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This document comprises a prospectus relating to Assura plc ("**New 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 registered office and the London office of Addleshaw Goddard LLP, details of which are set out on page 123 of this document.

This document has been prepared in connection with a scheme of arrangement pursuant to Part VII of the Companies (Guernsey) Law, 2008, as amended to introduce a new English-incorporated holding company, Assura plc, to the Assura Group (the "Scheme**") and has been prepared on the assumption that the Scheme will become effective in accordance with its current terms. A summary of the Scheme and other proposals are set out in Part I (The Proposals) of this document. 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 14 to 27 of this document.**

The Directors, whose names appear on page 31 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the 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 contains no omission likely to affect the import of such information.

Application will be made to the FCA and to the London Stock Exchange for the New Assura Shares to be admitted to the premium listing segment of the Official List and to be admitted to trading on the London Stock Exchange's main market for listed securities ("**Admission**"), subject in each case to the Scheme becoming effective. If the Scheme proceeds as currently planned, it is expected that Admission will become effective and that dealings in the New Assura Shares will commence at 8.00 a.m. on 28 January 2015.

If you have sold or otherwise transferred all of your shares in Assura Group Limited ("**Assura**"), please forward this document 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, this document should not 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 Assura Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document into jurisdictions other than the United Kingdom may be restricted by law and therefore this document may not be distributed or published in any jurisdiction except under circumstances which result in compliance with any applicable laws and regulations; persons into whose possession this document 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 should not be distributed, forwarded to or transmitted in or into any Excluded Territory or any other jurisdiction where to do so would breach any applicable law.

ASSURA plc

(incorporated in England and Wales under the Companies Act 2006 with registered number 9349441)

Prospectus relating to

**admission to the premium listing segment of the Official List and
to trading on the London Stock Exchange of 1,006,900,141
New Assura Shares of 10 pence each**

Joint Sponsor and Financial Adviser

LIBERUM CAPITAL LIMITED

Joint Sponsor and Financial Adviser

ORIEL SECURITIES LIMITED

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 Assura and New Assura as joint sponsor and financial adviser in connection with the Proposals and Admission and will not be responsible to anyone other than Assura and New Assura 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 Proposals or Admission, 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.

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. New 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.

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.

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SUMMARY

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	Introduction	<p>This summary should be read as an introduction to this document.</p> <p>Any decision to invest in the securities should be based on consideration of this document as a whole by the investor.</p> <p>Where a claim relating to the information contained in this document 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 this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of securities or final placement of securities through financial intermediaries	Not applicable – the Company has not given consent to the use of this document for subsequent resale or any final placement of securities through financial intermediaries.
Section B – Issuer and any guarantor		
B.1	Legal and commercial name	The issuer’s legal and commercial name is Assura plc (“ New Assura ”).
B.2	Domicile/Legal Form/ Legislation/Country of Incorporation	New Assura is a public limited company incorporated in England and Wales with its registered office at The Brew House, Greenalls Avenue, Warrington, Cheshire WA4 6HL. New Assura operates under the Companies Act 2006.
B.3	Key factors of the issuer’s current operations, principal activities and markets	<p>New Assura has been incorporated to be the ultimate holding company for the Assura Group.</p> <p>The Group 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 healthcare sector and then provides property management services for those premises.</p>

		<p>As at the date of this document, the Group 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 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.</p>
B.4a	Significant trends	<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>The Group, 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>
B.5	Group structure	<p>New Assura has been incorporated to be the ultimate holding company of the Group and to hold all of the shares in Assura Group Limited, a limited company incorporated in Guernsey with registered number 41230 (“Assura”). Assura has the following significant subsidiaries: Assura Health Investments Limited; Assura Medical Centres Limited; Assura Primary Care Properties Limited; Assura Properties plc; Assura Properties UK Limited; Medical Properties Limited; Metro MRH Limited; Metro MRM Limited; Metro MRI Limited, Trinity Medical Properties Limited, Assura HC Limited and Assura HC UK Limited.</p>
B.6	Notifiable interests in the Company and voting rights	<p>As at 19 January 2015 (being the latest practicable date prior to the publication of this document), New Assura has been notified that the following persons – in addition to the interests of the Directors referred to herein – are, directly or indirectly, interested in three per cent. or more of Assura’s issued ordinary share capital or voting rights, and the amount of such person’s holding in respect of New Assura Shares following the Scheme becoming effective is expected to be as follows:</p>

		<i>As at 19 January 2015</i>	<i>Percentage of</i>	<i>On the Effective Date</i>	<i>Percentage</i>
		<i>Number of</i>	<i>current issued</i>	<i>Number of</i>	<i>of issued</i>
		<i>Assura</i>	<i>Assura</i>	<i>New Assura</i>	<i>New Assura</i>
		<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
	Invesco Limited	266,111,749	26.43	266,111,749	26.43
	Artemis Investment Management	159,676,320	15.86	159,676,320	15.86
	Liontrust Asset Managers	60,151,430	5.97	60,151,430	5.97
	Ameriprise Financial, Inc	41,536,192	4.13	41,536,192	4.13
	Legal & General Group Plc	38,539,024	3.83	38,539,024	3.83
	Ray Seymour	37,949,980	3.77	37,949,980	3.77
	Blackrock	35,365,156	3.51	35,365,156	3.51
	Investec Wealth & Investment Limited	34,863,716	3.46	34,863,716	3.46
	Alistair Campbell Blacklaws	32,615,065	3.24	32,615,065	3.24
	None of the shareholders referred to above has different voting rights from any other holder of Assura Shares in respect of any Assura Shares held by them.				
	The New Assura Directors are not aware of any person who directly or indirectly, jointly or severally, owns or could exercise control over Assura.				
B.7	Selected historical key financial information	Not applicable for New Assura. New Assura has not traded since its date of incorporation and as such there is no historical key financial information on New Assura.			
		The tables below set out summary financial information for the Group for the periods indicated. The data below has been extracted, without material adjustment, from the Group’s audited consolidated financial statements for the years ended 31 March 2012, 31 March 2013 and 31 March 2014 and from the Group’s unaudited consolidated financial statements for the six month period ended 30 September 2014.			
		Consolidated income statement			
		<i>6 months ended</i>	<i>Year ended⁽¹⁾</i>		
		<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
	Continuing operations				
	Gross rental and related income	23.6	39.9	37.1	34.1
	Property operating expenses	(1.4)	(2.1)	(3.4)	(3.2)
	Net rental income	22.2	37.8	33.7	30.9
	Administrative expenses	(2.8)	(5.0)	(4.9)	(4.5)
	Revaluation gains	10.4	12.4	6.0	1.5
	Gain/(loss) on sale of property	(0.1)	0.2	(0.1)	0.1
	Share-based payment charge	(0.4)	(0.7)	(0.6)	–
	Exceptional items	–	(0.4)	–	(20.3)
	Finance revenue	0.1	0.3	0.5	0.4
	Finance costs	(13.2)	(22.2)	(20.5)	(21.2)
	Gain/(loss) on derivative financial instruments	0.3	1.8	(1.2)	(54.7)
	Profit/(loss) before taxation	16.5	24.2	12.9	(67.8)
	Taxation	(0.2)	(0.4)	(0.2)	1.0
	Profit/(loss) for the year from continuing operations	16.3	23.8	12.7	(66.8)
	Profit for the year from discontinued operations				
	– LIFT	–	11.2	1.4	4.5
	– Pharmacy	–	–	–	1.6
	Profit/(loss) for the year attributable to equity holders of the parent	16.3	35.0	14.1	(60.7)
	Earnings per Share (p)	2.9p	6.6p	2.7p	(13.2)p

Note:

- (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.

Consolidated balance sheet

	<i>6 months ended 30 September 2014 £m</i>	<i>31 March 2014 £m</i>	<i>Year ended 31 March 2013 £m</i>	<i>31 March 2012 £m</i>
Investment property	802.1	656.7	557.3	537.8
Property assets held for sale	7.2	11.6	12.0	11.4
LIFT investments and associates	0.5	0.5	11.2	10.5
Cash, cash equivalents and restricted cash	17.0	38.6	35.7	21.4
Derivative financial instruments at fair value	(1.5)	(1.8)	(3.6)	(2.5)
Borrowings	(535.3)	(450.3)	(392.1)	(375.6)
Other assets and liabilities (net)	(33.0)	(28.7)	(22.4)	(15.1)
Net assets	257.0	226.6	198.1	187.9

Consolidated cash flow statement

	<i>6 months ended 30 September 2014 £m</i>	<i>31 March 2014 £m</i>	<i>Year ended 31 March 2013 £m</i>	<i>31 March 2012 £m</i>
Cash flows from operating activities	9.2	7.9	12.9	13.4
Cash flows from investing activities:				
Investment acquisitions	(15.9)	(9.1)	(3.6)	(5.1)
Development expenditure	(8.5)	(23.5)	(18.1)	(18.9)
Sale of properties	2.5	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)
	(21.9)	(1.9)	(10.0)	0
Cash flows from financing activities:				
Proceeds from share issues	(0.2)	–	–	33.5
Dividend paid	(5.0)	(7.2)	(4.5)	(5.1)
Net borrowings movement	(3.7)	4.1	15.9	(59.3)
	(8.9)	(3.1)	11.4	(30.9)
Net increase/(decrease) in cash	(21.6)	2.9	14.3	(17.5)
Opening cash balance	38.6	35.7	21.4	38.9
Closing cash balance	17.0	38.6	35.7	21.4

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, the 6 months ended 30 September 2014 and the period since 30 September 2014 (being the date of the Group's latest published unaudited interim accounts) until 22 January 2015, being the latest practicable date prior to the publication of this document.

Review of operational performance

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, a profit of £35.0 million in the year ended 31 March 2014, and a profit of £16.3 million in the 6 months ended 30 September 2014.

		<p>The increase in profit for the year attributable to equity holders of the Company over the three and a half years ended 30 September 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.</p> <p>Net asset value per Ordinary Share was 35.5p at 31 March 2012, increasing to 37.4p at 31 March 2013, 42.8p at 31 March 2014 and 44.8p at 30 September 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, 43.4p and 45.3p respectively. The increase over the three and a half year period is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to Shareholders.</p> <p>Since 31 March 2014, the Group has made several acquisitions and as a result, the Group's rent roll as at 31 December (being the latest practicable date prior to publication of this document) is approximately £54.9 million (of which £1.4 million relates to non-core investments). The Group's property portfolio was re-valued as at 31 December 2014 to include recent acquisitions. The net impact of the valuation movements on investment properties, developments, land and after acquisitions and acquisition costs since 31 March 2014 is approximately £22.7 million. As part of the consideration for the acquisition of MP Realty Holdings Limited and Metro MRI Limited, the Company issued an additional 44,264,196 new Assura Shares on 13 June 2014 and a further 18,834,148 new Assura Shares on 6 November 2014.</p> <p><i>Significant events</i></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"> • in July 2011, the Group completed the £36.8 million sale of its pharmacy business, which owned and operated a national chain of pharmacies; • in November 2011, the Group 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; • in April 2013 the Group announced that it had elected for REIT status (with effect from 1 April 2013); • 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);
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		<ul style="list-style-type: none"> 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; 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; in October 2014, the Group announced that it had raised gross proceeds of approximately £155.2 million by way of a firm placing and placing and open offer, and additional gross proceeds of £25 million by way of an offer for subscription. The total gross proceeds of £180.2 million are being used to reduce the Group's borrowings and fund an acquisition and development pipeline; and in November 2014, the Group acquired 11 high quality medical centres through the acquisition of Metro MRI Limited for gross consideration of approximately £63.1 million, with associated net debt of £44.3 million. In addition, the Group agreed in principle heads of terms for funding four further medical centres to be developed by the vendors of Metro MRI Limited, which are expected to have a value on completion of £21 million.
B.8	Selected key pro forma financial information	Not applicable. New Assura is a newly incorporated company and has not traded since its incorporation and, prior to the Scheme becoming effective, will not own any assets or have any liabilities. As a result of the Scheme becoming effective, New Assura will become the new parent company of the Assura Group and its assets, liabilities and earnings on a consolidated basis will be those of the Assura Group.
B.9	Profit forecast/estimate	Not applicable – there is no profit forecast or estimate contained in this document.
B.10	Audit report – qualifications	Not applicable – there are no qualifications contained in the audit reports regarding Assura's historical financial information in the period for which historical financial information is shown.
B.11	Working capital	New Assura is of the opinion that, taking into account the existing bank and other facilities available to it, 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	Type and class of the securities being admitted to trading, including the security identification number	<p>The New Assura Shares which will be subject to an application to be admitted to trading on the London Stock Exchange's main market for listed securities will be ordinary shares of 10 pence each in the capital of New Assura ("New Assura Shares").</p> <p>When admitted to trading on the London Stock Exchange's main market for listed securities, the New Assura Shares will be registered with ISIN GB00BVGBWW93 and SEDOL BVGBWW9.</p>

C.2	Currency of the securities issue	Pounds sterling.
C.3	Number of shares in issue and par value	The nominal value of the issued ordinary share capital of New Assura immediately following the Scheme becoming effective will be £100,690,014.10 divided into 1,006,900,141 New Assura Shares of 10 pence each, which are issued fully paid.
C.4	Rights attaching to the securities	<p>The New Assura Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with each other, including for voting purposes and in full for all dividends or other distributions on the New Assura Shares declared, made or paid after their issue and for any distributions made on a winding up of New Assura.</p> <p>Subject to applicable laws, the New Assura Articles and to any rights for the time being attached to any existing share, any shares may be issued with such rights or restrictions as New Assura may from time to time by ordinary resolution determine, or, if New Assura has not so determined, as the New Assura Board may determine.</p> <p>Subject to applicable laws, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of New Assura or the holder, on such terms, conditions and in such manner as the New Assura Board may determine.</p> <p>If New Assura's share capital is divided into shares of different classes, any rights attached to any class of shares may (subject to the rights attached to the shares of the class) be varied or abrogated in any manner, either with the written consent of the holders of not less than three quarters in nominal value of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such class of shares.</p>
C.5	Restrictions on free transferability of the securities	Not applicable – there are no restrictions on the free transferability of the New Assura Shares.
C.6	Admission to trading on a regulated market	Subject to Shareholder approval, application will be made to the FCA and to the London Stock Exchange for the New Assura Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.
C.7	Dividend policy	New Assura is committed to a fully covered and progressive dividend policy broadly in line with underlying rental growth.

Section D – Risks

D.1	Key information on the key risks that are specific to the issuer or its industry	<p>Risks relating to the Group and the market in which it operates</p> <ul style="list-style-type: none"> 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
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		<p>have a negative impact on property management fees received by the Group in its capacity as property manager.</p> <p>Risks relating to real estate investment</p> <ul style="list-style-type: none"> 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. 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. 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. <p>Risks relating to real estate development</p> <ul style="list-style-type: none"> 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. <p>Risks relating to government policy</p> <ul style="list-style-type: none"> 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 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
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		<p>growth opportunities for the business. The recent announcements by the NHS and the Government on the need for greater provision of care in the community give the Board increased confidence that the process for approving new schemes will be unblocked in the not too distant future.</p> <p>Risks relating to investor demand for primary care property in the UK</p> <ul style="list-style-type: none"> 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. <p>Risks relating to optimum and appropriate financing of the business</p> <ul style="list-style-type: none"> 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>Risks relating to management ability to identify good development and acquisition opportunities and asset manage the properties to add value</p> <ul style="list-style-type: none"> 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 that the Group will find suitable properties in which to invest. 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.
D.3	Key risks that are specific to the securities	<p>Risks relating to the Group and the market in which it operates</p> <ul style="list-style-type: none"> The market price of the New Assura 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 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 New Assura Shares (or the perception that such

		<p>transactions may occur) and general market and economic conditions.</p> <ul style="list-style-type: none"> There is no guarantee that the market price of the New Assura 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 New Assura Shares will, amongst other factors, be influenced by their dividend yield and the supply and demand for the New Assura Shares in the market. As such, the market value of the New Assura Shares may vary considerably from the underlying value of the Group's assets. The market price of the New Assura Shares may also fluctuate. <p>Risks relating to regulation, government policy and tax</p> <ul style="list-style-type: none"> 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. HMRC has confirmed that on the Effective Date, the Group, with New Assura as the parent company, will continue to be a REIT Group. <p>Risks relating to the New Assura Shares</p> <ul style="list-style-type: none"> 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 England and Wales. 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. 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. While dealings in Assura Shares are currently exempt from UK stamp duty or SDRT and there are no UK stamp duty or SDRT implications expected as a result of the Scheme, following completion of the Scheme any dealings in New Assura Shares will be subject to UK SDRT or stamp duty.
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Section E – Offer		
E.1	Net proceeds and expenses	<p>Not applicable – New Assura is not undertaking an offer of its securities, nor is it seeking to raise any capital from Shareholders.</p> <p>The total expenses payable by New Assura in connection with the Scheme are estimated to be approximately £0.7 million (exclusive of VAT).</p> <p>No commissions, fees or expenses will be charged to the Assura Shareholders.</p>
E.2a	Reasons for the offer	Not applicable – New Assura is not undertaking an offer of its securities.
E.3	Terms and conditions of the offer	Not applicable – New Assura is not undertaking an offer of its securities.
E.4	Interests material to the issue including conflicting interests	Not applicable – New Assura is not undertaking an offer of its securities and therefore there are no interests (including conflicts of interest) which are material to the issue of New Assura Shares.
E.5	Lock-up arrangements	Not applicable – there are no entities or persons offering to sell the New Assura Shares. There are no lock-up agreements.
E.6	Dilution	Not applicable – the Scheme does not comprise an offer of New Assura Shares. If the Scheme becomes effective, existing holders of Assura Shares will receive one New Assura Share for each Assura Share held and so the interests of Shareholders will not be diluted.
E.7	Estimated expenses charged to the investor	Not applicable – New Assura is not undertaking an offer of its securities and so no commissions, fees or expenses will be charged to the Assura Shareholders.

RISK FACTORS

Any investment in New Assura Shares is subject to a number of risks. Accordingly, Assura Shareholders and any prospective New Assura Shareholders should carefully consider the following risks and uncertainties – which the Directors believe include all principal and/or material risks known to the Directors in relation to the Company, its industry and the Scheme – together with all other information set out in, or incorporated by reference into, this document prior to making any decisions relating to the New Assura Shares and not rely solely on the information set out in this section. The risks are not set out in any particular order.

Prospective investors should note that the risks relating to the Group, its industry and the New Assura Shares summarised in the section of this document headed “Summary” are the risks that the Directors believe to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the New Assura Shares. 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.

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 and uncertainties not currently known to the Directors, or currently believed to be immaterial, could individually or cumulatively 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 New Assura Shares could decline, resulting in the loss of all or part of any investment therein. Investors should consider carefully whether an investment in the New Assura Shares is suitable for them in light of the information in this document and their personal circumstances. 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.

The risk factors set out below relate to Assura and the Group as at the date of this document. If the Scheme becomes effective, New Assura will become the parent company of the Group on the Effective Date and the risk factors will relate to New Assura and its Group.

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 whether the Group can find suitable properties in which to invest. 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 31 December 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 IV (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 planned, 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 CCGs who are responsible for investment decisions in primary care premises. In particular, a reduction in the funding of the CCGs 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.

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 Directive 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 Group has been a group UK real estate investment trust (“**REIT Group**”) since 1 April 2013. HMRC has confirmed that on the Effective Date, the Group, with New Assura as the parent company will continue to be a REIT Group. 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 III (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 III (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 III (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 New Assura Share

Prospective investors should be aware that, whilst the use of borrowings should enhance the net asset value of the New Assura 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 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 11 of Part VII (Additional Information). 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 11 of Part VII (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 NEW ASSURA SHARES

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

The market price of the New Assura 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 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 New Assura 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 New Assura Shares.

For all or any of these reasons, the market price of the New Assura 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 New Assura 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 New Assura Shares as well as that of any dividends paid.

Future sales of the New Assura Shares in the public market could depress the market price

Sales of a substantial number of the New Assura Shares in the public market, or the perception that these sales might occur, could depress the market price of the New Assura Shares.

Stamp Duty and SDRT

While dealings in Assura Shares are currently exempt from UK stamp duty or SDRT and there are no UK stamp duty or SDRT implications expected as a result of the Scheme, following completion of the Scheme any dealings in New Assura Shares will be subject to UK SDRT or stamp duty as further described in paragraph 13 of Part VII (Additional Information).

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

There is no guarantee that the market price of the New Assura 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 New Assura Shares will, amongst other factors, be influenced by their dividend yield and the supply and demand for the New Assura Shares in the market. As such, the market value of the New Assura Shares may vary considerably from the underlying value of the Group's assets.

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 England and Wales. 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 New Assura Shares in the United States or elsewhere outside of the UK

The New Assura Shares 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 New Assura 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 New Assura 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 PROPOSALS

The Proposals may not be implemented on a timely basis or at all

Implementation of the Proposals is conditional upon, among other things, sanction of the Scheme by the Court. It is possible that such sanction will be given only subject to conditions or will not be given, in which case it is possible that the Scheme will not occur on a timely basis or at all. In such an event, the Proposals may not be implemented and the benefits expected to result from the Proposals will not be achieved.

US and other non-EU shareholders may not be able to participate in future equity offerings

Holders of New Assura Shares will, in certain cases, be entitled to pre-emption rights to subscribe for shares to be issued in connection with an increase in the Company's share capital, unless such rights have been waived by a resolution at a Shareholders' meeting. US and certain other non-EU holders of New Assura Shares will usually be excluded from exercising any such pre-emption rights they may have, unless

exemptions from any overseas securities law requirements are available. There can be no certainty that the Company will utilise any such exemption from applicable overseas securities law requirements that might enable US or other non-EU holders to exercise such pre-emption rights.

IMPORTANT INFORMATION

Introduction

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised by the Company, New Assura, the New Assura Directors, the Sponsors or any other person. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G of the FSMA and rule 3.4 of the Prospectus Rules, neither the delivery of this document nor any allotment, subscription or sale of New Assura Shares made pursuant to the Scheme will, under any circumstances, create any implication that there has been no change in the affairs of the Assura Group since the date of this document or that the information in it is correct as of any time subsequent to the date of this document.

The contents of this document should not be treated as advice relating to legal, taxation, investment or any other matters. Shareholders should inform themselves as to: (a) the legal requirements within their own countries for the purchase, holding, transfer or other disposal of New Assura Shares; (b) any foreign exchange restrictions applicable to the purchase, holding, transfer or other disposal of New Assura 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 New Assura Shares. Shareholders 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. Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

Forward looking statements

This document contains 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", or in each case, their negative or other variations, 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 14 to 27 of this document. Prospective investors are urged to read the sections of this document entitled “Risk Factors” and “Business Description of the Assura Group” 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 14 of Part VII (Additional Information) of this document.

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.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS⁽¹⁾⁽²⁾

Date of publication of this Prospectus by New Assura	23 January 2015
Last day of dealings in, and for registration of transfers of, Assura Shares	27 January 2015
Scheme Record Time	6.00 p.m. on 27 January 2015
Court Hearing to sanction the Scheme	27 January 2015
Scheme Effective Date	28 January 2015
Cancellation of listing of Assura Shares	8.00 a.m. on 28 January 2015
Admission and commencement of dealings in New Assura Shares	8.00 a.m. on 28 January 2015
Crediting of New Assura Shares to CREST accounts	28 January 2015
Share certificates for New Assura 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. Final dates and times will depend on, amongst other things, the dates upon which the Court sanctions the Scheme. If a time or date is changed, Assura will notify Assura Shareholders of the changes in the timetable either by post or publication of a notice through a regulatory information service.
- (2) References to times in this document are to London time.

DIRECTORS, REGISTERED OFFICE AND ADVISERS TO THE COMPANY

Directors	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>)
Company Secretary	Jonathan Stewart Murphy
Registered office and principal place of business	The Brew House Greenalls Avenue Warrington Cheshire WA4 6HL
Joint Sponsor and Financial Adviser	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY
Joint Sponsor and Financial Adviser	Oriel Securities Limited 150 Cheapside London EC2V 6ET
Solicitors to the Company as to English Law	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
Solicitors to the Company as to Guernsey Law	Bedell Cristin La Plaiderie House La Plaiderie St Peter Port Guernsey GY1 1WG
Solicitors to the Joint Sponsors and Financial Advisers	Travers Smith LLP 10 Snow Hill London EC1A 2AL
Auditors and Reporting Accountant	Deloitte LLP 2 Hardman Street Manchester M3 3HF
Registrars to New Assura	Capita Registrars Limited The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
Valuers	Savills Advisory Services Limited 20 Grosvenor Hill London W1K 3HQ Jones Lang LaSalle 40 Berkeley Square Bristol BS8 1HU

PART I

THE PROPOSALS

1. Introduction

On 16 December 2014 Assura Group Limited (“**Assura**”) – the current parent company of the Assura Group – announced details of proposals to change the Assura Group’s corporate structure by inserting a new English-incorporated parent company at the head of the Assura Group. It is intended that this new corporate structure will be implemented by way of a scheme of arrangement under Part VII of the Companies (Guernsey) Law, 2008, as amended (the “**Scheme**”).

For this purpose, Assura plc (“**New Assura**”) was incorporated under the Companies Act 2006 on 10 December 2014 as a public limited company with the name Assura Kingston plc, and subsequently changed its name to Assura plc and pursuant to a special resolution passed on 16 December 2014.

If the Scheme – which will be subject to various conditions as set out below – becomes effective, New Assura will become the holding company of the Assura Group.

2. Background to and reasons for the Scheme and related Proposals

2.1 Background

The Group’s management and tax domicile was originally established in Guernsey in 2003. Subsequently, the management of the Group, and hence its tax domicile, was transferred to the UK. In 2013, the Group successfully entered the UK REIT regime, which requires it to retain its tax domicile in the UK, but conferred certain tax advantages on profits and gains from its UK property investments. Further details of the UK REIT regime are set out in Part II of this document.

The Group’s operations are exclusively focused in the UK and in excess of 85 per cent. of the Group’s income is underpinned by the NHS. The location of the Group’s existing ultimate holding company in Guernsey no longer corresponds with the Group’s tax status and could potentially provide a misleading impression to the NHS that Assura’s primary focus is not the UK. In particular in contract negotiations and bidding for new projects with NHS bodies this introduces additional complexity as it is necessary to explain the reason why the Group is not UK incorporated and that its tax domicile is not offshore.

The Assura Board believes that moving to a UK domicile will align the Group with its UK tax jurisdiction and enable it to develop even better commercial relationships with the NHS and GPs which are the Group’s principal customers. In addition, the Assura Board expects that the move to UK registration will reduce some Group administration costs, as it will no longer be necessary to operate across legal jurisdictions in both England and Guernsey.

The Assura Board, after detailed consideration, therefore believes the proposed new corporate structure is the most appropriate structure for the Assura Group and would best support its long term strategy and growth prospects.

The Proposals have certain other implications, including:

- the Group incurring certain costs of approximately £0.7 million in relation to the documentation required to move to a UK domicile; and
- following completion of the Scheme any dealings in New Assura Shares will be subject to UK SDRT or stamp duty as further described in paragraph 13 of Part VII (Additional Information). Assura Shares are currently exempt from UK stamp duty or SDRT.

2.2 *Principal terms of the Scheme*

The principal steps involved in the Scheme are as follows:

Transfer of Scheme Shares

Under the Scheme, all the Scheme Shares will be transferred to New Assura on the Scheme Effective Date (which is expected to be 28 January 2015). In consideration for the transfer of the Scheme Shares, the Scheme Shareholders will receive, in respect of any Scheme Shares held as at the Scheme Record Time:

for each Scheme Share held	one New Assura Share
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With effect from the Scheme Effective Date, the rights attaching to the New Assura Shares will be, for all practical purposes, the same as those attaching to the existing Assura Shares. Upon the Scheme becoming effective, a New Assura Shareholder will have the same proportionate interest in the profits, net assets and dividends of New Assura as they have in Assura immediately prior to the Scheme Effective Date.

The Group will have the same business and operations immediately after the Scheme Effective Date as it had immediately before the Scheme Effective Date. The assets and liabilities of the Group immediately after the Scheme Effective Date will not differ from the assets and liabilities Assura had before the Scheme Effective Date, save that New Assura will hold all of the Assura Shares then in issue.

A summary of the rights attaching to the New Assura Shares is set out in paragraph 4 of Part VII (Additional Information) of this document. A summary of the principal differences between the Assura Articles and the New Assura Articles is set out in paragraph 5 of Part VII (Additional Information) of this document.

Establishing New Assura as the new parent company of the Assura Group

Following the transfer of the Scheme Shares to New Assura, New Assura will, as a result, hold all of the Assura Shares then in issue. New Assura will in turn issue New Assura Shares to former Assura Shareholders on a one-for-one basis.

The New Assura Shares to be issued pursuant to the Scheme will have a nominal value of 10 pence each but will be recorded in New Assura's books of accounts at cost (being equal to the company-only net asset value of Assura on the day prior to their delisting). This will give rise to the creation of a substantial merger reserve account in New Assura.

3. **Conditions to implementation of the Scheme**

3.1 On 14 January 2015:

- (a) the Scheme was approved by a majority in number, representing at least 75 per cent. in value, of the Assura Shareholders present and voting, either in person or by proxy, at the Court Meeting; and
- (b) the Resolutions set out in the notice of the Extraordinary General Meeting to approve various matters in connection with the Scheme including (i) changes to the Assura Articles; and (ii) approving that a general meeting of New Assura other than an annual general meeting, may be called on not less than 14 clear days' notice were approved,

both of which were conditions to the Scheme, which have therefore been fulfilled. In order to facilitate the Scheme, an amendment was proposed to the Assura Articles, which was set out in full in the notice of the Extraordinary General Meeting.

This amendment is intended to ensure that: (i) any Assura Shares that are issued to any person other than New Assura (or its nominee(s)) before the Scheme Record Time (but after the Extraordinary General Meeting) are allotted and issued subject to the terms of the Scheme and the holders of such

shares will be bound by the Scheme accordingly; and (ii) any Assura Shares that are allotted and issued after the Scheme Record Time will be immediately transferred to New Assura in exchange for the issue or transfer to the relevant allottees of one New Assura Share for each Assura Share transferred. These changes are necessary because, in some cases, Assura Shares may need to be allotted before the Scheme Record Time (for example, because of the exercise of rights granted by Assura under the Assura Employee Share Plans) but the timing of their allotment and issue could mean that they are not classified as Scheme Shares and are, therefore, outside the scope of the Scheme. In addition, Assura Shares may be issued (again, for example, under the Assura Employee Share Plans) after the Scheme Record Time, which would also put them outside the scope of the Scheme.

- 3.2 The Scheme remains conditional on the sanction of the Scheme (with or without modification) by the Court at the Court Hearing.
- 3.3 The Court Hearing (at which it is proposed that the Court sanction the Scheme) is expected to be held on or around 27 January 2015.

It is expected that the Court Order will be conditional upon:

- 3.4 the formal processes having been put in place to delist the Assura Shares and to approve the application to admit (subject to the allotment of the New Assura Shares and the satisfaction of conditions 3.2 above), the New Assura Shares to be issued in connection with the Scheme to the Official List (including a listing hearing having been held); and
- 3.5 the London Stock Exchange having agreed to admit the New Assura Shares to be issued in connection with the Scheme to trading on its main market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date.

If the Scheme is sanctioned by the Court and the other conditions to the Scheme are satisfied or waived, the Scheme is expected to become effective on 28 January 2015 and dealings in the New Assura Shares to be issued pursuant to the Scheme are expected to commence, at 8.00 a.m. on 28 January 2015, the anticipated Scheme Effective Date.

If the Scheme has not become effective by 31 March 2015 (or such later date as Assura and New Assura may agree and the Court may allow), it will lapse, in which event the Scheme will not proceed, Assura Shareholders will remain shareholders of Assura and the Assura Shares will continue to be listed on the Official List and to be traded on the London Stock Exchange's main market for listed securities.

The Scheme contains a provision for Assura and New Assura jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the Court may think fit to approve or impose. Assura has been advised by its legal advisers that the Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Assura Shareholders unless Assura Shareholders were informed of any such modification, addition or condition. It will be a matter for the Court to decide, in its discretion, whether or not further meetings of Assura Shareholders should be held. If the Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the Assura Shareholders, the Scheme will not be able to become effective unless and until such consent is obtained.

4. Effects of the Scheme

Under the Scheme, Scheme Shareholders will have their Assura Shares replaced by the same number of New Assura Shares, which will be denominated in sterling. Scheme Shareholders' existing proportionate entitlement to participate in Assura's capital and income will not be affected by reason of the implementation of the Scheme. Scheme Shareholders will not receive any amount in cash pursuant to the terms of the Scheme.

Immediately following the Scheme becoming effective, the holder(s) of any New Assura Shares in issue prior to the Scheme becoming effective will gift such shares to a nominee of New Assura, following which such shares will be cancelled. This is to ensure that the number of New Assura Shares in issue following the Scheme is exactly the same as the number of Assura Shares in issue immediately prior to the Scheme becoming effective.

Immediately following the Scheme becoming effective, New Assura will own no assets other than:

- (a) the Assura Shares; and
- (b) nominal cash balances.

Assura will make announcements to Assura Shareholders from time to time in relation to the progress of the Scheme, including upon the Scheme becoming effective.

5. New Assura Articles

A summary of the New Assura Articles is included in paragraph 4 of Part VII (Additional Information) of this document, and a summary of the principal differences between the Assura Articles and the New Assura articles is set out in paragraph 5 of Part VII (Additional Information) of this document.

The New Assura Articles are also available for inspection as set out in paragraph 20 of Part VII (Additional Information).

6. Admission, dealings, share certificates and settlement

Application will be made to the UK Listing Authority for the delisting of the Assura Shares and the admission of the New Assura Shares to the Official List and for the New Assura Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. The last day of dealings in the Assura Shares is expected to be 27 January 2015. The last time for registration of transfers of Scheme Shares is expected to be 5.00 p.m. on 27 January 2015. It is expected that Admission will become effective and that dealings in New Assura Shares will commence at 8.00 a.m. on 28 January 2015, the Effective Date. The listing of the Assura Shares will be cancelled on that date.

These dates may be deferred if there is any delay in obtaining the Court's sanction of the Scheme. In the event of a delay, the application for the Assura Shares to be delisted will be deferred, so that the listing will not be cancelled until immediately before the Scheme becomes effective.

With effect from (and including) the Effective Date, all share certificates representing the Scheme Shares will cease to be valid and binding in respect of such holdings and should be destroyed.

All documents, certificates or other communications sent by, to, from or on behalf of Scheme Shareholders, or as such persons shall direct, will be sent at their own risk and may be sent by post.

Application will be made for the New Assura Shares to be admitted to CREST for settlement and transfer purposes. Euroclear requires New Assura to confirm to it that certain conditions imposed by the CREST Regulations are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the New Assura Shares on admission of the New Assura Shares to the Official List. As soon as practicable after satisfaction of the conditions, New Assura will confirm this to Euroclear. Share certificates for New Assura Shares in certificated form are expected to be despatched within seven days of Admission.

Subject to the satisfaction of the conditions referred to in paragraph 3 of this Part I, to which the Scheme is subject, the New Assura Shares to which Scheme Shareholders are entitled under the Scheme (as the case may be) will:

- (a) to the extent the entitlement arises as a result of a holding of Assura Shares in certificated form at the Scheme Record Time, be delivered in certificated form in the name of the relevant Scheme Shareholder with the relevant share certificate expected to be despatched by post, at the relevant

Scheme Shareholder's risk, as soon as practicable but in any event by no later than seven days after Admission; and

- (b) to the extent the entitlement arises as a result of a holding of Assura Shares in uncertificated form at the Scheme Record Time, be credited to the appropriate CREST accounts (under the same participant and account ID that applied to the Assura Shares), with corresponding entitlements to New Assura Shares with effect from 28 January 2015.

Notwithstanding anything above or any other provision of this document or any other document relating to the New Assura Shares, Assura and New Assura reserve the right to deliver any New Assura Shares applied for through CREST 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 any part of CREST), or on the part of the facilities and/or systems operated by the Registrars in connection with CREST. This right may also be exercised if the correct details in respect of bona fide market claims (such as the CREST member account ID and CREST participation ID details) are not provided as requested on any application form relating to the New Assura Shares.

Assura Shareholders who are CREST-sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document.

7. Dividend policy

The Scheme will not affect the declaration of future dividends and the New Assura Shares will rank equally for dividends after Admission. Assura Shareholders' present dividend instructions will be continued in relation to New Assura after the Scheme becomes effective, unless and until they amend or revoke such instructions.

The Board of New Assura is committed to a fully covered and progressive dividend policy broadly in line with underlying rental growth.

8. Debt facilities

As at 31 December 2014 (being the latest practicable date prior to the publication of this document), the Group had banking facilities of £518.5 million in aggregate. In addition, as at 31 December 2014, the Group had cash balances of £80.8 million of which £1.1 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; and
- senior term loans with Aviva Commercial Finance of £408.5 million, which mature on various dates between 2021 and 2041.

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. No amounts have been drawn down under this facility.

The Directors have considered the effect of the Scheme on the Group's external financing arrangements.

Under the Group's Bond, the insertion of New Assura at the head of the Group grants the right (but not the obligation) to each Bondholder to require Assura Properties plc to redeem all of the principal amount outstanding together with any interest accrued up to the date of redemption on any outstanding Bonds they hold. The Bondholders have formally confirmed that they have waived the right to redemption arising as a result of the Scheme becoming effective.

There are no implications on the Group's financing arrangements with Barclays and NatWest in respect of the £30 million revolving credit facility entered into in May 2014 as a result of the insertion of New Assura at the head of the Group.

There are no implications on the Group's financing arrangements with Aviva Commercial Finance Limited as a result of the insertion of New Assura at the head of the Group.

9. Assura Employee Share Plans

It is intended that subsisting awards under the ERP and VCP will be exchanged for new awards which subsist over New Assura Shares but which are otherwise equivalent in all other respects with the existing awards under the ERP and VCP.

No new awards will be granted under the Assura Employee Share Plans after the Scheme.

10. Directors and other interests

On the Effective Date, the boards of Assura and New Assura will be the same.

The current Assura Directors, namely Simon Laffin, Graham Roberts, Jonathan Murphy, Jenefer Greenwood and David Richardson were appointed directors of New Assura on 16 December 2014. Conditional upon the Scheme becoming effective, Graham Roberts and Jonathan Murphy will enter into amended service agreements and each of the Non-executive Directors, and the Non-executive Chairman, will enter into new letters of appointment with New Assura in order that they reflect the structure of the New Assura Group and any revised duties once the Scheme becomes effective.

Details of Graham Roberts' and Jonathan Murphy's service agreements and the terms of the Non-executive Directors' and Non-executive Chairman's letters of appointment are set out in paragraph 7 of Part VII (Additional Information) of this document. The overall level of remuneration of the Executive Directors will remain unchanged. The fees payable to the Non-executive Directors and the Non-executive Chairman will also remain unchanged.

The interests of the Assura Directors in the existing share capital of Assura as at 19 January 2015 (being the latest practicable date prior to the publication of this document) and in New Assura immediately after the Scheme becomes effective are set out in paragraph 6 of Part VII (Additional Information) of this document.

New Assura will have the same management team as Assura.

Any rights held by the Assura Directors under the Assura Employee Share Plans will, where permitted under the rules of the relevant Assura Employee Share Plan, be preserved so that New Assura Shares will ultimately be delivered in satisfaction of any of those rights under their terms, in the manner described in paragraph 9 of Part VII (Additional Information) of this document. The effect of the Scheme on the interests of Assura Directors is set out in paragraph 6 of Part VII (Additional Information) of this document.

Save as described above, the effect of the Scheme on the interests of Assura Directors does not differ from its effect on the same interests of other Assura Shareholders.

11. Overseas Shareholders

The implications of the Scheme and Admission for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of relevant jurisdictions. Overseas Shareholders should therefore inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy themselves as to their full observance of the laws of the relevant jurisdiction in connection with the Scheme and Admission, the distribution of this document, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed, the allotment and issue of New Assura Shares following the Scheme becoming effective and the payment of any issue, transfer or other taxes due in such jurisdiction.

If, in respect of any Overseas Shareholder, New Assura is advised that the allotment and issue of New Assura Shares would or might infringe the laws of any jurisdiction outside the United Kingdom, or would or might require New Assura to obtain any governmental or other consent or effect any registration, filing or other

formality with which, in the opinion of New Assura, it would be unable to comply or which it regards as unduly onerous, the Scheme provides that New Assura may determine either: (a) that the Shareholder's entitlement to New Assura Shares pursuant to the Scheme shall be issued to such Shareholder and then sold on his behalf as soon as reasonably practicable at the best price which can be reasonably obtained at the time of sale, with the net proceeds of sale being remitted to the shareholder; or (b) that the Shareholder's entitlement to New Assura Shares shall be issued to a nominee for such Shareholder appointed by New Assura and then sold, with the net proceeds being remitted to the shareholder concerned. Any remittance of the net proceeds of sale referred to in this paragraph shall be at the risk of the relevant shareholder.

This document has been prepared for the purposes of complying with English law and the information disclosed in it may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Overseas Shareholders should consult their own legal and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

This document does not constitute an invitation or offer to sell or the solicitation of an invitation or offer to buy any security, nor shall there be any sale, issuance, subscription, purchase, exchange or transfer of the securities referred to in this document in any jurisdiction in contravention of applicable law.

12. Taxation

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 New Assura Shareholders resident for tax purposes in the UK (save where express reference is made to non-UK resident persons) is set out at paragraph 13 of Part VII (Additional Information) of this document. The summary does not purport to be a complete analysis or listing of all the potential tax consequences of holding New Assura Shares. Prospective purchasers of New Assura Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of New Assura Shares.

PART II

BUSINESS DESCRIPTION OF THE GROUP

The business description set out below relates to Assura and the Group as at the date of this document. If the Scheme becomes effective, New Assura will become the parent company of the Group on the Effective Date and the business description will relate to New Assura and the New Assura Group.

1. History

The Group 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.

Assura 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, Assura 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 Assura Shares for every 7 existing Assura Shares at a price of 30 pence per Assura 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 III (The REIT Regime and taxation)) and access to a global specialist investor base.

In October 2014, the Company announced that it had raised gross proceeds of approximately £155.2 million by way of a firm placing and placing and open offer, and additional gross proceeds of £25 million by way of an offer for subscription.

New Assura was incorporated under the Companies Act on 10 December as a public limited company with the name Assura Kingston plc, and subsequently changed its name to Assura plc pursuant to a special resolution passed on 16 December 2014. If the Scheme becomes effective, New Assura will become the ultimate holding company of the Group.

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 Group'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 Assura Board is confident of achieving regular development gains going forward.

As at 31 December 2014, the Group owned 254 completed medical centre investment properties around the UK which together comprise its core portfolio and which is valued at £883.4 million, based on the independent valuation reports contained in Part IV (Property Valuation Reports) of this document. The core portfolio has a passing rent roll of £53.5 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 Group's portfolio is characterised by long leases. As at 31 December 2014, the weighted average unexpired lease length was 14.7 years for the core portfolio.

(b) *Recent expansion of core portfolio*

On 10 September 2013, the Group 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 Group 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.

On 13 June 2014, Assura 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 Assura Shares. The debt assumed with the acquisition (for further details of which see paragraph 8 of Part I (The Proposals)) had 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 added 15 per cent. to the rent roll. Interest costs on the long-term debt assumed by the Group as part of the acquisition amounts to £4.2 million per annum and annual direct property costs are anticipated by the Group 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 Group 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 Group 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, Assura 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.

On 6 November 2014, Assura announced that it had acquired 11 high quality medical centres through the acquisition of the entire issued share capital of Metro MRI Limited for gross consideration of approximately £63.1 million (including costs of £0.3 million), with associated net debt of £44.3 million. The consideration for included 18,834,148 Assura Shares, which were issued subject to a 12 month orderly market agreement in customary form and approximately £9.1 million in cash. The final cash consideration was subject to possible adjustment pending finalisation of completion accounts prepared up to the day of acquisition, other post completion adjustments and transaction costs.

The 11 medical centres have an average lot size of £5.7 million, an unexpired lease term of 20.3 years and the majority are under five years old. The centres support the work of approximately 90 GPs servicing the health requirements of around 115,000 patients in England and Wales. The current passing rent of £3.4 million added seven per cent. to the Group’s rent roll; 89 per cent. of this income is contracted to GPs or NHS bodies and 74 per cent. is contracted on leases subject to open market rent reviews, whilst 26 per cent. is subject to fixed uplift or inflation-linked reviews. The portfolio is reversionary, with an Estimated Rental Value of £4.1 million, of which £0.1 million of additional rent is achievable if all rents were brought up to current market levels and a further £0.6 million arises on letting expansion space provided for GP tenants and other community providers.

In addition, the Group agreed in principle heads of terms for funding four further medical centres to be developed by the vendors of Metro MRI Limited, which are expected to have a value on completion of £21 million.

On 16 December 2014, Assura announced that it had acquired three primary care medical centres for £11.5 million with a passing rent of £0.68 million.

On 17 December 2014, Assura announced that it had acquired the Church View Medical Centre in South Kirby for £10.1 million with a passing rent of £0.53 million.

The Group has an immediate pipeline of identified individual asset acquisitions and developments in primary care property of £39 million. In addition to this immediate pipeline, Assura has further opportunities with a value in excess of £50 million. However, the timing of these projects is more uncertain and they are not anticipated to commence in the current financial year.

As at 31 December 2014, the Group’s core portfolio of completed primary care medical centres stands at 254 valued at £883.4 million and with a contracted passing rent of £53.5 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 £4.4 million), as set out in Part IV (Property Valuation Reports) of this document. Savills have issued a report valuing part of the Group’s portfolio at £668.1 million and Jones Lang LaSalle have issued a report valuing the balance of the Group’s portfolio at £219.6 million.

<i>Core portfolio by region as at 31 December 2014</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
North	104	398.5	45.1
South	73	230.9	26.1
Midlands	50	179.7	20.4
Scotland	9	23.8	2.7
Wales	18	50.5	5.7
Total	254	883.4	100

<i>Core portfolio by capital value as at 31 December 2014</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
Less than £1m	33	22.4	2.5
£1m – £5m	174	439.1	49.7
£5m – £10m	36	256.0	29.0
Greater than £10m	11	165.9	18.8
Total	254	883.4	100

<i>Core portfolio rent roll by tenant covenant as at 31 December 2014</i>	<i>Total rent roll (£m)</i>	<i>Total rent roll (%)</i>
GPs	37.5	70.1
NHS body	10.1	18.9
Pharmacy	4.2	7.8
Other	1.7	3.2
Total	53.5	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 31 December 2014, the non-core assets were valued at £14.1 million, comprising £9.7 million of assets held for sale and £4.4 million of investment property. The assets held for sale continue to be actively marketed for sale.

(b) *LIFT*

Assura 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. **Business model**

The Group 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.

The Group 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, the Group is committed to each new development being completed to a high standard as well as its ongoing efficient operation and maintenance. The Group'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 the Group 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, the Group has a track record in delivering accretive acquisitions and has acquired £190 million of assets between April 2012 and September 2014. 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, the Group 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.

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

The Group’s acquisitions and developments over the two years to 31 March 2014 enhanced underlying earnings per Assura Share by 75 per cent., supporting growth in the dividend per Assura 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.

The Group, 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 day¹. 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 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 years² and this will place a corresponding increase in the demands on GPs and their facilities.

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 2018³.

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

2 ONS National Population Predictions, Table A2-4.

3 Long Term Conditions Compendium of Information.

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 recent announcements by the NHS and the Government on the need for greater provision of care in the community give the Board increased confidence that the process for appraising new schemes will be unlocked in the not too distant future.

The Board believes that the Group 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 Board believes that the inflationary 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 Board believes 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, primary care continues to provide strong property fundamentals with good prospects for capital and income growth.

4. Strategy and prospects

4.1 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.

4.2 Prospects

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.

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 recent announcements by the NHS and the Government on the need for greater provision of care in the community give the Board increased confidence that the process for approving new schemes will be unblocked in the foreseeable future.

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.

5. Selected financial information

The following table highlights selected financial information in respect of the Group for the three financial years ending 31 March 2012, 31 March 2013 and 31 March 2014, and the six months ended 30 September 2014:

	<i>6 months ended</i>		<i>Year ended⁽¹⁾</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income	22.2	37.8	33.7	30.9
Profit/(loss) before taxation				
from continuing operations ⁽¹⁾	16.5	24.2	12.9	(67.8)
Dividends paid	(5.0)	(7.2)	(4.5)	(5.1)
Investment property	802.1	656.7	557.3	537.8
Cash, cash equivalents and restricted cash	17.0	38.6	35.7	21.4
Borrowings	(535.3)	(450.3)	(392.1)	(375.6)
Earnings per Ordinary Share	2.9p	6.6p	2.7p	(13.2p)
Underlying profit per Ordinary Share ⁽¹⁾	1.1p	2.1p	1.7p	1.2p
Net asset value per Ordinary Share	44.8p	42.8p	37.4p	35.5p

Notes:

- (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.

6. Valuation

The following table summarises the property portfolio as at 31 December 2014 based on the valuation reports from Savills and Jones Lang LaSalle, which together cover the Group's entire property portfolio, included in Part IV (Property Valuation Reports) of this document.

	<i>Savills</i>	<i>Jones Lang LaSalle</i>	<i>Total</i>
<i>At 31 December 2014</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Completed Investment Property	668.2	219.6	887.8
Land and vacant property	9.3	0.4	9.7
Total per valuation report	<u>677.5</u>	<u>220.0</u>	<u>897.5</u>
	<i>Number of properties</i>	<i>Rent roll £m</i>	<i>Valuation £m</i>
Core properties	254	53.5	883.4
Non-core assets	5	1.4	4.4
Completed property valuation 31 December 2014	<u>259</u>	<u>54.9</u>	<u>887.8</u>

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 31 December 2014 contained in Part IV (Property Valuation Reports) of this document, is £897.5 million. The increase of £230.4 million principally consists of £208.4 from acquisitions (being MP Realty, One Life, Metro and other individual asset acquisitions) and a net revaluation increase of the Group's property assets on a like for like basis of £22.7 million as detailed in the property valuation reports, less certain immaterial adjustments of £0.7 million.

7. Directors and Senior Management

Assura has a board of directors headed by an independent Non-executive Chairman. The Assura Board also comprises two independent non-executive directors and two executive directors. The Assura directors are also directors of New Assura.

Conditional upon the Scheme becoming effective, the service agreements of each of the Executive Assura Directors will be amended in order that the relevant agreement reflects the structure of the New Assura Group and any revised duties once the Scheme becomes effective.

It is anticipated that each New Assura Non-executive Director will agree terms of appointment with New Assura which are the same as the terms of appointment that such person has with Assura, as set out in paragraph 7.4 in Part VII (Additional Information).

A brief biography of each director of is set out below.

7.1 Directors

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

Jonathan Murphy (appointed in January 2013) is the Finance Director of Assura. Jonathan was previously finance director of the fund management business of Brooks Macdonald Group plc, having joined as a result of the acquisition of Braemar Group plc in 2010, where he was finance director for 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 Assura. 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 Assura. 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 (now called Forth Ports Ltd), Tomkins plc (now called Gates Worldwide Limited), Dairy Crest plc and De Vere Group plc. He is a chartered accountant.

7.2 *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 Group.

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 Group.

Spencer Kenyon has managed the Assura portfolio since Assura 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 Group were as divisional finance manager, group reporting accountant and Company Secretary.

8. Corporate Governance

The Assura Board is committed to ensuring that high standards of corporate governance are maintained by the Company. The Assura Directors are satisfied that Assura, 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.

On the Scheme becoming effective, New Assura will continue to be required to comply with the Listing Rules and will comply with the UK Corporate Governance Code and relevant institutional shareholder guidelines in the same way that Assura currently complies with the UK Corporate Governance Code and those institutional shareholder guidelines.

8.1 *Audit Committee*

The audit committee of Assura comprises, and the audit committee of New Assura on the Scheme becoming effective will comprise the two independent Non-executive Directors of Assura or New Assura (as applicable): David Richardson (chairman of the committee) and Jenefer Greenwood, and the Chairman, Simon Laffin.

The Assura Board and the New Assura Board is each satisfied that David Richardson has the requisite recent and relevant financial experience to be chairman of the audit committee. These boards are 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 Group;
- reviewing significant financial reporting matters and judgements, with a particular focus on matters of material financial impact on the Group;
- reviewing the effectiveness of the Group'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.

8.2 *Remuneration Committee*

The remuneration committee of Assura comprises, and the audit committee of New Assura on the Scheme becoming effective will comprise the two independent Non-executive Directors of Assura or New Assura (as applicable): Jenefer Greenwood (chair of the committee) and David Richardson, and the Chairman, Simon Laffin, all of whom have been determined by the Assura Board and the New Assura 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 Group 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.

8.3 *Nomination Committee*

The Nomination Committee of Assura is chaired, and the nomination committee of new Assura on the Scheme becoming effective will also be chaired by Simon Laffin. These committees also include/will include the two independent Non-executive Directors of Assura David Richardson and Jenefer Greenwood, all of whom have been determined by the Assura Board and the New Assura Board to be independent.

The principal functions of the Nomination Committee are to:

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

9. **Employees**

As at 31 December 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, 31 March 2014, and 30 September 2014, the Group had 121, 28, 30 and 30 employees, respectively.

PART III

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 13 of Part VII (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 13 of Part VII (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 4 of Part VII (Additional Information)) 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 13 of Part VII (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 Assura 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 Assura 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 IV

PROPERTY VALUATION REPORTS

This Part IV comprises:

- (a) the Jones Lang LaSalle Valuation Report, which values certain properties owned by the Group as at 31 December 2014; and
- (b) the Savills Advisory Services Limited Valuation Report, which values the remaining properties owned by the Group as at 31 December 2014.

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



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23 January 2015

Dear Sirs

DESK TOP PORTFOLIO VALUATION

1. Instructions

- 1.1 In this Report, the “**Issuer**” shall mean Assura plc.
- 1.2 In accordance with instructions received from the Issuer in its email dated 3 December 2014 and as confirmed in our Terms of Engagement letter dated 12 December 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**”) which are currently held by Assura Group Limited and its group of companies and which following completion of the Scheme (as defined below) will be 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 91 freehold and long 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 31 December 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 insertion of the Issuer as the new parent company at the head of the Assura Group, to be implemented by way of scheme of arrangement under Part VII of the Companies (Guernsey) Law, 2008, as amended (the “**Scheme**”) 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) Assura plc;
 - (c) Oriel Securities Limited; and
 - (d) 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 a shareholder or 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 and Assura plc dated 12 December 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 each of Assura Group Limited and 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 Assura Group'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 65% have been visited since 2013. 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 91 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 Assura Group's solicitors and confirm as follows:
- (a) where we have relied upon information provided to us by Assura Group, 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 Assura Group 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 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.
- 10.4 We have assumed that, except to the extent disclosed to us by Assura Group, 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 £220,012,000 (Two Hundred and Twenty Million and Twelve Thousand Pounds).

11.2 This is apportioned between the freehold/heritable and long leasehold Properties which is shown below:

(a)	<i>Investments</i>	<i>Market Value</i>
	Freehold	£160,790,000
	Long Lease	£58,837,000
	Sub Total	£219,627,000
		<hr/>
(b)	<i>Land bank sites</i>	<i>Market Value</i>
	Freehold	£385,000
	Grand Total	£220,012,000
		<hr/>

11.3 The aggregate gross passing rent for the Properties contracted under the terms of the leases as provided to us by Assura Group Limited as at 31 December 2014 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is £13,564,604 per annum (Thirteen Million Five Hundred and Sixty Four Thousand Six Hundred and Four 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 31 December 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 acquisitions at Bradford (Leylands Medical Centre), Dronfield, Lanchester, Wellington, Taunton, Trellech and Wetherby has increased by £8,257,000 (4.20%) overall from the annual valuation undertaken for the Assura Group 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 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 23 January 2015. 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

Jones Lang LaSalle

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23 January 2015
Our Ref: AMS/ejj/WEHE340621

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, with the 'i' and 'l' having a distinctive dot and vertical stroke.

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150 Cheapside
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23 January 2015

Dear Sirs

DESK TOP PORTFOLIO VALUATION

1. INSTRUCTIONS

- 1.1 In this Report, the “**Issuer**” shall mean Assura plc.
- 1.2 In accordance with instructions received from the Issuer in its email dated 3 December 2014 and as confirmed in our Terms of Engagement letter dated 12 January 2015, we have considered certain of the existing investment properties and the land bank sites and vacant buildings (the “**Properties**” and each a “**Property**”) which are currently held by Assura Group Limited and its group of companies and which following completion of the Scheme (as defined below) will be 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 183 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 31 December 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 insertion of the Issuer as the new parent company at the head of the Assura Group, to be implemented by way of scheme of arrangement under Part VII of the Companies (Guernsey) Law, 2008, as amended (the “**Scheme**”) 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) Assura plc;
 - (c) Oriel Securities Limited; and
 - (d) 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 a shareholder or 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 and Assura plc dated 12 January 2015.

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 each of Assura Group Limited and 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 Assura Group'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 52 of the 168 investment Properties which are the subject of this Report have been visited since June 2014. In respect of recent acquisitions, we have undertaken a sampling exercise of c. 38% and inspections of a further 15 Properties are planned to be carried out over the next three 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 168 investments and the additional 15 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 Assura Group. In addition, we have previously been provided with Certificates of Title supplied to us by the Assura Group's solicitors and confirm as follows:
- (a) where we have relied upon information provided to us by the Assura Group, 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 Assura Group 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 Assura Group, that there are no abnormal ground conditions, invasive species such as Japanese Knotweed, 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 168 mixed freehold, heritable, part freehold/long leasehold and leasehold medical centre and retail mall investments, subject to the various existing and proposed leases together with the 15 land bank sites and vacant buildings, in their current condition, net of acquisition costs, can be fairly stated at **£677,415,000 (Six Hundred and Seventy Seven Million, Four Hundred and Fifteen Thousand Pounds)**.
- 11.5 This is apportioned between the 168 investments and the 15 land bank sites and vacant buildings as follows which we have also shown split between freehold and leasehold tenure:
- (a) *Investments*
- | | |
|-------------------------|--------------|
| Freehold | £503,140,000 |
| Freehold/Long Leasehold | £6,045,000 |
| Long Leasehold | £154,720,000 |
| Short Leasehold | £4,240,000 |
- (b) *Land Bank Sites and Vacant Buildings*
- | | |
|-----------|------------|
| Freehold | £9,270,000 |
| 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 Assura Group as at 31 December 2014 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is **£41,321,848 per annum (Forty One Million, Three Hundred and Twenty One Thousand, Eight Hundred and Forty Eight Pounds per annum)**.
- 11.7 Our opinion of the Market Values of the Properties are stated as at 31 December 2014. We are not aware of any material changes to the aggregate valuation from 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 £17.355m (4.0%) overall from the full year valuation undertaken for the Assura Group 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 23 January 2015. 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) MRICS
RICS Registered Valuer
Director – Healthcare

PART V

FINANCIAL INFORMATION ON ASSURA

1. Basis of Financial Information

The consolidated financial statements of Assura included in the audited 2012 Annual Report, 2013 Annual Report and 2014 Annual Report, together with the audit reports thereon, and the unaudited interim financial statements for the 6 months ended 30 September 2014 are incorporated by reference into this document with the consent of Assura. 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. The unaudited interim financial statements for the 6 months ended 30 September 2014 contain an independent review report.

Each of the 2012 Annual Report, 2013 Annual Report and 2014 Annual Report, and the unaudited interim financial statements for the 6 months ended 30 September 2014 are available on the Group's website, www.assuragroup.co.uk

New Assura has not traded since incorporation and has therefore not produced any financial information.

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 42 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 42

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

Unaudited interim financial statements for the 6 months ended 30 September 2014

The page numbers below refer to the relevant pages of the interim report statement of Assura for the 6 months ended 30 September dated 25 November 2014.

Interim consolidated income statement	page 6
Interim condensed consolidated balance sheet	page 7
Interim consolidated statement of cashflow	page 9
Interim consolidated statement of changes in equity	page 8
Notes to the interim condensed consolidated accounts	pages 10 to 19
Independent review report to Assura	page 20

PART VI

OPERATING AND FINANCIAL REVIEW

This Part VI “Operating and Financial Review” should be read in conjunction with the historical financial information and information on the Group 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 V “Financial Information on Assura”.

The following discussion of the Group’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 Group’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 financial years ended 31 March 2012, 31 March 2013 and 31 March 2014, and the 6 month period ended 30 September 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
- £14.9 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 paragraph 6 of Part VII (Additional Information).

In the three and a half year period ended 30 September 2014, the proceeds from the sale of the non-core assets have been reinvested into the core primary care property business as highlighted below:

- £91 million invested in 23 developments;
- £62.9 million acquisition of 32 medical centres through Trinity Medical Developments Limited in September 2013;
- £107 million acquisition of 28 medical centres through MP Realty Holdings Limited in June 2014; and
- £28.3 million for the acquisition of 9 other medical centres.

For details of current trading and other acquisitions completed since 30 September 2014, see paragraphs 1 and 2 of Part II (Business Description of the Assura Group) 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>6 months ended</i>		<i>Year ended</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Investment property	£802.1m	£656.7m	£557.3m	£537.8m
Rent roll	£49.0m	£41.8m	£35.9m	£34.9m
Weighted average unexpired lease term	14.1 years	14.4 years	14.8 years	15.8 years
Percentage of tenant covenant NHS/GP	86.5%	85.8%	85.0%	83.5%
Adjusted EPRA NAV per Assura Share	45.3p	43.4p	38.6p	36.3p
Net rental income	£22.2m	£37.8m	£33.7m	£30.9m
Underlying profit ⁽¹⁾	£6.3m	£10.9m	£8.8m	£5.6m
Underlying profit per Assura Share ⁽¹⁾	1.1p	2.1p	1.7p	1.2p
Total accounting return	6.5%	15.9%	8.7%	(18.4%)

Note:

- (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. The recent announcements by the NHS and the Government on the need for greater provision of care in the community give the Board increased confidence that the process for approving new schemes will be unblocked in the foreseeable future.

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 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 Group'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.

4. Results of operations

The following discussion and analysis of the Group's results and operations for the years ended 31 March 2012, 31 March 2013 and 31 March 2014, and the 6 months ended 30 September 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>6 months ended</i>		<i>Year ended⁽¹⁾</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Continuing operations				
Gross rental and related income	23.6	39.9	37.1	34.1
Property operating expenses	(1.4)	(2.1)	(3.4)	(3.2)
Net rental income	22.2	37.8	33.7	30.9
Administrative expenses	(2.8)	(5.0)	(4.9)	(4.5)
Revaluation gains	10.4	12.4	6.0	1.5
Gain/(loss) on sale of property	(0.1)	0.2	(0.1)	0.1
Share-based payment charge	(0.4)	(0.7)	(0.6)	–
Exceptional items	–	(0.4)	–	(20.3)
Finance revenue	0.1	0.3	0.5	0.4
Finance costs	(13.2)	(22.2)	(20.5)	(21.2)
Gain/(loss) on derivative financial instruments	0.3	1.8	(1.2)	(54.7)
Profit/(loss) before taxation	16.5	24.2	12.9	(67.8)
Taxation	(0.2)	(0.4)	(0.2)	1.0

	<i>6 months ended</i> <i>30 September</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2014</i> <i>£m</i>	<i>Year ended⁽¹⁾</i> <i>31 March</i> <i>2013</i> <i>£m</i>	<i>31 March</i> <i>2012</i> <i>£m</i>
Profit/(loss) for the year from continuing operations	16.3	23.8	12.7	(66.8)
Profit for the year from discontinued operations				
– LIFT	–	11.2	1.4	4.5
– Pharmacy	–	–	–	1.6
Profit/(loss) for the year attributable to equity holders of the parent	<u>16.3</u>	<u>35.0</u>	<u>14.1</u>	<u>(60.7)</u>
Earnings per Share (p)	2.9p	6.6p	2.7p	(13.2)p

Note:

(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 Group 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>6 months ended</i> <i>30 September</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2014</i> <i>£m</i>	<i>Year ended⁽¹⁾</i> <i>31 March</i> <i>2013</i> <i>£m</i>	<i>31 March</i> <i>2012</i> <i>£m</i>
Net rental income	22.2	37.8	33.7	30.9
Administrative expenses	(2.8)	(5.0)	(4.9)	(4.5)
Finance revenue	0.1	0.3	0.5	0.4
Finance costs	(13.2)	(22.2)	(20.5)	(21.2)
Underlying Profit	<u>6.3</u>	<u>10.9</u>	<u>8.8</u>	<u>5.6</u>

Note:

(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, to £39.9 million in the year ended 31 March 2014 and to £23.6 million for the 6 months ended 31 September 2014. This is rental income earned on the investment properties owned by the Group.

The following table illustrates the number of properties owned by the Group at each year end, and 30 September 2014, presented along with the contracted annual rent roll at that point.

	<i>6 months ended</i> <i>30 September</i> <i>2014</i>	<i>31 March</i> <i>2014</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i>	<i>31 March</i> <i>2012</i>
Number of properties	239	208	172	171
Annual contracted rent roll	£49.0m	£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 and MP Realty portfolio in June 2014 which totalled 28 properties and added £6 million to the annual rent roll.

In addition, the Group 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>6 months ended</i>		<i>Year ended</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
Number of completed developments	1	8	5	9
Annual contracted rent roll	£0.2m	£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 Group'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, to £37.8 million in the year ended 31 March 2014 and to £22.2 million in the 6 months ended 30 September 2014. The increase over these 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, to £5.0 million in the year ended 31 March 2014, and to £2.8 million in the 6 months ended 30 September 2014.

The Group 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, 0.82 per cent. in the year ended 31 March 2014. and 0.38 per cent. in the 6 months ended 30 September 2014.

4.4 ***Revaluation gains***

Gains on revaluation of investment property were £1.5 million, £6.0 million, £12.4 million and £10.4 million for the years ended 31 March 2012, 31 March 2013, 31 March 2014 and the 6 months ended 30 September 2014, respectively. These figures include development profits on the completion of properties developed by the Group, 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 and in the 6 months ended 30 September 2014, the number of properties disposed of totalled 6, 18, 6 and 4 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 9 of Part VII (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 Group.

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.

There were no exceptional items in the 6 months ended 30 September 2014.

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 and in the 6 months ended 30 September 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 and to £13.2 million in the 6 months ended 30 September 2014. The increase is the result of the increase in borrowings over the period, reflecting acquisitions made that included assuming related borrowings and new developments partially funded by debt.

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 Group. 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, a gain of £1.8 million in the year ended 31 March 2014, and a gain of £0.3m in the 6 months ended 30 September 2014.

In the year ended 31 March 2012, the Group 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 11 of Part VII (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, a gain of £24.2 million in the year ended 31 March 2014 and a gain of £16.5 million in the 6 months ended 30 September 2014.

The increase in profit before tax over the three years ended 31 March 2014 and in the 6 months ended 30 September 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, a debit of £0.4 million in the year ended 31 March 2014 and a debit of £0.2 million in the 6 months ended 30 September 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, a profit of £23.8 million in the year ended 31 March 2014 and a profit of £16.3 million in the 6 months ended 30 September 2014.

The increase in profit for the year from continuing operations over the three years ended 31 March 2014 and the 6 months ended 30 September 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***

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 that was sold in June 2011. 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.

There was no profit or loss relating to discontinued operations in the six months ended 30 September 2014.

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, a profit of £35.0 million in the year ended 31 March 2014 and a profit of £16.3 million in the 6 months ended 30 September 2014.

The increase in profit for the year attributable to equity holders of the parent over the three years ended 31 March 2014 and the 6 months ended 30 September 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 Group 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 and in the 6 months ended 30 September 2014, underlying profit was £5.6 million, £8.8 million, £10.9 million and £6.3 million respectively. The increase in underlying profit over the three years ended 31 March 2014 and in the 6 months ended 30 September 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 12 of Part VII (Additional Information).

5. Balance sheet analysis

The following table summarises the Group's balance sheet as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014.

	<i>6 months ended</i>		<i>Year ended</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	802.1	656.7	557.3	537.8
Property assets held for sale	7.2	11.6	12.0	11.4
LIFT investments and associates	0.5	0.5	11.2	10.5
Cash, cash equivalents and restricted cash	17.0	38.6	35.7	21.4
Derivative financial instruments at fair value	(1.5)	(1.8)	(3.6)	(2.5)
Borrowings	(535.3)	(450.3)	(392.1)	(375.6)
Other assets and liabilities (net)	(33.0)	(28.7)	(22.4)	(15.1)
Net assets	257.0	226.6	198.1	187.9
Net asset value per Assura Share (p)	44.8p	42.8p	37.4p	35.5p
EPRA net asset value per Assura Share (p)*	45.3p	43.4p	38.6p	36.3p
EPRA NNNNAV per Assura Share (p)**	40.2p	42.0p	28.5p	30.0p

Notes:

* EPRA net asset value represents the net assets of the Group adding back own shares held, derivative financial instrument and deferred tax.

** EPRA NNNNAV represents the net assets of the Group 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, £668.3 million as at 31 March 2014 and £802.1 million as at 30 September 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. The increase in the 6 months ended 30 September 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 MP Realty portfolio of 28 properties in June 2014.

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 and 30 September 2014 following the disposal of LIFT investments in November 2013.

The balance represents the Group'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 and £17.0 million as at 30 September 2014.

Restricted cash arises where there are interest payment guarantees, cash is ring-fenced for committed property development expenditure, which is released to pay contractors invoices directly, or under the terms of security arrangements under the Group's banking facilities or its Bond. The following table shows the split between cash and restricted cash at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014.

	<i>6 months ended</i>		<i>Year ended</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Cash held in current accounts	13.5	27.6	15.6	12.2
Restricted cash	3.5	11.0	20.1	9.2
	<u>17.0</u>	<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 paragraph 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 Group 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 and £1.5 million at 30 September 2014.

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, £450.3 million at 31 March 2014 and £535.3 million at 30 September 2014.

Borrowings have increased over the three years ended 31 March 2014 and in the 6 months to 30 September 2014 as a result of amounts drawn to partially fund new properties developed by the Company and the borrowings assumed following the acquisitions of Trinity in September 2013, the MP Realty Portfolio in June 2014 and One Life in July 2014.

Further details of the Group's borrowing arrangements are set out in paragraph 11 of Part VII (Additional Information).

5.6 *Other assets and liabilities (net)*

Net other assets and liabilities as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014 were a net liability of £15.1 million, £22.4 million, £28.7 million and £33.0 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 Assura Share*

Net asset value per Ordinary Share was 35.5p at 31 March 2012, increasing to 37.4p at 31 March 2013, 42.8p at 31 March 2014 and 44.8p at 30 September 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, 43.4p and 45.3p respectively.

The increase over the three and a half year period to 30 September 2014 is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to shareholders. There had been no increase in share capital between 31 March 2012 and 31 March 2014.

In June 2014 Assura issued 44,264,196 new Assura Shares as part consideration for the acquisition of the MP Realty portfolio.

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, the non-audited interim accounts for the 6 months ended 30 September 2014 and the period since 30 September 2014 (being the date of the Group's latest published non-audited interim accounts) until 31 December 2014, being the latest practicable date prior to the publication of this document, the principal use of the Group's resources has been to fund:

- the cost of construction of new developments built by the Group;
- the acquisition of properties to add to the Group's portfolio;
- interest and capital repayments in respect of the Group'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 six months ended 30 September 2014 and the period since 30 September 2014 (being the date of the Group's latest published unaudited interim accounts) until 31 December 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;
- the Share Issue in October 2014; and
- a rights issue completed in November 2011.

As at 30 September 2014, the Group had outstanding borrowings or indebtedness in the nature of borrowings of £535.3 million, finance lease obligations of £3.1 million and aggregate cash balances of £17.0 million. In addition, the Group had undrawn committed facilities totalling £32.6 million.

In the period since the six months ended 30 September 2014, the Group has completed the acquisition of Metro MRI Limited for an aggregate gross consideration of £63.1 million, which includes the assumption of associated debt of £44.3 million.

The Group 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 Group as at 31 March 2012, 31 March 2013, 31 March 2014 and 30 September 2014:

	<i>6 months ended</i>		<i>Year ended</i>	
	<i>30 September</i>	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2014</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	802.1	656.7	557.3	537.8
Property assets held for sale	7.2	11.6	12.0	11.4
LIFT investments and associates	0.5	0.5	11.2	10.5
Total property and investments	<u>809.8</u>	<u>668.8</u>	<u>580.5</u>	<u>559.7</u>
Borrowings	535.3	450.3	392.1	375.6
Finance lease obligations	3.1	3.1	3.1	3.1
Cash, cash equivalents and restricted cash	(17.0)	(38.6)	(35.7)	(21.4)
Net debt	<u>521.4</u>	<u>414.8</u>	<u>359.5</u>	<u>357.3</u>
Loan-to-Value (%)	64%	62%	62%	64%

As at 30 September 2014, the Group had banking facilities of £535.3 million in aggregate. In addition, as at 30 September 2014, the Group had cash balances of £17.0 million of which £3.5 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 £366.8 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. This outstanding balance was repaid in full on 4 November 2014.

On 22 May 2014, the Group 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. This balance was undrawn at 30 September 2014.

As at 31 December 2014 (being the latest practicable date prior to publication of this document), the Group had outstanding borrowings or indebtedness in the nature of borrowings of £518.5 million, finance lease obligations of £3.1 million and an aggregate cash balance of £80.8 million. The information relating to 31 December 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 Group since 31 December 2014.

Further details of the Group's borrowing arrangements, including details of the covenants attached to each facility, are set out in paragraph 11 of Part VII (Additional Information). The Group 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 30 September 2014 (unaudited) and indebtedness of the Group at 31 December 2014 (unaudited).

	<i>As at 30 September 2014 £m (unaudited)</i>
Capitalisation	
Share capital – allotted, called up and fully paid	57.4
Own shares held	(1.9)
Share premium	91.4
Reserves	110.1
Capital and reserves⁽¹⁾	257.0
	<i>As at 31 December 2014 £m (unaudited)</i>
Indebtedness	
Current debt – secured	(7.9)
Total current debt⁽²⁾	(7.9)
Non-current debt (excluding current portion of long term debt)	(510.6)
Total non-current debt⁽²⁾	(510.6)
Total indebtedness⁽²⁾	(518.5)
	<i>As at 31 December 2014 £m (unaudited)</i>
Net financial indebtedness	
Cash	
Cash and cash equivalents	80.8
Current portion of non-current debt	(7.9)
Current financial debt⁽²⁾	(7.9)
Net current financial indebtedness	72.9
Non-current bank loans	(400.6)
Bonds issued	(110.0)
Non-current financial indebtedness⁽²⁾	(510.6)
Net financial indebtedness	(437.7)

Notes:

(1) Since 30 September 2014, the Group's share capital and share premium have increased by £43.3 million and £140.5 million respectively following the issuance of Assura Shares in relation to the Share Issue in October 2014 and the acquisition of Metro in November 2014. In addition, reserves have decreased by £4.4 million on 5 November 2014, following the payment of an interim dividend. There has been no material change to the indebtedness of the Group since 30 September 2014, save for the assumption of £44.3 million of debt associated with the Metro acquisition in November 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 and the 6 months ended 30 September 2014.

	<i>6 months ended</i> <i>30 September</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2014</i> <i>£m</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i> <i>£m</i>	<i>31 March</i> <i>2012</i> <i>£m</i>
Cash flows from operating activities	9.2	7.9	12.9	13.4
Cash flows from investing activities:				
Investment acquisitions	(15.9)	(9.1)	(3.6)	(5.1)
Development expenditure	(8.5)	(23.5)	(18.1)	(18.9)
Sale of properties	2.5	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>(21.9)</u>	<u>(1.9)</u>	<u>(10.0)</u>	<u>0</u>
Cash flows from financing activities:				
Proceeds from share issues	(0.2)	–	–	33.5
Dividend paid	(5.0)	(7.2)	(4.5)	(5.1)
Net borrowings movement	(3.7)	4.1	15.9	(59.3)
	<u>(8.9)</u>	<u>(3.1)</u>	<u>11.4</u>	<u>(30.9)</u>
Net increase/(decrease) in cash	(21.6)	2.9	14.3	(17.5)
Opening cash balance	38.6	35.7	21.4	38.9
Closing cash balance	<u>17.0</u>	<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, £7.9 million for the year ended 31 March 2014 and £9.2 million for the six months ended 30 September 2014.

The following table illustrates the breakdown of the cash flows from operating activities in each of the three years ended 31 March 2014 and the 6 months ended 30 September 2014.

	<i>6 months ended</i> <i>30 September</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2014</i> <i>£m</i>	<i>Year ended</i> <i>31 March</i> <i>2013</i> <i>£m</i>	<i>31 March</i> <i>2012</i> <i>£m</i>
Rent received	25.3	39.3	37.7	36.8
Interest paid and similar charges	(13.0)	(22.3)	(20.6)	(20.0)
Fees received	0.5	0.9	0.8	0.8
LIFT and bank interest received	0.1	0.8	1.5	1.6
Cash paid to suppliers and employees (inc. acquisition costs)	(3.7)	(10.8)	(6.5)	(11.1)
LIFT fees received	–	–	–	2.0
Pharmacy revenue and costs	–	–	–	3.3
Cash flows from operating activities	<u>9.2</u>	<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, £1.9 million for the year ended 31 March 2014 and £21.9 million for the six months ended 30 September 2014.

In each of the 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 and £24.4 million for the six months ended 30 September 2014. This was offset by cash inflows from the sale of properties and businesses and investments, being £24.9 million, £12.0 million, £31.0 million and £2.5 million in each of the respective periods.

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, an outflow of £3.1 million for the year ended 31 March 2014 and an outflow of £8.9 million for the six months ended 30 September 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.

In the six months ended 30 September 2014, the net outflow of £8.9 million was the result of the net outflows for share issue costs, net borrowings movement and dividends paid of £0.2 million, £3.7 million and £5.0 million respectively.

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	0.45p
January	0.285p	0.45p	–

The Group is committed to maintaining a covered dividend that is progressive and broadly in line with underlying rental growth.

PART VII

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names and functions are set out page 31 of this document, and the Company, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Company and the 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. New Assura – incorporation and registered office

2.1 Incorporation

New Assura was incorporated under the name Assura Kingston plc on 10 December 2014 under the Companies Act as a public limited company with registered number 9349441. New Assura changed its name to Assura plc pursuant to a special resolution passed on 16 December 2014.

The Companies Act comprises the principal legislation under which the Company operates and under which the New Assura Shares were created.

The Group, with New Assura as the parent company, will elect to be a UK REIT Group from the Effective Date.

2.2 Registered office

The registered office of New Assura is at The Brew House, Greenalls Avenue, Warrington, Cheshire WA4 6HL and the telephone number is +44 (0)1925 420 660.

2.3 Group structure

On the Effective Date of the Scheme, New Assura will own 100 per cent. of the issued share capital of Assura and New Assura will be the ultimate holding company of the Group.

Assura has confirmed to New Assura that it has the following significant subsidiary undertakings, being those considered by Assura 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
Medical Properties Limited	England	100	Property investment
Metro MRH Limited	England	100	Property investment
Metro MRM Limited	England	100	Property investment
Metro MRI Limited	England	100	Property investment
Trinity Medical Properties Limited	England	100	Property investment
Assura HC Limited	England	100	Property investment
Assura HC UK Limited	England	100	Property investment

Assura 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.

Upon the Scheme becoming effective, Assura will be a significant subsidiary undertaking of New Assura.

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.

3. Share capital of New Assura

- 3.1 New Assura was incorporated with an issued share capital of £50,000, comprising 2 New Assura Shares and 499,998 New Assura Redeemable Shares, all issued to Capita Trust Nominees No. 1 Limited and paid up to one-quarter of the nominal value of each share.

The New Assura Redeemable Shares were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies. They carry no right to receive notice of or to attend, speak or vote at any general meeting of New Assura or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of New Assura or for the purposes of a written resolution of New Assura. They do not entitle their holders to receive any dividend or distribution and they only carry the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders. Subject to the Companies Act, the New Assura Redeemable Shares are redeemable at their nominal value at the option of New Assura or the holder. The New Assura Directors have informed the Assura Directors that they intend that following the Scheme becoming effective, any New Assura Redeemable Shares in issue will be redeemed by New Assura at their nominal value and automatically cancelled.

Immediately following the Scheme becoming effective, the New Assura Redeemable Shares will be redeemed and the holder(s) of any New Assura Shares in issue prior to the Scheme becoming effective will gift such shares to a nominee of New Assura, following which such shares will be cancelled. This is to ensure that the number of New Assura Shares in issue following the Scheme is exactly the same as the number of Assura Shares in issue immediately prior to the Scheme becoming effective.

The proposed issued and fully paid share capital of New Assura immediately prior to the Effective Date will be:

<i>Issued Share Capital</i>	<i>Number</i>
New Assura Shares of 10 pence each	2
New Assura Redeemable Shares of 10 pence each	499,998

- 3.2 On 16 January 2015, the New Assura Shareholders passed, certain resolutions in order to, among other matters, authorise New Assura to carry out the actions required of it in relation to the Proposals, including:
- (a) the authority for the directors of New Assura to allot New Assura Shares pursuant to the Scheme;
 - (b) the authority for the directions of New Assura to allot New Assura Shares generally;
 - (c) the authority to make allotments otherwise than in accordance with pre-emption rights;
 - (d) the authority for New Assura, following the Scheme becoming effective, to cancel any New Assura Shares in issue prior to the Scheme becoming effective;
 - (e) the approval of the remuneration policy of New Assura;
 - (f) the approval of the appointment of the auditors of New Assura;
 - (g) the authority for the directors of New Assura to determine the auditors' remuneration; and

- (h) the authority for the directors of New Assura to convene a general meeting on 14 clear days notice.

The authorities to be granted in relation to allotment of shares referred to in (b) and (c) above are equivalent to corresponding authorities that were granted to the Directors at the Assura annual general meeting held on 22 July 2014. The remuneration policy to be approved is equivalent to the remuneration policy in relation to which approval was sought from Assura Shareholders at the annual general meeting.

- 3.3 The authorised share capital of Assura as at 22 January 2015 (being the latest practicable date prior to publication of this document) was £302,000,000, divided into 3,000,000,000 Assura Shares of 10 pence each and 20,000,000 Preference Shares of 10 pence each.
- 3.4 The issued and fully paid up share capital of Assura as at 22 January 2015 (being the latest practicable date prior to publication of this document) was £100,690,014.10, divided into 1,006,900,141 Assura Shares of 10 pence each. There are no preference shares in issue.
- 3.5 The issued and fully paid up share capital of New Assura immediately following Admission (assuming redemption of all New Assura Redeemable Shares and cancellation of all New Assura Shares in issue prior to the Scheme becoming effective in accordance with paragraph 3.3, and assuming there has been no exercise of share options and awards under the Share Schemes) will be £100,690,014.10 divided into 1,006,900,141 New Assura Shares.
- 3.6 The issued ordinary share capital of Assura at the beginning and end of the financial periods ended 31 March 2012, 31 March 2013 and 31 March 2014, was 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

- 3.7 The issued ordinary share capital of Assura at the beginning and end of the six month period ended on 30 September 2014 was as follows:

	<i>At 1 April</i>	<i>At 30 September</i>
2014	529,548,924	573,813,120

- 3.8 On 1 April 2011 (being the date of the commencement of the period for which the historical financial information on Assura has been provided in this document), the authorised share capital of the Assura was £302,000,000, divided into 3,000,000,000 Assura 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 Assura was £41,187,138.60 divided into 411,871,386 Assura Shares of 10 pence each.
- 3.9 The following alterations in the issued share capital of Assura have taken place during the period for which the historical financial information set out in Part V (Financial Information on Assura) of this document has been prepared:
- (a) Assura's issued share capital increased in December 2011 from 411,871,386 Assura Shares of 10 pence each to 529,548,924 Assura Shares of 10 pence each as a result of the rights issue;
- (b) Assura's issued share capital increased in June 2014 by 44,264,196 Assura Shares from 529,548,924 Assura Shares of 10 pence each to 573,813,120 Assura Shares of 10 pence each as a result of the acquisition of MP Realty (further details of which are set out in paragraph 11.5 of this Part VII);

- 3.10 Application will be made to the UK Listing Authority and the London Stock Exchange for the delisting of the Assura Shares and for the New Assura 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 Assura Shares will commence at 8.00 a.m. on 28 January 2015. The listing of the Assura Shares will be cancelled on that date.
- 3.11 The Assura Shares currently in issue are, and the New Assura Shares will be, in registered form and, subject to the New Assura Shares being admitted to and accordingly enabled for settlement in CREST, the Assura Shares will be capable of being held in uncertified form. Where New Assura Shares are held in certificated form, share certificates will be sent to the registered member by first class post.
- 3.12 When admitted to trading, the New Assura Shares will be registered with International Security Identification Number ("ISIN") GB00BVGBWW93.
- 3.13 The New Assura Shares will be credited as fully paid and will rank equally in all respects with all other New Assura Shares, including the right to receive any dividends or distributions made, paid or declared after Admission.
- 3.14 The existing Assura Shares are, and the New Assura Shares will be traded on the London Stock Exchange and are not traded on any other regulated or equivalent market.
- 3.15 The New Assura Shares will be subject to the City Code, and in particular will continue to be subject to the rules concerning mandatory takeover bids and sell-out rules under the City Code.
- 3.16 Other than in connection with the Assura Employee Share Plans, no share capital of Assura or any of its subsidiaries is, or, after the Effective Date, no share capital of New Assura or any of its subsidiaries will be, under option or award or agreed conditionally or unconditionally to be put under option or award.
- 3.17 Neither Assura or the Company has 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 New Assura Articles include provisions to the following effect:

4.1 *Objects*

The New Assura Articles do not provide for: (i) any objects of New Assura and accordingly New Assura's objects are unrestricted; or (ii) any purposes for which New Assura was established.

4.2 *Share rights*

Subject to applicable laws, the New Assura Articles and to any rights for the time being attached to any existing share, any shares may be issued with such rights or restrictions as New Assura may from time to time by ordinary resolution determine, or, if New Assura has not so determined, as the New Assura Board may determine.

Subject to applicable laws, any share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of New Assura or the holder, on such terms, conditions and in such manner as the New Assura Board may determine.

4.3 *Share class rights*

If New Assura's share capital is divided into shares of different classes, any rights attached to any class of shares may (subject to the rights attached to the shares of the class) be varied or abrogated in any manner, either with the written consent of the holders of not less than three-quarters in nominal value of the shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of such class of shares.

4.4 *Share transfers*

- (a) A member may transfer certificated shares to another person by a written instrument of transfer in any usual form (or any other form approved by the New Assura Board) executed by or on behalf of the member and, in the case of a share which is not fully paid, by or on behalf of that person. The New Assura Board may refuse to register the transfer of a certificated share which is in respect of a partly paid share or in respect of more than one class of share or in favour of more than four joint transferees or not duly stamped or not delivered for registration with appropriate evidence of the transferor's title to New Assura's registered office or its share registrars.
- (b) A member may transfer uncertificated shares without a written instrument if such shares are a participating security held in uncertified form in accordance with the CREST Regulations. The New Assura Board is required to register a transfer of any uncertificated share in accordance with those regulations. The New Assura Board may refuse to register any such transfer which is in favour of more than four persons jointly or in any other circumstance permitted by those regulations.

4.5 *Dividends*

All dividends on shares are to be paid according to the amounts paid up on their nominal value, or otherwise in accordance with the terms concerning entitlement to dividends on which shares were issued. All unclaimed dividends may be made use of by the New Assura Board for New Assura's benefit until claimed. Any dividend unclaimed for 12 years shall revert to New Assura.

4.6 *General meetings*

- (a) Every member who is present at a general meeting in person or by proxy is entitled to one vote on a resolution put to the meeting on a show of hands and to one vote for every share of which he is the holder on a resolution put to the meeting on a poll. The vote of the senior of joint holders who tenders a vote will be 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 appear in New Assura's register of members in respect of the joint holding.
- (b) The New Assura Board is required to convene annual general meetings in accordance with the Act. The New Assura Board may convene a general meeting which is not an annual general meeting whenever it thinks fit. New Assura is required to give notice of a general meeting to each member (other than a person who, under the New Assura Articles or pursuant to any restrictions imposed on any shares, is not entitled to receive such a notice or to whom New Assura, in accordance with applicable law, has not sent and is not required to send its latest annual accounts and reports), to the New Assura Directors and to the auditors. For these purposes "members" are the persons registered in New Assura's register of members as being holders of shares at any particular time on any particular record date fixed by the New Assura Board that (in accordance with the CREST Regulations) is not more than 21 days before the sending out of the notices. The notice of a general meeting may specify a time by which a person must be entered on New Assura's register of members in order to have the right to attend or vote at the meeting.
- (c) 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.

- (d) A corporation which is a member may, by resolution of its New Assura 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 New Assura. New Assura 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.

4.7 *Interests in shares not disclosed to New Assura*

If New Assura gives notice under section 793 of the Act in relation to any shares to a member or another person appearing to be interested in such shares and the recipient fails to give New Assura the information required within 14 days afterwards, 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. of the issued shares of their class (i) New Assura may withhold payment of any dividend or other distribution or amount payable in respect of them, (ii) the member is not entitled to elect to receive shares instead of a dividend, and (iii) the New Assura Board may refuse to register the transfer of any such shares unless (1) the member is not himself in default in supplying the information required and proves to the satisfaction of the New Assura Board that no person in default of supplying the information required is interested in any shares which are the subject of the transfer or (2) the transfer is made pursuant to acceptance of a takeover offer or in consequence of a sale made through the London Stock Exchange or any other recognised investment exchange or is shown to the New Assura Board's satisfaction to be made in consequence of a sale in good faith of the whole of the beneficial interest in the shares to a person who is not connected with the member or with any other person appearing to be interested in the shares.

4.8 *Alteration of share capital*

New Assura may alter its share capital in any way permitted by the Act and applicable law and confer any preference or other advantage on one or more of the shares resulting from any division or sub-division of its share capital as compared with the others and make any such share subject to any restriction as compared with the others.

4.9 *Return of capital*

On a winding up of New Assura, New Assura's assets available for distribution will be divided among the members in proportion to the nominal amount paid up in respect of the shares held by them, subject to any rights attached to any shares. The liquidator may divide among the members in kind the whole or any part of New Assura's assets. The liquidator may set the value he deems fair on any property of New Assura and determine how the division is to be carried out between members or classes of members. The liquidator may not distribute to a member without his consent an asset to which there is attached a liability or potential liability for the owner.

4.10 *Lien and forfeiture*

- (a) New Assura has a first and paramount lien on every share which is not fully paid for all amounts payable to New Assura (whether actually or contingently and whether presently or not) in respect of that share. The New Assura Board may sell any share on which New Assura has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.
- (b) Subject to the terms on which shares are allotted, the New Assura Board may make calls on members in respect of any money unpaid on their shares. Each member shall (subject to receiving at least 14 days' notice) pay to New Assura the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the New Assura Board may give the person from whom it is due not less than 14 days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by New Assura by reason of such non-

payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

4.11 *New Assura Board powers*

- (a) New Assura's business is to be managed by the New Assura Board. The New Assura Board may exercise all New Assura's powers and may do on its behalf anything that can be done by New Assura or on its behalf which is not required by law or the New Assura Articles to be exercised or done by New Assura in general meeting, subject to applicable laws, the New Assura Articles and such directions as may be prescribed by New Assura by special resolution.
- (b) The New Assura Board may delegate to a New Assura Director holding executive office any of its powers, authorities and discretions on such terms as it thinks fit. The New Assura Board may grant to a New Assura Director the power to sub-delegate, and may retain or exclude the right of the New Assura Board to exercise the delegated powers, authorities or discretions collaterally with the New Assura Director.
- (c) The New Assura Board may delegate any of its powers, authorities and discretions on such terms as it thinks fit to a committee consisting of one or more New Assura Directors and, if thought fit, one or more other persons. The New Assura Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the New Assura Board to exercise the delegated powers, authorities or discretions collaterally with the committee.

4.12 *New Assura Directors – appointment, retirement and removal*

- (a) At any one time the total number of New Assura Directors may not be less than two. This limit may be changed by ordinary resolution of New Assura. New Assura may by ordinary resolution appoint as a New Assura Director a person who is willing to act as such, either to fill a vacancy or as an addition to the existing New Assura Directors. The New Assura Board may appoint as a New Assura Director any person who is willing to act as such, either to fill a vacancy or as an addition to the existing New Assura Board. Any New Assura Director so appointed by the New Assura Board is required to retire at the next annual general meeting. He will be eligible to stand for election as a New Assura Director at that meeting and will not be taken into account in determining the number or identity of New Assura Directors who are to retire by rotation at it.
- (b) At each annual general meeting one-third of the New Assura Directors who are subject to retirement by rotation in accordance with the New Assura Articles or, if their number is not three nor a multiple of three, the number nearest to but not exceeding one-third, are required to retire from office. If the New Assura Board so decides, one or more other New Assura Directors selected by the New Assura Board may also retire at the annual general meeting as if any such other New Assura Director was also retiring by rotation at that meeting. A New Assura Director who retires at an annual general meeting may, if willing to act, be reappointed at it.
- (c) New Assura may remove any New Assura Director from office and appoint as a New Assura Director another person who is willing to act as such in his place, in each case by ordinary resolution.

4.13 *New Assura Directors – fees and remuneration*

- (a) The maximum aggregate amount of fees (which for the purpose of this article excludes salary or other remuneration) that New Assura may pay to all the New Assura Directors (but not alternate New Assura Directors) for their services as such is £700,000 per annum, or such larger amount as New Assura may by ordinary resolution decide. These fees are to be divided among the New Assura Directors as the New Assura Board decides or, if no decision is made,

equally. The executive New Assura Directors, instead of any such fees, may and do receive from New Assura salary and other remuneration.

- (b) The New Assura Directors are entitled to be repaid all reasonable travelling, hotel and other expenses properly incurred by them in connection with the discharge of their duties as New Assura Directors, including any professional fees incurred by him.
- (c) The New Assura Board may provide pensions, other retirement or superannuation benefits, death or disability benefits or other allowances or gratuities for persons who are or were directors of New Assura and their relatives and dependants.

4.14 *New Assura Directors' interests*

- (a) A New Assura Director is not required (provided he has disclosed his interest in the matter) to account to New Assura for any profit, remuneration or other benefit which he derives from or in connection with (i) being interested in any contract, arrangement, transaction or proposal with New Assura or in which New Assura is otherwise interested, (ii) holding any other office or place of profit under New Assura, except that of auditor, in conjunction with the office of New Assura Director and acting by himself or through his firm in a professional capacity for New Assura (and being entitled to remuneration as the New Assura Board may arrange, either in addition to or in lieu of any remuneration provided for by any other New Assura Article), or (iii) being a director or other officer of, or employed by, or a party to any contract, arrangement, transaction or proposal with or otherwise interested in, any body corporate promoted by New Assura or in which New Assura is otherwise interested or as regards which New Assura has any powers of appointment.
- (b) A New Assura Director may not vote on, or be counted in the quorum in relation to, any resolution of the New Assura Board concerning any contract or arrangement or any other proposal to which New Assura is or is to be a party and in which he has an interest which is to his knowledge a material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, New Assura), nor can he be counted in the quorum in relation to it, other than a resolution:
 - (i) relating to the giving of any security, guarantee or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of or for the benefit of any member of the Group (a “**Group Undertaking**”);
 - (ii) relating to the giving of any security, guarantee or indemnity in respect of a debt or obligation of a Group Undertaking for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
 - (iii) relating to, or in the context of, an offer of securities by a Group Undertaking in which he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (iv) relating to another company in which he does not have to his knowledge an interest (as that term is used in Part 22 of the Act) in shares representing one per cent. or more of either any class of the equity share capital, or the voting rights in, such company;
 - (v) relating to an arrangement for the benefit of employees of any Group Undertaking which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates;
 - (vi) concerning insurance which New Assura proposes to maintain or purchase for the benefit of New Assura Directors or for the benefit of persons including any New Assura Director; or

- (vii) concerning any proposal for New Assura (1) to provide him with an indemnity permitted by the Act, (2) to provide him with funds in circumstances permitted by that Act to meet his defence expenditure in respect of any civil or criminal proceedings or regulatory investigation or other regulatory action or in connection with any application for any category of relief permitted by that Act, or (3) to do anything to enable him to avoid incurring any such expenditure.
- (c) The New Assura Board may authorise any situation or matter relating to a particular New Assura Director to which section 175 of the Act (on “**Duty to avoid conflicts of interest**”) applies (each a “**Conflict Matter**”) on such terms as they think fit. For the New Assura Board to do so, a New Assura Director must propose to the New Assura Board that the Conflict Matter concerned be so authorised. The New Assura Board may terminate or withdraw any such authorisation by giving notice to the New Assura Director concerned. Any terms to which such an authorisation is made subject may include that the New Assura Director concerned (i) is not obliged to disclose to New Assura confidential information obtained by him (other than in his capacity as its New Assura Director or as its employee or agent or, if the New Assura Directors so decide, in any other capacity that would otherwise oblige him to disclose it to New Assura) in any situation to which such authorisation applies, nor to use any such information directly or indirectly for New Assura’s benefit, where to do so would amount to a breach of a duty of confidence to a third party that he has previously disclosed to the New Assura Board, and (ii) may absent himself from any New Assura Board discussions, and make arrangements not to receive documents and information, relating to the Conflict Matter concerned for so long as he reasonably believes that he has or may have a conflict of interest in respect of it.

4.15 *New Assura Directors’ indemnity and insurance*

Subject to the Act and applicable law, New Assura may:

- (a) indemnify any New Assura Director or any director of any associated company against any liability pursuant to any qualifying third party indemnity provision or any qualifying pension scheme indemnity provision, or on any other basis as is then lawful, in each case on such terms as the New Assura Board may decide; and
- (b) purchase and maintain for any New Assura Director or any director of any associated company insurance against any liability.

4.16 *Borrowing powers*

- (a) Subject to the limitations referred to in paragraph 4.16(b) below, the New Assura Board may exercise all the company’s powers to borrow money and to mortgage or charge all or part of New Assura’s undertaking, property and assets (present or future) and uncalled capital of New Assura and subject to applicable laws) to create and issue debentures and other securities, whether outright or as collateral security for a debt, liability or obligation of New Assura or of a third Party.
- (b) The New Assura Board must restrict New Assura’s borrowings and exercise all voting and other rights or powers of control exercisable by New Assura in relation to its subsidiary undertakings so as to ensure that the aggregate principal amount outstanding in respect of ‘monies borrowed’ (as defined in the New Assura Articles) by Group undertakings does not at any time (without the prior sanction of an ordinary resolution) exceed a sum equal to three times the Group’s nominal amount of issued and paid up capital and consolidated reserves.

4.17 *Untraced shareholders*

Subject to the New Assura Articles, New Assura may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with New Assura following advertisement of an intention to make such a disposal. Until New Assura can account to the member,

the net proceeds of sale will be available for use in the business of New Assura or for investment, in either case at the discretion of the New Assura Board. The proceeds will not carry interest.

4.18 ***Real Estate Investment Trust***

The New Assura Articles:

- (a) provide directors with powers to identify New Assura's Excessive Shareholders (including giving notice to a shareholder requiring him to provide such information as the New Assura 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 New Assura Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on New Assura that form part of an Excessive Shareholding where the New Assura Shareholder has disposed of its rights to dividends on its New Assura Shares;
- (d) seek to ensure that if a dividend is paid on New Assura 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 New Assura Shareholder who has not complied with a notice served in accordance with the power referred to in (a); or (iii) a New Assura Shareholder who has provided materially inaccurate or misleading information in relation to the Excessive Shareholder provisions of the New Assura 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 New Assura Shareholder is no longer an Excessive Shareholder.

The above is a summary only of certain provisions of the New Assura Articles, the full provisions of which are available for inspection as described in paragraph 20 of this Part VII.

5. Summary of principal differences between Assura Articles and New Assura Articles

5.1 The principal differences between the Assura Articles and the New Assura Articles are:

- (a) removal of the provisions relating to the unissued preference shares in the capital of Assura;
- (b) addition of provisions relating to warrants on shares;
- (c) removal of specific provisions relating to the appointment of the secretary, accounts, special business and general meeting convened by requisition;
- (d) amendments to some of the provisions dealing with shares, including removal of concept of authorised share capital, removal of provision that no member shall be entitled to receive any dividend unless and until he has paid all calls and of restriction on voting rights for unpaid calls, different provisions relating to untraced shares;
- (e) replacement of 'extraordinary' resolutions with 'special' resolutions;
- (f) certain provisions in relation to proceedings of directors including in relation to board committees, alternate directors, electronic circulation/passing of directors' written resolutions, indemnity/insurance for directors, wider powers of delegation of the board and less detailed provisions on pensions of directors;
- (g) removal of specified notice periods for general meetings and provisions detailing the contents of the notice;
- (h) removal of specific provisions in relation to directors' interests, connected persons and corporate representatives;

- (i) procedural amendments to provisions relating to shareholder meetings including removal of the chairman's casting vote at general meetings, various other provisions relating to the chairman, polls, and amendments to resolutions;
 - (j) deletion of provisions regarding power of the board to require member to disclose interests and amendment to provisions relating to default in disclosing share interests;
 - (k) amended procedural provisions relating to appointment of directors, deletion of provisions relating to directors retiring by rotation and not retiring on account of age, slightly different provisions relating to directors vacating office, change in type resolution required to remove a director (special resolution now required);
 - (l) slightly different provisions relating to payments of dividends to comply with Companies Act requirements;
 - (m) deletion of provision allowing the Company to give financial assistance.
- 5.2 There are also a number of differences that arise by reason of New Assura being a company incorporated in England and not in Guernsey. Certain provisions were incorporated into the Assura Articles to enshrine rights that were not covered by the Guernsey Companies Law but which shareholders in a company listed on the London Stock Exchange would normally expect. Given the New Assura Articles will have the benefit of protection (statutory and otherwise) on these matters under the Companies Act, FSMA, Listing Rules, Prospectus Rules, UK Corporate Governance Code and relevant institutional shareholder guidelines as well as other applicable English law, these provisions have not been included in the New Assura Articles.

6. Directors and Senior Management

- 6.1 The Directors of New Assura and their functions are as follows:

<i>Name</i>	<i>Position</i>
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

- 6.2 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 Assura (all of which are beneficial) and the existence of which is known to, or could with reasonable diligence be ascertained by the Directors as at 19 January 2015 (being the latest practicable date prior to publication of this document) and the amount of such person's holding in respect of new Assura Shares following the Scheme becoming effective is expected to be as follows:

	<i>Number of Assura Shares before the Scheme becomes effective</i>	<i>Number of New Assura Shares on the Effective Date</i>	<i>Percentage of New Assura Shares on the Effective Date</i>
Simon Timothy Laffin*	3,138,578	3,138,578	0.31
Graham Charles Roberts	3,100,000	3,100,000	0.31
Jonathan Stewart Murphy	453,680	453,680	0.05
Jenefer Dawn Greenwood	97,256	97,256	0.01
David Hedley Richardson	359,998	359,998	0.04
Andrew Darke	147,988	147,988	0.01
Spencer Kenyon	38,571	38,571	—

Note:

- * The interests of Simon Laffin above include 114,942 Assura Shares which he holds on behalf of a family member who holds such shares beneficially.

- 6.3 Details of options and awards over Assura 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

	<i>Date of grant of option</i>	<i>Number of Assura Shares under option</i>	<i>Normal vesting date for option</i>
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	15 February 2013	400,000	See Note 1 below
Jonathan Murphy	15 February 2013	175,000	See Note 1 below
Andrew Darke	15 February 2013	200,000	See Note 1 below
Paul Carroll	21 March 2013	3,000	See Note 1 below
	30 April 2014	4,000	
	3 December 2014	3,500	
Spencer Kenyon	21 March 2013	3,000	See Note 1 below
	30 April 2014	3,200	
	3 December 2014	3,400	
Carolyn Jones	21 March 2013	2,000	See Note 1 below
	30 April 2014	3,200	
	3 December 2014	2,600	

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 Assura 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.

- 6.4 During the 12 months prior to the date of this document, the following interests in Assura Shares have been acquired by the Directors or Senior Management:

<i>Name</i>	<i>Date</i>	<i>Number of Assura Shares acquired</i>	<i>Purchase price per Ordinary Share (pence)</i>
Andrew Darke	24 January 2014	25,000	39.895
Simon Laffin	15 October 2014	1,034,482 ⁽¹⁾	43.5
Graham Roberts	15 October 2014	1,600,000	43.5
Jonathan Murphy	15 October 2014	172,413	43.5
Jenefer Greenwood	15 October 2014	45,977	43.5
David Richardson	15 October 2014	106,382	43.5
Andrew Darke	15 October 2014	22,988	43.5

Note:

- (1) The interests of Simon Laffin above include 114,492 New Ordinary Shares which he subscribed for pursuant to Assura's placing and placing and open offer announced on 24 September 2014, under power of attorney on behalf of a family member who will hold such shares beneficially.

- 6.5 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 Timothy 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 Charles Roberts	Balfour Beatty plc	The British Land Company PLC
Jonathan Stewart Murphy		Bayfield Capital Management Limited Braemar Estates (Residential) Limited Braemar Estates Mortgages & Finance Limited Braemar Facilities Management Limited Braemar Group Limited Brooks Macdonald Funds Limited Ground Rents Income Fund plc The Manchester Ground Rent Company Limited UK Farming plc
Jenefer Dawn 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

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Jenefer Dawn Greenwood (continued)		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 Hedley Richardson	The Edrington Group Limited BBGI SICAV S.A.	Serco Group plc Dairy Crest Group plc Forth Ports Plc (now Forth Ports Ltd) 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
Senior Management		
Andrew Simon Darke	Deva Property Investments Limited Crosby Property Investments Limited Costermongers Limited	Chester and Suburban Properties Limited Manchester and Suburban Properties Limited
Paul Bryan Carroll	GB Partnerships Investments Limited	
Spencer Adrian Kenyon	Deva Property Investments Limited Crosby Property Investments Limited Celestial Property Management Limited	Chester and Suburban Properties Limited Manchester and Suburban Properties Limited

- 6.6 There are no loans made or guarantees granted or provided by New Assura or any member of the Group to or for the benefit of any Director or member of Senior Management.

- 6.7 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 New Assura of any member of the Group during the current or immediately preceding financial year or which was effected by New Assura or any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.
- 6.8 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.
- 6.9 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.

7. Directors' and Senior Managers' Service Contracts

- 7.1 Conditional upon the Scheme becoming effective, the service agreement of the Executive Assura Directors will be amended in order that the agreement reflects the structure of the New Assura Group.

It is anticipated that each New Assura Non-executive Director will agree terms of appointment with New Assura which are the same as the terms of appointment that such person has with Assura, as set out in paragraph 7.4 below.

- 7.2 Particulars of the Executive Assura Directors' current service agreements with Assura 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 Assura Directors provide that six months' notice shall be given (by Assura or by the employee) to terminate the agreement. During such notice period, the employee may be placed on garden leave (at Assura's discretion) and will continue to receive salary and benefits. Alternatively, Assura 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.

- 7.3 There are no provisions in the Executive Assura 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.
- 7.4 Particulars of the current letters of appointment between the Non-executive Assura Directors and Assura 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

- 7.5 Each Non-executive Assura Director is entitled to have the costs of independent legal advice required in connection with the performance of their duties met by Assura. The Non-executive Assura 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 Assura Directors' letters of appointments for compensation to be payable in the event of early termination of their letters of appointment.
- 7.6 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 Assura 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	293,500	15,000	61,800		679,350
Jonathan Murphy	153,000	72,675	11,000	19,125	60,644	316,444
David Richardson	51,500	0	0	0		51,500
Jenefer Greenwood	43,500	0	0	0		43,500
<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

- 7.7 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 Directors and the Senior Managers was £38,400.

8. Major shareholders

- 8.1 As at 19 January 2015 (being the latest practicable date prior to the publication of this document), New Assura has been notified that the following persons – in addition to the interests of the Directors referred to herein – are, directly or indirectly, interested in three per cent. or more of Assura's issued ordinary share capital or voting rights, and the amount of such person's holding in respect of New Assura Shares following the Scheme becoming effective is expected to be as follows:

	<i>As at 19 January 2015</i>		<i>On the Effective Date</i>	
	<i>Number of Assura Shares</i>	<i>Percentage of current issued Assura Shares</i>	<i>Number of New Assura Shares</i>	<i>Percentage of issued New Assura Shares</i>
Invesco Limited	266,111,749	26.43	266,111,749	26.43
Artemis Investment Management	159,676,320	15.86	159,676,320	15.86
Liontrust Asset Managers	60,151,430	5.97	60,151,430	5.97
Ameriprise Financial, Inc	41,536,192	4.13	41,536,192	4.13
Legal & General Group Plc	38,539,024	3.83	38,539,024	3.83
Ray Seymour	37,949,980	3.77	37,949,980	3.77
BlackRock	35,365,156	3.51	35,365,156	3.51
Investec Wealth & Investment Limited	34,863,716	3.46	34,863,716	3.46
Alistair Campbell Blacklaws	32,615,065	3.24	32,615,065	3.24

- 8.2 None of the shareholders referred to above has different voting rights from any other holder of Assura Shares in respect of any Assura Shares held by them.
- 8.3 So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control of Assura, or after the Scheme becomes effective, New Assura.
- 8.4 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 Assura, or after the Scheme becomes effective, New Assura.
- 8.5 None of the persons referred to in paragraph 8.1 above (or their nominees) has or will have different voting rights in relation to their shareholdings in the Company, or after the Scheme becomes effective, New Assura.

9. Share Schemes

Assura 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 Assura.

9.1 **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 Assura 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 Assura, 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 Assura Shares*

All Assura Shares transferred under the ERP will rank pari passu with all other Assura Shares for the time being in issue.

(x) *Variation in share capital*

In the event of any variation of Assura'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 Assura Shares or the transfer of treasury shares without the prior approval of the Assura 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.

9.2 **VCP**

(i) *Operation*

The VCP was approved and adopted by Assura 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 Assura 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 Assura 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 Assura Shares that can be earned under the VCP is capped at 25 million Assura Shares (subject to adjustments for changes in the Assura'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 Assura 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 Assura'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:

- Assura may make a cash payment to a Participant equal to the value of the Assura Shares, subject to the exercise of the nil-cost option on the date of exercise; or
- Assura 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 Assura 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 Assura, 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 Assura 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 Assura 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.

9.3 **EBT**

The Group has an employee benefit trust in Jersey which is used to provide Assura 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 31 December 2014 (being the latest practicable date prior to the publication of this document), the EBT held 4,064,885 Assura Shares.

10. **Property**

The material tangible fixed assets of the Group as at 30 September 2014 were as set out in the interim non-audited accounts of Assura for the 6 months ended 30 September 2014. In addition, the Company completed the acquisition of 11 medical properties for a total consideration of £63.1 million on 6 November 2014 and has invested approximately £28 million in tangible fixed assets since 30 September 2014.

As far as the Directors are aware there are no environmental issues affecting the Group's utilisation of its fixed assets.

11. **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 24 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:

11.1 **Sponsor Agreement**

Under the sponsor agreement, dated 23 January 2015 Liberum and Oriel agreed to act as joint sponsors to the New Assura under the Listing Rules in connection with the application for admission of the New Assura Shares (i) to the premium segment of the Official List and (ii) to trading on the main market of the London Stock Exchange to be issued pursuant to the Scheme announced on 16 December 2014. The sponsor agreement contains warranties and an undertaking from New Assura

and Assura 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 subsidiaries.

11.2 *Sponsor and Underwriting Agreement*

Under the sponsor and underwriting agreement, dated 24 September 2014 Liberum and Oriel agreed to act as joint sponsors to Assura under the Listing Rules in connection with the application for admission of the new Assura Shares (i) to the premium segment of the Official List and (ii) to trading on the main market of the London Stock Exchange which were issued pursuant to the Share Issue which was announced on 24 September 2014.

11.3 *One Life acquisition*

On 22 July 2014, Assura Medical Centres Limited (a subsidiary of Assura) (“**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.

11.4 *Metro acquisition*

On 6 November 2014, the Group announced that it had acquired a portfolio of 11 high-quality medical centres through the purchase of the entire issued share capital of Metro MRI Limited (“**Metro**”) from Ray Seymour, Alistair Blacklaws and certain of their related parties (“**Metro Sellers**”).

The Group acquired the share capital of Metro for a consideration of approximately £18.5 million in cash and assumed net debt within Metro of £44.3 million. The gross consideration for the portfolio was therefore estimated at £63.1 million, including costs of £0.3 million.

The Metro Sellers elected to receive a significant proportion of the total consideration in Assura Shares so as to increase their existing shareholding in Assura. The consideration for Metro’s share capital was 18,834,148 Assura Shares, which were issued subject to a 12 month orderly market agreement in customary form and approximately £9.1 million in cash. The final cash consideration is subject to possible adjustment pending finalisation of completion accounts prepared up to the day of acquisition, other post completion adjustments and transaction costs.

In addition, the Group agreed in principle heads of terms for funding four further medical centres to be developed by the Metro Sellers, which are expected to have a value on completion of £21 million. On 3 December 2014, the Company announced that the first of these schemes, the Kidderminster Primary Care Centre, had reached legal completion of the forward purchase and funding agreement, with the £6.6m investment due to be completed by June 2016.

11.5 *MP Realty acquisition*

On 13 June 2014, Assura 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 Assura Shares. In addition, AMC assumed MP Realty’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.

11.6 *Trinity acquisition*

On 10 September 2013, 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.

11.7 *Agreement for the disposal of LIFT Investments*

On 24 November 2013, Assura Services Limited (“**ASL**”), a subsidiary of Assura, 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.

(d) *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.

11.8 *Barclays and Natwest RCF Swap*

On 22 May 2014, Assura Primary Care Properties Limited (“**APCPL**”), a subsidiary of Assura, 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;
- once drawn amount is £30 million – required to hedge 35 per cent. of the drawn amount i.e. minimum £10.5 million.

11.9 *Santander Swap*

On 23 November 2011, Assura Health Investments Limited (“**AHIL**”), a subsidiary of Assura, 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 30 September 2014, the fair value of the swap was a liability of £1.5 million. This swap was terminated by a payment of £1.7 million in November 2014 when the facility was repaid in full.

11.10 *Facility agreements*

(a) *Aviva Commercial Finance Limited*

Certain members of the Group entered into a series of facility agreements between 21 May 2003 and 31 December 2014 with Aviva Commercial Finance Limited (“**Aviva**”) (“**Aviva Facility Agreements**”). The outstanding balances under the Aviva Facility Agreements as at 31 December 2014 totalled £408.5 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.

(b) *Bond*

Assura Properties PLC (“**AP PLC**”), a subsidiary of Assura, 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.

(c) *Barclays and Natwest Revolving Credit Facility*

APCPL entered into the RCF Agreement, a five-year revolving credit facility agreement (“**Facility**”) dated 22 May 2014 in an amount up to £30,000,000.

As at 31 December 2014 (being the latest practicable date prior to the publication of this document) none of the Facility has been drawn down.

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.

12. 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 31 December 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:

- 12.1 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;

- 12.2 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;
- 12.3 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; and
- 12.4 since 31 March 2014 to 31 December 2014 (being the latest practicable date prior to the publication of this document), save for the subscription by Invesco Asset Management Limited for 86,655,172 new Assura Shares under the Share Issue which was announced on 24 September 2014, there have been no new related party transactions.

13. United Kingdom tax treatment of Shareholders

Introduction

- 13.1 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 New Assura 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 New Assura Shares. Prospective purchasers of New Assura Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of New Assura Shares.
- 13.2 The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of PIDs and Non-PID Dividends paid by New Assura, and to disposals of shares in New Assura, in each case after New Assura becomes a REIT. The statements are not applicable to all categories of New Assura Shareholders, and in particular are not addressed to (i) New Assura Shareholders who do not hold their New Assura 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 New Assura Shareholders who own (or are deemed to own) ten per cent. or more of the share capital or of the voting power of New Assura or are entitled to ten per cent. or more of New Assura's distributions, (iii) special classes of New Assura Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies, (iv) New Assura Shareholders who hold New Assura Shares as part of hedging or commercial transactions, (v) New Assura Shareholders who hold New Assura Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or otherwise), (vi) New Assura Shareholders who hold New Assura Shares acquired by reason of their employment, (vii) New Assura Shareholders who hold New Assura Shares in a personal equity plan or an individual savings account or (viii) New Assura Shareholders who are subject to UK taxation on a remittance basis, or (ix) New Assura Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident shareholders).

UK Taxation of PIDs

13.3 *UK taxation of New Assura Shareholders who are individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of New Assura Shareholders who are individuals as the profit of a single UK property business (as defined in Part 3 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any property income distribution from any other company to which Part 12 of CTA 2010 applies, treated as a separate UK property business. Income from any other UK property business (a "**different UK property business**") carried on by the relevant shareholder 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 New Assura 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, credit will be available in respect of the basic rate tax withheld by New Assura (where required) on the PID.

Please see also the section below relating to withholding tax and PIDs at paragraphs 13.6 to 13.9.

13.4 *UK taxation of UK tax resident corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of New Assura Shareholders who are within the charge to corporation tax as profit of a property business (as defined in Part 4 of CTA 2009) (“**Part 4 property business**”). A PID is, together with any property income distribution from any other 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 New Assura Shareholder must be accounted for separately. This means that any surplus expenses from a New Assura Shareholder’s different Part 4 property business cannot be offset against a PID as part of a single calculation of the shareholder’s 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 the section below relating to withholding tax and PIDs at paragraphs 13.6 to 13.9.

13.5 *UK taxation of New Assura Shareholders who are not resident for tax purposes in the UK*

Where a New Assura 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. 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.

Prospective non-UK tax resident New Assura Shareholders should consult their own professional advisers on the implications in the relevant jurisdictions of any non-UK implications of receiving PIDs.

Please see also the section below relating to withholding tax and PIDs at paragraphs 13.6 to 13.9.

Withholding tax and PIDs

13.6 *General*

Subject to certain exceptions summarised below, New Assura is required to withhold income 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). New Assura 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.

13.7 *New Assura Shareholders solely resident in the UK*

Where tax has been withheld at source, New Assura 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. New Assura Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID 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.

13.8 *New Assura Shareholders who are not resident for tax purposes in the UK*

It is not possible for a New Assura Shareholder to make a claim under a double taxation convention for a PID to be paid by New Assura gross or at a reduced rate. The right of a New Assura Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the New Assura 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 New Assura.

13.9 *Exceptions to requirement to withhold income tax*

Shareholders should note that in certain circumstances New Assura is not required to withhold income tax at source from a PID. These include where New Assura reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a company resident for tax purposes outside the UK with a permanent establishment in the UK which is required to bring the PID into account in computing its chargeable profits or certain charities. They also include where New Assura reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes, the account manager of an individual savings account, the plan manager of a personal equity plan, or the account provider for a child trust fund, in each case, provided New Assura reasonably believes that the PID will be applied for the purposes of the relevant scheme, account, plan or fund. In order to pay a PID without withholding tax, New Assura will need to be satisfied that the New Assura Shareholder concerned is entitled to that treatment. For that purpose New Assura will require such New Assura Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). Shareholders should note that New Assura may seek recovery from New Assura Shareholders if the statements made in their claim form are incorrect and New Assura suffers tax as a result. New Assura will, in some circumstances, suffer tax if its reasonable belief as to the status of the New Assura Shareholder turns out to have been mistaken.

UK 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. New Assura is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

13.10 *UK taxation of New Assura Shareholders who are individuals*

An individual New Assura Shareholder who is resident in the UK (for tax purposes) and who receives a Non-PID Dividend from New Assura 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 New Assura 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 New Assura Shareholder’s liability to income tax on the Non- PID Dividend.

A UK resident individual New Assura 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 New Assura 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 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 additional tax equal to 27.5 per cent. of the gross dividend (which is also equal to approximately 30.56 per cent. of the cash dividend received). It will not be possible for UK resident New Assura Shareholders to claim repayment of the tax credit in respect of Non-PID Dividends.

13.11 *UK taxation of UK resident corporate New Assura Shareholders*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by New Assura, 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 New Assura Shareholder, although it is expected that the Non-PID Dividends paid by New Assura would normally be exempt. New Assura Shareholders within the charge to UK corporation tax will not be able to claim repayment of tax credits attaching to Non-PID Dividends.

13.12 *UK taxation of other UK tax resident New Assura Shareholders*

Other UK resident New Assura 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.

13.13 *Taxation of New Assura Shareholders who are not resident in the UK for tax purposes*

New Assura 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 New Assura, 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 New Assura 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 New Assura.

UK taxation of chargeable gains in respect of Shares in New Assura

For the purpose of UK tax on chargeable gains, the amount paid by a New Assura Shareholder for New Assura Shares will constitute the base cost of his holding. If a New Assura Shareholder disposes of all or some of his New Assura Shares, a liability to tax on chargeable gains may arise. This will depend on the base cost and incidental costs of acquisition and disposal, which can be allocated against the proceeds, and also, the New Assura Shareholder's circumstances and any reliefs to which they are entitled. In the case of corporate New Assura Shareholders, indexation allowance will apply to the amount paid for the New Assura Shares.

13.14 *UK taxation of New Assura 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.

13.15 *UK taxation of UK tax resident corporate New Assura Shareholders*

Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by a New Assura 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).

13.16 *UK taxation of New Assura Shareholders who are not resident in the UK for tax purposes*

New Assura 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 New Assura Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their New Assura Shares are connected or, in the case of a corporate shareholder, through a permanent establishment in connection with which the New Assura Shares are held).

Individual New Assura Shareholders who are temporarily not UK resident and who dispose of all or part of their New Assura 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.

New Assura Shareholders who are resident for tax purposes outside the UK may be subject to foreign taxation on capital gains depending on their circumstances.

13.17 *Stamp Duty and Stamp Duty Reserve Tax on transfers of New Assura Shares*

UK stamp duty and UK stamp duty reserve tax (“SDRT”)

- 13.18 No UK stamp duty or stamp duty reserve tax will generally be payable on the issue, allotment and registration of the New Assura Shares. UK legislation provides for a 1.5 per cent. stamp duty or SDRT charge where shares are transferred (in the case of stamp duty) or issued or transferred (in the case of SDRT) (i) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (ii) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts. However, following litigation, HMRC have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares or securities into a clearance service or depositary receipt arrangement on the basis that the charge is not compatible with EU law. The 1.5 per cent. SDRT or stamp duty charge will continue to apply to transfers of shares or securities into a clearance service or depositary receipt arrangement unless they are an integral part of an issue of share capital. Accordingly, it may be appropriate to seek specific professional advice before incurring a 1.5 per cent. stamp duty or SDRT charge.
- 13.19 Clearance services may opt, under certain conditions, for the normal rates of stamp duty or SDRT (being 0.5 per cent. of the amount or value of the consideration for the transfer rounded up in the case of stamp duty to the nearest £5.00) to apply to a transfer of shares into, and to transactions within, the service instead of the higher rate of 1.5 per cent. referred to above.
- 13.20 Transfers on sale of New Assura Shares will generally be subject to UK stamp duty at the rate of 0.5 per cent. of the amount or value of the consideration given for the transfer rounded up to the next £5.00. The purchaser is liable for the stamp duty. An exemption from stamp duty will be available on an instrument transferring the New Assura Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. An agreement to transfer New Assura Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration payable for the transfer. If a duly stamped transfer in respect of the agreement is produced within six years of the date on which the agreement is made (or, if the agreement is conditional, the date on which the agreement becomes unconditional), any SDRT paid is repayable, generally with interest, and otherwise the SDRT charge is cancelled. SDRT is, in general, payable by the purchaser.
- 13.21 Agreements to transfer New Assura Shares within the CREST system will generally be liable to SDRT (rather than stamp duty) at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the CREST system. Deposits of New Assura Shares into CREST will not generally be subject to SDRT, unless the transfer into CREST is itself for consideration in money or money’s worth.

Prospective purchasers of New Assura Shares should consult their own tax advisers with respect to the tax consequences to them of acquiring, holding and disposing of New Assura Shares.

14. Working capital

New Assura is of the opinion that, taking into account the existing bank and other facilities available to it, 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.

15. Expenses

The total costs, charges and expenses payable by New Assura in connection with the Scheme, 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 £0.7 million (excluding VAT). No expenses will be charged to the New Assura shareholders.

16. 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.

17. Significant change

Save for (i) the acquisition of Metro MRI Limited, for which the gross consideration was estimated at £63.1 million, details of which are set out in paragraph 11.4 of Part VII and (ii) Assura raising gross proceeds of approximately £180.2 million by way of the Share Issue which was announced on 24 September 2014, there has been no significant change in the Group's financial or trading position since 30 September 2014, being the date to which the last published unaudited financial statements for the Group were drawn up.

18. 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. Deloitte LLP also provided an interim review report in respect of the non-audited interim accounts for the 6 months ended 30 September 2014.
- (b) 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.
- (c) 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.
- (d) 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 IV (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.
- (e) 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 IV (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.
- (f) 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 18(d) and 18(e) since the date of the valuation contained in each such report.

19. 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.

20. 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 Assura Articles and the New Assura 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: 23 January 2015

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 are aware of all information which is relevant to the Scheme, the Company and the New Assura Shares.

These documents are available online at www.assuragroup.co.uk or in printed form from Assura's registered office at The Brew House, Greenalls Avenue, Warrington, Cheshire WA4 6HL or from Addleshaw Goddard LLP in accordance with the details set out in paragraph 20 of Part VII (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 supersedes 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 the purposes of the Scheme 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 42 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 42
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

Unaudited interim financial statements for the 6 months ended 30 September 2014

The page numbers below refer to the relevant pages of the interim report statement of Assura for the 6 months ended 30 September dated 25 November 2014.

Interim consolidated income statement	page 6
Interim condensed consolidated balance sheet	page 7
Interim consolidated statement of changes in equity	page 8
Interim consolidated statement of cashflow	page 9
Notes to the interim condensed consolidated accounts	pages 10 to 19
Independent review report to Assura	page 20

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.

Admission	admission of the New Assura Shares (i) to the premium segment of the Official List and (ii) to trading on the main market of the London Stock Exchange, and “Admission becoming effective” means it becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and the Admission and Disclosure Standards published by the London Stock Exchange
Admission and Disclosure Standards	the “Admission and Disclosure Standards” of the London Stock Exchange containing, among other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s main market for listed securities
Assura	Assura Group Limited, a limited company incorporated in Guernsey and registered with number 41230
Assura Articles	the articles of association of Assura
Assura Board	the Board of Directors of Assura
Assura Employee Share Plans	means the Sharesave Plan, the ERP and the VCP, each as defined below
Assura Executive Directors	the Executive Directors of Assura
Assura Group	see Group
Assura Non-Executive Directors	the Non-Executive Directors of Assura
Assura Shareholder	holders of Assura Shares from time to time
Assura Shares	ordinary shares of 10 pence each in the capital of Assura Group Limited
Aviva Facility Agreements	the series of facility agreements entered into by certain members of the Group between 21 May 2003 and 31 December 2014 with Aviva Commercial Finance Limited
Board or New Assura Board	the Directors of New Assura, whose names appear on page 31 of this document
Bond	a 10 year senior secured bond for £110 million, which matures December 2021
Bondholders	holders of the Bond
Business Day	a day (excluding Saturdays and Sundays and public holidays in England and Wales or Guernsey) on which banks are generally open for the transaction of normal banking business in the City of London and Guernsey for the transaction of normal banking business
Certificated or certificated form	a share which is not in uncertificated form (that is, not in CREST)
City Code or Code	The City Code on Takeovers and Mergers
Companies Act or the Act	the Companies Act 2006

Company	see New Assura
Conditions	the conditions to the implementation of the Scheme which are set out in Part I (The Proposals) of this document
Court	the Royal Court of Guernsey
Court Hearing	the hearing by the Court of the application to sanction the Scheme under Part VII of the Guernsey Companies Law
Court Meeting	the meeting of Assura Shareholders convened by Order of the Court pursuant to Part VII of the Guernsey Companies Law at which the Scheme was approved on 14 January 2015
Court Order	the Order of the Court sanctioning the Scheme under Part VII of the Guernsey Companies Law
CREST	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 CREST Regulations
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/378), as amended
CTA 2009	Corporation Tax Act 2009
CTA 2010	Corporation Tax Act 2010
Directors	the directors of the Company, whose names are set out on page 31 of this document, or the directors from time to time of the Company, as the context requires, and Director shall be construed accordingly
Disclosure and Transparency Rules	the Disclosure Rules and the Transparency Rules made by the FCA under Part VI of FSMA
Distribution	any dividend or other distribution by the Company (“distribution” being construed in accordance with Part 23 of CTA 2010)
EEA	the European Economic Area
Effective Date or Scheme Effective Date	the date on which the Scheme becomes effective, expected to be 28 January 2015
ERP	the Assura Group Limited Executive Recruitment Plan
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST
European Union or EU	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union
Excessive Shareholder	any person whose interest in New Assura, 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 such section may be modified, supplemented or replaced from time to time) on or in connection with the making of a distribution to or in respect of such person including, at the date of adoption of the articles of association of New Assura, any holder of excessive rights as defined in section 553 of CTA 2010
Excessive Shareholding	an Excessive Shareholder’s shareholding

Excluded Overseas Shareholders	(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
Excluded Territories	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 pursuant to the Scheme may constitute a violation of relevant securities laws
Executive Director	an Executive Director of New Assura
FCA or Financial Conduct Authority	the Financial Conduct Authority of the United Kingdom
FSMA	the Financial Services and Markets Act 2000, as amended
Group	before the Effective Date, Assura and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings and, after the Effective Date, New Assura and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings
Guernsey Companies Law	the Companies (Guernsey) Law, 2008 (as amended, modified, consolidated, re-enacted or replaced from time to time)
HMRC	Her Majesty's Revenue & Customs
IFRS	International Financial Reporting Standards as adopted for use in the European Union and therefore comply with Article 4 of the EU IAS regulation
Institutional Investor	a person who qualifies as an institutional investor under Section 528(4A) of CTA 2010
Liberum	Liberum Capital Limited, joint sponsor and financial adviser for the Company
LIBOR	London Interbank Offered Rate
Listing Rules	the listing rules made by the FCA under section 73A of FSMA
LTV	loan to value
London Stock Exchange	London Stock Exchange Plc
Money Laundering Regulations	the Money Laundering Regulations 2007
NAB	National Australia Bank
New Assura or Company	Assura plc, a public limited company incorporated in England and Wales under the Companies Act with registered number 9349441
New Assura Articles	the articles of association of New Assura
New Assura Directors or Directors	the Board of Directors of New Assura
New Assura Employee Share Plans	the new Sharesave Plan, the new ERP and the new VCP

New Assura Group	before the Effective Date, New Assura and, after the Effective Date, New Assura and its subsidiaries and subsidiary undertakings (including Assura) and where the context requires, its associated undertakings
New Assura Redeemable Shares	<p>shares in New Assura which are issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies, which:</p> <ul style="list-style-type: none"> (a) carry no right to receive notice of or to attend, speak or vote at any general meeting of New Assura or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of New Assura or for the purposes of a written resolution of New Assura; (b) do not entitle their holders to receive any dividend or distribution; and (c) carry only the right to receive, after all share capital (including premium) on the ordinary shares in issue has been repaid, £1 for every £100,000,000,000 of capital returned to the ordinary shareholders. <p>Subject to the Companies Act, the New Assura Redeemable Shares will be redeemable at their nominal value at the option of New Assura or the holder</p>
New Assura Shareholder	a holder of New Assura Shares
New Assura Shares	ordinary shares of 10 pence each in the capital of New Assura to be issued credited as fully paid in accordance with the terms of the Scheme
New Assura Subscriber Shares	two ordinary shares of 10 pence each in the capital of New Assura issued on incorporation of New Assura
Official List	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
Oriel	Oriel Securities Limited, joint sponsor and financial adviser for the Company
Overseas Shareholders	Assura Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the UK
PID or Property Income Distribution	a distribution referred to in section 548(1) or 548(3) of CTA 2010, being a dividend or distribution paid by New Assura 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
Proposals	the Scheme, the associated changes to the Assura Articles and the approval that a general meeting of New Assura other than an annual general meeting, may be called on not less than 14 clear days' notice
Prospectus	this document
Prospectus Directive	Regulation 809/2004 of the European Commission Regulation

Prospectus Rules	the Prospectus Rules of the FCA made under Part VI of FSMA
Qualifying Property Rental Business	a business within the meaning of section 205 of 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 CTA 2010)
RCF Agreement	the five-year revolving credit facility agreement dated 22 May 2014 between Assura Properties PLC, Barclays and Natwest in an amount up to £30,000,000
Registrar	Computershare Investor Services PLC
Regulations	the Uncertificated Securities Regulations 2001 (as amended)
Regulatory Information Service	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
REIT	a company or group to which Part 12 of the CTA 2010 applies
REIT Group	a group UK REIT within the meaning of Part 12 of the CTA 2010
REIT Regime	the regime as set out in Part 12 of the CTA 2010
Representatives	in relation to any person, its directors, officers, partners or employees
Residual Business	the business of the Group which is not Qualifying Property Rental Business
Resolutions	the special resolutions which were passed at the Extraordinary General Meeting in connection with, inter alia, the implementation of the Scheme, described in paragraph 3 of Part I of this document
Savills	Savills Advisory Services Limited
Scheme or Scheme of Arrangement	means the scheme of arrangement proposed to be made under Part VII of the Guernsey Companies Law between Assura and the holders of Scheme Shares as set out in Part III of the Scheme Circular, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Assura and New Assura
Scheme Circular	the circular sent to Assura Shareholders by Assura dated 17 December 2014
Scheme Effective Time	the time at which the Scheme becomes effective on the Effective Date
Scheme Record Time	6:00 p.m. London time on the Business Day immediately preceding the Scheme Effective Date
Scheme Shareholders	holders of Scheme Shares
Scheme Shares	all Assura Shares which are: <ul style="list-style-type: none"> (a) in issue at the date of the Scheme; (b) issued after the date of the Scheme but prior to the Scheme Voting Record Time; and

	(c) issued on or after the Scheme Voting Record Time and before the Scheme Record Time, either on terms that the original and any subsequent holders of such Assura Shares are to be bound by this Scheme and/or in respect of which their holders are, or have agreed in writing to be, bound by the Scheme, save for any Assura Shares held, legally or beneficially, by New Assura,
	but not including any Assura Shares held as treasury shares
SDRT	UK stamp duty reserve tax
Senior Management or Senior Managers	the people referred to in paragraph 7 of Part VII (Additional Information) of this document
Shareholders	holders of Assura Shares and/or New Assura Shares, as applicable
Shares	Assura Shares
Share Issue	the issue on 15 October by Assura of 414,252,873 New Assura Shares at 43.5p pursuant to a firm placing, placing and open offer and offer for subscription
SPV	special purpose vehicle, an entity formed usually to acquire assets
UK Listing Authority or UKLA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
UK Money Laundering Regulations	the UK Money Laundering Regulations 2007 (SI 2007/2157) and any other applicable anti-money laundering guidance, regulations or legislation
uncertificated or uncertificated form	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
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or USA	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
US Person	has the meaning given to it in Regulation S of the US Securities Act
US Securities Act	the US Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder
VAT	(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

CCG	Clinical Commissioning Group, and NHS organisation set up by the Health and Social Care Act 2012 to organise delivery of NHS services in England
CQC	Care Quality Commission
DoH	Department of Health
EPRA	European Public Real Estate Association, the industry body for European REITs
EPRA NAV	the balance sheet net assets excluding own shares held, mark-to-market derivative financial instruments (including associates) and deferred taxation
GP	General Practitioner
LIFT or Local Improvement Finance Trust	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”
LIFTCo	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
NHS	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
NHS Property Services Limited or NHS Propco	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
Non-PID Dividends	a dividend paid by the Company that is not a PID
PID or Property Income Distribution	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
Primary care	medical care provided by the primary healthcare team including general practitioners’ surgeries
Primary Care Trust or PCT	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 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
Property Rental Business	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)
Qualifying Property Rental Business	a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010
Residual Business	that part of the business of the Group that is not part of the Qualifying Property Rental Business
Secondary care	medical care provided in hospitals

