annual bonus participation will remain in line with the limits set out in the Policy, namely a maximum of 150% of salary for the CEO and 135% of salary for the CFO. As the business has moved away from a focus on contracted rent roll, the Committee has agreed some adjustments to the performance measures for 2023/24. EPRA earnings and total accounting return will be retained, weighted at 30% and 20% respectively. An additional financial measure, net rental income, will be introduced with a 20% weighting. This is an important metric for the business and is considered appropriate given the ongoing priority on rental growth. The remaining 30% of the bonus will be subject to a number of important non-financial, ESG and strategic metrics, including targets linked to the SixBySix pledges. All bonus targets are currently considered commercially confidential but in line with our normal practice will be disclosed in full in next year's Directors' Remuneration Report.

We intend to grant the normal annual PSP award at a level of 150% of salary, the limit set out in the Remuneration Policy. We are aware that, at the time of writing, the share price is lower than it was at the time the PSP award was granted in 2022. The Committee remains comfortable that the grant sizes for 2023 are appropriate given the stretching performance conditions. One-third of the award will remain subject to absolute TSR, a measure we have used for some time. This award will operate with the same target range as the award granted in 2022, and thus 12.5% per annum TSR growth will be required for maximum vesting of this element. For the second third of the award, the Committee has decided to replace the EPS measure with one based on total accounting return, a metric commonly used by other listed REITs. Full vesting of this element will require compound growth in total accounting return of at least 8% per annum over the performance period, which is considered to represent a strong level of growth given expected market conditions. The move away from EPS recognises that at the present time we wish to promote a focus on managing asset values, given reduced levels of investment activity. The new total accounting return measure will help to provide for better alignment between the performance of the business and executive reward.

The final third of the PSP award will remain subject to ESG measures, in line with the approach we have taken for a number of years. This ESG portion will again be split into two halves. For the other half, we are introducing a new performance

condition based on energy reduction, measured by reductions in energy usage intensity (EUI). We now have good baseline data to track this as part of our journey towards net zero and a clear understanding of the necessary interventions to achieve these targets. The use of both of these performance measures together will ensure the Executive Directors are focused on further embedding genuine sustainability within the business over the longer term. The exact targets for both the net zero developments and energy reduction measures are disclosed on page 114.

UK Corporate Governance Code

We continue to be supportive of the UK Corporate Governance Code and remain committed to adopting the principles and provisions of the Code. The Remuneration Policy and its implementation remain consistent with the six factors set out in Provision 40 of the Code:

- **Clarity** – our Policy is well understood by the management team and has been clearly articulated to our shareholders, proxy advisers and investor representative bodies. The Policy was approved by an overwhelming majority of shareholders at last year's AGM. A summary of the Policy and full details of its implementation are provided in this Directors' Remuneration Report;
- **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.

Although there are multiple performance metrics used in the annual bonus scheme and PSP, all are linked to strategic objectives and are clearly understood internally;

- **Risk** – our Remuneration Policy is designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded. This is done through (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), (iii) the Committee's ability to override the formulaic outcome of incentive schemes, and (iv) the malus/ clawback provisions in place;
- **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 the business performs against targets that directly underpin the

delivery of 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.

- We are now fully compliant with the remuneration elements of the Code following the alignment of Executive Directors' pension contributions with the wider workforce rate with effect from 1 January 2023, and the introduction of post-employment shareholding requirements in 2022.

Concluding remarks

The Committee believes that the Remuneration Policy continues to provide a suitable framework for the way we reward the Executive Directors at Assura. The structure will be further enhanced through the changes we are making to the incentive metrics for 2023/24, as explained above.

We look forward to receiving your support for the Directors' Remuneration Report resolution at the AGM. Ahead of the meeting, I would be delighted to receive any feedback or comments you may have on our approach during 2022/23 and our plans for 2023/24. I can be contacted via the Company Secretary.

Louise Fowler
Chair of the Remuneration Committee

22 May 2023

DIRECTORS' REMUNERATION REPORT CONTINUED

REMUNERATION AT A GLANCE

What our Executive Directors earned during 2022/23

The following table provides a summary single total figure of remuneration for 2022/23. Further details are set out in the Annual Report on Remuneration.

£'000	Salary	Pensions	Benefits	Bonus	LTIs	Other	Total
Jonathan Murphy	490	57	15	296	95	2	955
Jayne Cottam	285	33	14	150	54	2	538

How our Executive Directors will be paid in 2023/24

A summary of how the Committee intends to operate the Remuneration Policy for 2023/24 is as follows:

Component	Jonathan Murphy	Jayne Cottam
Basic salary	£501,845 (Increased by 2.5% from 1 April 2023)	£307,500 (Increased by 7.9% from 1 April 2023) ¹
Pension allowance (% of salary)	6%	
Annual bonus max (% of salary)	150%	135%
Annual bonus deferral	One-third of any bonus payable must be invested into Assura shares which must be held for a minimum of two years	
Annual bonus metrics	30% EPRA earnings, 20% total accounting return, 20% net rental income, 30% key non-financial/strategic objectives	
PSP (% of salary)	150%	
PSP performance conditions	33% TSR, 33% total accounting return and 33% key ESG measures	
Post-vesting holding period	Two years	
Shareholding guidelines (% of salary)	300%	200%
Post-employment shareholding guidelines	Apply for a minimum of two years at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure	

Note

1. Salary increase includes second stage of two-stage increase to £300,000 plus standard 2.5% annual increase, as explained further on page 98.

Remuneration scenarios for 2023/24

The charts on page 105 show how total pay for the Executive Directors varies under four different performance scenarios: Minimum; Target; Maximum; and Maximum with share price growth.

SUMMARY OF THE DIRECTORS' REMUNERATION POLICY

Introduction

The Directors' Remuneration Policy sets the framework for the remuneration of the Chairman, Executive Directors and Non-Executive Directors, and has been prepared in line with the relevant legislation for UK companies. The Policy was presented for shareholder approval at the AGM in July 2022 and was passed with a 98.1% vote in favour. The intention is that the Policy will remain in place for three years from the date of its approval.

Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved Remuneration Policy. The Committee will be required to seek shareholder approval for an amendment to the Policy if it wishes to make a payment to Directors which is not envisaged by the approved Policy. No changes to the Policy are currently proposed.

A summary of the key features of the Policy is included below for informational purposes. The full Policy is included in the Annual Report for the financial year ended 31 March 2022, available on Assura's website at www.assurapl.com. If there is any discrepancy between the summary and the full Policy, the full Policy will prevail.

DIRECTORS' REMUNERATION REPORT CONTINUED

Policy table for Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Fixed remuneration			
Basic 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 Company's strategy.	<p>An Executive Director's basic 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, reviews objective research on relevant peer comparators.</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 basic salary.</p>	<p>Any increase in salary for Executive Directors will normally be in line with the annual average increase for the wider workforce, although a different approach may be taken if considered appropriate.</p> <p>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 general workforce increase.</p>	None.
Benefits The Company provides benefits in line with market practice.	<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>Any reasonable business-related expenses may be reimbursed (and any tax thereon met if deemed to be a taxable benefit).</p> <p>Benefit payments are not included in salary for the purposes of calculating the 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.</p> <p>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.
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>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 the level of participation in incentive arrangements.</p> <p>No recovery provisions apply.</p>	<p>Until 31 December 2022, the maximum employer's pension contribution was 13.5% of basic salary for the current Executive Directors. With effect from 1 January 2023, this reduced to the contribution rate payable to the wider workforce (currently 6%).</p> <p>For any new Executive Director appointments to the Board, pension provision will be aligned with the contribution rate payable to the wider workforce.</p>	None.

DIRECTORS' REMUNERATION REPORT CONTINUED

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment	Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Performance-based variable remuneration				Long-term Incentives			
Bonus	<p>Awards may be made annually based on the achievement of performance targets.</p> <p>Two-thirds of any bonus is payable in cash. The remaining third must be invested in shares which must be held for a minimum period of two years. If a Director voluntarily donates a portion of his or her bonus to the Assura Community Fund, these deferral requirements apply to bonuses net of any such donations.</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 150% of salary. At threshold performance 0% of maximum can be earned. At on-target performance, 50% of maximum can be earned.</p> <p>The CEO has a maximum bonus opportunity of 150% of salary and an on-target level of 75% of salary.</p> <p>The CFO has a maximum bonus opportunity of 135% of salary and an on-target level of 67.5% of salary.</p>	<p>Performance is measured over one financial year.</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 will determine the weighting between specific metrics each year. In any specific year there will always be a majority weighting on financial measures.</p> <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 the key short-term objectives established at the beginning of the year. The Committee has the discretion to adjust the bonus outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p>	Long-term Incentives	<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.</p> <p>Executive Directors are then required to hold their vested shares for a further two years (other than shares which are required to be sold to pay tax due at the point of vesting, or shares which are sold for the purposes of making a donation to the Assura Community Fund).</p> <p>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>Malus and clawback provisions apply to PSP awards.</p>	<p>The PSP allows for awards over shares with a maximum value of 150% of basic 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 25% 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 once set, 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>The Committee has the discretion to adjust the outcome of vesting where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p>

DIRECTORS' REMUNERATION REPORT CONTINUED

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Other			
All-employee Share Incentive Plan (SIP) Provides employees with the opportunity to participate in a tax-advantaged share plan and increases the level of alignment with shareholders.	<p>Awards under the SIP may be offered annually to all eligible employees, including Executive Directors.</p> <p>Participants can receive awards of free shares and also benefit from additional matching shares in the event of their voluntary investment in additional shares.</p>	Executive Directors can participate in the SIP subject to the limits prescribed under the applicable legislation governing this type of plan.	n/a
Shareholding requirement To ensure alignment between Executive Directors and shareholders' interests over a long-term time horizon.	<p>The Committee operates shareholding guidelines to encourage long-term share ownership by the Executive Directors.</p> <p>Other than shares required to be sold to pay tax due at the point of vesting or PSP shares sold for the purposes of making a donation to the Assura Community Fund, 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>The minimum shareholding which should be built up by an Executive Director is equivalent to 200% of basic salary.</p> <p>Where an Executive Director participated in the former Value Creation Plan, the requirement is 300% of salary.</p> <p>Executive Directors must also maintain a minimum level of shareholding for a period of at least two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure. Any shares purchased by the Executive Director are excluded from these arrangements, as are any shares which vest prior to the date on which this Remuneration Policy is approved by shareholders.</p>	

DIRECTORS' REMUNERATION REPORT CONTINUED

Notes to the Policy table for Executive Directors

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 the 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.

Malus and clawback

The Committee retains the power to reduce the annual bonus or the potential vesting of unvested 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).

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 will take into account the various components of remuneration as set out in the Policy table on pages 101 to 103.

Approach to service contracts and cessation of employment

Both of the Executive Directors have 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. The service contracts are available for viewing at the Company's registered office.

The service contract for any new Executive Director would be expected to include a similar notice period. No Director will be appointed with a notice period that exceeds 12 months' notice.

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.

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.

Remuneration for other employees

The Remuneration Committee takes into account the pay and conditions of other employees of Assura when setting the Remuneration Policy for Directors and making decisions on the implementation of the Policy. The Company has a relatively small number of employees and there are some obvious differences between Executive Director pay and the arrangements for other colleagues. However, there is a strong focus on performance and on remuneration structures which are aligned with the specific needs of the business.

Although the levels of remuneration of the Executive Directors are higher than those of other employees, reflecting their specific roles and responsibilities, the Committee is comfortable that in general there is an appropriate level of alignment between their remuneration and the pay for other employees in the Company. Fixed remuneration is structured in a broadly similar way, and further alignment has been achieved with the level of pension provision for the Directors reducing to the workforce contribution rate after 31 December 2022. The Committee is satisfied that Assura offers an appropriately competitive benefits package for employees.

All permanent staff are eligible to participate in annual bonus arrangements, with bonus targets linked to a mix of financial and personal objectives. Equity incentives (in the form of awards of restricted shares) are limited to more senior members of staff, reflecting standard practice. However, all permanent employees are eligible to participate in the Share Incentive Plan, and there has been a good level of take-up to date.

Although the Committee takes into account the pay and conditions of other employees, the Company did not directly consult with employees on the terms of the Directors' Remuneration Policy. However, the Chair of the Committee maintains regular contact with employees in her role as the designated Non-Executive Director for workforce engagement. During the year she discussed executive remuneration and the work of the Remuneration Committee with The Voice, Assura's representative group of colleagues.

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping the Directors' Remuneration Policy and its implementation. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee has a long-standing practice of consulting with major shareholders prior to any significant changes to the Policy. During 2021/22, the Committee engaged with shareholders on the proposals for the revised Remuneration Policy and its implementation and, in response to comments received, made a number of changes to the proposed approach.

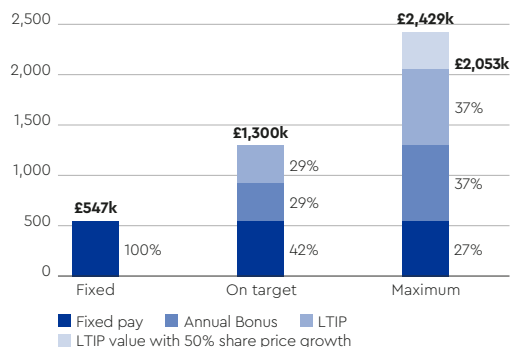
The Committee will continue to engage with major shareholders as required during the lifetime of the Policy.

DIRECTORS' REMUNERATION REPORT CONTINUED

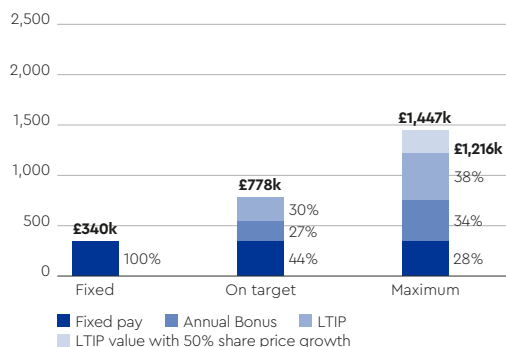
Illustrations of application of the Remuneration Policy

The composition and total value of the Executive Directors' remuneration package for the financial year 2023/24 at minimum, on-target and maximum performance scenarios are set out in the charts below:

CEO (£'000)



CFO (£'000)



Assumptions used in determining the level of payout under given scenarios are as follows:

- **Minimum** – Basic salary at 1 April 2023, estimated 2023/24 benefits and pension (or cash allowance) calculated at 6% of salary.
- **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 67.5% 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 150% of salary for Jonathan Murphy and 135% 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.

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 listed real estate companies and other companies of comparable size and complexity.	None.
	The Board Chairman is paid a fee reflective of the responsibilities of the role.		
	Other 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 may also settle any tax incurred in relation to business expenses that are deemed taxable.		

The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment, terminable by either party on three months' notice. Their appointment is usually for a term of three years subject to annual re-election by the shareholders at the Company's AGM.

The letters of appointment for the current Non-Executive Directors are available for inspection at the Company's registered office. The dates of the letters of appointment are October 2017 for Ed Smith, June 2018 for Jonathan Davies, June 2019 for Louise Fowler and May 2021 for Emma Cariaga, Noel Gordon and Sam Barrell.

Any new Non-Executive Director would be recruited on the terms set out in the Policy table above.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 2023. 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 2023 AGM.

Consideration by the Committee of matters relating to Directors' remuneration

The members of the Committee during 2022/23 were Louise Fowler (Committee Chair), Ed Smith, Jonathan Davies and Sam Barrell. 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-Executive Directors 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 also sets the fees of the Chairman, while 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 policies and packages for other senior members of staff and of the overall approach to remuneration across the Company as a whole. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

The Committee held five meetings during the year. Its activities during and relating to the financial year 2022/23 included:

- Finalising the terms of the Directors' Remuneration Policy which was approved by shareholders at the AGM in July 2022
- Consideration of objectives and targets for annual bonuses
- Consideration of annual pay awards and bonuses
- Consideration of targets and awards under the PSP
- Oversight of pay levels and incentives for the Executive Committee
- Preparing this report

Advisors to the Committee

Korn Ferry continued to serve as independent advisors to the Remuneration Committee during 2022/23, 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 £24,200 (ex VAT). Fees were determined based on the scope and nature of the projects undertaken for the Committee. Korn Ferry also provided separate pay benchmarking data services to Assura during 2022/23.

During the year under review, Committee meetings were also attended by Jonathan Murphy (CEO), Jayne Cottam (CFO), Orla Ball (Head of Legal and Company Secretary), Emma Cariaga (Non-Executive Director), Noel Gordon (Non-Executive Director) and Lara Naqushbandi (Board Fellow). No Director was present when his or her own remuneration was discussed.

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	2022/23	490	57	15	296	95	2	955	562	393
	2021/22	466	63	15	315	194	3	1,055	544	511
Jayne Cottam	2022/23	285	33	14	150	54	2	538	332	206
	2021/22	262	35	14	147	109	3	570	311	259

1. For both Jonathan Murphy and Jayne Cottam, one-third of the 2022/23 annual bonus is required to be invested in shares, in line with the Directors' Remuneration Policy, as explained on page 102.
2. The long-term incentive value for 2022/23 reflects the outturn for the 2020 PSP which vests in 2023 at 20.93%. The vesting share price has been estimated at 52.82 pence, based on the three-month average share price ended 31 March 2023. Further details are set out below. The long-term incentive value for 2021/22 reflects the outturn for the 2019 PSP which vested in 2022, and has been restated to reflect the value of the shares (inclusive of dividend equivalents) at the time of vesting, being 65.2 pence on 2 July 2022.
3. None of the 2022/23 figure for Jonathan Murphy and Jayne Cottam 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.

DIRECTORS' REMUNERATION REPORT CONTINUED

Total pension entitlements

The Executive Directors received payments in lieu of pension contributions equivalent to 13.5% of salary until 31 December 2022, after which the contributions reduced to 6% of salary, in line with the average for the wider workforce.

Benefits

Taxable benefits comprised health insurance, critical illness cover and company car allowance.

2022/23 annual bonus plan outcome

For 2022/23 the maximum potential bonus awards were 150% of salary for Jonathan Murphy and 135% of salary for Jayne Cottam, in line with the Directors' Remuneration Policy approved at the 2022 AGM.

The bonus scheme for 2022/23 was based on a mixture of challenging financial (75%) and non-financial/strategic (25%) targets. The financial measures used were the same as in prior years, namely total accounting return, EPRA earnings and contracted rent roll. The targets were set taking into account estimates of expected performance over the course of the year, recognising the business environment within which Assura was operating. The table below includes details of the specific targets and the extent to which they were achieved.

Metric	Weight	Threshold	Target	Maximum	Result	Bonus achieved
Financial measures						
Total accounting return	25%	3.1%	5.1%	8.4%	(6.6)%	0%
EPRA earnings	25%	£86.2m	£95.8m	£100.7m	£96.8m	16.88%
Growth in total contracted rent roll ¹	25%	£253.4m	£297.2m	£341.0m	£102.5m	0%
Total bonus for financial measures	75%					16.88%

1. The growth in total contracted rent roll is measured on the basis of the gross increase, which was £102.5 million. On a net basis, the total contracted rent roll decreased £33 million compared with March 2022, factoring in the passage of time on existing leases.

For the non-financial/strategic measures, both Executive Directors had a series of specific objectives linked to ESG and other key achievements. Some of these objectives were shared, recognising the responsibilities of both Executive Directors to drive performance in these areas. As explained last year, for 2022/23 we adopted an approach involving the assessment of specific targets and with clear, tangible outcomes expected for each measure.

For Jonathan Murphy, the non-financial/strategic objectives are set out below, along with a summary of performance achieved:

Metric	Weight	Performance assessment	Result	Bonus achieved
Non-financial/strategic measures				
ESG:	10%	– MSCI ranking increased from A to AA – improvement in sustainability rankings from key agencies – improvement in proportion of portfolio by area receiving an EPC rating of B	Above target	9%
Team:	5%	– assessment of leadership of team and ability to inspire colleagues	Above target	4.4%
Capital:	5%	– proactive approach to capital markets, notwithstanding difficult market conditions – new equity investors represent 5% of share register – capital recycling of 5%	Stretch	5%
New markets:	5%	– deploy capital in new markets at higher marginal returns than overall portfolio	Stretch	5%
Total bonus for non-financial/strategic measures	25%			23.4%

DIRECTORS' REMUNERATION REPORT CONTINUED

For Jayne Cottam, the non-financial/strategic objectives are set out below, along with a summary of performance achieved:

Metric	Weight	Performance assessment	Result	Bonus achieved
Non-financial/strategic measures				
Operational efficiency and technology: – focus on cost savings across business – introduction of new technology to drive productivity increases	10%	– purchase order solution implemented – CRM tool identified and will be launched in 2023/24 – careful management of costs despite inflationary environment – cost savings of £750k identified	Above target	9%
ESG: – improvement in sustainability rankings from key agencies	5%	– MSCI ranking increased from A to AA – GRESB score, in first year of assessment, viewed as a strong performance ahead of predicted target	Above target	4.5%
Capital: – diversification of sources of capital through identification of new debt funders, new equity investors, new JV partners or capital recycling	5%	– proactive approach to capital markets, notwithstanding difficult market conditions – new equity investors represent 5% of share register – capital recycling of 5%	Stretch	5%
Rental growth and back rent: – improvement in open market review (OMR) growth and improvement in back rent	5%	– OMR growth of 1.5% achieved, in line with target – stretch achievement of £3.8m back rent	Above target	3.75%
Total bonus for non-financial/strategic measures	25%			22.25%

The total bonus payable to Jonathan Murphy in light of his performance against both financial and non-financial/strategic measures was equivalent to 40.3% of the maximum payable (60.4% of his basic salary for the year).

The total bonus payable to Jayne Cottam in light of her performance against both financial and non-financial/strategic measures was equivalent to 39.1% of the maximum payable (52.8% of her basic salary for the year).

In line with the provisions of the Directors' Remuneration Policy, two-thirds of the bonus is payable in cash, with the remaining third invested in shares which must be held for a minimum period of two years.

Vesting of long-term incentive awards based on performance to 31 March 2023

The value for long-term incentives included in the single figure relates to the awards granted to Jonathan Murphy and Jayne Cottam in July 2020. These awards will vest in July 2023 based on the achievement of conditions linked to TSR, EPRA EPS and ESG performance measured to 31 March 2023.

Under the TSR performance target (one-third of the award), which uses a sliding scale, 10% 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 2023:

Performance target	Threshold TSR	Maximum TSR	Actual TSR	Vesting % (max 100%)
TSR (33% of the award)	5% p.a.	15% p.a.	(8.03)%	0%

Under the EPRA EPS performance target (one-third of the award), which uses a sliding scale, 10% 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 2023:

Performance target	Threshold EPS growth	Maximum EPS growth	Actual EPS growth	Vesting % (max 100%)
EPRA EPS (33% of the award)	5% p.a.	15% p.a.	5.31% p.a.	12.79%

For the ESG performance target (one-third of the award), the award was split into two halves. For the first half, vesting depended 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 31 March 2023	Vesting schedule (% of the EPC element which vests)
<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%

The actual proportion of the portfolio receiving an EPC rating of B or higher as at 31 March 2023 was 53%, resulting in a vesting level of 0% for this portion of the award.

DIRECTORS' REMUNERATION REPORT CONTINUED

For the second half of the ESG element, vesting depended on the Remuneration Committee's assessment of the success of Assura's social impact strategy over the performance period, with the Committee judging the extent to which targets linked to the main elements of the strategy had been met over the period. The Committee reviewed various indicators linked to different aspects of the strategy and judged how far the business had made progress over the three-year period. The overall conclusion was that the social impact strategy – launched in the 2019/20 financial year – has been very successful and central to differentiating Assura from other listed property companies. Over the last three years, the business has evolved an approach to sustainability and social impact which is market-leading, with internal progress reinforced by external recognition in the form of enhanced rankings from third-party ratings agencies. Achievements over the period include:

- The introduction of the Net Zero Carbon Design Guide, which provides an innovative and ambitious framework informing all asset management and development activity. The first net zero carbon scheme is live and the building blocks are now in place to roll this out into our development pipeline. The progress made to date has been critically important in getting us to a position of launching the Net Zero Carbon Pathway, with a clear strategy and targets to get the business to net zero carbon by 2040.
- Over the period, the management team has made an extensive effort to raise the profile of Assura with ESG-focused investors. As at the end of March 2023, 4.2% of the share register was held by specific ESG-rated funds, which is a market-leading position. In 2020/21, Assura became the first European company to issue a Social Bond, and followed this in 2021/22 with a Sustainability Bond, both innovative ways of raising finance.
- The Assura Community Fund, launched in 2020 with initial funding of £2.5 million, has proven to be a very successful method of supporting community programmes in and around the portfolio buildings. Over the last three years the fund has reached almost 200,000 people through the specific health improving projects it has supported, making a very real difference to the quality of life for the patients who use our buildings and those living in the local communities.
- There has been a step change in recent years in the way Assura works with its suppliers, with social impact and sustainability factors now central to the way in which suppliers are ranked and chosen.
- The progress made by Assura has been recognised with improvements in our ratings as measured by external parties. The MSCI rating has increased to AA, the EPRA sustainability grade has moved to Silver and over the last year we have completed our first GRESB submission. As noted above, this is viewed as impressive external validation of the efforts made by the business over the period.

Taking the above into account, the Committee determined that the vesting level for this half of the ESG element should be 100%. This is equivalent to 16.67% of the whole PSP award.

In total, the overall level of vesting for the 2020 PSP award was agreed at 20.93%, reflecting the sum of the achievements against the TSR, EPRA EPS and the two halves of the ESG element. The Committee determined that this was a fair reflection of Assura's overall financial and business performance over the course of the performance period and did not exercise any discretion in relation to this outcome.

The gross value of PSP awards expected to vest in 2023 is as follows:

	Share price at 31 March 2023 ¹	Proportion to vest	Shares to vest	Dividend equivalents ²	Total shares to vest	Total £
Jonathan Murphy	£0.53	20.93%	159,935	20,946	180,881	£95,541
Jayne Cottam	£0.53	20.93%	89,887	11,772	101,659	£53,696

1. The share price is based on a three-month average to 31 March 2023.
2. Additional shares awarded in respect of dividend equivalents accrued over the vesting period. This represents the position as at 31 March 2023. 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 any further dividends declared prior to the vesting date.

Scheme interests awarded during the year (PSP)

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 £	Number of shares awarded	End of performance period
Jonathan Murphy	6 July 2022	150% of salary	734,408	1,130,205	31 March 2025
Jayne Cottam	6 July 2022	150% of salary	427,500	657,895	31 March 2025

1. The awards made on 6 July 2022 were granted using the average mid-market share price on the three dealing days prior to the date of grant (64.98 pence). The awards were granted as nil-cost options and the exercise price is nil.

Details of outstanding PSP awards

Executive	Date of grant	Awards outstanding at 01/04/22	Awards granted during the year	Awards vested during the year ¹	Awards lapsed during the year	Interests outstanding at 31/03/23	Normal vesting/exercise date
Jonathan Murphy	2 July 2019	927,714	–	266,346 ²	661,368	–	From 2 July 2022
	7 July 2020	764,145	–	–	–	764,145	From 7 July 2023
	6 July 2021	939,091	–	–	–	939,091	From 6 July 2024
	6 July 2022	–	1,130,205	–	–	1,130,205	From 6 July 2025
Jayne Cottam	2 July 2019	521,398	–	149,693	371,705	–	From 2 July 2022
	7 July 2020	429,469	–	–	–	429,469	From 7 July 2023
	6 July 2021	527,793	–	–	–	527,793	From 6 July 2024
	6 July 2022	–	657,895	–	–	657,895	From 6 July 2025

1. Excludes additional shares awarded in respect of dividend equivalents accrued over the vesting period.
2. Jonathan Murphy sold 30,000 of the shares which vested for the benefit of the Assura Community Fund.

DIRECTORS' REMUNERATION REPORT CONTINUED

Outstanding PSP awards vest based on performance against 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. The performance targets in place for the 2020 awards are summarised on the previous pages.

For the 2021 PSP awards, the following targets apply:

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vests)	EPRA EPS growth	Vesting schedule (% of the EPS part which vests)
<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 31 March 2024	Vesting schedule (% of the EPC element which vests)
<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%

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 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.

As explained in last year's Directors' Remuneration Report, for the 2022 PSP awards the following targets apply.

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vests)	EPRA EPS growth	Vesting schedule (% of the EPS part which vests)
<5% p.a.	0%	<5% p.a.	0%
5% p.a.	25%	5% p.a.	25%
Between 5% and 12.5% p.a.	Pro-rata between 25% and 100%	Between 5% and 10% p.a.	Pro-rata between 25% and 100%
12.5% p.a. or more	100%	10% p.a. or more	100%

The final 33% of these awards, relating to ESG, is split into two halves. For the first half, vesting depends 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 31 March 2025	Vesting schedule (% of the EPC element which vests)
<50%	0%
50%	25%
Between 50% and 70%	Pro-rata between 25% and 50%
70%	50%
Between 70% and 100%	Pro-rata between 50% and 100%
100%	100%

DIRECTORS' REMUNERATION REPORT CONTINUED

For the second half of the ESG component, vesting depends on the extent to which Assura is making progress with net zero carbon developments, as set out below.

Proportion of in-house development schemes commencing in the year to 31 March 2025 which have been designed to hit Best Practice as defined in Assura's Net Zero Carbon Design Guide	Vesting schedule (% of the net zero carbon element which vests)
<50%	0%
50%	25%
Between 50% and 75%	Pro-rata between 25% and 100%
75%	100%

"Best Practice" as outlined in the Guide is defined as follows:

	Best Practice as defined in the NZC Design Guide	RIBA 2030 Climate Challenge target
Upfront carbon (A1-A5)	475 kg CO ₂ e/sqm	475 kg CO ₂ e/sqm
Embodied carbon	750 kg CO ₂ e/sqm	750 kg CO ₂ e/sqm
Operational energy	50 kWhr/sqm/yr	55 kWhr/sqm/yr

Single total figure of remuneration - Non-Executives (audited)

The remuneration of Non-Executive Directors for 2022/23 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 ¹	Total fees	Total fixed	Total variable
Ed Smith	2022/23	166.0	-	166.0	166.0	-
	2021/22	158.1	-	158.1	158.1	-
Jonathan Davies	2022/23	42.7	19.3	62.0	62.0	-
	2021/22	40.7	18.4	59.1	59.1	-
Louise Fowler	2022/23	42.7	9.7	52.4	52.4	-
	2021/22	40.7	6.8	47.5	47.5	-
Sam Barrell	2022/23	42.7	-	42.7	42.7	-
	2021/22	37.3	-	37.3	37.3	-
Emma Cariaga	2022/23	42.7	-	42.7	42.7	-
	2021/22	37.3	-	37.3	37.3	-
Noel Gordon	2022/23	42.7	-	42.7	42.7	-
	2021/22	37.3	-	37.3	37.3	-

1. Additional fees represent Senior Independent Director and Chair 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 as at the year end Jonathan Murphy's beneficial holding was below that required to meet the 300% guideline. This was a consequence of the share price at the year end being lower than at the end of the prior year and is not considered a matter of concern, particularly given that Jonathan held more shares at the end of 2022/23 than a year earlier. The Committee also notes that Jayne Cottam is building her holding in Assura shares.

Shareholding and other interests at 31 March 2023

Director	Shares required to be held (% of salary)	Number of shares required to hold ¹	Number of beneficially owned shares ²	SIP shares ³	Shareholding requirement met?	Total number of scheme interests ⁴
Jonathan Murphy	300%	3,006,171	2,733,133	9,885	No	2,833,441
Jayne Cottam	200%	1,166,598	572,035	9,885	No	1,615,157
Ed Smith	-	-	104,286	-	n/a	-
Jonathan Davies	-	-	213,360	-	n/a	-
Louise Fowler	-	-	15,332	-	n/a	-
Sam Barrell	-	-	30,662	-	n/a	-
Emma Cariaga	-	-	-	-	n/a	-
Noel Gordon	-	-	-	-	n/a	-

1. Shareholding requirement calculation is based on the share price at the end of the year (48.86 pence at 31 March 2023).
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. This relates to free shares and matching shares awarded under the SIP.
4. This relates to unvested PSP awards (see also the table on page 109).

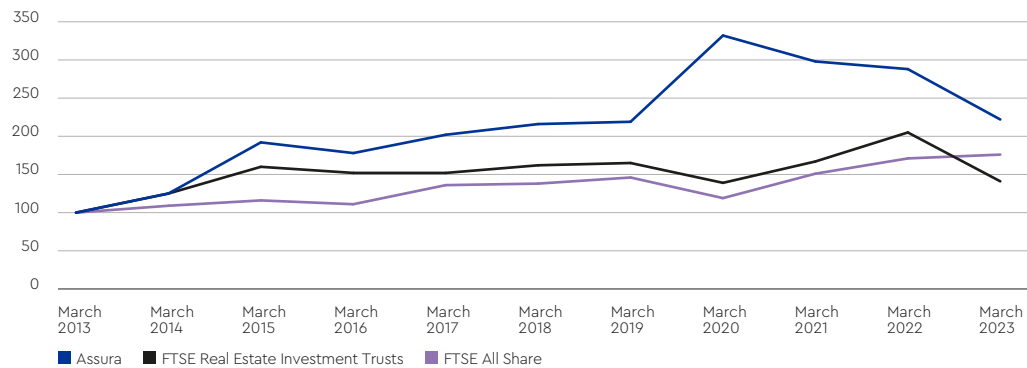
The Company funds its share incentives through a combination of new issue and market purchased shares. The Company monitors the levels of share grants and the impact of these on the ongoing requirement for shares. In accordance with guidelines set out by the Investment Association the Company can issue 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.

Subsequent to the year end, Ed Smith, Sam Barrell and Louise Fowler have acquired 1,329 shares, 391 shares and 195 shares respectively through their participation in the Company's scrip dividend alternative. Jonathan Murphy and Jayne Cottam have acquired 1,497 and 1,498 shares respectively through their participation in the Share Incentive Plan.

DIRECTORS' REMUNERATION REPORT CONTINUED

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.



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)
2022/23	Jonathan Murphy	955	40	21
2021/22	Jonathan Murphy	1,055	54	29
2020/21	Jonathan Murphy	1,190	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	-

- 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.

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) with the average percentage change for employees, as required by the reporting regulations:

Director	2022/23 vs 2021/22			2021/22 vs 2020/21			2020/21 vs 2019/20		
	Salary/ fees % change	Taxable benefits % change	Bonus % change	Salary/ fees % change	Taxable benefits % change	Bonus % change	Salary/ fees % change	Taxable benefits % change	Bonus % change
Executive Directors									
Jonathan Murphy	5.0%	3.3%	(6.0)%	12.1%	1.5%	(26.8)%	5.3%	0.44%	84.5%
Jayne Cottam	8.8%	3.3%	2.2%	12.1%	2.5%	(18.7)%	5.3%	0.38%	79.8%
Non-Executive Directors									
Ed Smith	5.0%	-	-	1.5%	-	-	1.8%	-	-
Jonathan Davies	5.0%	-	-	1.5%	-	-	10.4%	-	-
Louise Fowler	10.3%	-	-	18.4%	-	-	22.3%	-	-
Sam Barrell	14.6%	-	-	-	-	-	-	-	-
Emma Cariaga	14.6%	-	-	-	-	-	-	-	-
Noel Gordon	14.6%	-	-	-	-	-	-	-	-
Employees									
Average per employee – parent company ¹	-	-	-	-	-	-	-	-	-
Average per employee – group	17.7%	0.09%	(59.6)%	4.26%	1.42%	(17.1)%	4.3%	1.7%	5.5%

- 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
2022/23	Option A	26:1	15:1	11:1
Total pay and benefits		£36,920	£63,286	£87,753
Salary		£28,775	£54,600	£70,000
2021/22	Option A	39:1	19:1	12:1
2020/21	Option A	45:1	22:1	15:1
2019/20	Option B	35:1	21:1	15:1

- The calculations of the pay for the employees at the different levels have been calculated as at 31 March for each financial year. Where relevant, full-time equivalent employee pay was calculated by applying a proportionate increase to the pay and benefits of part-time employees.

DIRECTORS' REMUNERATION REPORT CONTINUED

Option A has been chosen for the pay ratio calculation for 2022/23 and for the previous two years as it ensures that the most accurate and up-to-date employee pay information has been used. Option B was chosen for 2019/20 to ensure that the calculation was undertaken in the most efficient manner possible at the time. 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 each of the financial years. This assessment took into account their pay arrangements, the pay of other employees at a similar level within the organisation and pay structures and levels across the Company as a whole.

The median pay ratio for 2022/23 has fallen when compared to 2021/22 and prior years. This reflects a lower CEO single total figure as well as higher total pay and benefits for the individual identified at the median level of the organisation. The pay comparisons of employees throughout the Company are higher than in previous years, reflecting among other things the impact of higher salary increases that were applied during 2022/23 as well as the one-off payments that were made to certain members of staff. The Remuneration Committee is comfortable that the median pay ratio for 2021/22 is consistent with Assura's wider pay, reward and progression policies. The ratio continues to reflect the differences between the pay of the CEO and others in the organisation, reflecting the responsibilities of the role. Annual bonus participation is extended to the majority of other colleagues although, in line with common practice, the CEO's reward opportunity is the highest in the Company.

In addition, long-term equity incentives 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.

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	2022/23 £m	2021/22 £m	% change
Overall spend on pay for employees, including Executive Directors	8.4	7.6	10.5
Distributions to shareholders by way of dividends	91.0	80.4	13.2

Payments to past Directors or for loss of office (audited)

No Director left the Board during the year. No payments for compensation for loss of office were paid to, or receivable by, any Director for the year or for any earlier year.

Statement of shareholder voting

The table below shows the results of voting on the remuneration resolutions at the AGM held on 6 July 2022:

AGM resolution	Votes for	%	Votes against	%	Votes withheld
Directors' Remuneration Policy	2,512,011,438	98.11	48,281,965	1.89	61,666
Annual Report on Remuneration	2,522,696,378	98.53	37,581,807	1.47	76,884

Statement of implementation of Remuneration Policy for 2023/24

Executive Directors

Salary

As explained in the Annual Statement from the Chair of the Remuneration Committee, the Committee has agreed to increase the salaries of the Executive Directors with effect from 1 April 2023. Jonathan Murphy will receive an increase of 2.5%, which is in line with the increase given to other senior employees in the organisation, but lower than the wider workforce pay increase of 4%. Jayne Cottam receives the same 2.5% increase as well as the second part of the two-stage salary increase agreed last year and disclosed in last year's Directors' Remuneration Report.

The salaries with effect from 1 April 2023 are set out below:

Executive Director	1 Apr 2022 salary £	1 Apr 2023 salary £	% change
Jonathan Murphy	489,605	501,845	2.5%
Jayne Cottam	285,000	307,500	7.9%

Pension and benefits

Pension contributions for both Executive Directors will continue to be at 6% of salary, the rate available to the wider workforce. Benefits will be provided in line with the Remuneration Policy.

Annual bonus

The maximum bonus opportunity for 2023/24 will remain unchanged at 150% of salary for Jonathan Murphy and 135% of salary for Jayne Cottam. Payment for on-target performance will be 50% of the maximum bonus, i.e. 75% of salary for Jonathan and 67.5% of salary for Jayne.

The overall structure of the bonus will be similar to that for 2022/23, although we have removed contracted rent roll as a bonus measure. The other financial metrics, EPRA earnings and total accounting return, will remain and will account for 30% and 20% of the total bonus respectively. Net rental income is being introduced as an additional financial measure, which will account for 20% of the total bonus. The remaining 30% will be based on key non-financial, ESG and strategic measures linked to specific priorities for the business for the coming year.

DIRECTORS' REMUNERATION REPORT CONTINUED

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 at the start of the financial year. For all bonus metrics, full details of the actual targets, performance achieved and awards made will be published in next year's report.

In line with the Directors' Remuneration Policy, any bonus payable for 2023/24 will be subject to deferral requirements such that a minimum of one-third of any bonus must be invested in shares which must be held for a period of at least two years.

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. As explained in the Annual Statement from the Chair of the Remuneration Committee, these awards will vest subject to the extent to which TSR, total accounting return and key ESG performance targets are satisfied over the three-year period to 31 March 2026. These three measures are equally weighted, with the ESG component further separated into two different elements.

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vests)	Total accounting return compound growth	Vesting schedule (% of the TAR part which vests)
<5% p.a.	0%	<4% p.a.	0%
5% p.a.	25%	4% p.a.	25%
Between 5% and 12.5% p.a.	Pro-rata between 25% and 100%	Between 4% and 8% p.a.	Pro-rata between 25% and 100%
12.5% p.a. or more	100%	8% p.a. or more	100%

For the first half, vesting will depend on energy reduction targets, measured on the basis of reductions in energy usage intensity (EUI) across the portfolio.

Reductions in energy usage intensity (kWh/m ²) by 31 March 2026	Vesting schedule (% of the energy reduction element which vests)
<4%	0%
4%	25%
Between 4% and 7%	Pro-rata between 25% and 50%
7%	50%
Between 7% and 10%	Pro-rata between 50% and 100%
10%	100%

For the second half of the ESG component, vesting will be based on the extent to which Assura is making ongoing progress with net zero carbon developments, as set out below. This is the same metric as that used for the 2022 PSP award and has been structured as follows:

Proportion of in-house development schemes commencing in the year to 31 March 2026 which have been designed to hit Best Practice as defined in Assura's Net Zero Carbon Design Guide	Vesting schedule (% of the net zero carbon element which vests)
<50%	0%
50%	25%
Between 50% and 75%	Pro-rata between 25% and 100%
75%	100%

"Best Practice" as outlined in the Guide is defined as follows:

	Best Practice as defined in the NZC Design Guide	RIBA 2030 Climate Challenge target
Upfront carbon (A1-A5)	475 kg CO ₂ e/sqm	475 kg CO ₂ e/sqm
Embodied carbon	750 kg CO ₂ e/sqm	750 kg CO ₂ e/sqm
Operational energy	50 kWhr/sqm/yr	55 kWhr/sqm/yr

At the end of the performance period we will also disclose the extent to which the performance targets were met and the resulting level of vesting. 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 2023:

Non-Executive Director	2022/23 £'000	2023/24 £'000	% change
Chairman's fee	166.0	170.1	2.5
Non-Executive Director base fee	42.7	43.8	2.5
Additional fee for chairing of Audit and Remuneration Committee	9.7	9.9	2.5
Additional fee for Senior Independent Director	9.7	9.9	2.5

The fee increase for the Non-Executive Directors is aligned with the salary increase for the Executive Directors and other senior employees.

By order of the Board

Louise Fowler
Chair of the Remuneration Committee
22 May 2023

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 2023. The Corporate Governance Statement set out on page 80 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 151.

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 22 to 25, which are incorporated in this report by reference.

Future developments

Details of future developments are discussed in the CEO statement and CFO review on pages 18 to 25.

Going concern

The Company's going concern statement is on page 79.

Long-term viability statement

The Company's viability statement is on page 79.

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. Three of the four dividends paid during the year were PIDs with the remaining one being an ordinary dividend. Going forward, the Group expects the majority of dividends to be PIDs. Details of the Group's dividend policy can be found in the CFO review on page 25.

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 2023, the average number of days taken by the Group to pay its suppliers was three days (2022: 10 days). Further details of how the Group manages and monitors relationships with suppliers, and our supplier policies can be found on page 57.

Donations

In the year to 31 March 2023, Assura donated £250,600 to charities (2022: £190,000), with all activity through the Assura Community Fund which is administered by the Cheshire Community Foundation, and no contributions were made for political purposes (2022: £nil). More details of our chosen charities can be found on our website and pages 52 to 54.

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 and the Share Incentive Plan.

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 55 to 56 and in the Corporate Governance section on page 90.

The Group is committed to the promotion of equal opportunities, supported by its Equal Opportunity and Diversity Policy, and respecting the Human Rights of all employees. 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 56.

DIRECTORS' REPORT CONTINUED

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 2023, there were 2,960,594,138 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 3,053,978 Ordinary Shares via scrip in respect of the April 2023 dividend paid. As at 22 May 2023, the number of Ordinary Shares in issue is 2,963,648,116.

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 2022 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 2023, the EBT held 827,447 Ordinary Shares (2022: 444,253) 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 22 May 2023, the Company had been notified of the following interests in accordance with Disclosure Guidance and Transparency rules 5:

Name of shareholder	31 March 2023 Percentage of Ordinary Shares	22 May 2023 Percentage of Ordinary Shares
Blackrock, Inc.	10.93	11.01
Schroders plc	5.47	no change
Resolution Capital Limited	6.09	no change
Legal & General Group plc	3.02	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 65. The annual quantity of energy consumed from activities for which the Company is responsible is 372,590 kWh (2022: 338,265 kWh). This is the energy consumed by employees either through our head office activities, through homeworking or business mileage.

DIRECTORS' REPORT CONTINUED

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 2024.

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 2023. The principal meeting location will be confirmed in the AGM notice.

Provisions have been made for investors to observe the AGM and ask questions via 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 115 to 117 and the Strategic Report on pages 1 to 79 were approved by the Board and signed on its behalf.

Orla Ball
Company Secretary
22 May 2023

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 UK-adopted international accounting standards ("IFRS"). The Directors have also chosen to prepare the Parent Company financial statements under IFRS. 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 IFRS, 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
22 May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC

Opinion

In our opinion:

- Assura plc's Group financial statements and Parent Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Assura plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2023 which comprise:

Group	Parent Company
Consolidated Income Statement for the year then ended	Company Income Statement for the year then ended
Consolidated Balance Sheet as at 31 March 2023	Company Balance Sheet as at 31 March 2023
Consolidated Statement of Changes in Equity for the year then ended	Company Statement of Changes in Equity for the year then ended
Consolidated Statement of Cash Flows for the year then ended	Company Statement of Cash Flows for the year then ended
Related Notes 1 to 24 to the financial statements, including a summary of significant accounting policies	Related Notes A to G to the financial statements including a summary of significant accounting policies

The financial reporting framework that has been applied in the preparation of the Group and the Parent Company financial statements is applicable law and UK adopted international accounting standards.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

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:

- In conjunction with our walkthrough of the Group's financial close process, we obtained an understanding of management's going concern assessment process and challenged management to ensure key factors were considered in their assessment. We obtained an understanding of each of management's modelled scenarios, including the base case, the severe downside case and the reverse stress test case. The reverse stress test case has been prepared to illustrate severe and unrealistic assumptions which achieve or nearly achieve a break case i.e., where the Group breaches a debt covenant.
- We obtained management's going concern calculations, including the cashflow forecast and the covenant calculations for the going concern period through to 31 May 2024 and tested these for arithmetical accuracy.
- We assessed the appropriateness of the duration of the going concern assessment period to 31 May 2024 and considering the existence of any significant events or conditions beyond this period based on our procedures on the group's profit and cash flow forecasts to 31 May 2024 and from knowledge arising from other areas of the audit.
- We assessed the historical accuracy of the forecasting and challenged the appropriateness of the key assumptions in management's forecasts including assessing rental income growth in comparison to historical rental growth. We considered the appropriateness of the methods used to calculate the cash flow forecasts and determined through inspection and testing of the methodology and calculations that the methods utilised were appropriately sophisticated to be able to make an appropriate assessment of going concern.
- We verified inputs into the cash flow forecasts, including existence of bank balances, private placement debt and revolving credit facility terms and reconciled the liquidity position as at 31 March 2023. We reviewed the revolving credit facility terms to confirm the availability to the Group through the going concern assessment period and to validate that there are only two financial covenants in relation to the available facilities.
- We performed testing to evaluate management's covenant calculations based on the cash flow forecasts and evaluated whether the financial covenants would be met during the going concern period. We assessed within the reverse stress test, the impact of a reduction in the property portfolio valuation during the going concern period, considering the perspective of our chartered surveyors and observed that yields would need to move by 181bps to 7% before covenant limits were breached. We assessed managements mitigating actions in such an event to ensure these are reasonable. Mitigating actions that would need to be taken include renegotiating the RCF and PP covenants to allow for further headroom, ensuring the maximum pool of assets is allocated against the RCF and PP tranche and seek to raise funds from existing investors or portfolio sales.
- We obtained the reverse stress testing and downside cases prepared by management and assessed the plausibility of these. We did this by challenging the assumptions made and considering indicators of contradictory evidence, for example, obtaining external valuation reports, reviewing competitors' performance records, and assessing the industry and company-specific impacts of external factors such as of COVID-19, cyber-attacks, climate change, Brexit, the conflict in Ukraine and the cost of living crisis.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

- We subjected the severe downside model to additional stress testing to confirm management has considered a balanced range of outcomes in their assessment of going concern.
- We considered any mitigating factors included in the downside case scenarios that are within control of the Group. This includes assessment of the Group's discretionary cash outflows relating to acquisition of properties, asset enhancement and development expenditure and evaluating the Group's ability to control these outflows as mitigating actions if required.
- We reviewed management's going concern and viability assessments and obtained an understanding of any significant climate and sustainability related assumptions underpinning management's forecasts to 31 May 2024 for going concern, and 31 March 2028 for viability. We assessed management's considerations related to any material climate change impacts in the going concern period, including reviewing the assumed capital expenditure in relation to upgrading the Assura property portfolio to have an overall EPC rating of B or above across the portfolio by March 2026.
- We reviewed the Group's going concern disclosures included in the Annual Report and Accounts in order to assess whether the disclosures appropriately described the assessment management performed and the key judgements taken.

Our key observations

- The Directors' assessment forecasts that the Group will maintain sufficient liquidity throughout the going concern assessment period in the base case scenario. The Group has a cash balance of £118 million and an undrawn RCF of £125 million as at 31 March 2023. The revolving credit facility of £125 million remains undrawn throughout the period of assessment. The Directors' forecasts indicate sufficient cash generation from contracted rental income will enable the Group to continue to meet its liabilities as they fall due through the going concern period.
- The Group has significant headroom on covenants and the likelihood of breaching the covenants during the going concern period is considered remote due to the Group's strong balance sheet position, and the high degree of predictability in rental income due to contractual arrangements.

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 through to 31 May 2024.

In relation to the Group and Parent Company's reporting on how they have 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. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> – We performed an audit of the complete financial information of 17 components and audit procedures on specific balances for a further 42 components. – The components where we performed full or specific audit procedures accounted for 100% of adjusted profit, 100% of revenue and 97% of total assets.
Key audit matters	<ul style="list-style-type: none"> – Inappropriate valuation of investment property – Inappropriate revenue recognition on rental income
Materiality	<ul style="list-style-type: none"> – Overall Group materiality of £29.2 million which represents 1% of total assets. – Specific Group materiality of £4.8 million which represents 5% of adjusted profit (EPRA earnings)

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment, the potential impact of climate change and other factors such as recent internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the 87 reporting components of the Group, we selected 59 components covering entities within the United Kingdom & Ireland, which represent the principal business units within the Group.

Of the 59 components selected, we performed an audit of the complete financial information of 17 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 42 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The components where we performed audit procedures accounts for 100% (2022: 100%) of the Group's adjusted profit, 100% (2022: 100%) of the Group's revenue and 97% (2022: 96%) of the Group's total assets. Below is the contribution to the Group of the components:

	Full scope components	Specific scope components	Other procedures
Adjusted profit	84% (2022: 64%)	16% (2022: 36%)	0% (2022: 0%)
Revenue	80% (2022: 83%)	20% (2022: 17%)	0% (2022: 0%)
Total assets	84% (2022: 88%)	13% (2022: 8%)	3% (2022: 4%)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 28 components that together represent 3% of the Group's total assets, none are individually greater than 3% of the Group's total assets. For these components, we performed other procedures, including review of group wide entity level controls over these components, including the level of CEO, CFO and other group management oversight, analytical review procedures over these components and enquiry of management about unusual transactions in these components to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

There have been no significant changes in our scoping from the prior year.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

Stakeholders are increasingly interested in how climate change will impact Assura plc. The Group has identified climate change physical and transition risks principally in relation to the risk of not meeting government energy efficiency standards on its portfolio and in not achieving its net zero target by 2040. These are explained on pages 67 to 69 in the required Task Force for Climate-related Financial Disclosures ("TCFD") and on pages 70 to 78 in the principal risks and uncertainties. The Group has also explained their climate commitments on page 21. All of these disclosures form part of the "Other information", rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the Group's business and any consequential material impact on its financial statements. The Group continues to develop its assessment of the potential impacts of climate change and set targets. With input from external expert sustainability advisors, management has determined science-based targets of net zero carbon emissions by 2040 for the Group's own operations and total portfolio, including all new developments. Consideration of significant judgements and estimates relating to climate change are included in Note 2 where management conclude that the impact of climate change is integral to the valuation of investment properties and future cashflows of the Group and so is appropriately considered in these financial statements. We design and execute tailored procedures to respond to the climate change risk for the audit and include climate considerations in our audit procedures in respect of valuation of investment properties and properties under construction and going concern and viability.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate change related physical and transition risks and the Group's climate commitments and disclosures, supported by our climate change internal specialists.

We have read the climate related information within the Annual Report, which included the Group's adoption of climate-related disclosures as recommended by the TCFD and considered consistency with the financial statements and our audit knowledge. Our procedures included reviewing the disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit. We have not been engaged to provide assurance over the accuracy of these disclosures.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and viability and associated disclosures.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter, however, have considered the impact of climate change on investment property valuation. Details of our procedures and findings on the valuation of property portfolio are included in our key audit matters below.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Valuation of investment property (£2,685.0m, PY comparative £2,682.8m)</p> <p><i>Refer to the Audit Committee Report (page 94; Accounting policies (page 129); and Note 9 of the Consolidated Financial Statements (page 134)</i></p> <p>The valuation of investment properties requires significant judgement and estimation by management and their external valuers. Any input inaccuracies of unreasonable bases used in these judgements (such as in respect of estimated rental value or yield profile applied) could result in a material misstatement of the income statement and balance sheet. There is also a risk that management may influence the significant judgements and estimates in respect of property valuations in order to meet market expectations or bonus targets.</p> <p>The risk remains consistent with that of the prior year.</p>	<p>Our audit procedures over the valuation of the property portfolio included:</p> <p>Walkthrough and controls</p> <ul style="list-style-type: none"> - We performed walkthroughs of the significant class of transaction including the Group's controls over data used in the valuation of the property portfolio and management's review of the valuations. We assessed the design effectiveness of key transaction controls. - We attended and observed, with support from our internal valuation specialists, the external valuer meetings (CBRE, JLL and Cushman Wakefield ('CW')) at the year end. As part of this, we obtained an understanding of the methodology used and the key basis for assumptions applied within the year end valuations such as the net initial yield ("NIY") and the weighted average unexpired lease term ("WAULT"). We observed the level of review applied by management in evaluating assumptions within valuations. We assessed the competence of the valuers and reviewed the engagement agreements with these specialists. - We evaluated the competence of the external valuers which included consideration of their qualifications and experience. <p>Testing the appropriateness of assumptions underpinning the property valuations</p> <ul style="list-style-type: none"> - We obtained the valuation reports for the investment property portfolio directly from the third-party valuers and agreed these to the general ledger. - We utilised data analytics in order to identify higher risk property valuations based on certain risk indicators. We identified certain property valuations for testing. - We included Chartered Surveyors on our audit team who reviewed and challenged the valuation approach and assumptions for a sample of properties identified as significant risk assets. They compared the market rental income and yields applied to each property valuation to an expected range of assumptions taking into account available market data and asset specific considerations. This included assessing the external valuers' considerations of climate change factors and market factors such as the macroeconomic environment and its impact on the occupational and investment markets - We engaged our internal valuations specialists to support the following audit procedures: <ul style="list-style-type: none"> - Assisting the audit team in determining criteria (such as yield) to categorise the full investment property portfolio into low risk, high risk and significant risk assets. This was then used by the audit team to calculate an expected range for the year-end valuation of low and high-risk assets based on market data. We also disaggregated the high-risk assets by region and calculated an expected range for the valuation of these assets based on market data specific to each region. - Providing expected yields ranges for each property. This was utilised in our analytics tool to compare an expected value by property to the actual value at the year end and the audit team investigated outliers which did not match our expectation. - We performed substantive analytical procedures on the residual population by comparing assumptions and the value of each property in the portfolio by reference to our understanding of the real estate markets, external market data and asset specific considerations to evaluate the appropriateness of the valuations adopted by the Group. We assessed assumptions and valuation movements year on year with reference to explanations provided by management and their external chartered surveyors. We discussed unexpected movements with our own chartered surveyors and obtained evidence to support the movements where necessary. - We performed procedures on the total investment property balance across the Group which covers 100% of the risk amount. <p>Testing input data to valuations</p> <ul style="list-style-type: none"> - We tested a sample of input data provided by the group to CBRE, CW and JLL since this forms the basis of the portfolio valuation. This included agreeing a sample of input data back to underlying lease information such as lease agreements and subsequent rent review documentation. <p>Assessment of impact of climate change</p> <ul style="list-style-type: none"> - We assessed the impact of climate change risk on the valuation of investment properties and properties under construction. With input from our EY valuations specialists, we obtained an understanding of management's basis for modelling costs into the valuations, specifically in relation to upgrading the property portfolio to have an overall EPC rating of B or above across the entire portfolio by March 2026 in line with Assura's strategy. 	<p>We have tested the inputs, assumptions and methodology used by external valuers.</p> <p>We have concluded that the methodology applied is reasonable and that the external valuations are an appropriate assessment of the market value of the property portfolio at 31 March 2023.</p> <p>We conclude that the value of the sample of properties reviewed by our chartered surveyors was within the reasonable range of values as assessed by them.</p> <p>We have reviewed the disclosures in the financial statements including the accounting judgements and key sources of estimation uncertainty and sensitivities and consider them to be appropriate.</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Revenue recognition on rental income (£143.0m, PY comparative £130.8m)</p> <p><i>Refer to the Audit Committee Report (page 94); Accounting policies (page 129); and Note 3 of the Consolidated Financial Statements (page 131)</i></p> <p>Market expectations and revenue profit-based targets may place pressure on Management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations, through the use of manual topside journals or the incorrect treatment of accrued and/or deferred income.</p> <p>We have identified a risk of management override in relation to revenue recognition. Revenue could be manipulated through topside manual journals.</p>	<p>Our audit procedures over revenue recognition included:</p> <p>Walkthrough and controls</p> <ul style="list-style-type: none"> - We completed a walkthrough of management's controls in place over revenue recognition and assessed the design effectiveness of key controls. <p>Revenue Recognition</p> <ul style="list-style-type: none"> - Using the contractual rental income, we set an expectation of the annual rental income and compared with the revenue recognised in the general ledger. We set a tolerance threshold to assess whether rental income recorded is in line with our expectations. - To test the accuracy of the lease database source data used in setting expectations on revenue income, we tested a sample of 60 tenancies to signed lease agreements and subsequent rent review information. <p>Deferred income</p> <ul style="list-style-type: none"> - We performed substantive analytical review procedures over deferred income. We disaggregated the balance by statutory entity and compared movements year on year investigating any significant/unusual movements. <p>Accrued income</p> <ul style="list-style-type: none"> - We performed overall analytical review procedures and we tested a sample of transactions by agreeing to underlying supporting documentation. <p>Manual journals</p> <ul style="list-style-type: none"> - We performed specific procedures over manual journals posted to revenue associated balance sheet accounts. We focused on entries with specific characteristics, such as journals from outside normal revenue patterns and those with unusual descriptions. Examples included testing manual journals posted to revenue in respect of back dated rent and deferred income. We corroborated a sample of journals to supporting documentation. - We performed inquiries of management regarding awareness of instances of fraud. We extended these enquiries beyond the finance team and inquired with the Head of Legal. 	<p>We did not identify any evidence of material misstatement in the revenue of £143.0m recognised in the year as a result of inappropriate revenue recognition, application of cut-off or management override.</p>

The key audit matters are consistent with those reported in the prior year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

The table below sets out the materiality, performance materiality and threshold for reporting audit differences applied on our audit:

	Basis	Materiality	Performance materiality	Audit differences
Overall materiality	1% of total assets	£29.2m	£21.9m	£1.5m
Specific materiality – account balances not related to properties, loans and borrowings and equity	5% of adjusted profit	£4.8m	£3.6m	£0.2m

We determined that an asset-based measure would be the most appropriate basis for determining overall materiality given that the key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined that it is appropriate to set the overall materiality for the Group at £29.2 million (2022: £31.2 million), which is 1% of total assets (2022: 1%). We apply overall materiality to all balances relating to investment properties, properties under development, loans and borrowings and equity.

We have determined that for other account balances not related to investment properties, properties under development, loans and borrowings or equity, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements. We have determined that materiality for these areas should be £4.8 million (2022: £4.3 million) which is based upon 5% of adjusted profit (2022: 5%). Adjusted profit is equivalent to EPRA earnings which is considered an important performance metric and aligned with industry earnings measures. We determined materiality for the Parent Company to be £27.9 million (2022: £28.86 million), which is 2% (2022: 2%) of equity.

We reassessed initial materiality at the year-end date to reflect the actual reported performance of the group in the year which resulted in no material change from our planning materiality.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2022: 50%) of our planning materiality, namely £21.9 million (2022: £15.6 million) and £3.6 million (2022: £2.1 million) respectively for overall and specific materiality levels. We have set performance materiality at this percentage due to our past experience of the audit that indicates a lower risk of misstatements, both corrected and uncorrected.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.7 million to £2.3 million (2022: £0.43 million to £1.3 million).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.5 million (2022: £1.6 million), as well as audit differences in excess of £0.2 million (2022: £0.2 million) that relate to our specific testing of the other account balances not related to investment properties, properties under development, loans and borrowings or equity. These thresholds are set at 5% of planning materiality. We have also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report set out on pages 1 to 118, including the Strategic Report and Governance section, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report and Accounts.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

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 the other information, we are required to report that fact.

We have nothing to report in this regard.

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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

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 or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 79;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 79;
- Director's statement on whether it has a reasonable expectation that the Group will be able to continue in operation and meets its liabilities set out on page 79;
- Directors' statement on fair, balanced and understandable set out on page 118;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 70 to 78;
- The section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems set out on page 95; and
- The section describing the work of the Audit Committee set out on page 94.

Responsibilities of directors

As explained more fully in the Directors' Responsibility Statement set out on page 118, 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 and 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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC CONTINUED

Explanation as to what extent 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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, UK Companies Act, Listing Rules), REIT, EPRA and tax legislation.
- We understood how Assura plc is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with individuals from various parts of the business to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the Group has established to address the risks identified, or that otherwise prevent, deter or detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition and investment properties detailed above and the testing of journals and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing, with a focus on consolidation journals and journals indicating large or unusual transactions based on our understanding of the group; enquiries of Group management, those charged with governance, legal counsel, and internal audit; and testing as described above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company to audit the financial statements for the year ending 31 March 2023 and subsequent financial periods.
- The period of total uninterrupted engagement including previous renewals and reappointments is 2 years, covering the year ending 31 March 2022 to date.
- The audit opinion is consistent with the additional report to the Audit Committee.

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.

Mark Morritt

Senior statutory auditor

for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
22 May 2023

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2023

	Note	2023			2022		
		EPRA £m	Capital and non-EPRA £m	Total £m	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		144.4	6.0	150.4	132.2	4.7	136.9
Property operating expenses		(6.4)	(6.0)	(12.4)	(5.7)	(4.7)	(10.4)
Net rental income	3	138.0	-	138.0	126.5	-	126.5
Administrative expenses	4	(13.3)	-	(13.3)	(11.7)	-	(11.7)
Revaluation (deficit)/gain	9	-	(215.3)	(215.3)	-	69.4	69.4
Gain on sale of property		-	0.1	0.1	-	0.3	0.3
Share-based payment charge	19	(0.7)	-	(0.7)	(0.7)	-	(0.7)
Share of losses from investments	8	0.1	(0.8)	(0.7)	-	-	-
Finance income	3	1.6	-	1.6	0.4	-	0.4
Finance costs	5	(28.9)	-	(28.9)	(28.4)	-	(28.4)
(Loss)/profit before taxation		96.8	(216.0)	(119.2)	86.1	69.7	155.8
Taxation	21	-	-	-	0.1	-	0.1
(Loss)/profit for the year attributable to equity holders of the parent		96.8	(216.0)	(119.2)	86.2	69.7	155.9
Other comprehensive income:							
Exchange gain arising on translation of foreign operations		-	0.4	0.4	-	-	-
Total comprehensive (loss)/income		96.8	(215.6)	(118.8)	86.2	69.7	155.9
EPS – basic & diluted	6			(4.0)p			5.6p
EPRA EPS – basic & diluted	6	3.3p			3.1p		

All income arises from continuing operations in the UK and Ireland.

CONSOLIDATED BALANCE SHEET

As at 31 March 2023

	Note	2023 £m	2022 £m
Non-current assets			
Investment property	9	2,738.0	2,751.9
Property work in progress	9	13.9	15.2
Property, plant and equipment	10	0.3	0.5
Investments	8	18.3	3.8
Deferred tax asset	21	0.6	0.6
		2,771.1	2,772.0
Current assets			
Cash, cash equivalents and restricted cash	11	118.0	243.5
Trade and other receivables	12	33.1	28.6
Property assets held for sale	9	0.4	76.4
		151.5	348.5
Total assets		2,922.6	3,120.5
Current liabilities			
Trade and other payables	13	46.8	44.9
Head lease liabilities	14	0.4	0.1
Deferred revenue	15	30.6	30.1
		77.8	75.1
Non-current liabilities			
Borrowings	16	1,246.4	1,244.4
Head lease liabilities	14	5.8	5.4
Deferred revenue	15	5.1	6.0
		1,257.3	1,255.8
Total liabilities		1,335.1	1,330.9
Net assets		1,587.5	1,789.6
Capital and reserves			
Share capital	17	296.1	294.8
Share premium		924.5	918.5
Merger and other reserve	17	231.6	231.2
Retained earnings		135.3	345.1
Total equity		1,587.5	1,789.6
NAV per Ordinary Share – basic & diluted	7	53.6p	60.7p
EPRA NTA per Ordinary Share – basic & diluted	7	53.6p	60.7p

The financial statements were approved at a meeting of the Board of Directors held on 22 May 2023 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Merger and other reserve £m	Retained earnings £m	Total equity £m
1 April 2021		267.2	763.1	231.2	269.2	1,530.7
Profit attributable to equity holders		-	-	-	155.9	155.9
Total comprehensive income		-	-	-	155.9	155.9
Issue of Ordinary Shares	17	26.9	155.7	-	-	182.6
Issue costs	17	-	(4.7)	-	-	(4.7)
Dividends	18	0.6	4.4	-	(80.4)	(75.4)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2022		294.8	918.5	231.2	345.1	1,789.6
Loss attributable to equity holders		-	-	-	(119.2)	(119.2)
Other comprehensive income: Exchange gain on translation of foreign balances	17	-	-	0.4	-	0.4
Total comprehensive loss		-	-	0.4	(119.2)	(118.8)
Issue of Ordinary Shares	17	0.8	4.3	-	-	5.1
Dividends	18	0.4	1.7	-	(91.0)	(88.9)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2023		296.1	924.5	231.6	135.3	1,587.5

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Operating activities			
Rent received		138.1	139.3
Interest paid and similar charges		(29.0)	(25.0)
Fees received		1.4	1.4
Interest received		1.6	0.4
Cash paid to suppliers and employees		(18.0)	(21.5)
Net cash inflow from operating activities	20	94.1	94.6
Investing activities			
Purchase of investment property		(135.1)	(241.8)
Development expenditure		(57.9)	(63.7)
Proceeds from sale of property		77.8	15.1
Other investments and property, plant and equipment		(15.2)	(3.5)
Net cash outflow from investing activities		(130.4)	(293.9)
Financing activities			
Issue of Ordinary Shares	17	-	182.6
Issue costs paid on issuance of Ordinary Shares	17	-	(4.7)
Dividends paid		(88.9)	(75.4)
Repayment of loan/borrowings	16	-	(20.0)
Long-term loans drawn down	16	-	315.9
Interest on head lease liabilities		(0.2)	(0.1)
Loan issue costs	16	(0.1)	(2.1)
Net cash (outflow)/inflow from financing activities		(89.2)	396.2
(Decrease)/increase in cash, cash equivalents and restricted cash		(125.5)	196.9
Opening cash, cash equivalents and restricted cash		243.5	46.6
Closing cash, cash equivalents and restricted cash	11	118.0	243.5

NOTES TO THE ACCOUNTS

For the year ended 31 March 2023

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 UK-adopted international accounting standards ("IFRS").

In concluding that the going concern basis of preparation is appropriate for the period to 31 May 2024, the Board of Directors have had reference to financial forecasts (including a number of sensitivities and scenarios) showing that borrowing facilities are adequate, the Group can operate within these facilities and meets its obligations when they fall due. All investment in the financial forecasts is at management's discretion, with the exception of committed development spend (see Note 23). The Group has adequate headroom in its banking covenants and has been in compliance throughout the previous 12 months. In reaching its conclusion, the Directors have considered the specific impact of Brexit, COVID-19, war in Ukraine and climate change, concluding that none of these are significant risks to the Group based on the current position.

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.

In preparing the financial statements, management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with TCFD, and considered the impact of the issues identified to be appropriately built into the financial statements. The impact of climate change is considered in the valuation of investment properties and future cashflows of the Group and so is appropriately considered in these financial statements. The impact of climate change on the values are expected to be immaterial.

Standards affecting the financial statements

The following standards and amendments became effective for the Company in the year ended 31 March 2023. The pronouncements had no material impact on the financial statements (effective for periods beginning on or after the date in brackets):

- Annual improvements to IFRS Standards 2018–2020 (1 January 2022)
- Amendments to IFRS 3 Business Combinations reference to the Conceptual Framework (1 January 2022)

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 IAS1, IFRS Practice Statement 2 and IAS8 – disclosure of accounting policies (1 January 2023)
- Amendments to IAS12 – deferred tax related to assets and Liabilities arising from a single transaction (1 January 2024)
- Amendments to IAS 1 regarding the classification of Liabilities as Current or Non-Current (1 January 2024)

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.

The Directors have considered the climate related risks as detailed on pages 67 to 69 and their impact on the financial statements and have concluded that they do not have a material impact.

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, associates and joint ventures

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 and joint ventures are accounted for using the equity method, initially recognised at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest are not recognised. 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.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

2. Significant accounting policies continued

In the Company financial statements, investments in subsidiaries are held at cost less any provision for impairment. In addition, the Company recognised dividend income when the rights to receive payment have been established (normally when declared and paid).

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.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

The translation reserve comprises of foreign currency differences arising from the translation of the of foreign operations into the functional currency.

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 the scheme becomes legally committed (i.e. agreement for lease in place and NHS approval is received).

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 to the break, 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.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

2. Significant accounting policies continued

Financial instruments

Cash equivalents comprise of cash and short term deposits, 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 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. See Notes 6 and 7 for EPRA measures and the Glossary for a description of key terms.

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, and the Glossary for description of key terms.

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. Results attributable to our Irish operations have been disclosed in note 3.

3. Net rental income

	2023 £m	2022 £m
Rental revenue	143.0	130.8
Service charge income	6.0	4.7
Other related income	1.4	1.4
Gross rental and related income	150.4	136.9
Finance revenue		
Bank and other interest	1.6	0.4
Total revenue	152.0	137.3

	2023 £m	2022 £m
Gross rental and related income	150.4	136.9
Direct property expenses	(6.4)	(5.7)
Service charge expenses	(6.0)	(4.7)
Net rental income	138.0	126.5

During the year, £0.7 million of rental revenue was generated from operations in Ireland (2022: £0.2 million).

4. Administrative expenses

	Note	2023 £m	2022 £m
Wages and salaries		6.4	5.4
Social security costs		1.0	0.8
		7.4	6.2
Auditor's remuneration	4(a)	0.4	0.4
Directors' remuneration and fees		1.9	2.0
Other administrative expenses		3.6	3.1
		13.3	11.7

The Group operates a defined contribution pension scheme, available to all employees. The Group contribution to the scheme during the year was £370,700 (2022: £363,700), which represents the total expense recognised through the income statement. As at 31 March 2023, contributions of £nil (2022: £37,500) due in respect of the reporting period had not been paid over to the plan but were all paid in April 2023.

The average number of employees in the year was 87 (2022: 83).

Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 97 to 114.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

4. Administrative expenses continued

	2023 £m	2022 £m
Key management staff (Executive Committee)		
Salaries, pension holiday pay, payments in lieu of notice and bonus	3.0	3.1
Cost of employee share-based incentives (including related social security costs)	0.6	0.6
Social security costs	0.5	0.5
	4.1	4.2

(a) Auditor's remuneration

	2023 £m	2022 £m
Fees payable to auditor for audit of Company's annual accounts	0.2	0.2
Fees payable to auditor for audit of Company's subsidiaries	0.2	0.1
Total audit fees	0.4	0.3
Other assurance services (total non-audit fees to auditor) – half year review and bond comfort letters	–	0.1
	0.4	0.4

5. Finance costs

	2023 £m	2022 £m
Interest payable	28.9	28.0
Interest capitalised on developments	(2.3)	(1.6)
Amortisation of loan issue costs	2.1	1.9
Interest on head lease liability	0.2	0.1
Total finance costs	28.9	28.4

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2022: 4% to 5%).

6. Earnings per Ordinary Share

	Earnings 2023 £m	EPRA earnings 2023 £m	Earnings 2022 £m	EPRA earnings 2022 £m
(Loss)/profit for the year	(119.2)	(119.2)	155.9	155.9
Revaluation deficit/(gains)		215.3		(69.4)
Share of revaluation losses from investments		0.8		–
Gain on sale of property		(0.1)		(0.3)
EPRA earnings		96.8		86.2
EPS – basic & diluted	(4.0p)		5.6p	
EPRA EPS – basic & diluted		3.3p		3.1p

	2023	2022
Weighted average number of shares in issue	2,958,384,509	2,780,731,947
Potential dilutive impact of share options	1,055,291	1,225,519
Diluted weighted average number of shares in issue	2,959,439,800	2,781,957,466

The current number of potentially dilutive shares relates to nil-cost options under the share-based payment arrangements and is 1.1 million (2022: 1.2 million).

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated February 2022.

7. NAV per Ordinary Share

2023 £m	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets	1,587.5	1,587.5	1,587.5	1,587.5
Deferred tax		(0.6)	(0.6)	–
Fair value of debt		–	–	226.5
Real estate transfer tax		174.5	–	–
EPRA adjusted NAV		1,761.4	1,586.9	1,814.0
Per Ordinary Share – basic	53.6p	59.5p	53.6p	61.3p
– diluted	53.6p	59.5p	53.6p	61.2p

2022 £m	IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets	1,789.6	1,789.6	1,789.6	1,789.6
Deferred tax		(0.6)	(0.6)	–
Fair value of debt		–	–	59.4
Real estate transfer tax		179.3	–	–
EPRA adjusted		1,968.3	1,789.0	1,849.0
per Ordinary Share – basic	60.7p	66.8p	60.7p	62.7p
– diluted	60.7p	66.7p	60.7p	62.7p

	2023	2022
Number of shares in issue	2,960,594,138	2,948,359,637
Potential dilutive impact of share options	1,055,291	1,225,519
Diluted number of shares in issue	2,961,649,429	2,949,585,156

For definitions of the above EPRA NAV metrics, see appendix.

Mark to market adjustments have been provided by the counterparty or by reference to the quoted fair value of financial instruments.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

8. Investments

Below is a listing of all subsidiaries of Assura plc:

Property investment companies		
Assura (SC1) Ltd*	BHE (St James) Ltd*	PCC Investments (IE) Ltd (Ireland)*
Assura (SC2) Ltd*	Bicester HC Developments Ltd*	PH Investments (No 2) Limited
Assura Aspire Ltd*	Community Ventures Windmill Ltd*	Pentagon HS Ltd*
Assura Aspire UK Ltd*	Donnington Healthcare Ltd*	Prime Hereford Hub Ltd*
Assura Development Hub Ltd*	Haven Health (Portsmouth) Ltd*	Primeoak Investments Ltd*
Assura GHC Ltd*	Haven Health (Shirley) Ltd*	Prospect Medical (Malvern) Ltd*
Assura HC Ltd*	Jelmac (Primary Care) Properties Limited*	Rebourne Healthcare Ltd*
Assura HC UK Ltd*	Lakeland Health Village Ltd (Northern Ireland)*	Shotfield Development Business Partnership Ltd*
Assura Health Investments Ltd*	Malmesbury Medical Enterprise Ltd*	SJM Developments Ltd*
Assura Medical Centres Ltd*	Medical Properties Limited*	Spark Property Investments Ltd*
Assura PCP UK Ltd*	Meridian Medical Services Ltd*	Sunfair Properties Ltd*
Assura Primary Care Properties Ltd*	Metro MRH Ltd*	Surgery Developments Ltd*
Assura Properties Ltd*	Metro MRI Ltd*	Trinity Medical Properties Ltd*
Assura Properties UK Ltd*	Metro MRM Ltd*	Upton Community Health Care Ltd*
Assura Trellech Ltd*	Newton Healthcare Ltd*	
BHE (Heartlands) Ltd*	Park Medical Services Ltd*	
Holding or dormant companies		
Apollo Capital Projects Development Ltd*	Assura P3 Ltd*	MapleOak Investments Ltd*
Assura (AHI) Ltd*	Assura P4 Ltd*	Oakcastle Investments (XXI) Ltd*
Assura Banbury Ltd*	Assura P5 Ltd*	PCD Pembrokeshire Ltd*
Assura Beeston Ltd*	Assura P6 Ltd*	PCI Management Ltd*
Assura CS Ltd*	Assura Property Management Ltd*	Primary Care Properties (Manchester) Ltd*
Assura CVSK Ltd*	Assura Services Ltd*	Ridge Medical Ltd*
Assura Financing plc*	Broadfield Surgery Ltd*	The 3P Development Ltd*
Assura Group Ltd (Guernsey)	Cheltenham Family Health Care Centre Ltd*	Upton Medical Ltd*
Assura Haven Health Ltd*	Crescent Exchange Solutions Holdings Limited*	Whitton Limited (Jersey)*
Assura IH Ltd	Destra Windmill Ltd*	Whitton Property Limited*
Assura Investments Ltd*	General Practice Investment Corporation Ltd*	Xantaris Investments (March) Ltd*
Assura Management Services Ltd*	GP Premises Holdings Ltd*	Xantaris Investments (XXI) Ltd*
Assura P1 Ltd*	GP Premises Ltd*	
Assura P2 Ltd*	Holywell House 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 company registered in Guernsey has a registered address of PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The Jersey company's registered address is 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey. The company registered in Ireland has a registered address of Floor 3, Block 3, Miesian Plaza, Dublin 2, D02 7754, Ireland and the company registered in Northern Ireland has a registered address of 42 Queen Street, Belfast, Northern Ireland, BT1 6HL. Taking into consideration the facts of each transaction, acquisitions of companies completed during the years ended 31 March 2023 and 31 March 2022 have been accounted for as asset purchases as opposed to business combinations.

(a) Joint ventures

During the year, the Group acquired a 50% interest in Pennine Property Partnership LLP, a joint venture with Calderdale and Huddersfield NHS Foundation Trust. The Group also has a 50% interest in and joint control of Theia Investments LLP, a joint venture with Modality Partnership. Both LLPs are registered in England (The Brew House, Greenalls Avenue, Warrington WA4 6HL). The income statement and balance sheets of the joint venture results are presented below and show the Group's share of the results, unless otherwise stated.

(b) Investments

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). £1.8 million had been invested as at 31 March 2023 (2022: £0.7 million). During the year, a dividend of £0.2 million was received (2022: £nil). This investment has initially been recorded at cost and will subsequently be recorded at fair value through the income statement. At 31 March 2023, the Group owns less than 10% (2022: <10%) and the Directors believe the cost is equal to the fair value.

	2023 £m	2022 £m
Cost		
At 1 April	3.8	–
Additions	15.2	3.8
Share of profit for the year	(0.7)	–
At 31 March	18.3	3.8

The Group's share of its joint venture and associate's assets and liabilities are as follows:

	2023 £m	2022 £m
Non-current assets	13.8	2.3
Current assets	1.3	–
Current liabilities	(0.3)	–
Non-current liabilities	(7.2)	(1.6)
Share of net assets	7.6	0.7
Loan advancements	10.7	3.1
Net investment	18.3	3.8

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

8. Investments continued

The Group's share of profits/losses from investments.

	2023 £m
Net rental income	0.3
Net finance costs	(0.2)
Presented as share of EPRA earnings	0.1
Revaluation deficit	(0.8)
Presented as share of losses from investments	(0.7)

9. Property assets

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

Properties are stated at fair value as at 31 March 2023. The fair value has been determined by the Group's external valuers CBRE, Cushman & Wakefield and Jones Lang LaSalle. 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.

	2023			2022		
	Investment £m	IPUC £m	Total £m	Investment £m	IPUC £m	Total £m
Opening market value	2,682.8	69.1	2,751.9	2,409.8	43.5	2,453.3
Additions:						
– acquisitions	126.5	–	126.5	233.5	–	233.5
– improvements	15.0	–	15.0	8.5	–	8.5
	141.5	–	141.5	242.0	–	242.0
Development costs	–	58.9	58.9	–	62.1	62.1
Transfers	72.5	(72.5)	–	42.1	(42.1)	–
Transfer to assets held for sale	–	–	–	(76.0)	–	(76.0)
Capitalised interest	–	2.3	2.3	–	1.6	1.6
Disposals	(1.8)	–	(1.8)	(0.5)	–	(0.5)
Foreign exchange gain	0.5	–	0.5	–	–	–
Unrealised (deficit)/surplus on revaluation	(210.5)	(4.8)	(215.3)	65.4	4.0	69.4
Closing fair value of investment property	2,685.0	53.0	2,738.0	2,682.8	69.1	2,751.9

Investment property includes a £6.2 million head lease liability (2022: £5.5 million)

	2023 £m	2022 £m
Market value of investment property as estimated by valuer	2,677.4	2,674.3
Add IPUC	53.0	69.1
Add capitalised lease premiums and rental payments	1.4	3.0
Add head lease liabilities recognised separately	6.2	5.5
Fair value for financial reporting purposes	2,738.0	2,751.9
Completed investment property held for sale	–	76.0
Land held for sale	0.4	0.4
Total property assets	2,738.4	2,828.3

	2023 £m	2022 £m
Investment property	2,677.4	2,674.3
Investment property held for sale	–	76.0
Total completed investment property	2,677.4	2,750.3

	2023 £m
Assets held for sale at 1 April	76.4
Disposals during the period	(76.0)
Net transfers from investment property	–
Assets held for sale at 31 March	0.4

At March 2023, there is one asset held as available for sale (2022: 63 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 2023 was Level 3 – Significant unobservable inputs (2022: 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".

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

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 96% of the portfolio by value, the net initial yield ranges from 3.5% to 8.5% (2022: 3.5% to 8.7%) and the equivalent yield ranges from 3.8% to 8.5% (2022: 3.3% to 8.5%). 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 3.8% to 4.5%. Higher yields (range 5.5% to 8.5%) 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 £124 million (2022: £153 million) impact on the investment property valuation.

The ERV ranges from £100 to £669 per sq.m (2022: £100 to £669 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 £53.2 million (2022: £54.8 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.

Property work in progress

	2023 £m
At 1 April	15.2
Additions during the period	1.8
Transfers	(3.1)
At 31 March	13.9

10. Property, plant and equipment

The Group holds computer and other equipment assets with cost of £1.7 million (2022: £1.7 million) and accumulated depreciation of £1.4 million (2022: £1.2 million), giving a net book value of £0.3 million (2022: £0.5 million).

There were £0.1 million additions during the year (2022: £0.4 million), £0.1 million disposals (2022: £nil) and depreciation charged to the income statement was £0.2 million (2022: £0.2 million).

Depreciation is charged on a straight-line basis over the estimated useful economic life of the asset.

11. Cash, cash equivalents and restricted cash

	2023 £m	2022 £m
Cash held in current account	117.6	243.4
Restricted cash	0.4	0.1
	118.0	243.5

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

	2023 £m	2022 £m
Trade receivables	19.6	14.3
Accrued income	5.6	5.9
Prepayments	1.5	1.4
Other debtors	6.4	7.0
	33.1	28.6

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 credit loss provision was required during the year (2022: £nil). As at 31 March 2023 and 31 March 2022, 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
2023	19.6	12.5	0.9	0.6	5.6
2022	14.3	8.9	0.4	0.4	4.6

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

	2023 £m	2022 £m
Trade creditors	0.8	2.4
Other creditors and accruals	41.8	40.5
VAT creditor	4.2	2.0
	46.8	44.9

The maturity of trade and other payables is disclosed in Note 22.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

14. Head lease liabilities

	2023 £m	2022 £m
Current	0.4	0.1
Non-current	5.8	5.4
	6.2	5.5

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

	2023 £m	2022 £m
Arising from rental income received in advance	30.1	29.5
Arising from pharmacy lease premiums received in advance	5.6	6.6
	35.7	36.1
Current	30.6	30.1
Non-current	5.1	6.0
	35.7	36.1

16. Borrowings

	2023 £m	2022 £m
At 1 April	1,244.4	948.7
Amount drawn down in year	-	315.9
Amount repaid in year	-	(20.0)
Loan issue costs	(0.1)	(2.1)
Amortisation of loan issue costs	2.1	1.9
At 31 March	1,246.4	1,244.4
Due within one year	-	-
Due after more than one year	1,246.4	1,244.4
At 31 March	1,246.4	1,244.4

The Group has the following bank facilities:

- 10-year senior unsecured bond of £300 million at a fixed rate of 3% maturing July 2028, 10-year senior unsecured Social Bond of £300 million at a fixed interest rate of 1.5% maturing September 2030 and 12-year senior unsecured Sustainability Bond of £300 million at a fixed rate of 1.625% maturing June 2033. The Social and Sustainability Bonds were launched in accordance with Assura's Social & Sustainable Finance Frameworks respectively 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 in 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 £125 million on an unsecured basis at an initial margin of 1.60% above SONIA subject to LTV and 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 2023, the facility was undrawn (2022: undrawn).
- 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.
- £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.

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 £10.6 million (2022: £12.6 million).

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

17. Share capital and other reserves

	Number of shares 2023	Share capital 2023 £m	Number of shares 2022	Share capital 2022 £m
Ordinary Shares of 10 pence each issued and fully paid				
At 1 April	2,948,359,637	294.8	2,671,853,938	267.2
Issued 9 April 2021	-	-	682,128	0.1
Issued 14 April 2021 – scrip	-	-	3,011,418	0.3
Issued 7 July 2021	-	-	867,377	0.1
Issued 14 July 2021 – scrip	-	-	501,077	-
Issued 13 October 2021 – scrip	-	-	362,022	-
Issued 26 October 2021	-	-	240,000	0.1
Issued 11 November 2021	-	-	267,554,740	26.7
Issued 12 January 2022 – scrip	-	-	3,286,937	0.3
Issued 7 April 2022	3,331,539	0.3	-	-
Issued 13 April 2022 – scrip	317,384	-	-	-
Issued 27 April 2022	4,556,283	0.5	-	-
Issued 13 July 2022	974,245	0.1	-	-
Issued 13 July 2022 – scrip	1,659,620	0.2	-	-
Issued 12 October 2022 – scrip	52,001	-	-	-
Issued 11 January 2023 – scrip	1,343,429	0.2	-	-
Total share capital	2,960,594,138	296.1	2,948,359,637	294.8

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 2021, July 2021, October 2021, January 2022, April 2022, July 2022, October 2022 and January 2023 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 2023 this increased share capital by £0.4 million and share premium by £1.7 million (2022: £0.6 million and £4.4 million respectively).

In November 2021, a total of 267,554,740 new Ordinary Shares were placed at a price of 68 pence per share. The equity raise resulted in gross proceeds of £182.0 million which has been allocated appropriately between share capital (£26.8 million) and share premium (£155.2 million). Issue costs totalling £4.7 million were incurred and have been allocated against share premium.

The Ordinary Shares issued on 9 April 2021, 26 October 2021, 7 April 2022 and 27 April 2022 were issued as part consideration for the acquisition of medical centres.

The Ordinary Shares issued in July 2021 and July 2022 relate to employee share awards under the Performance Share Plan. A portion of the shares issued on 7 July 2021 (230,934) and on 13 July 2022 (383,194) were issued to the EBT on behalf of employees under the PSP, see Note 19.

The share capital relates to the Group and Company.

Other reserves

The merger reserve £231.2 million (2022: £231.2 million) 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.

The other reserve relates to the foreign exchange translation reserve £0.4 million (2022: £nil).

18. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	2023 £m	2022 £m
14 April 2021	0.71	2,671,853,938	-	19.0
14 July 2021	0.74	2,675,547,484	-	19.8
13 October 2021	0.74	2,676,915,938	-	19.8
12 January 2022	0.74	2,945,072,700	-	21.8
13 April 2022	0.74	2,951,691,176	21.8	-
13 July 2022	0.78	2,957,539,088	23.0	-
12 October 2022	0.78	2,959,198,708	23.1	-
11 January 2023	0.78	2,959,250,709	23.1	-
			91.0	80.4

The April dividend for 2023/24 of 0.78 pence per share was paid on 12 April 2023 and the July dividend for 2023/24 of 0.82 pence per share is currently planned to be paid on 12 July 2023 with a record date of 8 June 2023.

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 April 2021, October 2021, April 2022, July 2022 and October 2022 dividends were PIDs as defined under the REIT regime. Future dividends will be a mix of PID and normal dividends as required.

The dividends paid disclosure relates to both the Group and Company.

19. Share-based payments

As at 31 March 2023 the Group has two long-term incentive schemes in place – the Performance Share Plan ("PSP") and the newly introduced Share Incentive Plan ("SIP").

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.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

19. Share-based payments continued

As at 31 March 2023, the Employee Benefit Trust held 827,447 (2022: 444,253) 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, 2,171,294 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 2022	5,026,851
Options issued during the year	2,171,294
Options exercised during the year	(524,859)
Options lapsed during the year	(1,397,241)
Options outstanding at 31 March 2023	5,276,045

Of the options outstanding at 31 March 2023, 1,406,933 have a performance period ending 31 March 2023, 1,697,818 for the period ending 31 March 2024 and 2,171,294 for the period ending 31 March 2025.

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:

	2023	2022
Expected share price volatility (%)	23	23
Risk free interest rate (%)	1.74	0.14
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.

The fair value of the awards granted in 2023 was £1,197,851 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 £0.7 million (2022: £0.7 million).

20. Note to the consolidated cash flow statement

	2023 £m	2022 £m
Reconciliation of net (loss)/profit before taxation to net cash inflow from operating activities:		
Net (loss)/profit before taxation	(119.2)	155.8
Adjustments for:		
Increase in debtors	(4.4)	(0.9)
Increase in creditors	1.2	8.4
Revaluation deficit/(gain)	215.3	(69.4)
Interest capitalised on developments	(2.3)	(1.6)
Gain on disposal of properties	(0.1)	(0.3)
Depreciation	0.2	0.2
Employee share-based incentive costs	0.6	0.5
Share of loss from investments	0.7	-
Amortisation of loan issue costs	2.1	1.9
Net cash inflow from operating activities	94.1	94.6

21. Tax and deferred tax

There were no amounts relating to corporation tax recorded in the income statement during 2023 or 2022. The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2023 £m	2022 £m
(Loss)/profit before taxation	(119.2)	155.8
UK income tax at rate of 19% (2022: 19%)	(22.6)	29.6
Effects of:		
Non-taxable income (including REIT exempt income)	22.6	(29.6)
Movement in unrecognised deferred tax	-	(0.1)
	-	(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 25% in 2023/24 (2022/23: 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.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

21. Tax and deferred tax continued

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 2022, July 2022 and October 2022 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 2023.

The deferred tax asset consists of the following:

	2023 £m	2022 £m
At 1 April	0.6	0.5
Income statement movement	-	0.1
At 31 March	0.6	0.6

The amounts of deductible temporary differences and unused tax losses (which have not been recognised) are as follows:

	2023 £m	2022 £m
Tax losses	206.1	219.6
Other timing differences	1.5	0.9
	207.6	220.5

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

	2023 £m	2022 £m
Tax losses	51.5	55.0
Other temporary differences	0.4	0.3
	51.9	55.3

The government announced in the Spring budget 2021 that the corporation tax rate would increase to 25% from 1 April 2023. The deferred tax asset has been calculated using this rate.

22. 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 £36.4 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 1,340 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 £125 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 11.2 years. All leases are subject to revision of rents according to various rent review clauses.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

22. Financial instruments continued

Future minimum rentals receivable under non-cancellable operating leases along with trade and other receivables 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 2023						
Non-cancellable leases	–	35.1	105.4	528.6	1,105.6	1,774.7
Trade and other receivables	–	33.1	–	–	–	33.1
	–	68.2	105.4	528.6	1,105.6	1,807.8
Receivables as at 31 March 2022						
Non-cancellable leases	–	34.0	101.9	525.7	1,147.1	1,808.7
Trade and other receivables	–	28.6	–	–	–	28.6
	–	62.6	101.9	525.7	1,147.1	1,837.3

The table below summarises the maturity profile of the Group's financial liabilities, including interest, at 31 March 2023 and 31 March 2022 based on contractual undiscounted payments at the earliest date on which the Group can be required to pay.

	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 2023						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	7.2	21.5	358.6	1,058.8	1,446.1
Trade and other payables	–	36.3	11.0	1.7	4.0	53.0
Total financial liabilities	–	43.5	32.5	360.3	1,062.8	1,499.1
Payables as at 31 March 2022						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	7.2	21.5	284.7	1,171.9	1,485.3
Trade and other payables	–	34.4	10.7	0.3	5.0	50.4
Total financial liabilities	–	41.6	32.2	285.0	1,176.9	1,535.7

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 2023 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	118.0	–	–	118.0
Liabilities (fixed rate unless stated)				
Long-term loans:				
Private placements	–	(250.0)	(107.0)	(357.0)
Unsecured bonds	–	–	(900.0)	(900.0)
Payments due under finance leases	(0.4)	(0.8)	(5.0)	(6.2)

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 2022 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	243.5	–	–	243.5
Liabilities (fixed rate unless stated)				
Long-term loans:				
Private placements	–	(170.0)	(187.0)	(357.0)
Unsecured bonds	–	–	(900.0)	(900.0)
Payments due under finance leases	(0.1)	(0.4)	(5.0)	(5.5)

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2023

22. Financial instruments continued

Sensitivity analysis

The table below shows the book and fair value of financial instruments. As at 31 March 2023, 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 (2022: no change to profit), based on the amount of variable rate debt drawn at the period end.

	Book value		Fair value	
	2023 £m	2022 £m	2023 £m	2022 £m
Long-term loans – fair value hierarchy Level 1	900.0	900.0	707.1	844.6
– fair value hierarchy Level 2	357.0	357.0	317.4	346.4
– other	-	-	-	-
Cash, cash equivalents and restricted cash	118.0	243.5	118.0	243.5
Payments due under head leases	6.2	5.5	6.2	5.5

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 41% at 31 March 2023 (31 March 2022: 36%).

	2023 £m	2022 £m
Investment property	2,685.0	2,682.8
Investment property under construction	53.0	69.1
Held for sale	0.4	76.4
Total property	2,738.4	2,828.3

	2023 £m	2022 £m
Borrowings	1,246.4	1,244.4
Head lease liabilities	6.2	5.5
Cash, cash equivalents and restricted cash	(118.0)	(243.5)
Net debt	1,134.6	1,006.4
LTV	41%	36%

Financial liabilities, which comprise loans and head lease liabilities in the table above, have increased from £1,249.9 million to £1,252.6 million as at 31 March 2023.

23. Commitments

At the year end the Group had 11 (2022: 17) committed developments which were all on site with a contracted total expenditure of £129 million (2022: £166.4 million) of which £54.7 million (2022: £65.2 million) had been expended. The remaining commitment is therefore £74.3 million (2022: £101.2 million).

In addition, the Group is on site with 8 asset enhancement capital projects (2022: seven) with a contracted total expenditure of £8.9 million (2022: £7.4 million) of which £5.0 million (2022: £1.0m million) had been expended. The remaining commitment is therefore £3.9 million (2022: £6.4 million).

As detailed in Note 8, the Group is committed to invest up to £5 million in PropTech investor PI Labs III LP, which can be requested on demand to cover investments that the fund makes in qualifying, selected PropTech businesses. £1.9 million had been invested as at 31 March 2023.

24. Related party transactions

Details of transactions during the year and outstanding balances at 31 March 2023 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 2023

	Note	2023 £m	2022 £m
Revenue			
Dividends received from subsidiary companies		39.5	136.5
Group management charge		3.7	3.6
Total revenue		43.2	140.1
Administrative expenses		(4.2)	(4.0)
Share-based payment charge		(0.6)	(0.6)
Impairment of investment in subsidiary	B	-	(77.3)
Operating profit		38.4	58.2
Profit before taxation		38.4	58.2
Taxation		-	-
Profit attributable to equity holders		38.4	58.2

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 2023

	Note	2023 £m	2022 £m
Non-current assets			
Investments in subsidiary companies	B	87.5	87.5
Amounts owed by subsidiary companies	C	1,312.0	1,356.5
		1,399.5	1,444.0
Current assets			
Cash and cash equivalents	D	-	0.2
Other receivables		0.3	0.2
		0.3	0.4
Current liabilities			
Trade and other payables		(1.9)	(1.6)
Amounts owed to subsidiary companies	E	-	-
		(1.9)	(1.6)
Net assets		1,397.9	1,442.8
Capital and reserves			
Share capital	17	296.1	294.8
Share premium		924.5	918.5
Retained earnings		177.3	229.5
Total equity		1,397.9	1,442.8

The financial statements were approved at a meeting of the Board of Directors held on 22 May 2023 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2021		267.2	763.1	77.3	174.0	1,281.6
Profit attributable to equity holders		-	-	-	58.2	58.2
Total comprehensive income		-	-	-	58.2	58.2
Merger reserve release		-	-	(77.3)	77.3	-
Issue of Ordinary Shares	17	26.9	155.7	-	-	182.6
Issue costs	17	-	(4.7)	-	-	(4.7)
Dividends	18	0.6	4.4	-	(80.4)	(75.4)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2022		294.8	918.5	-	229.5	1,442.8
Profit attributable to equity holders		-	-	-	38.4	38.4
Total comprehensive income		-	-	-	38.4	38.4
Issue of Ordinary Shares	17	0.8	4.3	-	-	5.1
Dividends	18	0.4	1.7	-	(91.0)	(88.9)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2023		296.1	924.5	-	177.3	1,397.9

COMPANY CASH FLOW STATEMENT

For the year ended 31 March 2023

	Note	2023 £m	2022 £m
Operating activities			
Amounts received from subsidiaries		3.7	3.6
Amounts paid to suppliers and employees		(3.9)	(3.9)
Amounts paid from/(to) subsidiaries		-	(0.1)
Net cash outflow from operating activities		(0.2)	(0.4)
Investing activities			
Dividends received from subsidiaries		39.5	55.0
Amounts received from/(paid) to subsidiaries		49.4	(157.0)
Net cash inflow/(outflow) from investing activities		88.9	(102.0)
Financing activities			
Issue of Ordinary Shares		-	182.6
Issue costs paid on issuance of Ordinary Shares		-	(4.7)
Dividends paid		(88.9)	(75.4)
Net cash (outflow)/inflow from financing activities		(88.9)	102.5
(Decrease)/increase in cash and cash equivalents		(0.2)	0.1
Cash and cash equivalents at start of period		0.2	0.1
Cash and cash equivalents at end of period	D	-	0.2

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2023

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, including basis of preparation and accounting policies.

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 97 to 114 and form part of these accounts.

The average number of employees in the Company during the year was 2 (2022: 2).

B. Investments in subsidiary companies

	2023 £m	2022 £m
Cost	87.5	87.5
Provision for diminution in value	-	-
	87.5	87.5

Details of all subsidiaries as at 31 March 2023 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 year, the Company received a dividend of £81.5 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 £77.3 million was recorded. A corresponding amount was transferred from the merger reserve to retained earnings which is considered distributable. In the prior year, Assura Group Limited was wound up. The remaining balances (this included an investment balance of £178.7m and an intercompany creditor balance of £182.9m) were cleared and distributed (being treated as a return in investment), therefore there is no remaining investment in Assura Group Limited, the share holding is £1.

C. Amounts owed by subsidiary companies – non-current

	2023 £m	2022 £m
Amounts owed by Group undertakings	1,312.0	1,356.5

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

	2023 £m	2022 £m
Cash held in current account	-	0.2

E. Amounts owed to subsidiary companies – current

	2023 £m	2022 £m
Amounts owed to Group undertakings	-	-

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 2023	3.7	34.5	1,312.0	-
31 March 2022	3.6	136.5	1,356.5	-

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 £1.9 million at 31 March 2023 (31 March 2022: £1.6 million). There are no differences between the book value of cash and trade payables, nor is there any meaningful interest rate sensitivity.

APPENDICES

Appendix A – EPRA Performance Measures

As in previous years, we disclose in line with the EPRA Best Practice Recommendations (latest version published February 2022). We believe that publishing metrics in line with the industry standard benchmarks improves the relevance of our accounts, in particular aiding investors with comparability across real estate companies.

Summary table

	2023	2022
EPRA EPS (p)	3.3	3.1
EPRA Cost Ratio (including direct vacancy costs) (%)	13.5	13.1
EPRA Cost Ratio (excluding direct vacancy costs) (%)	12.3	12.1

	2023	2022
EPRA NRV (p)	59.5	66.7
EPRA NTA (p)	53.6	60.7
EPRA NDV (p)	61.2	62.7
EPRA NIY (%)	4.77	4.42
EPRA "topped-up" NIY (%)	4.78	4.43
EPRA Vacancy Rate (%)	1.0	1.2
EPRA LTV (%)	43	37

EPRA EPS

3.3p

2022: 3.1p

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	EPRA NTA	EPRA NDV
59.5p	53.6p	61.2p
2022: 66.7p	2022: 60.7p	2022: 62.7p

Definitions

EPRA Net Reinstatement Value assumes that 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 NIY	EPRA "topped up" NIY
4.77%	4.78%

2022: 4.42%

2022: 4.43%

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.

	2023 £m	2022 £m
Investment property	2,738.0	2,827.9
Less developments	(53.0)	(69.1)
Completed investment property portfolio	2,685.0	2,758.8
Allowance for estimated purchasers' costs	174.5	179.3
Gross up completed investment property – B	2,859.5	2,938.1
Annualised cash passing rental income	142.9	135.7
Annualised property outgoings	(6.4)	(5.7)
Annualised net rents – A	136.5	130.0
Notional rent expiration of rent-free periods or other incentives	0.2	0.3
Topped-up annualised rent – C	136.7	130.3
EPRA NIY – A/B (%)	4.77%	4.42%
EPRA "topped-up" NIY – C/B (%)	4.78%	4.43%

APPENDICES CONTINUED

Appendix A – EPRA Performance Measures continued

EPRA Vacancy Rate

1.0%

2022: 1.2%

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.

	2023 £m	2022 £m
ERV of vacant space (£m)	1.4	1.6
ERV of completed property portfolio (£m)	144.5	136.1
EPRA Vacancy Rate (%)	1.0	1.2

EPRA Cost Ratio (including direct vacancy costs)

13.5%

2022: 13.1%

EPRA Cost Ratio (excluding direct vacancy costs)

12.3%

2022: 12.1%

Definition

Administrative and operating costs (including and excluding direct vacancy costs) divided by gross rental income. In the current year, £1.2 million of overheads were capitalised by the Company (2022: £1.0 million).

Purpose

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

	2023 £m	2022 £m
Direct property costs	6.4	5.7
Administrative expenses	13.3	11.7
Share-based payment costs	0.7	0.7
Net service charge costs/fees	(0.5)	(0.4)
Exclude:		
Ground rent costs	(0.4)	(0.5)
EPRA Costs (including direct vacancy costs) – A	19.5	17.2
Direct vacancy costs	(1.7)	(1.3)
EPRA Costs (excluding direct vacancy costs) – B	17.8	15.9
Gross rental income less ground rent costs (per IFRS)	144.0	131.7
Share of joint ventures (gross rental income less ground rent costs)	0.4	–
Gross rental income – C	144.4	131.7
EPRA Cost Ratio (including direct vacancy costs) – A/C	13.5%	13.1%
EPRA Cost Ratio (excluding direct vacancy costs) – B/C	12.3%	12.1%

EPRA LTV

43%

2022: 37%

Definition

Debt dividend by the market value of the property, differing from our usual LTV by the inclusion of net current payables or receivables and the proportionate share of co-investment arrangements.

Purpose

To assess the gearing of the shareholder equity.

	2023 £m			2022 £m		
	Group	Share of joint ventures	Combined	Group	Share of joint ventures	Combined
Borrowings	1,246.4	7.2	1,253.6	1,244.4	1.6	1,246.0
Net payables	49.4	–	49.4	52.4	–	52.4
Exclude:						
Cash and cash equivalents	(118.0)	(0.9)	(118.9)	(243.5)	–	(243.5)
Net debt – A	1,177.8	6.3	1,184.1	1,053.3	1.6	1,054.9
Investment properties	2,685.0	12.0	2,697.0	2,682.8	1.6	2,684.4
Investment property under construction	53.0	–	53.0	69.1	–	69.1
Assets held for sale	0.4	–	0.4	76.4	–	76.4
Total Property value – B	2,738.4	12.0	2,750.4	2,828.3	1.6	2,829.9
EPRA LTV – A/B			43%			37%

Property-related capital expenditure

	Group	Share of joint ventures	Combined
Acquisitions of completed medical centres	126.5	10.4	136.9
Developments/forward funding arrangements	58.9	–	58.9
Capitalised interest	2.3	–	2.3
Investment properties – no incremental letting space	15.0	–	15.0
Total capital expenditure	202.7	10.4	213.1
Conversion from accrual to cash basis	(9.7)	–	(9.7)
Total capital expenditure on cash basis	193.0	10.4	203.4

APPENDICES CONTINUED

Appendix B

Medical centres valued over £10 million

Building official name	Town	Build date	Sq.m	List size	NHS rent %
10 Hammersmith Broadway	London	1989	691	-	100%
79 Harley Street	Marylebone	2006	1,492	-	n/a
Ashfields Health Centre	Sandbach	2004	1,567	27,545	88%
Aspen Centre	Gloucester	2014	3,481	30,585	83%
Birkenhead Medical Building	Birkenhead	2010	2,591	15,941	92%
Bonnyrigg Medical Centre	Bonnyrigg	2005	4,083	26,708	97%
Buckshaw Treatment Centre	Buckshaw	2021	2,415	-	n/a
Castlebar Primary Care Centre	Castlebar	2016	3,637	-	88%
Centre for Diagnostics, Oncology & Wellbeing	Bristol	2014	1,729	-	n/a
Centre for Diagnostics, Oncology & Wellbeing	Windsor	2017	1,831	-	n/a
Cheltenham Family Health Centre	Cheltenham	1999	5,750	40,162	87%
Church View Medical Centre	South Kirkby	2013	2,812	15,312	90%
Church View Primary Care Centre	Nantwich	2008	3,271	25,378	89%
Coldharbour Works	London	2021	3,988	-	86%
Crompton Health Centre	Bolton	2007	2,964	12,853	82%
Dean Street	London	2011	1,083	-	84%
Dene Drive Primary Care Centre	Winsford	2007	2,793	25,592	88%
Durham Diagnostic Treatment Centre	Durham	2018	2,069	-	100%
Eagle Bridge Health and Wellbeing Centre	Crewe	2007	6,809	48,214	91%
Fleetwood Health and Wellbeing Centre	Fleetwood	2012	5,204	12,205	92%
Freshney Green Primary Care Centre	Grimsby	2009	6,590	27,153	86%
Frome Medical Centre	Frome	2012	4,062	31,069	79%
Hadrian Health Centre	Wallsend	2022	2,297	20,196	100%
Heysham Primary Care Centre	Heysham	2012	3,127	18,141	93%
Hillside Primary Care Centre	Harlesden	2008	1,945	14,574	100%
Jubilee Health Centre	Shotfield	2012	3,011	29,361	90%
Malmesbury Primary Care Centre	Malmesbury	2008	3,205	16,521	89%
Market Drayton Primary Care Centre	Market Drayton	2005	3,589	17,837	90%
Meddygfa Padarn Surgery	Aberystwyth	2012	3,371	-	80%
Moor Park Medical Centre	Blackpool	2011	4,964	24,634	95%
North Ormesby Health Village	North Ormesby	2005	7,652	20,592	64%
Northgate Health Centre	Bridgnorth	2007	3,588	16,225	89%
One Life Building	Middlesbrough	2005	3,326	11,334	91%
Priory Health Park	Wells	2003	4,628	20,036	83%
Prospect View Medical Centre	Malvern	2011	2,316	23,429	91%

Building official name	Town	Build date	Sq.m	List size	NHS rent %
Rothbury Community Hospital & Medical Centre	Rothbury	2007	1,476	4,545	n/a
Severn Fields Health Village	Shrewsbury	2012	6,003	17,019	95%
South Bar House	Banbury	2009	3,692	45,262	89%
St Annes Health Centre	Lytham St Annes	2009	2,259	18,988	97%
Stratford Healthcare Centre	Stratford-upon-Avon	2005	5,988	15,540	98%
Sudbury Community Health Centre	Sudbury	2014	2,937	11,283	100%
Tees Valley Treatment Centre	Middlesbrough	2018	4,389	-	n/a
The Duchy	Harrogate	1990	3,978	-	n/a
The Ridge	Bradford	2008	3,763	15,919	89%
The Surgery @ Wheatbridge	Chesterfield	2008	2,862	15,482	74%
Todmorden Medical Centre	Todmorden	2008	4,166	16,151	91%
Turnpike House Medical Centre	Worcester	2006	4,132	22,917	90%
Upton Surgery	Upton	2006	1,685	12,058	94%
Waters Green Medical Centre	Macclesfield	2006	6,018	62,059	93%
Well Street Surgery	Hackney	2008	1,080	14,094	100%
West Midlands Ambulance Hub	Oldbury	2022	7,082	-	100%

Appendix C

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	32.0	12.1	155,613	577.2	7.5	249.7	138.5	181.5	
Midlands	105	25.4	12.8	138,824	488.3	3.1	177.8	171.9	135.5	
South East	114	24.0	10.5	120,400	427.2	7.7	205.5	165.5	48.5	
London	78	17.7	9.7	64,814	363.4	2.5	148.7	75.7	136.5	
North West	48	17.1	9.6	82,113	337.8	1.9	65.4	48.4	222.1	
South West	55	11.5	13.7	65,708	214.3	4.2	83.7	44.9	81.5	
Scotland, Ireland & NI	25	8.4	8.8	52,165	136.5	0.9	30.7	34.5	70.4	
Wales	44	7.3	9.6	45,627	132.7	-	83.8	38.9	10.0	
	608	143.4	11.2	725,264	2,677.4	27.8	1,045.3	718.3	886.0	

GLOSSARY

AGM is the Annual General Meeting.

AHSP is air source heat pump.

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.

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 £124.1 million, calculated as net rental income (£138.0 million) plus income from investments (£0.1 million), less administrative expenses (£13.3 million) and share-based payment charge (£0.7 million).

European Public Real Estate Association ("EPRA") is the industry body for European REITs. EPRA is a registered trademark 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 Appendix A.

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 Loan to Value ("EPRA LTV") is debt divided by the market value of the property, differing from our usual LTV by the inclusion of net current payables or receivables and the proportionate share of co-investment arrangements.

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. This replaces the previous EPRA NNNAV metric.

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. This replaces the previous EPRA NAV metric.

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. The "topped-up" yield adjusts this for the expiration of rent-free periods and other un-expired lease incentives. See Appendix A.

EPRA Vacancy Rate is the ERV of vacant space divided by the ERV of the whole portfolio. See Appendix A.

Equivalent Yield 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.

EUI is energy usage intensity, being a measure of how much energy is used by a building per square meter.

GLOSSARY CONTINUED

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

HSE is the Health Service Executive, being the body which provides public health and social care services to everyone living in Ireland.

IFRS is UK-adopted international accounting standards.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £27.3 million, EBITDA is £124.1 million, giving interest cover of 4.5 times.

KPI is a Key Performance Indicator.

kWh is kilowatt-hour, being a unit of energy.

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.

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 to the average gross investment property value. This ratio during the period equated to 0.48%. This is calculated as administrative expenses of £13.3 million divided by the average property balance of £2,745 million (opening £2,752 million plus closing £2,738 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.

PV is photo-voltaic panels, commonly referred to as solar-panels.

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 2023 the rent roll was £143.4 million (March 2022: £135.7 million) and the growth in the year was £7.7 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.

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

SBTi is Science Based Targets initiative.

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 2022) was 60.7 pence per share, closing EPRA NTA was 53.6 pence per share, and dividends paid total 3.08 pence per share giving a return of (6.6)% in the year.

GLOSSARY CONTINUED

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 2023, the total contracted rental income was £1.77 billion (March 2022: £1.81 billion).

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 2023, the calculation is net rental income of £138.0 million plus revaluation of £215.3 million giving a return of £(77.3) million, divided by £2,943.8 million (opening investment property £2,674.3 million and IPUC £69.1 million plus additions of £141.5 million and development costs of £58.9 million). This gives a Total Property Return in the year of 2.6%.

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 2022 was 66.9 pence, at 31 March 2023 it was 48.9 pence, and dividends paid during the period were 3.08 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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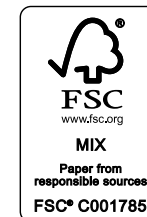
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Forward-looking statements

This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond Assura's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Assura does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Company should not be relied upon as a guide to future performance.

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