

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THE CONTENTS OF THIS DOCUMENT ARE NOT TO BE CONSTRUED AS LEGAL, FINANCIAL, BUSINESS OR TAX ADVICE. EACH SHAREHOLDER OR PROSPECTIVE SHAREHOLDER SHOULD CONSULT THEIR OWN LEGAL ADVISER, FINANCIAL ADVISER OR TAX ADVISER FOR LEGAL, FINANCIAL OR TAX ADVICE. If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) (the “FSMA”) if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.**

This document comprises a prospectus relating to Assura Group Limited (“Assura” or the “Company”) prepared in accordance with the Prospectus Rules and has been approved by the Financial Conduct Authority (“FCA”) in accordance with section 87A of FSMA. A copy of this document has been filed with the FCA in accordance with paragraph 3.2.1 of the Prospectus Rules. In accordance with paragraph 3.2.2 of the Prospectus Rules, this document has been made available to the public free of charge at the Company’s head office and the London office of Addleshaw Goddard LLP, details of which are set out on page 34 of this document.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to 24 September 2014 (the date when the Existing Ordinary Shares are expected to be marked ex-entitlement by the London Stock Exchange), please forward this document, and if relevant, the accompanying Application Form, Offer for Subscription Application Form and the enclosed Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any Application Form or Offer for Subscription Application Form should be forwarded to or transmitted into any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, subject to certain exceptions, the Excluded Territories or their respective territories or possessions. If you sell or have sold or otherwise transferred only part of your registered holding of Existing Ordinary Shares, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications set out in the Application Form, if relevant. If your registered holding of Existing Ordinary Shares which were sold or transferred were held in uncertificated form and were sold or transferred before the date that the Existing Ordinary Shares are marked ex-entitlement, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. Please refer to paragraph 6 of Part II (Terms and Conditions of the Open Offer) of this document if you propose to send this document and/or the Application Form outside the United Kingdom.

The distribution of this document and the accompanying documents, and/or the transfer of the Open Offer Entitlements and the Excess Open Offer Entitlements through CREST, into jurisdictions other than the United Kingdom, may be restricted by law. Therefore persons into whose possession this document (and/or any accompanying documents) comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction. In particular, subject to certain exceptions, this document, the Application Form and any other related documents should not be distributed, forwarded to or transmitted in or into any Excluded Territory or any other jurisdiction where the extension or availability of the Open Offer would breach any applicable law.

The Open Offer Entitlements, the Excess Open Offer Entitlements, the Application Form and the New Ordinary Shares are only transferable, and this document may only be distributed, subject to the restrictions set out in paragraph 6 of Part II (Terms and Conditions of the Open Offer) of this document. No action has been taken by the Company, Liberum Capital Limited or Oriel Securities Limited that would permit an offer of the New Ordinary Shares, the Open Offer Entitlements, the Excess Open Offer Entitlements or possession or distribution of this document, the Application Form, the Offer for Subscription Application Form or any other offering or publicity material in any jurisdiction where action for that purpose is required other than in the United Kingdom.

**You should read carefully the whole of this document and any document incorporated into it by reference. In particular, your attention is drawn to the section entitled “Risk Factors” on pages 18 to 31 of this document and the letter from the Chairman of Assura Group Limited in Part I (Letter from the Chairman) of this document which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.**

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# **Assura Group Limited**

*(a limited company incorporated in Guernsey with registered number 41230)*

**Firm Placing and Placing and Open Offer of 356,781,609 New Ordinary Shares and an Offer for Subscription of up to 57,471,264 New Ordinary Shares, all at 43.5 pence per share**

**and**

## **Notice of Extraordinary General Meeting**

*Joint Sponsor, Financial Adviser,  
Broker and Underwriter*

*Joint Sponsor, Financial Adviser,  
Broker and Underwriter*

**LIBERUM CAPITAL LIMITED**

**ORIEL SECURITIES LIMITED**

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Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List and to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 15 October 2014.

Liberum Capital Limited (“Liberum”) and Oriel Securities Limited (“Oriel”), both of which are authorised and regulated in the UK by the FCA, are each acting exclusively for the Company as joint bookrunner, sponsor, financial adviser and underwriter in connection with the Share Issue and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Liberum and Oriel or for providing advice in relation to the matters described in this document. Subject to the responsibilities and liabilities, if any, which may be imposed on Liberum and Oriel by FSMA or the regulatory regime established thereunder, no representation or warranty, express or implied, is made by Liberum, Oriel or any of their Representatives as to any of the contents of this document, including its accuracy, completeness or verification, or concerning any other document or statement made or purported to be made by it, or on its behalf, in connection with the Company, the New Ordinary Shares, the Share Issue, and nothing in this document is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or future. No liability whatsoever is accepted by either Liberum or Oriel or any of their representatives for the accuracy of any information or opinions contained in this document or for the omission of any material information, for which the Board and the Company are solely responsible. The Offer for Subscription is not being underwritten.

The Open Offer closes at 11.00 a.m. on 9 October 2014 and payment is required in full by this time. If you are a Qualifying non-CREST Shareholder (other than, subject to certain exceptions, Qualifying non-CREST Shareholders with a registered address in any of the Excluded Territories) and wish to apply or subscribe for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form and return it with your remittance in accordance with the instructions set out in paragraph 4.1 of Part II (Terms and Conditions of the Open Offer) of this document and in the Application Form. If you are a Qualifying CREST Shareholder (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in any of the Excluded Territories) the relevant CREST instructions must have settled as explained in Part II (Terms and Conditions of the Open Offer) of this document by no later than 11.00 a.m. on 9 October 2014. The Application Form is personal to Qualifying non-CREST Shareholders and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. The latest time and date for acceptance and payment in full for the New Ordinary Shares under the Offer for Subscription is expected to be 11.00 a.m. on 9 October 2014 and the procedures for application and payment are set out in Part III (Terms and Conditions of the Offer for Subscription) of this document and, where relevant, in the Offer for Subscription Application Form.

Investors should only rely on the information contained in this document and any documents incorporated into it by reference. No person has been authorised to give any information or make any representations in relation to the Company other than those contained in this document and any document incorporated by reference into it and, if given or made, such information or representation must not be relied upon as having been so authorised by the Company, its Directors, Liberum, Oriel or any of their Representatives. Assura will comply with its obligation to publish a supplementary prospectus containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information.

Notice of the General Meeting of Assura Group Limited, to be held at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 14 October 2014, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. In order to be valid, any Form of Proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach, by post, the Company's Registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, or electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy), not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the Extraordinary General Meeting should they so wish.

This document does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities, or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any circumstances in which such offer or solicitation is unlawful.

#### **NOTICE TO US INVESTORS**

The New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements have not been and will not be registered under the US Securities Act 1933, as amended from time to time ("Securities Act"), or with any securities regulatory authority or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any US Person except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. This document must not be distributed into the United States or to US Persons. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offence.

#### **NOTICE TO AUSTRALIAN INVESTORS**

This document is not a prospectus or other disclosure document, or a product disclosure statement, under Chapter 6D or Part 7.9, respectively, of the Australian Corporations Act 2001 (Cth) ("Corporations Act"), has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a prospectus or other disclosure document, or a product disclosure statement, under Chapter 6D or Part 7.9, respectively, of the Corporations Act. Accordingly (i) the Share Issue may only be made to persons to whom it is lawful to offer those shares without disclosure to investors under Chapter 6D of the Corporations Act under one or more of the exemptions set out in section 708 of the Corporations Act, (ii) this document may only be made available in Australia to the persons as set forth in clause (i) above, (iii) each investor must warrant and agree that in accepting the offer of New Ordinary Shares under this document, the investor is a person referred to in clause (i) above and (iv) unless otherwise permitted under the Corporations Act, the investor agrees not to sell or otherwise dispose of any New Ordinary Shares within Australia within 12 months after the date of their issue to the investor. None of the Company, Liberum or Oriel are licensed in Australia to provide financial product advice in relation to the Ordinary Shares, the Open Offer Entitlements or the Excess Open Offer Entitlements and any advice contained in this document is general advice only and does not take into account any person's objectives, financial situation or needs. Before acting on any such advice, investors should read this document in full and consider the appropriateness of the advice, taking into account their own objectives, financial situation and needs (including financial and tax needs) and seek independent professional advice from their financial or other professional adviser before deciding whether to apply for New Ordinary Shares under the Share Issue. No cooling-off period applies in respect of the acquisition of New Ordinary Shares.

#### **NOTICE TO SWISS INVESTORS**

This document does not constitute a prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations or a listing prospectus according to Article 27 of the Listing Rules of the SIX Swiss Exchange. The New Ordinary Shares will not be listed on the SIX Swiss Exchange and, therefore, this document does not comply with the disclosure standards of the Listing Rules of the SIX Swiss Exchange. Accordingly, the New Ordinary Shares may not be offered to the public in or from Switzerland, but only to a selected and limited group of investors, which do not subscribe for the New Ordinary Shares with a view to distribution to the public. The investors will be individually approached by Liberum and/or Oriel from time to time. This document is personal to each offeree and does not constitute an offer to any other person. The document may only be used by those persons to whom it has been handed out in connection with the offer described herein and may neither directly nor indirectly be distributed or made available to other persons without the express consent of the Company. It may not be used in connection with any other offer and will in particular not be copied and/or distributed to the public in or from Switzerland. Neither this document nor any other offering or marketing material relating to the Share Issue, the Company or the Ordinary Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the Ordinary Shares will not be supervised by, the Swiss Financial Market Supervisory Authority, and the offer of Ordinary Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Ordinary Shares.

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## SUMMARY INFORMATION

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A – Introduction and warnings		
A.1	<b>Introduction</b>	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable – the Company has not given consent to the use of this document for subsequent resale or any final placement of Ordinary Shares by intermediaries.

Section B – Issuer and any guarantor		
B.1	<b>Legal and commercial name</b>	The issuer’s legal and commercial name is Assura Group Limited.
B.2	<b>Domicile/Legal Form/ Legislation/Country of Incorporation</b>	The Company is incorporated in Guernsey as a company limited by shares with registered number 41230. The principal legislation under which the Company operates is The Companies (Guernsey) Law, 2008, as amended.
B.3	<b>Key factors of the issuer’s current operations, principal activities and markets</b>	<p>Assura is a developer and investor in primary care premises for the NHS. It provides bespoke, purpose-built premises that meet the evolving needs of GPs as they look to meet the increasing health requirements of the UK population.</p> <p>As at the date of this document, the Company has two segments to its business, being its core and non-core property portfolios. Through its core segment, Assura owns and develops primary care properties across the UK to support GP practices. The non-core</p>

		segment actively manages land and investment properties not considered to be part of the core portfolio to realise maximum value through both income and capital receipts from sales.
B.4a	<b>Significant trends</b>	<p>The requirement for investment in primary care premises is increasing as the demands on the NHS are rising. GPs are experiencing an increase in the number of consultations and this is expected to increase further based on the increasing healthcare demands of an ageing population. There is currently a reduction in the number of approvals for new premises following the reorganisation of the NHS in 2013 which changed the process for investment in primary care premises and which has resulted in a drop-off in approvals for new schemes while new procedures are being established. Despite this, the sector continues to provide modest rental growth and strong returns for investors. Against a backdrop of tightening yields across other property sectors, primary care continues to provide strong property fundamentals: good prospects for capital and income growth; excellent occupier covenants (backed by the NHS); limited development risk; restricted supply with little speculative development; long leases typically without breaks or rent free periods; and high occupancy levels. In addition the underlying open market rent review mechanism most common in the sector has provided inflation tracking returns over the medium term.</p> <p>Assura, as one of the leading primary care property investors and developers in the UK, benefits from a secure and predictable income stream with an underpinning of inflation linkage, which together contribute to a strong risk-adjusted return.</p> <p>Following the Board's implementation of a focussed strategy over the two years to 31 March 2014, the Company has seen an increase in the adjusted net asset value per Ordinary Share of 20 per cent. to 43.4 pence per Ordinary Share and an increase in the underlying profit per Ordinary Share from continuing operations of 75 per cent. from 1.2 pence per Ordinary Share to 2.1 pence per Ordinary Share. The valuation of the Group's portfolio of assets as at 22 August 2014 provides a further increase of 1.7 pence in the adjusted net asset value per Ordinary Share. Over the same two year period to 31 March 2014 the core portfolio of assets increased by £121 million and since the year-end the core portfolio of assets has increased by a further £123 million following the recently announced acquisitions of MP Realty Holdings Group and Park Medical Services Limited. In aggregate, the increase of £261 million since 31 March 2012 has led to an enlarged core portfolio of assets of £766 million in primary care property as at 22 August 2014 or an increase of over 52 per cent. since 31 March 2012. This growth has been achieved through a combination of acquisitions (£188 million), completed developments (£42 million) and revaluations less disposals (£31 million). The weighted average unexpired lease length of the portfolio is 14.2 years.</p>
B.5	<b>Group structure</b>	<p>The Company is the ultimate holding company of the Group. The Company has 48 subsidiaries in total of which it considers the following to be significant: Assura Health Investments Limited; Assura Medical Centres Limited; Assura Primary Care Properties Limited; Assura Properties plc; Assura Properties UK Limited;</p>

		Medical Properties Limited; Metro (MRH) Limited; Metro (MRM) Limited; and Trinity Medical Properties Limited.																																																																																			
B.6	Notifiable interests in the Company and voting rights	<p>As at 22 September 2014 (being the latest practicable date prior to the publication of this document), the Company has been notified that the following persons – in addition to the interests of the Directors referred to herein – are or will be, directly or indirectly, interested in three per cent. or more of the Company’s issued ordinary share capital or voting rights:</p> <table><thead><tr><th></th><th colspan="2">As at 22 September 2014</th><th colspan="3">Immediately after Admission</th></tr><tr><th></th><th></th><th></th><th></th><th>Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for Subscription</th><th>Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for Subscription</th></tr><tr><th></th><th>Number of Ordinary Shares</th><th>Percentage of current issued Ordinary Shares</th><th>Number of Ordinary Shares</th><th>Open Offer or the Offer for Subscription</th><th>Offer for Subscription</th></tr></thead><tbody><tr><td>Artemis Investment Management</td><td>95,497,509</td><td>16.64</td><td>166,476,001</td><td>17.89</td><td>16.85</td></tr><tr><td>Invesco</td><td>80,000,000</td><td>13.94</td><td>227,527,031</td><td>24.45</td><td>23.03</td></tr><tr><td>Somerston Investments Limited</td><td>73,344,428</td><td>12.78</td><td>73,344,428</td><td>7.88</td><td>7.42</td></tr><tr><td>Aberforth Partners LLP</td><td>47,202,185</td><td>8.23</td><td>47,202,185</td><td>5.07</td><td>4.78</td></tr><tr><td>Legal &amp; General</td><td>22,170,837</td><td>3.86</td><td>26,821,956</td><td>2.88</td><td>2.71</td></tr><tr><td>Alastair Campbell Blacklaws</td><td>22,132,098</td><td>3.86</td><td>22,132,098</td><td>2.38</td><td>2.24</td></tr><tr><td>Raymond Seymour</td><td>22,132,098</td><td>3.86</td><td>22,132,098</td><td>2.38</td><td>2.24</td></tr><tr><td>Liontrust Asset Managers</td><td>21,998,851</td><td>3.83</td><td>32,383,968</td><td>3.48</td><td>3.28</td></tr><tr><td>F&amp;C Asset Management (London)</td><td>17,266,673</td><td>3.01</td><td>17,266,673</td><td>1.86</td><td>1.75</td></tr><tr><td>Investec Wealth &amp; Investment</td><td>17,238,657</td><td>3.00</td><td>18,238,657</td><td>1.96</td><td>1.85</td></tr></tbody></table>							As at 22 September 2014		Immediately after Admission							Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for Subscription	Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for Subscription		Number of Ordinary Shares	Percentage of current issued Ordinary Shares	Number of Ordinary Shares	Open Offer or the Offer for Subscription	Offer for Subscription	Artemis Investment Management	95,497,509	16.64	166,476,001	17.89	16.85	Invesco	80,000,000	13.94	227,527,031	24.45	23.03	Somerston Investments Limited	73,344,428	12.78	73,344,428	7.88	7.42	Aberforth Partners LLP	47,202,185	8.23	47,202,185	5.07	4.78	Legal & General	22,170,837	3.86	26,821,956	2.88	2.71	Alastair Campbell Blacklaws	22,132,098	3.86	22,132,098	2.38	2.24	Raymond Seymour	22,132,098	3.86	22,132,098	2.38	2.24	Liontrust Asset Managers	21,998,851	3.83	32,383,968	3.48	3.28	F&C Asset Management (London)	17,266,673	3.01	17,266,673	1.86	1.75	Investec Wealth & Investment	17,238,657	3.00	18,238,657	1.96	1.85
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B.7	Selected historical key financial information	<p><b>Consolidated income statement</b></p> <table><thead><tr><th></th><th colspan="3">Year ended<sup>(1)</sup></th></tr><tr><th></th><th>31 March 2014</th><th>31 March 2013</th><th>31 March 2012</th></tr><tr><th></th><th>£m</th><th>£m</th><th>£m</th></tr></thead><tbody><tr><td colspan="4"><b>Continuing operations</b></td></tr><tr><td>Gross rental and related income</td><td>39.9</td><td>37.1</td><td>34.1</td></tr><tr><td>Property operating expenses</td><td>(2.1)</td><td>(3.4)</td><td>(3.2)</td></tr><tr><td><b>Net rental income</b></td><td><u>37.8</u></td><td><u>33.7</u></td><td><u>30.9</u></td></tr><tr><td>Administrative expenses</td><td>(5.0)</td><td>(4.9)</td><td>(4.5)</td></tr><tr><td>Revaluation gains</td><td>12.4</td><td>6.0</td><td>1.5</td></tr><tr><td>Gain/(loss) on sale of property</td><td>0.2</td><td>(0.1)</td><td>0.1</td></tr><tr><td>Share-based payment charge</td><td>(0.7)</td><td>(0.6)</td><td>–</td></tr><tr><td>Exceptional items</td><td>(0.4)</td><td>–</td><td>(20.3)</td></tr><tr><td>Finance revenue</td><td>0.3</td><td>0.5</td><td>0.4</td></tr><tr><td>Finance costs</td><td>(22.2)</td><td>(20.5)</td><td>(21.2)</td></tr><tr><td>Gain/(loss) on derivative financial instruments</td><td>1.8</td><td>(1.2)</td><td>(54.7)</td></tr><tr><td><b>Profit/(loss) before taxation</b></td><td><u>24.2</u></td><td><u>12.9</u></td><td><u>(67.8)</u></td></tr><tr><td>Taxation</td><td><u>(0.4)</u></td><td><u>(0.2)</u></td><td><u>1.0</u></td></tr></tbody></table> <p>(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.</p>							Year ended <sup>(1)</sup>				31 March 2014	31 March 2013	31 March 2012		£m	£m	£m	<b>Continuing operations</b>				Gross rental and related income	39.9	37.1	34.1	Property operating expenses	(2.1)	(3.4)	(3.2)	<b>Net rental income</b>	<u>37.8</u>	<u>33.7</u>	<u>30.9</u>	Administrative expenses	(5.0)	(4.9)	(4.5)	Revaluation gains	12.4	6.0	1.5	Gain/(loss) on sale of property	0.2	(0.1)	0.1	Share-based payment charge	(0.7)	(0.6)	–	Exceptional items	(0.4)	–	(20.3)	Finance revenue	0.3	0.5	0.4	Finance costs	(22.2)	(20.5)	(21.2)	Gain/(loss) on derivative financial instruments	1.8	(1.2)	(54.7)	<b>Profit/(loss) before taxation</b>	<u>24.2</u>	<u>12.9</u>	<u>(67.8)</u>	Taxation	<u>(0.4)</u>	<u>(0.2)</u>	<u>1.0</u>										
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		<i>Year ended<sup>(1)</sup></i>		
		<i>31 March 2014 £m</i>	<i>31 March 2013 £m</i>	<i>31 March 2012 £m</i>
<b>Profit/(loss) for the year from continuing operations</b>		<u>23.8</u>	<u>12.7</u>	<u>(66.8)</u>
Profit for the year from discontinued operations				
– LIFT		11.2	1.4	4.5
– Pharmacy		<u>–</u>	<u>–</u>	<u>1.6</u>
<b>Profit/(loss) for the year attributable to equity holders of the parent</b>		<u>35.0</u>	<u>14.1</u>	<u>(60.7)</u>
<b>Earnings per Share</b>		6.6p	2.7p	(13.2)p
<b>Underlying profit per share<sup>(2)</sup></b>		2.1p	1.7p	1.2p
<p>(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.</p> <p>(2) Underlying profit is the pre-tax earnings measure adjusted for non-cash fair value adjustments and non-recurring items such as revaluation gains, revaluation of derivatives, share based payment charges and gains on sale of property.</p>				
<b>Consolidated balance sheet</b>				
		<i>Year ended</i>		
		<i>31 March 2014 £m</i>	<i>31 March 2013 £m</i>	<i>31 March 2012 £m</i>
Non-current assets		658.0	569.7	549.8
Current assets		<u>55.7</u>	<u>57.3</u>	<u>46.6</u>
<b>Total assets</b>		<u>713.7</u>	<u>627.0</u>	<u>596.4</u>
Current liabilities		30.7	26.5	28.0
Non-current liabilities		<u>456.4</u>	<u>402.4</u>	<u>380.5</u>
<b>Total liabilities</b>		<u>487.1</u>	<u>428.9</u>	<u>408.5</u>
<b>Net assets</b>		<u>226.6</u>	<u>198.1</u>	<u>187.9</u>
<b>Capital and reserves</b>				
Share capital		53.0	53.0	53.0
Own shares held		(1.9)	(1.9)	(1.9)
Share premium		77.1	77.1	77.1
Reserves		<u>98.4</u>	<u>69.9</u>	<u>59.7</u>
<b>Total equity</b>		<u>226.6</u>	<u>198.1</u>	<u>187.9</u>
<b>Basic and diluted net asset value per Ordinary Share</b>		42.8p	37.4p	35.5p
<b>Adjusted basic and diluted net asset value per Ordinary Share</b>		43.4p	38.6p	36.3p

		<b>Consolidated cash flow statement</b>		
			<i>Year ended</i>	
		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2014</i>	<i>2013</i>	<i>2012</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
	Net cash inflow from operating activities	7.9	12.9	13.4
	Net cash outflow from investing activities	(1.9)	(10.0)	–
	Net cash (outflow)/inflow from financing activities	(3.1)	11.4	(30.9)
	Increase in cash and cash equivalents	2.9	14.3	(17.5)
	Opening cash and cash equivalents	35.7	21.4	38.9
	Closing cash and cash equivalents	38.6	35.7	21.4
	Closing cash and cash equivalents, excluding restricted cash	27.6	15.6	12.2
	Save as set out below, there have been no significant changes in the financial condition or operating results of the Group during the period covered by the audited annual reports and accounts of the Group for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 and the period since 31 March 2014 (being the date of the Group’s latest published audited annual report and accounts) until 23 September 2014, being the latest practicable date prior to the publication of this document.			
	<b><i>Review of operational performance</i></b>			
	Profit/(loss) for the year attributable to equity holders of the Company has fluctuated from a loss of £60.7 million in the year ended 31 March 2012, to a gain of £14.1 million in the year ended 31 March 2013 and a gain of £35.0 million in the year ended 31 March 2014.			
	The increase in profit for the year attributable to equity holders of the Company over the three years ended 31 March 2014 has been the result of: (i) growth in net rental income following acquisitions and completed developments; (ii) administrative costs reducing relative to average gross investment property value; (iii) revaluation gains on the investment property held; (iv) exceptional items in the year ended 31 March 2012; and (v) gain on disposal of the LIFT investments in the year ended 31 March 2014.			
	Net asset value per Ordinary Share was 35.5p at 31 March 2012, increasing to 37.4p at 31 March 2013 and 42.8p at 31 March 2014. On an EPRA basis, which is adjusted to remove own shares held, derivative financial instruments and deferred tax, the figures increase to 36.3p, 38.6p and 43.4p respectively. The increase over the three year period is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to Shareholders.			

		<p>Since 31 March 2014, the Group has made several acquisitions and as a result, the Group's current rent roll is approximately £48.9 million (of which £1.4 million relates to non-core investments). For the purposes of the Share Issue, the Group's property portfolio, including recent acquisitions, was re-valued as at 22 August 2014. The net impact of the valuation movements on investment properties, developments, land and after acquisitions and acquisition costs is approximately £9.8 million or 1.7 pence per Ordinary Share on the current number of Ordinary Shares in issue as at the date of this document.</p> <p>There has been no increase in share capital between 31 March 2012 and 31 March 2014. As part of the consideration for the acquisition of MP Realty Holdings Limited, the Company issued an additional 44,264,196 Ordinary Shares on 13 June 2014.</p> <p><b><i>Significant events</i></b></p> <p>The following are the significant events which have occurred over the last three financial years up to the date of publication of this document:</p> <ul style="list-style-type: none"> <li>• in July 2011, the Company completed the £36.8 million sale of its pharmacy business, which owned and operated a national chain of pharmacies;</li> <li>• in November 2011, the Company announced a fully underwritten rights issue to raise approximately £35.3 million. The net proceeds of the rights issue, along with the Group's existing cash resources, were used to cancel the interest rate swap between the Company and National Australia Bank;</li> <li>• in April 2013 the Group announced that it had elected for REIT status (with effect from 1 April 2013);</li> <li>• in September 2013, the Group acquired the entire share capital of Trinity Medical Developments Limited, which held 32 modern, high quality medical centres, for £62.9 million (including associated net debt of £52 million);</li> <li>• in November 2013 the Group entered into agreements for the sale of its LIFT investments, which represented equity and loan notes in a number of public private consortia in which the Company had invested, for a consideration of £22.4 million, a £10.5 million premium over book value; and</li> <li>• in June 2014, the group acquired 28 high-quality, modern medical centres through the acquisition of MP Realty Holdings Limited for £107 million with associated net debt of £77.7 million.</li> </ul>
B.8	<b>Selected key pro forma financial information</b>	<p>The pro forma statement below sets out how the receipt of proceeds from the Firm Placing, Placing and Open Offer and Offer for Subscription are expected to impact the Group's financial position.</p>

		<p>By its nature, the pro forma financial information addresses a hypothetical situation and does not therefore represent the Company’s actual financial position or results.</p> <table><tr><th></th><th><i>Net assets of the Group at 31 March 2014 £m</i></th><th><i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer £m Note 1</i></th><th><i>Pro forma net assets of the Group £m</i></th></tr><tr><td>Total property</td><td>668.3</td><td>–</td><td>668.3</td></tr><tr><td>Other non-current assets</td><td>1.3</td><td>–</td><td>1.3</td></tr><tr><td>Cash</td><td>38.6</td><td>150.0</td><td>188.6</td></tr><tr><td>Other current assets</td><td>5.5</td><td>–</td><td>5.5</td></tr><tr><td>Debt and finance</td><td></td><td></td><td></td></tr><tr><td>    lease obligations</td><td>(453.4)</td><td>–</td><td>(453.4)</td></tr><tr><td>Other liabilities</td><td>(33.7)</td><td>–</td><td>(33.7)</td></tr><tr><td>Net assets</td><td><u>226.6</u></td><td><u>150.0</u></td><td><u>376.6</u></td></tr></table> <p><b>Note:</b></p> <p>1. The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £150 million (gross proceeds of £155.2 million less expenses of £5.2 million). The Company intends that £55 million of the proceeds from the Firm Placing and Placing and Open Offer is used to reduce net borrowings and the remainder is invested in medical properties that would be added to the Group’s investment portfolio. Adjustments to reflect the intended use of proceeds have not been included on the basis they are not directly attributable to the transaction. The proforma LTV would reduce from 62 per cent. to 52 per cent. based on these assumptions. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing its loan obligations further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available.</p> <p>The pro forma statement does not reflect certain acquisitions made by the Group since 31 March 2014 which have resulted in a current LTV ratio of approximately 65 per cent. In addition, no adjustment has been made to reflect the impact of the valuation of the Group’s portfolio performed as at 22 August 2014.</p>		<i>Net assets of the Group at 31 March 2014 £m</i>	<i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer £m Note 1</i>	<i>Pro forma net assets of the Group £m</i>	Total property	668.3	–	668.3	Other non-current assets	1.3	–	1.3	Cash	38.6	150.0	188.6	Other current assets	5.5	–	5.5	Debt and finance				lease obligations	(453.4)	–	(453.4)	Other liabilities	(33.7)	–	(33.7)	Net assets	<u>226.6</u>	<u>150.0</u>	<u>376.6</u>
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B.9	<b>Profit forecast/estimate</b>	Not applicable – there is no profit forecast contained in this Prospectus.																																				
B.10	<b>Audit report – qualifications</b>	Not applicable – there are no qualifications contained in the audit reports regarding the Company’s historical financial information for the years ended 31 March 2012, 31 March 2013 and 31 March 2014.																																				
B.11	<b>Working capital</b>	The Company is of the opinion that, taking into account the existing bank and other facilities available to it and the proceeds of the Firm Placing and Placing and Open Offer, that the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.																																				

Section C – Securities		
C.1	<b>Type and class of the securities being admitted to trading, including the security identification number</b>	<p>The Company proposes to raise gross proceeds of up to £180.2 million (£174.5 million net of expenses) through the issue of 213,328,329 New Ordinary Shares through a Firm Placing, 143,453,280 New Ordinary Shares through a Placing and Open Offer and up to 57,471,264 New Ordinary Shares through an Offer for Subscription, all at 43.5 pence per New Ordinary Share.</p> <p>The ISIN of the Existing Ordinary Shares (and the New Ordinary Shares once admitted to trading) is GB0033732602.</p>
C.2	<b>Currency of the securities issue</b>	Pounds sterling.
C.3	<b>Number of shares in issue and par value</b>	The issued and fully paid up share capital of the Company as at 23 September 2014 (being the latest practicable date prior to publication of this document) was £57,381,312, divided into 573,813,120 Ordinary Shares of 10 pence each.
C.4	<b>Rights attaching to the securities</b>	<p>The New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of the allotment and issue of the New Ordinary Shares, including the quarterly dividend which is expected to be payable on or around 5 November 2014, with an expected associated record date of 24 October 2014.</p> <p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share), Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p>
C.5	<b>Restrictions on free transferability of the securities</b>	Not applicable; there are no restrictions on the free transferability of the Ordinary Shares.
C.6	<b>Admission to trading on a regulated market</b>	Subject to shareholder approval, application will be made to the UK Listing Authority and the London Stock Exchange for all of the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities.
C.7	<b>Dividend policy</b>	Following the completion of this equity issuance, the Board intends to increase the quarterly dividend by 11 per cent. to 0.50 pence per Ordinary Share or 2.0 pence per Ordinary Share on an annualised basis with effect from January 2015. The Company's second quarterly dividend payment of the current financial year will be 0.45 pence per Ordinary Share and is expected to be payable on or around 5 November 2014. This represents a fully covered dividend based on the historic underlying earnings per Ordinary Share for the year ended 31 March 2014 of 2.1 pence per Ordinary Share.

		Thereafter the Board intends to retain their commitment to a fully covered and progressive dividend policy broadly in line with underlying rental growth.
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Section D – Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry	<p><b>Risks relating to the Group and the market in which it operates</b></p> <ul style="list-style-type: none"> <li>The Group's financial performance will be affected by variations in the general economic environment, as well as general conditions affecting the commercial rental market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields. Market conditions may also have a negative impact on property management performance fees received by the Group in its capacity as property manager.</li> </ul> <p><b>Risks relating to real estate investment</b></p> <ul style="list-style-type: none"> <li>Both rental income and the market value for properties are generally affected by overall conditions in the local economy, employment trends, inflation and changes in interest rates, which may in turn impact upon the demand for properties. Any weakening of rental yields and valuations could have an adverse impact on the Group's future profits, including revaluation surpluses or deficits. Furthermore, movements in interest rates may also affect the cost of financing property.</li> <li>Property and property-related assets are inherently difficult to value due to the individual nature of each property and the fact that any valuation is based on assumptions which may not prove to be accurate. As a result, valuations are subjective and can be uncertain with valuers having differing opinions. There can be no guarantee that the estimates resulting from the valuation process will reflect actual sale prices that could be realised by the Company in the future or another valuer's estimate of valuation which may adversely affect the asset value of the Company.</li> <li>Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds. Disposal of any of the properties or other non-core property assets could, therefore, take longer than may be commercially desirable or values obtained may be lower than planned, reducing the Group's profits and proceeds realised from such disposals.</li> </ul> <p><b>Risks relating to real estate development</b></p> <ul style="list-style-type: none"> <li>Property development can be high risk and the Group may be exposed to cost overruns, completion delays, planning difficulties and financing shortfalls, in which case the Group is likely to need to commit more money to the relevant development than it had originally planned from its existing cash resources. Furthermore, a number of the Group's developments may not be fully pre-let.</li> </ul>

	<p><b>Risks relating to government policy</b></p> <ul style="list-style-type: none"> <li>As a key provider of private sector capital and expertise to the NHS in upgrading the NHS infrastructure in the form of GP surgeries, the Group is exposed to changes in the direction and management of the NHS. Changes in NHS procurement and funding for GPs could adversely affect the availability of new schemes for investment and changes to the rent reimbursement mechanism would reduce the attractiveness of the sector for ongoing investment.</li> <li>The recent organisation changes in the NHS have led to a reduction in the number of new developments being approved and this has reduced some of the short-term growth opportunities for the business.</li> </ul> <p><b>Risks relating to investor demand for primary care property in the UK</b></p> <ul style="list-style-type: none"> <li>Reduction in investor demand for UK primary care property may result in falls in asset valuations, which could reduce the Group's future profits and net asset values. Reduced investor demand could arise from, amongst other things, changes in NHS policy, general economic conditions, availability of finance and the relative attractiveness of other asset classes.</li> </ul> <p><b>Risks relating to optimum and appropriate financing of the business</b></p> <ul style="list-style-type: none"> <li>The longevity and low default risk associated with the Group's rental income can support a relatively high level of associated borrowings. The Group's LTV ratio is approximately 65 per cent., which is higher than the listed property sector average though significantly below the levels common in the non-listed sector in primary care property.</li> </ul> <p>The level and cost of borrowing is monitored on a regular basis and the ability to continue sourcing debt at attractive rates is important to the future success of the business. The Group has predominantly long-term facilities, which reduces the refinancing risk both in terms of availability of finance and interest rate increases. Management are active in promoting the attractiveness of the sector to both existing and potential new lenders.</p> <p><b>Risks relating to management ability to identify good development and acquisition opportunities and asset manage the properties to add value</b></p> <ul style="list-style-type: none"> <li>The Group's strategy is founded upon the basis that suitable properties will be available for investment at prices and upon terms and conditions (including financing) that the Board consider favourable. There can be no assurance as to how long it will take the Group to invest any or all of the net proceeds of the Share Issue and it may not find suitable properties in which to invest such proceeds. The longer the period before investment, the greater the likelihood that having uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected.</li> </ul>
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D.3	<p><b>Key risks that are specific to the securities</b></p>	<p><b>Risks relating to the Group and the market in which it operates</b></p> <ul style="list-style-type: none"> <li>• The market price of the Ordinary Shares may fluctuate significantly due to a change in sentiment in the market regarding the Company's business, financial condition or results of operations. Such fluctuations may be influenced by a number of factors beyond the Company's control, including but not limited to the markets' perception of the likelihood of completion of the Share Issue, actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Company's business and industry, regulatory changes affecting the Group's operations, large sales or purchases of the Company's Ordinary Shares (or the perception that such transactions may occur) and general market and economic conditions.</li> <li>• There is no guarantee that the market price of the Company's Ordinary Shares will reflect fully the underlying value of the assets held by the Group. As well as being affected by the underlying value of the assets held, the market value of the Company's Ordinary Shares will, amongst other factors, be influenced by their dividend yield and the supply and demand for the Company's Ordinary Shares in the market. As such, the market value of the Company's Ordinary Shares may vary considerably from the underlying value of the Group's assets. The market price of the Company's Ordinary Shares may also fall, and remain below, the Offer Price.</li> </ul> <p><b>Risks relating to regulation, government policy and tax</b></p> <ul style="list-style-type: none"> <li>• The Company is incorporated in Guernsey although it is managed, controlled and taxed in the UK. Any changes under Guernsey law to the basis on which Guernsey companies may pay dividends could have an adverse effect on the Company's ability to pay dividends, which in turn may affect the ability of the Company to remain within the REIT regime. Any changes to UK law could offset the Group's ability to trade successfully.</li> <li>• A REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a substantial shareholder, that is, broadly, a company which has rights to ten per cent. or more of the distributions of Ordinary Shares or controls at least 10 per cent. of the voting rights in the Company. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to such a substantial shareholder.</li> </ul> <p><b>Risks relating to the Ordinary Shares</b></p> <ul style="list-style-type: none"> <li>• The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited under law. The Company has been formed and registered under the laws of Guernsey. The rights of the Overseas Shareholders and the fiduciary duties that are owed</li> </ul>
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		<p>to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company were organised under the laws of a different jurisdiction. Overseas Shareholders may be unable to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries outside the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which a judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.</p> <ul style="list-style-type: none"> <li>Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing whether or not Qualifying Shareholders take up their Open Offer Entitlement. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and the Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.9 per cent. (excluding the impact of the Offer for Subscription) or 27.4 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their Open Offer Entitlement their holding will be diluted by 38.3 per cent. (excluding the impact of the Offer for Subscription) or 41.9 per cent. (assuming full take up under the Offer for Subscription). The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 38.3 per cent. to 61.7 per cent. as a result of the Share Issue (excluding the impact of the Offer for Subscription) or by 41.9 per cent. to 58.1 per cent. (assuming full take up under the Offer for Subscription).</li> </ul>
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Section E – Offer		
E.1	<b>Net proceeds and expenses</b>	The Company is proposing to raise net proceeds of up to approximately £174.5 million (after the deduction of estimated expenses of approximately £5.7 million) pursuant to the Share Issue.
E.2a	<b>Reasons for the offer and use of proceeds</b>	<p>The estimated net proceeds of up to £174.5 million from the Share Issue will be used to make further investments into primary care properties and reduce the overall level of borrowings.</p> <p>The Group has successfully completed acquisitions for consideration in excess of £188 million since April 2012 which, together with the developments costing £42 million, have been completed at an average yield on cost of 6.2 per cent. In the two years to March 2014, underlying earnings per Ordinary Share has increased by 75 per cent. The Board intends to continue to fund developments to secure new investments at above market yields.</p> <p>The Group's current level of debt of £537 million results in a loan to value ratio of 65 per cent. This level of borrowing is supported by the quality and longevity of the rental income stream. However, the Board considers that a lower loan to value ratio would be more</p>

		<p>appropriate in the medium term and provide greater flexibility for future development and acquisition activity. The Board therefore intends to reduce the net borrowings by approximately £55 million by repaying debt. This will reduce the Group's total debt to £482 million and result in an overall loan to value ratio of 52 per cent., including investment of the £95 million proceeds. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing the loan value further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available. Reducing borrowings will increase underlying earnings and support future dividend growth. This statement does not constitute a profit forecast.</p>
E.3	<b>Terms and conditions of the offer</b>	<p>Assura is proposing to issue 213,328,329 New Ordinary Shares through the Firm Placing, 143,453,280 New Ordinary Shares through the Placing and Open Offer and up to 57,471,264 New Ordinary Shares through the Offer for Subscription, in order to raise up to £174.5 million (net of expenses).</p> <p>The Share Issue requires Shareholder approval which will be sought at the Extraordinary General Meeting.</p> <p>The Offer Price of 43.5 pence per New Ordinary Share represents a 6.95 per cent. discount to the Closing Price of an Existing Ordinary Share of 46.75 pence on 23 September 2014 (being the latest practicable date prior to the announcement of the Share Issue).</p> <p><b>Firm Placing</b></p> <p>The Firm Placees have agreed to subscribe for 213,328,329 New Ordinary Shares at the Offer Price, representing gross proceeds of £92.8 million. The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer or Offer for Subscription.</p> <p><b>Placing and Open Offer</b></p> <p>143,453,280 of the New Ordinary Shares proposed to be issued by the Company are being offered to existing Shareholders by way of the Open Offer (representing gross proceeds of approximately £62.4 million). The Open Offer provides an opportunity for Qualifying Shareholders to participate in the fundraising (subject to compliance with applicable securities laws) by subscribing both for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability.</p> <p>Qualifying Shareholders will have an Open Offer Entitlement of:</p> <p><b>1 Open Offer Share for every 4 Existing Ordinary Shares</b></p> <p>registered in the name of the relevant Qualifying Shareholder on the Record Date and so in proportion to any other number of Existing Ordinary Shares held.</p> <p>Qualifying Shareholders may also apply, under the Excess Application Facility, for any whole number of Excess Shares</p>

		<p>registered in the name of the relevant Qualifying Shareholder on the Record Date. In all circumstances, allocation of Excess Shares shall be subject to the discretion of the Directors. To the extent that there remains unallocated Excess Shares following the application by Qualifying Shareholders under the Excess Application Facility, such Excess Shares will be made available under the Placing.</p> <p><b>Offer for Subscription</b></p> <p>The Offer for Subscription is only being made in the UK. The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If the Company exercises such right of termination, the Offer for Subscription will lapse and any monies will be returned without interest. Applications under the Offer for Subscription must be for a minimum of 2,000 New Ordinary Shares and thereafter in multiples of 1,000 New Ordinary Shares.</p> <p>The Firm Placing and Placing and Open Offer has been fully underwritten by Liberum and Oriel on the terms of the Sponsor and Underwriting Agreement. The Offer for Subscription is not being underwritten.</p> <p>The New Ordinary Shares will, when issued and fully paid, rank in full for all dividends or other distributions declared, made or paid after Admission and in all other respects will rank <i>pari passu</i> with the Existing Ordinary Shares, including for the Group's next quarterly dividend which is expected to be payable on or around 5 November 2014. Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 15 October 2014 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 15 October 2014.</p>
E.4	<b>Interests material to the issue including conflicting interests</b>	Not applicable – there are no interests (including conflicts of interest) which are material to the issue.
E.5	<b>Lock-up arrangements</b>	Not applicable – there are no entities or persons offering to sell the security of Assura. There are no lock-up agreements.
E.6	<b>Dilution</b>	<p>Following the issue of all New Ordinary Shares pursuant to the Share Issue, Qualifying Shareholders who do not take up any of their Open Offer Entitlements or participate in the Offer for Subscription will suffer a dilution of approximately 38.3 per cent. (excluding the impact of the Offer for Subscription) or 41.9 per cent. (assuming full take up under the Offer for Subscription).</p> <p>If a Qualifying Shareholder takes up his Open Offer Entitlement in full he will suffer a dilution of 22.9 per cent. (excluding the impact of the Offer for Subscription) or 27.4 per cent. (assuming full take up under the Offer for Subscription).</p>
E.7	<b>Estimated expenses charged to the investor</b>	Not applicable; no expenses will be directly charged by the Company to any investor who subscribes for or purchases New Ordinary Shares pursuant to the Share Issue.

## RISK FACTORS

*Any investment in New Ordinary Shares is subject to a number of risks. The following risk factors, which the Directors believe include all material risks known to the Directors in relation to the Company, its industry and the Share Issue, should be considered carefully by Shareholders and investors when deciding (in the case of Shareholders) what action to take at the Extraordinary General Meeting and (in the case of investors) whether to make an investment in the Company. Shareholders and investors should carefully consider the whole of this document and not rely solely on the information set out in this section. The risks are not set out in any particular order.*

*Investors should be aware that any investment in the Company involves a high degree of risk and should be made only by those with the necessary expertise to appraise the investment.*

*These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties applicable to the Company and the Group. Additional risks not currently known to the Directors, or currently believed to be immaterial, could have an adverse effect on the Group. Any or all of these factors could have a material adverse effect on the Group's operational results, financial condition and prospects. Furthermore, the trading price of the Ordinary Shares could decline, resulting in the loss of all or part of any investment therein.*

*Prospective investors should note that the risks relating to the Group, its industry and the Share Issue summarised in the section of this document headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in such securities. However, as the risks which the Group faces relate to events and depend upon circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this document headed "Summary" but also, among other things, the risks and uncertainties described below.*

### **RISKS RELATING TO THE GROUP AND THE MARKET IN WHICH IT OPERATES**

#### **The Group's performance will depend on the general economic environment and general property and investment market conditions**

The Group's financial performance will be affected by variations in the general economic environment, as well as general conditions affecting the commercial rental market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields. The value of commercial and residential real estate in the UK declined sharply as a result of economic recession, the credit crisis and a reduced confidence in the global financial markets caused by the failure, or near-collapse, of a number of global financial institutions in 2008. There has recently been a recovery in tenant and investor demand for commercial and residential real estate in the UK, particularly in London, as business confidence has improved on the back of a better domestic and global economic outlook. However, there are also certain downward pressures that the market needs to contend with, such as a potential raise in interest rates, political uncertainty relating to the tax regime and the availability of third party funding (which while more available than at the height of the recession, is still scarce for certain types of investment – particularly speculative development).

The Group's business and results of operations may be materially adversely affected by the following factors outside of its control:

- general economic factors which may affect rental income, such as inflation, fluctuation in interest rates, level of healthcare expenditure and gross domestic product;
- a general property market contraction;
- a decline in rental values;
- changing demand for commercial property and changing supply within a particular geographic location;

- the attractiveness of property relative to other investment choices;
- the availability of credit; and
- changes in laws and governmental regulations in relation to property, including those governing permitted and planning usage, taxes and governmental charges, health and safety and environmental compliance.

Such events could lead to an increase in capital expenditure or running costs of the Group and/or reduce the rental and/or capital values of its property assets and, consequently, may have a material adverse effect on the Group's business prospects and results of operations.

Market conditions may also have a negative impact on property management fees received by the Group in its capacity as property manager.

However, the Group's property is let on long leases, the payment of rent on which is substantially Government backed, such that the Group is, to a certain extent, protected from recession and other adverse economic factors.

#### **Market conditions may delay or prevent the Group from making appropriate investments that generate attractive returns**

Market conditions may have a negative impact on the Group's ability to identify and execute investments in suitable assets that generate acceptable returns. As evident during the recent market downturn, market conditions have had a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders have also tightened their lending criteria, lending lower multiples of income and lowering loan to value ratios which will impact the Group as it may seek to finance acquisitions through borrowings. Depressed market conditions may lead to increasing numbers of tenant defaults. Adverse market conditions and their consequences may have a material adverse effect on the Group's rental income and net asset value, as well as the Company's ability to make distributions to Shareholders.

#### **Market conditions will affect the Group's ability to strategically adjust its property portfolio**

Whilst the Company is not a limited life company, and is under no obligation to sell its assets within a fixed time frame, there can be no assurance that, at the time it seeks to dispose of its assets, conditions in the relevant market will be favourable or that the Group will be able to maximise the returns on such disposed assets. As property assets are relatively illiquid, such liquidity may affect the Group's ability to adjust, dispose of or liquidate its portfolio in a timely fashion and at satisfactory prices. To the extent that market conditions are not favourable, the Group may not be able to dispose of property assets at a gain. If the Group was required to dispose of or liquidate an investment on unsatisfactory terms, it may realise less than the value at which the investment was previously recorded, which could result in a decrease in net asset value and this may, in turn, have a negative impact on the Group's business and results of operations. As a result of the foregoing, there can be no assurance that the Group's property portfolio can generate attractive returns for Shareholders.

Further, in acquiring a property, the Group may agree to restrictions that prohibit the sale of that property for a period of time or impose other restrictions, such as a limitation on the amount of debt that can be placed or repaid on that property. In addition, in circumstances where the Group purchases properties when capitalisation rates are low and purchase prices are high, the value of its properties may not increase over time. This may restrict the Group's ability to sell its properties, or in the event that it is able to sell such property, may lead to losses on the sale.

#### **The Group's business is dependent on its ability to identify and manage investments which offer satisfactory returns**

The Group's strategy is founded upon the basis that suitable properties will be available for investment at prices and upon terms and conditions (including financing) that the Board consider favourable. There can be no assurance as to how long it will take the Group to invest any or all of the net proceeds of the Share Issue

and it may not find suitable properties in which to invest such proceeds. The longer the period before investment, the greater the likelihood that having excess uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected.

#### **The Group's business performance is dependent on key individuals and employees**

The Group's business performance is dependent, to a certain extent, on key individuals and employees and their ongoing relationships with, amongst others, developers, suppliers, CCGs, GPs and customers. While the Group seeks to offer its staff competitive remuneration packages, attractive incentives, career development opportunities and a good working environment, there can be no guarantee that it will be able to recruit and retain suitable key personnel. The loss of the services of the Directors, members of the senior management and other key employees could adversely affect the Group's business, financial condition and operating results.

#### **Competition with other participants in the real estate industry**

The Group faces competition from other United Kingdom and international property groups and other commercial organisations active in the property markets. The Group also faces the threat of new competitors emerging. Competition in the property market may lead: (i) to an oversupply of commercial premises through overdevelopment; (ii) to prices for existing properties or land for development being inflated through competing bids by potential purchasers; and/or (iii) to the maximum rents to be achieved from existing properties being adversely impacted by an oversupply of commercial space. Accordingly, the existence of such competition may have a material adverse impact on the Group's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory cost.

#### **The provision of primary care services by private companies is faced with hostility from certain members of the medical profession and this could spread to the provision of private capital for buildings**

Certain members of the medical profession in the UK have publicly expressed hostility towards Government policy in relation to the provision of primary care services which are operated by commercial enterprises outside the control of the NHS. If their view was to spread to the provision of private capital for buildings, then the ability of the Group to enter into new lease agreements with GP practices may become impaired, which could adversely affect the Group's financial condition and operating results. There is currently no indication that this is likely.

### **RISKS RELATING TO REAL ESTATE INVESTMENT**

#### **Any weakening of rental yields and valuations could have an adverse impact on the Group's future profits**

Both rental income and the market value for properties are generally affected by overall conditions in the local economy, employment trends, inflation and changes in interest rates, which may in turn impact upon the demand for properties.

While the Board believes that the property valuations are fairly stated and represent robust, defensive investments in the current market due to their long lease length and NHS-backed covenant, any weakening of rental yields and valuations could have an adverse impact on the Group's future profits, including revaluation surpluses or deficits. In addition, the rent payable by the majority of the Group's investment properties are not linked to the Retail Prices Index which may lead to a reduction in the real value of the Group's rental income and the valuation of its properties in the event of a sustained period of inflation. Furthermore, movements in interest rates may also affect the cost of financing property.

#### **Property is inherently difficult to value**

Property and property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subjective and can be uncertain, with valuers having differing opinions.

The Group's property portfolio has been valued by Jones Lang LaSalle and Savills as at 22 August 2014 on the basis of "Market Value" in accordance with the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards incorporating the International Valuation Standards effective from 30 March 2012 (the "Red Book"), details of which are set out in Part VI (Property Valuation Reports) of this document and which together cover the Group's entire property portfolio. Market value is defined in the Red Book as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In determining Market Value, the valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying a valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. In addition, there can be no guarantee that the estimates resulting from the valuation process will reflect actual sale prices that could be realised by the Group in the future or another valuer's estimate of valuation which may adversely affect the asset value of the Group. Further, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. There can be no assurance that the valuation of the Group's current and prospective properties will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated annual rental income will prove to be attainable. In addition, property valuations are dependent on the level of rental income receivable and anticipated to be receivable on that property in the future and, as such, declines in rental income could have an adverse impact on revenue and the value of the Group's assets.

Any of the foregoing factors could have an adverse impact on the Group's business, financial condition and results of operations.

#### **Due diligence may not identify all risks and liabilities in respect of an acquisition**

Prior to entering into an agreement to acquire any property, the Group will perform due diligence on the proposed investment. In doing so, it would typically rely in part on third parties to conduct a significant portion of this due diligence (including legal reports on title and property valuations). To the extent that the Group or other third parties underestimate or fail to identify risks and liabilities associated with the investment in question, the investment may be subject to defects in title, to environmental, structural or operational defects requiring remediation, or the Group may be unable to obtain necessary permits.

If there is a due diligence failure, there may be a risk that properties are acquired that are not consistent with the Group's investment strategy or that properties are acquired that fail to perform in accordance with projections.

Investigation, removal or remediation of environmental liabilities required by governmental authorities under environmental regulations or in connection with a change in use or redevelopment, may impose substantial costs on the Group regardless of whether the Group originally caused the contamination. In addition, such environmental liabilities could adversely affect the Group's ability to sell, lease or redevelop the property, or to borrow using the property as security. Laws and regulations, which may be amended over time, may also impose liability for the release of certain materials, including asbestos, into the air or water from a property investment, and such release can form the basis for liability to third persons for personal injury or other damages. Other environmental laws and regulations limit the development of, and impose liability for, the disturbance of wetlands of the habitats of threatened or endangered species. In the event the Group's due diligence fails to uncover material defects or liabilities, including environmental liabilities, which are not covered by insurance proceeds, this may have a material adverse effect on the Group's results of operations and financial condition.

#### **Investments in property are relatively illiquid**

Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds. Disposal of any of the properties or other non-core property assets could, therefore, take longer than may be commercially desirable or values obtained may be lower than anticipated, reducing the Group's profits and proceeds realised from such disposals.

**Development or redevelopment expenditure may be necessary in the future to preserve rental income**

Returns from investment in property depend largely upon the amount of rental income generated from the property and the expenses incurred in the repair, maintenance and management of the property, as well as upon changes in its market value. Development or redevelopment expenditure may be necessary in the future to preserve the rental income generated from and/or the value of the property, and this may affect the Group's profits.

**Rent reviews are not always on an upwards-only basis**

The rent review provisions for leases of GP practices can be different to other commercial property provisions in that they do not always provide for rents to be reviewed on an upwards only basis. At rent review, therefore, if the rent levels available on the open market for a similar property are lower than the rent payable by the tenant immediately before the rent review, the rent payable may decrease, although not usually to below the level of the initial rent payable under the lease. In such circumstances, the Group as landlord generally retains the right not to instigate the review, such that the existing rent payable will continue.

**The Group may be unable to re-let a property following the expiry of a tenancy**

There can be no assurance that tenants will renew their leases at the end of their current tenancies and, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of a tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. During void periods, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. Even if tenant renewals or replacements are affected, there can be no assurance that such renewals or replacements will be on terms (including rental levels and rent review terms) that are as favourable to the Group as before or that new tenants will be as creditworthy as previous tenants.

**Rental income from healthcare related services may not be on commercially acceptable terms**

The Group intends to increase the rental income streams generated by its primary healthcare properties by letting to tenants that provide additional healthcare related services at certain of these premises, where possible. It may not always be possible to attract the desired additional services or complementary service providers on commercially acceptable terms. In addition, such additional service providers, unlike the GP tenant, will not generally have their rent reimbursed by an entity funded via the Government. Consequently, where such service providers default, there is a greater risk that the Group may be unable to recover any unpaid rent.

**The Group may become exposed to environmental liabilities**

There is no guarantee that the Group's current properties or sites or those that are acquired going forward will be free from contamination of hazardous waste, asbestos or other toxic substances. The Board is not aware of any such issues, but if the Group were to purchase such contaminated properties, or if there are contaminated properties within the current portfolio, the Group may have an obligation, alone or jointly with other parties, to dispose of or otherwise resolve any such environmental hazards to the satisfaction of relevant governmental authorities. This would be expected to negatively impact the Group's financial position and performance.

**The Group could suffer uninsured losses**

The Group's properties could suffer physical damage as a result of fire or other causes, resulting in losses (including loss of rent) which may not be fully compensated by insurance. In addition, there are certain types of losses, generally of a catastrophic nature, such as earthquakes, floods, hurricanes, terrorism or acts of war that may be uninsurable or are not economically insurable. Inflation, changes in building codes and ordinances, environmental considerations and other factors, including terrorism or acts of war, might also result in insurance proceeds being insufficient to repair or replace a property if it is damaged or destroyed.

Under such circumstances, the insurance proceeds may be inadequate to restore the Group's economic position with respect to the affected real estate. Should an uninsured loss or a loss in excess of insured limits occur, the Group could lose capital invested in the affected property as well as anticipated future revenue from that property. In addition, the Group could be liable to repair damage caused by uninsured risks. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future. In addition, whilst the Group will attempt to ensure that all of its properties are adequately insured, changes in the cost, cover or availability of insurance could expose the Group to uninsured losses.

**The Group may incur costs in connection with transactions that do not proceed to completion and such costs may, in aggregate, have a negative effect on the Group's financial position**

The Group expects to incur certain third party costs associated with the sourcing and acquisition of suitable assets. The Group can give no assurance as to the level of such costs, and given that there can be no guarantee that the Group will succeed in its negotiations to acquire any given asset, the greater the number of deals that do reach completion, the greater the likely impact of such costs on the Group's results of operations, financial condition and business prospects.

**The Group may be subject to liabilities following disposal of an investment and provisions may be made for warranty claims/contingent liabilities which could impact on Shareholder returns**

The Group may be exposed to future liabilities and/or obligations with respect to the disposal of investments. The Group may be required to set aside provisions for warranty claims or contingent liabilities in respect of property disposals. The Group may be required to pay damages (including but not limited to litigation costs) to a purchaser to the extent that any representations or warranties that it had given to a purchaser prove to be inaccurate or to the extent that it had breached any of its covenants or obligations contained in the disposal documentation. In certain circumstances, it is possible that any incorrect representations and warranties could give rise to a right for the purchaser to unwind the contract, in addition to the payment of damages. Further, the Group may become involved in disputes or litigation in connection with such disposal of interests. Certain obligations and liabilities associated with the ownership of investments can also continue to exist notwithstanding any disposal, such as certain environmental liabilities. Any such claims, litigation or obligations, and any steps which the Group is required to take to meet this cost, such as the sale of assets or increased borrowings, could have a material adverse effect on the Group's results of operations, financial condition and business prospects.

## **RISKS RELATING TO REAL ESTATE DEVELOPMENT**

**Property development can be high risk and the Group may be exposed to cost overruns, completion delays and financing shortfalls**

Property development can be high risk and the Group may be exposed to cost overruns, completion delays, planning difficulties and financing shortfalls, in which case the Group is likely to need to commit more money to the relevant development than it had originally planned from its existing cash resources. Furthermore, a number of the Group's developments may not be fully pre-let. Although the Group's policy is to engage in developments that are substantially pre-let with fixed price build contracts (or contracts with a price ceiling) in place at their inception, should no tenants be found for any surplus space, the Group would be left with empty space in buildings which may have limited application to alternative uses, thereby negatively impacting the Group's return on investment.

**Redevelopment and/or expansion potential may be adversely affected by a number of factors**

The potential for the redevelopment and/or expansion of properties may be adversely affected by a number of factors, including constraints on location, planning legislation and the need to obtain other licences, consents and approvals and the existence of restrictive covenants affecting the title to the property. If any of these rights were to materialise, this would have an adverse effect on the Group's financial condition and results of operations.

### **Refurbishment of properties may be adversely affected by a number of factors**

The potential for the refurbishment and ongoing improvement of the Group's properties may be adversely affected by a number of factors including constraints on location, planning legislation and the need to obtain other licences, consents and approvals and the existence of restrictive covenants affecting the title to such property. Consequently on some of its assets there may not be the opportunity for the Group to carry out refurbishment or enhancement work which may have an adverse effect on the Group's results of operations and prospects.

### **The Group's performance will depend on its ability to manage its property assets successfully**

Revenues earned from, and the capital value and disposal value of, properties held by the Group and the Group's business may be materially adversely affected by a number of factors inherent in property investment, including but not limited to:

- decreased demand by potential tenants for properties;
- an inability to recover operating costs such as local taxes and service charges on vacant space;
- exposure to the creditworthiness of tenants, including the inability to collect rent and other contractual payments from tenants (which includes the risk of tenants defaulting on their obligations and seeking the protection of bankruptcy laws), which could result in delays in receipt of rental and other contractual payments, inability to collect such payments at all, the re-negotiation of tenant leases on terms less favourable to the Group, or the termination of tenant leases;
- material declines in rental values;
- defaults by a number of tenants with material rental obligations (including pre-let obligations) or a default by a significant tenant at a specific property that may hinder or delay the sale of such property;
- material litigation with tenants;
- material expenses in relation to the construction of new tenant improvements and re-letting a relevant property, including the provision of financial inducements to new tenants such as rent-free periods;
- reduced access to financing for tenants, thereby limiting their ability to alter existing operations or sites or to undertake expansion plans; and
- increases in operating and other expenses or cash needs without a corresponding increase in turnover or tenant reimbursements, including as a result of increases in the rate of inflation if it exceeds rental growth, property taxes and other statutory charges, insurance premiums and other void costs, and unforeseen capital expenditure on the properties which cannot be recovered from tenants.

If the Group's revenues earned from tenants or the value of its properties are adversely impacted by the above or other factors, the Company's business prospects, results of operations and cash flows may be materially adversely affected.

## **RISKS RELATING TO REGULATION, GOVERNMENT POLICY AND TAX**

### **Changes in NHS procurement and funding could adversely affect the Group**

The Group is operating in the primary healthcare market providing property facilities to the NHS. Whilst the Board and senior management does not currently expect changes in government policy to have a direct impact on its business, cuts in the funding available for the renting of medical centres or changes to rental reimbursement mechanisms to GPs by the NHS may reduce the amounts available to fund services provided by the Group or impact on the covenant strength of the underlying tenants in future, thereby putting downward pressure on the Group's rental income and property values.

The recent organisation changes in the NHS have led to a reduction in the number of new developments being approved and this has reduced some of the short-term growth opportunities for the business. The Company has no influence over the direction taken by the Clinical Commissioning Groups who are

responsible for investment decisions in primary care premises. In particular, a reduction in the funding of the Clinical Commissioning Groups may reduce the funds available for the development of, or investment in, NHS properties and adversely affect the Company's ability to grow its assets and source appropriate opportunities in accordance with its strategy.

#### **The abolition of Primary Care Trusts under the Health and Social Care Act 2012**

Following the abolition of PCTs with effect from 1 April 2013, leases previously held by the PCTs have transferred to NHS Property Services Limited ("NHS Propco"), a limited liability company wholly owned by the Secretary of State. There is no binding obligation on the Secretary of State to take action to protect landlords' interests if NHS Propco ceases to exist and it is possible that, in the future, NHS Propco's interest in such leases may be transferred to a third party or that NHS Propco itself may no longer be owned by the Secretary of State. However, the Secretary of State has provided written assurances that it will ensure that NHS Propco meets its lease obligations and that any future third party assignee or owner will offer at least the same covenant strength as NHS Propco.

#### **Any changes under Guernsey law could affect the Company's ability to pay dividends and ability to be a REIT**

The Company is incorporated in Guernsey although it is managed, controlled and taxed in the UK. In order to qualify as a REIT, the Company must be tax resident in the UK and in no other jurisdiction. Failure to satisfy this condition would result in immediate expulsion from the REIT Regime. Any changes under Guernsey law such that the Company is also considered tax resident in Guernsey could impact the Company's ability to satisfy the REIT conditions and consequently to remain within the REIT Regime.

In addition, any changes under Guernsey law to the basis on which Guernsey companies may pay dividends could have an adverse effect on the Company's ability to pay dividends, which in turn may affect the ability of the Company to remain within the REIT Regime. Any changes to UK law could offset the Group's ability to trade successfully.

#### **The payment of dividends will be, in part, dependent on the performance of the investment portfolio**

All of the assets of the Company are owned by its various subsidiaries. Accordingly, the ability of the Company to continue to pay dividends is dependent, amongst other things, on the performance of its underlying investment portfolio and the subsequent receipt by the Company of distributions from its subsidiaries, and is therefore dependent on the continued operation and solvency of its subsidiaries. The Company can give no assurance that it will be able to pay a dividend going forward or the level of such dividend.

#### **Greater regulation of the financial services industry which imposes additional restrictions on the Group may materially affect the Group's business and its ability to achieve its investment objective**

Legislation proposing greater regulation of the financial services industry and the financial markets is being actively pursued in the European Union and other jurisdictions.

There can be no assurance that future regulatory action will not result in additional market dislocation. It is impossible to predict the nature, timing and scope of future changes in laws and regulations applicable to the Group. Any such changes in laws and regulations may have a material adverse effect on the ability of the Group to carry out its business, to successfully pursue its investment policy and to realise its profit potential. Any such event may materially adversely affect the investment returns of the Group.

#### **The Company may incur additional compliance costs if it is subject to the European Directive regulating Alternative Investment Fund Managers**

The Board is monitoring closely the potential impact of European Directives regulating Alternative Fund Managers. The Group has engaged a regulatory consultant to undertake a review of the likelihood of the Group being classified as an Alternative Investment Fund. The review concluded that it is not currently anticipated that this Directive will apply to the Group. However, there can be no assurance that there will not

be further legislation in this area, or that the Directive will not be amended, or that the classification of the Company could be changed. If the Directive did apply then there could be material compliance costs for the Group in implementing its provisions and the Company's ability to market its Ordinary Shares in certain jurisdictions could be adversely effected.

**The Company may incur additional compliance costs if a European Directive regulating Derivatives and Market Infrastructure applies to the Group**

The Board is monitoring closely the potential impact of a European Directives regulating Derivatives and Market Infrastructure. It is currently unclear whether this Directive will apply to the Group. It is not currently anticipated that this Directive will apply to the Group. However, there can be no assurance that there will not be further legislation in this area, or that the Directive will not be amended. If the Directive did apply then there could be material compliance costs for the Group in implementing their provisions. For example, the Group may be required to post margin or collateral on some or all its derivative contracts such as interest rate swaps which it has entered into to manage the funding of its operations and investments.

**Status as a REIT**

The Company, as the principal company of the Group, gave notice to HMRC (in accordance with section 523 CTA 2010) that the Group would become a group UK real estate investment trust ("REIT Group") with effect from 1 April 2013. As a result, the REIT Group will need to comply with certain ongoing regulations and conditions thereafter. The basis of taxation of any Shareholder's shareholding in the Company may differ or change fundamentally if the REIT Group fails or ceases to maintain its REIT status.

The requirements for maintaining REIT status are, however, complex (see Part V (The REIT Regime and Taxation) for a discussion of these requirements) and the REIT Regime, having commenced in 2007, has as yet no case law history of interpretation. Furthermore, there may be changes subsequently introduced (including changes in interpretation) to the requirements for maintaining REIT status. Prospective investors should note that there is no guarantee that the Group will continue to maintain REIT status (whether by reason of failure to satisfy the conditions for REIT status or otherwise). The Company cannot guarantee that it will maintain continued compliance with all of the REIT conditions and there is a risk that the REIT Regime may cease to apply in some circumstances. HMRC may require the Company to exit the REIT Regime if:

- (a) it regards a breach of the conditions or an attempt to obtain a tax advantage as sufficiently serious;
- (b) the Company or the REIT Group fails to satisfy certain conditions relating to the REIT regime;
- (c) if the REIT Group has committed a certain number of breaches of the conditions in a specified period;  
or
- (d) if HMRC has given the REIT Group at least two notices in relation to the obtaining of a tax advantage within a ten year period.

In addition, if the conditions for REIT Group status relating to the share capital of the Company or the prohibition on entering into certain prohibited loans with abnormal returns are breached, or the Company ceases to be UK tax resident, becomes dual tax resident or an open-ended investment company, the Group will automatically lose REIT status. The Group could therefore lose its status as a REIT as a result of actions by third parties, for example, in the event of a successful takeover by a company that is not a REIT. Alternatively, the Group may voluntarily give notice to cease to be a REIT.

If the Group fails to remain qualified as a REIT, members of the Group may be subject to UK corporation or income tax on some or all of their property rental income and chargeable gains on the sale of properties which would reduce the amounts available to distribute to investors.

If the REIT Group were to be required to leave the REIT Regime, HMRC has wide powers to direct how it would be taxed (both before and after it leaves the REIT Regime), including in relation to the date on which the Group would be treated as exiting the REIT Regime which could have a material impact on the financial

condition of the Group and, as a result, Shareholder returns. In addition, incurring a tax liability might require the REIT Group to borrow funds, liquidate some of its assets or take other steps that could negatively affect its operating results. A Shareholder's returns from its shareholding in the Company may differ or change fundamentally if the Group fails or ceases to maintain its REIT status.

If the Company is acquired by an entity that is not a REIT, the Company is likely in most cases to fail to meet the requirements for being a REIT. If so, the Company will be treated as leaving the REIT Regime at the end of the accounting period preceding the takeover and will cease from the end of that accounting period to benefit from the REIT Regime's tax exemptions.

A REIT may become subject to an additional tax charge if it pays a distribution to, or in respect of, an Excessive Shareholder. This additional tax charge will not be incurred if the REIT has taken reasonable steps to avoid paying dividends to an Excessive Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to an Excessive Shareholder and these provisions are summarised at paragraph 3 of Part V (The REIT Regime and Taxation) of this document. These provisions provide the Directors with powers to identify Excessive Shareholders and to prohibit the payment of dividends on Shares that form part of an Excessive Shareholding, unless certain conditions are met. The Articles also allow the Board to require the disposal of Shares forming part of an Excessive Shareholding in certain circumstances where the Excessive Shareholder has failed to comply with the above provisions.

All of the above matters may have a material effect on the Company's, business, financial condition or results of operations.

#### **The Company's status as a REIT may restrict distribution opportunities to certain Shareholders**

A REIT may become subject to an additional tax charge if it pays a dividend to, or in respect of, a company or certain corporate bodies beneficially entitled (directly or indirectly) to 10 per cent. or more of the Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company (an "Excessive Shareholder"). This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to an Excessive Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to an Excessive Shareholder and these provisions are summarised at paragraph 3 of Part V (The REIT Regime and Taxation) of this document. The Articles (i) provide the Directors with powers to identify Excessive Shareholders (including giving notice to a Shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Excessive Shareholder; (ii) provide the Directors with powers to prohibit the payment of dividends on Shares that form part of an Excessive Shareholder's shareholding (an "Excessive Shareholding"), unless certain conditions are met; (iii) allow dividends to be paid on Shares that form part of an Excessive Shareholding where the Excessive Shareholder has disposed of its rights to dividends on its Shares; (iv) seek to ensure that if a dividend is paid on Shares that form part of an Excessive Shareholding and certain arrangements are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and (v) provide the Directors with powers if certain conditions are met, to require (I) an Excessive Shareholder; or (II) a Shareholder who has not complied with a notice served; or (III) a Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the Articles, to dispose of such number of their Shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer an Excessive Shareholder.

#### **The Company's status as a REIT may restrict its ability to make investments**

The Company is intending to grow through acquisitions. However, the REIT distribution requirements limit the Company's ability to fund acquisitions and capital expenditures through retained income earnings. To maintain REIT status and as a result of obtaining full exemption from UK corporation tax on the profits of the Qualifying Property Rental Business of the Company, the Company is required to distribute annually to Shareholders an amount sufficient to meet the 90 per cent. distribution test by way of Property Income Distributions ("PIDs"). The Company would be required to pay tax at regular UK corporation tax rates on any shortfall to the extent that it distributes as PIDs less than the amount required to meet the 90 per cent.

distribution test for each accounting period. Therefore, the Company's ability to grow through acquisitions would be limited if the Company were unable to obtain further debt or issue Shares.

Further, differences in timing between the receipt of cash and the recognition of income for the purposes of the REIT rules and the effect of any potential debt amortisation payments could require the Company to borrow funds to meet the distribution requirements that are necessary to achieve the full tax benefits associated with qualifying as a REIT, even if the then-prevailing market conditions are not favourable for these borrowings.

As a result of these factors, the constraints of maintaining REIT status could limit the Company's flexibility to make investments.

## **RISKS RELATING TO FINANCING**

### **Growth of the Group's business is dependent on the continued availability of funding for new projects**

The growth of the Group's business, and in particular any future medical centre property development, is dependent on the continued availability of funding for new projects and it is not certain that facilities will be able to be secured in the future at levels or on terms acceptable to the Board, and this may in turn limit future returns for Shareholders.

### **Access to debt financing in the future will depend on suitable market conditions**

Access to debt financing in the future will depend on, amongst other things, suitable market conditions. If conditions in credit markets are unfavourable at the time when sources of financing expire or when the Group is looking to refinance them, the Group may not be able to obtain new sources of financing or may only be able to obtain new sources of financing at higher costs. This may impact the returns the Group is able to generate or reduce the Company's capacity to pay dividends.

### **Use of gearing increases volatility in net asset value per Ordinary Share**

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the Ordinary Shares where the value of the Group's underlying assets is rising, it can have the opposite effect if the underlying asset value is falling. In addition, in the event that the rental income of the Group's property portfolio falls, including as a result of defaults by tenants under the terms of their leases with the Group, the use of borrowings will increase the impact of such falls on the profitability of the Group and, accordingly, this will have an adverse effect on the Company's profits and ability to pay dividends to Shareholders in the future.

### **A fall in asset value or revenues may result in the breach of financial covenants**

The Group is a long term investor in property and accordingly is exposed to long term cyclical movements in property rental income and valuations, both of which are used in certain covenant calculations under the Group's borrowing facilities. There is a prudent level of headroom in the Group's covenants and these have not been breached. The primary care property sector has seen a general stable trend of yield reduction since 2010 and the Board believes that the sector continues to provide strong property fundamentals with good prospects for this trend in yield reduction to continue. The increase in yields during the financial crisis in 2008-09 was less pronounced than that which occurred in the general commercial property sector over the same period. In the longer term, a material increase in yields of a magnitude greater than that seen in the financial crisis in 2008-09 (for which, in light of current trends, the Board sees no evidence over the next 12 months) could result in the Group breaching its interest cover or loan to value covenants with its lenders in the longer term (although the Group's loans from Aviva are not subject to loan to value covenants).

Should there be a breach of financial covenants, the Group may be required to cure such breach via the provision of additional security or to repay such borrowings in whole or in part together with any attendant costs. If the Group is required to repay all or part of its borrowings, it may be required to sell assets at less than their market value at a time and in circumstances where the realisation proceeds are reduced because of a downturn in property values generally or because there is limited opportunity to market the property. As a

consequence the net asset value of the Group could be adversely affected and the level of dividends which the Company is able to pay may also be reduced.

#### **If the Group repays its third party debt early it will be subject to early repayment charges**

The Group has entered into financing arrangements with certain third parties, details of which are set out in paragraph 10 of Part X (Additional Information). It is the Board's intention to reduce the level of borrowings by £55 million from the proceeds of the Share Issue. Early repayment of these loans will trigger early repayment fees, the amount of which will vary dependent on prevailing interest rates and other factors at the time of redemption. The amount of these fees is not within the control of the Group, and payment of substantial early repayment fees could adversely affect the net asset value of the Group and the level of dividends which the Company is able to pay may also be reduced.

#### **Interest rate swaps may lead to cash outflows**

The Group has entered into certain fixed interest rate loans and interest rate swap transactions, details of which are set out in paragraph 10 of Part X (Additional Information), with the objective of fixing its interest payments on the amount drawn down on its bank facilities. If the Group draws down an agreed amount under the £30 million revolving credit facility it entered into on 22 May 2014 with Barclays and Natwest, it will be required by the terms of such facility to enter into a further interest rate swap transaction with the objective of fixing its interest payments on part of the amount drawn down on such loan. As a consequence of these arrangements, in periods when the 3 month LIBOR rate is lower than the swap reference rate, the Group will suffer net cash outflows.

### **RISKS RELATING TO THE ORDINARY SHARES**

#### **The market price of the Ordinary Shares may fluctuate in response to a number of factors, many of which are outside the Company's control**

The market price of the Ordinary Shares may fluctuate significantly due to a change in sentiment in the market regarding the Group's business, financial condition or results of operations. Such fluctuations may be influenced by a number of factors beyond the Company's control, including but not limited to the markets' perception of the likelihood of completion of the Share Issue, actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Group's business and industry, regulatory changes affecting the Group's operations, large sales or purchases of the Company's Ordinary Shares (or the perception that such transactions may occur) and general market and economic conditions.

Stock markets have from time to time experienced, and have recently experienced, significant price and volume fluctuations that have affected the market prices for securities, and these changes in market prices may have been unrelated to the operating performance or prospects of the businesses to which the securities relate. Stock market conditions are affected by many factors including but not limited to the supply and demand of capital, general economic and political conditions, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment and terrorist activity. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these factors could influence the market price of the Ordinary Shares.

For all or any of these reasons, the market price of the Ordinary Shares may go down as well as up. Consequently, investors may not recover their original investment and could lose all of it.

#### **Shareholders may be exposed to fluctuations in currency exchange rates**

Shareholders based outside the United Kingdom may be exposed to fluctuations in currency exchange rates. The Existing Ordinary Shares and the New Ordinary Shares are priced in sterling, and will be quoted and traded in sterling. In addition, any dividends that the Company may declare will be paid in sterling. Accordingly, Shareholders resident in non-UK jurisdictions are subject to risks arising from adverse

movements in the value of their local currencies against sterling, which may reduce the value of the Ordinary Shares as well as that of any dividends paid.

#### **Future sales of the Ordinary Shares in the public market could depress the market price**

Sales of a substantial number of the Ordinary Shares in the public market after the Share Issue, whether by Shareholders in the Open Offer or investors who acquired New Ordinary Shares in the Firm Placing and/or the Placing, or the perception that these sales might occur, could depress the market price of the Company's Ordinary Shares.

#### **The correlation between net asset value and market price is not guaranteed**

There is no guarantee that the market price of the Ordinary Shares will reflect fully the underlying value of the assets held by the Group. As well as being affected by the underlying value of the assets held, the market value of the Ordinary Shares will, amongst other factors, be influenced by their dividend yield and the supply and demand for the Ordinary Shares in the market. As such, the market value of the Ordinary Shares may vary considerably from the underlying value of the Group's assets. The market price of the Ordinary Shares may also fall, and remain below, the Offer Price.

#### **The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited**

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited under law. The Company has been formed and registered under the laws of Guernsey. The rights of the Overseas Shareholders and the fiduciary duties that are owed to them and the Company may differ in material respects from the rights and duties that would be applicable if the Company were organised under the laws of a different jurisdiction.

An Overseas Shareholder may not be able to enforce a judgment against some or all of the Directors. All of the current Directors are residents of the United Kingdom. Consequently, it may not be possible for an Overseas Shareholder to effect service of process on the Directors within the Overseas Shareholder's country of residence nor to enforce against the Directors judgments of courts of the Overseas Shareholder's country of residence based on civil liabilities under that country's securities laws. Overseas Shareholders may be unable to enforce any judgments in civil and commercial matters or any judgments under the securities laws of countries outside the United Kingdom against the Directors who are residents of the United Kingdom or countries other than those in which a judgment is made. In addition, English or other courts may not impose civil liability on the Directors in any original action based solely on foreign securities laws brought against the Company or the Directors in a court of competent jurisdiction in England or other countries.

#### **There is no public market for shares in the United States or elsewhere outside of the UK**

There is currently no public market for the Ordinary Shares in the United States or elsewhere outside of the United Kingdom. The New Ordinary Shares have not been, and will not be, registered under the US Securities Act or any state securities laws of the United States and will be subject to significant restrictions on resale in the United States. The Company does not intend to apply for a listing of the Ordinary Shares on a securities exchange in the United States or elsewhere outside the United Kingdom. As a consequence, an active trading market is not expected to develop for the Ordinary Shares outside of the United Kingdom and investors outside the United Kingdom may not be able to sell them at an acceptable price or at all.

### **RISKS RELATING TO THE SHARE ISSUE**

#### **Risks relating to the Share Issue not completing**

If the Resolutions are not approved or any other condition is not satisfied such that the Share Issue will not proceed, the Group will not receive the net proceeds of the Share Issue and therefore will not be able to reduce its loan to value ratio which is approximately 65 per cent. In such circumstance, the Group's inability to reduce its loan to value ratio may adversely affect the overall strategy and financial success of the Group as it will have reduced capacity to make future investments and acquisitions.

### **Shareholders will experience dilution of existing ownership of Ordinary Shares**

Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing whether or not Qualifying Shareholders take up their Open Offer Entitlement or participate in the Offer for Subscription. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.9 per cent. (excluding the impact of the Offer for Subscription) or 27.4 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their Open Offer Entitlement their holding will be diluted by 38.3 per cent. (excluding the impact of the Offer for Subscription) or 41.9 per cent. (assuming full take up under the Offer for Subscription). The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 38.3 per cent. to 61.7 per cent. as a result of the Share Issue (excluding the impact of the Offer for Subscription) or by 41.9 per cent. to 58.1 per cent. (assuming full take up under the Offer for Subscription).

### **Shareholders outside the UK may not be able to subscribe for New Ordinary Shares in the Open Offer or Offer for Subscription or for future issues of Ordinary Shares and may be diluted**

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by other Shareholders in the Open Offer or Offer for Subscription. In particular, holders of the Company's Ordinary Shares who are located in the United States may not be able to exercise their pre-emption rights unless a registration statement under the Securities Act is effective with respect to such rights or an exemption from the registration requirements is available under the Securities Act. The Open Offer and Offer for Subscription will not be registered under the Securities Act.

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders in such jurisdictions in any future issue of shares carried out by the Company. As a result, certain Non-Qualifying Shareholders may not be able to participate in the Open Offer or Offer for Subscription and this will result in their interests in the Ordinary Shares being diluted. Qualifying Shareholders who have a registered address in or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to subscribe for the New Ordinary Shares in the Open Offer or Offer for Subscription.

### **Open Offer Entitlements and/or participation in the Offer for Subscription may not be available to Shareholders with a registered address in any country outside of the UK**

In the case of an allotment of New Ordinary Shares for cash, holders of Ordinary Shares are generally entitled to pre-emption rights to subscribe for such shares, unless Shareholders waive such rights by a special resolution at a general meeting. In the absence of certain other actions, the exercise of Open Offer Entitlements or participation in the Offer for Subscription may not be available to Shareholders with a registered address in any country outside of the UK as securities laws of certain jurisdictions may restrict the Company's ability to allow participation by Shareholders outside the United Kingdom in the Open Offer or Offer for Subscription. If any Shareholders are not able to exercise Open Offer Entitlements granted under the Open Offer in respect of the Existing Ordinary Shares held by them on the Record Date under the Open Offer, or to participate in the Offer for Subscription then they will not receive the economic benefit of such entitlements. Further, their proportionate ownership and voting interests in the Company will be diluted in addition to the dilution caused by the Firm Placing and Offer for Subscription. Shareholders who have a registered address in or who are resident or located in, or who are citizens of, countries other than the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any formalities to enable them to exercise Open Offer Entitlements or to participate in the Offer for Subscription.

## FORWARD LOOKING STATEMENTS

This document contains forward-looking statements which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include forward-looking statements both with respect to the Group and the markets in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature identify forward-looking statements. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to any limitations of the Company's internal financial reporting controls; an increase in competition; an unexpected decline in turnover, rental income or the value of all or part of the Group's property portfolio; legislative, fiscal and regulatory developments, including but not limited to, changes in environmental, safety and healthcare regulations and governmental policy in relation to the delivery of primary healthcare and pharmacies; and currency and interest rate fluctuations. Each forward-looking statement speaks only as of the date of this document. Except as required by the rules of the FCA (and in particular the Prospectus Rules and the Disclosure and Transparency Rules), the London Stock Exchange, the Listing Rules or by law (in particular FSMA), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. All subsequent written and oral forward-looking statements attributable to any person involved in the preparation of this document or to persons acting on the Company's behalf are, subject to the requirements of the Prospectus Rules, expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Group's actual results of operation, financial condition, prospects, growth, synergies, strategies and dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition, prospects, growth, synergies, strategies and the dividend policy of the Company, and the development of the industry in which it operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. These forward-looking statements are further qualified by the risk factors set out on pages 18 to 31 of this document. Prospective investors are urged to read the sections of this document entitled "Risk Factors", "Letter from the Chairman" and "Information on Assura Group Limited" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates.

Any forward-looking statement contained in this document based on past or current trends and/or activities of the Group should not be taken as a representation that such trends or activities will continue in the future. No statement in this document is intended to be a profit forecast or to imply that the earnings of the Group for the current year or future years will necessarily match or exceed the historical or published earnings of the Group.

Forward-looking statements contained in this document do not in any way seek to qualify the working capital statement contained in paragraph 13 of Part X (Additional Information) of this document.

## **IMPORTANT INFORMATION**

### **Currency exchange rate information**

Unless otherwise indicated, all references in this document to “sterling”, “pounds sterling”, “£”, “pence”, “penny” or “p” are to the lawful currency of the UK.

### **No incorporation of website information**

Neither the contents of the Company’s website nor the content of any website accessible from hyperlinks on the Company’s website is incorporated into, or forms part of, this document.

### **General**

Shareholders and prospective investors should not treat the contents of this document as advice relating to legal, taxation, investment or any other matters. Shareholders and prospective investors should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Ordinary Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Ordinary Shares which they might encounter; and (c) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer or other disposal of Ordinary Shares. Shareholders and prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and any investment therein. Statements made in this document are based on the law and practice currently in force in England and Wales and are subject to changes therein. This document should be read in its entirety before making any application for New Ordinary Shares. Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

In making an investment decision, each Shareholder and prospective investor must rely on its own examination, analysis and enquiry of the Company and the terms of the Share Issue.

No person has been authorised to give any information or make any representations other than the information contained in this document and, if given or made, such information or representations must not be relied upon as having been authorised by the Company. Subject to the requirements of the Prospectus Rules, neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct at any time subsequent to its date.

In connection with the Firm Placing and/or Placing and Open Offer, Liberum, Oriel and any of their respective affiliates acting as an investor for their own account(s) may subscribe for New Ordinary Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or related investments in connection with the Firm Placing and/or Placing and Open Offer or otherwise. Accordingly, references in this document to Ordinary Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, Liberum, Oriel or any of their respective affiliates acting as an investor for its or their own account(s). Neither Liberum nor Oriel (as applicable) intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

## **DIRECTORS, REGISTERED OFFICE AND ADVISERS TO THE COMPANY**

<b>Directors</b>	Simon Timothy Laffin ( <i>Non-executive Chairman</i> ) Graham Charles Roberts ( <i>Chief Executive Officer</i> ) Jonathan Stewart Murphy ( <i>Finance Director</i> ) Jenefer Dawn Greenwood ( <i>Non-executive Director</i> ) David Hedley Richardson ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Jonathan Stewart Murphy
<b>Head office, principal place of business and UK branch address</b>	The Brew House Greenalls Avenue Warrington Cheshire WA4 6HL
<b>Registered office</b>	Old Bank Chambers La Grande Rue St Martin's Guernsey GY4 6RT
<b>Joint Bookrunner, Sponsor, Financial Adviser and Underwriter</b>	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY
<b>Joint Bookrunner, Sponsor, Financial Adviser and Underwriter</b>	Oriel Securities Limited 150 Cheapside London EC2V 6ET
<b>Solicitors to the Company as to English Law</b>	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
<b>Auditors and Reporting Accountant</b>	Deloitte LLP 2 Hardman Street Manchester M3 3HF
<b>Guernsey Advocates to the Company</b>	Ogier Ogier House St Julian's Avenue St Peter Port Guernsey GY1 1WA
<b>Solicitors to the Joint Bookrunners, Sponsors, Financial Advisers and Underwriters as to English Law</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Administrator</b>	Morgan Sharpe Administration Limited Old Bank Chambers La Grande Rue St Martin's Guernsey GY4 6RT

<b>Registrars</b>	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES
<b>Receiving Agent</b>	Computershare Investor Services PLC Corporate Actions Projects Bristol BS99 6AH
<b>Valuers</b>	Savills Advisory Services Limited 33 Margaret Street London W1G 0JD  Jones Lang LaSalle 40 Berkeley Square Bristol BS8 1HU

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	5.00 p.m. on 23 September 2014
Announcement of the Share Issue	24 September 2014
Offer for Subscription opens	24 September 2014
Ex-entitlement date	24 September 2014
Despatch of Prospectus, Application Forms and Forms of Proxy	24 September 2014
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 25 September 2014
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 3 October 2014
Recommended latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 6 October 2014
Recommended latest time for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 7 October 2014
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 9 October 2014
Latest time and date for receipt of Offer for Subscription Application Forms and payment in full under the Offer for Subscription	11.00 a.m. on 9 October 2014
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via CREST	11.00 a.m. on 12 October 2014
Extraordinary General Meeting	11.00 a.m. on 14 October 2014
Announcement of results of Extraordinary General Meeting	14 October 2014
Admission and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 15 October 2014
CREST stock accounts expected to be credited for the New Ordinary Shares	15 October 2014
Share certificates for New Ordinary Shares expected to be despatched	within 7 days of Admission

### NOTES:

- (1) Each of the times and dates in the table above is indicative only and may be subject to change.
- (2) References to times in this document are to London time.
- (3) The times and dates set out in the table above and mentioned throughout this document may be adjusted by the Company in consultation with Oriel and Liberum, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders.
- (4) Any Existing Ordinary Shares sold prior to the close of business on 23 September 2014, the date on which the Existing Ordinary Shares will trade with entitlement, will be sold to the purchaser with the right to receive entitlements under the Open Offer.
- (5) If you have any questions on the procedure for application and payment under the Open Offer, you should contact Computershare Investor Services PLC between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 707 4040 from within the UK or + 44 870 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately ten pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Share Issue nor give any financial, legal or tax advice.

## STATISTICS RELATING TO THE SHARE ISSUE

Number of Existing Ordinary Shares in issue as at 23 September 2014 (being the latest practicable date prior to the publication of this document)	573,813,120
Offer Price per New Ordinary Share	43.5 pence
Discount to price of Existing Ordinary Shares <sup>(1)</sup>	6.95 per cent.
Entitlement under the Open Offer	1 New Ordinary Share for every 4 Existing Ordinary Share
Number of Firm Placed Shares to be issued pursuant to the Firm Placing	213,328,329
Number of Open Offer Shares to be issued pursuant to the Placing and Open Offer	143,453,280
Number of New Ordinary Shares to be issued pursuant to the Offer for Subscription	up to 57,471,264
Aggregate number of New Ordinary Shares to be issued pursuant to the Share Issue <sup>(2)</sup>	414,252,873
Number of Ordinary Shares in issue immediately following the Share Issue <sup>(2)</sup>	988,065,993
Estimated gross proceeds of the Share Issue <sup>(2)</sup>	£155.2 million
Estimated expenses of the Share Issue <sup>(2)</sup>	£5.2 million
Estimated net proceeds receivable by the Company <sup>(2)</sup>	£150 million
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	38.34 per cent.
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares once admitted to trading)	GB0033732602
ISIN of the Open Offer Entitlement	GG00BQQFCF94
ISIN of the Excess Open Offer Entitlement	GG00BQQFCG02
SEDOL	3373260

### NOTES:

(1) The discount is the percentage discount that the Offer Price represents to the closing mid market price of Existing Ordinary Shares at the close of business on 23 September 2014, being the latest practicable date prior to the announcement of the Share Issue.

(2) This assumes nil take up of the Offer for Subscription.

## PART I

### LETTER FROM THE CHAIRMAN

#### ASSURA GROUP LIMITED

*(a limited company incorporated in Guernsey with registered number 41230)*

*Directors:*

Simon Timothy Laffin, *Non-executive Chairman*  
Graham Charles Roberts, *Chief Executive Officer*  
Jonathan Stewart Murphy, *Finance Director*  
Jenefer Dawn Greenwood, *Non-executive Director*  
David Hedley Richardson, *Non-executive Director*

*Registered Office:*

Old Bank Chambers  
La Grande Rue  
St Martin's  
Guernsey  
GY4 6RT

24 September 2014

*To Shareholders and, for information only, holders of awards under the Assura Employee Share Plans*

Dear Shareholder,

#### **1. Introduction**

##### ***The Share Issue***

The Company has today announced that it proposes to raise gross proceeds of £155.2 million (approximately £150 million net of expenses) through the issue of 356,781,609 New Ordinary Shares by way of a Firm Placing and a Placing and Open Offer and additional gross proceeds of up to £25 million through the issue of up to 57,471,264 New Ordinary Shares by way of an Offer for Subscription, all at 43.5 pence per New Ordinary Share (the "Offer Price"). The Offer Price represents a discount of 6.95 per cent. to the Closing Price of 46.75 pence per Existing Ordinary Share on 23 September 2014 (being the last practicable date prior to the announcement of the Share Issue).

##### ***Shareholder approval***

The Share Issue requires Shareholder approval (i) to grant the Directors authority to allot and issue the New Ordinary Shares, as if the pre-emption rights in the Company's Articles did not apply, and (ii) of the participation by Invesco in the Firm Placing as a related party transaction for the purposes of Chapter 11 of the Listing Rules (further details of which are set out in paragraph 11.4 of Part X (Additional Information)). Such approvals will be sought at an Extraordinary General Meeting convened for 11.00 a.m. on 14 October 2014, notice of which is set out at the end of this document. If the Resolutions are not passed at the Extraordinary General Meeting (or any adjournment thereof), the Share Issue will not proceed.

##### ***Purpose of this document***

This letter sets out the background to and explains the reasons for the Share Issue and why the Board believes it is in the best interests of the Company and Shareholders as a whole.

You are recommended to read the whole of this document (and all the information incorporated by reference into it which is listed in the section entitled "Documents incorporated by reference") and not rely on the summarised information set out in this letter. In particular, you are advised to consult the section entitled "Risk Factors" on pages 18 to 31 of this document.

#### **2. Assura and its market**

##### ***Assura business model***

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

Assura maintains a unique position in the listed primary care sector in that it provides all of the elements of the property service requirements for GPs and other tenants. This enables the adoption of a long-term partner approach throughout the involvement in the lifecycle of a medical centre.

This process starts with the development managers who monitor and manage the process from design through to delivery of the completed building. As a long-term investor, Assura is committed to each new development being completed to a high standard as well as its ongoing efficient operation and maintenance. Assura's team of property surveyors manages the medical centre and its efficient operation through frequent liaison with tenants.

This integrated approach of "develop, invest and manage" provides Assura with more interaction with GPs and hence a better understanding of their evolving needs, which can be an advantage in securing new development opportunities.

In addition to securing new developments, Assura has a track record in delivering accretive acquisitions and has acquired £188 million of assets since April 2012. Securing further acquisitions is a key priority and management is in regular dialogue with other investors in the sector to identify and secure future opportunities.

To date, Assura has successfully re-invested proceeds from its non-core disposal programme into new developments and acquisitions. As the non-core disposal programme nears completion, the Directors believe there is an investment opportunity for additional capital to be deployed.

Assura's internally managed structure provides a scalable model that means, as the property portfolio increases in scale, the benefits accrue to Shareholders and help support the progressive dividend policy.

The Company's acquisitions and developments over the previous two years have enhanced underlying earnings per Ordinary Share by 75 per cent., supporting growth in the dividend per Ordinary Share of 44 per cent. on an annualised basis.

### ***Market backdrop***

The primary care sector displays strong real estate fundamentals: excellent occupier covenants (backed by the NHS); limited development risk; restricted supply with little speculative development; long leases typically without breaks or rent free periods; and high occupancy levels. In addition, the underlying open market rent review mechanism most common in the sector has provided inflation tracking returns over the medium term.

Assura, as one of the leading primary care property investors and developers in the UK, benefits from a secure and predictable income stream with an underpinning of inflation linkage, which together contribute to a strong risk-adjusted return.

The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group is well placed to benefit from consolidation in the sector due to its status as a listed REIT and its internally managed operating model.

### ***Increasing demand for primary care property***

GPs are the cornerstone of the UK health model and provide consultations with almost a million patients every day<sup>1</sup>. Many of these consultations take place in outdated and unsuitable premises that are not able to provide the broad range of services that are available in modern purpose built premises. The Care Quality Commission commenced inspections in primary care in 2013/14 and found that 24 per cent. of the premises they inspected failed the safety and suitability criteria.

The demands on the health service are increasing. An ageing population places greater demands on GPs. There are 4.2 million people aged over 75 in England and this age group has twice as many GP consultations as the average-aged person in the UK. Population forecasts predict a 30 per cent. increase in this demographic over the next ten years<sup>2</sup> and this will place a corresponding increase in the demands on GPs and their facilities.

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1 Improving General Practice, A call to action, March 2014

2 ONS National Population Predictions, Table A2-4

In addition to an ageing population, the number of people with long-term health conditions is also increasing: the number of people living with more than one long-term health condition is forecast to rise from 1.9 million in 2008 to 2.9 million in 2018<sup>3</sup>.

Primary care infrastructure has already come under strain in recent years with the number of GP consultations rising from 300 million in 2008 to 340 million in 2012. These forecast trends will compound such pressure going forward.

### ***Restricted market supply***

The reorganisation of the NHS that was implemented in April 2013 resulted in a significant increase in the role of GPs in the commissioning of services. Over time this should lead to an increase in the delivery of services in the primary care setting. However, in the short-term this has led to a reduction in the number of approvals of new developments as the new organisational structures have taken time to become fully operational. More than a year after implementation there is still a lack of clarity on the processes for commissioning new premises. The pressures on the existing primary care estate increase while these delays continue.

It is anticipated that the processes for approving new premises will be clarified and implemented in the near future and the Group remains ready to provide the expertise and the capital to support this essential investment in NHS infrastructure.

The Directors believe that the Company is well positioned to capitalise from this change in policy, given the expertise and experience of its in-house design and development team and its track record of successfully delivering enhanced primary care properties to GPs.

### ***Rent reviews***

In the primary care sector rent reviews are agreed with the District Valuers, effectively acting for the NHS and acting to ensure value for money for the public purse, typically on a three year cycle. The majority of these reviews are based on open market rents agreed on primary care premises in the period under review. These are heavily influenced by the rents set on new developments. New development rents are estimated based on an open book review of the costs of a development allowing for an agreed developer's margin. As a result, in a period of increasing land values and construction cost inflation, such as is being currently experienced, these rising input costs result in increasing rental levels being set on new developments and hence provide evidence for the wider primary care market.

Delays in the rent review process and the reduced number of developments currently being undertaken are resulting in fewer points of evidence for these increasing costs feeding through into higher rents. This has been a contributory factor in a slowing in the rate of open market rental growth across the sector. Once the development pipeline grows across the whole sector the Directors believe that the upward pressure on rents should begin to build again.

The underlying open market rent review mechanism has provided inflation tracking returns over the medium term. The Directors believe that open market reviews are a lagging indicator and, as the economy continues to recover, this should feed through into rent reviews in the future.

### ***Market outlook***

The requirement for investment in primary care premises is increasing as the demands on the NHS are rising. GPs are experiencing an increase in the number of consultations and this is expected to increase further based on the increasing healthcare demands of an ageing population. There is currently a reduction in the number of approvals for new premises following the reorganisation of the NHS in 2013 which changed the process for investment in primary care premises and which has resulted in a drop-off in approvals for new schemes while new procedures are being established. Despite this, the sector continues to provide modest rental growth and strong returns for investors. Against a backdrop of tightening yields across other property sectors,

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3 Long Term Conditions Compendium of Information

primary care continues to provide strong property fundamentals with good prospects for capital and income growth.

### ***Transformation in Assura's business to date***

The implementation of a focused strategy by the management team over the two years to 31 March 2014 has increased the adjusted net asset value per Ordinary Share by 20 per cent. to 43.4 pence per Ordinary Share and the underlying earnings per Ordinary Share from continuing operations by 75 per cent. from 1.2 pence per Ordinary Share to 2.1 pence per Ordinary Share. The valuation of the Group's portfolio as at 22 August 2014 provides a further increase of 1.7 pence in the adjusted net asset value per Ordinary Share.

Over the same two year period to 31 March 2014, the core portfolio of assets increased by £121 million and since the year-end, the core portfolio of assets has increased by a further £123 million following the recently announced acquisitions of MP Realty Holdings Group ("MP Realty") and Park Medical Services Limited ("One Life"). In aggregate, the increase of £261 million since 31 March 2012, together with developments of £42 million, has led to an enlarged core portfolio of assets of £766 million in primary care property as at 22 August 2014 or an increase of over 52 per cent. since 31 March 2012. This growth has been achieved through a combination of acquisitions (£188 million), completed developments (£42 million) and revaluations less disposals (£31 million). The weighted average unexpired lease length of the portfolio is 14.2 years.

The growth in the core portfolio has been achieved without a significant increase in the overheads of the business and in the two years to March 2014 the administrative overheads of the Group as a percentage of the average portfolio value has declined from 0.87 per cent. to 0.82 per cent. This ratio has declined further following the recently completed acquisition of the MP Realty portfolio.

As an internally managed business, management has built a focused, scalable platform with capacity to manage a larger portfolio of assets with only marginal increases in associated overheads. Management estimates that for every additional £100 million of assets under management, an incremental £80,000 of overheads would be expected to be incurred. This has enabled the growth in the portfolio to be achieved while increasing the underlying earnings per Ordinary Share.

The recent acquisition of MP Realty was completed for consideration in both shares and cash. This highlights the ability of the Group to fund acquisitions through the issuance of new Ordinary Shares.

The growth in the core portfolio has been assisted by a rigorous approach to capital discipline with over £32 million in asset realisations in the two years to 31 March 2014, increasing to £34 million including disposals subsequent to this date. The Group disposed of its equity and loan note investments in seven LIFT companies for £22.4 million in November 2013 and, in addition, has disposed of £12 million of other non-core assets.

The REIT conversion in April 2013 was an important milestone for the Group. This is an important favourable government-backed tax regime that enables the Group to compete effectively with other tax efficient investors. It also confirms the Group's commitment to remain property investors.

The appetite for lending into the primary care property sector has remained positive over recent years and there has been significant activity from both the traditional banks and other non-bank lenders such as insurers. The Group has an overall policy of funding its borrowings with long-term and fixed rate debt, supplemented by more flexible short-term facilities where required. The long-term and secure nature of the income stream is well suited to this type of borrowing. At 31 March 2014 the average weighted maturity of the outstanding debt was 10.9 years at an average rate of 5.31 per cent., and 98 per cent. of this was at fixed rates.

In November 2011, the Group entered into a £110 million ten-year fixed rate bond at 4.75 per cent. Over the two years to March 2014 the Group has secured new borrowings of £27 million at average interest rate of 4.7 per cent. with an average weighted maturity of 21 years. In May 2014, the Group entered into a five-year club revolving credit facility for £30 million at an initial margin of 185 basis points over LIBOR. Further information on the Company's indebtedness is set out in paragraph 6 of Part VIII (Operating and Financial Review).

### 3. Principal terms of the Share Issue

The Company is proposing to raise up to approximately £180.2 million (before expenses) through the Share Issue. The Company intends to issue 213,328,329 New Ordinary Shares through the Firm Placing, 143,453,280 New Ordinary Shares through the Placing and Open Offer and up to 57,471,264 New Ordinary Shares through the Offer for Subscription, all at the Offer Price of 43.5 pence per New Ordinary Share.

The Offer Price of 43.5 pence per New Ordinary Share represents a discount of 6.95 per cent. to the Closing Price of an Ordinary Share of 46.75 pence on 23 September 2014 (being the latest practicable date prior to the announcement of the Share Issue).

#### *Firm Placing*

The Firm Placees have agreed to subscribe for 213,328,329 New Ordinary Shares at the Offer Price, representing gross proceeds of approximately £92.8 million at the Offer Price. The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer.

#### *Placing and Open Offer*

143,453,280 of the New Ordinary Shares proposed to be issued by the Company are being offered to Qualifying Shareholders by way of the Open Offer (representing gross proceeds of approximately £62.4 million at the Offer Price). Excluded Overseas Shareholders will not be able to participate in the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to participate in the fundraising (subject to compliance with applicable securities laws) by subscribing both for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability.

Qualifying Shareholders will have an Open Offer Entitlement of:

**1 Open Offer Share for every                      4 Existing Ordinary Shares**

registered in the name of the relevant Qualifying Shareholder on the Record Date and so in proportion to any other number of Existing Ordinary Shares held.

Qualifying Shareholders may also apply, under the Excess Application Facility, for any whole number of New Ordinary Shares. Applications for Excess Shares will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the Directors (in consultation with Liberum and Oriel), who will have regard to the *pro rata* number of Excess Shares applied for by Qualifying Shareholders under the Excess Application Facility.

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated but will be aggregated and sold for the benefit of the Company.

The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back. The Open Offer Shares have been placed conditionally with certain investors at the Offer Price, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer. Any New Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements and under the Excess Application Facility may be issued in the Placing.

Application Forms for Qualifying non-CREST Shareholders are expected to be posted to Qualifying non-CREST Shareholders on 24 September 2014 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 25 September 2014. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 9 October 2014, with Admission expected to take place on 15 October 2014.

**Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike with a rights issue, any Open Offer Shares not applied for by Qualifying Shareholders under their Open Offer Entitlement will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer, but may be allotted to Qualifying Shareholders to meet any valid applications under the Excess Application Facility or will be placed under the Placing.**

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the close of business on 23 September 2014 is advised to consult his stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him under the rules of the London Stock Exchange by those who purchased his holding(s) or part thereof.

Further information on, and the terms and conditions of, the Open Offer is set out in Part II (Terms and Conditions of the Open Offer) of this document.

### ***Offer for Subscription***

Up to 57,471,264 New Ordinary Shares are available under the Offer for Subscription at the Offer Price, representing gross proceeds of up to £25 million at the Offer Price. The Offer for Subscription is only being made in the UK but, subject to applicable law, the Company may allot New Ordinary Shares on a private placement basis to applicants in other jurisdictions. The terms and conditions of application under the Offer for Subscription are set out in Part III of this Prospectus and an Offer for Subscription Application Form accompanies this document. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in any doubt about the contents of this Prospectus.

The latest time and date for receipt of completed Offer for Subscription Application Forms and payment in full under the Offer for Subscription and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 9 October 2014, with Admission expected to take place on 15 October 2014.

In the event of excess applications under the Offer for Subscription, the basis of allocation will be determined at the discretion of the Directors (in consultation with Oriel and Liberum) who will have regard to the *pro rata* number of New Ordinary Shares applied for by potential investors under the Offer for Subscription. The Offer for Subscription is separate to, and does not form part of, the Firm Placing and Placing and Open Offer.

The Share Issue is conditional, amongst other things, on:

- the satisfaction of certain conditions contained in the Sponsor and Underwriting Agreement between the Company, Liberum and Oriel, which are typical for an agreement of that nature;
- Liberum and Oriel not having terminated the Sponsor and Underwriting Agreement in accordance with its terms;
- the approval of the Resolutions by Shareholders at the Extraordinary General Meeting (or any adjournment thereof); and
- Admission occurring on or before 8.00 a.m. on 15 October 2014 (or such later date as the Company, Liberum and Oriel may agree jointly but not later than 22 October 2014).

The Firm Placing and Placing and Open Offer has been fully underwritten by Liberum and Oriel on the terms of the Sponsor and Underwriting Agreement. The Offer for Subscription is not being underwritten.

## **4. Reasons for the fundraising and use of proceeds**

To capitalise on current opportunities and create the most attractive investment vehicle in the sector, the Company wishes to raise capital to make further investments into primary care properties and reduce the overall level of borrowings.

### ***Fund acquisition and development pipeline***

The Group has successfully completed acquisitions for consideration in excess of £188 million since 31 March 2012 and underlying earnings per Ordinary Share have increased by 75 per cent. in the two year period to 31 March 2014. The Board intends to continue to target acquisitions to fund developments to secure new investments at above market yields.

The Group has a near term pipeline of acquisitions and developments with a cost of approximately £95 million.

The Group has agreed non-binding heads of terms to acquire 11 purpose-built medical centres for consideration (for both the equity and debt) of approximately £62 million. The assets have an average unexpired lease term of 20.7 years with approximately 90 per cent. of the rental income funded by the NHS. The transaction is subject to due diligence and there can be no certainty that the transaction will proceed, although it is currently anticipated to complete before the end of November 2014.

In addition to this portfolio there are 13 further individual asset acquisitions on which commercial terms have been agreed, solicitors have been instructed and which are subject only to NHS approval. The aggregate consideration for these 13 individual assets is approximately £18 million. These are anticipated to be under contract before the end of the current financial year.

As at 22 August 2014, the Group had another seven developments with an estimated future expenditure of approximately £15 million. Five of these schemes (with an estimated rental value of £1.4 million per year) are already on-site, with the remaining two developments (with an estimated rental value of £0.5 million per year) expected to commence before the end of the current financial year. The estimated value on completion of these individual schemes ranges from £1.4 million to £8.7 million.

The above acquisitions and developments are expected to generate yield on costs or consideration broadly in line with that of the Group's most recent acquisitions and developments.

In addition to this near term pipeline, the Company has further opportunities with a value in excess of £75 million. However, the timing of these projects is more uncertain and they are not anticipated to commence in the current financial year. The Board has identified up to £13.3 million of non-core capital recycling which may provide additional financial resource for acquisitions and developments.

The Group can manage additional acquired properties with only marginal increases in overheads. From 1 April 2012 to 31 March 2014, the administrative overheads of the Group as a percentage of the average portfolio value has improved from 0.87 per cent. to 0.82 per cent. Following completion of the near term pipeline of acquisitions and developments of approximately £95 million described above, this will fall further.

Management is in regular dialogue with other investors in the sector to identify and secure future opportunities for portfolio purchases. The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group has a good track record of securing earnings accretive acquisitions and remains confident of securing further portfolios, though the success and timing of any such purchases is inherently uncertain.

### ***Reduce level of borrowings***

At the year ended 31 March 2014, the Group had a loan to value ratio of 62 per cent. Following the acquisition of the MP Realty portfolio and One Life, the current level of debt of £537 million results in a loan to value ratio of 65 per cent. This level of borrowings is supported by the quality and longevity of the rental income stream. However, the Board considers that a lower loan to value ratio would be more appropriate in the medium term and would provide greater flexibility for future development and acquisition activity.

In concluding the three most recent acquisitions of the Trinity portfolio, the MP Realty portfolio and One Life, the Group has included a provision in the accounts to reflect the early redemption fees due on redemption of the associated loans. From these three acquisitions, the Group has £136 million of loans outstanding with an associated provision of £4.7 million. These loans have interest rates applicable on them of between 5.35 per cent. and 6.23 per cent. and have three month notice periods associated with any notification to redeem.

Management intends to reduce the Group's net borrowings by approximately £55 million by repaying debt. This will reduce the Group's total debt to approximately £482 million and result in an overall loan to value ratio of approximately 52 per cent., including investment of the £95 million proceeds. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing its loan obligations further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available. It is expected that reducing borrowings will increase underlying earnings and support future dividend growth. This statement does not constitute a profit forecast.

No notice has yet been served to redeem any loans and so the exact loans to be repaid and the amount of any associated redemption fees or refinancing costs have not yet been finally determined.

The Board considers that a loan to value ratio of between 45 per cent. and 55 per cent. would be the optimal capital structure for the Group in the medium term. However, the Board would contemplate increasing this up to 65 per cent. for short periods if a sufficiently value enhancing opportunity presents itself. The Board anticipates drawing down on new debt facilities as and when attractive acquisition opportunities arise.

## **5. Director participation**

The Directors are interested in an aggregate of 4,190,257 Ordinary Shares (representing approximately 0.73 per cent. of the Existing Ordinary Shares). All the Directors intend to participate in the Share Issue and have, in aggregate, subscribed for 2,990,802 New Ordinary Shares pursuant to the Share Issue, which is an amount greater than their aggregate Open Offer Entitlements.

Further details of the Directors' and Group's management's participation in the Share Issue, their shareholdings as at the date of this document, and their anticipated shareholdings at Admission are set out in paragraphs 5.2 and 5.3 of Part X.

## **6. Impact of Dilution**

Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing and Offer for Subscription whether or not Qualifying Shareholders take up their Open Offer Entitlements. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.9 per cent. (excluding the impact of the Offer for Subscription) or 27.4 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their Open Offer Entitlement their holdings will be diluted by 38.3 per cent. (excluding the impact of the Offer for Subscription) or 41.9 per cent. (assuming full take up under the Offer for Subscription). The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 38.3 per cent. to 61.7 per cent. as a result of the Share Issue (excluding the impact of the Offer for Subscription) or by 49.1 per cent. to 58.1 per cent. (assuming full take up under the Offer for Subscription).

## 7. Financial impact of the Share Issue

The pro forma statement below sets out how the receipt of proceeds from the Share Issue are expected to impact the Group's financial position.

		<i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer</i>	<i>Pro forma net assets of the Group</i>
	<i>Net assets of the Group at 31 March 2014</i>	<i>Placing and Placing and Open Offer</i>	<i>Pro forma net assets of the Group</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
		<i>Note 1</i>	
Total property	668.3	–	668.3
Other non-current assets	1.3	–	1.3
Cash	38.6	150.0	188.6
Other current assets	5.5	–	5.5
Debt and finance lease obligations	(453.4)	–	(453.4)
Other liabilities	(33.7)	–	(33.7)
Net assets	226.6	150.0	376.6

**Note 1:** The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £150 million (gross proceeds of £155.2 million less estimated expenses of £5.2 million). The Company intends that £55 million of the proceeds from the Firm Placing and Placing and Open Offer is used to reduce net borrowings, with the remainder being invested in medical properties that would be added to the Group's investment portfolio. Adjustments to reflect the intended use of proceeds have not been included on the basis they are not directly attributable to the transaction. The proforma LTV would reduce from 62 per cent. to 52 per cent. based on these assumptions. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing its loan obligations further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available.

Since 31 March 2014 the Group has completed a number of acquisitions, the financial impact of which is not reflected in the above pro forma statement. On 13 June 2014 the MP Realty portfolio was acquired for £107 million for cash consideration of £10 million and the issue of 44,264,196 new Ordinary Shares, with associated net debt of £77.7 million and a passing rent roll of £6 million. On 22 July 2014 the One Life property was acquired for £12.3 million with associated net debt of £8.7 million and a passing rent roll of £0.8 million. On 21 August 2014 the Group announced the acquisition of the Leylands Medical Centre in Bradford for £2.6 million and a passing rent of £0.2 million. These acquisitions have increased the Group's LTV to 65 per cent., which is expected to reduce to 52 per cent., including investment of the £95 million proceeds, following the reduction in debt and investment of the proceeds of the Firm Placing and Placing and Open Offer. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing its loan obligations further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available.

In addition, for the purposes of the Share Issue, the Group's property portfolio, including recent acquisitions, was re-valued as at 22 August 2014 (details of which are set out in paragraph 9 of this Part I and in Part VI (Property Valuation Reports) of this document). The net impact of the valuation movements on investment properties, developments, land and after acquisition costs is approximately £9.8 million or 1.7 pence per Ordinary Share on the current number of Ordinary Shares in issue as at the date of this document.

## 8. Key recent acquisitions

### *Trinity*

On 10 September 2013, the Company acquired the entire share capital of Trinity Medical Developments Limited and its wholly owned subsidiary Trinity Medical Properties Limited (together "Trinity"). The Trinity portfolio, which was acquired in an off-market transaction, consists of 32 modern high quality medical centres with a rent roll of £4 million (96 per cent. of which comes from GPs or other NHS bodies) and a

weighted average unexpired lease term of 16.2 years. It was acquired by the Company for £62.9 million. The consideration of £6.9 million was wholly satisfied by cash. The principal amount of the debt assumed with the acquisition of Trinity was £52 million. Receivables acquired, transaction costs and negative goodwill formed the balance. From the date of acquisition to 31 March 2014, Trinity contributed £2.3 million to the Group's consolidated gross rental and related income and £0.8 million to consolidated profit for the period.

### ***MP Realty***

On 13 June 2014, the Company announced that it had acquired 28 high-quality, modern medical centres for gross consideration of £107.0 million from Ray Seymour and Alistair Blacklaws, the founders of MP Realty, via an off-market transaction. The 28 medical centres have on average a lot size of £3.9 million, an unexpired lease term of 15 years and are under 10 years old. The consideration for the transaction was £10 million in cash and 44,264,196 new Ordinary Shares issued at 42.75 pence per Ordinary Share, with a total value of £18.9 million. The £77.7 million of debt assumed with the acquisition (for further details of which see paragraph 11 of this Part I) has an average fixed interest rate of 5.5 per cent. and an average maturity of 13.5 years. The passing rent of £6 million (90 per cent. of which comes from GPs or other NHS bodies) on the MP Realty portfolio added 15 per cent. to the Group's rent roll. Interest costs on the long-term debt assumed by the Company as part of the acquisition amount to £4.2 million per annum.

### ***One Life***

On 22 July 2014, the Company acquired the entire share capital of Park Medical Services Limited ("One Life") for £12.3 million. The sole asset of One Life is a modern, high quality medical centre with a passing rent of £0.8 million and a weighted average unexpired lease term of 14.1 years. It was acquired by the Company for £2.7 million, which was wholly satisfied by cash. The principal amount of the debt assumed with the acquisition of One Life was £8.7 million. A provision of £0.9 million was reflected in the purchase price representing the full cost of re-pricing the debt to current market rates and this provides Assura with the flexibility to re-price or redeem efficiently in the future.

## **9. Current trading and prospects of Assura**

### ***Future prospects***

The demand for new premises in primary care is increasing against a backdrop of an existing property estate that is not able to meet these challenges and at the same time the supply of new premises has slowed.

The Group has strong brand recognition across the GP community, which provides an important competitive advantage in securing new development opportunities. The Group's in-house development and management teams provide the right blend of skills across medical investment and development to ensure that the Group is well placed to deliver on the opportunities in the sector.

In addition to the opportunities in new developments the Company's in-house investment management team seek to identify opportunities to add value to the existing portfolio. This is achieved through lease extensions, letting vacant space, extensions to existing premises or co-locating complementary tenants such as pharmacies.

The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group is well placed to benefit from consolidation in the sector due to its status as a listed REIT and its internally managed operating model. The Group can manage additional sites with only marginal increases in overheads and its status as a REIT allows it to offer vendors shares as consideration as well as not triggering capital gains tax liabilities from the sale of assets held in corporate wrappers.

The combination of these factors means that the Group is well placed to provide the expertise and capital to meet the required investment in primary care infrastructure and to maximise the opportunities for consolidation in the sector. Through building a larger portfolio the Group is positioned to create the sector leading vehicle that is well placed to deliver benefits of scale to its shareholders.

### ***Interim Management Statement***

Assura released its first quarter's interim management statement on 31 July 2014, in which it said:

“Assura Group Limited (“Assura”), the UK’s leading primary care property investor and developer, today publishes its interim management statement for the period from 1 April to 30 July 2014.

*18% growth in investment property from acquisitions since the year-end, adding £6.8 million to annualised rent roll*

- On 13 June 2014, Assura acquired a portfolio of 28 high-quality, modern medical centres from the founders of MP Realty Holdings Group for £107 million. The centres have an average unexpired lease term of 15 years.
- On 23 July 2014, Assura acquired Park Medical Services Limited which owns one modern high quality, fully let medical centre in Middlesbrough for £12.3 million. The centre has a weighted average unexpired lease term of 14 years.
- Minimal increase in operating expenses expected following these acquisitions.

### ***Continued development progress***

- One development at Silsden, West Yorkshire, has completed since 1 April 2014. This new GP surgery added £0.2 million annualised rent at a yield on total cost of 6.6%.
- Four developments at Market Weighton, Lanchester, Sudbury and Blaenavon are currently on site with an estimated combined value on completion of £19.3 million.

### ***Disposals***

- Since 1 April 2014 we have completed or exchanged on £2.4 million of non-core property sales with £14 million of non-core assets remaining.

### ***Further rental growth***

- The weighted average annual rent increase was 1.98% on the basis of 34 reviews settled in the financial year to date. Of these, 18 reviews related to 2014 review dates and the annualised increase was 4.47% mostly driven by RPI based reviews and boosted by a number of stepped uplifts. Included in the 1.98% uplift are a number of open market rent reviews settled, which averaged an annual weighted rental growth of 0.43%.
- The annualised rent roll is now £48.9 million (March 2014: £41.8 million).

### ***Financial position***

- Since the year-end we have completed the acquisitions of MP Realty Holdings Group and Park Medical Services Limited for an aggregate gross consideration of £119.3 million, which includes the assumption of associated debt of £85.5 million. The Group's loan to value ratio is now 65 per cent. (62 per cent. at 31 March 2014) based on the March 2014 property valuation. The next reported valuation date is 30 September 2014.

*Graham Roberts, Chief Executive, commented:*

“The Group has continued its strong progress into this financial year. We have an exciting development programme, have added to our strong portfolio, and now have a passing rent roll of £48.9 million. We remain dedicated to delivering the high quality primary care space that this country increasingly needs.”

### ***Annual Rent Roll***

The Company confirmed on 21 August 2014 that the annual rent roll is expected to increase to £50.3 million following completion of the five developments which are currently under construction.

## Valuation

The following table summarises the property portfolio as at 22 August 2014 based on the valuation reports from Savills and Jones Lang LaSalle, which together cover the Group's entire property portfolio, included in Part VI (Property Valuation Reports) of this document.

	<i>Savills</i>	<i>Jones Lang LaSalle</i>	<i>Total</i>
<i>At 22 August 2014</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Completed Investment Property	565.2	205.8	771.0
Developments	18.7	–	18.7
Land	8.7	–	8.7
<b>Total per valuation report</b>	<b>592.6</b>	<b>205.8</b>	<b>798.4</b>
	<i>Number of properties</i>	<i>Rent roll £m</i>	<i>Valuation £m</i>
Core properties	234	47.5	766.4
Non-core assets	5	1.4	4.6
Completed property valuation 22 August 2014	239	48.9	771.0

As at 31 March 2014 the Group had total property assets of £668.3 million, of which (excluding pharmacy premiums, finance lease obligations and development accounting adjustments) £667.1 million represented the Group's aggregate completed investment property, developments and land. The equivalent figure, taken from the property valuation reports as at 22 August 2014 contained in Part VI of this document, is £798.4 million. The increase of £131.3 million principally consists of an increase of £116.2 million from acquisitions of new property since 31 March 2014 (being MP Realty, One Life and the Leylands Medical Centre) and a net revaluation increase of the Group's property assets, on a like for like basis, of £16.6 million as detailed in the property valuation reports, less certain immaterial adjustments of £1.5 million.

## 10. Dividend policy

The Group has successfully enhanced its core portfolio and recycled its assets (including proceeds of £34 million from the sale of non-core and LIFT assets), generating increased on-going revenue streams from medical property reinvestments, which has enabled a significant increase in the fully covered dividend per Ordinary Share, which was increased by 49 per cent. to 0.45 pence per Ordinary Share on a quarterly basis in December 2013.

The Group's next dividend payment will remain at 0.45 pence per Ordinary Share and the New Ordinary Shares to be issued pursuant to the Share Issue will also qualify for this dividend. The expected associated record date will be 24 October 2014.

As a result of the successful completion of the recent earnings enhancing acquisitions and following the proposed refinancing from the proceeds of the Share Issue, the Group's underlying profitability and capacity for dividend payments will be increased. Therefore, subject to completion of the Share Issue, the Board intends to increase the quarterly dividend by 11 per cent. to 0.50 pence per Ordinary Share or 2.0 pence per Ordinary Share on an annualised basis with effect from January 2015. At the proposed Offer Price of New Ordinary Shares of 43.5 pence per New Ordinary Share this provides a dividend yield of 4.60 per cent. and represents a fully covered dividend based on the historical underlying earnings per Ordinary Share for the year ended 31 March 2014 of 2.1 pence per Ordinary Share.

Thereafter the Board intends to retain its commitment to a fully covered and progressive dividend policy broadly in line with underlying rental growth.

## **11. Debt arrangements**

As at 31 March 2014, the Group had banking facilities of £451.9 million in aggregate. In addition, as at 31 March 2014, the Group had cash balances of £38.6 million of which £11 million was committed to medical property development projects or held for interest payment guarantees. The banking facilities are provided by various parties as follows:

- a 10 year senior secured bond for £110 million, which matures in December 2021;
- senior term loans with Aviva Commercial Finance of £284.5 million, which mature on various dates between 2021 and 2041; and
- loans from Santander with an aggregate balance of £57.4 million comprising (i) a £57.4 million investment facility fully drawn down and available until November 2016, and (ii) a £2.6 million development facility (undrawn) available until November 2014.

On 22 May 2014, the Company entered into a new five year, £30 million revolving credit facility with Barclays and Natwest at an initial margin of 185 basis points over LIBOR.

On 13 June 2014, the Company completed the acquisition of 28 medical centres for £107 million from MP Realty Holdings Group. As part of the transaction, the Group assumed net debt of £77.7 million, payable to Aviva Commercial Finance, which matures in 2031.

On 22 July 2014, the Company completed the acquisition of Park Medical Services Limited, which owns the One Life medical centre in Middlesbrough. As part of this transaction, the Group assumed net debt of £8.7 million payable to Aviva Commercial Finance, which matures in January 2031.

## **12. Extraordinary General Meeting**

The Notice convening an Extraordinary General Meeting to be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 14 October 2014 at which the Resolutions to approve the Share Issue will be proposed as set out at the end of this document. The purpose of the Extraordinary General Meeting is to consider, and if thought fit, pass the Resolutions, as set out in full in the Notice of Extraordinary General Meeting.

Resolution 1 proposes that the Directors be authorised to allot and issue up to 414,252,873 New Ordinary Shares in connection with the Share Issue.

Resolution 2 proposes that the Invesco Participation (details of which are set out in paragraph 11.4 of Part X (Additional Information)) be approved as a related party transaction for the purposes of the Listing Rules. Invesco will not vote on Resolution 2 and has undertaken to take all reasonable steps to procure that its associates (as defined in the Listing Rules) will not vote on that Resolution.

The Share Issue will not proceed unless each of the Resolutions is passed.

## **13. Overseas Shareholders**

The availability of the New Ordinary Shares under the terms of the Open Offer to Assura Shareholders not resident in the UK may be affected by the laws of the relevant jurisdiction where they are resident. Such persons should inform themselves about and observe any applicable requirements. Further details in relation to Overseas Shareholders are contained in Part II (Terms and Conditions of the Open Offer) of this document.

## **14. Taxation**

Information regarding certain aspects of UK taxation is set out in paragraph 12 of Part X (Additional Information) of this document. These details are, however, intended only as a general guide to certain aspects of the current tax position under UK taxation law. Shareholders who are in any doubt as to their tax position, or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser without delay.

## **15. Assura Employee Share Plans**

There will be no adjustment to any share awards in the Assura Employee Share Plans as a consequence of the Share Issue.

## **16. Risk Factors**

Shareholders and investors should consider fully the risk factors associated with the Group, its business, the New Ordinary Shares and the Share Issue. Your attention is drawn to the Risk Factors set out on pages 18 to 31 in this document.

## **17. Action to be taken**

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Registrar, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 12 October 2014. The completion and return of the Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so. You may also submit your proxies electronically at [www.investorcentre.co.uk/eproxy](http://www.investorcentre.co.uk/eproxy). If you hold your Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST proxy instruction to the issuer's agent, ID 3RA50, not later than 48 hours before the time appointed for holding the meeting, so that it is received no later than 11.00 a.m. on 12 October 2014.

The Board has received financial advice from both Liberum and Oriel in relation to the Share Issue. In providing its financial advice to the Board, both Liberum and Oriel have relied on the Board's commercial assessment of the Share Issue.

## **18. Board intentions and recommendation**

The Board considers the terms of the Share Issue and the Invesco Participation to be in the best interest of Assura and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings and those of their connected persons, which amount in aggregate to 4,190,257 Ordinary Shares, representing approximately 0.73 per cent. of the Company's issued ordinary share capital as at 23 September 2014 (being the latest practicable date prior to the publication of this document).

The Board which has been so advised by Liberum and Oriel considers the terms of the Invesco Participation to be fair and reasonable as far as Shareholders as a whole are concerned. In providing this advice to the Board, Liberum and Oriel have taken into account the Board's commercial assessment of the Invesco Participation.

Yours sincerely,

Simon Laffin  
*Non-executive Chairman*

## PART II

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in the letter from the Chairman of Assura in Part I (Letter from the Chairman) of this document, the Board proposes to raise up to £174.5 million (net of expenses) by the issue of 213,328,329 New Ordinary Shares pursuant to a Firm Placing, 143,453,280 New Ordinary Shares through a Placing and Open Offer, and up to 57,471,264 New Ordinary Shares through an Offer for Subscription, all at 43.5 pence per New Ordinary Share.

The Open Offer Shares have been placed conditionally with certain investors at the Offer Price, subject to clawback to satisfy valid applications by Qualifying Shareholders under the Open Offer.

The Firm Placing and Placing and Open Offer has been fully underwritten by Liberum and Oriel on, and subject to, the terms and conditions of the Sponsor and Underwriting Agreement. A summary of the Sponsor and Underwriting Agreement is set out in paragraph 10 of Part X (Additional Information) of this document. The Offer for Subscription is not being underwritten.

This document and, for Qualifying non-CREST Shareholders only, the accompanying Application Form contain the formal terms and conditions of the Open Offer.

#### 2. The Open Offer

Subject to the terms and conditions set out below and, where relevant, in the Application Form, and pursuant to the Sponsor and Underwriting Agreement, Qualifying Shareholders are invited to apply for Open Offer Shares at a price of 43.5 pence per New Ordinary Share, payable in full on application, free of all expenses, on the basis of:

**1 New Ordinary Share for every      4 Existing Ordinary Shares**

held by them and registered in their names on the Record Date and so in proportion for any other number of Existing Ordinary Shares then held.

Qualifying Shareholders may apply for any whole number of New Ordinary Shares. Applications for Excess Shares will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the Directors (in consultation with Oriel and Liberum) who will have regard to the *pro rata* number of Excess Shares applied for by the Qualifying Shareholders under the Excess Application Facility. No assurances can therefore be given that the applications by Qualifying Shareholders will be met in full, in part or at all.

Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Qualifying Shareholders' entitlements under the Open Offer.

Fractions of Ordinary Shares will not be allocated to Qualifying Shareholders and entitlements to apply for New Ordinary Shares will be rounded down to the nearest whole number of New Ordinary Shares.

If you have received an Application Form with this document please refer to paragraph 4.1 and paragraphs 5 to 10 of this Part II.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraph 4.2 and paragraphs 5 to 10 of this Part II and also to the CREST Manual for further information on the CREST procedures referred to below.

The Open Offer is not a rights issue. Qualifying CREST Shareholders should note that although the Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying non-CREST Shareholders should note that the Application Form is not a negotiable document and cannot be traded.

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all the information in this document including, in particular, the important information set out in the letter from the Chairman of the Company in Part I (Letter from the Chairman) of this document, as well as this paragraph 2 of Part II and the Risk Factors set out on pages 18 to 31 of this document. Shareholders who do not participate in the Open Offer will experience dilution of their shareholdings. The material terms of the Share Issue are contained in this document.

The Existing Ordinary Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be issued in the Share Issue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities respectively. It is expected that Admission will become effective on 15 October 2014 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares; all such shares, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 25 September 2014.

The Open Offer Shares will, when issued and fully paid, be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission, including the next quarterly dividend which is expected to be payable on or around 5 November 2014 with an expected associated record date of 24 October 2014, and in all other respects will rank *pari passu* with the Existing Ordinary Shares in issue. No temporary documents of title will be issued.

### **3. Conditions of the Share Issue**

The Share Issue is conditional upon, amongst other things, Shareholder approval of the Resolutions and the Sponsor and Underwriting Agreement becoming or being declared unconditional in all respects by 8.00 a.m. on 15 October 2014 (or such later time and/or date as Liberum and Oriel shall agree, being not later than 8.00 a.m. on 22 October 2014) and the Sponsor and Underwriting Agreement not being terminated in accordance with its terms. The Sponsor and Underwriting Agreement is subject to the satisfaction of certain material conditions, details of which are set out in paragraph 10 of Part X (Additional Information).

It is expected that all these conditions will be satisfied by 8.00 a.m. on 15 October 2014 and that Admission will become effective at 8.00 a.m. on 15 October 2014, and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 15 October 2014. Definitive certificates in respect of New Ordinary Shares will be prepared and are expected to be posted to those allottees who have validly elected to hold their shares in certificated form within seven days of Admission. In respect of those allottees who have validly elected to hold their shares in uncertificated form, the New Ordinary Shares are expected to be credited to their accounts maintained in the CREST system as soon as possible after 8.00 a.m. on 15 October 2014.

If the Sponsor and Underwriting Agreement is not declared or does not become unconditional in all respects, or if it is terminated in accordance with its terms, the Share Issue will be revoked and will not proceed. In such event, no New Ordinary Shares will be issued, and all monies received by the Receiving Agent in connection with the Open Offer will be returned to applicants without interest and at their risk as soon as practicable and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will

thereafter be disabled. Liberum and Oriel may arrange sub-underwriting for some or all of the New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer.

#### **4. Basis of allocation**

The Open Offer is being made on a pre-emptive basis to Qualifying Shareholders and is not subject to scaling back. Any Ordinary Shares that are available under the Open Offer and are not taken up by Qualifying Shareholders pursuant to their Open Offer Entitlements and under the Excess Application Facility may be issued in the Placing.

Applications for Excess Shares will be satisfied only to the extent that corresponding applications by other Qualifying Shareholders are not made or are made for less than their *pro rata* entitlements. If applications under the Excess Application Facility are received for more than the total number of Open Offer Shares available following take-up of the Open Offer Entitlements, such applications will be scaled back at the discretion of the Directors (in consultation with Liberum and Oriel) who will have regard to the *pro rata* number of Excess Shares applied for by the Qualifying Shareholders.

#### **5. Procedure for Application and Payment**

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of your entitlement under the Open Offer or you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your CREST stock account in respect of such entitlement.

CREST sponsored members should refer to their CREST-sponsor, as only their CREST sponsor will be able to take the necessary action specified below to apply under the Open Offer in respect of the Open Offer Entitlements and Excess Open Offer Entitlements of such members held in CREST. CREST members who wish to apply under the Open Offer in respect of their Open Offer Entitlements and Excess Open Offer Entitlements in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement to a Regulatory Information Service giving details of the revised dates.

##### **5.1 *If you hold your shares in certificated form (not in CREST) in respect of your entitlement under the Open Offer***

###### **(i) *General***

Qualifying non-CREST (certificated) Shareholders will have received an Application Form enclosed with this document. The Application Form shows the number of Existing Ordinary Shares registered in your name on the Record Date. It also shows the maximum number of New Ordinary Shares for which you are entitled to apply on a *pro rata* basis under the Open Offer, as shown by the total number of Open Offer Entitlements allocated to you. You may also hold such an Application Form by virtue of a *bona fide* market claim.

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

The Application Form has not been, and will not be, sent to Overseas Shareholders in, or with registered addresses in any Excluded Territories. Brokers, banks and other agents may not send an Application Form to, or submit Application Forms on behalf of, Overseas Shareholders in, or with addresses in any of these countries or a person (including, without limitation, stockbrokers, banks or other agents) who has a contractual or other legal obligation to forward this document into a jurisdiction other than the United Kingdom.

(ii) *Market Claims*

Applications may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, being 24 September 2014. Application Forms may be split up to 3.00 p.m. on 7 October 2014. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 24 September 2014, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee from his or her counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Application Form should not, however, be forwarded to or transmitted in or into any of the Excluded Territories.

If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 5.2 below.

(iii) *Excess non-CREST Applications*

Qualifying non-CREST Shareholders who have taken up their Open Offer Entitlements in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. Qualifying non-CREST Shareholders wishing to apply to acquire Excess Shares may do so by following the relevant instructions on the Application Form. The total number of Open Offer Shares will not be increased in response to such excess applications. Excess applications will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full, and in all circumstances allocation pursuant to excess applications shall be subject to the discretion of the Directors (in consultation with Oriel and Liberum). No assurances can therefore be given that the applications by Qualifying Shareholders will be met in full, in part or at all. Excess monies in respect of scaled down applications will be returned to the applicant (at the applicant’s risk) without interest within 14 days of Admission by way of a cheque.

(iv) *Application Procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to New Ordinary Shares and, where applicable, Excess Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance and in accordance with the instructions in this Part II, paragraph 5, by post to the Receiving Agent at Computershare, Corporate Actions Projects, Bristol BS99 6AH or by hand (during normal business hours only) to the Receiving Agent at Computershare, The Pavilions, Bridgwater Road, Bristol BS13 8AE. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders within the UK, in connection with the Open Offer.

Please note that the Receiving Agent cannot provide financial advice on the merits of the Open Offer or as to whether or not you should take up your entitlement to New Ordinary Shares under the Open Offer. If any Application Form is sent by first-class post within the United Kingdom, Qualifying non-CREST (certificated) Shareholders are recommended to allow at least four Business Days for delivery. Liberum and Oriel may require the Company to treat as

valid: (i) Application Forms and accompanying remittances which are received through the post not later than 11.00 a.m. on the Business Day immediately following the final date for acceptance and payment of the Open Offer (the cover bearing a legible postmark not later than 11.00 a.m. on the final date for payment and acceptance); and (ii) applications in respect of which remittances are received prior to 11.00 a.m. on the final date for acceptance and payment of the Open Offer from an authorised person (as defined in FSMA specifying the number of New Ordinary Shares concerned and undertaking to lodge the relevant Application Form duly completed by not later than 11.00 a.m. on the second Business Day immediately following the final date for acceptance and payment of the Open Offer.

(v) *Payments*

All payments must be in Sterling and cheques or banker's drafts should be made payable to "CIS PLC re Assura Group Limited Open Offer" and crossed "A/C payee only". Cheques or banker's drafts must be drawn on an account at a branch of a bank or building society in the United Kingdom, the Channel Islands or the Isle of Man which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which is a member of either of the Committees of Scottish or Belfast clearing houses or which has arranged for its cheques and banker's drafts to be cleared through the facilities provided by any of those companies or committees. Such cheques or banker's drafts must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Cheques must be drawn on the personal account of the individual investor where they have sole or joint title to the funds. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the back of the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

Cheques or banker's drafts will be presented for payment upon receipt. The Company reserves the right to instruct the Receiving Agent to seek special clearance of cheques and banker's drafts to allow the Company to obtain value for remittances at the earliest opportunity. No interest will be allowed on payments made as funds are held in a non-interest bearing account. It is a term of the Open Offer that cheques shall be honoured on first presentation, and the Company may elect in its absolute discretion to treat as invalid acceptances in respect of which cheques are not so honoured.

Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 15 October 2014 or such later time and date as Liberum and Oriel shall agree (being no later than 8.00 a.m. on 22 October 2014), the Share Issue will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(vi) *Effect of Application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant's own risk. By completing and delivering an Application Form, you (as the applicant(s)):

- (A) agree that all applications, and contracts resulting therefrom, under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (B) confirm that in making the application you are not relying on any information or representation other than that contained in this document, and you accordingly agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such information or representation not so contained;

- (C) represent and warrant to the Company, Liberum and Oriel that if you have received some or all of your Open Offer Entitlements from a person other than the Company, you are entitled to apply under the Open Offer in relation to such Open Offer Entitlements by virtue of a *bona fide* market claim;
- (D) represent and warrant to the Company, Liberum and Oriel that you are not a person who by virtue of being resident in or a citizen of any country outside the United Kingdom is prevented by the law of any relevant jurisdiction from lawfully applying for New Ordinary Shares;
- (E) represent and warrant to the Company, Liberum and Oriel that you are acquiring New Ordinary Shares in an offshore transaction in accordance with Regulation S under the Securities Act and furthermore that, (i) you are not a US Person or in the United States, or in any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares or to use the Application Form in any manner in which you have used or will use it; (ii) you are not acting for the account or benefit of a US Person, a person located within the United States, or a person within any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, and were not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) you are not acquiring New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, or any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, except in each case of (i), (ii) and (iii) where proof satisfactory to the Company, Liberum and Oriel has been provided that you are entitled to take up your entitlement without and breach of applicable law; and
- (F) represent and warrant to the Company, Liberum and Oriel that you are not, and nor are you applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986.

Further representations and warranties are contained in the Application Form. Each subscriber or purchaser acknowledges that the Company, Liberum and Oriel will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company, Liberum and Oriel. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

If you do not wish to apply for any of the New Ordinary Shares to which you are entitled under the Open Offer, you should not complete and return the Application Form.

If you are in doubt as to whether or not you should apply for any of the New Ordinary Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying non-CREST (certificated) Shareholders under the Open Offer should be addressed to the Receiving Agent, Computershare, at Corporate Actions Projects, Bristol BS99 6AH or by telephone between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 707 4040 from within the UK or + 44 870 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately ten pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be

recorded and randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

**5.2 *If you have Open Offer Entitlements and Excess Open Offer Entitlements credited to your stock account in CREST in respect of your entitlement under the Open Offer***

**(i) *General***

Subject as provided in paragraph 6 of this Part II in relation to certain Overseas Shareholders, each Qualifying CREST Shareholder will receive a credit to his stock account in CREST of his Open Offer Entitlements equal to the basic number of New Ordinary Shares for which he is entitled to apply under the Open Offer and his Excess Open Offer Entitlements (see paragraph 5.2(iii) below for further details).

The CREST stock account to be credited will be an account under the Participant ID and Member Account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Open Offer Entitlements and Excess Open Offer Entitlements have been allocated.

If for any reason the Open Offer Entitlements and Excess Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 6 October 2014 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and/or Excess Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST (certificated) Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST members who wish to apply for some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent, Computershare, at Corporate Actions Projects, Bristol BS99 6AH or by telephone between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 707 4040 from within the UK or + 44 870 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately ten pence per minute (including VAT) plus your service provider's network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for New Ordinary Shares as only your CREST-sponsor will be able to take the necessary action to make this application in CREST.

**(ii) *Market Claims***

The Open Offer Entitlements and Excess Open Offer Entitlements will constitute a separate security for the purposes of CREST. Although Open Offer Entitlements and Excess Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Open Offer Entitlements and Excess Open Offer Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Open Offer Entitlements and Excess Open Offer Entitlements will generate an appropriate market claim transaction and the relevant Open Offer Entitlement(s) and Excess Open Offer Entitlements will thereafter be transferred accordingly.

(iii) *Excess Application Facility*

Qualifying CREST Shareholders who have taken up their Open Offer Entitlements in full may apply to acquire Excess Shares using the Excess Application Facility, should they wish. The Excess Application Facility enables Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlement. A Qualifying CREST Shareholder should not make an application under the Excess Application Facility unless such Qualifying CREST Shareholder has applied for his Open Offer Entitlements in full.

An Excess Open Offer Entitlement may not be sold or otherwise transferred. Subject as provided in paragraph 6 of this Part II in relation to Overseas Shareholders, the CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Open Offer Entitlement in order for any applications for Excess Shares to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements and the Excess Open Offer Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of *bona fide* market claims only). Neither the Open Offer Entitlements nor the Excess Open Offer Entitlements will be tradeable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Excess Shares pursuant to the Open Offer, Qualifying CREST Shareholders should follow the instructions in paragraph (iv) below and must not return a paper form and cheque. Should a transaction be identified by the CREST Claims Processing Unit as “cum” the Open Offer Entitlement and the relevant Open Offer Entitlement is transferred, the Excess Open Offer Entitlements will not transfer with the Open Offer Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Open Offer Entitlement credited to CREST and allocated to the relevant Qualifying Shareholder will be transferred to the purchaser. **Please note that a separate USE Instruction must be sent in respect of any application under the Excess Open Offer Entitlement.**

Fractions of Excess Shares will be rounded down to the nearest whole number.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Application Facility. Applications under the Excess Application Facility will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Open Offer Entitlements in full. Applications under the Excess Application Facility shall be allocated as detailed in paragraph 2 of this Part II and no assurance can be given that the applications by Qualifying Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant’s risk) without interest within 14 days thereafter, by way of cheque or CREST payment, as appropriate. The interest earned on such monies will be retained for the benefit of the Company.

All enquiries in relation to the procedure for application and completion of applications For Excess Open Offer Entitlements should be addressed to the Receiving Agent, Computershare, at Corporate Actions Projects, Bristol BS99 6AH or by telephone between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 707 4040 from within the UK or + 44 870 707 4040 if calling from outside the UK. Calls to the helpline number cost approximately ten pence per minute (including VAT) plus your service provider’s network extras. Calls to the helpline from outside the UK will be charged at applicable international rates. Different charges may apply to calls from mobile telephones. Calls may be recorded and randomly monitored for security and training purposes. The Receiving Agent cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.

(iv) *USE Instructions*

Qualifying CREST Shareholders who wish to apply for New Ordinary Shares in respect of all or some of their Open Offer Entitlements and their Excess Open Offer Entitlements in CREST must send (or, if they are a CREST sponsored member, procure that their CREST sponsor sends) an Unmatched Stock Event (“USE”) instruction to Euroclear which, on its settlement, will have the following effect:

- (A) the crediting of a stock account of Computershare Investor Services under the Participant ID and Member Account ID specified below, with a number of Open Offer Entitlements or Excess Open Offer Entitlements corresponding to the number of New Ordinary Shares applied for; and
- (B) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Receiving Agent in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above.

(v) *Content of USE Instructions in respect of Open Offer Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear’s specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Registrars);
- (B) the ISIN of the Open Offer Entitlements – GG00BQQFCF94;
- (C) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (D) the Participant ID of the accepting CREST Member;
- (E) the Participant ID of the Receiving Agent, in its capacity as CREST receiving agent – 3RA36;
- (F) the Member Account ID of the Receiving Agent, in its capacity as CREST receiving agent – ASSURA;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 9 October 2014; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 October 2014.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (a) a contact name and telephone number (in the free-format shared note field); and
- (b) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 October 2014 in order to be valid is 11.00 a.m. on that day.

In the event that the Share Issue does not become unconditional by 8.00 a.m. on 15 October 2014 or such later time and date as the Company, Liberum and Oriel shall agree (being no later than 8.00 a.m. on 22 October 2014), the Share Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

(vi) *Content of USE Instruction in respect of Excess Open Offer Entitlements*

The USE Instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (A) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Registrar);
- (B) the ISIN of the Excess Open Offer Entitlement – GG00BQQFCG02;
- (C) the Member Account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (D) the participant ID of the accepting CREST member;
- (E) the participant ID of Computershare, in its capacity as CREST receiving agent – 3RA36;
- (F) the Member Account ID of Computershare, in its capacity as CREST receiving agent – ASSURA;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 9 October 2014; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 October 2014.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) should add the following non-mandatory fields to the USE instruction:

- (aa) a contact name and telephone number (in the free format shared note field); and
- (bb) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 October 2014 in order to be valid is 11.00 a.m. on that day.

In the event that the Share Issue does not become unconditional by 8.00 a.m. on 15 October 2014 or such later time and date as the Company, Liberum and Oriel shall agree (being no later than 8.00 a.m. on 22 October 2014), the Share Issue will lapse, the Open Offer Entitlements and the Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving

Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

(vii) *Deposit of Open Offer Entitlements and Excess Open Offer Entitlements into, and withdrawal from, CREST*

A Qualifying non-CREST Shareholder's entitlement under the Open Offer as shown by the number of Open Offer Entitlements set out in his Application Form may be deposited into CREST (either into the account of the Qualifying Shareholder named in the Application Form or into the name of a person entitled by virtue of a *bona fide* market claim). Similarly, Open Offer Entitlements and Excess Open Offer Entitlements held in CREST may be withdrawn from CREST so that the entitlement under the Open Offer is reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the entitlement set out in such form as per the foregoing is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 9 October 2014. Shortly after depositing their Open Offer Entitlement into their CREST account, CREST holders will receive a credit for their Open Offer Entitlement and Excess Open Offer Entitlements which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements or Excess Open Offer Entitlements in CREST, is 3.00 p.m. on 6 October 2014, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and/or Excess Open Offer Entitlements from CREST is 4.30 p.m. on 3 October 2014, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and/or Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements or Excess Open Offer Entitlements prior to 11.00 a.m. on 9 October 2014. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement and the Excess Open Offer Entitlements.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Liberum, Oriel and the Receiving Agent from the relevant CREST member(s) that you are acquiring New Ordinary Shares in an offshore transaction in accordance with Regulation S under the Securities Act, and furthermore that: (i) you are not a US Person or in the United States, or in any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares; (ii) you are not acting for the account or benefit of a US Person or a person located within the United States, or a person within any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, and were not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) you are not acquiring the New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, except in each case of (i), (ii) and (iii) where proof satisfactory to the Company, Liberum and Oriel has been provided that you

are entitled to take up your entitlement without breach of applicable law; and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

Each subscriber or purchaser acknowledges that the Company, Liberum and Oriel will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company, Liberum and Oriel. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

(viii) *Validity of Application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 9 October 2014 will constitute a valid application under the Open Offer.

(ix) *CREST Procedures and Timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 9 October 2014. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) *Incorrect or Incomplete Applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company through the Receiving Agent reserves the right:

- (A) to reject the application in full and refund the payment to the CREST member in question;
- (B) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of New Ordinary Shares as would be able to be applied for with that payment at the Offer Price, refunding any unutilised sum to the CREST member in question; or
- (C) in the case that an excess sum is paid, to treat the application as a valid application for all the New Ordinary Shares referred to in the USE instruction refunding any unutilised sum to the CREST member in question.

(xi) *Effect of Valid Application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures will thereby:

- (A) pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to the Receiving Agent in accordance with the

CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (B) request that the New Ordinary Shares to which he will become entitled be issued to him on the terms set out in this document and subject to the Articles;
- (C) agree that all applications and contracts resulting therefrom under the Open Offer shall be governed by, and construed in accordance with, the laws of England;
- (D) represent and warrant to the Company, Liberum and Oriel that he is acquiring New Ordinary Shares in an offshore transaction in accordance with Regulation S under the Securities Act, and furthermore that: (i) he is not a US Person or in the United States or in any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares; (ii) he is not acting for the account or benefit of a US Person or a person located within the United States, or a person within any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, and he was not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) he is not acquiring New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, except in each case of (i), (ii) or (iii) where proof satisfactory to the Company Liberum and Oriel has been provided that he is entitled to take up your entitlement without breach of applicable law;
- (E) represent and warrant to the Company, Liberum and Oriel that he is not, and nor is he applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 93 (depository receipts) or section 96 (clearance services) of the Finance Act 1986;
- (F) confirm that in making such application he is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof shall have any liability for any such other information and further agree that having had the opportunity to read this document, he will be deemed to have had notice of all the information concerning the Company contained herein; and
- (G) represent and warrant to the Company, Liberum and Oriel that he is the Qualifying Shareholder originally entitled to the Open Offer Entitlements and the Excess Open Offer Entitlements or that he has received such Open Offer Entitlements by virtue of a *bona fide* market claim.

Each subscriber acknowledges that the Company, Liberum and Oriel will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company, Liberum and Oriel. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

(xii) *The Company's Discretion as to Rejection and Validity of Applications*

The Company may in its sole discretion:

- (A) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part II;
- (B) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for or in addition to a USE instruction and subject to such further terms and conditions as the Company may determine;
- (C) treat a properly authenticated dematerialised instruction (in this subparagraph the "first instruction") as not constituting a valid application if, at the time at which the Receiving Agent receives a properly authenticated dematerialised instruction giving details of the first instruction or thereafter, either the Company or the Receiving Agent has received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (D) accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for New Ordinary Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

## **6. UK Money Laundering Regulations**

### **6.1 *Holders of Application Forms***

It is a term of the Open Offer that to ensure compliance with the Money Laundering Regulations, the Receiving Agent may require, in its absolute discretion, verification of the identity of the person by whom or on whose behalf an Application Form is lodged with payment (which requirements are referred to below as the "verification of identity requirements").

The person(s) (the "Applicant") who, by lodging an Application Form with payment, and in accordance with the other terms as described above, accept(s) the Open Offer in respect of the New Ordinary Shares (the "relevant shares") comprised in such Application Form shall thereby be deemed to agree to provide the Receiving Agent with such information and other evidence as it may require to satisfy the verification of identity requirements.

The Receiving Agent may therefore undertake electronic searches for the purposes of verifying identity. To do so the Receiving Agent may verify the details against the Applicant's identity, but also may request further proof of identity.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant shares (notwithstanding any other term of the Open Offer) will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application. The Receiving Agent is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company, Liberum or Oriel will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If, within a reasonable period of time and in any event by not later than 11.00 a.m. on 9 October 2014, following a request for verification of identity, the Receiving Agent has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, terminate the contract of allotment in which event the monies payable on acceptance of the Open Offer will be returned without interest to the account of the bank from which such monies were originally debited (without prejudice to the right of the Company to take proceedings to recover the amount by which the net proceeds of sale of the relevant New Ordinary Shares fall short of the amount payable thereon).

Submission of an Application Form with the appropriate remittance will constitute a warranty from the applicant that the Money Laundering Regulations will not be breached by application of such remittance.

The verification of identity requirements will not usually apply:

- (i) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on the prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC)); or
- (ii) if the applicant is a regulated United Kingdom broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (iii) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the name of such applicant; or
- (iv) if the aggregate subscription price for the relevant shares is less than the sterling equivalent of €15,000.00.

In other cases the verification of identity requirements may apply. The following guidance is provided in order to assist in satisfying the verification of identity requirements and to reduce the likelihood of difficulties or delays and potential rejection of an application (but does not limit the right of the Receiving Agent to require verification of identity as stated above). Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (A) if payment is made by building society cheque (not being a cheque drawn on an account of the applicant) or banker's draft, by the building society or bank endorsing on the cheque or draft the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature by the building society or bank on the reverse of the cheque or banker's draft; or
- (B) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, China, Hong Kong, Iceland, India, Japan, the Republic of Korea, Mexico, New Zealand, Norway, Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide written confirmation that it has that status with the Application Form and written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority.

In order to confirm the acceptability of any written assurance referred to in (B) above or any other case, the applicant should contact the Receiving Agent; or

- (C) if (an) Application Form(s) is/are in respect of relevant shares with an aggregate subscription price of the sterling equivalent of €15,000.00 or more and is/are lodged by hand by the applicant in person, he should ensure that he has with him evidence of identity bearing his photograph (for example, his passport) and evidence of his address.

Third-party cheques will not be accepted.

## 6.2 ***Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST***

If you hold your Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST and apply for New Ordinary Shares in respect of all or some of your Open Offer Entitlements in CREST and Excess Open Offer Entitlements in CREST as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then irrespective of the value of the application, the Receiving Agent is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application.

You must therefore contact the Receiving Agent before sending any USE or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Receiving Agent such information as may be specified by the Receiving Agent as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Receiving Agent as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the New Ordinary Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the New Ordinary Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence.

## 7. **Overseas Shareholders**

### 7.1 ***General***

The making of the Open Offer to Overseas Shareholders may be affected by the laws or regulatory requirements of the relevant jurisdiction. Overseas Shareholders who are in any doubt in this respect should consult their professional advisers. No person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST in any territory other than the United Kingdom may treat the same as constituting an invitation or offer to him, nor should he in any event use such Application Form and/or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST, unless, in the relevant territory, such an invitation or offer could lawfully be made to him or such Application Form or credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST could lawfully be used without contravention of any legislation or other local regulatory requirements. Receipt of this document and/or an Application Form or the crediting of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST does not constitute an invitation or offer to Overseas Shareholders in the territories in which it would be unlawful to make an invitation or offer and in such circumstances this document and/or any Application Forms are sent for information only. It is the responsibility of any person receiving a copy of this document and/or an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST outside the United Kingdom and wishing to make an application for any New Ordinary Shares to satisfy himself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, stockbrokers, banks and other agents) receiving an Application Form and/or receiving a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST should not, in connection with the Open Offer, distribute or send the Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements into any jurisdiction where to do so would or might contravene local securities laws or regulations.

If an Application Form or a credit of Open Offer Entitlements and/or Excess Open Offer Entitlements to a stock account in CREST is received by any person in any such jurisdiction or by the stockbrokers, banks and other agents or nominees of such person, he or she must not seek to take up the New Ordinary Shares except pursuant to an express agreement with the Company. Any person who does forward an Application Form or transfer the Open Offer Entitlements and/or Excess Open Offer Entitlements into any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this paragraph. The Company, Liberum and Oriel reserve the right to reject an Application Form or transfer of Open Offer Entitlements and/or Excess Open Offer Entitlements from or in favour of Shareholders in any such jurisdiction or persons who are acquiring New Ordinary Shares for resale in any such jurisdiction.

The Company, Liberum and Oriel reserve the right in their absolute discretion to treat as invalid any application for New Ordinary Shares under the Open Offer if it appears to the Company, Liberum and Oriel and their agents that such application or acceptance thereof may involve a breach of the laws or regulations of any jurisdiction or if in respect of such application the Company, Liberum and Oriel have not been given the relevant warranty concerning overseas jurisdictions set out in the Application Form or in this document, as appropriate. All payments under the Open Offer must be made in Sterling.

## **7.2 Excluded Territories**

Due to the restrictions under the securities laws of the Excluded Territories, Shareholders who have registered addresses in or who are resident or ordinarily resident in, or citizens of, any Excluded Territories will not qualify to participate in the Open Offer and will not be sent an Application Form and no Open Offer Entitlements and/or Excess Open Offer Entitlements will be credited to their CREST stock accounts.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any of the Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any of the Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.

## **8. Withdrawal Rights**

Qualifying Shareholders wishing to exercise statutory withdrawal rights after publication by the Company of a prospectus supplementing this document must do so by lodging a written notice of withdrawal which must include the full name and address of the person wishing to exercise statutory withdrawal rights and, if such person is a CREST member, the Participant ID and the Member Account ID of such CREST member, with the Receiving Agent, so as to be sent by the Qualifying Shareholder no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received by the Receiving Agent after expiry of such period will not constitute a valid withdrawal, provided that the Company will not permit the exercise of withdrawal rights after payment by the relevant Qualifying Shareholder of its subscription in full and the allotment of New Ordinary Shares to such Qualifying Shareholder becoming unconditional save to the extent required by statute. In such event Shareholders are advised to seek independent legal advice.

## **9. Taxation**

Information regarding United Kingdom taxation in respect of the New Ordinary Shares and the Share Issue is set out in paragraph 12 of Part X (Additional Information) of this document. If you are in any doubt about

your tax position or are subject to tax in a jurisdiction other than the United Kingdom and Guernsey, you should consult your professional adviser without delay.

## **10. Listing, Settlement, Dealings and Publication**

Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on its main market for listed securities subject to the fulfilment of the conditions of the Open Offer. Subject to the Share Issue becoming unconditional in all respects (save only as to Admission), it is expected that admission of the New Ordinary Shares to the premium segment of the Official List and to trading on its main market for listed securities will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 15 October 2014.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 9 October 2014 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 15 October 2014). On this day, Computershare will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons, entitlement to New Ordinary Shares with effect from Admission (expected to be 15 October 2014).

The stock accounts to be credited will be accounts under the same Participant IDs and Member Account IDs in respect of which the USE instruction was given.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with Open Offer Entitlements and Excess Open Offer Entitlements, and to allot and/or issue any New Ordinary Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST), or on the part of the facilities and/or systems operated by the Registrars in connection with CREST.

For Qualifying non-CREST Shareholders who have applied by using an Application Form, definitive share certificates in respect of the New Ordinary Shares validly applied for are expected to be despatched by post within seven days of Admission. No temporary documents of title will be issued and, pending the issue of definitive certificates, transfers of the New Ordinary Shares by Qualifying non-CREST (certificated) Shareholders will be certified against the share register. All documents or remittances sent by or to applicants, or as they may direct, will be sent through the post at their own risk. For more information as to the procedure for application, Qualifying non-CREST (certificated) Shareholders are referred to the Application Form.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the New Ordinary Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the New Ordinary Shares.

The completion and results of the Share Issue will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known on or around 9 October 2014.

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Open Offer, this document or the Application Form (including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form). By taking up the Open Offer Shares, in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to disputes relating to any non-contractual obligations arising out of or in connection with the Open

Offer, this document or the Application Form) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

**11. Other Information**

Your attention is drawn to the letter from your Chairman which is set out in Part I (Letter from the Chairman) of this document and also, where relevant, to the terms, conditions and other information printed on the accompanying Application Form.

## PART III

### TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

The New Ordinary Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Ordinary Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment programme. In the case of a joint application, references to you in these terms and conditions of application are to each of you and your liability is joint and several. Please ensure you read these terms and conditions in full before completing the application form for the Offer for Subscription (the “Offer for Subscription Application Form”), or otherwise apply to participate in the Offer for Subscription in accordance with this Part III.

The Offer for Subscription is only being made in the United Kingdom. If you are outside of the United Kingdom, see paragraph 2.8 of this Part III.

#### **1. Introduction**

- 1.1 Up to 57,471,264 New Ordinary Shares are available under the Offer for Subscription at a price of 43.5 pence per New Ordinary Share.
- 1.2 Applications must be made on the Offer for Subscription Application Form which accompanies this Prospectus or otherwise published by the Company, or otherwise in accordance with this Part III.

#### **2. Effect of Application**

- 2.1 Applications under the Offer for Subscription must be for New Ordinary Shares with a minimum subscription amount of 2,000 New Ordinary Shares and thereafter in multiples of 1,000 New Ordinary Shares. Multiple applications will be accepted.

#### **2.2 Offer to acquire New Ordinary Shares**

By completing and delivering an Offer for Subscription Application Form, you, as the applicant, and, if you sign the Offer for Subscription Application Form on behalf of another person or a corporation, that person or corporation:

- (a) offer to subscribe for such number of New Ordinary Shares at the Offer Price per New Ordinary Share as may be purchased by the subscription amount specified in Box 1 on your Offer for Subscription Application Form (being a minimum of 2,000 New Ordinary Shares), or such smaller number for which such application is accepted, on the terms, and subject to the conditions, set out in this Prospectus, including these terms and conditions of application and the Articles;
- (b) agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any New Ordinary Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to or, in the case of delivery by hand, on receipt by, the Receiving Agent of your Offer for Subscription Application Form;
- (c) undertake to pay the subscription amount specified in Box 1 (being the Offer Price multiplied by the number of New Ordinary Shares applied for) on your Offer for Subscription Application Form in full on application and warrant that the remittance accompanying your Offer for Subscription Application Form will be honoured on first presentation and agree that if such remittance is not so honoured you will not be entitled to receive a share certificate for the New

Ordinary Shares applied for in certificated form or be entitled to commence dealing in New Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such New Ordinary Shares unless and until you make payment in cleared funds for such New Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer for Subscription and shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and both Liberum and Oriel against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) avoid the agreement to allot the New Ordinary Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn at your risk, for an amount equal to the proceeds of the remittance which accompanied your Offer for Subscription Application Form, without interest);

- (d) agree that where on your Offer for Subscription Application Form a request is made for New Ordinary Shares to be deposited into a CREST account (a “CREST Account”): (i) the Receiving Agent may in its absolute discretion issue such New Ordinary Shares in certificated form registered in the name(s) of the holder(s) specified in your Offer for Subscription Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds); and (ii) the Receiving Agent or the Company may authorise your financial adviser or whoever he or she may direct to send a document of title for or credit your CREST Account in respect of the number of New Ordinary Shares for which your application is accepted, and/or a crossed cheque for any monies returnable, by post at your risk to your address set out on your Offer for Subscription Application Form;
- (e) agree, in respect of applications for New Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1(d) above to issue New Ordinary Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Offer for Subscription Application Form may become entitled or pursuant to paragraph 2.1(d) above (and any monies returnable to you) may be retained by the Receiving Agent:
  - (i) pending clearance of your remittance;
  - (ii) pending investigation of any suspected breach of the warranties contained in paragraphs 2.6(a), (b), (f), (h), (m), (n), (o), (p), (q), (r) or (t) or any other suspected breach of these terms and conditions of application; or
  - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the UK Money Laundering Regulations and any other regulations applicable thereto, and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;
- (f) agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- (g) agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request, the Company may terminate the agreement with you to allot New Ordinary Shares and, in such case, the New Ordinary Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing

to the Company) will be returned by a cheque drawn on a branch of a UK clearing bank to the bank account name on which the payment accompanying the application was first drawn without interest and at your risk;

- (h) agree that you are not applying on behalf of a person engaged in money laundering;
- (i) undertake to ensure that, in the case of an application signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Offer for Subscription Application Form together with full identity documents for the person so signing;
- (j) undertake to pay interest at the rate described in paragraph 2.3 below if the remittance accompanying your Offer for Subscription Application Form is not honoured on first presentation;
- (k) authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of New Ordinary Shares for which your application is accepted or if you have completed section 2B on your Offer for Subscription Application Form, but subject to paragraph 2.2(d) above, to deliver the number of New Ordinary Shares for which your application is accepted into CREST and/or to return any monies returnable by a cheque drawn on a branch of a UK clearing house to the bank account name from which such monies were received without interest and at your risk;
- (l) confirm that you have read and complied with paragraph 2.7 below;
- (m) agree that all subscription cheques and payments will be processed through a bank account in the name of "CIS PLC re. Assura Group Limited – Offer for Subscription" opened by the Receiving Agent;
- (n) agree that your Offer for Subscription Application Form is addressed to the Company and the Receiving Agent;
- (o) agree that, if a fractional entitlement to a New Ordinary Share arises on your application, the number of New Ordinary Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit;
- (p) acknowledge that the offer to the public of New Ordinary Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for New Ordinary Shares); and
- (q) agree that any application may be rejected in whole or in part at the sole discretion of the Company.

### 2.3 ***Acceptance of your Offer***

The Receiving Agent under instruction of the Company, may accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) by the UK Listing Authority being notified through a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company (in consultation with both Liberum and Oriel) who will have regard to the *pro rata* number of New Ordinary Shares applied for by potential investors under the Offer for Subscription. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these terms and conditions of application or not in all respects completed or delivered in accordance with the instructions accompanying the Offer for Subscription Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Offer for Subscription Application Form where

you have agreed with the Company in some other manner to apply in accordance with these terms and conditions of application. The Company reserves the right to accept Offer for Subscription Application Forms and accompanying remittances which are received through the post or by hand no later than 11.00 a.m. on 9 October 2014.

The Receiving Agent will present all cheques and banker's drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest, you will be obliged to pay the amount determined by the Company to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Company plus four per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a branch in the United Kingdom of a bank or building society that is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or that has arranged for its cheques or bankers' drafts to be cleared through the facilities provided for members of either of those companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of an individual applicant where they have sole or joint title to the funds, should be made payable to "CIS PLC re Assura Group Limited – Offer for Subscription". Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping/endorsing the cheque or banker's draft to that effect. The account name should be the same as that shown on the Offer for Subscription Application Form.

#### 2.4 ***Conditions***

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- (a) Admission occurring by 8.00 a.m. (London time) on 15 October 2014 (or such later time or date as the Company, Liberum and Oriel may agree, being no later than 22 October 2014); and
- (b) the Sponsor and Underwriting Agreement becoming otherwise unconditional in all respects and not being terminated in accordance with its terms before Admission.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other right you may have.

#### 2.5 ***Return of application monies***

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto, without interest. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

#### 2.6 ***Warranties***

By completing an Offer for Subscription Application Form, you:

- (a) undertake and warrant that, if you sign the Offer for Subscription Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also

to have given the confirmations, warranties and undertakings contained in these terms and conditions of application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

- (b) warrant, if the laws of any territory or jurisdiction outside the UK are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company or the Receiving Agent or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside of the UK in connection with the Offer for Subscription in respect of your application;
- (c) confirm that (save for advice received from your financial adviser (if any)) in making an application, you are not relying on any information or representations in relation to the Company other than those contained in the Prospectus (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for the Prospectus or any part thereof shall have any liability for any such other information or representation;
- (d) agree that, having had the opportunity to read the Prospectus, you shall be deemed to have had notice of all information and representations concerning the Company and the Ordinary Shares contained therein;
- (e) acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in the Prospectus and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, Liberum, Oriel or the Receiving Agent;
- (f) warrant that you are not under the age of 18 on the date of your application;
- (g) agree that all documents and monies sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint holders, the address of the first-named holder) as set out in your Offer for Subscription Application Form;
- (h) confirm that you have reviewed the restrictions contained in paragraph 2.8 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- (i) agree that, in respect of those New Ordinary Shares for which your Offer for Subscription Application Form has been received and processed and not rejected, acceptance of your Offer for Subscription Application Form shall be constituted by the Company instructing the Registrar to enter your name on the register of Shareholders;
- (j) agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- (k) irrevocably authorise the Company and the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any New Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefore and to enter your name on the register of Shareholders;

- (l) agree to provide the Company with any information which it or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including, without limitation, satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Liberum, Oriel or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (n) represent and warrant to the Company that: (i) you are not a US Person, are not located within the United States and are not acquiring the New Ordinary Shares for the account or benefit of a US Person; (ii) you are acquiring the New Ordinary Shares in an offshore transaction meeting the requirements of Regulation S of the US Securities Act of 1933, as amended (“Securities Act”); (iii) you understand and acknowledge that the New Ordinary Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, resold, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, US Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the US Investment Company Act of 1940 as amended;
- (o) agree that Liberum, Oriel and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the New Ordinary Shares or concerning the suitability of the New Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- (p) warrant that you are: (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares; (ii) fully understand the risks associated with such investment; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- (q) warrant that you are not subscribing for the New Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Ordinary Shares;
- (r) warrant that the information contained in the Offer for Subscription Application Form is true and accurate;
- (s) agree that if you request that New Ordinary Shares are issued to you on a date other than Admission and such New Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such New Ordinary Shares on a different date; and
- (t) confirm that if you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Offer for Subscription, or make any announcement or comment (whether in writing or otherwise) which states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statement therein misleading.

## 2.7 *Money laundering*

You agree that, in order to ensure compliance with the UK Money Laundering Regulations and all other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you the (the “holder(s)”) as the applicant lodging an Offer for Subscription Application Form and further may request from you and you will assist in providing identification of:

- (a) the owner(s) and/or controller(s) (the “payor”) of any bank account not in the name of the holder(s) on which is drawn a payment by way of banker’s draft or cheque; or
- (b) where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons, such person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or in the despatch of documents.

Without prejudice to the generality of this paragraph 2.7, verification of the identity of holders and payors will be required if the value of the New Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000.00 (or the Sterling equivalent). If, in such circumstances, you use a building society cheque or banker’s draft, you should ensure that the bank or building society issuing the payment enters the name, address and account number of the person whose account is being debited on the reverse of the cheque or banker’s draft and adds its stamp.

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person’s passport or driving licence certified by a solicitor and an original or certified copy of two of the following documents no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees’ risk), together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the UK Money Laundering Regulations, a person making an application for New Ordinary Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Offer for Subscription Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Registrar from the applicant that the UK Money Laundering Regulations will not be breached by the application of such remittance.

The person(s) submitting an application for New Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s).

If the amount being subscribed exceeds €15,000.00 (or the Sterling equivalent) you should endeavour to have the declaration contained in section 5 of the Offer for Subscription Application Form signed by an appropriate firm as described in that section. If you cannot have that declaration signed and the amount being subscribed exceeds €15,000.00 (or the Sterling equivalent) then you must provide with the Offer for Subscription Application Form the identity documentation detailed in section 6 of the Offer for Subscription Application Form for each underlying beneficial owner.

## 2.8 *Non-United Kingdom investors*

If you receive a copy of the Prospectus or an Offer for Subscription Application Form in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Offer for Subscription Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Offer for Subscription Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for

New Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

The New Ordinary Shares have not been and will not be registered under the relevant laws of any of the Excluded Territories or any state, province or territory thereof and may not be offered, sold, resold, delivered or distributed, directly or indirectly in or into any of the Excluded Territories or to, or for the account or benefit of, any person with a registered address in, or who is resident or ordinarily resident in, or a citizen of, any Excluded Territories except pursuant to an applicable exemption.

## **2.9 *The Data Protection Act 1998***

Pursuant to the Data Protection Act 1998 (the “DP Act”) the Company and/or the Registrar, may hold personal data (as defined in the DP Act) relating to past and present Shareholders. Such personal data held is used by the Registrar to maintain the register of Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and other distributions to Shareholders; and (b) filing returns of Shareholders and their respective transactions in Ordinary Shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined in the DP Act) and is deemed to have consented to the processing by the Company or its Registrar of any personal data relating to them in the manner described above.

## **2.10 *Miscellaneous***

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the New Ordinary Shares and the Offer for Subscription.

The rights and remedies of the Company, Liberum, Oriel and the Receiving Agent under these terms and conditions of application are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 9 October 2014. In that event, the new closing time and/or date will be notified through the publication of a notice through a Regulatory Information Service.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Liberum, Oriel and the Receiving Agent are acting for the Company in connection with the Share Issue and for no-one else, and that none of Liberum, Oriel and the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the New Ordinary Shares for you or otherwise in relation to the Offer or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these terms and conditions of application bear the same meaning as where used in this Prospectus.

## PART IV

### INFORMATION ON ASSURA GROUP LIMITED

#### 1. History

The Company is a specialist healthcare property partner that works with GPs, health professionals and the NHS to enable the delivery of high quality patient care in the community through innovative property solutions. The Group invests in and develops property for the primary care health sector and then provides property management services for those premises.

The Company was incorporated and registered in Guernsey on 7 October 2003 under the Companies (Guernsey) Laws, 1994 to 1996 (as amended) as a limited company under the name “The Medical Property Investment Fund Limited” and was admitted to listing on the Official List on 21 November 2003 as a property investment undertaking.

In October 2007, the Company changed its name to Assura Group Limited. In April 2008 the UKLA approved the reclassification of the Company from a property investment company to a trading company. The Company raised £30 million via a placing in October 2008 to fund the expansion of its medical division. In March 2010, the Company disposed of its 75.1 per cent. interest in Assura Medical Limited. In February 2011 the Company carried out a firm placing and open offer in connection with its recommended offer for AH Medical Properties plc.

In November 2011, the Company announced a fully underwritten rights issue to raise approximately £35.3 million. The rights issue was made on the basis of 2 new Ordinary Shares for every 7 existing Ordinary Shares at a price of 30 pence per Ordinary Share. The net proceeds of the rights issue along with the Group’s existing cash resources were used to cancel the interest rate swap between the Company and National Australia Bank.

The Company announced on 2 April 2013 that it had elected for REIT status (with effect from 1 April 2013). The regime provides the Company with a number of tax efficiencies (as explained in Part V (The REIT Regime and taxation)) and access to a global specialist investor base.

#### 2. Principal activities

As at the date of this document, the Company has two segments being its core and non-core property portfolios. Through its core segment, Assura owns and develops primary care properties across the UK to support GP practices. The non-core segment actively manages land and investment properties not considered to be part of the core portfolio to realise maximum value through both income and capital receipts from sales.

##### 2.1 Core portfolio

###### (a) Overview

Assura is an active developer of medical centre properties. Demand for large, modern, purpose-built premises continues to be driven by a shift in services from secondary care (hospitals) towards primary and community care, as encouraged by the Government. The Company’s policy is to undertake only medical centre developments that are substantially pre-let with fixed price build contracts or those subject to a price ceiling and funding agreed in advance and where the Board is confident of achieving regular development gains going forward.

As at 22 August 2014 the Group owned 234 completed medical centre investment properties around the UK which together comprise its core portfolio and which is valued at £766.4 million, based on the independent valuation reports contained in Part VI (Property Valuation Reports) of this document. The core portfolio has a passing rent roll of £47.5 million, with 89 per cent. of the rents receivable from the NHS via NHS Property Services or GP practices whose rent payments are reimbursed by the NHS. The balance of rents is receivable

from pharmacy companies, and other tenants including retailers, other health professionals and charities.

The Company's portfolio is characterised by long leases. As at 22 August 2014, the weighted average unexpired lease length was 14.4 years for the core portfolio.

As at 22 August 2014, the Group had another seven developments with an estimated future expenditure of approximately £15 million. Construction on five of these schemes (with an estimated rental value of £1.4 million per year) has already commenced, with the remaining two developments (with an estimated rental value of £0.5 million per year) expected to commence before the end of the current financial year. The estimated value on completion of these individual schemes ranges from £1.4 million to £8.7 million.

(b) *Recent expansion of core portfolio*

On 10 September 2013, the Company acquired the entire issued share capital of Trinity Medical Developments Limited and its wholly owned subsidiary Trinity Medical Properties Limited (together "Trinity"). The Trinity portfolio, which was acquired in an off-market transaction, consists of 32 modern high quality medical centres with a rent roll of £4 million and a weighted average unexpired lease term of 16.2 years. It was acquired by the Company for £62.9 million which, with passing rents of £4 million, equates to a rental yield of 6.4 per cent. The tenants in the Trinity portfolio are GPs, NHS bodies and pharmacy operators, each of which are contracted on industry standard open market rent review terms and which therefore provide an excellent covenant and opportunity for the Group to benefit from future rental growth. The consideration of £6.9 million was wholly satisfied by cash. The principal amount of the debt assumed with the acquisition of Trinity was £52 million. From the date of acquisition to 31 March 2014, Trinity contributed £2.3 million to the Group's consolidated gross rental and related income and £0.8 million to consolidated profit for the period.

On 13 June 2014, the Company announced that it had acquired 28 high-quality, modern medical centres from Ray Seymour and Alistair Blacklaws, the founders of the MP Realty Holdings Group ("MP Realty") via an off-market transaction. The 28 medical centres have on average a lot size of £3.9 million, an unexpired weighted average lease term of 15 years and are under 10 years old. The centres support the work of 230 GPs servicing the health requirements of around 320,000 patients in England and Wales. The consideration for the transaction was £10 million in cash and 44,264,196 new Ordinary Shares in the Company. The debt assumed with the acquisition (for further details of which see paragraph 11 of Part I (Letter from the Chairman)) has an average fixed interest rate of 5.5 per cent. and an average maturity of 13.5 years. On consolidation there will be fair value adjustments, primarily to reflect current market interest rates for long-term borrowings, and hence these are expected to lower interest charges and increase underlying profitability by a further £0.1 million per annum.

Although rent reviews for certain of the medical centres in the MP Realty portfolio are not finally settled, uplifts of £0.2 million on rent reviews dating back to 2009 are expected by the Board. On settling these outstanding rent reviews, annual rents will be approximately £6.2 million, which represents a yield on the gross consideration of 5.8 per cent.; 90 per cent. of this income is contracted to GPs or NHS bodies. The portfolio is reversionary with an estimated rental value of £6.6 million, of which £0.1 million of additional rent is achievable if all rents were brought up to current market levels and a further £0.3 million would arise on letting expansion space provided for GP tenants.

The current passing rent of £6 million on the MP Realty portfolio adds 15 per cent. to the rent roll. Interest costs on the long-term debt assumed by the Company as part of the acquisition amounts to £4.2 million per annum and annual direct property costs are anticipated by the Company to be approximately £0.2 million. The incremental annual overhead for managing the portfolio is estimated to be £0.1 million.

On 22 July 2014, the Company acquired the entire share capital of Park Medical Services Limited (“One Life”). The sole asset of One Life is a modern, high quality medical centre with a passing rent of £0.8 million and a weighted average unexpired lease term of 14.1 years. It was acquired by the Company for £2.7 million, which was wholly satisfied by cash. The principal amount of the debt assumed with the acquisition of One Life was £8.7 million.

On 21 August 2014, the Company announced that it had acquired the Leylands Medical Centre in Bradford from the GPs who originally developed the 960 square metre medical centre for a consideration of £2.6 million. The property benefits from a passing rent of £162,000 and is let to the GP partners and Lloyds Pharmacy Limited, each on new 25 year lease terms.

The Group has a near term pipeline of identified individual asset acquisitions and developments in primary care property of £95 million, including a £62 million acquisition where the Group has agreed non-binding heads of terms, as well as other individual asset acquisitions and development opportunities worth a further £33 million. This pipeline is anticipated to be under contract before the end of the current financial year. In addition to this pipeline Assura has further opportunities with a value in excess of £75 million. However, the timing of these projects is more uncertain and they are not anticipated to commence in the current financial year.

As at 22 August 2014, the Group’s core portfolio of completed primary care medical centres stands at 234 valued at £766.4 million and with a contracted passing rent of £47.5 million. The Group’s property portfolio has been reviewed by two independent property experts who have issued reports on separate parts of the portfolio (including non-core assets valued at £4.6 million), as set out in Part VI (Property Valuation Reports) of this document. Savills have issued a report valuing part of the Group’s portfolio at £565.2 million and Jones Lang LaSalle have issued a report valuing the balance of the Group’s portfolio at £205.8 million.

<i>Core portfolio by region as at 22 August 2014</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
North	98	366.0	47.8
South	70	202.0	26.3
Midlands	45	147.8	19.3
Scotland	9	23.8	3.1
Wales	12	26.8	3.1
Total	234	766.4	100

  

<i>Core portfolio by capital value as at 22 August 2014</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
Less than £1m	37	24.6	3.2
£1m – £5m	160	401.0	52.3
£5m – £10m	27	189.6	24.8
Greater than £10m	10	151.2	19.7
Total	234	766.4	100

  

<i>Core portfolio rent roll by tenant covenant as at 22 August 2014</i>	<i>Total rent roll (£m)</i>	<i>Total rent roll (%)</i>
GPs	33.5	70.4
NHS body	8.9	18.7
Pharmacy	3.6	7.6
Other	1.5	3.3
Total	47.5	100

## 2.2 ***Non-core***

### (a) *Overview*

The non-core portfolio comprises surplus land held for sale and investment properties that are not considered part of the core primary care premises portfolio.

As at 22 August 2014, the non-core assets were valued at £13.3 million, comprising £8.7 million of assets held for sale and £4.6 million of investment property. The assets held for sale continue to be actively marketed for sale.

### (b) *LIFT*

The Company announced on 25 November 2013 that it had exchanged contracts to sell the equity and loan note investments it held in seven LIFT companies for a combined consideration of £22.4 million. The disposals were completed in early 2014.

## 3. **Strategy and prospects**

### 3.1 ***Strategy***

The Group's strategy is to invest in primary care properties to secure long-term income for its Shareholders. This income stream is supported by a strong covenant and the majority of leases are tied to upwards only rent reviews. To maximise the available opportunities for Shareholders, the Group utilises its extensive experience in the sector to source new properties either by acquiring them as investments, developing them with partners or utilising the Group's in-house development capability.

In order to maximise returns to Shareholders, the Board believes that increased scale enables these income streams to be managed most efficiently.

The election to join the REIT regime in April 2013 further supports Shareholder returns as the Group does not incur taxes on rental income and capital gains from investment property disposals as a REIT.

The Board is reviewing the Group's corporate structure and as part of this process is considering whether to replace Assura Group Limited as the parent company of the Group with an English-incorporated public limited company. No decision has been taken in this regard, and depending on the outcome of the review and appropriate advice received, there is no guarantee that the Board will look to replace the parent company of the Group in this way.

### 3.2 ***Prospects***

The primary care sector displays strong real estate fundamentals: excellent occupier covenants (backed by the NHS); limited development risk; restricted supply with little speculative development; long leases typically without breaks or rent-free periods; and high occupancy levels. In addition, the underlying open market rent review mechanism most common in the sector has provided inflation-tracking returns over the medium term.

The demand for new premises in primary care is increasing. An ageing population, the increasing number of people living with chronic illnesses and the shifting of the burden for elderly care into community based services are all increasing the demands on GPs. The migration of services out of hospitals and into the primary care sector is both a clinical and financial imperative to meet these increasing health needs within reasonable budgetary constraints.

The increasing demand for new premises is against a backdrop of an existing property estate that is not able to meet these challenges. The Care Quality Commission commenced inspecting GP surgeries in 2013/14 and found 24 per cent. of the premises they inspected failed the safety and suitability criteria.

At the same time as these increasing demands, the supply of new premises has slowed. The reorganisation of the NHS that was implemented in April 2013 has led to a reduction in the number of approvals of new developments as the new organisational structures take time to be bedded in.

The Board considers that the Group is well placed to provide the expertise and the private sector capital to meet the required investment in primary care infrastructure.

#### 4. Selected financial information

The following table highlights selected financial information in respect of the Group for the three year period ended 31 March 2014.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income	37.8	33.7	30.9
Profit/(loss) before taxation from continuing operations <sup>(1)</sup>	24.2	12.9	(67.8)
Dividends paid	(7.2)	(4.5)	(5.1)
Investment property	656.7	557.3	537.8
Cash, cash equivalents and restricted cash	38.6	35.7	21.4
Borrowings	(450.3)	(392.1)	(375.6)
Earnings per Ordinary Share	6.6p	2.7p	(13.2)p
Underlying profit per Ordinary Share <sup>(1)</sup>	2.1p	1.7p	1.2p
Net asset value per Ordinary Share	42.8p	37.4p	35.5p

(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.

#### 5. Directors and Senior Management

The Company has a board of directors headed by an independent Non-executive Chairman. The Board also comprises two independent non-executive directors and two executive directors. A brief biography of each director is set out below.

##### 5.1 Directors

**Simon Laffin** (appointed in August 2011) is the Non-executive Chairman of the Company. Simon is non-executive chairman of Flybe Group plc and a non-executive director of Quintain Estates & Development PLC. Previously he served as chairman of Hozelock Group and a non-executive director of Mitchells & Butlers plc, Aegis Group plc and Northern Rock plc (as part of the rescue team). Between 1995 and 2004 he was group chief financial officer of UK grocery retailer Safeway plc (which he joined in 1990) and was latterly also responsible for property at Safeway. Prior to that, he held a variety of finance and management roles in Mars Confectionery, Rank Xerox and BP. He is a qualified accountant.

**Graham Roberts** (appointed in March 2012) is Chief Executive of the Company. Graham was finance director at The British Land Company PLC from 2002 to 2011, and before that was senior partner for Real Estate at Arthur Andersen, where he also led the public sector assurance practice, which included clients such as NHS Estates and a number of NHS trusts. His early career was at Binder Hamlyn. He is currently a non-executive director at Balfour Beatty plc and is chairman of their audit committee.

**Jonathan Murphy** (appointed in January 2013) is the Finance Director of the Company. Jonathan was previously finance director of the fund management business of Brooks Macdonald Group plc, having joined as a result of the acquisition of Braemar Group plc in 2010, where he was finance director for 4 years. Jonathan was previously managing director for the property management business of Brooks Macdonald. His earlier career included commercial and strategic roles at Spirit Group and Vodafone. Jonathan qualified as a chartered accountant with PricewaterhouseCoopers, holding management roles in both the UK and Asia. Jonathan holds an MBA from IESE, the leading European Business School in Barcelona.

**Jenefer Greenwood OBE** (appointed in May 2012) is a Non-executive Director of the Company. Jenefer is a chartered surveyor who started her career at Hillier Parker in 1978, becoming executive director and head of retail on merger with CBRE. She worked for Grosvenor Estate from 2003 until 2012. Jenefer sits on the Investment Advisory Board on INTERNOS Global Investors and was appointed to the board of DCH Group in August 2014. She has previously served on the board of The Crown Estate and chaired its remuneration committee. She has held positions as chair of the National Skills Academy for Retail and president of the British Council of Shopping Centres.

**David Richardson** (appointed in January 2012) is a Non-executive Director of the Company. David is currently chairman of BBGI SICAV S.A. and a board member of The Edrington Group. Previously he spent 22 years at Whitbread plc where he was the strategic planning director for eight years and the finance director for four years. At Whitbread he played a pivotal role in transforming the group from a brewing and pubs company into a market leader in hotels, restaurants and leisure clubs. Following this he has held a number of non-executive roles in FTSE listed companies including Serco Group plc, Forth Ports PLC, Tomkins plc (now called Gates Worldwide Limited), Dairy Crest plc and De Vere Group plc. He is a chartered accountant.

## 5.2 *Senior management*

**Andrew Darke** joined the Group in 2003 and was appointed as property director in 2007. Andrew completed his RICS qualification at the District Valuers office in 1987. Between 1988 and 2003 he held property investment positions at Royal Sun Alliance, Rowlinson Securities plc and Barlows plc before joining the Company.

**Paul Carroll** joined the Group in 2007 and was appointed Group Financial Controller in 2008. Paul qualified as a chartered accountant with Ross Houghton & Co in 1993. Between 1994 and 1998 he worked for Dibb Lupton Alsop as assistant financial controller before moving to Johnson Service Group plc as corporate accountant, where he spent nine years before joining the Company.

**Spencer Kenyon** has managed the Assura portfolio since the Company was incorporated in 2003. Spencer is a chartered surveyor and has worked in property management in both the public and private sector. He previously worked for Barlows plc and for nine years led their asset management department. His earlier career included commercial roles at St Quintin where he was associate director and head of the management department in Manchester for 5 years. Prior to that he held various property positions at Chesterton, Grimley JR Eve, Hedley Reddish Chartered Surveyors and Oldham MBC.

**Carolyn Jones** joined the Group in 2007 and was appointed Head of Investor Relations & Communications in 2013. Carolyn qualified as a chartered accountant with Bissell & Brown Limited in 2005 before joining KPMG as an assistant manager until 2007. Carolyn's previous roles within the Company were as divisional finance manager, group reporting accountant and Company Secretary.

## 6. **Corporate Governance**

The Board is committed to ensuring that high standards of corporate governance are maintained by the Company. The Directors are satisfied that the Company, as at the date of this document, complies with all relevant principles and provisions of the UK Corporate Governance Code. This document incorporates by reference the Corporate Governance Reports of the Annual Report of the Company for the financial periods ended 31 March 2012, 31 March 2013 and 31 March 2014.

### 6.1 *Audit Committee*

The audit committee comprises the two independent Non-executive Directors of the Company: David Richardson (chairman of the committee) and Jenefer Greenwood, and the Chairman, Simon Laffin.

The Board is satisfied that David Richardson has the requisite recent and relevant financial experience to be chairman of the audit committee. The Board is also satisfied that both Simon Laffin and Jenefer

Greenwood have the appropriate experience, understanding and knowledge of financial, risk and accounting matters to contribute effectively and appropriately to the work of the audit committee.

The audit committee is responsible for:

- monitoring the integrity of the half year and annual financial statements before submission to the Board;
- discussing any issues arising from the interim and final audits of the Company;
- reviewing significant financial reporting matters and judgements, with a particular focus on matters of material financial impact on the Company;
- reviewing the effectiveness of the Company's system of internal controls;
- conducting an annual review of the need to establish an internal audit function;
- monitoring and annually reviewing the auditor's independence, objectivity and effectiveness;
- developing and implementing the policy for provision of non-audit services by the external auditor; and
- making recommendations to the Board in relation to the selection process for the appointment of the external auditor, their fees and terms of engagement.

The audit committee reports its findings to the Board, identifying any matters on which it considers that action or improvement is needed and recommending the appropriate steps to be taken.

## 6.2 *Remuneration Committee*

The remuneration committee comprises the two independent Non-executive Directors of the Company: Jenefer Greenwood (chair of the committee) and David Richardson, and the Chairman, Simon Laffin, all of whom have been determined by the Board to be independent.

No director is involved in deciding his own remuneration.

The remuneration committee's terms of reference include:

- consideration of the objectives and targets for annual bonuses;
- consideration of annual pay awards and bonuses;
- approving the increase in staff pension contributions (to be made both by the Company and by the individual);
- reviewing and agreeing changes to the allocation basis for the staff bonus pool;
- confirming the vesting of the Assura Group Limited Executive Recruitment Plan;
- reviewing the Directors Remuneration Policy;
- reviewing any new disclosure requirements as and when they arise; and
- reviewing and allocating staff awards under the Assura Group Limited Value Creation Plan.

## 6.3 *Nomination Committee*

The Nomination Committee is chaired by Simon Laffin and also includes the two independent Non-executive Directors of the Company, David Richardson and Jenefer Greenwood, all of whom have been determined by the Board to be independent.

The principal functions of the Nomination Committee are to:

- review the succession planning requirements of the Company;

- keep under review the composition of the Board, the various committees and their chairmanship;
- consider the training needs of the Company's employees; and
- evaluate the Board's performance.

## **7. Employees**

As at 23 September 2014 (being the latest practicable date prior to the publication of this document), the Group had 30 permanent employees. At the end of the financial periods ended 31 March 2012, 31 March 2013 and 31 March 2014, the Group had 121, 28 and 30 employees, respectively.

# PART V

## THE REIT REGIME AND TAXATION

### 1. Introduction

The summary of the REIT Regime applicable in the UK (the “REIT Regime”) below is intended to be a general guide only and constitutes a high-level summary of the Company’s understanding of certain aspects of current UK law and HMRC practice relating to the UK REIT Regime, each of which is subject to change, possibly with retrospective effect. It is not an exhaustive summary of all applicable legislation in relation to the REIT Regime. The UK REIT Regime was introduced by the UK Finance Act 2006 and subsequently re-written into Part 12 of CTA 2010.

The Group converted to REIT status with effect from 1 April 2013, and the Company is now the principal company of a Group REIT for the purposes of the REIT Regime rules.

### 2. The REIT regime

The following paragraphs are intended as a general guide only and constitute a high-level summary of the Company’s understanding of current UK law and HMRC practice, each of which is subject to change.

They do not constitute advice to any Shareholder, prospective investor in the Company or other person.

#### 2.1 Overview

Investing in property through a UK taxable corporate investment vehicle generally has the disadvantage that, in comparison to a direct investment in property assets, some categories of Shareholders effectively suffer tax twice on the same income: first, indirectly, when the vehicle pays UK direct tax on its profits; and secondly when the Shareholder receives a dividend. UK non-tax paying entities, such as UK pension funds, bear tax indirectly when investing through a taxable closed-ended corporate vehicle that is not a REIT in a manner which they would not suffer if they were to invest directly in the property assets.

As part of a group UK REIT, UK resident REIT Group members no longer pay UK direct taxes on income and capital gains from their “Qualifying Property Rental Business” (within the meaning of section 205 of CTA 2009 or an overseas property business within the meaning of section 206 of CTA 2009), but in each case, excluding certain specified types of business (as per section 519(3) of CTA 2010) in the UK and elsewhere; and, non-UK resident REIT Group members with a UK Qualifying Property Rental Business no longer pay UK direct taxes on income from their UK Qualifying Property Rental Businesses, provided that certain conditions are satisfied. Instead, distributions in respect of the tax-exempt Qualifying Property Rental Business are treated for UK tax purposes as UK property income in the hands of Shareholders. Further details of the UK tax treatment of Shareholders after entry into the REIT Regime are contained in paragraph 12 of Part X (Additional Information) of this document.

Gains arising in UK resident companies on the disposal of shares in property owning companies may, however, be subject to UK corporation tax. In addition, REIT Group members will remain subject to overseas direct taxes in respect of any property rental business carried on outside the UK and, UK and overseas direct taxes are still payable in respect of income and gains from the REIT Group’s businesses (generally including any property trading business) not included in its Qualifying Property Rental Business (the “Residual Business”).

Whilst within the REIT Regime, the Qualifying Property Rental Business will be “ring-fenced” and treated for UK corporation tax purposes as a separate business from the Residual Business. Accordingly, a loss incurred in the Qualifying Property Rental Business cannot be set off against profits of the Residual Business (and *vice versa*), and cannot be carried forward to set off against any profits arising after the company ceases to be a REIT.

A dividend paid by the Company relating to profits or gains of the Qualifying Property Rental Business of the members of the Group (other than gains arising to non-UK resident members of the Group) is referred to as a “PID” or a “Property Income Distribution”. Other normal dividends paid by the Company (including dividends relating to the Residual Business) are referred to as “Non-PID Dividends”. Under the REIT Regime, both PIDs and Non-PID Dividends are capable of being satisfied by stock dividends. Further details of the UK tax treatment of Shareholders after entry into the REIT Regime are contained in paragraph 12 of Part IX (Additional Information) of this document.

In this section of the document, references to a company’s accounting period are to its accounting period for UK corporation tax purposes. This period can differ from a company’s accounting period for other purposes.

## 2.2 *Qualification as a REIT*

A group becomes a group UK REIT by the principal company serving a notice on HMRC on or before the date from which it wishes to come under the REIT Regime. In order to qualify as a REIT, the REIT Group must satisfy certain conditions set out in Part 12 of CTA 2010. A non-exhaustive summary of the material conditions is set out below. Broadly, the principal company must satisfy the conditions set out in paragraphs (a) to (d) and (f) below and the REIT Group as a whole must satisfy the conditions set out in paragraph (e).

### (a) *Company conditions*

The principal company must be a solely UK tax-resident company, admitted to trading on a recognised stock exchange and it must not be an open-ended investment company. The principal company’s shares must either be listed on a recognised stock exchange throughout each accounting period or traded on a recognised stock exchange in each accounting period. This listing/traded requirement is relaxed in the REIT Group’s first three accounting periods but the REIT Group can benefit from this relaxation only once. The principal company must also not (apart from in circumstances where it is only a close company because it has as a participator an institutional investor as defined in section 528(4A) of CTA 2010) be a “close company” (as defined in Part 10 of CTA 2010 as amended by section 528(5) of CTA 2010) (the “close company condition”). In summary, the close company condition amounts to a requirement that the company cannot be under the control of 5 or fewer participators, or of participators who are directors (and participators for these purposes is defined in section 454 of CTA 2010), subject to certain exceptions. The close company condition is relaxed for the REIT Group’s first three years.

An institutional investor includes the trustee or manager of an authorised unit trust (or overseas equivalent), the trustee or manager of a pension scheme, a person acting in the course of a long-term insurance business (or overseas equivalent), a UK REIT or overseas equivalent, a person who cannot be liable for corporation tax or income tax on the grounds of sovereign immunity, a charity, a limited partnership which is a collective investment scheme, a registered social landlord or an open-ended investment company (or overseas equivalent).

Although the Board does not expect the non-close company condition to be breached in the ordinary course of events, there is a risk that the Company may fail to meet this condition for reasons beyond its control. However, under certain circumstances a breach of the non-close company condition may be disregarded (subject to anti-avoidance) if the reason for the breach is that the Company becomes a member of another group UK REIT or that the breach is the result of anything done or not done by a person other than the Company and the Company remedies the breach before the end of the accounting period after that in which the breach began. Loss of REIT status would have a material impact on the tax status of the Company.

### (b) *Share capital restrictions*

The principal company must have only one class of ordinary shares in issue. The only other shares it may issue are non-voting restricted preference shares, including shares which would

be restricted preference shares but for the fact that they carry a right of conversion into shares or securities in the Company.

(c) *Borrowing restrictions*

The principal company must not be party to any loan in respect of which the lender is entitled to interest which exceeds a reasonable commercial return on the consideration lent or where the interest depends to any extent on the results of any of its business or on the value of any of its assets (subject to exceptions). In addition, the amount repayable must either not exceed the amount lent or must be reasonably comparable with the amount generally repayable (in respect of an equal amount lent) under the terms of issue of securities listed on a recognised stock exchange.

(d) *Financial Statements*

The principal company must prepare financial statements (the “Financial Statements”) in accordance with statutory requirements set out in Sections 532 and 533 of CTA 2010 and submit these to HMRC. In particular, the Financial Statements must contain the information about the Qualifying Property Rental Business and the Residual Business separately.

(e) *Qualifying Property Rental Business Conditions (including the Balance of Business conditions)*

The REIT Group must satisfy, amongst other things, the following conditions in respect of each accounting period during which the REIT Group is to be treated as a REIT:

- (i) the Qualifying Property Rental Business must, throughout the accounting period, involve at least three properties;
- (ii) throughout the accounting period, no one property may represent more than 40 per cent. of the total value of all the properties involved in the Qualifying Property Rental Business. Assets must be valued in accordance with IFRS, and at fair value when IFRS offers a choice between a cost basis and a fair value basis;
- (iii) the income profits arising from the Qualifying Property Rental Business must represent at least 75 per cent. of the REIT Group’s total profits for the accounting period (the “75 per cent. profits test”). Profits for this purpose means profits calculated in accordance with IFRS, before deduction of tax, and excludes (among other items) realised and unrealised gains and losses on the disposal of property; and
- (iv) at the beginning of the accounting period the value of the assets in the Qualifying Property Rental Business must represent at least 75 per cent. of the total value of assets held by the REIT Group (the “75 per cent. assets test”). Cash held on deposit and gilts or relevant UK REIT Shares are included in the value of assets relating to the Qualifying Property Rental Business for the purpose of meeting the 75 per cent. assets test. Non-cash assets must be valued in accordance with IFRS and at fair value where IFRS offers a choice of valuation between cost basis and fair value.

In addition, the Qualifying Property Rental Business does not include any property which is classified as owner-occupied in accordance with generally accepted accounting practice (subject to certain exceptions).

(f) *Distribution condition*

The principal company of the REIT (which, for the purposes of this Part, will be the Company) will be required (to the extent permitted by law) to distribute to Shareholders (by way of cash or stock dividend), on or before the filing date for the principal company’s tax return for the accounting period in question, at least 90 per cent. of the Group’s property rental business profits as calculated for tax purposes (broadly, calculated using normal UK corporation tax

rules) of the UK resident members of the REIT Group in respect of their Qualifying Property Rental Business and of the non-UK resident members of the REIT Group insofar as they are derived from their UK Qualifying Property Rental Business arising in each accounting period (the “90 per cent. distribution condition”). Failure to meet this requirement will result in a tax charge calculated by reference to the extent of the failure, although in certain circumstances where the profits of the period are increased from the amount originally shown in the Financial Statements delivered to HMRC, this charge can be mitigated if an additional dividend is paid within a specified period which brings the amount of profits distributed up to the required level. For the purpose of satisfying the distribution condition, any dividend withheld in order to comply with the 10 per cent. rule (as described below) will be treated as having been paid.

(g) *Investment in other REITs*

Finance Act 2013 enacted certain amendments to the REIT Regime rules in order to facilitate investment by REITs in other REITs. The legislation exempts a distribution of profits or gains of the Qualifying Property Rental Business of one REIT to another REIT. The investing REIT is required to distribute 100 per cent. of the distributions to its Shareholders. The investment by one REIT in another REIT will effectively be treated as a Qualifying Property Rental Business asset for the purposes of the 75 per cent. assets condition.

## 2.3 *Effect of becoming a REIT*

(a) *Tax exemption*

As a REIT, the REIT Group will not pay UK tax on profits and gains from the Qualifying Property Rental Business. UK tax will still be charged in the normal way in respect of the Residual Business.

Corporation tax could also be payable were the shares in a member of the REIT Group to be sold (as opposed to property involved in the Qualifying Property Rental Business). The REIT Group will also continue to pay all other applicable taxes including VAT, stamp duty land tax, stamp duty, PAYE, rates and national insurance contributions in the normal way.

(b) *The Excessive Shareholder rule*

The principal company of a REIT may become subject to an additional tax charge if it pays a distribution to, or in respect of, a person beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company’s dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company. Shareholders should note that this tax charge only applies where a distribution is paid to persons that are companies or are treated as bodies corporate in accordance with the law of an overseas jurisdiction with which the UK has a double taxation agreement, or in accordance with such a double taxation agreement. It does not apply where a nominee has such a 10 per cent. or greater holding unless the persons on whose behalf the nominee holds the shares meets the test in their own right.

This tax charge will not be incurred if the principal company has taken reasonable steps to avoid paying distributions to such a person. HMRC guidance describes certain actions that might be taken to show it has taken such “reasonable steps”. One of these actions is to include restrictive provisions in the principal company’s articles of association to address this requirement. The Articles (as summarised in paragraph 3 below) are consistent with the provisions described in the HMRC guidance.

(c) *Dividends*

When the principal company of a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition (and where it relates to profits or gains of the Qualifying Property Rental Business of the members of the Group, other than gains arising to non-UK resident members of the Group). If the dividend exceeds the amount required to satisfy that condition, the REIT may determine

that all or part of the balance is a Non-PID Dividend to the extent there are any profits of the current or previous years which derive from activities of a kind in respect of which corporation tax is chargeable in relation to income (e.g. profits of the Residual Business). Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID: firstly, in respect of the remaining income profits of the Qualifying Property Rental Business for the current year or previous years; and secondly, in respect of chargeable gains which are exempt from tax by virtue of the REIT Regime. Any remaining balance will be attributed to other Non-PID Dividends.

Subject to certain exceptions, PIDs will be subject to withholding tax at the basic rate of income tax (currently 20 per cent). Further details of the UK tax treatment of certain categories of Shareholder while the Group is in the REIT Regime are contained in paragraph 12 of Part X (Additional Information).

If the REIT Group ceases to be a REIT, dividends paid by the principal company may nevertheless be PIDs to the extent they are paid in respect of profits and gains of the Qualifying Property Rental Business that arose whilst the REIT Group was within the REIT Regime.

(d) *Profit: financing cost ratio*

A tax charge will arise if, in respect of any accounting period, the ratio of the company's income profits (before capital allowances) to financing costs (in both cases in respect of its Qualifying Property Rental Business) is less than 1.25:1. The ratio is based on the cost of debt finance taking into account interest, amortisation of discounts or premiums, periodic payments and receipts relating to certain hedging instruments (and related amortisation of discounts and premiums) and the financing expense implicit in payments made under finance leases. The amount (if any) by which the financing costs exceeds the amount of those costs which would cause that ratio to equal 1.25 (subject to a cap of 20 per cent. of the income profits) is chargeable to corporation tax.

(e) *Certain tax avoidance arrangements*

If HMRC thinks that a member of a REIT has been involved in certain tax avoidance arrangements, it may cancel the tax advantage obtained and, in addition, impose a tax charge equal to the amount of the tax advantage. These rules apply to both the Residual Business and the Qualifying Property Rental Business. In addition, if HMRC consider that the circumstances are sufficiently serious or if two or more notices in relation to the obtaining of a tax advantage are issued by HMRC in a ten year period, they may require the REIT Group to exit the REIT Regime.

(f) *Property development and property trading by a REIT*

A property development undertaken by a member of the REIT Group can be within the Qualifying Property Rental Business provided certain conditions are met. However, if the costs of the development exceed 30 per cent. of the fair value of the asset at the later of: (a) the date on which the relevant company becomes a member of a REIT, and (b) the date of the acquisition of the development property, and the REIT sells the development property within the three years beginning with the completion of the development, the property will be treated as never having been part of the Qualifying Property Rental Business for the purposes of calculating any gain arising on disposal of the property (and any tax exempt market value deemed disposal of the property or entry to the UK REIT Regime will be ignored). Any gain will be chargeable to corporation tax.

If a member of the REIT Group disposes of a property (whether or not a development property) in the course of a trade, the property will be treated as never having been within the Qualifying Property Rental Business for the purposes of calculating any profit arising on disposal of the property (and any tax exempt market value deemed disposal of the property or entry to the REIT Regime will be ignored). Any profit will be chargeable to corporation tax.

(g) *Movement of assets in and out of the Qualifying Property Rental Business*

In general, where an asset owned by a UK resident member of the REIT Group and used for the Qualifying Property Rental Business begins to be used for the Residual Business, there will be a tax-exempt market value disposal of the asset. Where an asset owned by a UK resident member of the REIT Group and used for the Residual Business begins to be used for the Qualifying Property Rental Business, this will generally constitute a taxable market value disposal of the asset for UK corporation tax purposes, except for capital allowances purposes.

(h) *Joint ventures*

The REIT Regime also makes certain provisions for corporate joint ventures. If one or more members of the REIT Group are beneficially entitled, in aggregate, to at least 40 per cent. of the profits available for distribution to equity holders in a joint venture company and at least 40 per cent. of the assets of the joint venture company available to equity holders in the event of a winding up, that joint venture company (or its subsidiaries) is carrying on a Qualifying Property Rental Business which satisfies the 75 per cent. profits condition and the 75 per cent. assets condition (the “JV company”) and certain other conditions are satisfied, the principal company may, by giving notice to HMRC, elect for the assets and income of the JV company to be included in the Qualifying Property Rental Business for tax purposes (on a proportionate basis). In such circumstances, the income of the JV company will count towards the 90 per cent. distribution condition and the 75 per cent. profits condition, and its assets will count towards the 75 per cent. assets condition (on a proportionate basis).

The REIT Group’s share of the underlying income and gains arising from any interest in a tax transparent vehicle carrying on a Qualifying Property Rental Business, including offshore unit trusts or partnerships, should fall within the REIT tax exemption, and should also count towards the 75 per cent. profits and assets conditions, provided the REIT Group is entitled to more than 20 per cent. of the profits and assets of the relevant tax transparent vehicle. The REIT Group’s share of the Qualifying Property Rental Business profits arising will also count towards the 90 per cent. distribution condition.

(i) *Acquisitions and takeovers*

If a REIT is taken over by another REIT, the acquired REIT does not necessarily cease to be a REIT and will, provided the applicable conditions continue to be met, continue to enjoy tax exemptions in respect of the profits of its Qualifying Property Rental Business and chargeable gains on disposal of properties in the Qualifying Property Rental Business.

The position is different where a REIT is taken over by an acquirer which is not a REIT. In these circumstances, the acquired REIT is likely in most cases to fail to meet the requirements for being a REIT (unless the acquirer qualifies as an Institutional Investor and the REIT’s shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) and will therefore be treated as leaving the REIT Regime at the end of its accounting period preceding the takeover and ceasing from the end of this accounting period to benefit from tax exemptions on the profits of its Qualifying Property Rental Business and chargeable gains on disposal of property forming part of its Qualifying Property Rental Business. The properties in the Qualifying Property Rental Business are treated as having been sold and reacquired at market value for the purposes of UK corporation tax on chargeable gains immediately before the end of the preceding accounting period. These disposals should be tax exempt as they are deemed to have been made at a time when the acquired REIT was still in the REIT Regime and future chargeable gains on the relevant assets will, therefore, be calculated by reference to a base cost equivalent to this market value. If the acquired REIT ends its accounting period immediately prior to the takeover becoming unconditional in all respects, dividends paid as PIDs before that date should not be re-characterised retrospectively as normal dividends.

### **3. Excessive Shareholders**

#### **3.1 *The Excessive Shareholder rule***

As noted above, under the REIT Regime a tax charge may be levied on the principal company of a REIT Group if it makes a distribution to, or in respect of, certain bodies corporate that are beneficially entitled, directly or indirectly, to 10 per cent. or more of the principal company's dividends or share capital or that controls, directly or indirectly, 10 per cent. or more of the voting rights in the principal company (an "Excessive Shareholder").

This tax charge will not be incurred if the principal company of the REIT Group (in this case the Company) has taken "reasonable steps" to avoid such a distribution being paid.

The Articles of the Company contain relevant provisions intended to give the Board the powers it needs to demonstrate to HMRC that "reasonable steps" have been taken to avoid making distributions to Excessive Shareholders.

The Articles contain a special article for this purpose (the "REIT Provisions"), in line with HMRC guidance and recommendations.

#### **3.2 *Summary of the REIT Provisions***

The REIT Provisions:

- (a) provide directors with powers to identify the Company's Excessive Shareholders (including giving notice to a Shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Excessive Shareholder);
- (b) provide directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on Shares that form part of an Excessive Shareholding where the Shareholder has disposed of its rights to dividends on its Shares;
- (d) seek to ensure that if a dividend is paid on Shares that form part of an Excessive Shareholding and arrangements of the kind referred to in the preceding paragraph are not met, the Excessive Shareholder concerned does not become beneficially entitled to that dividend; and
- (e) provide the Directors with powers if certain conditions are met, to require (i) an Excessive Shareholder; or (ii) a Shareholder who has not complied with a notice served in accordance with the power referred to in (a); or (iii) a Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the Articles, to dispose of such number of their shares as the Directors may specify, or to take such other steps as will cause the Directors to believe the Shareholder is no longer an Excessive Shareholder.

The effect of the REIT Provisions is explained in more detail below.

#### **3.3 *Identification of Excessive Shareholders***

The share register of a company records the legal owner and the number of ordinary shares they own but does not identify the persons who are beneficial owners of the ordinary shares or are entitled to control the voting rights attached to the ordinary shares or are beneficially entitled to dividends.

Accordingly, the REIT Provisions require an Excessive Shareholder and any registered Shareholder holding shares on behalf of an Excessive Shareholder to notify the Company if his interest in the Company forms part of an Excessive Shareholding. Such a notice must be given within two business days.

The REIT Provisions give the Board the right to require any person to provide information in relation to their shareholding in order to determine whether the Shares form part of an Excessive

Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to withhold dividends.

### 3.4 ***Preventing payment of a dividend to an Excessive Shareholder***

The REIT Provisions provide that a dividend may not be paid on any Shares that the Board believes may form part of an Excessive Shareholding unless the Board is satisfied that the Excessive Shareholder is not beneficially entitled to the dividend.

If in these circumstances payment of a dividend is withheld, the dividend will be paid subsequently if the Board is satisfied that:

- (a) the Excessive Shareholder concerned is not beneficially entitled to the dividends;
- (b) the shareholding is not part of an Excessive Shareholding;
- (c) all or some of the Shares and the right to the dividend have been transferred to a person who is not, and does not thereby become, an Excessive Shareholder (in which case the dividends will be paid to the transferee); or
- (d) sufficient Shares have been transferred (together with the right to the dividends) such that the Ordinary Shares retained are no longer part of an Excessive Shareholding (in which case the dividends will be paid on the retained Shares).

For this purpose references to the “transfer” of a Share includes the disposal (by any means) of beneficial ownership of, control of voting rights in respect of and beneficial entitlement to dividends in respect of, that Share.

If the Directors decide that payment of a distribution should be withheld pursuant to the REIT Provisions, they must notify the relevant Shareholder in writing within five business days.

### 3.5 ***Payment of a dividend where rights to it have been transferred***

The REIT Provisions provide that dividends may be paid on the Shares that form part of an Excessive Shareholding if the Board is satisfied that the right to the dividend has been transferred to a person who is not, and does not thereby become, an Excessive Shareholder and the Board may be satisfied that the right to the dividend has been transferred if it receives a certificate containing appropriate confirmations and assurances from the Excessive Shareholder. The Directors may require that any such certificate is copied or provided to such persons as they may determine, including HMRC.

If the Board believes a certificate given in these circumstances is or has become inaccurate, then it will be able to withhold payment of future dividends (as described above). In addition, the Board may require an Excessive Shareholder to pay to the Company the amount of any tax payable (and other costs incurred) as a result of a dividend having been paid to an Excessive Shareholder in reliance on the inaccurate certificate. The Board may require a sale of the relevant Shares and retain the amount claimed from the proceeds.

Certificates provided in the circumstances described above will be of considerable importance to the Company in determining whether dividends can be paid. If the Company suffers loss as a result of any misrepresentation or breach of undertaking given in such a certificate, it may seek to recover damages directly from the person who has provided it. Any such tax may also be recovered out of dividends to which the Excessive Shareholder concerned may become entitled in the future.

The effect of these provisions is that there is no restriction on a person becoming or remaining an Excessive Shareholder provided that the person who does so makes appropriate arrangements to divest itself of the entitlement to dividends.

### 3.6 *Trust arrangements where rights to dividends have not been disposed of by an Excessive Shareholder*

The REIT Provisions provide that if a dividend is in fact paid on Shares forming part of an Excessive Shareholding (which might occur, for example, if an Excessive Shareholding is split among a number of nominees and is not notified to the Company prior to a dividend payment date), the Excessive Shareholder shall pay the amount of such tax payable (and other costs incurred) in connection with the recovery of such amount. In such circumstances, the Excessive Shareholder may nominate two or more persons (who are not Excessive Shareholders) to be the beneficiaries of the trust. The persons nominated as the beneficiary could be the purchaser of the Shares if the Excessive Shareholder is in the process of selling down their holding so as not to cause the Company to breach the Excessive Shareholder rule. If the Excessive Shareholder does not nominate anyone within twelve years, the dividend concerned will be held on trust for the Company.

If the recipient of the dividend passes it on to another without being aware that the Shares in respect of which the dividend was paid were part of an Excessive Shareholding, the recipient will have no liability as a result. However, the Excessive Shareholder who receives the dividend should do so subject to the terms of the trust and as a result may not claim to be beneficially entitled to those dividends.

### 3.7 *Mandatory sale of Excessive Shareholdings*

The REIT Provisions also allow the Board to require the disposal of Shares forming part of an Excessive Shareholding if:

- (a) an Excessive Shareholder has been identified and a dividend has been announced or declared and the Board has not been satisfied that the Excessive Shareholder has transferred the right to the dividend (or otherwise is not beneficially entitled to it);
- (b) there has been a failure to provide information requested by the Board; or
- (c) any information provided by any person proves materially inaccurate or misleading.

In these circumstances, if the Company incurs a charge to tax as a result of one of these events, the Board may, instead of requiring the Shareholder to dispose of the Shares, arrange for the sale of the relevant Shares and for the Company to retain from the sale proceeds an amount equal to any tax so payable.

### 3.8 *Takeovers*

The REIT Provisions do not prevent a person from acquiring control of the Company through a takeover or otherwise, although as explained above, such an event may cause the Company to cease to qualify as a REIT.

### 3.9 *Other*

The REIT Provisions also give the Company power to require any Shareholder who applies to be paid dividends without any tax withheld to provide such certificate as the Board may require to establish the Shareholder's entitlement to that treatment.

## 4. **Exit from the REIT Regime**

The principal company of the REIT Group can give notice to HMRC that it wants to leave the REIT Regime at any time. The Board retains the right to decide that the REIT Group should exit the REIT Regime at any time in the future without the consent of Shareholders if it considers this to be in the best interests of the REIT Group.

If the REIT Group (or a member of the REIT Group) voluntarily leaves the REIT Regime within ten years of joining and disposes of any property or other asset that was involved in its Qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a

result of the deemed disposal on entry into and deemed disposal and reacquisition at market value on exit from the REIT Regime (or as a movement from the Qualifying Property Rental Business to the Residual Business) is disregarded in calculating the gain or loss on the disposal.

It is important to note that it cannot be guaranteed that the Company or the REIT Group will comply with all of the REIT conditions and that the REIT Regime may cease to apply in some circumstances. HMRC may require the REIT Group to exit the REIT Regime for a number of reasons, including that:

- (a) it regards a breach of the conditions relating to the REIT Regime, or an attempt to obtain a tax advantage, as sufficiently serious; or
- (b) the REIT Group or the Company have committed a certain number of breaches of the conditions in a specified period; or
- (c) HMRC has given members of the REIT Group two or more notices in relation to the obtaining of a tax advantage within a ten year period of the first notice having been given.

In addition, if the conditions for REIT status relating to the share capital of the principal company and the prohibition on entering into loans with abnormal returns are breached or the principal company ceases to be UK resident, becomes dual resident or an open-ended company, it will automatically lose REIT status. Where the REIT Group automatically loses REIT status or is required by HMRC to leave the REIT Regime within ten years of joining, HMRC has wide powers to direct how it is to be taxed, including in relation to the date on which the REIT Group is treated as exiting the REIT Regime.

Shareholders should note that it is possible that the REIT Group could lose its status as a REIT as a result of actions by third parties (for example, in the event of a successful takeover by a company that is not a REIT, unless the acquirer qualifies as an Institutional Investor and the REIT's shares continue to be admitted to trading on a recognised stock exchange and are either listed or traded) or other circumstances outside the REIT Group's control.

## **PART VI**

### **PROPERTY VALUATION REPORTS**

This Part VI comprises:

- (a) the Jones Lang LaSalle Valuation Report, which values certain properties owned by the Group as at 22 August 2014; and
- (b) the Savills Advisory Services Limited Valuation Report, which values the remaining properties owned by the Group as at 22 August 2014.

These Valuation Reports, together, cover all of the investment properties and developments owned by the Group.



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24 September 2014

Dear Sirs

## DESK TOP PORTFOLIO VALUATION

### 1. Instructions

- 1.1 In this Report, the “**Issuer**” shall mean Assura Group Limited
- 1.2 In accordance with instructions received from the Issuer in its email dated 21 May 2014 and as confirmed in our Terms of Engagement letter dated 18 August 2014, we have considered certain of the existing investment properties, developments in the course of construction and the additional land bank sites and vacant buildings (the “**Properties**” and each a “**Property**”) held by the Issuer and its group of companies (together the “**Assura Group**”) in order to provide our opinion on a Desk Top basis of the aggregate Market Value and Market Rent (in each case as defined below) of the 86 freehold and leasehold interests in each of the Properties, subject to and with the benefit of the various occupational leases to which the Properties may be subject, as at 22 August 2014.
- 1.3 This Report has been prepared for the purpose of inclusion in the listing particulars prepared for the purposes of EU Directive 2003/71/EC (the “**Prospectus Directive**”) and comprising the listing particulars given in compliance with the listing rules made under Section 73A of the Financial Services and Markets Act 2000 by the UK Listing Authority (the “**Prospectus**”). The Prospectus is being published in connection with the share issue being conducted by the Issuer and the subsequent admission to listing of the shares issued by the Issuer pursuant thereto to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities.
- 1.4 This Report is addressed to and capable of being relied upon by:
  - (a) Assura Group Limited;
  - (b) Oriel Securities Limited; and
  - (c) Liberum Capital Limited,

(together, the **Addressees**) provided that, in relying on this Report, each of the Addressees acknowledges and agrees that:

- (i) the valuation provided in this Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have not taken any action nor are we obliged to take any action to review or update this Report since the date it was originally issued;
- (ii) our aggregate liability to any one or more or all of the Addressees in respect of the Reports shall be limited to £27,500,000 provided that this cap on liability shall not apply in the event that an investor brings a claim against one or more of the Addressees as a result of our negligence in preparing the Valuation; and
- (iii) this Report is subject to the terms and conditions set out in our letter of engagement with, *inter alios*, Assura Group Limited dated 18 August 2014.

## **2. Compliance with Appraisal and Valuation Standards**

- 2.1 This Report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards Global and UK January 2014 (the "RICS Red Book") effective from 6 January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation Reports.
- 2.2 We further confirm that our valuations and Report have been prepared in accordance with the relevant provisions of the Listing Rules and the City Code on Takeovers and Mergers, Rule 5.6.5G of the Prospectus Rules published by the Financial Services Authority and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No 809/2004 ("**ESMA Guidelines**") and the Prospectus Directive. We also confirm that unless otherwise defined, terms have the meaning given to them in the above sources.

## **3. Status of Valuer**

- 3.1 We confirm that we have undertaken the Valuation acting as an External Valuer (as defined in the RICS Red Book) for the purposes of valuing the Properties pursuant to the Terms of Engagement Letter and as an independent expert for the purposes of the ESMA Guidelines.

## **4. Disclosures Required Under the Provisions of UKPS 5.3**

- 4.1 We confirm in the financial year to 31 December 2013, the proportion of total fees payable by the Issuer to the total fee income of Jones Lang LaSalle (JLL) was less than 5%.
- 4.2 The signatories to this Report have also signed annual and interim valuation reports for Assura Group since March 2013 being RICS Registered Valuers. In accordance with VPS3 s7(a) we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

## **5. Conflict of Interest**

- 5.1 We confirm that we undertake quarterly desk top reviews of the portfolio for the Assura Group and security valuations for their banks and on the basis that all interested parties are aware of these roles, we do not consider there to be a conflict of interest.

## **6. Information**

- 6.1 In preparing this desk top valuation we have relied on the following information and assumed all are valid for the purposes of our Report but should any information prove to be incorrect or inadequate, then this could affect the accuracy of the valuations:

- (a) our files relating to each of the Properties we have inspected previously;
  - (b) leases and/or summaries, floor plans and other relevant information in respect of the recently completed or acquired Properties which we have not yet inspected;
  - (c) copy leases and floor plans, where available;
  - (d) updating information regarding any material changes to the Properties including lettings, rents, layout, and proposed terms of occupation where vacant space is under negotiation or in construction; and
  - (e) previous Certificates of Title prepared by the Issuer's solicitors (although these are now regarded as historic).
- 6.2 The Properties are inspected on a two year programme as part of our periodic reviews and 60% have been visited since 2013. Inspections of the remaining Properties will be carried out during 2014. We have been advised by the Issuer that there have been no material changes to any of the Properties since our inspections other than as stated and reflected in our valuations.

## **7. The Portfolio**

- 7.1 The Properties we have valued comprise 86 investments, which are held on a mixed freehold, heritable, part freehold/leasehold and leasehold basis, subject to and with the benefit of various occupational leases and agreements but otherwise with full vacant possession.
- 7.2 The Properties have been valued individually and do not reflect the potential for a premium if disposed of as a single lot. We have assumed that there would be a reasoned disposal programme so as not to flood the market with this niche product and having regard to lotting, as appropriate, to achieve the best price. However, there is limited stock and recent corporate interest in portfolios would suggest that a premium could be secured at the present time but this is not reflected in our valuations.

## **8. Tenure and Tenancies**

- 8.1 The Properties are held on a mixed freehold, heritable, long and short leasehold basis, subject to various leases and otherwise free from encumbrance and we have not been advised of any outstanding notices or disputes affecting them.
- 8.2 We have relied upon the details of tenure, tenancies and other information provided by the Issuer. In addition, we have previously been provided with Certificates of Title supplied to us by the Issuer's Solicitors and confirm as follows:
- (a) where we have relied upon information provided to us by the Issuer, such information is not inconsistent with the Certificates of Title;
  - (b) we have assumed that, save as may be disclosed by the Certificates of Title, the Properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations;
  - (c) we have assumed that, save as may be disclosed by the Certificates of Title, nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the Properties; and
  - (d) in respect of the short and long leasehold interests, we have assumed that consent to assign would not be withheld or delayed by the landlord if required and that, save as may be disclosed by the Certificates of Title, there are no outstanding arrears or breaches of covenant.
- 8.3 No account has been taken of any mortgages, debentures or other security which may now or in the future exist over any of the Properties.

## **9. Basis of Valuation**

- 9.1 Our Valuation has been prepared in accordance with the RICS Red Book which sets out the following definitions:

### ***Market Value***

- 9.2 Valuation Practice Standard VPS 4 (1.2) of the Red Book defines Market Value (MV) 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 arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### ***Market Rent (MR)***

- 9.3 Valuation Practice Standard VPS 4 (1.3) of the Red Book defines Market Rent (MR) as:

*“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.”*

- 9.4 Our valuations are exclusive of any Value Added Tax (VAT) and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a Property. Our valuations are, however, net of the usual acquisition costs payable by a buyer of a property based on 5.80% adopting 20% VAT on fees.

## **10. Assumptions and Sources of Information**

### ***Net Annual Rent***

- 10.1 When assessing the values of these Properties we have had regard to the annual rents receivable for each Property and the definition of ‘net annual rent’ given in the Listing Rules made by the Financial Conduct Authority pursuant to section 73A of the Financial Services and Markets Act, as amended. Further, our valuation based on the annual rent of the Properties:

- (a) ignores any special receipts or deductions arising from the Property;
- (b) excludes Value Added Tax and before taxation (including tax on profits and allowances for interest on capital or loans); and
- (c) makes deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

Where premises are let on effective full repairing and insuring leases, the net annual rents receivable are the presently contracted rents payable under those leases without any deduction for the cost of management or any other expenses.

The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

### ***Floor Areas***

- 10.2 We have relied upon the floor areas provided to us by the Issuer where we have not had sufficient access to buildings or scale floor plans. In certain instances check measurements have been taken on site, and the floor area figures provided have proved to be accurate. We assume that all floor area figures provided are complete and correct and calculated in accordance with the Code of Measuring Practice, 6th Edition issued by the RICS and agreed with the District Valuer at practical completion or at subsequent rent reviews.

### ***Environmental Investigations and Ground Conditions***

- 10.3 We were not instructed to undertake an Environmental Audit, and are therefore unable to warrant that the Properties will not be adversely affected by the provisions and implementation of the Environmental Protection Act 1990 and Environment Act 1995. We have not investigated whether the sites of the Properties are, or have been in the past, contaminated and are therefore unable to warrant that the Properties are free from any defect or risk in this respect. We have not however been advised of any contamination effecting these Properties or, of any neighbours, or other investigation or soil survey which may have been carried on the Properties which may draw attention to contamination or the possibility of such contamination.
- 10.4 We have assumed that, except to the extent disclosed to us by the Issuer, that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

### ***Town Planning and Statutory Requirements***

- 10.5 We have not made updating town planning enquiries for the purposes of this Report and assume (save as set out in the Certificates of Title) (a) that there are no adverse town planning or highway issues nor other schemes or proposals and (b) that all relevant planning consents exist for the Properties and their respective present uses.
- 10.6 Further, we have not made enquiries with the Care Quality Commission regarding the regulatory compliance of the various medical practices and assume there are no material outstanding requirements or enforcement actions.

### ***Tenants' Covenants***

- 10.7 We have not conducted credit enquiries into the financial status of any of the tenants of the Properties (the "**Tenants**"). However, in undertaking our valuations we have reflected our understanding of the market's perception of the financial status of the Tenants and the rent reimbursement process. We have also assumed that each Tenant is capable of meeting its lease obligations, and that there are no material undisclosed breaches of covenant.

## **11. Valuation**

- 11.1 We are of the opinion that the aggregate Market Value calculated on a desk top basis of the mixed freehold, heritable, part freehold/long leasehold and leasehold medical centre Properties, subject to the various existing and proposed leases in their current condition can be fairly stated at £205,749,000 (Two Hundred and Five Million Seven Hundred and Forty Nine Thousand Pounds).
- 11.2 This is apportioned between the freehold/heritable and long leasehold Properties which is shown below:

<i>Investments</i>	<i>Market Value</i>
Freehold	£148,874,000
Long Lease	£56,875,000
Total	<u>£205,749,000</u>

- 11.3 The aggregate gross passing rent for the Properties contracted under the terms of the leases as provided to us by the Issuer as at 22 August 2014 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is £12,820,645 per annum (Twelve Million, Eight Hundred and Twenty Thousand, Six Hundred and Forty Five Pounds per annum).
- 11.4 We have valued the income producing Properties individually on a traditional investment basis applying a mix of net initial, hardcore or term and reversion yields to the net rents receivable under the various leases and having regard to the quality of each building, Tenant covenant strength, length

of lease, location and whether the Property is regarded as reversionary by reference to our assessment of Market Rent.

The leases are on a mix of either full repairing and insuring terms (or with effective full recovery through service charges) or a Tenant internal repairing basis and our assessment of net rent and resulting valuations have been adjusted for head rents and Landlord's non recoverable costs on external repairs and insurance etc. Where there is vacant space, we have reflected extended void periods of up to 48 months and risk adjusted yields together with fit out costs as appropriate.

11.5 The aggregate figures provided relate to the total of the individual Property Market Values and Market Rents at the date of valuation being 22 August 2014. We are not aware of any material changes to the aggregate valuation from that date to the date of this letter.

11.6 The combined values of the investments, excluding the new acquisition at Bradford has increased by £6,516,000 (3.31%) overall from the year end valuation undertaken for the Issuer as at 31 March 2014 on a like for like basis. This is mainly as a result of successful rent reviews and with yield adjustments to reflect the recently improved market conditions and comparable evidence.

The Market Value figures adopted take into account the Net Annual Rent and the Market Rent and anticipated income profile over the life of the investments.

11.7 Despite the limited evidence of recent open market transactions, we consider our valuations are well supported by reference to our analysis of transactional evidence, where available, and our direct experience of the primary care market and buying criteria of potential purchasers with appropriate adjustments to reflect current market conditions. Accordingly, we consider our opinion of Market Value as detailed above can be reported with a reasonable degree of confidence.

## **12. General Assumptions**

### **12.1 Exclusions**

The valuations do not make any allowance or take into account any legal fees, costs or other expenses, which would be incurred on the sale or purchase of the Properties, other than usual purchaser's costs as set out above.

We have excluded from our consideration any special purchaser who, due to special interest or circumstances, may wish to purchase the Properties.

Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or national, and neither have we made any deduction for Capital Gains Tax, Value Added Tax or any other tax liability.

The valuation figures in this report are exclusive of VAT. We have not undertaken any enquiries to ascertain whether or not a sale of the Properties would attract VAT.

The valuations are based on the technical, legal and financial information given to us and we have relied on this information in formulating our opinions of value.

### **12.2 Structural and Decorative Condition**

This valuation and Report is not a structural survey and we therefore value on the assumption that each Property is of sound design and construction, and free from any inherent defect. We have not inspected any covered or inaccessible areas, nor were any detailed inspections carried out of woodwork or structural members.

We did not carry out any investigation to determine whether or not high alumina cement, calcium chloride additives, asbestos or other potentially deleterious or hazardous materials have been used in the construction of the Properties or have since been incorporated in the Properties.

### 12.3 *Services, Plant and Equipment*

No detailed inspection or tests have been carried out by us on any of the services or items of equipment, therefore no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. We have assumed all services, plant and machinery are in full working order and comply with all statutory requirements and standards.

### 12.4 *Compliance with Statutory Matters*

In the absence of contrary statements we have assumed that the buildings fully comply with all statutory requirements to include Fire Office approval, environmental health and health and safety etc without any conditions or onerous costs to the owner.

### 12.5 *Confidentiality and Publication*

This Report has been prepared for inclusion in the Prospectus to be issued by the Issuer dated 24 September 2014. The contents of this Report may be used only for the specific purpose to which they refer. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval is required whether or not Jones Lang LaSalle is referred to by name and whether or not the contents of our Report are combined with others.

We confirm that we have consented in our Terms of Engagement to the inclusion of this Report in the Prospectus.

### 12.6 *Responsibility Statement*

Subject to paragraph 1.4 and save for any responsibility arising under the Listing Rules, the City Code on Takeovers and Mergers or Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Report or our statement, required by and given solely for the purposes of complying with the Listing Rules, the City Code on Takeovers and Mergers and Annex IX item 13.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information contained within this Report and declare that we have taken all reasonable care to ensure that the information contained in this Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 9 item 9.1 and Annex 13 item 13.1 of the Prospectus Directive Regulation.

Yours faithfully

**Andrew Sproson**  
**Director**

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Oriel Securities Limited  
150 Cheapside  
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EC2V 6ET

24 September 2014

Dear Sirs

## DESK TOP PORTFOLIO VALUATION

### 1. INSTRUCTIONS

- 1.1 In this Report, the “Issuer” shall mean Assura Group Limited.
- 1.2 In accordance with instructions received from the Issuer in its email dated 11 July 2014 and as confirmed in our Terms of Engagement letter dated 21 August 2014, we have considered certain of the existing investment properties, developments in the course of construction and the land bank sites and vacant buildings (the “**Properties**” and each a “**Property**”) held by the Issuer and its group of companies (together the “**Assura Group**”) in order to provide our opinion on a desk top basis of the aggregate Market Value and Market Rent (in each case as defined below) of the 168 freehold and leasehold interests in each of the Properties, subject to and with the benefit of the various occupational leases to which the Properties may be subject, as at 22 August 2014.
- 1.3 This Report has been prepared for the purpose of inclusion in the listing particulars prepared for the purposes of EU Directive 2003/71/EC (the “**Prospectus Directive**”) and comprising the listing particulars given in compliance with the listing rules made under Section 73A of the Financial Services and Markets Act 2000 by the UK Listing Authority (the “**Prospectus**”). The Prospectus is being published in connection with the share issue being conducted by the Issuer and subsequent admission to the listing of the shares issued by the Issuer pursuant thereto to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s main market for listed securities.
- 1.4 This Report is addressed to and capable of being relied upon by:
  - (a) Assura Group Limited;
  - (b) Oriel Securities Limited; and
  - (c) Liberum Capital Limited

(together, the **Addressees**) provided that, in relying on this Report, each of the Addressees acknowledges and agrees that:

- (i) the valuation provided in this Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have not taken any action nor are we obliged to take any action to review or update this Report since the date it was originally issued;
- (ii) our aggregate liability to any one or more or all of the Addressees in respect of the Reports shall be limited to £75M provided that this cap on liability shall not apply in the event that an investor brings a claim against one or more of the Addressees as a result of our negligence in preparing the Valuation; and
- (iii) this Report is subject to the terms and conditions set out in our letter of engagement with, *inter alios*, Assura Group Limited dated 21 August 2014.

## **2. COMPLIANCE WITH APPRAISAL AND VALUATION STANDARDS**

- 2.1 This Report has been prepared in accordance with Royal Institution of Chartered Surveyors' ("RICS") Valuation – Professional Standards Global and UK January 2014 (the "**RICS Red Book**") effective from 6 January 2014, in particular in accordance with the requirements of VPS 3 entitled Valuation Reports.
- 2.2 We further confirm that our valuations and Report have been prepared in accordance with the relevant provisions of the Listing Rules and the City Code on Takeovers and Mergers, Rule 5.6.5G of the Prospectus Rules published by the Financial Services Authority and paragraphs 128 to 130 of the ESMA update of the CESR recommendations for the consistent implementation of the European Commission's Regulation on Prospectuses No 809/2004 ("**ESMA Guidelines**") and the Prospectus Directive. We also confirm that unless otherwise defined, terms have the meaning given to them in the above sources.

## **3. STATUS OF VALUER**

- 3.1 We confirm that we have undertaken the Valuation acting as an External Valuer (as defined in the RICS Red Book) for the purposes of valuing the Properties pursuant to the Terms of Engagement Letter and as an independent expert for the purposes of the ESMA Guidelines.

## **4. DISCLOSURES REQUIRED UNDER THE PROVISIONS OF UKPS 5.3**

- 4.1 Savills Advisory Services Limited is a wholly owned subsidiary of Savills plc (the "Group"). In the Group's financial year to 31 December 2013, the proportion of total fees payable by the Issuer to the total fee income of the Group was less than 5%.
- 4.2 The two signatories to this Report have also signed annual and interim valuation report for Assura Group since 2003 and 2010 respectively with both also being RICS Registered Valuers. In accordance with VPS3 s7(a) we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

## **5. CONFLICT OF INTEREST**

- 5.1 We confirm that we undertake quarterly desk top reviews of the portfolio for the Assura Group and security valuations for their banks and on the basis that all interested parties are aware of these roles, we do not consider there to be a conflict of interest.

## **6. INFORMATION**

- 6.1 In preparing this desk top valuation we have relied on the following information and assumed all are valid for the purposes of our Report but should any information prove to be incorrect or inadequate, then this could affect the accuracy of the valuations:

- (a) our files relating to each of the Properties we have inspected previously;
  - (b) leases, floor plans and other relevant information in respect of the recently completed or acquired Properties which we have not yet inspected;
  - (c) copy leases and floor plans, where available;
  - (d) updating information regarding any material changes to the Properties including lettings, rents, layout, and proposed terms of occupation where vacant space is under negotiation or in construction; and
  - (e) previous Certificates of Title prepared by the Issuer's solicitors (although these are now regarded as historic).
- 6.2 The Properties are generally inspected on a rolling 3 year programme as part of our periodic reviews and 100 of the 153 investment Properties which are the subject of this Report have been visited since 2011. In respect of recent acquisitions, we have undertaken a sampling exercise of c. 38% and inspections of a further 28 Properties are planned to be carried out over the next two months. We have been advised by the Issuer that there have been no material changes to any of the Properties since our inspections other than as stated and reflected in our valuations.

## **7. THE PORTFOLIO**

- 7.1 The Properties we have valued comprise 153 investments, 3 developments in the course of construction and the additional 12 land bank sites and vacant buildings which are held on a mixed freehold, heritable, part freehold/leasehold and leasehold basis, subject to and with the benefit of various occupational leases and agreements but otherwise with full vacant possession.
- 7.2 The Properties have been valued individually and do not reflect the potential for a premium if disposed of as a single lot. We have assumed that there would be a reasoned disposal programme so as not to flood the market with this niche product and having regard to lotting, as appropriate, to achieve the best price. However, there is limited stock available and recent corporate interest in portfolios would suggest that a premium could be secured at the present time but this is not reflected in our valuations.

## **8. TENURE AND TENANCIES**

- 8.1 The Properties are held on a mixed freehold, heritable, long and short leasehold basis, subject to various leases and otherwise free from encumbrance and we have not been advised of any outstanding notices or disputes affecting them.
- 8.2 We have relied upon the details of tenure, tenancies and other information provided by the Issuer. In addition, we have previously been provided with Certificates of Title supplied to us by the Issuer's solicitors and confirm as follows:
- (a) where we have relied upon information provided to us by the Issuer, such information is not inconsistent with the Certificates of Title;
  - (b) we have assumed that, save as may be disclosed by the Certificates of Title, the Properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations;
  - (c) we have assumed that, save as may be disclosed by the Certificates of Title, nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the Properties; and
  - (d) in respect of the short and long leasehold interests, we have assumed that consent to assign would not be withheld or delayed by the landlord if required and that, save as may be disclosed by the Certificates of Title, there are no outstanding arrears or breaches of covenant.

- 8.3 No account has been taken of any mortgages, debentures or other security which may now or in the future exist over any of the Properties.

## **9. BASIS OF VALUATION**

- 9.1 Our Valuation has been prepared in accordance with the RICS Red Book which sets out the following definitions:

### ***Market Value***

- 9.2 Valuation Practice Standard VPS 4 (1.2) of the Red Book defines Market Value (MV) 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 arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

### ***Market Rent (MR)***

- 9.3 Valuation Practice Standard VPS 4 (1.3) of the Red Book defines Market Rent (MR) as:

*“The estimated amount for which an interest in real property should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion.”*

- 9.4 Our valuations are exclusive of any Value Added Tax (VAT) and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a Property. Our valuations are, however, net of the usual acquisition costs payable by a buyer of a property based on 5.80% adopting 20% VAT on fees.

## **10. ASSUMPTIONS AND SOURCES OF INFORMATION**

### ***Net Annual Rents***

- 10.1 When assessing the values of the Properties we have had regard to the annual rents receivable for each Property and the definition of ‘net annual rent’ given in the Listing Rules made by the Financial Conduct Authority pursuant to section 73A of the Financial Services and Markets Act, as amended.

- 10.2 Further, our valuation based on the annual rent of the Properties:

- (a) ignores any special receipts or deductions arising from the Property;
- (b) excludes Value Added Tax and before taxation (including tax on profits and allowances for interest on capital or loans); and
- (c) makes deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

- 10.3 Where premises are let on effective full repairing and insuring leases, the net annual rents receivable are the presently contracted rents payable under those leases without any deduction for the cost of management or any other expenses.

- 10.4 The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

### ***Floor Areas***

- 10.5 We have relied upon the floor areas provided to us by the Issuer where we have not had sufficient access to buildings or scale floor plans. In certain instances check measurements have been taken on

site, and the floor area figures provided have proved to be accurate. We assume that all floor area figures provided are complete and correct and calculated in accordance with the Code of Measuring Practice, 6th Edition issued by the RICS and agreed with the District Valuer at practical completion or at subsequent rent reviews.

#### ***Environmental Investigations and Ground Conditions***

- 10.6 We were not instructed to undertake an Environmental Audit, and are therefore unable to warrant that the Properties will not be adversely affected by the provisions and implementation of the Environmental Protection Act 1990 and Environment Act 1995. We have not investigated whether the sites of the Properties are, or have been in the past, contaminated and are therefore unable to warrant that the Properties are free from any defect or risk in this respect. We have not however been advised of any contamination affecting these Properties or, of any neighbours, or other investigation or soil survey which may have been carried on the Properties which may draw attention to contamination or the possibility of such contamination.
- 10.7 We have assumed that, except to the extent disclosed to us by the Issuer, that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of any of the Properties.

#### ***Town Planning and Statutory Requirements***

- 10.8 We have not made updating town planning enquiries for the purposes of this Report and assume (save as set out in the Certificates of Title) (a) that there are no adverse town planning or highway issues nor other schemes or proposals and (b) that all relevant planning consents exist for the Properties and their respective present uses.
- 10.9 Further, we have not made enquiries with the Care Quality Commission regarding the regulatory compliance of the various medical practices and assume there are no material outstanding requirements or enforcement actions.

#### ***Tenants' Covenants***

- 10.10 We have not conducted credit enquiries into the financial status of any of the tenants of the Properties (the "**Tenants**"). However, in undertaking our valuations we have reflected our understanding of the market's perception of the financial status of the Tenants and the rent reimbursement process. We have also assumed that each Tenant is capable of meeting its lease obligations, and that there are no material undisclosed breaches of covenant.

### **11. VALUATION**

- 11.1 We have valued the income producing Properties individually on a traditional investment basis applying a mix of net initial, hardcore or term and reversion yields to the net rents receivable under the various leases and having regard to the quality of each building, Tenant covenant strength, length of lease, location and whether the Property is regarded as reversionary by reference to our assessment of Market Rent.
- 11.2 The leases are on a mix of either full repairing and insuring terms (or with effective full recovery through service charges) or a Tenant internal repairing basis and our assessment of net rent and resulting valuations have been adjusted for head rents and Landlord's non recoverable costs on external repairs and insurance etc. Where there is vacant space, we have reflected extended void periods of up to 48 months and risk adjusted yields together with fit out costs as appropriate.
- 11.3 The Market Value figures adopted take into account the Net Annual Rent and the Market Rent and anticipated income profile over the life of the investments.
- 11.4 We are of the opinion that the aggregate Market Value calculated on a desk top basis of the 153 mixed freehold, heritable, part freehold/long leasehold and leasehold medical centre and retail mall investments, subject to the various existing and proposed leases, and the 3 mixed freehold and long

leasehold medical centre developments, on the assumption that these developments are completed and fitted out to a high standard and the various proposed leases are entered into on the terms advised to us, together with the 12 land bank sites and vacant buildings, in their current condition, net of acquisition costs, can be fairly stated at **£592,610,000 (Five Hundred and Ninety Two Million, Six Hundred and Ten Thousand Pounds)**.

- 11.5 This is apportioned between the 153 investments, 3 developments in the course of construction and the 12 land bank sites and vacant buildings as follows which we have also shown split between freehold and leasehold tenure:

(a) <i>Investments</i>	
Freehold	£449,155,000
Freehold/Long Leasehold	£5,935,000
Long Leasehold	£105,720,000
Short Leasehold	£4,420,000
(b) <i>Developments in the course of construction</i>	
Freehold	£9,475,000
Long Leasehold	£9,220,000
(c) <i>Land Bank Sites and Vacant Buildings</i>	
Freehold	£8,685,000
Leasehold	Nil

- 11.6 The aggregate gross passing rent for the Properties contracted under the terms of the leases as provided to us by the Issuer as at 22 August 2014 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is **£36,136,424 per annum (Thirty Six Million, One Hundred and Thirty Six Thousand, Four Hundred and Twenty Four Pounds per annum)**.

- 11.7 Our opinion of the Market Values of the Properties are stated as at 22 August 2014. We are not aware of any material changes to the aggregate valuation from the that date to the date of this letter.

- 11.8 The combined values of the Properties, excluding new acquisitions and recently completed developments, has increased by £10.075m (2.2%) overall from the year end valuation undertaken for the Issuer as at 31 March 2014 on a like for like basis adjusted for sales and acquisitions. This is mainly as a result of successful rent reviews, extension works and lettings together with yield adjustments to reflect the recently improved market conditions and comparable evidence.

- 11.9 The definition of Market Value assumes both a willing buyer and seller, even if this might not always be the case in practice. Accordingly, we would expect a wider than normal divergence in opinions as to the value of these assets at the present time.

- 11.10 Despite the limited evidence of recent open market transactions, we consider our valuations are well supported by reference to our analysis of transactional evidence, where available, and our experience of the primary care market and buying criteria of potential purchasers with appropriate adjustments to reflect current market conditions. Accordingly, we consider our opinion of Market Value as detailed above can be reported with a reasonable degree of confidence.

## 12. GENERAL ASSUMPTIONS

### 12.1 *Exclusions*

The valuations do not make any allowance or take into account any legal fees, costs or other expenses, which would be incurred on the sale or purchase of the Properties, other than usual purchaser's costs as set out above.

We have excluded from our consideration any special purchaser who, due to special interest or circumstances, may wish to purchase the Properties.

Whilst we have had regard to the general effects of taxation on market value, we have not taken into account any liability for tax which may arise on a disposal, whether actual or national, and neither have we made any deduction for Capital Gains Tax, Value Added Tax or any other tax liability.

The valuation figures in this report are exclusive of VAT. We have not undertaken any enquiries to ascertain whether or not a sale of the Properties would attract VAT.

The valuations are based on the technical, legal and financial information given to us and we have relied on this information in formulating our opinions of value.

#### **12.2 *Structural and Decorative Condition***

This valuation and Report is not a structural survey and we therefore value on the assumption that each Property is of sound design and construction, and free from any inherent defect. We have not inspected any covered or inaccessible areas, nor were any detailed inspections carried out of woodwork or structural members.

We did not carry out any investigation to determine whether or not high alumina cement, calcium chloride additives, asbestos or other potentially deleterious or hazardous materials have been used in the construction of the Properties or have since been incorporated in the Properties.

#### **12.3 *Services, Plant and Equipment***

No detailed inspection or tests have been carried out by us on any of the services or items of equipment, therefore no warranty can be given with regard to their serviceability, efficiency, safety or adequacy for their purpose. We have assumed all services, plant and machinery are in full working order and comply with all statutory requirements and standards.

#### **12.4 *Compliance with Statutory Matters***

In the absence of contrary statements we have assumed that the buildings fully comply with all statutory requirements to include Fire Office approval, environmental health and health and safety etc without any conditions or onerous costs to the owner.

#### **12.5 *Confidentiality and Publication***

This Report has been prepared for inclusion in the Prospectus to be issued by the Issuer dated 24 September 2014. The contents of this Report may be used only for the specific purpose to which they refer. Before this Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, our written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval is required whether or not Savills Advisory Services Limited is referred to by name and whether or not the contents of our Report are combined with others.

We confirm that we have consented in our Terms of Engagement to the inclusion of this Report in the Prospectus.

#### **12.6 *Responsibility Statement***

Subject to paragraph 1.4 and save for any responsibility arising under the Listing Rules, the City Code on Takeovers and Mergers or Prospectus Rule 5.5.3R(2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with the Report or our statement, required by and given solely for the purposes of complying with the Listing Rules, the City Code on Takeovers and Mergers and Annex IX item 13.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

For the purpose of Prospectus Rule 5.5.3R(2)(f), we accept responsibility for the information contained within this Report and declare that we have taken all reasonable care to ensure that the information contained in this Report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex 9 item 9.1 and Annex 13 item 13.1 of the Prospectus Directive Regulation.

Yours faithfully

For and on behalf of Savills Advisory Services Limited

**Andrew Surgenor BSc (Hons) MRICS**  
RICS Registered Valuer  
Director – Head of Healthcare Valuations

**Samantha Rowland BSc (Hons) RICS**  
RICS Registered Valuer  
Director – Healthcare

## PART VII

### FINANCIAL INFORMATION ON ASSURA

#### 1. Basis of Financial Information

The consolidated financial statements of the Group included in the audited 2012 Annual Report, 2013 Annual Report and 2014 Annual Report, together with the audit reports thereon, are incorporated by reference into this document. The consolidated financial statements of and for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014 were prepared in accordance with IFRS, and the audit report for each such financial year was unqualified.

Each of the 2012 Annual Report, 2013 Annual Report and 2014 Annual Report are available on the Company's website, [www.assuragroup.co.uk](http://www.assuragroup.co.uk)

#### 2. Cross-reference list

The following list is intended to enable investors to easily identify specific items of information which have been incorporated by reference into this document.

##### *Financial statements for the year ended 31 March 2012 and independent audit report thereon*

The page numbers below refer to the relevant pages of the 2012 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	pages 43 to 44
Consolidated balance sheet	page 45
Consolidated cash flow statement	page 47
Consolidated statement of changes in equity	page 46
Notes to the financial statements	pages 48 to 86
Independent auditor's report	page 87

##### *Financial statements for the year ended 31 March 2013 and independent audit report thereon*

The page numbers below refer to the relevant pages of the 2013 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 66
Consolidated balance sheet	page 67
Consolidated cash flow statement	page 69
Consolidated statement of changes in equity	page 68
Notes to the financial statements	pages 70 to 104
Independent auditor's report	page 65

***Financial statements for the year ended 31 March 2014 and independent audit report thereon***

The page numbers below refer to the relevant pages of the 2014 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 78
Consolidated balance sheet	page 79
Consolidated cash flow statement	page 81
Consolidated statement of changes in equity	page 80
Notes to the financial statements	pages 82 to 106
Independent auditor's report	pages 75 to 77

## PART VIII

### OPERATING AND FINANCIAL REVIEW

*This Part VIII “Operating and Financial Review” should be read in conjunction with the historical financial information and information on the Company contained in this document. Prospective investors should read the entire document and not rely solely on the summary information set out below. The financial information considered in this Operating and Financial Review is extracted from the financial information incorporated by reference into this document, as set out in Part VII (Financial Information on Assura).*

*The following discussion of the Company’s results of operations and financial conditions contains forward-looking statements that involve risks and uncertainties. The Company’s actual results could differ materially from those that it discusses in these forward-looking statements. Factors that could cause or contribute to such differences include those discussed below and elsewhere in this document, particularly in the Risk Factors section of this document.*

*In addition, the following discussion of the Company’s results of operations and financial conditions contains the Directors’ estimates with respect to certain revenue and cost break-downs. These estimates are derived from management reporting systems and not from financial accounting systems or financial accounting records and, therefore, are not subject to the same degree of internal controls as information derived from financial accounting systems. The Directors’ estimates are unaudited and are not reviewed by our auditors. The Directors nonetheless believe that investors will find this information helpful in assessing the Company’s business.*

*Information in this section covers the three year period ended 31 March 2014.*

#### **1. Overview**

Assura is a leading UK healthcare REIT and a leading developer and owner-manager of primary care property. Assura provides purpose built premises for the use of GPs and other health service providers as they look to service the health requirements of the patients within the NHS.

Management believe the primary care property sector provides attractive property returns and the decision was taken in 2011 to focus on being a property investor in this sector of the market. As a consequence of this focused strategy a number of non-core assets and businesses were identified for sale and these sales have been achieved as below:

- July 2011: £36.8 million sale of the pharmacy business, which owned and operated a national chain of pharmacies;
- November 2011: £0.8 million sale of the LIFT consultancy business, which provided consultancy services;
- December 2012: £5.5 million sale of the former head office in Daresbury;
- November 2013: £22.4 million sale of the LIFT investments, which represented equity and loan notes in a number of public private consortia in which the Company had invested; and
- £7.1 million from the sale of non-core properties.

In addition to these asset sales, a large derivative was cancelled in 2011 which required an injection of capital from Shareholders to fund the required premium of £69 million.

Over recent years an entirely refreshed Board has been introduced which is now focused on the Group being solely a primary healthcare property business. A key milestone in this evolution was the decision in April 2013 to elect to join the REIT regime. For further information on the Board please see Part IV (Information on Assura Group Limited).

In the three year period ended 31 March 2014, the proceeds from the sale of the non-core assets have been reinvested into the core primary care property business as highlighted below:

- £86 million invested in 22 developments;
- £62.9 million acquisition of 32 medical centres from Trinity Medical Developments Limited in September 2013; and
- £12.5 million acquisition of 6 other medical centres.

For details of current trading and other acquisitions completed since 31 March 2014, see paragraphs 8 and 9 of Part I (Letter from the Chairman) of this document.

Details of key accounting policies can be found on pages 82 to 84 of the Annual Report of the Company for the year ended 31 March 2014.

## 2. Key performance indicators

The following table highlights some of the key performance indicators of the Group.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
Investment property	£656.7m	£557.3m	£537.8m
Rent roll	£41.8m	£35.9m	£34.9m
Weighted average unexpired lease term	14.4 years	14.8 years	15.8 years
Percentage of tenant covenant NHS/GP	85.8%	85.0%	83.5%
Adjusted EPRA NAV per Ordinary Share	43.4p	38.6p	36.3p
Net rental income	£37.8m	£33.7m	£30.9m
Underlying profit <sup>(1)</sup>	£10.9m	£8.8m	£5.6m
Underlying profit per Ordinary Share <sup>(1)</sup>	2.1p	1.7p	1.2p
Total accounting return	15.9%	8.7%	(18.4%)

(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.

## 3. Key factors affecting results of operations

### *Government policy*

As a key provider of private sector capital and expertise to the NHS in upgrading the NHS infrastructure in the form of GP surgeries, the Group is exposed to changes in the direction and management of the NHS. Changes in NHS procurement and funding for GPs could adversely affect the availability of new schemes for investment and changes to the rent reimbursement mechanism would reduce the attractiveness of the sector for ongoing investment.

The increased provision of healthcare services in the community and a closer coordination of primary and elderly care provision is a stated policy objective of all three major political parties and so a reduction in funding to this sector would run counter to these objectives.

The recent organisation changes in the NHS have led to a reduction in the number of new developments being approved and this has reduced some of the short-term growth opportunities for the business.

### *Investor demand for primary care property in the UK*

Reduction in investor demand for UK primary care property may result in falls in asset valuations, which could reduce the Group's future profits and net asset values. Reduced investor demand could arise from, amongst other things, changes in NHS policy, general economic conditions, availability of finance and the relative attractiveness of other asset classes. The Board regularly assesses the impact of these factors. One of the key attractive features of the primary care property market is its relatively low volatility of returns and stability and longevity of income streams. These are key defensive factors in adverse economic conditions.

### *Optimum and appropriate financing of the business*

The longevity and low default risk associated with the Group's rental income can support a relatively high level of associated borrowings. The Group's LTV ratio is 65 per cent., which is higher than the listed property sector average though significantly below the levels common in the non-listed sector in primary care property.

The level and cost of borrowing is monitored on a regular basis and the ability to continue sourcing debt at attractive rates is important to the future success of the business. The Group has predominantly long-term facilities, which reduces the refinancing risk both in terms of availability of finance and interest rate increases. Management are active in promoting the attractiveness of the sector to both existing and potential new lenders.

### *Management ability to identify good development and acquisition opportunities and asset manage the properties to add value*

The ability to source development opportunities and to make acquisitions at attractive prices is crucial to the success of the business. The Company's management is in regular dialogue with other investors in the sector to identify and secure future opportunities for portfolio purchases. The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group has a good track record of securing acquisitions over the past two years and remains hopeful of securing further portfolios, though the success and timing of any such purchases is inherently uncertain.

The Group has a near term pipeline of identified individual asset acquisitions and developments in primary care property of £95 million, which are anticipated to be under contract before the end of the current financial year. In addition to this pipeline Assura has further opportunities with a value in excess of £75 million. However, the timing of these projects is more uncertain and they are not anticipated to commence in the current financial year.

## **4. Results of operations**

The following discussion and analysis of the Company's results and operations for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 is based on historical results.

The following table shows certain income statement data for each of the periods under review.

### **Consolidated income statement**

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Continuing operations			
Gross rental and related income	39.9	37.1	34.1
Property operating expenses	(2.1)	(3.4)	(3.2)
<b>Net rental income</b>	<b>37.8</b>	<b>33.7</b>	<b>30.9</b>
Administrative expenses	(5.0)	(4.9)	(4.5)
Revaluation gains	12.4	6.0	1.5
Gain/(loss) on sale of property	0.2	(0.1)	0.1
Share-based payment charge	(0.7)	(0.6)	–
Exceptional items	(0.4)	–	(20.3)
Finance revenue	0.3	0.5	0.4
Finance costs	(22.2)	(20.5)	(21.2)
Gain/(loss) on derivative financial instruments	1.8	(1.2)	(54.7)
<b>Profit/(loss) before taxation</b>	<b>24.2</b>	<b>12.9</b>	<b>(67.8)</b>
Taxation	(0.4)	(0.2)	1.0
<b>Profit/(loss) for the year from continuing operations</b>	<b>23.8</b>	<b>12.7</b>	<b>(66.8)</b>

(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Profit for the year from discontinued operations			
– LIFT	11.2	1.4	4.5
– Pharmacy	–	–	1.6
<b>Profit/(loss) for the year attributable to equity holders of the parent</b>	<b>35.0</b>	<b>14.1</b>	<b>(60.7)</b>
<b>Earnings per Share (p)</b>	<b>6.6 p</b>	<b>2.7 p</b>	<b>(13.2)p</b>

(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.

Continuing operations reflects the results of the Group's Core and Non-Core property operating segments. The discontinued operations reflect the results of the Group's former Pharmacy and LIFT operating segments which were sold in 2011 and 2013 respectively.

In addition to the IFRS measures detailed above, the Company presents underlying profit which is considered to represent normalised profit. Underlying profit represents profit before tax from continuing operations, adjusted to exclude revaluation gains on investment properties, share-based payment charges, exceptional items and gains and losses on derivative financial instruments.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income	37.8	33.7	30.9
Administrative expenses	(5.0)	(4.9)	(4.5)
Finance revenue	0.3	0.5	0.4
Finance costs	(22.2)	(20.5)	(21.2)
<b>Underlying Profit</b>	<b>10.9</b>	<b>8.8</b>	<b>5.6</b>

(1) Results for the years ended 31 March 2012 and 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.

#### 4.1 *Gross rental and related income*

Gross rental and related income has increased from £34.1 million in the year ended 31 March 2012, to £37.1 million in the year ended 31 March 2013, and then to £39.9 million in the year ended 31 March 2014. This is rental income earned on the investment properties owned by the Company.

The following table illustrates the number of properties owned by the Company at year end, presented along with the contracted annual rent roll at that point.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
Number of properties	208	172	171
Annual contracted rent roll	£41.8m	£35.9m	£34.8m

The increase in the number of properties and annual contracted rent roll can be explained by the acquisition of the Trinity portfolio in September 2013, which totalled 32 properties and added £4.0 million to the annual rent roll.

In addition, the Company has completed the development of a number of new properties. The number of completed developments and the associated annual rental income is summarised below:

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
Number of completed developments	8	5	9
Annual contracted rent roll	£1.5m	£0.9m	£2.7m

#### 4.2 ***Net rental income***

Net rental income represents the gross rental income less directly attributable property costs and is the Company's gross profit on investment properties. Net rental income has increased from £30.9 million in the year ended 31 March 2012 to £33.7 million in the year ended 31 March 2013, and then to £37.8 million in the year ended 31 March 2014. The increase over these three financial periods reflects the growth in the gross rental income over the same period, as well as a reduction in the property operating expenses.

#### 4.3 ***Administrative expenses***

Administrative expenses represent the overheads associated with operating and managing the investment property portfolio. The expense has increased from £4.5 million in the year ended 31 March 2012 to £4.9 million in the year ended 31 March 2013, and then to £5.0 million in the year ended 31 March 2014.

The Company measures its operating efficiency as the proportion of administrative costs to the average gross investment property value. The ratio was 0.87 per cent. in the year ended 31 March 2012, 0.89 per cent. in the year ended 31 March 2013 and 0.82 per cent. in the year ended 31 March 2014.

#### 4.4 ***Revaluation gains***

Gains on revaluation of investment property were £1.5 million, £6.0 million and £12.4 million for the years ended 31 March 2012, 31 March 2013 and 31 March 2014, respectively. These figures include development profits on the completion of properties developed by the Company, as well as the revaluation movements following semi-annual valuations completed by independent external advisors.

#### 4.5 ***Gain/(loss) on sale of property***

In the years ended 31 March 2012, 31 March 2013 and 31 March 2014, the number of properties disposed of totalled 6, 18 and 6 respectively. The largest individual disposal was of the former head office building at Daresbury with proceeds of £5.5 million in the year ended 31 March 2013. As investment properties are held on the balance sheet at the fair value determined by an independent external advisor, the proceeds are generally close to the book value, resulting in an insignificant gain or loss on disposal.

#### *Share-based payment charge*

The share-based payment charge is the cost of employee share-based incentive arrangements as calculated in line with IFRS 2 (Share-based Payment). Details of employee share-based incentives are provided in paragraph 8 of Part X (Additional Information).

#### 4.6 ***Exceptional items***

In the year ended 31 March 2012, exceptional items totalled £20.3 million. This can be broken down as goodwill impairment of £20.0 million and acquisition costs of £0.3 million. The goodwill that was impaired related to businesses acquired in earlier years that were no longer considered to hold value for the Company.

There were no exceptional items in the year ended 31 March 2013.

In the year ended 31 March 2014, exceptional items totalled £0.4 million. This can be broken down as negative goodwill on the acquisition of Trinity of £0.6 million and credit in respect of property provision of £0.5 million, offset by acquisition costs of Trinity totalling £0.4 million and corporate finance fees of £1.1 million.

#### **4.7 *Finance revenue***

Finance revenue represents interest earned on cash balances and deposits. This income has remained broadly unchanged over the three years ended 31 March 2014, with variations the result of changes in cash balances and interest rates.

#### **4.8 *Finance costs***

Finance costs decreased from £21.2 million in the year ended 31 March 2012 to £20.5 million in the year ended 31 March 2013. The reduction between these two years reflected the benefit of redeeming the debt with NAB to be replaced by the Bond in November 2011, which carried a lower interest rate.

Finance costs have increased from £20.5 million in the year ended 31 March 2013 to £22.2 million in the year ended 31 March 2014. The increase is the result of the increase in borrowings over the period, as new developments have been partially funded by debt borrowings.

#### **4.9 *Gain/(loss) on derivative financial instruments***

The gain or loss on derivative financial instruments is the movement in the fair value of interest rate swap instruments held by the Company. The line item has fluctuated from a loss of £54.7 million in the year ended 31 March 2012, to a loss of £1.2 million in the year ended 31 March 2013 and a gain of £1.8 million in the year ended 31 March 2014.

In the year ended 31 March 2012, the Company closed out the interest rate swap held against the NAB loan that was refinanced and replaced by the Bond in November 2011. This resulted in a one-off cash payment of £69.5 million and an exceptional cost to the income statement of £52.7 million. Further details are set out in paragraph 10 of Part X (Additional Information).

#### **4.10 *Profit/(loss) before tax***

Profit/(loss) before tax has fluctuated from a loss of £67.8 million in the year ended 31 March 2012 (profit of £7.2 million before exceptional items and loss on derivative financial instruments), to a gain of £12.9 million in the year ended 31 March 2013 and a gain of £24.2 million in the year ended 31 March 2014.

The increase in profit before tax over the three years ended 31 March 2014 has been the result of: (i) growth in net rental income following acquisitions and completed developments; (ii) administrative costs reducing relative to average gross investment property value; and (iii) revaluation gains on the investment property held.

#### **4.11 *Taxation***

Taxation has fluctuated from a credit of £1.0 million in the year ended 31 March 2012, to a debit of £0.2 million in the year ended 31 March 2013 and a debit of £0.4 million in the year ended 31 March 2014. The amount recorded in the income statement represents the movement in the deferred tax asset.

#### **4.12 *Profit/(loss) for the year from continuing operations***

Profit/(loss) for the year from continuing operations has fluctuated from a loss of £66.8 million in the year ended 31 March 2012 (profit of £8.2 million before exceptional items and loss on derivative financial instruments), to a profit of £12.7 million in the year ended 31 March 2013 and a profit of £23.8 million in the year ended 31 March 2014.

The increase in profit for the year from continuing operations over the three years ended 31 March 2014 has been the result of: (i) growth in net rental income following acquisitions and completed

developments; (ii) administrative costs reducing relative to average gross investment property value; and (iii) revaluation gains on the investment property held.

#### 4.13 *Profit for the year from discontinued operations*

Profit for the year from discontinued operations relates to the pharmacy business that was sold in June 2011 and the LIFT investments that were sold in November 2013.

In the year ended 31 March 2012, the profit for the year from discontinued operations was £4.5 million in respect of the LIFT investments and £1.6 million in respect of the pharmacy business. The gain in respect of pharmacy included a gain on disposal of £3.4 million.

In the year ended 31 March 2013, the profit for the year from discontinued operations was £1.4 million in respect of the LIFT investments.

In the year ended 31 March 2014, the profit for the year from discontinued operations was £11.2 million in respect of the LIFT investments, including a gain on disposal of £10.5 million.

#### 4.14 *Profit/(loss) for the year attributable to equity holders of the parent*

Profit/(loss) for the year attributable to equity holders of the parent has fluctuated from a loss of £60.7 million in the year ended 31 March 2012, to a profit of £14.1 million in the year ended 31 March 2013 and a profit of £35.0 million in the year ended 31 March 2014.

The increase in profit for the year attributable to equity holders of the parent over the three years ended 31 March 2014 has been the result of: (i) growth in net rental income following acquisitions and completed developments; (ii) administrative costs reducing relative to average gross investment property value; (iii) revaluation gains on the investment property held; (iv) exceptional items in the year ended 31 March 2012; and (v) gain on disposal of the LIFT investments in the year ended 31 March 2014.

#### 4.15 *Underlying profit*

The Company presents underlying profit as a key performance indicator, being profits generated from the underlying business before fair value adjustments and exceptional items.

In the years ended 31 March 2012, 31 March 2013 and 31 March 2014, underlying profit was £5.6 million, £8.8 million and £10.9 million respectively. The increase in underlying profit over the three years ended 31 March 2014 has been the result of: (i) growth in net rental income following acquisitions and completed developments; and (ii) administrative costs reducing relative to average gross investment property value.

Details of related party transactions can be found in paragraph 11 of Part X (Additional Information).

## 5. **Balance sheet analysis**

The following table summarises the Company's balance sheet as at 31 March 2012, 31 March 2013 and 31 March 2014.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	656.7	557.3	537.8
Property assets held for sale	11.6	12.0	11.4
LIFT investments and associates	0.5	11.2	10.5
Cash, cash equivalents and restricted cash	38.6	35.7	21.4
Derivative financial instruments at fair value	(1.8)	(3.6)	(2.5)
Borrowings	(450.3)	(392.1)	(375.6)
Other assets and liabilities (net)	(28.7)	(22.4)	(15.1)
<b>Net assets</b>	<b>226.6</b>	<b>198.1</b>	<b>187.9</b>

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net asset value per Ordinary Share (p)	42.8p	37.4p	35.5p
EPRA net asset value per Ordinary Share (p)*	43.4p	38.6p	36.3p
EPRA NNNAV per Ordinary Share (p) **	42.0p	28.5	30.0p

\* EPRA net asset value represents the net assets of the Company adding back own shares held, derivative financial instrument and deferred tax.

\*\* EPRA NNNAV represents the net assets of the Company adding back own shares held, deferred tax and adjusting long term debt to fair value.

### 5.1 *Investment property and property assets held for sale*

Gross investment property has increased from £549.2 million as at 31 March 2012 to £569.3 million as at 31 March 2013 and £668.3 million as at 31 March 2014. The increase in the year ended 31 March 2013 is due to developments completed, offset by the disposal of a number of smaller, lower value properties. The increase in the year ended 31 March 2014 is due to the number of acquisitions and developments completed, offset by the disposal of a number of smaller, lower value properties. The most significant increase was the acquisition of the Trinity portfolio of 32 properties in September 2013.

### 5.2 *LIFT investments and associates*

LIFT investments and associates increased from £10.5 million at 31 March 2012 to £11.2 million as at 31 March 2013, to reflect the Group's share of profits earned during the year.

LIFT investments and associates decreased from £11.2 million at 31 March 2013 to £0.5 million as at 31 March 2014 following the disposal of LIFT investments in November 2013.

The balance represents the Company's share of net assets of seven LIFT companies, which were disposed of in November 2013, and also an investment held in GB Partnerships Investments Limited.

### 5.3 *Cash, cash equivalents and restricted cash*

Cash, cash equivalents and restricted cash was £21.4 million, £35.7 million and £38.6 million as 31 March 2012, 31 March 2013 and 31 March 2014, respectively.

Restricted cash arises where there are interest payment guarantees, cash is ring-fenced for committed property development expenditure, which is released to pay contractors invoices directly, or under the terms of security arrangements under the Company's banking facilities or its Bond. The following table shows the split between cash and restricted cash at 31 March 2012, 31 March 2013 and 31 March 2014.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Cash held in current accounts	27.6	15.6	12.2
Restricted cash	11.0	20.1	9.2
	<u>38.6</u>	<u>35.7</u>	<u>21.4</u>

Further details in respect of movements in cash, cash equivalents and restricted cash can be found in section 6 below.

### 5.4 *Derivative financial instruments at fair value*

Derivative financial instruments at fair value represent the fair value of interest rate swap instruments held by the Company at each balance sheet date. The instruments were a fair value liability of £2.5 million, £3.6 million and £1.8 million at 31 March 2012, 31 March 2013 and 31 March 2014, respectively.

## 5.5 ***Borrowings***

Borrowings, which are reported net of loan fees capitalised and including fair value adjustments on borrowings assumed with acquisitions completed, were £375.6 million at 31 March 2012, increasing to £392.1 million at 31 March 2013 and £450.3 million at 31 March 2014.

Borrowings have increased over the three years ended 31 March 2014 as a result of amounts drawn to partially fund new properties developed by the Company and the £52 million of borrowings assumed following the acquisition of Trinity in September 2013.

Further details of the Company's borrowing arrangements are set out in paragraph 10 of Part X (Additional Information).

## 5.6 ***Other assets and liabilities (net)***

Net other assets and liabilities as at 31 March 2012, 31 March 2013 and 31 March 2014 were a net liability of £15.1 million, £22.4 million and £28.7 million, respectively.

This includes deferred tax, trade and other receivables, trade and other payables, deferred revenue and property provisions. The magnitude of the balance has increased as trade and other receivables have reduced following the receipt of all deferred consideration from the sale of the pharmacy business, and deferred revenue has increased as rent invoiced each quarter has grown.

The Group has no contingent liabilities.

## 5.7 ***Net asset value per Ordinary Share***

Net asset value per Ordinary Share was 35.5p at 31 March 2012, increasing to 37.4p at 31 March 2013 and 42.8p at 31 March 2014. On an EPRA basis, which is adjusted to remove own shares held, derivative financial instruments and deferred tax, the figures increase to 36.3p, 38.6p and 43.4p respectively.

The increase over the three year period is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to shareholders. There has been no increase in share capital between 31 March 2012 and 31 March 2014.

## 6. **Overview of the Company's liquidity and capital resources**

During the period covered by the audited annual reports and accounts of the Group for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 and the period since 31 March 2014 (being the date of the Group's latest published audited annual report and accounts) until 23 September 2014 (being the latest practicable date prior to the publication of this document), the principal use of the Company's resources has been to fund:

- the cost of construction of new developments built by the Company;
- the acquisition of properties to add to the Company's portfolio;
- interest and capital repayments in respect of the Company's obligations in respect of Borrowings;
- the settlement of an interest rate swap to NAB in 2011;
- dividends paid; and
- working capital.

Sources of liquidity during the period covered by the audited annual reports and accounts of the Group for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 and the period since 31 March 2014 (being the date of the Group's latest published audited annual report and accounts) until 23 September 2014 (being the latest practicable date prior to the publication of this document) have included:

- cash generated from operations;

- amounts drawn from existing borrowing facilities;
- proceeds from the sale of the pharmacy business and LIFT investments;
- proceeds from the sale of non-core properties and land sites; and
- a rights issue completed in November 2011.

As at 31 March 2014, the Company had outstanding borrowings or indebtedness in the nature of borrowings of £450.3 million, finance lease obligations of £3.1 million and aggregate cash balances of £38.6 million. In addition, the Company had undrawn committed facilities totalling £2.6 million. Subsequent to the year end, the Company has entered into a new financing arrangement for a £30.0 million revolving credit facility which will be available to draw down against properties acquired or developed.

Since the year ended 31 March 2014, the Company has completed the acquisitions of MP Realty Holdings Group Limited and Park Medical Services Limited for an aggregate gross consideration of £119.3 million, which includes the assumption of associated debt of £85.5 million. The Group's loan to value ratio is now 65 per cent. (31 March 2014: 62 per cent.) based on the property valuation contained within this document.

The Company does not typically experience any seasonality in its liquidity or net debt during the course of any year.

The following table shows the Loan-to-Value ratio of the Company as at 31 March 2012, 31 March 2013 and 31 March 2014.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	656.7	557.3	537.8
Property assets held for sale	11.6	12.0	11.4
LIFT investments and associates	0.5	11.2	10.5
Total property and investments	668.8	580.5	559.7
Borrowings	450.3	392.1	375.6
Finance lease obligations	3.1	3.1	3.1
Cash, cash equivalents and restricted cash	(38.6)	(35.7)	(21.4)
Net debt	414.8	359.5	357.3
Loan-to-Value (%)	62%	62%	64%

As at 31 March 2014, the Group had banking facilities of £451.9 million in aggregate. In addition, as at 31 March 2014, the Group had cash balances of £38.6 million of which £11.0 million was committed to medical property development projects or held for interest payment guarantees. The banking facilities are provided by various parties as follows:

- a 10 year senior secured bond for £110 million, which matures December 2021;
- senior term loans with Aviva Commercial Finance of £284.5 million, which mature on various dates between 2021 and 2041; and
- loans from Santander with an aggregate balance of £57.4 million comprising (i) a £57.4 million investment facility available until November 2016, and (ii) a £2.6 million development facility available until November 2014.

On 22 May 2014, the Company entered into a new five year, £30 million revolving credit facility with Barclays and Natwest at an initial margin of 185 basis points over LIBOR.

As at 31 August 2014 (being the latest practicable date prior to publication of this document), the Company had outstanding borrowings or indebtedness in the nature of borrowings of £535.0 million, finance lease obligations of £3.1 million and an aggregate cash balance of £11.1 million. The information relating to 31 August 2014 has been extracted from unaudited accounting records as at that date. There have been no

material changes to the outstanding borrowings or indebtedness in the nature of borrowings, finance lease obligations or the aggregated cash balances of the Company since 31 August 2014.

Further details of the Company's borrowing arrangements, including details of the covenants attached to each facility, are set out in paragraph 10 of Part X (Additional Information). The Company has been in compliance with all covenants throughout the three year period ended 31 March 2014 and there has been no breach of any covenants since 31 March 2014 to the date of this document.

### ***Capitalisation and indebtedness***

Set out below is a statement of capitalisation of the Group at 31 March 2014 and indebtedness of the Group at 30 June 2014 (unaudited).

	<i>Capitalisation</i>
	<i>As at 31 March 2014</i>
	<i>£m</i>
Share capital – allotted, called up and fully paid	53.0
Own shares held	(1.9)
Share premium	77.1
Reserves	98.4
<b>Capital and reserves<sup>(1)</sup></b>	<b>226.6</b>
	<i>Indebtedness</i>
	<i>As at 30 June 2014</i>
	<i>£m (unaudited)</i>
Current debt – secured	(6.5)
<b>Total current debt<sup>(2)</sup></b>	<b>(6.5)</b>
Non-current debt (excluding current portion of long term debt)	(521.1)
<b>Total non-current debt<sup>(2)</sup></b>	<b>(521.1)</b>
<b>Total indebtedness<sup>(2)</sup></b>	<b>(527.6)</b>
	<i>Net financial indebtedness</i>
	<i>As at 30 June 2014</i>
	<i>£m (unaudited)</i>
<b>Cash</b>	
Cash and cash equivalents	24.9
Current portion of non-current debt	(6.5)
<b>Current financial debt<sup>(2)</sup></b>	<b>(6.5)</b>
Net current financial indebtedness	18.4
Non-current bank loans	(411.1)
Bonds issued	(110.0)
<b>Non-current financial indebtedness<sup>(2)</sup></b>	<b>(521.1)</b>
<b>Net financial indebtedness</b>	<b>(502.7)</b>

#### **Notes:**

(1) Since 31 March 2014, the Group's share capital and share premium have increased by £4.4 million and £14.3 million respectively following the issuance of Ordinary Shares in relation to the acquisition of MP Realty. In addition, reserves have decreased by £2.4 million and £2.6 million on 23 April 2014 and 23 July 2014 respectively, following the payment of interim dividends. There has been no material change to the indebtedness of the Group since 30 June 2014, save for the assumption of £8.7 million of debt associated with the One Life acquisition in July 2014.

(2) The Group's debt is shown gross of unamortised issue costs.

### ***Historical cash flows***

The following table summarises the movements in cash balances in the years ended 31 March 2012, 31 March 2013 and 31 March 2014.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cash flows from operating activities</b>	7.9	12.9	13.4
<b>Cash flows from investing activities:</b>			
Investment acquisitions	(9.1)	(3.6)	(5.1)
Development expenditure	(23.5)	(18.1)	(18.9)
Sale of properties	3.3	8.4	2.6
Sale of business and investments	27.7	3.6	22.3
Other (net)	(0.3)	(0.3)	(0.9)
	<u>(1.9)</u>	<u>(10.0)</u>	<u>0</u>
<b>Cash flows from financing activities:</b>			
Proceeds from share issues	–	–	33.5
Dividend paid	(7.2)	(4.5)	(5.1)
Net borrowings movement	4.1	15.9	(59.3)
	<u>(3.1)</u>	<u>1.4</u>	<u>(30.9)</u>
<b>Net increase/(decrease) in cash</b>	2.9	14.3	(17.5)
Opening cash balance	35.7	21.4	38.9
<b>Closing cash balance</b>	<u>38.6</u>	<u>35.7</u>	<u>21.4</u>

#### **6.1 *Cash flows from operating activities***

Net cash inflows from operating activities were £13.4 million for the year ended 31 March 2012, £12.9 million for the year ended 31 March 2013 and £7.9 million for the year ended 31 March 2014.

The following table illustrates the breakdown of the cash flows from operating activities in each of the three years ended 31 March 2014.

	<i>Year ended</i>		
	<i>31 March 2014</i>	<i>31 March 2013</i>	<i>31 March 2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Rent received	39.3	37.7	36.8
Interest paid and similar charges	(22.3)	(20.6)	(20.0)
Fees received	0.9	0.8	0.8
LIFT and bank interest received	0.8	1.5	1.6
Cash paid to suppliers and employees (inc. acquisition costs)	(10.8)	(6.5)	(11.1)
LIFT fees received	–	–	2.0
Pharmacy revenue and costs	–	–	3.3
<b>Cash flows from operating activities</b>	<u>7.9</u>	<u>12.9</u>	<u>13.4</u>

#### **6.2 *Cash flows from investing activities***

Net cash outflows from investing activities were £nil for the year ended 31 March 2012, £10.0 million for the year ended 31 March 2013 and £1.9 million for the year ended 31 March 2014.

In each of the three periods, the largest outflow was cash paid in respect of investment acquisitions and development expenditure, being £24.0 million, £21.7 million and £32.6 million in the years ended 31 March 2012, 31 March 2013 and 31 March 2014 respectively. This was offset by cash inflows from

the sale of properties and businesses and investments, being £24.9 million, £12.0 million and £31.0 million in each of the respective years.

### 6.3 *Cash flows from financing activities*

Net cash flows from investing activities were an outflow of £30.9 million for the year ended 31 March 2012, an inflow of £11.4 million for the year ended 31 March 2013 and an outflow of £3.1 million for the year ended 31 March 2014.

In the year ended 31 March 2012, the net outflow of £30.9 million was the result of net repayment of borrowings totalling £59.3 million and payment of dividends of £5.1 million, offset by proceeds from a rights issue of £33.5 million.

In the year ended 31 March 2013, the net inflow of £11.4 million was the result of net inflow from borrowings of £15.9 million offset by dividends paid of £4.5 million.

In the year ended 31 March 2014, the net outflow of £3.1 million was the result of net inflow from borrowings of £4.1 million offset by dividends paid of £7.2 million.

The table below shows dividend payments that have been made since April 2012 on a per share basis.

	2012/13	2013/14	2014/15
April	–	0.3025p	0.45p
July	0.285p	0.3025p	0.45p
October	0.285p	0.3025p	–
January	0.285p	0.45p	–

The Company is committed to maintaining a covered dividend that is progressive and broadly in line with underlying rental growth.

## **PART IX**

### **PRO FORMA FINANCIAL INFORMATION**

#### **PART A: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA INFORMATION**

Deloitte LLP  
2 Hardman Street  
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M3 3HF

The Board of Directors  
on behalf of Assura Group Limited  
The Brew House  
Greenalls Avenue  
Warrington  
WA4 6HL

Oriel Securities Limited  
150 Cheapside  
London  
EC2V 6ET

Liberum Capital Limited  
Ropemaker Place  
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24 September 2014

Dear Sirs,

#### **Assura Group Limited (the “Company”)**

We report on the pro forma financial information (the “Pro forma financial information”) set out in Part IX of the prospectus dated 24 September 2014 (the “Prospectus”), which has been prepared on the basis described in note 2, for illustrative purposes only, to provide information about how the transaction might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2014. This report is required by Annex I item 20.2 of Commission Regulation (EC) No 809/2004 (the “Prospectus Directive Regulation”) and is given for the purpose of complying with that requirement and for no other purpose.

#### **Responsibilities**

It is the responsibility of the directors of the Company (the “Directors”) to prepare the Pro forma financial information in accordance with Annex II items 1 to 6 of the Prospectus Directive Regulation.

It is our responsibility to form an opinion, as to the proper compilation of the Pro forma financial information and to report that opinion to you in accordance with Annex II item 7 of the Prospectus Directive Regulation.

Save for any responsibility arising under Prospectus Rule 5.5.3R (2)(f) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Annex I item 23.1 of the Prospectus Directive Regulation, consenting to its inclusion in the Prospectus.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

### **Basis of Opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the Directors.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside the United Kingdom, including the United States of America, and accordingly should not be relied upon as if it had been carried out in accordance with those standards or practices.

### **Opinion**

In our opinion:

- (a) the Pro forma financial information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

For the purposes of Prospectus Rule 5.5.3R(2)(f) we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Annex I item 1.2 of the Prospectus Directive Regulation.

Yours faithfully

### **Deloitte LLP**

*Chartered Accountants*

*Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Deloitte LLP is the United Kingdom member firm of Deloitte Touche Tohmatsu Limited ("DTTL"), a UK private company limited by guarantee, whose member firms are legally separate and independent entities. Please see [www.deloitte.co.uk/about](http://www.deloitte.co.uk/about) for a detailed description of the legal structure of DTTL and its member firms.*

## PART B: UNAUDITED PRO FORMA FINANCIAL INFO

The unaudited pro forma statement of net assets of the Company set out below have been prepared on the basis set out in the notes below to illustrate the impact of the Share Issue on the net assets of the Company as at 31 March 2014 as if they had taken place on that date.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and therefore does not represent the Company's actual financial position or results.

The unaudited pro forma information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IX.

The unaudited pro forma statement of net assets and income statement do not reflect any changes in the trading performance of the Company since 31 March 2014.

		<i>Adjustments</i>	
		<i>Net proceeds</i>	
	<i>Net assets of</i>	<i>of the Firm</i>	
	<i>the Group at</i>	<i>Placing and</i>	<i>Pro forma</i>
	<i>31 March 2014</i>	<i>Placing and</i>	<i>net assets</i>
	<i>£m</i>	<i>Open Offer</i>	<i>of the Group</i>
	<i>Note 1</i>	<i>£m</i>	<i>£m</i>
		<i>Note 2</i>	<i>Note 3</i>
<b>Non-current assets</b>			
Investment property	656.7	–	656.7
LIFT investments and associates	0.5	–	0.5
Property plant and equipment	0.1	–	0.1
Deferred tax asset	0.7	–	0.7
	<u>658.0</u>	<u>–</u>	<u>658.0</u>
<b>Current assets</b>			
Cash and cash equivalents	38.6	150.0	188.6
Trade and other receivables	5.5	–	5.5
Property assets held for sale	11.6	–	11.6
	<u>55.7</u>	<u>150.0</u>	<u>205.7</u>
<b>Total assets</b>	<u>713.7</u>	<u>150.0</u>	<u>863.7</u>
<b>Current liabilities</b>			
Trade and other payables	14.8	–	14.8
Borrowings	5.9	–	5.9
Deferred revenue	9.9	–	9.9
Provisions	0.1	–	0.1
	<u>30.7</u>	<u>–</u>	<u>30.7</u>
<b>Non-current liabilities</b>			
Borrowings	444.4	–	444.4
Obligations due under finance leases	3.0	–	3.0
Derivative financial instruments at fair value	1.8	–	1.8
Deferred revenue	6.8	–	6.8
Provisions	0.4	–	0.4
	<u>456.4</u>	<u>–</u>	<u>456.4</u>
<b>Total liabilities</b>	<u>487.1</u>	<u>–</u>	<u>487.1</u>
<b>Net assets</b>	<u>226.6</u>	<u>150.0</u>	<u>376.6</u>

**Notes:**

- 1 The consolidated net assets of the Group at 31 March 2014 have been extracted without material adjustment from the audited financial statements of Assura for the year ended 31 March 2014.
- 2 The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £150 million, (gross proceeds of £155.2 million less expenses of £5.2 million). The Company intends that £55 million of the proceeds from the Firm Placing and Placing and Open Offer is used to reduce net borrowings, with the remainder being invested in medical properties that would be added to the Group's investment portfolio. Adjustments to reflect the intended use of proceeds have not been included on the basis they are not directly attributable to the transaction. To the extent that additional proceeds are raised through the Offer for Subscription, the Company will in the short term apply them to reducing debt, thereby reducing its loan obligations further and increasing underlying earnings. In the longer term, the Company will deploy these proceeds where it deems the best returns are available.
- 3 No account has been taken of the financial performance of Assura since 31 March 2014 nor of any other event save as disclosed above including the acquisition of MP Realty, the associated issuing of 44,264,196 Ordinary Shares and the acquisition of One Life and the Leylands Medical Centre.
- 4 No account has been taken of the revaluation of the Group's property portfolio carried out as at 22 August 2014 for the purposes of the Share Issue.

## PART X

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and its Directors, whose names and functions are set out on page 34 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and its Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. The Group

##### 2.1 Incorporation

The Company was incorporated and registered in Guernsey on 7 October 2003 under the Companies (Guernsey) Laws, 1994 to 1996 (as amended) as a limited company under the name “The Medical Property Investment Fund Limited” and was admitted to listing on the Official List on 21 November 2003 as a property investment undertaking.

The Companies (Guernsey) Law, 2008 (as amended) comprises the principal legislation under which the Company now operates and under which any Ordinary Shares created since 1 July 2008 have been created. Ordinary Shares created before 1 July 2008 were created under the Companies (Guernsey) Laws, 1994 to 1996 (as amended).

The Company announced on 2 April 2013 that it had elected for REIT status (with effect from 1 April 2013).

##### 2.2 Registered office

The Company’s registered office is at Old Bank Chambers, La Grande Rue, St Martin’s, Guernsey, GY4 6RT. The Company’s principal place of business is The Brew House, Greenalls Avenue, Warrington, Cheshire WA4 6HL and the telephone number of the principal place of business is +44 (0)1925 420 660.

##### 2.3 Group structure

The Company is the ultimate holding company of the Group.

The Company is not directly or indirectly owned or controlled by another company and there are no arrangements in place that may at a subsequent date result in a change of control of the Company.

The Company has the following significant subsidiary undertakings, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal Activity</i>
Assura Health Investments Limited	England	100	Property investment
Assura Medical Centres Limited	England	100	Property investment
Assura Primary Care Properties Limited	England	100	Property investment
Assura Properties plc	England	100	Property investment
Assura Properties UK Limited	England	100	Property investment

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal Activity</i>
Medical Properties Limited	England	100	Property investment
Metro (MRH) Limited	England	100	Property investment
Metro (MRM) Limited	England	100	Property investment
Trinity Medical Properties Limited	England	100	Property investment

The Company owns, directly or indirectly, 100 per cent. of the issued shares of the above companies and can exercise 100 per cent. of the voting rights of each such company.

### **3. Share capital**

- 3.1 The authorised share capital of the Company as at 23 September 2014 (being the latest practicable date prior to publication of this document) was £302,000,000, divided into 3,000,000,000 Ordinary Shares of 10 pence each and 20,000,000 Preference Shares of 10 pence each.
- 3.2 The issued and fully paid up share capital of the Company as at 23 September 2014 (being the latest practicable date prior to publication of this document) was £57,381,312, divided into 573,813,120 Ordinary Shares of 10 pence each. There are no preference shares in issue.
- 3.3 The issued and fully paid up share capital of the Company immediately following Admission (assuming there has been no exercise of share options and awards under the Share Schemes and full take up of the Offer for Subscription) will be £98,806,599.30 divided into 988,065,993 Ordinary Shares of 10 pence each.
- 3.4 The issued ordinary share capital of the Company at the beginning and end of the financial periods ended 31 March 2012, 31 March 2013 and 31 March 2014 were as follows:

	<i>At 1 April</i>	<i>At 31 March</i>
2013/14	529,548,924	529,548,924
2012/13	529,548,924	529,548,924
2011/12	411,871,386	529,548,924

- 3.5 On 1 April 2011 (being the date of the commencement of the period for which the historical financial information on the Company has been provided in this document), the authorised share capital of the Company was £302,000,000, divided into 3,000,000,000 Ordinary Shares of 10 pence each and 20,000,000 Preference Shares of 10 pence each. On the same date, the issued and fully paid up share capital of the Company was £41,187,138.60 divided into 411,871,386 Ordinary Shares of 10 pence each.
- 3.6 The following alterations in the issued share capital of the Company have taken place during the period for which the historical financial information set out in Part VII (Financial Information on Assura) of this document has been prepared:
  - (a) the Company's issued share capital increased in December 2011 from 411,871,386 Ordinary Shares of 10 pence each to 529,548,924 Ordinary Shares of 10 pence each as a result of the rights issue; and
  - (b) the Company's issued share capital increased in June 2014 by 44,264,196 Ordinary Shares from 529,548,924 Ordinary Shares of 10 pence each to 573,813,120 Ordinary Shares of 10 pence each as a result of the acquisition of MP Realty (further details of which are set out in paragraph 10.3 of this Part X).
- 3.7 The Existing Ordinary Shares are, and the New Ordinary Shares will be, denominated in sterling. The nominal value of the Ordinary Shares is 10 pence.

- 3.8 Application will be made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 15 October 2014.
- 3.9 The Ordinary Shares currently in issue are, and the New Ordinary Shares will be, in registered form and, subject to the New Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertified form. Where New Ordinary Shares are held in certificated form, share certificates will be sent to the registered member by first class post.
- 3.10 When admitted to trading, the New Ordinary Shares will be registered with International Security Identification Number ("ISIN") GB0033732602, the same as the ISIN number for the Existing Ordinary Shares.
- 3.11 The New Ordinary Shares to be issued pursuant to the Share Issue will be credited as fully paid and will rank equally in all respects with the Existing Ordinary Shares, including the right to receive any dividends or distributions made, paid or declared after Admission.
- 3.12 The Existing Ordinary Shares are traded on the London Stock Exchange and are not traded on any other regulated or equivalent market.
- 3.13 The New Ordinary Shares will be subject to the rules concerning mandatory takeover bids and sell-out rules under the City Code.
- 3.14 Other than in connection with the Assura Employee Share Plans, no share capital of the Company or any of its subsidiaries is under option or award or agreed conditionally or unconditionally to be put under option or award.
- 3.15 The Company has not issued any securities with warrants, convertible securities or exchangeable securities, and there are no acquisition rights and/or obligations over unissued share capital or any undertaking to increase the share capital.

#### **4. Articles**

The Articles contain provisions, *inter alia*, to the following effect:

##### **4.1 Objects**

The Company's principal object is to carry on business as a general commercial company. The objects of the Company are set out in full in clause 3 of its memorandum of incorporation, which is available for inspection as described in paragraph 19 of this Part X.

##### **4.2 Preference shares**

###### **(a) Dividends**

The holder or holders of Preference Shares are entitled to, in priority to the holders of any other class of share, a fixed cumulative preferential net cash dividend at the rate of 6p per Preference Share per annum ("Preference Dividend").

The Preference Dividend shall be deemed to be declared on 31 March and 30 September in each year ("Dividend Date"). If any Preference Shares are issued otherwise than on a Dividend Date such Preference Shares shall be entitled to a Preference Dividend in respect of the full period since the last Dividend Date.

The Preference Shares confer no other right to participate in the profits of the Company.

(b) *Capital*

On a return of capital on liquidation or capital reduction or otherwise (other than a redemption or conversion of shares in accordance with the Articles), the surplus assets of the Company remaining after the payment of its liabilities and available for distribution among the members shall be applied:

- (i) in paying to each member holding Preference Shares, in priority to the holders of any other class of share; and then
- (ii) in distributing the balance of the assets amongst the members holding Preference Shares and Ordinary Shares (*pari passu* as if they constituted one class of share) in proportion to the numbers of Preference Shares and Ordinary Shares held by them respectively.

The Preference Shares confer no other right to participate on a return of capital by the Company. If, on a return of capital on a winding up or otherwise, the amounts available for payment are insufficient to cover the amounts payable on the preference shares, the holders of the preference shares will share rateably in the distribution of surplus assets (if any) in proportion to the full respective preferential amounts to which they are entitled.

(c) *Conversion*

Subject to the provisions in the Articles, each holder of Preference Shares is entitled at the time and in the manner set out in the Articles to convert all or (subject as provided below) some of his Preference Shares into fully-paid Ordinary Shares on the basis set out in the Articles.

The right to convert was exercisable on 1 October or 1 April in each year up to and including 1 April 2009 (“Conversion Date”).

Save for adjustment in certain circumstances, each Preference Share shall convert into one Ordinary Share (“Conversion Rate”). The Ordinary Shares arising on such conversion rank *pari passu* with the Ordinary Shares then in issue and entitle the holder to all dividends and other distributions payable on the Ordinary Shares in respect of the financial year of the Company in which the Conversion Date fell, but not for any dividends or distributions in respect of any earlier financial year.

The Board may determine to effect conversion by means of consolidation and sub-division. In such case the requisite consolidation and sub-division shall be effected pursuant to the authority given by the passing in general meeting of the resolution creating the Preference Shares.

(d) *Redemption*

Subject to the provisions of the relevant statutes, the Company may at any time upon giving not less than 14 and not more than 90 clear days’ notice in writing to the members holding Preference Shares, redeem Preference Shares either in their entirety or in part.

The Company shall pay on each Preference Share redeemed the sum of £1.00 per share together with the amount of arrears of the Preference Dividend due up to the redemption date. The Preference Dividend on the relevant Preference Shares shall cease to accrue from the date of their redemption unless payment of the redemption money is not made.

(e) *Voting*

The members holding Preference Shares shall be entitled to receive notice of, and to attend and speak at, any general meeting of the Company. They shall only be entitled to vote on any resolution at any general meeting of the Company in respect of their holdings of Preference Shares if at the date of the relevant meeting the Preference Dividend (or any part of it) is more than 90 days in arrears (irrespective of whether such dividend is prohibited by the relevant statutes) when the Preference Shares shall carry the voting rights described below.

On each resolution on which the voting rights attaching to Preference Shares are exercisable those members holding Preference Shares who (being individuals) are present in person or by proxy or (being corporations) are present by a duly authorised representative or by proxy shall, on a show of hands, each have one vote.

(f) *Transfer*

Any holder of Preference Shares who is an individual may at any time during his lifetime transfer Preference Shares to family members or trustees to be held under a family trust, subject to certain provisos.

Any holder of Preference Shares which is a company may transfer shares to any group company save that if any such transferee company ceases to be a group company of the original holder then such shares shall be transferred back to the original holder or any group company of it.

(g) *Limit on Preference Shares*

The number of Preference Shares in issue shall not exceed 10 per cent. of the total number of Ordinary Shares in issue at any time save in circumstances where such percentage is exceeded due to the fact that the Company has purchased shares in its capital (whether out of profits available for the purpose, capital or otherwise).

(h) *Variation of rights*

The special rights or privileges attached to the preference shares may be varied, either with the consent in writing of the holders of not less than three-fourths of the issued preference shares or with the sanction of and extraordinary resolution passed at a separate meeting of all holders of preference shares at which the quorum is two persons holding or representing by proxy at least one-third in nominal value of the preference shares then in issue.

#### 4.3 *Alteration of capital*

The Company may, from time to time, by ordinary resolution:

- (a) increase its share capital;
- (b) consolidate and divide all or any of its share capital into shares of a larger nominal amount than its existing shares;
- (c) cancel any shares which, at the date of the resolution, have not been taken, or agreed to be taken, by any person and reduce its share capital by the amount of the shares so cancelled; and
- (d) subject to The Companies (Guernsey) Law, 2008 (“Guernsey Law”), sub-divide its shares or any of them into shares of a smaller nominal amount, and as between the holders of the shares resulting from the sub-division, one or more of the shares may, as compared with the others, have preferred, deferred or other special rights or be subject to any such restrictions as the Company has power to attach to unissued or new shares.

#### 4.4 *Purchase of own shares*

The Company may purchase its own shares of any class, including any redeemable shares, subject to the provisions of Guernsey Law and the Articles. Any shares to be so purchased may be selected in any manner whatsoever.

#### 4.5 *Reduction of capital*

Subject to the provisions of Guernsey Law and the Articles and to any rights conferred on the holders of any class of shares for the time being, the Company may, by special resolution, reduce its share capital or any capital redemption reserve, share premium account or other undistributable reserve in any way.

#### 4.6 *Capitalisation of profits and reserves*

The Board may, subject to the Articles, with the authority of an ordinary resolution but subject to any rights attaching to any shares, capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or fund of the Company which is available or standing to the credit of the share premium account or capital redemption reserve or other undistributable reserve by appropriating such sum to the holders of Ordinary Shares in proportion to the nominal amounts of the shares, and applying such sum on their behalf either in paying up in full any shares held by them or in paying up in full unissued shares or debentures and allotting them to such shareholders.

#### 4.7 *Variation of rights*

If at any time the share capital of the Company is divided into shares of different classes, any of the rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of shares of the class duly convened and held.

#### 4.8 *Transfer of shares*

The Preference Shares may only be transferred in accordance with the provisions referred to in paragraph 4.2(f) above. There are currently no Preference Shares in issue.

All transfers of shares that are in certificated form may be effected by an instrument of transfer in writing in any usual form or in any other form approved by the Board. The transfer instrument must be executed by or on behalf of the transferor and, in the case of shares which are not fully paid up, by or on behalf of the transferee. The transferor will remain the holder of the shares until the transferee's name is entered in the register in respect of them. All transfers of Ordinary Shares that are in uncertificated form may be effected by means of CREST.

The Board may, in its absolute discretion, decline to register any transfer of shares unless it is in respect of only one class of share, it is in respect of a share which is fully paid up, it is in favour of a single transferee or not more than four joint transferees and (if it is a certificated share) it is delivered for registration to the office or such other place as the Board may from time to time determine accompanied by the certificate for shares and such other evidence as the Board may reasonably require to prove title of the transferor.

The Board may, in its absolute discretion, refuse to register any transfer of shares which are admitted to the London Stock Exchange that are not fully paid, provided that the exercise of such discretion would not prevent dealings in such shares from taking place on an open and proper basis.

The Board may implement such arrangements, as it in its absolute discretion thinks fit, in order for any class of shares to be admitted to settlement by means of CREST.

Where any class of shares is for the time being admitted to settlement by means of CREST, such securities may be issued in uncertificated form in accordance with and subject to the provisions of the CREST Manual. Unless the Board otherwise determines, such securities held by the same holder or joint holder in both uncertificated form and certificated form shall be treated as separate holdings. Such securities may be changed from uncertificated to certificated form and from certificated to uncertificated form in accordance with and subject as provided in the CREST Manual.

Title to such of the shares as are recorded on the register as being held in uncertificated form may be transferred only by means of CREST and as provided in the CREST Manual.

The Board may determine to register any transfer of shares to a person where such transfer would be in breach of any law or requirement of any country or regulatory authority.

#### 4.9 ***Voting***

Voting rights relating to the Preference Shares are described in paragraph 4.2(e) above. Subject to the provisions of Guernsey Law, and to any special voting rights or restrictions attached to any class of shares, at a general meeting every holder of Ordinary Shares who is present in person or (in accordance with Guernsey Law) by proxy will have one vote on a show of hands, and on a poll every holder of Ordinary Shares who is present or by proxy will have one vote for every share he holds. If two or more persons are joint holders of a share, then in voting on any question the vote of the senior who tenders a vote, whether in person or by proxy, is accepted to the exclusion of the votes of the other joint holders. Seniority is determined by the order in which the names of the holders stand in the register. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting is entitled to a second or casting vote in addition to any other vote that he may have.

#### 4.10 ***Borrowing powers***

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the provisions of Guernsey Law and any other relevant statutes, to create and issue debenture and other loan stock and securities whether outright or as collateral security, for any debt, liability or obligations of the Company or of any third party.

The Board shall restrict the borrowings of the Company and exercise all voting and other rights and powers of control exercisable by the Company in respect of subsidiary undertakings, so as to procure (as far as it can in relation to its subsidiary undertakings) that the aggregate principal amount outstanding in respect of monies borrowed by the Group (exclusive of monies borrowed by one group company from another and after deducting cash deposited) does not at any time, without the previous sanction of an ordinary resolution of the Company, exceed a sum equal to three times the nominal amount of the share capital of the Company issued and paid up or credited as paid up and the consolidated reserves of the Group.

#### 4.11 ***Board***

The Articles provide that, unless otherwise determined by ordinary resolution, the Board (other than any alternate director) will consist of not fewer than two Directors but shall not be subject to a maximum.

A Director shall not vote but may be counted in the quorum on any resolution of the Board or committee of the Board concerning his own appointment (including a fixing or varying the terms of his appointment or its termination) as the holder of any office or place or profit with the Company or any company in which the Company is interested.

No person will be disqualified from being appointed or re-appointed a Director, and no Director will be required to vacate that office, by reason only of the fact that he has attained any particular age nor will it be necessary by reason of his age to give special notice of any resolution for his appointment or re-appointment.

The maximum aggregate annual fees payable to the non-executive Directors for services in the office of director shall, unless the Company determines otherwise by ordinary resolution, be £700,000.

Subject to Guernsey Law, current and former directors of the Company and alternate directors appointed by them shall be entitled to be indemnified by the Company in respect of liabilities incurred by them in carrying out their duties.

#### 4.12 ***Directors' interests***

Subject to the provisions of Guernsey Law, and provided that he has disclosed to the Board the nature and extent of any interest, a Director:

- (a) may be party to, or otherwise interested in, any contract, arrangement or transaction with the Company or in which the Company is otherwise interested;
- (b) may act in a professional capacity for the Company, other than as auditor of the Company or a subsidiary undertaking, and be appropriately remunerated as the Board may decide;
- (c) may be a director or other officer of, or be employed by, or be a party to any transaction or arrangement with, or otherwise interested in, any company promoted by or in which the Company is otherwise interested in; and
- (d) will not, except as otherwise agreed by him, be accountable to the Company for any benefit that he derives from any contract, transaction or arrangement

and no such contract, transaction or arrangement will be voidable because of any interest or benefit disclosed to the Board.

Except as provided below, a Director will not vote on, or be counted in the quorum in relation to, any meetings of the Board in respect of any contract, arrangement or proposal in which he has any interest which is material, other than by virtue of an interest in shares, debentures or other securities of the Company. A Director will not be counted in the quorum at a board meeting in relation to any resolution on which he is not entitled to vote at board meetings. Subject to the provisions of Guernsey law, a Director generally will be entitled to vote at board meetings, and generally will be entitled to vote and be counted in the quorum at board meetings in respect of any resolution concerning:

- (e) the giving to him of any guarantee, security or indemnity in respect of (1) money lent or obligations incurred by him or by any other person at the request of or for the benefit of the Company or any of its subsidiary undertakings or (2) a debt or other obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by giving security;
- (f) any proposal concerning an offer of shares, debentures or other securities by the Company or any of its subsidiary undertakings in which he is or may be entitled to participate as a holder of securities or as a underwriter or sub-underwriter;
- (g) any proposal concerning any other body corporate in which he does not have an interest in 1 per cent. or more of the issued equity share capital of any class of that body corporate or of the voting rights available to shareholders of the relevant body corporate;
- (h) any proposal relating to an arrangement for the benefit of employees of the Company or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; or
- (i) any proposal concerning the purchase or maintenance of insurance for the benefit of directors and/or officers of the Company.

#### 4.13 *Dividends*

Subject to the provisions of Guernsey Law and any other relevant statutes and the Articles, the Company may by ordinary resolution, declare dividends to be paid to members (or any class thereof). No dividend shall exceed the amount recommended by the Board.

No dividend will be paid other than out of the income of the Company as recognised for the purposes of the IFRS or such other standards as may from time to time be adopted by the Board.

Any dividend that is unclaimed for 6 years from the date on which it was declared or became due for payment will be forfeited and will revert to the Company.

The Board may offer holders of Ordinary Shares the right to receive Ordinary Shares, credited as fully paid, in place of all or part of any dividend.

#### 4.14 **General meetings**

An annual general meeting shall be held at such time and place as the Board may determine. The Board may convene a general meeting which is not an annual general meeting whenever it thinks fit. The Company is required to give notice of a general meeting to each member other than a person who, under these Articles or any restrictions imposed on any shares, is not entitled to receive such a notice. An annual general meeting shall be convened on at least 21 clear days' written notice. All other general meetings shall be convened on not less than 14 clear days' written notice.

A member who is entitled to attend and vote at a general meeting is entitled to appoint another person, or two or more persons in respect of different shares held by him, as his proxy to exercise all or any of his rights to attend and to speak and to vote at the meeting.

A corporation which is a member may, by resolution of its directors or other governing body, authorise one or more persons as it thinks fit to act as a representative for it at any general meeting of the Company. The Company may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

#### 4.15 **Interests in shares not disclosed to the Company**

The Articles provide that the Board shall have power by notice in writing to require any member to disclose to the Company the identity of any person (other than the member) who has any interest in the shares held by that member.

If the Company gives notice in relation to any shares to a member or another person appearing to be interested in them and the recipient fails to give the Company the information required within a reasonable time as determined by the Board, the holder of such shares is not entitled to attend or vote at a general meeting or exercise any other rights in respect of them in relation to a general meeting or a poll. Where such shares represent at least 0.25 per cent. in nominal value of the issued shares of their class (i) the Company may withhold payment of any dividend on them, (ii) the member is not entitled to elect to receive shares instead of a dividend, and (iii) the Board may refuse to register the transfer of any such shares unless the member is not himself in default in supplying the information required and proves to the satisfaction of the Board that no person in default of supplying the information required is interested in any shares which are the subject of the transfer.

#### 4.16 **Authority to allot**

Subject to the provisions of Guernsey Law and to any relevant authority of the Company in general meeting required by the Articles, unissued shares at the date of adoption of the Articles and any shares created thereafter are at the disposal of the Board, which may allot, grant options over, offer or otherwise deal with or dispose of them or rights to subscribe for or convert any security into shares to such persons, at such times and on such terms and conditions as the Board may decide, subject to any special rights attached to any class of shares, and provided that no share shall be issued at a discount.

#### 4.17 **Pre-emption rights**

The Company shall not allot shares (or rights to subscribe therefor) on any terms unless:

- (a) an offer has been made to each person who holds shares of the same class to allot to him such new shares *pro rata* to his existing holding and on the same or more favourable terms; and
- (b) a period of at least 14 clear days has elapsed since the offer referred to above was made or such offer has been refused.

The offer does not apply to an allotment of new shares that are, or are to be, wholly or partly paid up otherwise than in cash or to the allotment of new shares pursuant to any employee share plan.

The Company's shareholders may, by special resolution, resolve that the offer is not required to be made in relation (i) to one or more allotments of new shares specified in such resolution, or (ii) to any

allotments of new shares (subject to any overall limit specified in the resolution) during a period specified in such resolution, such period not to exceed five years, save that the Company may, before the expiry of such period, make an offer or agreement which would or might require new shares to be allotted after the expiry of that period. The directors may allot new shares in pursuance of such offer or agreement as if such period had not expired.

**4.18 *Appointment and removal of directors***

Unless otherwise determined by ordinary resolution, the minimum number of directors is fixed at two, but there is no maximum number. Directors may be appointed by the Company by ordinary resolution either to fill a vacancy or as an addition to the existing board. Any director appointed by the board may hold office only until the next annual general meeting when he shall be eligible for re-election. A director must retire from office, and may offer himself for re-election, at the third annual general meeting following his appointment or following his last re-appointment by shareholders at an annual general meeting.

A director shall be removed from office upon his resignation, if he becomes bankrupt (or makes any such arrangement with his creditors), if he is suffering from mental health issues, if he is absent from meetings for six months without leave and without having appointed an alternate, if he is requested in writing by all of the other directors to resign, or if he is removed by ordinary resolution.

**4.19 *Proceedings of directors***

The board may meet for the despatch of business, adjourn and otherwise regulate its proceedings as it thinks fit, subject to the provisions of the Articles. Any one director may summon a board meeting at any time on reasonable notice. A director may waive the requirement that notice be given to him of any board meeting, either prospectively or retrospectively. The quorum for meetings may be determined by the board and, unless otherwise determined, is two directors. All committees of the board must conform with the mode of proceedings and regulations which the board may prescribe.

**4.20 *Real Estate Investment Trust***

For a summary of the provisions in this article, see paragraphs 3.2 to 3.9 of Part V (The REIT Regime and taxation).

The above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 19 of this Part X.

**5. *Directors and Senior Management***

5.1 Details of the Directors and the Senior Management and their functions in the Group are set out in paragraph 6 of Part IV (Information on Assura Group Limited) of this document.

5.2 The interests of the Directors, the Senior Management and persons connected with them (within the meaning of section 252 of the Companies Act 2006) in the issued share capital of the Company (all of which are beneficial) and the existence of which is known to, or could with reasonable diligence be ascertained by the Directors (a) as at 23 September 2014 (being the latest practicable date prior to publication of this document) and (b) as they are expected to be immediately following Admission, are as follows:

As at 23 September 2014

				At Admission Percentage of voting rights assuming no take up under the Open Offer or the Offer for Subscription	Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for Subscription
	Number of Ordinary Shares	Percentage of voting rights	Number of Ordinary Shares		
Simon Laffin	2,104,095	0.37	3,138,577	0.34	0.32
Graham Roberts	1,500,000	0.26	3,100,000	0.33	0.31
Jonathan Murphy	281,267	0.05	453,680	0.05	0.05
Jenefer Greenwood	51,279	0.01	97,256	0.01	0.01
David Richardson	253,616	0.04	391,546	0.04	0.04
Andrew Darke	125,000	0.02	147,988	0.02	0.01
Spencer Kenyon	38,571	0.01	38,571	—	—

- 5.3 The Directors and Senior Managers are interested in an aggregate of 4,353,828 Ordinary Shares (representing approximately 0.76 per cent. of the Existing Ordinary Shares). All the Directors and certain of the Senior Managers intend to participate in the Share Issue and have, in aggregate, indicated they intend to subscribe for 3,013,790 New Ordinary Shares pursuant to the Share Issue, which is an amount greater than their aggregate Open Offer Entitlements, as follows

	Number of New Ordinary Shares intended to be subscribed for pursuant to the Share Issue
Director/Senior Managers	
Simon Laffin <sup>(1)</sup>	1,034,482
Graham Roberts	1,600,000
Jonathan Murphy	172,413
Jenefer Greenwood	45,977
David Richardson	137,930
Andrew Darke	22,988

- (1) The interests of Simon Laffin above include 114,492 New Ordinary Shares which he has subscribed for pursuant to the Share Issue under power of attorney on behalf of a family member who will hold such shares beneficially.

- 5.4 Details of options and awards over Ordinary Shares granted pursuant to the Assura Group Limited Executive Recruitment Plan (“ERP”), and the Assura Group Limited Value Creation Plan (“VCP”) which are held by the Directors and Senior Management as at the date of this document are as follows:

#### **ERP**

	Date of grant of option	Number of Ordinary Shares under option	Normal vesting date for option
Jonathan Murphy	29 January 2013	460,002	One third on 29 January 2014 One third on 29 January 2015 One third on 29 January 2016

All options under the ERP are nil cost options. One third of the options were exercised on 29 January 2014 and so there are currently 306,668 options outstanding.

## VCP

	<i>Date of grant of award</i>	<i>Number of performance units</i>	<i>Normal vesting date for award</i>
Graham Roberts	13 March 2013	400,000	See Note 1 below
Jonathan Murphy	13 March 2013	175,000	See Note 1 below
Andrew Darke	13 March 2013	200,000	See Note 1 below
Paul Carroll	13 March 2013	3,000	See Note 1 below
	26 March 2014	4,000	
Spencer Kenyon	13 March 2013	3,000	See Note 1 below
	26 March 2014	3,200	
Carolyn Jones	13 March 2013	2,000	See Note 1 below
	26 March 2014	3,200	

**Note 1:** The first measurement date of the Value Creation Plan will be in 2015, the second in 2016 and the third in 2017. 50 per cent. of the total accrued nil-cost options become exercisable at the first and second measurement dates and 100 per cent. of accrued nil-cost options at the third measurement date.

All awards under the VCP are for nil cost options. The above stated amounts do not include any Ordinary Shares which may be issued to the Directors and Senior Management to reflect any dividends that were paid during the vesting period of the option or award.

- 5.5 During the 12 months prior to the date of this document, the following interests in Ordinary Shares in the capital of the Company have been acquired by the Directors or Senior Management at a cost below the Offer Price:

<i>Name</i>	<i>Date</i>	<i>Number of Ordinary Shares acquired</i>	<i>Purchase price per Ordinary Share (pence)</i>
Jonathan Murphy	26 November 2013	100,000	39.04
Andrew Darke	26 November 2013	11,965	39.10
Jenefer Greenwood	2 December 2013	51,279	39.00
Jonathan Murphy	2 January 2014	100,000	38.00
Andrew Darke	24 January 2014	25,000	39.895

- 5.6 Other than current or former directorships of members of the Group, during the five years immediately prior to the date of this document the Directors and Senior Management are or have been directors or partners or members of the administrative, management or supervisory bodies of the companies or partnerships listed below:

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Simon Laffin	Flybe Group plc Quintain Estates and Development PLC Simon Laffin Business Services Limited CVC Capital Partners VI Associates L.P.	Mitchells & Butlers plc Rasindeck Limited Thistlehaven Limited Aegis Group plc Ashspring Limited
Graham Roberts	Balfour Beatty plc	The British Land Company PLC
Jonathan Murphy		Bayfield Capital Management Limited Braemar Estates (Residential) Limited Braemar Estates Mortgages & Finance Limited Braemar Facilities Management Limited

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Jonathan Murphy (continued)		Braemar Group Limited Brooks Macdonald Funds Limited Ground Rents Income Fund plc The Manchester Ground Rent Company Limited UK Farming plc
Jenefer Greenwood	Westonbirt Leisure Limited Westonbirt Schools Limited	The National Skills Academy for Retail 29-37 Davies Street Limited 72 Eaton Place Limited Belgrave House Developments Limited Belgravia Estate Services Limited Belgravia Leasehold Properties Limited Belgravia Leases Limited Eaton Square Properties Limited Fournier Securities Limited Grosvenor (Belgravia) Estate Grosvenor (Mayfair) Estate Grosvenor Commercial Properties Grosvenor Estate Belgravia Grosvenor Investments Limited Grosvenor Keysign Limited Grosvenor Properties Grosvenor Property Developments Limited Grosvenor Quarryvale Limited Grosvenor West End Properties Limited London Leasehold Flats Limited Mayfair Leasehold Properties Limited Montrose Place Development Limited Quarryvale Two Limited Victoria Properties (London) Limited GEB2 Limited
David Richardson	The Edrington Group Limited BBGI SICAV S.A.	Serco Group plc Dairy Crest Group plc Forth Ports Limited Tomkins plc (now called Gates Worldwide Limited) Spire Bidco Hotels Limited Cotswold Four Pillars Limited Four Pillars Hotels Limited Oxford Spires Four Pillars Hotel Limited Oxford Thames Four Pillars Hotel Limited Tortworth Four Pillars Hotel Limited Vocalhaven Limited Witney Four Pillars Hotel Limited World Hotels AG IHS GmbH

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
<i>Senior Management</i>		
Andrew Darke	Deva Property Investments Limited Crosby Property Investments Limited Costermongers Limited	Chester and Suburban Properties Limited Manchester and Suburban Properties Limited
Paul Carroll	GB Partnerships Investments Limited	
Spencer Kenyon	Deva Property Investments Limited Crosby Property Investments Limited Celestial Property Management Limited	Chester and Suburban Properties Limited Manchester and Suburban Properties Limited
5.7	There are no loans made or guarantees granted or provided by any member of the Group to or for the benefit of any Director or member of Senior Management.	
5.8	No Director or member of Senior Management is or has been interested in any transaction which is or was unusual in its nature or conditions or significant to the business of the Group and which was effected by the Company or any of its subsidiaries during the current or immediately preceding financial year or which was effected by the Company or any of its subsidiaries during any earlier financial year and remains in any respect outstanding or unperformed.	
5.9	As at the date of this document there are no potential conflicts of interests between but the duties of any Director and/or senior manager and his private interests or other duties.	
5.10	During the five years immediately prior to the date of this document no Director or member of Senior Management has:	
	(a) any convictions in relation to fraudulent offences;	
	(b) been bankrupt or the subject of an individual voluntary arrangement, or has had a receiver appointed to any of his assets;	
	(c) been a director of any company which, while he was a director, had a receiver appointed or went into compulsory liquidation, creditors voluntary liquidation, administration or company voluntary arrangement, or made any composition or arrangement with its creditors generally or with any class of its creditors;	
	(d) been a partner of any partnership which, while he was a partner, went into compulsory liquidation, administration or partnership voluntary arrangement, or had a receiver appointed to any partnership asset;	
	(e) received any public criticism and/or sanction by statutory or regulatory authorities (including designated professional bodies); or	
	(f) been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.	

## 6. Directors' and Senior Managers' Service Contracts

- 6.1 Particulars of the Executive Directors' current service agreements with the Company are set out below:

<i>Director</i>	<i>Date of Service Agreement</i>	<i>Notice period from either party</i>	<i>Salary (£) and Bonus</i>	<i>Benefits in kind</i>
Graham Roberts	29 March 2012	6 months	315,500 as per agreed bonus plan (maximum 100% of salary)	Car cash allowance, private medical, life assurance, pension
Jonathan Murphy	2 January 2013	6 months	180,000 as per agreed bonus plan (maximum 50% of salary)	Car cash allowance, private medical, life assurance, pension

The service agreement for each of the Executive Directors provide that six months' notice shall be given (by the Company or by the employee) to terminate the agreement. During such notice period, the employee may be placed on garden leave (at the Company's discretion) and will continue to receive salary and benefits. Alternatively, the Company may (at its discretion) terminate the employee's employment forthwith by making a payment in lieu of salary and contractual benefits in respect of the notice period, or any unexpired part of it.

- 6.2 There are no provisions in the Executive Directors' service agreements for compensation to be payable in the event of early termination of their respective service agreements, other than payment in lieu of notice.
- 6.3 Particulars of the current letters of appointment between the Non-executive Directors and the Company are set out below:

<i>Director</i>	<i>Date of Service Agreement</i>	<i>Notice period from either party</i>	<i>Annual fee (£)</i>
Simon Laffin	13 September 2011	6 months	126,000
David Richardson	21 December 2011	6 months	51,500
Jenefer Greenwood	8 May 2012	6 months	43,500

- 6.4 Each Non-executive Director is entitled to have the costs of independent legal advice required in connection with the performance of their duties met by the Company. The Non-executive Directors are also entitled to be reimbursed for all reasonable expenses incurred in the proper performance of their duties. There are no provisions in the Non-executive Directors' letters of appointments for compensation to be payable in the event of early termination of their letters of appointment.
- 6.5 During the financial year ended 31 March 2014, the amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted by the Group to each Director and Senior Manager for services to the Group were as follows:

	<i>Director Salary/fee (£)</i>	<i>Bonus (£)</i>	<i>Benefits in kind (£)</i>	<i>Pension contribution (£)</i>	<i>Long term incentives (£)</i>	<i>Total (£)</i>
Simon Laffin	126,000	0	0	0		126,000
Graham Roberts	309,000	294,000	15,000	62,000		680,000
Jonathan Murphy	153,000	73,000	11,000	19,000	61,000	317,000
David Richardson	52,000	0	0	0		52,000
Jenefer Greenwood	44,000	0	0	0		44,000

	<i>Director Salary/fee (£)</i>	<i>Bonus (£)</i>	<i>Benefits in kind (£)</i>	<i>Pension contribution (£)</i>	<i>Long term incentives (£)</i>	<i>Total (£)</i>
<i>Senior Manager</i>						
Andrew Darke	174,000	78,300	11,812	21,750		285,862
Paul Carroll	97,200	38,000	11,347	4,860		151,407
Spencer Kenyon	87,000	26,000	10,612	2,610		126,222
Carolyn Jones	71,600	15,000	9,180	2,148		97,928

- 6.6 During the financial year ended 31 March 2011, the total amount set aside by the Group to provide pension, retirement or similar benefits to the sole executive director was approximately £38,420.

## 7. Major shareholders

- 7.1 The Company has been notified that the following persons were, directly or indirectly, interested in three per cent. or more of the Company's issued ordinary share capital or voting rights as at 22 September 2014 (the latest practicable date prior to the publication of this document) and immediately following the Offer:

	<i>As at 22 September 2014</i>		<i>Immediately after Admission</i>		
				<i>Per centage of Percentage of voting rights voting rights assuming assuming no take up no take under the up under the Open Offer the Open and full take up under the Offer for Subscription Subscription</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of current issued Ordinary Shares</i>	<i>Number of Ordinary Shares</i>	<i>Offer or the Offer for Subscription</i>	<i>Offer for the Offer for Subscription</i>
Artemis Investment Management	95,497,509	16.64	166,476,001	17.89	16.85
Invesco	80,000,000	13.94	227,527,031	24.45	23.03
Somerston Investments Limited	73,344,428	12.78	73,344,428	7.88	7.42
Aberforth Partners LLP	47,202,185	8.23	47,202,185	5.07	4.78
Legal & General	22,170,837	3.86	26,821,956	2.88	2.71
Alastair Campbell Blacklaws	22,132,098	3.86	22,132,098	2.38	2.24
Raymond Seymour	22,132,098	3.86	22,132,098	2.38	2.24
Liontrust Asset Managers	21,998,851	3.83	32,383,968	3.48	3.28
F&C Asset Management (London)	17,266,673	3.01	17,266,673	1.86	1.75
Investec Wealth & Investment	17,238,657	3.00	18,238,657	1.96	1.85

- 7.2 So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.
- 7.3 So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.
- 7.4 None of the persons referred to in paragraph 7.1 above (or their nominees) has or will have different voting rights in relation to their shareholdings in the Company.

## 8. Share Schemes

The Company has in place three employee share plans, of which two are currently in operation. The share plans which are in operation are the Assura Group Limited Executive Recruitment Plan ("ERP"), and the Assura Group Limited Value Creation Plan ("VCP"). Key terms of each plan are summarised below.

The Assura Sharesave Plan 2008 ("Sharesave Plan") has never been operated by the Company.

## 8.1 **ERP**

### (i) *Operation*

The Remuneration Committee supervises the operation of the ERP. The ERP operates in respect of one individual (Jonathan Murphy, Finance Director) (a “Participant”) and was implemented to facilitate his recruitment and incentivisation.

### (ii) *Eligibility*

The ERP is a one-off plan in relation to the Participant.

### (iii) *Grant of Award*

The Participant was granted a nil cost option over 460,002 Ordinary Shares on 29 January 2013. Awards granted under the ERP may not be transferred (other than on death). No consideration will be required for the grant of an award.

### (iv) *Performance conditions*

Awards granted under the ERP are not subject to performance conditions.

### (v) *Vesting of units*

Awards granted under the ERP vest as to one third on each of the first, second and third anniversaries of the date of grant of the award. The first third vested on 29 January 2014.

### (vi) *Leaving employment*

If the Participant ceases to be a Director or employee before the vesting date for any reason other than due to resignation or in circumstances set out in the Participant’s contract of employment, then his award shall vest in full. If the Participant ceases to be a Director or employee for any other reason, then the award will lapse immediately on such cessation.

### (vii) *Corporate events*

In the event of a takeover, reconstruction or winding up of the Company, awards will vest in full on the date of the corporate event.

### (viii) *Dividend equivalents*

The Participant is entitled to cash of a value determined by reference to the dividends that would have been paid on his vested award in respect of dividend record dates occurring between the date of grant of an award and the date of transfer of any vested shares.

### (ix) *Rights attaching to Ordinary Shares*

All Ordinary Shares transferred under the ERP will rank *pari passu* with all other Ordinary Shares of the Company for the time being in issue.

### (x) *Variation in share capital*

In the event of any variation of the Company’s Ordinary Share capital, the Remuneration Committee may make such adjustments to the award which, in its reasonable opinion, justifies such an adjustment.

### (xi) *Alterations to the ERP*

The Remuneration Committee may at any time amend the ERP, save that it may not be amended to allow for the satisfaction of an award by either the issue of new Ordinary Shares or the transfer of treasury shares without the prior approval of the Shareholders in general meeting. No amendment to the material disadvantage of a Participant can be made without the approval of the Participant to such amendment.

(xii) *Non-pensionable benefits*

Benefits under the ERP are non-pensionable.

8.2 **VCP**

(i) *Operation*

The VCP was approved and adopted by Shareholders on 15 February 2013. The Remuneration Committee supervises the operation of the VCP.

(ii) *Eligibility*

Any employee (including an executive Director) of the Group, will be eligible to participate in the VCP (“Participants”) at the discretion of the Remuneration Committee.

(iii) *Grant of units or nil cost options*

The Remuneration Committee may grant performance units (“Units”) under the VCP. Units have no value on grant, but give Participants the opportunity to receive 10 per cent. of the total value created for Shareholders above a threshold price.

Units may only be granted under the VCP within the period of 42 days following:

- the announcement by the Company of its results;
- any day on which the Remuneration Committee determines that exceptional circumstances exist which justify the grant of Units; or
- the lifting of any dealing restrictions which prevent the grant of Units or nil cost options during any of the times described above.

Units may not be granted after the fifth anniversary of Shareholder approval of the VCP. Units granted under the VCP may not be transferred (other than on death).

No consideration will be required for the grant of an award.

(iv) *Individual limits and dilution*

In any ten calendar year period, not more than ten per cent. of the issued Ordinary Share capital of the Company for the time being may be issued or issuable pursuant to rights acquired under the VCP and any other employee share plan adopted by the Company.

The maximum number of Ordinary Shares that can be earned under the VCP is capped at 25 million Ordinary Shares (subject to adjustments for changes in the Company’s Share capital)

(v) *Performance conditions*

The conversion of Units into nil-cost options will be subject to performance conditions set by the Remuneration Committee at the time of grant and measured at three measurement dates in a five year measurement period. Subject to the achievement of the relevant performance conditions, ten per. cent of any value created above a threshold price is converted into nil-cost options over Ordinary Shares, and a proportion of these may vest at each measurement date.

(vi) *Vesting of Units*

Units will only normally vest to the extent that the applicable performance conditions have been satisfied and the Participant remains employed within the Group at the time of vesting.

(vii) *Leaving employment*

As a general rule, Units lapse upon the Participant ceasing to hold employment with, or be a Director of, the Group.

However, in the event of a Participant's death or involuntary cessation of employment such as injury, disability, redundancy or in other circumstances, then the Remuneration Committee shall, in its absolute discretion, determine the number of Units that shall vest by deeming there to be a new measurement date at the date of cessation and the number of nil-cost options accrued will be calculated as at any other measurement date or the nearest normal measurement date to the date of cessation of employment can be used. All accrued nil-cost options will then vest and be exercisable for a period of six months.

(viii) *Corporate events*

On a change of control, the measurement date will be deemed to be the date of the change of control. In determining the value created, the offer price for the Company's Shares will be the price used in such determination. All accrued nil-cost options will vest on a change of control and be exercisable together with any other vested nil-cost options immediately for a set period of up to six months.

(ix) *Dividend equivalents*

Dividends and dividend equivalents will not be paid on accrued or vested nil-cost options. Once nil-cost options have been exercised, Participants will receive dividends in line with other Shareholders.

(x) *Cash settling and transfers to registered pension scheme*

On the exercise of a nil-cost option:

- the Company may make a cash payment to a Participant equal to the value of the Ordinary Shares, subject to the exercise of the nil-cost option on the date of exercise; or
- the Company may procure that the Group company which employs the Participant makes a cash payment to the scheme administrator of a registered pension scheme equal to the value of the Ordinary Shares, subject to the exercise of the nil-cost option on the date of exercise.

(xi) *Variation in Share capital*

On a variation of the Share capital of the Company, the number of shares subject to VCP awards and their terms and conditions may be adjusted in such manner as the Remuneration Committee determines and the advisors of the Company confirm to be fair and reasonable.

(xii) *Alterations to the VCP*

The Remuneration Committee may amend the provisions of the VCP in any respect provided that the prior approval of Shareholders is obtained in a general meeting for amendments or additions which are to the advantage of Participants, to provisions relating to eligibility, equity dilution and share utilisation.

The requirement to obtain the prior approval of Shareholders will not, however, apply in relation to any minor amendment made to benefit the administration of the VCP, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any of its subsidiaries or for participants.

(xiii) *Termination*

The VCP will operate for a period of five years from the date of approval by Shareholders. In the event of termination, no further Units may be granted.

(xiv) *Non-pensionable benefits*

Benefits under the VCP are non-pensionable.

### 8.3 *EBT*

The Group has an employee benefit trust in Jersey which is used to provide Ordinary Shares to some or all employees in connection with some or all of the Assura Employee Share Plans. The EBT was established on 12 May 2006 for the benefit of employees of the Group and their dependants. The trustee of the EBT is Jupiter Trustees Limited, an independent professional trustee incorporated in Jersey. As at 24 September 2014 (being the latest practicable date prior to the publication of this document), the EBT held 4,064,885 Ordinary Shares.

## 9. **Property**

The material tangible fixed assets of the Group as at 31 March 2014 were as set out in the Annual Report and Accounts of the Company for the year ended 31 March 2014. In addition, the Company completed the acquisition of 28 medical properties for a total consideration of £107 million on 13 June 2014 and has invested approximately £130 million in tangible fixed assets since 31 March 2014.

As far as the Directors are aware there are no environmental issues affecting the Group's utilisation of its fixed assets.

## 10. **Material contracts**

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) within the 12 months immediately prior to publication of this document, or (b) at any time, and contain provisions under which any member of the Group has an obligation or entitlement which is, or may be, material to the Group as at the date of this document:

### 10.1 *Sponsor and Underwriting Agreement*

Under the Sponsor and Underwriting Agreement, Liberum and Oriel have agreed to act as joint sponsors to the Company under the Listing Rules in connection with the application for Admission.

Under the Sponsor and Underwriting Agreement, Liberum and Oriel have severally agreed, subject to certain conditions, as agents for the Company, to use their reasonable endeavours to procure subscribers for the New Ordinary Shares at the Offer Price, failing which, they have severally agreed to subscribe themselves, as principal, for any New Ordinary Shares not taken up in the Firm Placing and Placing or in the Open Offer.

The Sponsor and Underwriting Agreement is conditional upon, amongst other things, Admission occurring on or before 8.00 a.m. on 15 October 2014 (or such later date as the Company, Liberum and Oriel may agree, being not later than 22 October 2014). The Sponsor and Underwriting Agreement contains warranties from the Company in favour of Liberum and Oriel in relation to, amongst other things, the accuracy of information in this document and other matters relating to the Group and its business.

Under the Sponsor and Underwriting Agreement, the Company has agreed to pay each of Liberum and Oriel a commission of one per cent. on the value, at the Offer Price, of the New Ordinary Shares allocated under the Share Issue and a sub-underwriting commission equal to one per cent. of the amounts investors under the Placing have committed to subscribe pursuant to the Placing.

### 10.2 *One Life acquisition*

On 22 July 2014, AMC entered into a share purchase agreement with Inderjeet Singh Basson, Michael Lau and Richard Smith (collectively being the "One Life Sellers"). Under the terms of the agreement

AMC agreed to purchase the entire issued share capital of Park Medical Services Limited (“One Life”) for a cash consideration of £2.7 million. In addition, AMC assumed One Life’s debt of approximately £8.7 million.

The One Life Sellers provided AMC with a customary set of warranties and an indemnity in respect of any breach of any such warranty or undertaking.

#### 10.3 *MP Realty acquisition*

On 13 June 2014, the Company announced that it had acquired 28 high-quality, modern medical centres from Ray Seymour and Alistair Blacklaws (“MP Realty Sellers”), the founders of the MP Realty Holdings Group (“MP Realty”). The consideration for the transaction was £10 million in cash and a further £19.1 million satisfied by the issue of 44,264,196 new Ordinary Shares in the Company. In addition, AMC assumed Trinity’s debt of approximately £77.7 million.

The MP Realty Sellers provided AMC with a customary set of warranties, and certain specific indemnities in relation to MP Realty. The purchase price is subject to adjustment by reference to a customary completion accounts mechanism.

#### 10.4 *Trinity acquisition*

On 10 September 2013, Assura Medical Centres Limited (a wholly owned subsidiary of the Company) (“AMC”) entered into a share purchase agreement with Terence Mundy, Jean Sample, John Alexander Sample V, Jean Alexander Sample VI and Tatsiana Kavaleuskaya (collectively being the “Trinity Sellers”). Under the terms of the agreement AMC agreed to purchase the entire issued share capital of Trinity Medical Developments Limited and Trinity Medical Properties Limited (together “Trinity”) for a cash consideration of £6.9 million. In addition, AMC assumed Trinity’s debt of approximately £52 million and amounts owing to short term creditors of £1.4 million.

The Trinity Sellers provided AMC with a customary set of warranties and an indemnity in respect of any breach of any such warranty or undertaking.

#### 10.5 *Agreement for the disposal of LIFT Investments*

On 24 November 2013, Assura Services Limited (“ASL”), a subsidiary of the Company, entered into the following three agreements concerning the disposal of certain interests held in securities in Local Improvement Finance Trusts:

- (a) a sale and purchase agreement under the terms of which ASL agreed to sell certain shares and loan notes issued by GB Consortium 2 Limited and GBprimarycare (SWH) Limited for a total cash consideration of £6.7 million. ASL provided certain warranties customary for this type of transaction and an indemnity in relation to the transfer of debt and loan notes which was capped at £50,000;
- (b) a sale and purchase agreement under the terms of which ASL agreed to sell certain shares and loan notes issued by GBprimarycare Limited for a total cash consideration of £3 million. ASL provided certain warranties customary for this type of transaction; and
- (c) a sale and purchase agreement under the terms of which ASL agreed to sell certain shares issued by Infracare (Midlands) Limited and the rights to a loan issued by Dudley Infracare LIFT Limited for a total cash consideration of £5.6 million. ASL provided certain warranties customary for this type of transaction.

#### *Agreement for the disposal of LIFT Investments to BBGI*

On the 23 November 2013, ASL, entered into a sale and purchase agreement with BBGI Investments SCA and BBGI Management HoldCo S.á.r.l (together the “BBGI Companies”). Under the terms of the agreement ASL agreed to sell certain shares and loan notes issued by Mersey Care Development Company 1 Ltd and GB consortium 1 Limited for a cash consideration of £9.1 million. The agreement

permitted an adjustment to be made to the consideration payable by the BBGI Companies in the event that any third party exercised their right of pre-emption over the securities allotted and issued by GB consortium 1 Limited. ASL provided the BBGI Companies with warranties customary for this type of transaction.

#### 10.6 *Barclays and Natwest RCF Swap*

On 22 May 2014, Assura Primary Care Properties Limited (“APCPL”), a subsidiary of the Company, entered into a Revolving Credit Facility which requires 35 per cent. of the aggregate amount of the loans to be subject to Hedging Agreements based on the following parameters:

- up to £10 million – allowed to float;
- once drawn amount is £10 million – required to hedge 35 per cent. of the drawn amount i.e. minimum of £3.5 million;
- then, allowed to float up to drawings of £20 million;
- once drawn amount is £20 million – required to hedge 35 per cent. of the drawn amount i.e. minimum £7 million;
- then allowed to float up to drawings of £30 million; and
- once drawn amount is £30 million – required to hedge 35 per cent. of the drawn amount i.e. minimum £10.5 million.

#### 10.7 *Santander Swap*

On 23 November 2011, Assura Health Investments Limited (“AHIL”), a subsidiary of the Company, entered into an interest rate swap at a fixed rate of 2.575 per cent. with Santander UK plc in respect of a principal amount of £50 million (the “Santander Swap”). Under the Santander Swap, Santander UK plc is the floating rate payer (LIBOR interest payment on the notional principal amount) and AHIL is obliged to pay a fixed rate interest of 2.575 per cent. up to the maturity of the Investment Facility on 30 November 2016.

AHIL entered into the Santander Swap to eliminate interest rate risk in respect of the Investment Facility. As at 31 July 2014, the fair value of the swap was a liability of £1.5 million.

#### 10.8 *Facility agreements*

##### (a) *Santander Facility Agreements*

AHIL entered into a facility agreement dated 2 March 2010, as amended by a deed of amendment dated 12 August 2010 and as amended and restated on 22 November 2011, with Santander UK plc (“Santander”) whereby Santander made available to AHIL term loan facilities in an amount equal to:

- (i) £50,000,000 (“Investment Facility”) for the purpose of financing or refinancing the purchase of 27 specific properties (“AHIL Properties”); and
- (ii) £10,000,000 (“Development Facility”) for the purpose of funding the future development of six properties (“Development Properties”).

As at 31 August 2014 (being the latest practicable date prior to the publication of this document) £50 million of the Investment Facility has been drawn down and £7.4 million of the Development Facility has been drawn down and converted to Investment Facility.

The Investment Facility carries interest equal to the aggregate of 1.95 per cent. above LIBOR plus mandatory costs, and the Development Facility carries interest equal to the aggregate of 2.75 per cent. above LIBOR plus mandatory costs. Each of the Investment Facility and the Development Facility has an interest period of 3 months. The Investment Facility is repayable

in instalments of £325,000 per quarter from 30 November 2014, with the then remaining balance to be repaid on 30 November 2016. The Development Facility is repayable in full on 30 November 2014, unless any loans made under the Development Facility have been converted into loans under the Investment Facility, which can occur following practical completion of the relevant development, provided Santander has given its consent. There is currently no balance outstanding on the Development Facility and it is anticipated that the remaining £2.6 million of the Development Facility will not be drawn down in the future and so will lapse on 30 November 2014.

The indebtedness under the Investment Facility and the Development Facility is secured against a first legal mortgage over the AHIL Properties, a debenture over the assets of AHIL and a charge over the shares in AHIL granted by Assura Group Limited.

The financial covenants require that: (i) the financial indebtedness outstanding under the Investment Facility must not exceed 75 per cent. of the market value of the AHIL properties (“Security Cover Covenant”); (ii) the ratio of net rental income from the AHIL properties to senior net interest costs under the Investment Facility and any associated hedging shall not be less than 1.7:1; (iii) the ratio of net rental income to debt service costs in respect of the Investment Facility must not be less than 1.05:1; (iv) the percentage of amounts drawn under the Development Facility to aggregate development costs for the Development Properties shall not exceed 60 per cent.; and (v) the percentage of amounts drawn under the Development Facility to aggregate gross development value of the Development Properties shall not exceed 58 per cent. Each covenant is tested at the end of each financial year of AHIL by reference to its annual financial statements and, in the case of the Security Cover Covenant, by reference to the most recent valuation of the AHIL Properties.

(b) *Aviva Commercial Finance Limited*

Certain members of the Group entered into a series of facility agreements between 21 May 2003 and 31 August 2014 with Aviva Commercial Finance Limited (“Aviva”) (“Aviva Facility Agreements”). The outstanding balances under the Aviva Facility Agreements as at 31 August 2014 totalled £367.6 million. These loans were made available for the purpose of funding the refinancing and/or development of certain properties owned by those members of the Group.

The loans carry interest at fixed rates of between 4.11 per cent. and 6.66 per cent., with interest payable on a quarterly basis. The Aviva Facility Agreements are for terms ranging from 5 years to 30 years. The indebtedness under the Aviva Facility Agreements is secured against first legal charges over specified properties and assignments over specific agreements and/or rental income (depending on the nature of the relevant Aviva Facility Agreement).

The financial covenants require that rental income from the relevant property (adjusted, where the relevant lease is not on a full repair and insurance basis, for the anticipated costs of the repair and insurance of the property subject to the lease) is equal to or exceeds between 90 and 105 per cent. of the aggregate of interest and capital repayments payable on each interest payment date for the relevant Aviva Facility Agreement (in the case of Aviva facility agreements provided for the purpose of developing the relevant property, this covenant is relevant only following the date of practical completion). There is the opportunity to cure any breach of this covenant by prepaying an amount of the loan, depositing an amount into a bank account charged to Aviva or providing additional security to Aviva.

(c) *Bond*

Assura Properties PLC (“AP PLC”), a subsidiary of the Company, issued a bond on 9 December 2011 constituted by a trust deed between AP PLC and Prudential Trustee Company Limited (the “Bond”). The principal amount of the Bond is equal to £110 million and is secured by a first ranking mortgage over certain properties owned by AP PLC and certain subsidiaries of AP PLC (Assura Properties UK Limited, BHE (Heartlands) Limited and BHE

(St James) Limited) and a floating charge over all of the assets of AP PLC and each charging subsidiary.

The Bond attracts interest at a rate of 4.75 per cent. per annum which is payable in arrears on 9 June and 9 December each year. Unless previously redeemed or purchased and cancelled in accordance with the terms and conditions of the Bond, the Bond shall be redeemed at its principal amount outstanding on 9 December 2021 together with interest accrued to (and including) the maturity date.

The financial covenants require that: (i) the aggregate valuation of the properties mortgaged must exceed the aggregate principal amount of the Bond plus the interest accrued payable by a ratio of at least 1.35:1; (ii) the ratio of net annual income from the properties mortgaged to gross annual interest of the Bond must not be less than 1.15:1; (iii) at least 75 per cent. of the net annual income from the properties mortgaged shall be payable by NHS GPs or directly from the NHS; and (iv) the weighted average remaining length of leases granted in respect of the properties mortgaged must be greater than 10 years. In the case of AP PLC applying to either substitute or withdraw properties mortgaged then the ratio increases to 1.43:1 in respect of covenant (i) and to 1.5:1 in respect of covenant (ii). Each covenant is tested twice annually by reference to the latest valuation report in respect of the properties mortgaged.

(d) *Barclays and Natwest Revolving Credit Facility*

APCPL entered into a five-year revolving credit facility agreement (“Facility”) dated 22 May 2014 in an amount up to £30,000,000

As at 23 September 2014 (being the latest practicable date prior to the publication of this document) no amount had been drawn down under the Facility.

The Facility carries interest equal to the aggregate of the margin above LIBOR plus mandatory costs. The margin varies as set out below, depending on the Loan to Value (“LTV”) ratio:

- in the event that the LTV ratio is less than 55 per cent., the margin will be 1.85 per cent.;
- in the event that the LTV ratio is between 55 per cent. and 60 per cent., the margin will be 2.00 per cent.; and
- in the event that the LTV ratio is greater than 60 per cent., the margin will be 2.20 per cent.

A commitment fee of 40 per cent. of the applicable margin is payable quarterly. The Facility has an interest period of 3 months. The Facility reduces to £27,500,000 on the third anniversary and reduces to £25,000,000 on the fourth anniversary. The Facility matures in May 2019. The indebtedness under the Facility is secured against a first legal mortgage over the APCPL Properties and a debenture over the assets of APCPL.

The financial covenants require that:

- Historical Interest Cover is at least 175 per cent. and is tested quarterly;
- Weighted Average Lease Length is not at any time less than 9 years; and
- the LTV ratio for the first three years does not exceed 65 per cent., and then 60 per cent. for the remaining two years.

## **11. Related party transactions**

The following related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) 1606/2002) have either been entered into by the Group during the three financial years ended 31 March 2014 (being the last period for which audited financial information of the Company has been published) or in the period to 23 September 2014 (being the latest practicable date prior

to the publication of this document), or, where entered into prior to such financial years, there exist outstanding commitments in respect of such transactions:

- 11.1 during the 2011/12 Financial Year, such transactions as are disclosed in note 35 on page 86 of the Company's report and accounts for the year ended 31 March 2012, which is hereby incorporated by reference into this document;
- 11.2 during the 2012/13 Financial Year, such transactions as are disclosed in note 34 on page 104 of the Company's report and accounts for the year ended 31 March 2013, which is hereby incorporated by reference into this document;
- 11.3 during the 2013/14 Financial Year, such transactions as are disclosed in note 32 on page 106 of the Company's report and accounts for the year ended 31 March 2014, which is hereby incorporated by reference into this document;
- 11.4 Invesco is a related party of the Company for the purposes of Chapter 11 of the Listing Rules as a result of it being entitled to exercise, or to control the exercise of over 10 per cent. of the votes able to be cast at general meetings of the Company. Invesco has agreed to subscribe for 89,655,172 New Ordinary Shares under, and on the terms and conditions of the Firm Placing, which is classified as a related party transaction for the purposes of Chapter 11 of the Listing Rules; and
- 11.5 between 31 March 2014 and 23 September 2014 (being the latest practicable date prior to the publication of this document), save as disclosed in paragraph 11.4 there have been no new related party transactions.

## **12. United Kingdom tax treatment of Shareholders**

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and HM Revenue & Customs ("HMRC") published practice as at the date of this document and apply only to certain Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons). The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding Ordinary Shares. Prospective purchasers of Ordinary Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by the Company, and to disposals of shares in the Company. The statements are not applicable to all categories of Shareholders, and in particular are not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets or investments or who are not the absolute beneficial owners of those shares or dividends in respect of those shares (ii) some Shareholders who own (or are deemed to own) ten per cent. or more of the share capital or of the voting power of the Company or are entitled to ten per cent. or more of the Company's distributions, (iii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies, (iv) Shareholders who hold Ordinary Shares as part of hedging or commercial transactions, (v) Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise), (vi) Shareholders who hold Ordinary Shares acquired by reason of their employment, (vii) Shareholders who hold Ordinary Shares in a personal equity plan or an individual savings account or (viii) Shareholders who are subject to UK taxation on a remittance basis, or (ix) Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident Shareholders).

### **12.1 *Taxation of Non-PID Dividends***

Non-PID Dividends are treated in exactly the same way as dividends received from UK companies that are not REITs. The Company is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

(a) *UK tax resident corporate Shareholders*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by the Company, unless the Non-PID Dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the Non-PID Dividends paid by the Company would normally be exempt. Shareholders within the charge to UK corporation tax will not be able to claim repayment of tax credits attaching to Non-PID Dividends.

(b) *UK tax resident individuals*

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a Non-PID Dividend from the Company will generally be entitled to a tax credit which such Shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent. of the aggregate of the Non-PID Dividend and the tax credit (the “gross dividend”), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of ten per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder’s liability to income tax on the Non- PID Dividend.

A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the current rate of 32.5 per cent. A UK resident individual Shareholder who is liable to tax at the “additional” rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. The gross dividend will generally be regarded as the top slice of the Shareholder’s income. After taking into account the 10 per cent. tax credit, a higher rate tax payer will have to account for additional tax equal to 22.5 per cent. of the gross dividend (which is also equal to 25 per cent. of the net cash dividend received). An individual paying “additional” rate income tax will have to account, after taking into account the 10 per cent. tax credit, for tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.56 per cent. of the net cash dividend received). It will not be possible for UK resident Shareholders to claim repayment of the tax credit in respect of Non-PID Dividends.

(c) *UK taxation of other UK tax resident Shareholders*

Other UK resident Shareholders who are not liable to UK tax on Non-PID Dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

(d) *Taxation of Shareholders who are not resident in the UK for tax purposes*

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to Non-PID Dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such Shareholder is resident. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning their tax position on Non-PID Dividends received from the Company.

## 12.2 *Taxation of PIDs*

(a) *UK tax resident individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other UK company to which Part 12 CTA 2010 applies, treated as profit from a UK property business separate from any other UK property business (a

different UK property business) carried on by the relevant Shareholder and must be accounted for separately. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID. Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, a tax credit will be available in respect of the basic rate tax withheld by the Company (where required) on the PID.

Please see also paragraph 12.2(d) (Withholding tax), below.

(b) *UK tax resident corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in Part 4 of the Corporation Tax Act 2009) ("Part 4 property business"). A PID is, together with any property income distribution from any other UK company to which Part 12 of CTA 2010 applies, treated as a separate Part 4 property business. Income from any other Part 4 property business (a "different Part 4 property business") carried on by the relevant Shareholder must be accounted for separately. This means that any surplus expenses from a Shareholder's different Part 4 property business cannot be offset against a PID as part of a single calculation of the Shareholder's UK property business profits.

The main rate of UK corporation tax on such profit is currently 21 per cent. (due to reduce to 20 per cent. from 1 April 2015).

Please see also paragraph 12.2(d) (Withholding tax) below.

(c) *Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is not resident for tax purposes in the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding tax (it may be possible to claim repayment of all or part of the tax withheld from a PID under a double tax convention, which see further below). Under Section 548(7) of CTA 2010, this income is expressly not non-resident landlord income for the purposes of regulations under section 971 of the Income Tax Act 2007.

Please see also paragraph 12.2(d) (Withholding tax) below.

(d) *Withholding tax*

(i) *General*

Subject to certain exceptions summarised below, the Company is generally required to withhold tax at source at the basic rate (currently 20 per cent.) from its PIDs (whether paid in cash or in the form of a stock dividend). The Company will provide Shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(ii) *Shareholders solely resident in the UK*

Where tax has been withheld at source, Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate, incur no further liability on their PID or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID (see paragraph 12.2(b) above) and if (exceptionally) income tax is withheld at source, the tax

withheld can be set against their liability to corporation tax or income tax which they are required to withhold in the accounting period in which the PID is received.

- (iii) Shareholders who are not resident for tax purposes in the UK  
It is not possible for a Shareholder to make a claim under a double tax convention for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double tax convention between the UK and the country in which the Shareholder is resident. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from the Company.
- (iv) Exceptions to requirement to withhold income tax  
Shareholders should note that in certain circumstances the Company is not required to withhold income tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK or a charity or a company resident for tax purposes outside the UK which is trading through a permanent establishment in the UK and which is required to bring the PID into account in computing its chargeable profits. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of a certain pension sub-schemes, the account manager of an Individual Savings Account (ISA), the plan manager of a personal equity plan, or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme, account or plan.

In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Company's registrars. Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

### 12.3 *UK Taxation of Chargeable Gains in respect of Shares in the Company*

#### (a) *Firm Placed Shares*

The issue of Firm Placed Shares pursuant to the Firm Placing should not be treated as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly, any Firm Placed Shares acquired pursuant to the Firm Placing should be treated for UK tax purposes as a separate holding of shares in the Company from any Existing Ordinary Shares held by the relevant Shareholder.

#### (b) *Open Offer Shares*

The published practice of HMRC is that they will generally regard a subscription for shares in a company by an existing Shareholder in that company as a reorganisation of the company's share capital, where that subscription takes place pursuant to an open offer under which the Shareholder has an entitlement to subscribe for a minimum number of shares in the company, insofar as the subscription does not exceed that minimum entitlement. Any acquisition of shares in excess of that minimum entitlement is not regarded by HMRC as a reorganisation. It is not guaranteed that this published practice will be applied in circumstances where not every Shareholder in a company is entitled to subscribe for shares pursuant to an open offer. Confirmation from HMRC that this treatment will apply in respect of the Open Offer has not been sought.

To the extent that an acquisition of New Ordinary Shares by a Shareholder pursuant to the Open Offer is regarded as a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains, the New Ordinary Shares acquired will be treated as the same asset as that Shareholder's Existing Ordinary Shares. The amount of the subscription monies paid for these New Ordinary Shares will be added to the chargeable gains base cost of that asset.

To the extent that the acquisition of New Ordinary Shares pursuant to the Open Offer is not regarded as a reorganisation of the Company's share capital, this treatment will not apply. New Ordinary Shares acquired in the Open Offer will instead be regarded as separate acquisitions for the purposes of UK taxation of chargeable gains, the base cost in which is the price paid for those New Ordinary Shares.

(c) *Placing Shares*

The issue of Placing Shares pursuant to the Placing will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly, any New Ordinary Shares acquired pursuant to the Placing will be treated for UK tax purposes as acquired as a separate holding of shares in the Company from any Existing Ordinary Shares held by the relevant Shareholder.

(d) *Offer for Subscription*

The issue of New Ordinary Shares pursuant to the Offer for Subscription will not constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. Accordingly, any New Ordinary Shares acquired pursuant to the Offer for Subscription will be treated for UK tax purposes as acquired as a separate holding of shares in the Company from any Existing Ordinary Shares held by the relevant Shareholder.

(e) *Subsequent disposals of New Ordinary Shares*

For the purpose of UK tax on chargeable gains, the amount paid by a Shareholder for Ordinary Shares will constitute the base cost of his holding. If a Shareholder disposes of all or some of his Ordinary Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost which can be allocated against the proceeds, incidental costs of acquisition and disposal, the Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate Shareholders, indexation allowance will apply to the amount paid for the Ordinary Shares.

(i) UK taxation of Shareholders who are UK tax resident individuals

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at the rate of up to 28 per cent. for individuals, trustees and personal representatives.

(ii) UK taxation of UK tax resident corporate Shareholders

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by a Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 21 per cent. (due to reduce to 20 per cent. from 1 April 2015).

(iii) UK taxation of Shareholders who are not resident in the UK for tax purposes

Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Shares are connected or, in the case of a corporate Shareholder, through a permanent establishment in connection with which the Shares are held).

Individual Shareholders who are temporarily not UK resident and who dispose of all or part of their Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

#### **12.4 *UK stamp duty and UK stamp duty reserve tax (SDRT)***

The following paragraphs are intended only as a general and non-exhaustive guide to the UK stamp duty and SDRT position in relation to the New Ordinary Shares under current law. They apply in relation to the New Ordinary Shares irrespective of the residence or domicile of the relevant Shareholder or prospective Shareholder. They do not apply in relation to any issue or transfer of New Ordinary Shares to, or to a nominee or agent for, a depositary receipt issuer or clearance service, or to persons such as market makers, brokers, dealers and intermediaries.

**(a) *Issue of New Ordinary Shares***

The issue of the New Ordinary Shares is not expected to give rise to any charge to UK stamp duty or SDRT.

**(b) *Subsequent transactions in New Ordinary Shares***

A subsequent transfer of New Ordinary Shares should not in practice give rise to any charge to UK stamp duty provided that the instrument effecting the transfer is executed and retained outside the UK, the register of members of the Company is not kept in the UK, and the transfer does not otherwise relate to anything done or to be done in the UK. A subsequent agreement to transfer New Ordinary Shares should not give rise to a charge to SDRT provided that the register of members of the Company is not kept in the UK.

If the register of members of the Company were to be maintained in the UK, transactions in New Ordinary Shares could give rise a charge to either stamp duty or SDRT. In those circumstances, a transfer on sale of New Ordinary Shares completed by a stock transfer form will generally be subject to stamp duty, and an unconditional agreement to transfer New Ordinary Shares or a transaction in New Ordinary Shares in uncertificated form through CREST will generally be subject to SDRT. Stamp duty and SDRT are generally charged at a rate of 0.5 per cent. of the consideration for the transaction, subject to an exemption from stamp duty for certain transfers on sale the consideration for which is certified to be not more than £1,000, and (in the case of stamp duty) rounded up to the nearest £5 where necessary.

### **13. Working capital**

Assura is of the opinion, taking into account the existing bank and other facilities available to it and the proceeds of the Firm Placing and Placing and Open Offer, that the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.

### **14. Expenses**

The total costs and expenses of or incidental to the Share Issue, including the fees of the London Stock Exchange and the FCA, commissions and fees payable to advisers, legal and accounting fees and expenses, and the costs of printing and distribution of documents are estimated to amount to approximately £5.2m (excluding the Offer for Subscription).

### **15. Legal and arbitration proceedings**

There are not, and have not been, any governmental legal or arbitration proceedings (including any proceedings which are pending or threatened as far as the Company is aware), during the 12 months

immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

## **16. Significant change**

There has been no significant change in the Group's financial or trading position since 31 March 2014, being the date to which the last audited financial statements for the Group were drawn up.

## **17. General**

- (a) The Group's statutory accounts for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 were audited by Deloitte LLP of 2 Hardman Street, Manchester, M3 3HF, a member of the Institute of Chartered Accountants in England and Wales.
- (b) Deloitte LLP has given and has not withdrawn its written consent to the inclusion of its report on the pro forma financial information on the Group's net assets included in Part IX (Pro Forma Financial Information) of this document in the form and context in which it is included.
- (c) Oriel Securities Limited, of 150 Cheapside, London EC2V 6ET, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they are included.
- (d) Liberum Capital Limited, of Ropemaker Place, Level 12, 25 Ropemaker Street London EC2Y 9LY, has given and has not withdrawn its written consent to the issue of this document with the inclusion of its name and the references to it in the form and context in which they are included.
- (e) Savills Advisory Services Limited, of 20 Grosvenor Hill, London W1K 3HQ, has given and has not withdrawn its written consent to the inclusion of its name and of its property valuation report included in Part VI (Property Valuation Reports) of this document and references to them in the form and context in which they are included and has authorised, and accordingly takes responsibility for the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. To the best of the knowledge of Savills Advisory Services Limited (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (f) Jones Lang LaSalle, of 40 Berkeley Street, Bristol BS8 1HU, has given and has not withdrawn its written consent to the inclusion of its name and of its property valuation report included in Part VI (Property Valuation Reports) of this document and references to them in the form and context in which they are included and has authorised, and accordingly takes responsibility for the contents of that report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules. To the best of the knowledge of Jones Lang LaSalle (who has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (g) There has been no material change in the valuation of the properties which are the subject to the property valuation reports referred to in paragraphs 17(e) and 17(f) since the date of the valuation contained in each such report.

## **18. Third party information**

Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**19. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG during normal business hours on any weekday (public holidays excepted) up to and including the date of Admission:

- (i) the Articles;
- (ii) all reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request, any part of which is included or referred to in any part of this document; and
- (iii) this document.

Dated: 24 September 2014

## DOCUMENTS INCORPORATED BY REFERENCE

The table below sets out the various sections of such documents which are incorporated by reference into this document, so as to provide the information required pursuant to the Prospectus Rules and to ensure that Shareholders and prospective investors are aware of all information which, according to the particular nature of the Company and of the New Ordinary Shares, is necessary to enable them to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Company.

These documents are available online at [www.assuragroup.co.uk](http://www.assuragroup.co.uk) or in printed form from Assura's registered office at Old Bank Chambers, La Grande Rue, St Martin's, Guernsey GY4 6RT or from Addleshaw Goddard LLP in accordance with the details set out in paragraph 18 of Part X (Additional Information) of this document.

Each of the documents incorporated by reference into this document have previously been published, approved by and filed with the Financial Conduct Authority. Such documents are incorporated in, and form part of, this document, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or superseded such earlier statement, whether expressly, by implication or otherwise. Any statement so modified or superseded shall not, except as so modified and superseded, constitute a part of this document.

Any non-incorporated parts of the documents incorporated by reference in this document are either not relevant for prospective investors in the New Ordinary Shares or the relevant information is included elsewhere in this document. Any documents themselves incorporated by reference in the documents incorporated by reference in this document shall not form part of this document.

### **Financial statements for the year ended 31 March 2012 and independent audit report thereon**

The page numbers below refer to the relevant pages of the 2012 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	pages 43 to 44
Consolidated balance sheet	page 45
Consolidated cash flow statement	page 47
Consolidated statement of changes in equity	page 46
Notes to the financial statements	pages 48 to 86
Independent auditor's report	page 87
Corporate Governance Report	pages 21 to 34

### **Financial statements for the year ended 31 March 2013 and independent audit report thereon**

The page numbers below refer to the relevant pages of the 2013 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 66
Consolidated balance sheet	page 67
Consolidated cash flow statement	page 69
Consolidated statement of changes in equity	page 68
Notes to the financial statements	pages 70 to 104
Independent auditor's report	page 65
Corporate Governance Report	pages 35 to 46

**Financial statements for the year ended 31 March 2014 and independent audit report thereon**

The page numbers below refer to the relevant pages of the 2014 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 78
Consolidated balance sheet	page 79
Consolidated cash flow statement	page 81
Consolidated statement of changes in equity	page 80
Notes to the financial statements	pages 82 to 106
Independent auditor's report	pages 75 to 77
Corporate Governance Report	pages 44 to 52

Except as set forth above, no other portion of this document is incorporated by reference into this document and those portions which are not specifically incorporated by reference in this document are either not relevant for prospective investors or the relevant information is included elsewhere in this document.

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires.

<b>Admission</b>	admission of the New Ordinary Shares (i) to the premium segment of the Official List and (ii) to trading on the main market of the London Stock Exchange
<b>Application Form</b>	the personalised application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
<b>Articles</b>	the memorandum and articles of incorporation of Assura, as amended from time to time
<b>Assura or Company or Issuer</b>	Assura Group Limited, a limited company incorporated in Guernsey and registered with number 41230
<b>Assura Employee Share Plans</b>	means the Sharesave Plan, the ERP and the VCP
<b>Assura Group or Group</b>	the Company together with its subsidiaries and subsidiary undertakings (and its 75 per cent. subsidiaries from time to time (as defined in section 606 of CTA 2010)) and, where the context permits, each of them as at the date of this document
<b>Board</b>	the Directors of the Company, whose names appear in paragraph 6.1 of Part IV (Information on Assura Group Limited) of this document
<b>Bond</b>	a 10 year senior secured bond for £110 million, which matures December 2021
<b>Business Day</b>	a day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are generally open for the transaction of normal banking business in the City of London
<b>Certificated or certificated form</b>	a share which is not in uncertificated form
<b>City Code or Code</b>	The City Code on Takeovers and Mergers
<b>Closing Price</b>	the closing, mid market quotation of an Existing Ordinary Share on 23 September 2014 (the latest practicable date prior to the announcement of the Share Issue) as published by the London Stock Exchange
<b>CREST</b>	the relevant system (as defined in the Regulations) for the paperless settlement of trades and the holding of securities in uncertificated form operated by Euroclear in accordance with the Regulations
<b>CREST Manual</b>	the rules governing the operation of CREST
<b>CREST member</b>	a person who has been admitted to Euroclear as a system member (as defined in the Regulations)
<b>CREST participant</b>	a person who has been admitted to Euroclear as a system participant (as defined in the Regulations)
<b>CREST payment</b>	has the meaning given in the CREST Manual issued by Euroclear
<b>CREST proxy instruction</b>	has the meaning given to it in the CREST Manual

<b>CREST sponsor</b>	has the meaning given in the CREST Manual issued by Euroclear a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a CREST sponsored member
<b>CTA 2009</b>	Corporation Tax Act 2009
<b>CTA 2010</b>	Corporation Tax Act 2010
<b>Directors</b>	the directors of the Company, whose names appear in paragraph 6.1 of Part IV (Information on Assura Group Limited) of this document, or the directors from time to time of the Company, as the context requires, and <b>Director</b> shall be construed accordingly
<b>Disclosure and Transparency Rules</b>	the Disclosure Rules and the Transparency Rules made by the FCA under Part VI of FSMA
<b>Distribution</b>	any dividend or other distribution by the Company (“distribution” being construed in accordance with Part 23 of CTA 2010)
<b>EEA</b>	the European Economic Area
<b>Enlarged Issued Share Capital</b>	the issued ordinary share capital of the Company following the Share Issue
<b>ERP</b>	the Assura Group Limited Executive Recruitment Plan
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>European Union or EU</b>	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union
<b>Excess Application Facility</b>	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
<b>Excess Open Offer Entitlements</b>	in respect of each Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares up to the number of Open Offer Shares credited to his stock account in CREST pursuant to the Excess Application Facility, which may be subject to scaling down as set out in this document
<b>Excessive Shareholder</b>	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under section 551 of CTA 2010 (as amended or replaced from time to time) on or in connection with the making of any dividend or distribution to or in respect of such person, including a “holder of excessive rights” as defined by section 553 of the Corporation Tax Act 2010
<b>Excessive Shareholding</b>	an Excessive Shareholder’s shareholding
<b>Excess Shares</b>	Open Offer Shares which may be applied for in addition to Open Offer Entitlements
<b>Excluded Overseas Shareholders</b>	(other than as agreed in writing by the Company and as permitted by applicable law) Shareholders who are resident or otherwise located in any Excluded Territory

<b>Excluded Territories</b>	the USA, Canada, Japan, New Zealand, Hong Kong Special Administrative Region of the People's Republic of China and the Republic of South Africa or territories for which the distribution of this document and any accompanying documents or the making of the offer to subscribe for New Ordinary Shares pursuant to the Share Issue may constitute a violation of relevant securities laws
<b>Existing Ordinary Shares</b>	the 573,813,120 existing Ordinary Shares of 10 pence each in nominal value in the capital of the Company as at the date of this document
<b>Extraordinary General Meeting</b>	the general meeting of the Company to be convened pursuant to the Notice of Extraordinary General Meeting in order to, amongst other things, pass the Resolutions, including any adjournment thereof
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>Firm Placees</b>	any person who has agreed to subscribe for Firm Placed Shares pursuant to the Firm Placing
<b>Firm Placed Shares</b>	the 213,328,329 New Ordinary Shares which the Company is proposing to issue pursuant to the Firm Placing
<b>Firm Placing</b>	the subscription by the Firm Placees for the Firm Placed Shares
<b>Form of Proxy</b>	the form of proxy enclosed with this document for use in connection with the Extraordinary General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000, as amended
<b>Guernsey Law</b>	The Companies (Guernsey) Law, 2008, as amended
<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>IFRS</b>	International Financial Reporting Standards as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation
<b>Institutional Investor</b>	a person who qualifies as an institutional investor under Section 528(4A) of CTA 2010
<b>Invesco</b>	Invesco Asset Management Limited, acting as agent for and on behalf of its discretionary clients
<b>Invesco Participation</b>	the subscription by Invesco for 89,655,172 New Ordinary Shares under, and on the terms and conditions of the Firm Placing
<b>Liberum</b>	Liberum Capital Limited, joint bookrunner, sponsor, financial adviser and underwriter for the Company
<b>LIBOR</b>	London Interbank Offered Rate
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA
<b>LTV</b>	loan to value
<b>London Stock Exchange</b>	London Stock Exchange Plc
<b>Money Laundering Regulations</b>	the Money Laundering Regulations (2007) S.I. 2012/2157, as amended

<b>MTM instruction</b>	has the meaning given to it in the CREST Manual
<b>NAB</b>	National Australia Bank
<b>New Ordinary Shares</b>	the 414,252,873 new Ordinary Shares of 10 pence each in nominal value in the capital of the Company to be issued in connection with the Share Issue
<b>Notice of Extraordinary General Meeting</b>	the notice convening the Extraordinary General Meeting set out at the end of this document
<b>Offer for Subscription</b>	the offer for subscription of Ordinary Shares at the Offer Price on the terms set out in this Prospectus
<b>Offer for Subscription Application Form</b>	the application form included with this Prospectus for use in connection with the Offer for Subscription
<b>Offer Price</b>	43.5 pence per New Ordinary Share
<b>Official List</b>	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
<b>Open Offer</b>	the conditional invitation to Qualifying Shareholders to apply for up to 143,453,280 New Ordinary Shares at the Offer Price on a pre-emptive basis
<b>Open Offer Entitlement</b>	the <i>pro rata</i> entitlement to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer
<b>Open Offer Shares</b>	the 143,453,280 New Ordinary Shares for which Qualifying Shareholders are being invited to apply at the Offer Price to be issued pursuant to the terms of the Open Offer
<b>Ordinary Shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>Oriel</b>	Oriel Securities Limited, joint bookrunner, sponsor, financial adviser and underwriter for the Company
<b>Overseas Shareholders</b>	Assura Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the UK
<b>Placing</b>	the conditional placing by Liberum and Oriel of the Placing Shares, subject to clawback pursuant to the Open Offer, on behalf of the Company on the terms and subject to the conditions contained in the Sponsor and Underwriting Agreement
<b>Preference Shares</b>	the cumulative convertible redeemable preference shares of 10 pence each in the capital of the Company
<b>Prospectus</b>	this document
<b>Placing Shares</b>	the 143,453,280 New Ordinary Shares to be conditionally placed pursuant to the terms of the Placing
<b>Prospectus Directive</b>	Regulation 809/2004 of the European Commission Regulation
<b>Prospectus Rules</b>	the Prospectus Rules of the FCA made under Part VI of FSMA
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form

<b>Qualifying non-CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in certificated form
<b>Qualifying Shareholders</b>	holders of Ordinary Shares (other than Excluded Overseas Shareholders) on the Company's register of members at close of business on the Record Date
<b>Receiving Agent</b>	Computershare Investor Services PLC
<b>Record Date</b>	the record date for the Open Offer, being close of business on 23 September 2014
<b>Registrar</b>	Computershare Investor Services (Jersey) Limited
<b>Regulations</b>	the Uncertificated Securities Regulations 2001 (as amended)
<b>Regulatory Information Service</b>	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange's website
<b>REIT</b>	a company or group to which Part 12 of the CTA 2010 applies
<b>REIT Group</b>	a group UK REIT within the meaning of Part 12 of the CTA 2010
<b>REIT Regime</b>	the regime as set out in Part 12 of the CTA 2010
<b>Representatives</b>	in relation to any person, its directors, officers, partners or employees
<b>Resolutions</b>	the resolutions to be proposed at the Extraordinary General Meeting, as set out in the Notice of Extraordinary General Meeting
<b>Savills</b>	Savills Advisory Services Limited
<b>SDRT</b>	UK stamp duty reserve tax
<b>Senior Management or Senior Managers</b>	means the people referred to in paragraph 5.4 of Part IV of this document
<b>Shareholders</b>	holders of Ordinary Shares
<b>Shares</b>	Ordinary Shares or Preference Shares
<b>Share Issue</b>	the Firm Placing, Placing and Open Offer and Offer for Subscription
<b>SPV</b>	special purpose vehicle, an entity formed usually to acquire assets
<b>UK Listing Authority or UKLA</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>UK Money Laundering Regulations</b>	the UK Money Laundering Regulations 2007 (SI 2007/2157) and any other applicable anti-money laundering guidance, regulations or legislation
<b>uncertificated or uncertificated form</b>	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland

<b>United States or USA</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and any other area subject to its jurisdiction
<b>US Person</b>	has the meaning given to it in Regulation S of the US Securities Act
<b>US Securities Act</b>	the US Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder
<b>VAT</b>	(i) within the European Union, any tax imposed by any member state in conforming with the directive of the council of the European Union on the common system of value added tax (2006/112/EC) and (ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition

*All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.*

*Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.*

## GLOSSARY OF INDUSTRY SPECIFIC TERMS

<b>CCG</b>	Clinical Commissioning Group, and NHS organisation set up by the Health and Social Care Act 2012 to organise delivery of NHS services in England
<b>DoH</b>	Department of Health
<b>EPRA</b>	European Public Real Estate Association, the industry body for European REITs
<b>EPRA NAV</b>	the balance sheet net assets excluding own shares held, mark-to-market derivative financial instruments (including associates) and deferred taxation
<b>GP</b>	General Practitioner
<b>LIFT or Local Improvement Finance Trust</b>	a vehicle introduced by the DoH for improving and developing frontline primary and community care facilities designed to allow PCTs and other public bodies to re-provide and expand local health and social care infrastructure through public private partnerships as set out in the July 2001 Department of Health document “Modernising Primary Care in the NHS: NHS Local Improvement Finance Trusts”
<b>LIFTCo</b>	a company set up with a 20 year exclusive mandate in a particular region to deliver LIFT projects, comprising 60 per cent. private sector shareholders, 20 per cent. PCT shareholders and 20 per cent. Community Health Partnerships shareholders
<b>NHS</b>	the National Health Service, established in 1948, is the national public health service for England. Funded through the use of taxes, the service aims to provide care for all that is free at the point of delivery. Services are provided by a wide range of professionals in both hospital and community settings with a vision of providing appropriate care closer to home
<b>NHS Property Services Limited or NHS Propco</b>	the company wholly owned and funded by the Department of Health which, as of 1 April 2013, has taken on all property obligations formerly borne by the PCTs
<b>Non-PID Dividends</b>	a dividend paid by the Company that is not a PID
<b>PID or Property Income Distribution</b>	a distribution referred to in section 548(1) or 548(3) of CTA 2010, being a dividend or distribution paid by the Company in respect of profits or gains of the Qualifying Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group’s Qualifying Property Rental Business
<b>Primary care</b>	medical care provided by the primary healthcare team including general practitioners’ surgeries
<b>Primary Care Trust or PCT</b>	a body corporate established by the Secretary of State for Health pursuant to the National Health Service Act 1977 (as amended) or the National Health Service Act 2006 which has the responsibility for planning and procuring the health care for the population within the area it serves and, where relevant, Health Boards being the bodies corporate established in Scotland for the same purposes

	pursuant to pursuant to the National Health Service (Scotland) Act 1978 (as amended) and the Public Health etc. (Scotland) Act 2008, or Local Health Boards, being the bodies corporate established in Wales for the same purposes pursuant to the National Health Service Act 1977 (as amended) or the National Health Service (Wales) Act 2006
<b>Property Rental Business</b>	a business within the meaning of section 205 of the CTA 2009 or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of the CTA 2010)
<b>Qualifying Property Rental Business</b>	a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010
<b>Residual Business</b>	that part of the business of the Group that is not part of the Qualifying Property Rental Business
<b>Secondary care</b>	medical care provided in hospitals

# NOTICE OF GENERAL MEETING

## Assura Group Limited

*(a limited company incorporated in Guernsey with registered number 41230)*

Notice is hereby given that an Extraordinary General Meeting of the shareholders of Assura Group Limited (the “Company”) will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 14 October 2014 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as a special resolution and Resolution 2 will be proposed as an ordinary resolution.

For the purposes of this Notice, the terms “the statutes” and “equity securities” shall have the meaning given to them in the Company’s articles of incorporation (the “Articles”).

### SPECIAL RESOLUTION

1. THAT subject to and conditional on the passing of Resolution 2:
  - (a) the Directors of the Company (“Directors”) be generally and unconditionally authorised, in accordance with the statutes, to exercise all the powers of the Company to allot, issue, grant rights to subscribe for or to convert any security into, shares in the Company (“Allotment Rights”), but so that (i) the maximum amount of shares that may be allotted and issued or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £41,425,288, (ii) this authority is limited to the allotment and issue of ordinary shares of 10 pence each (“Ordinary Shares”) pursuant to the Share Issue (as defined within the prospectus of the Company dated 24 September 2014 (the “Prospectus”)), (iii) this authority shall expire on 31 December 2014, (iv) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted and issued or Allotment Rights to be granted after such expiry, and (v) this authority shall be in addition and without prejudice to any other authorities vested in the Directors to allot and issue shares in the Company or to grant Allotment Rights; and
  - (b) pursuant to Article 7.2(d) of the Articles, the Directors are empowered to allot equity securities for cash pursuant to the authority conferred on them by paragraph (a) of this resolution as if the provisions of paragraph (a) of Article 7.2 of the Articles did not apply to any such allotment, provided that this power shall expire when such authority expires and save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry.

### ORDINARY RESOLUTION

2. THAT subject to and conditional on the passing of Resolution 1, the application by Invesco Asset Management Limited for 89,655,172 New Ordinary Shares under the terms of the Firm Placing (as defined in the Prospectus) be and is hereby approved for the purposes of Chapter 11 of the Listing Rules of the United Kingdom Listing Authority.

**BY ORDER OF THE BOARD**

**Jonathan Murphy**  
*Company Secretary*

*Registered Office*  
Old Bank Chambers  
La Grande Rue  
St Martin’s  
Guernsey GY4 6RT

Dated 24 September 2014

**Notes:**

1. A shareholder entered on the Company's share register at 5.00 p.m. on 10 October 2014 (or, in the case of an adjournment, on the day two days immediately preceding the day fixed for the adjourned meeting) is entitled to attend and vote at the Extraordinary General Meeting. If you are no longer on the Company's register of shareholders at that time, you will no longer be entitled to attend or vote.
2. A shareholder of the Company who is entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not also be a shareholder of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. To be valid and effective, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken more than 48 hours after it is demanded, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid, save as permitted under the Articles.
5. Appointment of a proxy will not prevent you from attending the meeting and voting in person at the meeting or any adjourned meeting.
6. Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers (other than a power to appoint a proxy) as that corporation could exercise if it were an individual shareholder of the Company.
7. As at 23 September 2014 (the latest practicable date prior to the printing of this document) the Company's issued share capital consisted of 573,813,120 ordinary shares of 10p each, all carrying one vote each.