Assura Group Limited

Interim Results Presentation

Period ended 30 September 2010

Significantly Improved Results

- Revenues up 16.3% to £30.7m (H1 2009: £26.4m)
- Group operating profit up 122.7% to £16.7m (H1 2009: £7.5m)
- Pharmacy business is now consistently profitable delivering an H1 profit of £1.4m
- Adjusted net assets of £198.6m (31 March 2010: £186.5m), equivalent to 64.8p (31 March 2010: 60.9p) per share*1
- Net cash inflow from operating activities £4.6m (H1 2009: Outflow £6.4m)
- £35.3m cash in hand at 30 September (31 March 2010 : £24.6m) *2
- Dividends resumed. Interim dividend declared of 1p per share

*1 Adjusted diluted net asset value per Ordinary Share (excluding the notional mark to market value of the Company's interest rate swap and own shares held)

*2 Includes £20.2m of cash ring fenced for property development expenditure and an interest payment guarantee

Significant Increase in Profits

	H1 2010 £m	H1 2009 £m
Net Reported Profit	**(11.7)**	**9.9**
Swap Movement - Company	20.8	(8.6)
Swap Movement - Associates	2.9	(0.8)
Adjusted Net Profit	**12.0**	**0.5**

- Adjusted net profit i.e. with swap movements added back is £12m (H1 2009: £0.5m)
- Non cash Swap losses £23.7m
- Long term interest swap rate trend changed in October 2010
- Reduced to loss of £8.1m for 7 ½ months ended 15 November 10

Improving Underlying Results

	H1 2010 £m	H1 2009 £m
Property Investment	10.2	9.2
Property Development	(0.2)	(0.3)
Pharmacy	1.4	0.8
LIFT	0.4	0.1
Divisional contribution	11.8	9.8
Central costs	(2.0)	(4.4)
Group Trading Profit per Income Statement	**9.8**	**5.4**

- Increased contributions from all divisions
- Reducing direct property costs – & opportunity for further reduction
- Pharmacy net profit of £1.4m in 6 months (all from operations)
- LIFT revenue has increased
- Admin costs reduced significantly - & opportunities for further savings
- All led to growth in trading profits

Balance Sheet Summary

	30 September 2010 £m	31 March 2010 £m
Property Assets	374.8	359.6
Investment in Assura Medical	4.7	5.4
Investments in LIFT	7.9	9.5
Loan to Pharmacy JV	7.2	7.6
Goodwill & Licences - Pharmacy	16.2	15.7
Goodwill - Property development	20.0	20.0
Other fixed assets	4.9	5.0
	435.7	**422.8**
Cash	35.3	24.6
Debtors	10.5	10.3
Stock	1.7	1.7
Creditors - short term	(22.9)	(21.8)
Bank debt - short term	(1.5)	(6.5)
Bank debt - long term	(268.0)	(249.3)
Other liabilities	(41.0)	(20.3)
Net Assets (excluding "own shares")	**149.8**	**161.5**
Add Back financial derivatives	43.7	20.0
Add Back own shares held	5.1	5.1
Adjusted Net Assets	**198.6**	**186.6**
Per Share	**64.8**	**60.9**

- Total property now £375m
- Continued development adding cost effectively to the portfolio
- Net debt stabilised at £234m; Group gearing 55%
- Net assets, adjusted to exclude notional mark to market swap valuation 64.8p (31 March 2010 60.9p)

Property

Medical Centre Investments Growth

- £341m portfolio, £23.4m rent roll [*1], average net initial yield 5.94% with an equivalent yield of 6.33%
- Revaluation gain of £6.2m (H1 2009: £Nil)
- 85% of rents from PCT/GMS; 21% RPI linked
- Annual increase in rent from 27 reviews settled was 5.49% (£245,000pa)
- Continued revaluation surpluses expected from good management, rental growth, voids filled
- Resilient and valuable portfolio

*1 Including the rental value of own premises

Good Development Pipeline

- 5 on site at 30th September with an end value of around £35.1m
- Identified potential pipeline beyond - £106m across 20 schemes
- Revaluation gain £4.3m (H1 2009: £Nil)
- Cost effective means of growing portfolio
- 15 land bank sites with a value at 30 September of £13.5m with one sold since half year end and 3 others in solicitors hands

LIFT Investments & Consultancy

LIFT Investments

- Major position in 6 LIFT Companies
- LIFT Company property is off balance sheet
- Completed properties valued at £162m gross plus £96m in development
- 2 major schemes achieved financial close in period (£71m)
- £8.3m invested in 12% yielding loan stock

LIFT Consultancy

- LIFT consultancy generated revenue of £2.2m in period
- LIFT consultancy separable from LIFT investment business

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Pharmacy

Profitable Pharmacy Business

- 34 predominantly health centre pharmacies
- 1 opened; 1 relocated and 2 refurbished in period showing good growth
- Pipeline of future stores
- Revenue £40m pa including GP Care
- Profit £1.4m in half year (H1 2009: loss of £0.1m before disposal profits)
- Efficiencies and economies helping to offset NHS price cuts

Profitable Pharmacy Business

- Synergistic with Property business and can be valued independently
- Careful investment strategy
- Well managed and lower cost base, but more productivity gains and economies to follow
- Total revenue growth 10.5% (7.2% growth on a like for like underlying basis)

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Group Overheads

Reduced & Competitive Cost Base

- Administration costs have reduced by 14.4% (in continuing operations) with further savings targeted
- LIFT and Pharmacy absorb their own direct overheads
- Premises costs to be reduced significantly from next year (circa £750,000 pa cash saving)
- Central head count reduced (203 in March 09 down to 66 current including 14 pharmacy, 23 LIFT and 8 FM/front desk staff in medical centres)

Effective Debt Structure

- Net debt of £234m
- Less than £5m repayable before March 2013
- Property LTV 72.5%
- Assura’s debt competitively priced – <4.0% to 6.4%, core at 5.24% from September 2010 to 31 December 2011
- SWAP is neutral when the long term rate rises to 4.59% (currently circa 4.0%)
- NAB debt will be replaced ahead of March 13 expiry
- Active management of interest expense – opportunity to switch from long term to medium term

Resuming Dividend Payments

- Group is trading profitably and cash positive
- Interim dividend declared of 1p
- Being paid out of realised profits

Strategy

- Property development ongoing to continue to grow the investment portfolio
- Active management, shrinking voids and direct property costs and growing rents
- Drive pharmacy growth through store redevelopments, selective new openings and productivity improvements
- Debt cost being actively managed
- Continued investment in high quality primary care premises

Summary & Outlook

- Profit adjusted to exclude swaps increased from £0.5m to £12.0m for H1
- Dividends resumed
- NAV, adjusted for swaps 64.8p (60.9p @ 31 March)
- Business benefitting from streamlining and medical property focus
- Delivered significantly improved figures in all divisions
- Significant cost reductions effected and ongoing cost control
- High quality portfolio of properties, LIFT investments & pharmacies

Appendices

Portfolio Summary

- **Initial Yield** **5.94% (31 March 6.02%)**
- **Reversionary Yield** **6.67% (31 March 6.61%)**
- **Equivalent Yield (EY)** **6.33% (31 March 6.46%)**
- **Rent pa** **£23.4m (31 March £22.5m)**

Capital Value	No. of Investment Properties	Value £m	Average EY*
£0 – £500k	21 (28)	£6.22 (£7.6)	7.82% (7.99%)
£500k – £1m	15 (14)	£10.62 (£9.9)	7.39% (7.48%)
£1m – £5m	60 (59)	£142.325 (£135.6)	6.66% (6.72%)
£5m – £10m	12 (11)	£93.965 (£84.9)	6.20% (6.33%)
£10m – £15m	2 (3)	£25.28 (£39.8)	6.01% (6.18%)
£15m +	3 (2)	£52.57 (£35.9)	6.10% (6.2%)
Total	**113 (117)**	**£331 (£313.7)**	**6.33% (6.46%)**

Portfolio Summary

- 113 investment properties with 255 demised leases
- Average property value: £2.93m
- Largest property: 5.9% of portfolio value (North Ormesby £19.57m)
- Average GMS rent : £163.52psm

Income/Tenant split:

- GPs: 62%
- PCTs: 23%
- Pharmacy: 7%
- Other (mainly retail medical premises): 8%