

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

This document comprises a prospectus relating to Assura plc (“**Assura**” or the “**Company**”) prepared in accordance with the Prospectus Rules and has been approved by the 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 167 of this document.

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to 24 September 2015 (the date when the Existing Ordinary Shares are expected to be marked ex-entitlement to the Open Offer by the London Stock Exchange), please forward this document, and if relevant, the accompanying Application Form, Offer for Subscription Application Form and the enclosed Form of Proxy to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any Application Form or Offer for Subscription Application Form should be forwarded to or transmitted into any jurisdiction where to do so may constitute a violation of local securities laws or regulations, including, but not limited to, subject to certain exceptions, the Excluded Territories or their respective territories or possessions. If you sell or have sold or otherwise transferred only part of your registered holding of Existing Ordinary Shares, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications set out in the Application Form, if relevant. If your registered holding of Existing Ordinary Shares which were sold or transferred was held in uncertificated form and is sold or transferred before the date that the Existing Ordinary Shares are marked ex-entitlement, a claim transaction will automatically be generated by CREST which, on settlement, will transfer the appropriate number of Open Offer Entitlements to the purchaser or transferee. Please refer to paragraph 6 of Part II (Terms and Conditions of the Open Offer) of this document if you propose to send this document and/or the Application Form outside the United Kingdom.

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

The Open Offer Entitlements, the Excess Open Offer Entitlements, the Application Form and the New Ordinary Shares are only transferable, and this document may only be distributed, subject to the restrictions set out in paragraph 7 of Part II (Terms and Conditions of the Open Offer) of this document. No action has been taken by the Company, Liberum Capital Limited or Stifel Nicolaus Europe Limited that would permit an offer of the New Ordinary Shares, the Open Offer Entitlements, the Excess Open Offer Entitlements or possession or distribution of this document, the Application Form, the Offer for Subscription Application Form or any other offering or publicity material in any jurisdiction where action for that purpose is required other than in the United Kingdom.

**You should read carefully the whole of this document and any document incorporated into it by reference. In particular, your attention is drawn to the section entitled “Risk Factors” on pages 20 to 33 of this document and the letter from the Chairman of Assura in Part I of this document which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting.**

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## **ASSURA plc**

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

### **Firm Placing, Placing and Open Offer of 556,200,000 New Ordinary Shares and an Offer for Subscription of up to 61,800,000 New Ordinary Shares, all at 50 pence per share**

**and**

### **Notice of General Meeting**

*Joint Sponsor, Financial Adviser,  
Broker and Underwriter*

**LIBERUM CAPITAL LIMITED**

*Joint Sponsor, Financial Adviser,  
Broker and Underwriter*

**STIFEL NICOLAUS EUROPE LIMITED**

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Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be admitted to the Official List and to be admitted to trading on the London Stock Exchange’s main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 14 October 2015.

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

**The Open Offer closes at 11.00 a.m. on 9 October 2015 and payment is required in full by this time. If you are a Qualifying non-CREST Shareholder (other than, subject to certain exceptions, Qualifying non-CREST Shareholders with a registered address in any of the Excluded Territories) and wish to apply or subscribe for Open Offer Shares under the Open Offer, you should complete the accompanying Application Form and return it with your remittance in accordance with the instructions set out in paragraph 4.1 of Part II (Terms and Conditions of the Open Offer) of this document and in the Application Form. If you are a Qualifying CREST Shareholder (other than, subject to certain exceptions, Qualifying CREST Shareholders with a registered address in any of the Excluded Territories) the relevant CREST instructions must have settled as explained in Part II (Terms and Conditions of the Open Offer) of this document by no later than 11.00 a.m. on 9 October 2015. The Application Form is personal to Qualifying non-CREST Shareholders and cannot be transferred, sold or assigned except to satisfy *bona fide* market claims. Applications under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim. The latest time and date for acceptance and payment in full for the New Ordinary Shares under the Offer for Subscription is expected to be 11.00 a.m. on 9 October 2015 and the procedures for application and payment are set out in Part III (Terms and Conditions of the Offer for Subscription) of this document and, where relevant, in the Offer for Subscription Application Form.**

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

Notice of the General Meeting of Assura plc, to be held at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 12 October 2015, is set out at the end of this document. A Form of Proxy is enclosed for use by Shareholders in connection with the meeting. In order to be valid, any Form of Proxy and power of attorney or other authority under which it is signed, or a notarially certified or office copy of such power or authority, must reach, by post, the Company’s Registrars, Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours (excluding any part of a day which is a non-working day) before the time of the meeting or of any adjournment of the meeting. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they so wish.

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

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

The New Ordinary Shares, the Open Offer Entitlements and the Excess Open Offer Entitlements have not been and will not be registered under the US Securities Act 1933, as amended from time to time (“US Securities Act”), or with any securities regulatory authority or under any securities laws of any state or other jurisdiction of the United States. Accordingly, the Open Offer Entitlements and the Excess Open Offer Entitlements may not be offered, sold, purchased or exercised in the United States, and the New Ordinary Shares may not be subscribed, offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the US Securities Act in compliance with any applicable securities laws of any state or other jurisdiction of the United States. Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved of these securities or determined if this document is truthful or complete. Any representation to the contrary is a criminal offence.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## **NOTICE TO BELGIAN INVESTORS**

This offering is to be exclusively conducted under applicable private placement exceptions and therefore has not been and will not be notified to, and any other offering material relating to the offering has not been, and will not be approved by, the Belgian Financial Services and Markets Authority pursuant to the Belgian laws and regulations applicable to the public offering of securities. Accordingly, this Prospectus and any other documents or materials related to the offer or sale, or invitation for subscription or purchase, of the Shares, may not be advertised, offered or distributed in any other way, directly or indirectly, (i) to any other person located and/or resident in Belgium other than a professional client within the meaning of Annex II to Directive 2004/39/EC or an eligible counterparty within the meaning of Article 24 of the same directive or (ii) to any person qualifying as a consumer for the purposes of Book VI of the Belgian Code of economic law, unless this is in compliance with the relevant provisions of such code and the implementing regulation.

## **NOTICE TO INVESTORS IN THE NETHERLANDS**

The Ordinary Shares (including the rights representing an interest in the Ordinary Shares in global form) which are the subject of this Prospectus, have not been and shall not be offered, sold, transferred or delivered in the Netherlands other than to qualified investors (within the meaning of the Prospectus Directive).

For the purposes of the abovementioned paragraphs, the expression an “offer of Shares to the public” in relation to any Ordinary Shares in the Netherlands means the announcement or communication in any form and by any means of sufficient information on the terms of the offer and the Ordinary Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Ordinary Shares and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive) and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

No approved prospectus within the meaning of the Prospectus Directive is required to be made generally available in connection with the offer.

## **NOTICE TO AUSTRALIAN INVESTORS**

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

## **NOTICE TO SWISS INVESTORS**

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

## **NOTICE TO INVESTORS IN HONG KONG**

**WARNING** – the contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Placing, Placing and Open Offer and Offer for Subscription. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

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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	<b>Introduction</b>	<p>This summary should be read as an introduction to this Prospectus.</p> <p>Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	<b>Subsequent resale of securities or final placement of securities through financial intermediaries</b>	Not applicable – the Company has not given consent to the use of this document for subsequent resale or any final placement of Ordinary Shares by financial intermediaries.
Section B – Issuer and any guarantor		
B.1	<b>Legal and commercial name</b>	The issuer’s legal and commercial name is Assura plc.
B.2	<b>Domicile/Legal Form/ Legislation/Country of Incorporation</b>	Assura plc is a public limited company incorporated and domiciled in England and Wales with its registered office at The Brew House, Greenalls Avenue, Warrington, Cheshire WA4 6HL. The Company operates under the Companies Act 2006.
B.3	<b>Key factors of the issuer’s current operations, principal activities and markets</b>	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.
B.4a	<b>Significant trends</b>	The requirement for investment in primary care premises is increasing as the demands on the NHS are rising against a backdrop of an existing property estate that is not able to meet



		<p>these challenges. GPs are experiencing an increase in the number of consultations and this is expected to increase further based on the healthcare demands of an ageing population.</p> <p>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, although there are positive signs that the importance of fresh investment in primary care infrastructure is now widely recognised, and that the NHS is looking to address this. Despite these delays in approving new developments, the sector continues to provide strong property fundamentals with 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 most common in the sector has provided inflation tracking returns over the medium term.</p> <p>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.</p>																																																																						
B.5	Group structure	<p>The Company is the ultimate holding company of the Group. 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, Assura HC UK Limited, Assura Aspire Limited and Assura Group Limited.</p>																																																																						
B.6	Notifiable interests in the Company and voting rights	<p>As at 23 September 2015 (being the latest practicable date prior to the publication of this document), the Company has been notified that the following persons – in addition to the interests of the Directors referred to herein – are, directly or indirectly, interested in three per cent. or more of the Company’s issued ordinary share capital or voting rights:</p> <table><thead><tr><th></th><th colspan="2">As at 21 September 2015</th><th colspan="2">Expected</th><th>At Admission</th><th>Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for subscription</th></tr><tr><th></th><th>Number of Ordinary Shares</th><th>Percentage of voting rights</th><th>number of Ordinary Shares</th><th>Open Offer or the Offer for Subscription</th><th>Percentage of voting rights assuming no take up under the Open Offer</th><th>Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for subscription</th></tr></thead><tbody><tr><td>Invesco</td><td>269,248,327</td><td>26.62</td><td>352,848,326</td><td>22.51</td><td></td><td>21.65</td></tr><tr><td>Artemis Investment Management</td><td>163,371,021</td><td>16.15</td><td>189,371,021</td><td>12.08</td><td></td><td>11.62</td></tr><tr><td>BlackRock</td><td>57,577,739</td><td>5.69</td><td>68,711,198</td><td>4.38</td><td></td><td>4.22</td></tr><tr><td>Ameriprise Financial Inc</td><td>47,698,815</td><td>4.72</td><td>70,698,815</td><td>4.51</td><td></td><td>4.34</td></tr><tr><td>Legal &amp; General</td><td>38,951,211</td><td>3.85</td><td>54,524,810</td><td>3.48</td><td></td><td>3.35</td></tr><tr><td>Raymond Seymour</td><td>36,401,976</td><td>3.60</td><td>36,401,976</td><td>2.32</td><td></td><td>2.23</td></tr><tr><td>Liontrust Asset Management</td><td>35,643,698</td><td>3.52</td><td>43,643,697</td><td>2.78</td><td></td><td>2.68</td></tr><tr><td>Investec Wealth &amp; Management Limited</td><td>31,280,551</td><td>3.09</td><td>35,244,550</td><td>2.25</td><td></td><td>2.16</td></tr></tbody></table> <p>None of the Shareholders referred to above have different voting rights from any other holder of Ordinary Shares held by them.</p>		As at 21 September 2015		Expected		At Admission	Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for subscription		Number of Ordinary Shares	Percentage of voting rights	number of Ordinary Shares	Open Offer or the Offer for Subscription	Percentage of voting rights assuming no take up under the Open Offer	Percentage of voting rights assuming no take up under the Open Offer and full take up under the Offer for subscription	Invesco	269,248,327	26.62	352,848,326	22.51		21.65	Artemis Investment Management	163,371,021	16.15	189,371,021	12.08		11.62	BlackRock	57,577,739	5.69	68,711,198	4.38		4.22	Ameriprise Financial Inc	47,698,815	4.72	70,698,815	4.51		4.34	Legal & General	38,951,211	3.85	54,524,810	3.48		3.35	Raymond Seymour	36,401,976	3.60	36,401,976	2.32		2.23	Liontrust Asset Management	35,643,698	3.52	43,643,697	2.78		2.68	Investec Wealth & Management Limited	31,280,551	3.09	35,244,550	2.25		2.16
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		The Directors are not aware of any person who directly or indirectly, jointly or severally, owns or could exercise control over the Company.																																																																																																																																
B.7	<b>Selected historical key financial information</b>	<p>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 2013, 31 March 2014 and 31 March 2015;</p> <p><b>Consolidated Balance Sheet</b></p> <table><tr><th></th><th><i>31 March</i> <i>2015</i> <i>£m</i></th><th><i>Year ended</i> <i>31 March</i> <i>2014</i> <i>£m</i></th><th><i>31 March</i> <i>2013</i> <i>£m</i></th></tr><tr><td>Investment property</td><td>925.3</td><td>656.7</td><td>557.3</td></tr><tr><td>Property assets held for sale</td><td>5.4</td><td>11.6</td><td>12.0</td></tr><tr><td>Investments</td><td>0.4</td><td>0.5</td><td>11.2</td></tr><tr><td>Cash, cash equivalents and restricted cash</td><td>66.5</td><td>38.6</td><td>35.7</td></tr><tr><td>Derivative financial instruments at fair value</td><td>–</td><td>(1.8)</td><td>(3.6)</td></tr><tr><td>Borrowings</td><td>(513.5)</td><td>(450.3)</td><td>(392.1)</td></tr><tr><td>Other assets and liabilities (net)</td><td>(32.2)</td><td>(28.7)</td><td>(22.4)</td></tr><tr><td><b>Net assets</b></td><td><b>451.9</b></td><td><b>226.6</b></td><td><b>198.1</b></td></tr><tr><td>Net asset value per Ordinary Share – Basic (p)</td><td>44.9p</td><td>42.8p</td><td>37.4p</td></tr><tr><td>Net asset value per Ordinary Share – Diluted (p)</td><td>44.0p</td><td>42.8p</td><td>37.4p</td></tr><tr><td>Adjusted (EPRA) net asset value per Ordinary Share – Basic (p)*</td><td>44.9p</td><td>43.4p</td><td>38.6p</td></tr><tr><td>Adjusted (EPRA) net asset value per Ordinary Share – Diluted (p)*</td><td>44.0p</td><td>43.4p</td><td>38.6p</td></tr></table> <p>* EPRA net asset value represents net assets adding back own shares held, derivative financial instrument and deferred tax.</p> <p><b>Consolidated Income Statement</b></p> <table><tr><th></th><th><i>31 March</i> <i>2015</i> <i>£m</i></th><th><i>Year ended<sup>(1)</sup></i> <i>31 March</i> <i>2014</i> <i>£m</i></th><th><i>31 March</i> <i>2013</i> <i>£m</i></th></tr><tr><td>Continuing operations</td><td></td><td></td><td></td></tr><tr><td>Gross rental and related income</td><td>51.1</td><td>39.9</td><td>37.1</td></tr><tr><td>Property operating expenses</td><td>(2.9)</td><td>(2.1)</td><td>(3.4)</td></tr><tr><td><b>Net rental income</b></td><td><b>48.2</b></td><td><b>37.8</b></td><td><b>33.7</b></td></tr><tr><td>Administrative expenses</td><td>(5.7)</td><td>(5.0)</td><td>(4.9)</td></tr><tr><td>Revaluation gains</td><td>21.4</td><td>12.4</td><td>6.0</td></tr><tr><td>(Loss)/gain on sale of property</td><td>(0.1)</td><td>0.2</td><td>(0.1)</td></tr><tr><td>Share-based payment charge</td><td>(0.7)</td><td>(0.7)</td><td>(0.6)</td></tr><tr><td>Exceptional items</td><td>–</td><td>(0.4)</td><td>–</td></tr><tr><td>Finance revenue</td><td>0.4</td><td>0.3</td><td>0.5</td></tr><tr><td>Finance costs</td><td>(27.0)</td><td>(22.2)</td><td>(20.5)</td></tr><tr><td>Gain/(loss) on derivative financial instruments</td><td>0.1</td><td>1.8</td><td>(1.2)</td></tr><tr><td><b>Profit before taxation</b></td><td><b>36.6</b></td><td><b>24.2</b></td><td><b>12.9</b></td></tr><tr><td>Taxation</td><td>0.6</td><td>(0.4)</td><td>(0.2)</td></tr><tr><td><b>Profit for the year from continuing operations</b></td><td><b>37.2</b></td><td><b>23.8</b></td><td><b>12.7</b></td></tr><tr><td>Profit for the year from discontinued operations – LIFT</td><td>–</td><td>11.2</td><td>1.4</td></tr><tr><td><b>Profit for the year attributable to equity holders of the parent</b></td><td><b>37.2</b></td><td><b>35.0</b></td><td><b>14.1</b></td></tr><tr><td><b>Earnings per Share on profit for year (p)</b></td><td><b>4.9p</b></td><td><b>6.6p</b></td><td><b>2.7p</b></td></tr></table> <p>1. Results for the year ended 31 March 2013 have been re-presented to transfer profits and losses from the LIFT segment to profit for the period from discontinued operations.</p>		<i>31 March</i> <i>2015</i> <i>£m</i>	<i>Year ended</i> <i>31 March</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2013</i> <i>£m</i>	Investment property	925.3	656.7	557.3	Property assets held for sale	5.4	11.6	12.0	Investments	0.4	0.5	11.2	Cash, cash equivalents and restricted cash	66.5	38.6	35.7	Derivative financial instruments at fair value	–	(1.8)	(3.6)	Borrowings	(513.5)	(450.3)	(392.1)	Other assets and liabilities (net)	(32.2)	(28.7)	(22.4)	<b>Net assets</b>	<b>451.9</b>	<b>226.6</b>	<b>198.1</b>	Net asset value per Ordinary Share – Basic (p)	44.9p	42.8p	37.4p	Net asset value per Ordinary Share – Diluted (p)	44.0p	42.8p	37.4p	Adjusted (EPRA) net asset value per Ordinary Share – Basic (p)*	44.9p	43.4p	38.6p	Adjusted (EPRA) net asset value per Ordinary Share – Diluted (p)*	44.0p	43.4p	38.6p		<i>31 March</i> <i>2015</i> <i>£m</i>	<i>Year ended<sup>(1)</sup></i> <i>31 March</i> <i>2014</i> <i>£m</i>	<i>31 March</i> <i>2013</i> <i>£m</i>	Continuing operations				Gross rental and related income	51.1	39.9	37.1	Property operating expenses	(2.9)	(2.1)	(3.4)	<b>Net rental income</b>	<b>48.2</b>	<b>37.8</b>	<b>33.7</b>	Administrative expenses	(5.7)	(5.0)	(4.9)	Revaluation gains	21.4	12.4	6.0	(Loss)/gain on sale of property	(0.1)	0.2	(0.1)	Share-based payment charge	(0.7)	(0.7)	(0.6)	Exceptional items	–	(0.4)	–	Finance revenue	0.4	0.3	0.5	Finance costs	(27.0)	(22.2)	(20.5)	Gain/(loss) on derivative financial instruments	0.1	1.8	(1.2)	<b>Profit before taxation</b>	<b>36.6</b>	<b>24.2</b>	<b>12.9</b>	Taxation	0.6	(0.4)	(0.2)	<b>Profit for the year from continuing operations</b>	<b>37.2</b>	<b>23.8</b>	<b>12.7</b>	Profit for the year from discontinued operations – LIFT	–	11.2	1.4	<b>Profit for the year attributable to equity holders of the parent</b>	<b>37.2</b>	<b>35.0</b>	<b>14.1</b>	<b>Earnings per Share on profit for year (p)</b>	<b>4.9p</b>	<b>6.6p</b>	<b>2.7p</b>
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		<b>Historical Cash Flows</b>		
			<i>Year ended</i>	
		<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
		<i>2015</i>	<i>2014</i>	<i>2013</i>
		<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cash flows from operating activities</b>		16.9	7.9	12.9
<b>Cash flows from investing activities:</b>				
Purchase of investment property and subsidiaries		(64.3)	(9.1)	(3.6)
Development spend		(14.0)	(23.5)	(18.1)
Proceeds from sale of property		4.2	3.3	8.4
Proceeds from sale of businesses and investments		–	27.7	3.6
Net loans received from/(advanced to) associated companies		0.1	(0.3)	(0.3)
		<u>(74.0)</u>	<u>(1.9)</u>	<u>(10.0)</u>
<b>Cash flows from financing activities:</b>				
Proceeds from share issues, net of costs		173.5	–	–
Dividend paid		(14.4)	(7.2)	(4.5)
Net borrowings movement		(74.1)	4.1	15.9
		<u>85.0</u>	<u>(3.1)</u>	<u>11.4</u>
<b>Net increase in cash</b>		27.9	2.9	14.3
Opening cash balance		38.6	35.7	21.4
<b>Closing cash balance</b>		<u>66.5</u>	<u>38.6</u>	<u>35.7</u>
		<p>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 2013, 31 March 2014 and 31 March 2015 and the period since 31 March 2015 until 23 September 2015, being the latest practicable date prior to the publication of this document.</p>		
		<p><b>Review of operational performance</b></p> <p>Profit for the year attributable to equity holders of the parent has increased from a profit of £14.1 million in the year ended 31 March 2013 to a profit of £35.0 million in the year ended 31 March 2014 and a profit of £37.2 million in the year ended 31 March 2015.</p> <p>The increase in profit for the year attributable to equity holders of the parent over the three years ended 31 March 2015 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; and (iv) gains on disposals of the LIFT investments in the year ended 31 March 2014.</p> <p>Net asset value per Ordinary Share was 37.4p at 31 March 2013, increasing to 42.8p at 31 March 2014 and 44.9p at 31 March 2015. On an EPRA basis, which is adjusted to remove own shares held, derivative financial instruments and deferred tax, the values increase to 38.6p, 43.4p and 44.9p respectively.</p> <p>The increase over the three year period is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to Shareholders.</p>		



		<p>Gross rental and related income has increased from £39.9 million in the year ended 31 March 2014 and to £51.1 million in the year ended 31 March 2015. This is rental income earned on the investment properties owned by the Group. The primary reason for the increase in the number of properties and annual contracted rent roll was the acquisition of the MP Realty and Metro portfolios in June 2014 and November 2014 respectively. These portfolios totalled 28 and 11 properties adding £6.0 million and £3.4 million to the annual rent roll respectively.</p> <p>Since 31 March 2015, the Group has completed the acquisition of 35 medical centres for a total gross consideration of £61.2 million and as a result, the Group's current annual rent roll is approximately £59.4 million. For the purposes of the Share Issue, the Group's property portfolio, including recent acquisitions, was re-valued as at 21 August 2015. The net impact of the valuation movements on investment properties, developments, land and after acquisitions and acquisition costs is approximately £24.7 million or 2.4 pence per Ordinary Share on the current number of Ordinary Shares in issue as at the date of this document.</p> <p>Since 31 March 2015, the Company has issued an additional 4,545,455 Ordinary Shares on 21 July 2015 as part of the consideration for the acquisition of Pentagon HS Limited, the owner of a medical centre.</p> <p><b>Significant events</b></p> <p>The following are the significant events which have occurred over the last three financial years up to the date of publication of this document:</p> <ul style="list-style-type: none"> <li>• in April 2013 the Group announced that it had elected for REIT status (with effect from 1 April 2013);</li> <li>• in September 2013, the Group acquired the entire share capital of Trinity Medical Developments Limited, which held 32 modern, high quality medical centres, for £62.9 million (including associated net debt of £52.0 million);</li> <li>• in November 2013 the Group entered into agreements for the sale of its LIFT investments, which represented equity and loan notes in a number of public private consortia in which the Group had invested, for a consideration of £22.4 million, a £10.5 million premium over book value;</li> <li>• in June 2014, the Group acquired 28 high-quality, modern medical centres through the acquisition of MP Realty Holdings Limited for £107.0 million with associated net debt of £77.7 million;</li> <li>• 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 £25.0 million by way of an offer for subscription. The total gross proceeds of £180.2 million have been used to fund an acquisition and development pipeline and reduce some of the Group's borrowings;</li> </ul>
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		<ul style="list-style-type: none"><li>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 £21.0 million;</li><li>in January 2015, the Group changed its corporate structure by inserting Assura plc as a new English-incorporated parent company at the head of the Group by way of the Scheme. Assura plc elected to be a UK REIT Group on 28 January 2015 (in order that the REIT status enjoyed by the Group since 1 April 2013 would continue following the implementation of the Scheme); and</li><li>in May 2015, the Company entered into a new five year, £60.0 million revolving credit facility with Barclays, Natwest and HSBC at an initial margin of 170 basis points over LIBOR. This facility replaced the £30.0 million revolving credit facility with Barclays and Natwest. This facility was increased to £120 million on 28 August 2015 subject to sufficient property being available as security for charging against the facility.</li></ul>																																
B.8	<b>Selected key pro forma financial information</b>	<p>The unaudited summary pro forma statement below sets out how the receipt of proceeds from the Share Issue are expected to impact the Group’s financial position as though the Firm Placing and Placing and Open Offer had occurred at 31 March 2015. By its nature, the pro forma financial information addresses a hypothetical situation and does not therefore represent the Company’s or the Group’s actual financial position or results.</p> <table><tr><th></th><th><i>Net assets of the Group at 31 March 2015 £m</i></th><th><i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer £m</i></th><th><i>Summary Pro forma net assets of the Group £m</i></th></tr><tr><td>Total property</td><td>925.3</td><td>–</td><td>925.3</td></tr><tr><td>Other non-current assets</td><td>1.8</td><td>–</td><td>1.8</td></tr><tr><td>Cash</td><td>66.5</td><td>270</td><td>336.5</td></tr><tr><td>Other current assets</td><td>13.7</td><td>–</td><td>13.7</td></tr><tr><td>Debt and finance lease obligations</td><td>(516.5)</td><td>–</td><td>(516.5)</td></tr><tr><td>Other liabilities</td><td>(38.9)</td><td>–</td><td>(38.9)</td></tr><tr><td>Net assets</td><td>451.9</td><td>270</td><td>721.9</td></tr></table> <p><b>Notes:</b></p> <p>1 The consolidated net assets of the Group at 31 March 2015 have been extracted without material adjustment from the audited financial statements of Assura plc for the year ended 31 March 2015 which have been incorporated by reference as set out in the part of this document headed “Documents Incorporated by Reference” and prepared under the Group’s IFRS accounting policies.</p> <p>2 The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £270 million (gross proceeds of £278 million less expenses of £8 million). The Company intends that £175 million of the proceeds from the Share Issue is used to reduce net borrowings, with £125 million being invested in medical properties that would be added to the Group’s investment portfolio. The adjustment does not reflect the payment of any interest or early repayment costs that would arise as a result of the repayment of borrowings.</p>		<i>Net assets of the Group at 31 March 2015 £m</i>	<i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer £m</i>	<i>Summary Pro forma net assets of the Group £m</i>	Total property	925.3	–	925.3	Other non-current assets	1.8	–	1.8	Cash	66.5	270	336.5	Other current assets	13.7	–	13.7	Debt and finance lease obligations	(516.5)	–	(516.5)	Other liabilities	(38.9)	–	(38.9)	Net assets	451.9	270	721.9
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		<p>3 No account has been taken of the financial performance of the Group since 31 March 2015 nor of any other event save as disclosed above, including the 4,545,455 Ordinary Shares issued as part consideration for the acquisition of Pentagon HS Limited.</p> <p>4 No account has been taken of the revaluation of the Group's property portfolio carried out as at 21 August 2015 for the purposes of the Share Issue.</p> <p>Since 31 March 2015 the Group has completed a number of acquisitions, the financial impact of which is not reflected in the above pro forma statement. These acquisitions have been for a gross consideration of £61.2 million and have increased the Group's LTV to 52 per cent., which is expected to reduce to 35 per cent., following the forecast reduction in debt and investment in the £125 million pipeline utilising the proceeds of the Share Issue.</p>
B.9	<b>Profit forecast/estimate</b>	Not applicable – there is no profit forecast or estimate contained in this document.
B.10	<b>Audit report – qualifications</b>	Not applicable – there are no qualifications contained in the audit reports regarding the Company's historical financial information for the years ended 31 March 2013, 31 March 2014 and 31 March 2015.
B.11	<b>Working capital</b>	The Company is of the opinion that, taking into account the existing bank and other facilities available to it and the proceeds of the Firm Placing and Placing and Open Offer, 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.

<b>Section C – Securities</b>		
C.1	<b>Type and class of the securities being admitted to trading, including the security identification number</b>	<p>The Company proposes to raise gross proceeds of up to £309 million (£300 million net of expenses) through the issue of 353,910,881 New Ordinary Shares through a Firm Placing, 202,289,119 New Ordinary Shares through a Placing and Open Offer and up to 61,800,000 New Ordinary Shares through an Offer for Subscription, all at 50 pence per New Ordinary Share.</p> <p>The ISIN of the Existing Ordinary Shares (and the New Ordinary Shares once admitted to trading) is GB00BVGBWW93 and the SEDOL is BVGBWW9.</p>
C.2	<b>Currency of the securities issue</b>	Pounds sterling.
C.3	<b>Number of shares in issue and par value</b>	The issued and fully paid up share capital of the Company as at 23 September 2015 (being the latest practicable date prior to publication of this document) was £101,144,560 divided into 1,011,445,596 Ordinary Shares of 10 pence each.
C.4	<b>Rights attaching to the securities</b>	The New Ordinary Shares will be issued credited as fully paid and will rank <i>pari passu</i> in all respects with the Existing Ordinary Shares, including the right to receive all dividends or other distributions declared, made or paid after the date of the allotment and issue of the New Ordinary Shares, including the quarterly dividend which is expected to be payable in November 2015, with an expected associated record date of 23 October 2015.

		<p>Subject to any special rights, restrictions or prohibitions as regards voting for the time being attached to any Ordinary Shares (for example, in the case of joint holders of a share, the only vote which will count is the vote of the person whose name is listed before the other voters for the share on the Company's register of members), Shareholders shall have the right to receive notice of and to attend and vote at general meetings of the Company.</p> <p>Subject to applicable laws, the Articles and to any rights for the time being attached to any existing Ordinary Share, any Ordinary Shares may be issued with such rights or restrictions as the Company may from time to time by ordinary resolution determine, or, if the Company has not so determined, as the Board may determine.</p> <p>Subject to applicable laws, any Ordinary Share may be issued which is to be redeemed, or is to be liable to be redeemed at the option of the Company or the holder, on such terms, conditions and in such manner as the Board may determine.</p> <p>If the Company'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	<b>Restrictions on free transferability of the securities</b>	Not applicable – there are no restrictions on the free transferability of the Ordinary Shares.
C.6	<b>Admission to trading on a regulated market</b>	Subject to shareholder approval, application will be made to the UK Listing Authority and the London Stock Exchange for all of the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities.
C.7	<b>Dividend policy</b>	<p>The Company continues its commitment to delivering a fully covered dividend and a progressive dividend policy broadly in line with underlying rental growth.</p> <p>Following the proposed refinancing from the proceeds of the Share Issue, the Group expects its capacity for dividend payments will be increased. Therefore, subject to completion of the Share Issue, the Board intends to increase the quarterly dividend by 10 per cent. to 0.55 pence per Ordinary Share or 2.2 pence per Ordinary Share on an annualised basis with effect from January 2016.</p>

#### Section D – Risks

D.1	<b>Key information on the key risks that are specific to the issuer or its industry</b>	<p><b>Risks relating to the Group and the market in which it operates</b></p> <ul style="list-style-type: none"> <li>The Group's financial performance will be affected by variations in the general economic environment, as well as general conditions affecting the commercial rental market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields.</li> </ul>
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		<p><b>Risks relating to real estate investment</b></p> <ul style="list-style-type: none"> <li>Both rental income and the market value for properties are generally affected by overall conditions in the local economy, employment trends, inflation and changes in interest rates, which may in turn impact upon the demand for properties. Any weakening of rental yields and valuations could have an adverse impact on the Group's future profits, including revaluation surpluses or deficits. Furthermore, movements in interest rates may also affect the cost of financing property.</li> <li>Property and property-related assets are inherently difficult to value due to the individual nature of each property and the fact that any valuation is based on assumptions which may not prove to be accurate. As a result, valuations are subjective and can be uncertain with valuers having differing opinions. There can be no guarantee that the estimates resulting from the valuation process will reflect actual sale prices that could be realised by the Group in the future or another valuer's estimate of valuation which may adversely affect the asset value of the Company.</li> <li>Investments in property are relatively illiquid and usually more difficult to realise than listed equities or bonds. Disposal of any of the properties or other non-core property assets could, therefore, take longer than may be commercially desirable or values obtained may be lower than planned, reducing the Group's profits and proceeds realised from such disposals.</li> </ul> <p><b>Risks relating to real estate development</b></p> <ul style="list-style-type: none"> <li>Property development can be high risk and the Group may be exposed to cost overruns, completion delays, planning difficulties and financing shortfalls, in which case the Group is likely to need to commit more money to the relevant development than it had originally planned from its existing cash resources. Furthermore, a number of the Group's developments may not be fully pre-let.</li> </ul> <p><b>Risks relating to government policy</b></p> <ul style="list-style-type: none"> <li>As a key provider of private sector capital and expertise to the NHS in upgrading the NHS infrastructure in the form of GP surgeries, the Group is exposed to changes in the direction and management of the NHS. Changes in NHS procurement and funding for GPs could adversely affect the availability of new schemes for investment and changes to the rent reimbursement mechanism would reduce the attractiveness of the sector for ongoing investment.</li> <li>The reorganisation of the NHS that was implemented in April 2013 led to a reduction in the number of approvals of new developments as the new organisational structures took time to be bedded in. Recent announcements by the NHS point to the approval process being resolved and the Group has recently received its first approval under the new process.</li> </ul>
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		<p><b>Risks relating to investor demand for primary care property in the UK</b></p> <ul style="list-style-type: none"> <li>Reduction in investor demand for UK primary care property may result in falls in asset valuations, which could reduce the Group's future profits and net asset values. Reduced investor demand could arise from, amongst other things, changes in NHS policy, general economic conditions, availability of finance and the relative attractiveness of other asset classes.</li> </ul> <p><b>Risks relating to optimum and appropriate financing of the business</b></p> <ul style="list-style-type: none"> <li>The 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 is active in promoting the attractiveness of the sector to both existing and potential new lenders.</li> </ul> <p><b>Risks relating to management's ability to identify good development and acquisition opportunities and asset manage the properties to add value</b></p> <ul style="list-style-type: none"> <li>The Group's strategy is founded upon the basis that suitable properties can be sourced for investment at prices and upon terms and conditions (including financing) that the Board considers favourable. There can be no assurance that the Group will find suitable properties in which to invest, despite having a substantial pipeline. The longer the period before investment, the greater the likelihood that having uninvested cash will limit the Group's growth in underlying earnings and its ability to make distributions to Shareholders will be adversely affected.</li> </ul>
D.3	<b>Key risks that are specific to the securities</b>	<p><b>Risks relating to the Group and the market in which it operates</b></p> <ul style="list-style-type: none"> <li>The market price of the Ordinary Shares may fluctuate significantly due to a change in sentiment in the market regarding the Company's business, financial condition or results of operations. Such fluctuations may be influenced by a number of factors beyond the Company's control, including but not limited to the market's perception of the likelihood of completion of the Share Issue, actual or anticipated changes in the Group's performance or that of its competitors, the expectations and recommendations of analysts who cover the Company's business and industry, regulatory changes affecting the Group's operations, large sales or purchases of the Ordinary Shares (or the perception that such transactions may occur) and general market and economic conditions.</li> <li>There is no guarantee that the market price of the Ordinary Shares will reflect fully the underlying value of the assets held by the Group. As well as being affected by the underlying value of the assets held, the market value of the Ordinary Shares will, amongst other factors, be influenced</li> </ul>



		<p>by their dividend yield and the supply and demand for the Ordinary Shares in the market. As such, the market value of the Ordinary Shares may vary considerably from the underlying value of the Group's assets. The market price of the Ordinary Shares may also fall, and remain below, the Offer Price.</p> <p><b>Risks relating to regulation, government policy and tax</b></p> <ul style="list-style-type: none"> <li>The Company, as a REIT may become subject to an additional tax charge if it makes a distribution to, or in respect of, a substantial shareholder, that is, broadly, a company which has rights to ten per cent. or more of the distributions of Ordinary Shares or controls at least 10 per cent. of the voting rights in the Company. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to such a substantial shareholder.</li> </ul> <p><b>Risks relating to the Ordinary Shares</b></p> <ul style="list-style-type: none"> <li>The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited under law. The Company has been formed and registered under the laws of 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.</li> <li>Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing and the Offer for Subscription whether or not Qualifying Shareholders take up their Open Offer Entitlement. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and the Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.6 per cent. (excluding the impact of the Offer for Subscription) or 25.5 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their Open Offer Entitlement their holding will be diluted by 35.5 per cent. (excluding the impact of the Offer for Subscription) or 37.9 per cent. (assuming full take up under the Offer for Subscription). The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 35.5 per cent. to 64.5 per cent. as a result of the</li> </ul>
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		<p>Share Issue (excluding the impact of the Offer for Subscription) or by 37.9 per cent. to 62.1 per cent. (assuming full take up under the Offer for Subscription).</p> <ul style="list-style-type: none"> <li>The Ordinary Shares have not been registered in the United States under the US Securities Act or under any other applicable securities laws and are subject to restrictions on transfer contained in such laws. There are additional restrictions on the resale of the Ordinary Shares by Shareholders who are in the United States and on the resale of the Ordinary Shares by any Shareholder to any person who is in the United States. These restrictions could make it more difficult to resell the Ordinary Shares in many instances and this could have an adverse effect on the market value of the Ordinary Shares.</li> </ul>
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Section E – Offer		
E.1	<b>Net proceeds and expenses</b>	<p>The Company is proposing to raise net proceeds of up to approximately £300 million (after the deduction of estimated expenses of approximately £9 million) pursuant to the Share Issue. No expenses will be charged to subscribers of New Ordinary Shares in connection with the Share Issue.</p>
E.2a	<b>Reasons for the offer and use of proceeds</b>	<p>The estimated net proceeds of up to £300 million from the Share Issue will be used to make further investments into primary care properties and reduce borrowings, to enable a more flexible funding structure operating at a lower overall level of gearing.</p> <p><b>Reduction in borrowings</b></p> <p>At the year ended 31 March 2015, the Group had a loan to value ratio of 48 per cent. As at 23 September 2015 following the Company's recent acquisitions and the revaluation of its portfolio, the level of debt of £530 million results in a LTV ratio of 52 per cent.</p> <p>At the time of its equity issuance in October 2014, the Board outlined that its medium term target for gearing was a LTV of between 45 per cent. and 55 per cent. The Board has since undertaken a detailed review of this policy and has concluded that a lower level of gearing would be beneficial in certain circumstances. Accordingly, the Directors believe that a new gearing policy of between 40 per cent. and 50 per cent. should be adopted. The Board considers that the reduced volatility to investors, the greater operational flexibility and the potential for a wider refinancing and significant reduction in the weighted average cost of debt resulting from a lower LTV ratio would be beneficial.</p> <p>Assuming full take up of the Offer for Subscription, Management intends to apply £175 million of the proceeds by reducing the Group's borrowings. After the impact of estimated early repayment costs this will reduce the Group's net borrowings by approximately £135 million. This will reduce the Group's total debt to approximately £395 million and result in an overall LTV ratio of approximately 35 per cent., including investment in</p>

		<p>property acquisitions and development spend of the £125 million proceeds.</p> <p>Future acquisitions and developments, outside of the immediate pipeline, will be funded by the Group's variable rate Revolving Credit Facility, and therefore the Group's level of variable rate financing is expected to increase over the medium term.</p> <p>No notice has yet been served to redeem any loans and so the exact loans to be repaid are uncertain. It is estimated that the Group will incur approximately £40 million in associated redemption fees or refinancing costs, assuming the net borrowings reduce by £135 million, but these have not yet been finally determined. The Company's balance sheet as at 31 March 2015 did not contain any provisions for potential future redemption or refinancing costs. The precise impact is therefore not known and would be subject to negotiation.</p> <p><b>Further property investment</b></p> <p>The Group has successfully completed acquisitions for consideration in excess of £355 million since 31 March 2012 and underlying earnings per Ordinary Share have increased by 40 per cent. in the three year period to 31 March 2015. The Board intends to continue to target acquisitions and to fund developments to secure new investments at above-market yields.</p> <p>The Group has a near term pipeline of acquisitions and developments with a cost of approximately £125 million. The Company has identified £96 million of acquisition opportunities, which are anticipated to be under contract before 31 March 2016. In addition, the Company anticipates £27 million of developments will have commenced or be expected to be underway over the next 12 months. In addition to this near term pipeline, the Group has £29 million of further development opportunities, however the timing of these projects is less certain and they are not expected to commence this financial year. Pricing of these transactions is expected to be in line with Assura's recent acquisitions and developments.</p> <p>Following the refinancing, in the medium term the Company will have further investment capacity of £230 million for additional property purchases (funded through additional debt facilities), which would increase its LTV to approximately 45 per cent., being the middle of its target range.</p>
E.3	<b>Terms and conditions of the offer</b>	<p>The Company is proposing to issue 353,910,881 New Ordinary Shares through the Firm Placing, 202,289,119 New Ordinary Shares through the Placing and Open Offer and up to 61,800,000 New Ordinary Shares through the Offer for Subscription, in order to raise up to £300 million (net of expenses).</p> <p>The Share Issue requires Shareholder approval which will be sought at the General Meeting.</p> <p>The Offer Price represents a discount of 20.9 per cent. to the Closing Price of 63.25 pence per Existing Ordinary Share on 23 September 2015 (being the last practicable date prior to the</p>

		<p>announcement of the Share Issue) but a premium of 11.4 per cent. to the Company's last reported adjusted EPRA NAV per Ordinary Share as at 31 March 2015 of 44.9 pence.</p> <p><b>Firm Placing</b></p> <p>The Firm Placees have agreed to subscribe for 353,910,881 New Ordinary Shares at the Offer Price, representing gross proceeds of approximately £177 million. The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer or Offer for Subscription.</p> <p><b>Placing and Open Offer</b></p> <p>202,289,119 of the New Ordinary Shares proposed to be issued by the Company are being offered to existing Shareholders by way of the Open Offer (representing gross proceeds of approximately £101 million). The Open Offer provides an opportunity for Qualifying Shareholders to participate in the fundraising (subject to compliance with applicable securities laws) by subscribing both for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability.</p> <p>Qualifying Shareholders will have an Open Offer Entitlement of:</p> <p><b>1 Open Offer Share for every 5 Existing Ordinary Shares</b></p> <p>registered in the name of the relevant Qualifying Shareholder on the Record Date and so in proportion to any other number of Existing Ordinary Shares held.</p> <p>Qualifying Shareholders may also apply, under the Excess Application Facility, for any whole number of Excess Shares registered in the name of the relevant Qualifying Shareholder on the Record Date. In all circumstances, allocation of Excess Shares shall be subject to the discretion of the Directors. To the extent that there remains unallocated Excess Shares following the application by Qualifying Shareholders under the Excess Application Facility, such Excess Shares will be made available under the Placing.</p> <p><b>Offer for Subscription</b></p> <p>The Offer for Subscription is only being made in the UK but may be extended by the Company on a private placement basis to other jurisdictions. The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Admission. If the Company exercises such right of termination, the Offer for Subscription will lapse and any monies will be returned without interest. Applications under the Offer for Subscription must be for a minimum of 2,000 New Ordinary Shares and thereafter in multiples of 1,000 New Ordinary Shares.</p> <p>The Firm Placing and Placing and Open Offer has been fully underwritten by Liberum and Stifel on the terms of the Sponsor and Underwriting Agreement. The Offer for Subscription is not being underwritten.</p> <p>The New Ordinary Shares will, when issued and fully paid, rank in full for all dividends or other distributions declared, made or</p>
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		paid after Admission and in all other respects will rank <i>pari passu</i> with the Existing Ordinary Shares, including for the Group's next quarterly dividend which is expected to be payable in November 2015. Application will be made for the New Ordinary Shares to be admitted to the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 14 October 2015 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on 14 October 2015.
E.4	<b>Interests material to the issue including conflicting interests</b>	Not applicable – there are no interests (including conflicts of interest) which are material to the issue.
E.5	<b>Lock-up arrangements</b>	Not applicable – there are no entities or persons offering to sell the security of Assura. There are no lock-up agreements.
E.6	<b>Dilution</b>	<p>Following the issue of all New Ordinary Shares pursuant to the Share Issue, Qualifying Shareholders who do not take up any of their Open Offer Entitlements or participate in the Offer for Subscription will suffer a dilution of approximately 35.5 per cent. (excluding the impact of the Offer for Subscription) or 37.9 per cent. (assuming full take up under the Offer for Subscription).</p> <p>If a Qualifying Shareholder takes up his Open Offer Entitlement in full he will suffer a dilution of 22.6 per cent. (excluding the impact of the Offer for Subscription) or 25.5 per cent. (assuming full take up under the Offer for Subscription).</p>
E.7	<b>Estimated expenses charged to the investor</b>	Not applicable; no expenses will be directly charged by the Company to any investor who subscribes for or purchases New Ordinary Shares pursuant to the Share Issue.

## RISK FACTORS

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

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

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

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

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

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

The Group's financial performance will be affected by variations in the general economic environment, as well as general conditions affecting the commercial rental market as a whole and/or events specific to the Group's investments, such as a decrease in capital values and weakening of rental yields. However, the expected rise in interest rates and the limited availability of third party funding could both impact the Group's return.

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 (which factors would include any impact of potential, or actual, default by Greece in relation to loans from the International Monetary Fund or of the holding, or result, of the proposed referendum, to take place before the end of 2017, in relation to the United Kingdom's continuing membership of the European Union);
- 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 global economic downturn, market conditions have a significant negative impact on the availability of credit, property pricing and liquidity levels. Lenders are lending at lower multiples of income and at lower loan to value ratios compared with historical averages 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 properties may lead to losses on the sales.

***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 considers favourable. There can be no assurance as to how long it will take the Group to invest any or all of the net proceeds of the Share Issue and it may not find suitable properties in which to invest such proceeds, despite having a substantial pipeline. 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.

### ***Key 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.

### ***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.

## **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 rents 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 21 August 2015 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 6 January 2014 (the "**Red Book**"), details of which are set out in Part VI (Property Valuation Reports) of this document and which together cover the Group's entire property portfolio. Market Value is defined in the Red Book as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms' length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In determining Market Value, the valuers are required to make certain assumptions. Such assumptions may prove to be inaccurate. Incorrect assumptions or flawed assessments underlying a valuation report could negatively affect the Group's financial condition and potentially inhibit the Group's ability to realise a sale price that reflects the stated valuation. In addition, there can be no guarantee that the estimates resulting from the valuation process will reflect actual sale prices that could be realised by the Group in the future or another valuer's estimate of valuation which may adversely affect the asset value of the Group. Further, if the Group acquires properties based on inaccurate valuations, the Group's net assets and results of operations may be materially adversely affected. There can be no assurance that the valuation of the Group's current and prospective properties will be reflected in the actual transaction prices, even where any such transactions occur shortly after the relevant valuation date, or that the estimated yield and estimated annual rental income will prove to be attainable. In addition, property valuations are dependent on the level of rental income receivable and anticipated to be receivable on that property in the future and, as such, declines in rental income could have an adverse impact on revenue and the value of the Group's assets.

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

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

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

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

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

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

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

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

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

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

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

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

There can be no assurance that tenants will renew their leases at the end of their current tenancies and, if they do not, that new tenants of equivalent standing (or any new tenants) will be found to take up replacement leases. This is particularly the case where a property requires refurbishment or redevelopment following the expiry of a tenancy. Tenants with the benefit of contractual break rights may also exercise these to bring the lease to an end before the contractual termination date. During void periods, the Group will suffer a rental shortfall and incur additional expenses until the property is re-let. Even if tenant renewals or replacements are effected, 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 reorganisation of the NHS that was implemented in April 2013 led to a reduction in the number of approvals of new developments as the new organisational structures took time to be bedded in. Recent announcements by the NHS point to the approval process being resolved and the Group has recently received its first approval under the new process.

The Directors are hopeful that approvals for new schemes will be forthcoming in the near future and the Group is ready to provide the expertise and the capital to support this essential investment in the infrastructure of the NHS.

The Company has no influence over the direction taken by the Clinical Commissioning Groups who are responsible for investment decisions in primary care premises. In particular, a reduction in the funding of the Clinical Commissioning Groups may reduce the funds available for the development of, or investment in, NHS properties and adversely affect the Company's ability to grow its assets and source appropriate opportunities in accordance with its strategy.

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

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

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

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

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

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

The Board is monitoring closely the potential impact of European Directives regulating Alternative Fund Managers. The Group has engaged a regulatory consultant to undertake a review of the likelihood of the Group being classified as an Alternative Investment Fund. The review concluded that it is not currently anticipated that this Directive will apply to the Group. However, there can be no assurance that there will not be further legislation in this area, or that the Directive will not be amended, or that the classification of the Company could be changed. If the Directive did apply then there could be material compliance costs for the Group in implementing its provisions and the Company's ability to market its Ordinary Shares in certain jurisdictions could be adversely affected.

#### ***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 Directive 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.

### ***Status as a REIT***

Assura Group Limited, as the principal company of the Group, gave notice to HMRC (in accordance with section 523 CTA 2010) that the Group would become a group UK real estate investment trust with effect from 1 April 2013. The Company elected to be a UK REIT on 28 January 2015 (in order that the REIT status enjoyed by the Group since 1 April 2013 would continue following the implementation of the Scheme).

As a result, the REIT Group needs to comply with certain ongoing regulations and conditions. The basis of taxation of any Shareholder's shareholding in the Company may differ or change fundamentally if the REIT Group fails or ceases to maintain its REIT status.

The requirements for maintaining REIT status are, however, complex (see Part V (The REIT Regime and Taxation) of this document 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.

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 Ordinary Shares or dividends of the Company or which controls (directly or indirectly) 10 per cent. or more of the voting rights of the Company. This additional tax charge will not be incurred if the Company has taken reasonable steps to avoid paying distributions to an Excessive Shareholder. Therefore, the Articles contain provisions designed to avoid the situation where dividends may become payable to an Excessive Shareholder and these provisions are summarised at paragraph 3 of Part V (The REIT Regime and Taxation) of this document. The Articles (i) provide the Directors with powers to identify Excessive Shareholders (including giving notice to a Shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Excessive Shareholder; (ii) provide the Directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of an Excessive Shareholder's shareholding, unless certain conditions are met; (iii) allow dividends to be paid on Ordinary 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 Ordinary 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 Ordinary 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.

***ERISA and related considerations***

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, regulate and impose restrictions on certain U.S. employee benefit plans and retirement accounts, and on the persons who administer such plans and accounts and manage their assets. These restrictions can apply to pooled investment vehicles and funds that are regarded as holding "plan assets" under ERISA.

The Company believes that it will not be regarded as holding “plan assets” under ERISA by reason of one or more U.S. regulatory exemptions, including the exemption for an “operating company” or a “real estate operating company” (or REOC), each as defined in ERISA regulations.

Investors that may be subject to these regulations should consult with legal counsel regarding the fiduciary requirements applicable to investment decisions affecting their plan or account.

## **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.

### ***The Group is exposed to changes in interest rates***

As at 23 September 2015 (being the latest practicable date prior to the publication of this document), approximately 6.4 per cent. of the Group’s gross debt was subject to variable interest rates. Higher interest rates, whether as a result of the impact of market-driven fluctuations on floating interest rates or otherwise, could increase the cost of financing for the Group and reduce profitability. The Group does not currently hedge against the risk of higher interest rates. Notwithstanding any hedging strategy, increases in interest rates could materially increase the interest cost required to be met by the Group and could therefore materially and adversely affect the Group’s business, results of operations, financial condition and/or growth prospects.

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

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

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

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

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

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

The Group has entered into financing arrangements with certain third parties, details of which are set out in paragraph 10 of Part X (Additional Information) of this document. It is the Board's intention to reduce the level of borrowings by £135 million from the net proceeds of the Firm Placing and Placing and Open Offer. 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.

**RISKS RELATING TO THE ORDINARY SHARES**

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

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

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

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

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

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

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

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



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

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

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

The ability of Overseas Shareholders to bring actions or enforce judgments against the Company or the Directors may be limited under law. The Company has been formed and registered under the laws of 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 shares in the United States or elsewhere outside of the UK***

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

**RISKS RELATING TO THE SHARE ISSUE**

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

If the Resolutions are not approved or any other condition is not satisfied such that the Share Issue will not proceed, the Group will not receive the net proceeds of the Share Issue and therefore will not be able to reduce its loan to value ratio which is approximately 52 per cent. In such circumstance, the Group's inability to reduce its loan to value ratio may adversely affect the overall strategy and financial success of the Group as it will have reduced capacity to make future investments and acquisitions. The Board will also review its future dividend policy such that the intended 10 per cent. increase may not take place as it is conditional on the Share Issue.

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

Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing whether or not Qualifying Shareholders take up their Open Offer Entitlement and the Offer for Subscription. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.6 per cent. (excluding the impact of the Offer for Subscription) or 25.5 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their



Open Offer Entitlement their holdings will be diluted by 35.5 per cent. (excluding the impact of the Offer for Subscription) or 37.9 per cent. (assuming full take up under the Offer for Subscription). The percentage of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 35.5 per cent. to 64.5 per cent. as a result of the Share Issue (excluding the impact of the Offer for Subscription) or by 37.9 per cent. to 62.1 per cent. (assuming full take up under the Offer for Subscription).

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

Securities laws of certain jurisdictions may restrict the Company's ability to allow participation by other Shareholders in the Open Offer or Offer for Subscription. In particular, except in limited circumstances as agreed with the Company, holders of the Company's Ordinary Shares who are located in the United States will not be able to exercise their pre-emption rights. The Open Offer and Offer for Subscription will not be registered under the US Securities Act.

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

## FORWARD LOOKING STATEMENTS

This document contains forward-looking statements which are based on the Board's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. These statements include forward-looking statements both with respect to the Group and the markets in which the Group operates. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "will", "targets", "aims", "may", "would", "could", "continue" and similar statements of a future or forward-looking nature identify forward-looking statements. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to any limitations of the Company's internal financial reporting controls; an increase in competition; an unexpected decline in turnover, rental income or the value of all or part of the Group's property portfolio; legislative, fiscal and regulatory developments, including but not limited to, changes in environmental, safety and healthcare regulations and governmental policy in relation to the delivery of primary healthcare and pharmacies; and currency and interest rate fluctuations. Each forward-looking statement speaks only as of the date of this document. Except as required by the rules of the FCA (and in particular the Prospectus Rules and the Disclosure and Transparency Rules), the London Stock Exchange, the Listing Rules or by law (in particular FSMA), the Company expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Board'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 20 to 33 of this document. Prospective investors are urged to read the sections of this document entitled "Risk Factors", "Letter from the Chairman" and "Information on Assura" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates.

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

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

## IMPORTANT INFORMATION

### Currency exchange rate information

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

### No incorporation of website information

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

### Rounding

Certain numerical figures set out in this document, including financial data presented in millions or thousands, have been subject to rounding adjustments and as a result, the totals of the data in this document may vary slightly from the actual arithmetic totals of such information.

### Non-IFRS Financial Information

In this document, certain financial measures are presented that are not recognised under International Financial Reporting Standards as adopted for use in the European Union (“IFRS”), as set out below.

These non-IFRS financial measures are included in this document as they are used by management to monitor and report to the Board on the Group’s financial position, performance and available operating liquidity. The Directors believe that these measures enhance prospective investors’ understanding of the Group’s underlying business performance, indebtedness and its current ability to fund ongoing operations and make capital expenditures and the Group’s ability to service debt requirements. Certain of these non-IFRS financial measures, such as underlying profit, are widely used by certain investors, securities analysts and other interested parties as supplemental measures of financial position, financial performance and liquidity.

However, these non-IFRS financial measures are not measures based on IFRS and prospective investors should not consider such items as an alternative to the historical financial position or other indicators of the Group’s cash flow and forward position based on IFRS measures.

These non-IFRS financial measures are not measurements of operating performance under IFRS, and should not be considered a substitute for profit on ordinary activities, profit for the financial year, cash flows from operating activities or other income or cash flow statement data, or as measures of profitability or liquidity. Further, they do not necessarily indicate whether cash flow will be sufficient or available for cash requirements. These measures may not be indicative of the Group’s historical operating results nor are they meant to be predictive of potential future results. Other companies may calculate such measures in a different way, and the presentation may not be comparable to similarly entitled measures of other companies.

### General

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

Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

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

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

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

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Record Date for entitlements under the Open Offer	5.00 p.m. on 22 September 2015
Announcement of the Share Issue	24 September 2015
Ex-entitlement date	24 September 2015
Despatch of Prospectus, Application Forms and Forms of Proxy	24 September 2015
Offer for Subscription opens	25 September 2015
Open Offer Entitlements and Excess Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Shareholders	as soon as possible after 8.00 a.m. on 25 September 2015
Recommended latest time for requesting withdrawal of Open Offer Entitlements and Excess Open Offer Entitlements from CREST	4.30 p.m. on 5 October 2015
Recommended latest time for depositing Open Offer Entitlements and Excess Open Offer Entitlements into CREST	3.00 p.m. on 6 October 2015
Recommended latest time for splitting Open Offer Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 7 October 2015
Latest time and date for receipt of Forms of Proxy and electronic proxy appointments via CREST	11.00 a.m. on 8 October 2015
Latest time and date for receipt of completed Open Offer Application Forms and payment in full under the Open Offer or settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 9 October 2015
Latest time and date for receipt of Offer for Subscription Application Forms and payment in full under the Offer for Subscription	11.00 a.m. on 9 October 2015
Announcement of the results of the Open Offer and the Offer for Subscription	12 October 2015
General Meeting	11.00 a.m. on 12 October 2015
Announcement of results of General Meeting	12 October 2015
Admission and commencement of dealings in the New Ordinary Shares	8.00 a.m. on 14 October 2015
CREST stock accounts expected to be credited for the New Ordinary Shares	14 October 2015
Share certificates for New Ordinary Shares expected to be despatched	within 14 days of Admission

### NOTES:

- (1) Each of the times and dates in the table above is indicative only and may be subject to change.
- (2) References to times in this document are to London time.
- (3) The times and dates set out in the table above and mentioned throughout this document may be adjusted by the Company in consultation with Liberum and Stifel, in which event details of the new times and dates will be notified to the FCA, the London Stock Exchange and, where appropriate, Shareholders.
- (4) Any Existing Ordinary Shares sold prior to the close of business on 23 September 2015, the date on which the Existing Ordinary Shares will trade with entitlement, will be sold to the purchaser with the right to receive entitlements under the Open Offer.
- (5) If you have any questions on the procedure for application and payment under the Open Offer, you should contact Capita Asset Services on 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## STATISTICS RELATING TO THE SHARE ISSUE

Number of Existing Ordinary Shares in issue as at 23 September 2015 (being the latest practicable date prior to the publication of this document)	1,011,445,596
Offer Price per New Ordinary Share	50 pence
Premium to last published adjusted EPRA NAV <sup>(1)</sup>	11.4 per cent.
Entitlement under the Open Offer	1 New Ordinary Share for every 5 Existing Ordinary Shares
Number of Firm Placed Shares to be issued pursuant to the Firm Placing	353,910,881
Number of Open Offer Shares to be issued pursuant to the Placing and Open Offer	202,289,119
Number of New Ordinary Shares to be issued pursuant to the Offer for Subscription	up to 61,800,000
Aggregate number of New Ordinary Shares to be issued pursuant to the Share Issue <sup>(2)</sup>	618,000,000
Number of Ordinary Shares in issue immediately following the Share Issue <sup>(2)</sup>	1,629,445,596
Estimated gross proceeds of the Share Issue <sup>(2)</sup>	£309 million
Estimated expenses of the Share Issue <sup>(2)</sup>	£9 million
Estimated net proceeds receivable by the Company <sup>(2)</sup>	£300 million
New Ordinary Shares as a percentage of the Enlarged Issued Share Capital <sup>(2)</sup>	37.9 per cent.
ISIN of the Existing Ordinary Shares (and the New Ordinary Shares once admitted to trading)	GB00BVGBWW93
ISIN of the Open Offer Entitlement	GB00BYP4FY39
ISIN of the Excess Open Offer Entitlement	GB00BYP4G062
SEDOL	BVGBWW9

**NOTES:**

(1) Adjusted EPRA NAV as at 31 March 2015 of 44.9 pence per Ordinary Share.

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



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

<b>Directors</b>	Simon Laffin ( <i>Non-executive Chairman</i> ) Graham Roberts ( <i>Chief Executive</i> ) Jonathan Murphy ( <i>Finance Director</i> ) Jenefer Greenwood ( <i>Non-executive Director</i> ) David Richardson ( <i>Non-executive Director</i> )
<b>Company Secretary</b>	Orla Ball
<b>Registered office and principal place of business</b>	The Brew House Greenalls Avenue Warrington Cheshire WA4 6HL
<b>Joint Sponsor and Financial Adviser</b>	Liberum Capital Limited Ropemaker Place Level 12 25 Ropemaker Street London EC2Y 9LY
<b>Joint Sponsor and Financial Adviser</b>	Stifel Nicolaus Europe Limited 150 Cheapside London EC2V 6ET
<b>Solicitors to the Company as to English Law</b>	Addleshaw Goddard LLP Milton Gate 60 Chiswell Street London EC1Y 4AG
<b>Solicitors to the Company as to US Law</b>	Paul, Weiss, Rifkind, Wharton & Garrison LLP Alder Castle 10 Noble Street London EC2V 7JU
<b>Solicitors to the Joint Sponsors and Financial Advisers as to English and US Law</b>	Travers Smith LLP 10 Snow Hill London EC1A 2AL
<b>Auditors</b>	Deloitte LLP 2 Hardman Street Manchester M3 3HF
<b>Reporting Accountant</b>	PricewaterhouseCoopers LLP 101 Barbirolli Square Lower Mosley Street Manchester M2 3PW
<b>Registrars to the Company</b>	Capita Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

**Receiving Agent**

Capita Asset Services  
Corporate Actions  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Valuers**

Savills Advisory Services Limited  
33 Margaret Street  
London W16 0JD

Jones Lang LaSalle  
30 Warwick Street  
London W1B 5NH

# **PART I**

## **LETTER FROM THE CHAIRMAN**

### **ASSURA plc**

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

*Directors:*

Simon Laffin, *Non-executive Chairman*  
Graham Roberts, *Chief Executive*  
Jonathan Murphy, *Finance Director*  
Jenefer Greenwood, *Non-executive Director*  
David Richardson, *Non-executive Director*

*Registered office:*

The Brew House  
Greenalls Avenue  
Warrington  
Cheshire  
WA4 6HL

24 September 2015

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

Dear Shareholder,

#### **1. Introduction**

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

The Company has today announced that it proposes to raise gross proceeds of £278 million (approximately £270 million net of expenses) through the issue of 556,200,000 New Ordinary Shares by way of a Firm Placing and a Placing and Open Offer and additional gross proceeds of up to £30.9 million (approximately £30 million net of expenses) through the issue of up to 61,800,000 New Ordinary Shares by way of an Offer for Subscription, all at 50 pence per New Ordinary Share. The Offer Price represents a discount of 20.9 per cent. to the Closing Price of 63.25 pence per Existing Ordinary Share on 23 September 2015 (being the last practicable date prior to the announcement of the Share Issue) but a premium of 11.4 per cent. to the Company's last reported adjusted EPRA NAV per Ordinary Share as at 31 March 2015 of 44.9 pence.

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

The Share Issue requires Shareholder approval to grant the Directors authority to allot and issue the New Ordinary Shares as if the applicable statutory pre-emption rights did not apply, and of the participation by Invesco in the Firm Placing as a related party transaction for the purposes of Chapter 11 of the Listing Rules (further details of which are set out in paragraph 11.4 of Part X (Additional Information) of this document). In addition, pursuant to the Listing Rules, Shareholder approval is required for the discount of the Offer Price to the Closing Price which exceeds 10 per cent. Such approvals will be sought at a General Meeting convened for 11.00 a.m. on 12 October 2015, notice of which is set out at the end of this document. If the Resolutions are not passed at the General Meeting, the Share Issue will not proceed.

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

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

You are recommended to read the whole of this document (and all the information incorporated by reference into it which is listed in the section entitled "Documents incorporated by reference") and not rely on the summarised information set out in this letter. In particular, you are advised to consult the section entitled "Risk Factors" on pages 20 to 33 of this document.

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

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

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

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

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

This integrated approach of "develop, invest and manage" provides Assura with continuing interaction with GPs and hence a better understanding of their evolving needs, which can be an advantage in securing new development opportunities. Assura is confident it has a good development pipeline and that market conditions are supportive of new developments in the medium term.

In addition to securing new developments, Assura has an extensive track record in delivering accretive acquisitions and has acquired £355 million of assets since April 2012 with an average yield on cost of 5.9 per cent. and a blended WAULT of 18.2 years. 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. The Group's ability to source acquisitions is supported by its bespoke database of every GP Practice in the UK, regular medical conference attendance, referrals from existing GP tenants and Assura's strong brand with GPs and the NHS.

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

Assura completed an equity fund raise in October 2014 for £175.0 million, net of expenses, which enabled it to complete £245.0 million of property acquisitions (including development spend) in the year to March 2015. Since this year-end, it has continued to make good progress in adding to its portfolio and has completed the acquisition of 35 medical centres for a total gross consideration of £61.2 million and as a result of the Group's annual rent roll is approximately £59.4 million. In addition the Group has a near term pipeline of acquisitions and developments of £125 million. The Company has identified £96 million of acquisition opportunities, which are expected to be under contract before 31 March 2016. In addition, the Company anticipates £27 million of developments will have commenced or be expected to be underway over the next 12 months.

The Directors believe there are strong risk adjusted returns available in primary care real estate and there is a compelling investment opportunity for additional capital to be deployed.

The Company's acquisitions and developments over the previous three years have enhanced underlying earnings per Ordinary Share by 40 per cent., supporting growth in annual dividends per Ordinary Share of 65 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; high occupancy levels and low volatility of returns. In addition, the underlying open market rent review mechanism most common in the sector has provided inflation tracking returns over the medium term. In addition, recent land and construction cost inflation provides potential for future rental growth.

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

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

### ***Increasing demand***

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

GPs are the cornerstone of the UK health model and provide consultations with over 1.3 million patients every day. Many of these consultations take place in outdated and unsuitable premises that are not able to provide the broad range of additional services that are available in the Group's modern, purpose built premises. In the 2014 BMA Survey of GP practices, 40 per cent. of GPs stated that their premises were not fit for purpose.

The demands on the health service are increasing. An ageing population places greater demands on our 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 person. Population forecasts predict a 30 per cent. increase in this demographic over the next ten years and this will have a corresponding increase in the demands on GPs.

In addition to an ageing population the number of people with long-term conditions is also increasing and the number of people living with more than one long-term condition is forecast by the Department of Health to rise from 1.9 million in 2008 to 2.9 million in 2018.

These increasing demands on primary care will be in the context of wider demands on the NHS in the decades to come. The NHS budget has increased from £82.9 billion to £120 billion in the last decade. This rate of growth is difficult to sustain and efficiencies need to be found to support the funding of the NHS.

The migration of services out of the acute, secondary sector and into the community, primary care sector could support meeting the increasing health needs of the population within reasonable budgetary constraints. A study from management consultants Deloitte LLP, commissioned by the Royal College of GPs, says that increasing the GP budget would save £5 for every £1 invested<sup>1</sup>.

The increasing role of the primary care sector and the importance of greater service provision in the community is highlighted in the NHS England Five Year Forward View. This document sets out the strategic priorities for the NHS and commits to invest more in primary care in order to generate overall savings in the NHS budget. This commitment has been continued with the announcement in December 2014 of the £1 billion Primary Care Infrastructure Fund, which provides capital for GP premises to support the greater provision of services, extended opening hours and new ways of working.

A further development is the increasing coordination of health and social care and the greater involvement of GPs in this service provision, as evidenced by the recent announcement of the devolved healthcare budget for Greater Manchester. This provides a unified funding model for primary care, secondary care and social care and is likely to be a model employed elsewhere in the country. The Directors believe that a GP led model of integrated primary and social care in the community would be attractive to the NHS and enable these services to be delivered in an integrated and cost effective manner. Primary care investment has received cross party support.

### ***Restricted supply***

The reorganisation of the NHS that was implemented in April 2013 led to a reduction in the number of approvals of new developments as the new organisational structures took time to be bedded in. Recent announcements by the NHS point to the approval process being resolved and the Group has recently received its first approval under the new process.

The Directors are hopeful that approvals for new schemes will be forthcoming in the near future and the Group is ready to provide the expertise and the capital to support this essential investment in the infrastructure of the NHS. The pace of acceleration in development approvals will rely on the level of CCG engagement; however, there will likely be a time lag between approval and delivery of new schemes of potentially 18 to 24 months.

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1 Spend to Save: The economic case for improving access to general practice. November 2014.

The Board believes that the Group is well positioned to capitalise from this evolution of 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 ensuring 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 upward pressure on rents should begin to build again.

The underlying open market rent review mechanism has provided inflation tracking returns over the medium term. The 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.

As a result, the main drivers of rental growth in the financial year ended 31 March 2015 were RPI and fixed lease (+3.06 per cent.) compared with +0.38 per cent. seen from open market reviews.

### ***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, although there are positive signs that the importance of fresh investment in primary care infrastructure is now widely recognised, and that the NHS is looking to address this. Despite these delays in approving new developments, the sector continues to provide strong property fundamentals with good prospects for capital and income growth.

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

The implementation of a focused strategy by the management team over the last three years has increased the adjusted net asset value per Ordinary Share by 24 per cent. to 44.9 pence per Ordinary Share as at 31 March 2015 and the underlying earnings per Ordinary Share from continuing operations by 40 per cent. to 2.1 pence per Ordinary Share. The valuation of the Group's portfolio as at 21 August 2015 provides a further increase of 2.4 pence in the adjusted net asset value per Ordinary Share net of recent acquisition costs. The Group's annualised dividend has increased by 65 per cent. to 2.0p per Ordinary Share over the last three year period.

Over the same three year period to 31 March 2015, the investment property valuation increased by 72 per cent. to £925.3 million and since the year-end, the investment portfolio has increased by the completion of a number of acquisitions with an aggregate consideration of £61.2 million. In aggregate, the increase of £456.4 million since 31 March 2012, together with developments with an aggregate cost of £54.5 million, has led to an enlarged portfolio of assets of £994.2 million in primary care property as at 21 August 2015, or an increase of over 84 per cent. since 31 March 2012. This growth has been achieved through a combination of acquisitions (£354.8 million), completed developments (£60.4 million) and revaluations less disposals (£41.2 million). The weighted average unexpired lease length of the portfolio is 14.2 years.



The Group's active capital discipline and recycling has also resulted in £15 million of non-core disposals and the disposal of LIFT assets for £22.4 million since 2012.

The growth in the portfolio has been achieved without a significant increase in the overheads of the business and in the period from 1 April 2012 to 31 March 2015 the administrative overheads of the Group as a percentage of the average portfolio value has declined from 0.87 per cent. to 0.72 per cent. and the EPRA cost ratio has fallen from 23 per cent. to 17.7 per cent.

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

The Group has completed a number of acquisitions where the consideration was in both cash and shares. This highlights the ability of the Group to fund acquisitions through the issuance of new Ordinary Shares.

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

The Group raised £175.0 million net of expenses from an equity issuance in October 2014 for the purposes of further investment in primary care centres and reducing the overall level of gearing. Since this date the Group has acquired 61 properties for a gross consideration of £166 million. £16 million has also been invested into three completed developments at a 7.2 per cent. yield on cost. In addition the Group has restructured £177.0 million of loans from Aviva with a reduction in interest rates of 42 basis points and redeemed a £57.0 million facility with Santander. In May 2015 the Group secured a new five year £60.0 million revolving credit facility with a club of three banks. This facility was increased in August 2015 to £120.0 million with the same banks and on the same terms subject to sufficient property being available as security for charging against the facility.

On 27 January 2015, the Group changed its corporate structure by inserting Assura plc as a new English-incorporated parent company at the head of the Group by way of scheme of arrangement. The Directors believed that moving to a UK domicile aligned the Group with its UK tax jurisdiction and continue to believe that the reorganisation should enable the Group to develop even better commercial relationships with the NHS and GPs, the Group's principal customers.

The appetite for lending into the primary care property sector has remained positive over recent years and there has been significant activity from both the traditional banks and other non-bank lenders such as insurers. The Group has a predominance of fixed rate debt, which is well suited to the long-term and secure nature of its income stream. The Directors believe there are significant operational advantages in both operating at a lower gearing level and in maintaining a higher proportion of more flexible shorter-term facilities and this is an area of funding that the Directors are looking to expand. At 31 March 2015, the average weighted maturity of the outstanding debt was 11.9 years at an average rate of 5.28 per cent., and 100 per cent. of this was at fixed rates.

### **3. Principal terms of the Share Issue**

The Company is proposing to raise up to approximately £309 million (before expenses) through the Share Issue. The Company intends to issue 353,910,881 New Ordinary Shares through the Firm Placing, 202,289,119 New Ordinary Shares through the Placing and Open Offer and up to 61,800,000 New Ordinary Shares through the Offer for Subscription, all at the Offer Price of 50 pence per New Ordinary Share.

The Offer Price represents a discount of 20.9 per cent. to the Closing Price of an Ordinary Share of 63.25 pence on 23 September 2015 (being the latest practicable date prior to the announcement of the Share Issue).

### ***Firm Placing***

The Firm Placees have agreed to subscribe for 353,910,881 New Ordinary Shares at the Offer Price representing gross proceeds of approximately £177 million at the Offer Price. The Firm Placed Shares are not subject to clawback and are not part of the Placing and Open Offer.

### ***Placing and Open Offer***

202,289,119 of the New Ordinary Shares proposed to be issued by the Company are being offered to Qualifying Shareholders by way of the Open Offer (representing gross proceeds of approximately £101 million at the Offer Price). Excluded Overseas Shareholders will not be able to participate in the Open Offer. The Open Offer provides an opportunity for Qualifying Shareholders to participate in the fundraising (subject to compliance with applicable securities laws) by subscribing both for their Open Offer Entitlement and for any Excess Open Offer Entitlement, subject to availability.

Qualifying Shareholders will have an Open Offer Entitlement of:

#### **1 Open Offer Share for every 5 Existing Ordinary Shares**

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

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

Open Offer Entitlements will be rounded down to the nearest whole number and any fractional entitlements to Open Offer Shares will not be allocated but will be aggregated and made available in the Excess Application Facility.

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

Application Forms for Qualifying non-CREST Shareholders are expected to be posted to Qualifying non-CREST Shareholders on 24 September 2015 and Open Offer Entitlements are expected to be credited to stock accounts of Qualifying CREST Shareholders in CREST by 25 September 2015. The latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 9 October 2015, with Admission expected to take place on 14 October 2015.

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

Any Qualifying Shareholder who has sold or transferred all or part of his registered holding(s) of Existing Ordinary Shares prior to the close of business on 23 September 2015 is advised to consult his stockbroker, bank or other agent through whom the sale or transfer was effected as soon as possible since the invitation

to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him under the rules of the London Stock Exchange by those who purchased his holding(s) or part thereof.

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

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

Up to 61,800,000 New Ordinary Shares are available under the Offer for Subscription at the Offer Price, representing gross proceeds of up to £30.9 million at the Offer Price (net proceeds of approximately £30 million). The Offer for Subscription is only being made in the UK but, subject to applicable law, the Company may allot New Ordinary Shares on a private placement basis to applicants in other jurisdictions. The terms and conditions of application under the Offer for Subscription are set out in Part III of this document and an Offer for Subscription Application Form accompanies this document. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in any doubt about the contents of this document.

The latest time and date for receipt of completed Offer for Subscription Application Forms and payment in full under the Offer for Subscription and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. on 9 October 2015, with Admission expected to take place on 14 October 2015.

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

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

- the satisfaction of certain conditions contained in the Sponsor and Underwriting Agreement between the Company, Liberum and Stifel, which are typical for an agreement of that nature;
- Liberum and Stifel not having terminated the Sponsor and Underwriting Agreement in accordance with its terms;
- the approval of the Resolutions by Shareholders at the General Meeting (or any adjournment thereof); and
- Admission occurring on or before 8.00 a.m. on 14 October 2015 (or such later date as the Company, Liberum and Stifel may agree jointly but not later than 21 October 2015).

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

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

To capitalise on current opportunities, the Company wishes to raise capital to reduce borrowings to enable a more flexible funding structure operating at a lower overall level of gearing and to make further investments into primary care properties.

### ***Fund acquisition and development pipeline: £125 million***

The Group has successfully completed acquisitions for consideration of £355 million since 31 March 2012 and underlying earnings per Ordinary Share have increased by 40 per cent. in the three year period to 31 March 2015. The Board intends to continue to target acquisitions and to fund developments to secure new investments at above-market yields.

The Group has a near term pipeline of acquisitions and developments with a cost of approximately £125 million. The Company has identified £96 million of acquisition opportunities, which are anticipated to

be under contract before 31 March 2016. In addition, the Company anticipates £27 million of developments will have commenced or be expected to be underway over the next 12 months and the Group currently has one scheme for development on site with a completed value of approximately £5 million. The acquisition opportunities predominantly represent individual sites where deals are being negotiated directly with the current owner. Assura restructured its property team during 2015 to allow additional resource to be focused solely on acquisition activity and this, together with the recruitment of one additional investment manager, is resulting in a strong pipeline of acquisition opportunities.

There are positive signs that the importance of fresh investment in primary care infrastructure is now widely recognised, and that the NHS is looking to address this. The launch of the £1 Billion Primary Care Infrastructure Fund, the Five Year Forward View and The Better Health for London report all recognise the role investment in primary care property needs to play in improving efficiencies and health outcomes for the NHS. Whilst there is a lead time between initiation and completion, the Board looks forward to seeing developments return as a significant contributor to growth in the future. The Group has recently had its first scheme approved under the new NHS rules and has submitted its first tender to a publicly advertised scheme for 4 years.

In addition to the near term pipeline of development projects of £27 million, the Group has further opportunities with a value in excess of £29 million. However, the timing of these projects is less certain and they are not anticipated to commence in the current financial year.

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

The Group can manage additional acquired properties with only marginal increases in overheads. From 1 April 2012 to 31 March 2015, the administrative overheads of the Group as a percentage of the average portfolio value has improved from 0.87 per cent. to 0.72 per cent. The EPRA cost ratio over the same time period has fallen from 23 per cent. to 17.7 per cent. Following completion of the near term pipeline of acquisitions and developments with an aggregate cost of approximately £125 million described above, both of these metrics are expected to fall further.

Management is in regular dialogue with other investors in the sector to identify and secure future opportunities for portfolio purchases. The Group's ability to source acquisitions is supported by its bespoke database of every GP practice in the UK, regular medical conference attendance, referrals from existing GP tenants and Assura's strong brand with GPs and the NHS. The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group has a good track record of securing earnings accretive acquisitions and remains confident of securing further portfolios, although the success and timing of any such purchases is inherently uncertain.

#### ***Reduce level of borrowings: £175 million***

At the year ended 31 March 2015, the Group had a loan to value ratio of 48 per cent. Following recent acquisitions, the level of debt of £530 million results in a loan to value ratio of 52 per cent. based on the recent portfolio revaluation.

At the time of its equity issuance in October 2014, the Board outlined that its medium term target for gearing was between 45 per cent. and 55 per cent. The Board has since undertaken a detailed review of this policy and has concluded that a lower level of gearing would be beneficial in certain circumstances. Accordingly, the Directors believe that a new gearing policy of between 40 per cent. and 50 per cent. should be adopted. The Board considers that the reduced volatility to investors, the greater operational flexibility and the potential for a wider refinancing and significant reduction in weighted average cost of debt resulting from a lower loan to value ratio would be beneficial.

Assuming full take up of the Offer for Subscription, Management intends to apply £175 million of the proceeds in reducing the Group's borrowings. After the impact of estimated early repayment costs this will reduce the Group's net borrowings by approximately £135 million. This will reduce the Group's total debt to approximately £395 million and result in an overall loan to value ratio of approximately 35 per cent., including investment in property acquisitions and development spend of the £125 million proceeds. This will

result in a significant reduction in the weighted average cost of debt. It is expected that reducing borrowings will increase underlying earnings and support future dividend growth. The table below summarises the estimated impact the use of the proceeds will have on the Group's net borrowings (assuming full take up of the Offer for Subscription).

	<i>Net Debt</i> (£m)	<i>Gross property</i> (£m)	<i>LTV</i>
Current	530	1,023	52%
Gross debt repaid	(220)		
Estimated early repayment costs	40		
RCF Drawdown	45		
Expected (post investment of £125m pipeline)	395	1,148	35%
At mid-range LTV (additional investment of £230m) <sup>(1)</sup>	625	1,378	45%

(1) Represents the quantum of additional investments, assuming debt financing, which would move the Group's LTV to 45 per cent. The Group has not yet identified these investments and would likely need to secure further financing.

No notice has yet been served to redeem any loans and so the exact loans to be repaid and the amount of any associated redemption fees or refinancing costs have not yet been finally determined. The Company's balance sheet as at 31 March 2015 did not contain any provisions for potential future redemption or refinancing costs. The precise impact is therefore not known and would be subject to negotiation.

The Board considers that a loan to value ratio of between 40 per cent. and 50 per cent. would be the optimal capital structure for the Group in the medium term. However, the Board would contemplate increasing this for short periods if a sufficiently value enhancing opportunity presents itself. The Board anticipates drawing down on new debt facilities as and when attractive acquisition opportunities arise.

Future acquisitions and developments, outside the immediate pipeline, will be funded from the Group's variable rate Revolving Credit Facility, and therefore the Group's level of variable rate financing is expected to increase over the medium term.

These statements and the table set out in this section do not constitute a profit forecast, and should not be interpreted to mean that the Group's net borrowings, loan to value ratio, property valuations, future earnings or dividend growth as described in this section are guaranteed. The statements set out in this section and the table above are based on assumptions regarding future actions and circumstances which, by their nature, involve risks, uncertainties and other factors.

## 5. Director participation

The Directors are interested in an aggregate of 7,230,779 Ordinary Shares (representing approximately 0.7 per cent. of the Existing Ordinary Shares). All the Directors intend to participate in the Share Issue.

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

## 6. Impact of dilution

Shareholders will experience dilution in their ownership and voting interests pursuant to the Firm Placing and Offer for Subscription whether or not Qualifying Shareholders take up their Open Offer Entitlements. If Qualifying Shareholders take up the offer of New Ordinary Shares under the Open Offer in full, as a result of the Firm Placing and Offer for Subscription their proportionate ownership and voting interests in the Ordinary Shares will be diluted by 22.6 per cent. (excluding the impact of the Offer for Subscription) or 25.5 per cent. (assuming full take up under the Offer for Subscription). If they do not take up any of their Open Offer Entitlement their holdings will be diluted by 35.5 per cent. (excluding the impact of the Offer for Subscription) or 37.9 per cent. (assuming full take up under the Offer for Subscription). The percentage



of the Company's issued share capital that the Existing Ordinary Shares represent will be reduced by 35.5 per cent. to 64.5 per cent. as a result of the Share Issue (excluding the impact of the Offer for Subscription) or by 37.9 per cent. to 62.1 per cent. (assuming full take up under the Offer for Subscription).

## 7. Financial impact of the Share Issue

The unaudited summary pro forma statement below sets out how the receipt of net proceeds from the Share Issue would have impacted the Group's financial position as at 31 March 2015 had the Firm Placing and Placing and Open Offer occurred on that day.

	<i>Net assets of the Group at 31 March 2015 £m</i>	<i>Adjustments Net proceeds of the Firm Placing and Placing and Open Offer £m</i>	<i>Summary Pro forma net assets of the Group £m</i>
Investment Property	925.3	–	925.3
Other non-current assets	1.8	–	1.8
Cash, cash equivalents and restricted cash	66.5	270	336.5
Other current assets	13.7	–	13.7
Borrowings and obligations due under finance leases	(516.5)	–	(516.5)
Other current and non-current liabilities	(38.9)	–	(38.9)
<b>Net assets</b>	<b>451.9</b>	<b>270</b>	<b>721.9</b>

### Notes:

- 1 The consolidated net assets of the Group at 31 March 2015 have been extracted without material adjustment from the audited financial statements of Assura plc for the year ended 31 March 2015 which have been incorporated by reference set out in the part of this document headed "Documents Incorporated by Reference" and prepared under the Group's IFRS accounting policies.
- 2 The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £270 million (gross proceeds of £278 million less expenses of £8 million). The Company intends that £175 million of the proceeds from the Share Issue is used to reduce net borrowings, with £125 million being invested in medical properties that would be added to the Group's investment portfolio. The adjustment does not reflect the payment of any interest or early repayment costs that would arise as a result of the repayment of borrowings.
- 3 No account has been taken of the financial performance of the Group since 31 March 2015 nor of any other event save as disclosed above, including the 4,545,455 Ordinary Shares issued as part consideration for the acquisition of Pentagon HS Limited.
- 4 No account has been taken of the revaluation of the Group's property portfolio carried out as at 21 August 2015 for the purposes of the Share Issue.

Since 31 March 2015 the Group has completed a number of acquisitions, the financial impact of which is not reflected in the above pro forma statement. These acquisitions have been for a gross consideration of £61 million and have increased the Group's LTV to 52 per cent., which is expected to reduce to 35 per cent., following the reduction in debt and investment of the proceeds of the Share Issue (excluding any proceeds from the Offer for Subscription).

In addition, for the purposes of the Share Issue, the Group's property portfolio, including recent acquisitions, was re-valued as at 21 August 2015 (details of which are set out in paragraph 9 of this Part I and in Part VI (Property Valuation Reports) of this document). The net impact of the valuation movements on investment properties, developments, land and after acquisition costs is an increase of approximately £24.7 million or 2.4 pence per Ordinary Share based on the current number of Ordinary Shares in issue as at the date of this document.

## 8. Key recent acquisitions

Since 31 March 2015 the Group has made further good progress in the year to-date, completing the acquisition of 35 medical centres for a total gross consideration of £61.2 million with a passing rent of



£3.5 million and a weighted average unexpired lease length of 17.2 years. The total aggregate consideration for the above transactions was £58.7 million in cash and £2.5 million in Ordinary Shares and the Group's resultant annual rent roll is now £59.4 million.

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

### ***Trading update***

Assura released its first quarter's trading update for the period from 1 April 2015 to 20 July 2015 on 21 July 2015, in which it said:

*"Assura plc ("Assura"), the UK's leading primary care property investor and developer, today publishes a trading update for the period from 1 April to 20 July 2015.*

### ***Significant further investment***

*Assura has made further good progress in the year to-date, completing the acquisition of 33 medical centres for a total gross consideration of £52.9 million with a passing rent of £3.2 million and a weighted average unexpired lease length of 16.1 years. The total consideration for the above transactions was £50.4 million in cash and £2.5 million in shares.*

*In addition to these acquisitions, Assura has a pipeline of individual asset acquisitions and developments currently in solicitors' hands of £48 million. Assura also has further development opportunities in excess of £50 million, all of which are dependent on NHS authorisations.*

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

*The annualised rent roll is now £58.9 million (March 2015: £55.6 million) with growth driven primarily from acquisitions. In addition we are maximising income through active asset management.*

*During the period we agreed lettings on 3,700 square metres of vacant space with a rental value of £0.4 million.*

*The weighted average annual rent increase was 1.15 per cent. on the basis of 30 reviews settled in the financial year to date, of which open market rent reviews reflected an annual growth of 0.84 per cent.*

### ***Market developments***

*We continue to see excellent risk adjusted returns in primary care real estate. There are positive signs that the importance of fresh investment in primary care infrastructure is now widely recognised, and that the NHS is looking to address this. The launch of the £1 Billion Primary Care Infrastructure Fund, the Five Year Forward View and The Better Health for London report all recognise the role investment in primary care property needs to play in improving efficiencies and health outcomes for the NHS.*

### ***Financing***

*On 20 May 2015 we secured a new five year revolving credit facility for £60 million at an initial margin of 170 basis points with a club of three banks and the first drawdown on this new facility has now been completed. Undrawn facilities currently stand in excess of £50 million and we continue to see strong demand from both existing and potential new lenders to provide funding beyond our current pipeline.*

*Graham Roberts, Chief Executive, commented:*

*"This has been another period of intense activity for Assura as we continue to build scale in primary care property, which will continue to drive our progressive dividend policy. Importantly, we see opportunities to drive further profitable growth ahead. There are also encouraging signs that the approval of primary care developments is at last receiving priority. Whilst there is a lead time between initiation and completion, we look forward to seeing developments return as a significant contributor to growth in the future, which will provide additional returns to our shareholders over time."*

There has been no significant change in the trading or financial position of the Company since 20 July 2015 (save for the recent acquisitions described in paragraph 8 above).

### ***Future prospects***

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

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

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

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

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

### ***Valuation***

The following table summarises the property portfolio as at 21 August 2015 based on the valuation reports from Savills and Jones Lang LaSalle, which together cover the Group's entire property portfolio, included in Part VI (Property Valuation Reports) of this document.

	<i>Savills</i>	<i>Jones Lang LaSalle</i>	<i>Total</i>
<i>At 21 August 2015</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Completed investment properties	737.4	256.8	994.2
Developments	22.8	–	22.8
Land	5.8	–	5.8
<b>Total per valuation report</b>	<b>766.0</b>	<b>256.8</b>	<b>1022.8</b>
	<i>Number of properties</i>	<i>Rent roll £m</i>	<i>Valuation £m</i>
Investment properties	300	59.4	994.2
<b>Completed property valuation 21 August 2015</b>	<b>300</b>	<b>59.4</b>	<b>994.2</b>

As at 31 March 2015 the Group had total property assets of £930.7 million, of which (excluding pharmacy premiums, finance lease obligations and development accounting adjustments) £908.3 million represented the Group's aggregate completed investment property, developments and land. The equivalent figure, taken from the property valuation reports as at 21 August 2015 contained in Part VI (Property Valuation Reports) of this document, is £994.2 million. The increase of £85.9 million principally consists of an increase of £61.2 million from acquisitions of new property since 31 March 2015 and a net revaluation increase of the Group's property assets, on a like for like basis, of £24.7 million as detailed in the property valuation reports.

## **10. Dividend policy**

The expansion of the property portfolio over recent years has enabled a significant increase in the fully covered dividend per Ordinary Share, which was increased by 11 per cent. to 0.5 pence per Ordinary Share on a quarterly basis in January 2015.

The Group's next dividend payment in November 2015 will be 0.5 pence per Ordinary Share and the New Ordinary Shares to be issued pursuant to the Share Issue will also qualify for this dividend. The associated record date is expected to be 23 October 2015.

As a result of the successful investment of the proceeds from the share issuance in October 2014 in further primary care centres and in restructuring its borrowings, the Group's underlying profitability and capacity for dividend payments has been increased. Therefore, subject to completion of the Share Issue, the Board intends to consider increasing the quarterly dividend by 10 per cent. to 0.55 pence per Ordinary Share or 2.20 pence per Ordinary Share on an annualised basis with effect from January 2016. At the proposed Offer Price of 50 pence per New Ordinary Share this would provide a dividend yield of 4.4 per cent.

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

## **11. Debt arrangements**

As at 31 August 2015, the Group had banking facilities of £538.2 million in aggregate. In addition, as at 31 August 2015, the Group had cash balances of £11.0 million of which £1.2 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, listed on the Main Market of the London Stock Exchange, which matures in December 2021;
- senior term loans with Aviva of £403.2 million, which mature on various dates between 2021 and 2044; and
- a £120 million revolving credit facility with Barclays, Natwest and HSBC, with an initial termination date in May 2020, which the parties have the option to extend by up to a further two years.

## **12. General Meeting**

The Notice convening a General Meeting to be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 12 October 2015 is set out at the end of this document. The purpose of the General Meeting is to consider, and if thought fit, pass the Resolutions, to approve the Share Issue as set out in full in the Notice of General Meeting.

Resolution 1 proposes that the Directors be authorised to allot and issue up to 618,000,000 New Ordinary Shares in connection with the Share Issue and approves the allotment at the Offer Price, which represents a discount to the Closing Price of more than 10 per cent., as required by the Listing Rules.

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

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

## **13. Overseas Shareholders**

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

#### **14. Taxation**

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

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

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

#### **16. Risk factors**

Shareholders and investors should consider fully the risk factors associated with the Group, its business, the New Ordinary Shares and the Share Issue. Your attention is drawn to the Risk Factors set out on pages 20 to 33 in this document.

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

If you are a Shareholder, you will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at the General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and to return it to the Registrar, Capita Asset Services at PXS1, The Registry, 34 Beckenham Road, Beckenham BR3 4TU, as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 8 October 2015. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person if you wish to do so. You may also submit your proxies electronically using the Shareportal Service at [www.capitashareportal.com](http://www.capitashareportal.com) where full details of the procedure are given. This website is operated by the Company's Registrar. If you hold your Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST proxy instruction to the issuer's agent, ID RA10, not later than 48 hours before the time appointed for holding the meeting, so that it is received no later than 11.00 a.m. on 8 October 2015.

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

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

The Board considers the terms of the Share Issue and the Invesco Participation to be in the best interests of Assura and the Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their own beneficial holdings and those of their connected persons, which amount in aggregate to 7,230,779 Ordinary Shares, representing approximately 0.7 per cent. of the Company's issued ordinary share capital as at 23 September 2015 (being the latest practicable date prior to the publication of this document).

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

Yours sincerely,

**Simon Laffin**  
*Non-executive Chairman*

## PART II

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. Introduction

As explained in the letter from the Chairman of Assura plc in Part I of this document the Board proposes to raise up to £300 million (net of expenses) by the issue of 353,910,881 New Ordinary Shares pursuant to a Firm Placing, 202,289,119 New Ordinary Shares through a Placing and Open Offer and up to 61,800,000 New Ordinary Shares through an Offer for Subscription all at 50 pence per New Ordinary Share.

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

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

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

#### 2. The Open Offer

Subject to the terms and conditions set out below and, where relevant, in the Application Form, and pursuant to the Sponsor and Underwriting Agreement, Qualifying Shareholders are invited to apply for Open Offer Shares at a price of 50 pence per New Ordinary Share, payable in full on application, free of all expenses, on the basis of:

##### **1 New Ordinary Share for every 5 Existing Ordinary Shares**

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

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

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

Fractions of Ordinary Shares will not be allocated to Qualifying Shareholders and entitlements to apply for New Ordinary Shares will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements under the Open Offer will be aggregated and made available in the Excess Application Facility.

If you have received an Application Form with this document please refer to paragraph 5.1 and paragraphs 6 to 10 of this Part II.

If you hold your Existing Ordinary Shares in CREST and have received a credit of Open Offer Entitlements and Excess Open Offer Entitlements to your CREST stock account, please refer to paragraph 5.2 and paragraphs 6 to 10 of this Part II and also to the CREST Manual for further information on the CREST procedures referred to below.



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

Before making any decision to acquire Open Offer Shares, you are asked to read and carefully consider all the information in this document including, in particular, the important information set out in the letter from the Chairman of the Company in Part I of this document, as well as this paragraph 2 of Part II and the Risk Factors set out on pages 20 to 33 of this document. Shareholders who do not participate in the Open Offer will experience dilution of their shareholdings. The material terms of the Share Issue are contained in this document.

The Existing Ordinary Shares are listed on the premium segment of the Official List and traded on the London Stock Exchange's main market for listed securities. Application will be made to the FCA and to the London Stock Exchange for the New Ordinary Shares to be issued in the Share Issue to be admitted to the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities respectively. It is expected that Admission will become effective on 14 October 2015 and that dealings for normal settlement in the New Ordinary Shares will commence at 8.00 a.m. on the same day.

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

An application has been made for the Open Offer Entitlements and the Excess Open Offer Entitlements to be admitted to CREST. The conditions for such admission having already been met, the Open Offer Entitlements and the Excess Open Offer Entitlements are expected to be admitted to CREST with effect from 25 September 2015.

The Open Offer Shares will when issued and fully paid be identical to and rank in full for all dividends or other distributions declared made or paid after Admission including the next quarterly dividend which is expected to be payable in November 2015 with an expected associated record date of 23 October 2015 and in all other respects will rank *pari passu* with the Existing Ordinary Shares in issue. No temporary documents of title will be issued.

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

The Share Issue is conditional upon, amongst other things, Shareholder approval of the Resolutions and the Sponsor and Underwriting Agreement becoming or being declared unconditional in all respects by 8.00 a.m. on 14 October 2015 (or such later time and/or date as Liberum and Stifel shall agree, being not later than 8.00 a.m. on 21 October 2015) and the Sponsor and Underwriting Agreement not being terminated in accordance with its terms. The Sponsor and Underwriting Agreement is subject to the satisfaction of certain material conditions, details of which are set out in paragraph 10 of Part X (Additional Information) of this document.

It is expected that all these conditions will be satisfied by 8.00 a.m. on 14 October 2015 and that Admission will become effective at 8.00 a.m. on 14 October 2015, and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 14 October 2015. Definitive certificates in respect of New Ordinary Shares will be prepared and are expected to be posted to those allottees who have validly elected to hold their shares in certificated form within seven days of Admission. In respect of those allottees who have validly elected to hold their shares in uncertificated form, the New Ordinary Shares are expected to be credited to their accounts maintained in the CREST system as soon as possible after 8.00 a.m. on 14 October 2015.

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



practicable and any Open Offer Entitlements and Excess Open Offer Entitlements admitted to CREST will thereafter be disabled. Liberum and Stifel may arrange sub-underwriting for some or all of the New Ordinary Shares to be issued pursuant to the Firm Placing and Placing and Open Offer.

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

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

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

#### **5. Procedure for application and payment**

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

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

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

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

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

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

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

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

(ii) *Market Claims*

Applications may only be made on the Application Form and may only be made by the Qualifying Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a purchase of Existing Ordinary Shares through the market prior to the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, being 24 September 2015. Application Forms may be split up to 3.00 p.m. on 7 October 2015. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying non-CREST Shareholder who has sold or transferred all or part of his holding of Existing Ordinary Shares prior to 24 September 2015, being the date upon which the Existing Ordinary Shares were marked “ex” the entitlement to the Open Offer by the London Stock Exchange, should consult his or her broker or other professional adviser as soon as possible, as the invitation to acquire New Ordinary Shares under the Open Offer may be a benefit which may be claimed by the transferee from his or her counterparty pursuant to the rules of the London Stock Exchange. Qualifying Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box J on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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

(iii) *Excess non-CREST applications*

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

(iv) *Application procedures*

If you are a Qualifying non-CREST Shareholder and wish to apply for all or some of your entitlement to New Ordinary Shares and, where applicable, Excess Shares under the Open Offer you should complete and sign the Application Form in accordance with the instructions on it and send it, together with the appropriate remittance and in accordance with the instructions in this Part II, paragraph 5 by post, or by hand (during normal business hours only) to the Receiving Agent at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A reply-paid envelope is enclosed for use by Qualifying non-CREST Shareholders within the UK, in connection with the Open Offer.

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

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

(v) *Payments*

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

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

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

Application monies will be paid into a separate non-interest bearing bank account pending the Open Offer becoming unconditional. In the event that it does not become unconditional by 8.00 a.m. on 14 October 2015 or such later time and date as Liberum and Stifel shall agree (being no later than 8.00 a.m. on 21 October 2015), the Share Issue will lapse and application monies will be returned by post to applicants, at the applicants' risk and without interest, to the address set out on the Application Form, within 14 days thereafter.

(vi) *Effect of application*

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

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

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

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

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

If you are in doubt as to whether or not you should apply for any of the New Ordinary Shares under the Open Offer, you should consult your independent financial adviser immediately. All enquiries in relation to the procedure for application for Qualifying non-CREST (certificated) Shareholders under the Open Offer should be addressed to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. Capita Asset Services on 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales.

Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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

**(i) General**

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

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

If for any reason the Open Offer Entitlements and Excess Open Offer Entitlements cannot be admitted to CREST by, or the stock accounts of Qualifying CREST Shareholders cannot be credited by, 3.00 p.m. on 6 October 2015 or such later time as the Company may decide, an Application Form will be sent out to each Qualifying CREST Shareholder in substitution for the Open Offer Entitlements and/or Excess Open Offer Entitlements which should have been credited to his stock account in CREST. In these circumstances the expected timetable as set out in this document will be adjusted as appropriate and the provisions of this document applicable to Qualifying non-CREST (certificated) Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive Application Forms.

CREST members who wish to apply for some or all of their entitlements to New Ordinary Shares should refer to the CREST Manual for further information on the CREST procedures referred to below. Should you need advice with regard to these procedures, please contact the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone Capita Asset Services on 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

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

**(ii) Market claims**

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



(iii) *Excess application facility*

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

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

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

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

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

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

A credit of 100,000 Excess Open Offer Entitlements will be made to the CREST account of each Eligible CREST Shareholder; if an Eligible CREST Shareholder would like to apply for a larger number of Excess Shares under the Excess Application Facility such Eligible CREST Shareholder should contact Capita Asset Services and arrange for a further credit of Excess Open Offer Entitlements to be made, subject at all times to the maximum number of Excess Shares available.

All enquiries in relation to the procedure for application and completion of applications For Excess Open Offer Entitlements should be addressed to the Receiving Agent, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or by telephone Capita Asset Services on 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in



England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(iv) *USE Instructions*

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

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

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

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

- (A) the number of New Ordinary Shares for which application is being made (and hence the number of the Open Offer Entitlement(s) being delivered to the Receiving Agent);
- (B) the ISIN of the Open Offer Entitlements – GB00BYP4FY39;
- (C) the Member Account ID of the accepting CREST member from which the Open Offer Entitlements are to be debited;
- (D) the CREST Participant ID of the accepting CREST Member;
- (E) the CREST Participant ID of the Receiving Agent, in its capacity as CREST receiving agent – 7RA33;
- (F) the Member Account ID of the Receiving Agent, in its capacity as CREST receiving agent – 28632ASU;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of New Ordinary Shares referred to in (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 9 October 2015; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 October 2015.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 October 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Share Issue does not become unconditional by 8.00 a.m. on 14 October 2015 or such later time and date as the Company, Liberum and Stifel shall agree (being no later than 8.00 a.m. on 21 October 2015), the Share Issue will lapse, the Open Offer Entitlements admitted to CREST will be disabled and the Registrars will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

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

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

- (A) the number of Open Offer Shares for which the application is being made (and hence the number of the Excess Open Offer Entitlement(s) being delivered to the Registrar);
- (B) the ISIN of the Excess Open Offer Entitlement – GB00BYP4G062;
- (C) the Member Account ID of the accepting CREST member from which the Excess Open Offer Entitlements are to be debited;
- (D) the CREST participant ID of the accepting CREST member;
- (E) the CREST participant ID of the Receiving Agent, in its capacity as CREST receiving agent – 7RA33;
- (F) the Member Account ID of the Receiving Agent, in its capacity as CREST receiving agent – 28632ASU;
- (G) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph (A) above;
- (H) the intended settlement date. This must be on or before 11.00 a.m. on 9 October 2015; and
- (I) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of an Excess Open Offer Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 October 2015.

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

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

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 October 2015 in order to be valid is 11.00 a.m. on that day.

In the event that the Share Issue does not become unconditional by 8.00 a.m. on 14 October 2015 or such later time and date as the Company, Liberum and Stifel shall agree (being no later than 8.00 a.m. on 21 October 2015), the Share Issue will lapse, the Open Offer Entitlements and the Excess Open Offer Entitlements admitted to CREST will be disabled and the Receiving Agent will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, within 14 days thereafter.

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

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

A holder of an Application Form who is proposing to deposit the entitlement set out in such form as per the foregoing is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Open Offer Entitlements and the entitlement under the Excess Application Facility following their deposit into CREST to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 9 October 2015. Shortly after depositing their Open Offer Entitlement into their CREST account, CREST holders will receive a credit for their Open Offer Entitlement and Excess Open Offer Entitlements which will be managed by the Registrar.

In particular, having regard to normal processing times in CREST and on the part of the Receiving Agent, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Open Offer Entitlements or Excess Open Offer Entitlements in CREST, is 3.00 p.m. on 6 October 2015, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Open Offer Entitlements and/or Excess Open Offer Entitlements from CREST is 4.30 p.m. on 5 October 2015, in either case so as to enable the person acquiring or (as appropriate) holding the Open Offer Entitlements and/or Excess Open Offer Entitlements following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Open Offer Entitlements or Excess Open Offer Entitlements prior to 11.00 a.m. on 9 October 2015. CREST holders inputting the withdrawal of their Open Offer Entitlement from their CREST account must ensure that they withdraw their Open Offer Entitlement and the Excess Open Offer Entitlements.

Delivery of an Application Form with the CREST Deposit Form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company, Liberum, Stifel and the Receiving Agent from the relevant CREST member(s) that you are acquiring New Ordinary Shares in an "offshore transaction" as defined in and in accordance with Regulation S and furthermore that, (i) you are not in the United States, or in any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares or to use the Application Form in any manner in which you have used or will use it; (ii) you are not acting for the account or benefit of a US Person, a person located within the United States, or a person within any of the Excluded

Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, and were not acting for the account or benefit of such a person at the time the instruction to apply for the New Ordinary Shares was given; and (iii) you and any person for whom you are acting are not acquiring New Ordinary Shares with a view to the offer, sale, resale, delivery or transfer, directly or indirectly, of any such New Ordinary Shares into the United States, or any of the Excluded Territories or any other territory in which it is unlawful to make or accept an offer to apply for New Ordinary Shares, except in each case of (i), (ii) and (iii) where proof satisfactory to the Company, Liberum and Stifel has been provided that you and any person for whom you are acting are entitled to take up your entitlement without and breach of applicable law; and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

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

(viii) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 9 October 2015 will constitute a valid application under the Open Offer.

(ix) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 9 October 2015. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(x) *Incorrect or incomplete applications*

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

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

(xi) *Effect of valid application*

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

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

Each subscriber acknowledges that the Company, Liberum and Stifel will rely upon the truth and accuracy of the foregoing agreements, confirmations, representations and warranties and agrees that if any of the agreements, confirmations, representations or warranties made by such subscriber or purchaser are no longer accurate he shall promptly notify the Company, Liberum

and Stifel. If such subscriber or purchaser is subscribing for, or purchasing, New Ordinary Shares as a fiduciary or agent for one or more investor accounts, each subscriber or purchaser represents that he has sole investment discretion with respect to each such account and full power to make the foregoing representations and agreements on behalf of each such account.

(xii) *The Company's discretion as to rejection and validity of applications*

The Company may in its sole discretion:

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

## 6. UK Money Laundering Regulations

### 6.1 *Holders of Application Forms*

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

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

The Receiving Agent may therefore undertake requests for proof of identity.

If the Receiving Agent determines that the verification of identity requirements apply to any applicant or application, the relevant shares (notwithstanding any other term of the Open Offer) will not be issued to the applicant unless and until the verification of identity requirements have been satisfied in respect of that application. The Receiving Agent is entitled, in its absolute discretion, to determine



whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and none of the Receiving Agent, the Company, Liberum or Stifel will be liable to any person for any loss, expense or damage suffered or incurred (or alleged), directly or indirectly as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays in the despatch of share certificates or in crediting CREST accounts. If satisfactory verification of identity has not been received by Capita Asset Services within a reasonable period of time, then the Application Form or USE message through CREST in question may be rejected, in which event the application will not proceed any further and the application monies (without interest) will be returned to the bank account on which the cheque was drawn at the Applicant's own risk.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting Capita Asset Services' right to require verification of identity as indicated above).

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

The verification of identity requirements will not usually apply:

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

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

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

identity of the persons for whom it acts and that it will on demand make such evidence available to the Receiving Agent or the relevant authority.

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

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

Third-party cheques will not be accepted.

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

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

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

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

## **7. *Overseas Shareholders***

### **7.1 *General***

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

the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any issue, transfer or other taxes due in such other territory.

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

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

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

## **7.2 *Excluded Territories***

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

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

## **8. *Withdrawal rights***

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

## **9. Taxation**

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

## **10. Listing, settlement, dealings and publication**

Application will be made to the FCA for the New Ordinary Shares to be admitted to the premium segment of the Official List and to the London Stock Exchange for the same to be admitted to trading on its main market for listed securities subject to the fulfilment of the conditions of the Open Offer. Subject to the Share Issue becoming unconditional in all respects (save only as to Admission) it is expected that admission of the New Ordinary Shares to the premium segment of the Official List and to trading on its main market for listed securities will become effective and that dealings therein for normal settlement will commence at 8.00 a.m. on 14 October 2015.

Open Offer Entitlements and Excess Open Offer Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 9 October 2015 (the latest date for applications under the Open Offer). If the conditions to the Open Offer described above are satisfied, New Ordinary Shares will be issued in uncertificated form to those persons who submitted a valid application for New Ordinary Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which such conditions are satisfied (expected to be 14 October 2015). On this day, the Receiving Agent will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons, entitlement to New Ordinary Shares with effect from Admission (expected to be 14 October 2015).

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

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

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

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

The completion and results of the Share Issue will be announced and made public through an announcement on a Regulatory Information Service as soon as possible after the results are known on or around 12 October 2015.

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, English law. The courts of England and Wales are to have exclusive jurisdiction to settle any dispute which may arise out of, or in connection with, the Open Offer, this document or the Application Form (including, without

limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form). By taking up the Open Offer Shares, in accordance with the instructions set out in this document and, where applicable, the Application Form, Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and Wales (including, without limitation, in relation to disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form) and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

#### **11. Other Information**

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

## PART III

### TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

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

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

#### 1. Introduction

- 1.1 Up to 61,800,000 New Ordinary Shares are available under the Offer for Subscription at a price of 50 pence per New Ordinary Share.
- 1.2 Applications must be made on the Offer for Subscription Application Form which accompanies this Prospectus or otherwise published by the Company, or otherwise in accordance with this Part III.

#### 2. Effect of Application

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

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

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

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



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

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

bank account name on which the payment accompanying the application was first drawn without interest and at your risk;

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

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

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

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

conditions of application. The Company reserves the right to accept Offer for Subscription Application Forms and accompanying remittances which are received through the post or by hand no later than 11.00 a.m. on 9 October 2015.

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

The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

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

#### **2.4 *Electronic Bank Transfers***

For applicants who wish to send their subscription monies by electronic bank transfer (CHAPS), payment must be made for the exact amount shown in Box 2 of the Application Form by 11.00 a.m. on 9 October 2015. Please contact Capita Asset Services by telephoning the shareholder helpline below for further information. Capita Asset Services will then provide applicants with a unique reference number which must be used when sending payment.

Capita Asset Services shareholder helpline 0371 664 0321 or if calling from outside the UK on +44 (0) 208 639 3399. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. We are open between 9.00 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

#### **2.5 *Conditions***

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

- (a) Admission occurring by 8.00 a.m. (London time) on 14 October 2015 (or such later time or date as the Company, Liberum and Stifel may agree, being no later than 21 October 2015); and
- (b) the Sponsor and Underwriting Agreement becoming otherwise unconditional in all respects and not being terminated in accordance with its terms before Admission.

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

#### **2.6 *Return of application monies***

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

## 2.7 **Warranties**

By completing an Offer for Subscription Application Form, you:

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

Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or the Receiving Agent to execute any documents required therefore and to enter your name on the register of Shareholders;

- (l) agree to provide the Company with any information which it or the Receiving Agent may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including, without limitation, satisfactory evidence of identity to ensure compliance with the UK Money Laundering Regulations;
- (m) warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action which will or may result in the Company, Liberum, Stifel or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- (n) acknowledge that the New Ordinary Shares have not been and will not be registered under the US Securities Act of 1933, as amended (“US Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or transferred, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States;
- (o) represent and warrant that (i) you and the person(s), if any, for whose account or benefit you are acquiring the New Ordinary Shares are purchasing the Placing Shares in an “offshore transaction” as defined in Regulation S (“**Regulation S**”) under the US Securities Act; (ii) you are aware of the restrictions on the offer and sale of the New Ordinary Shares pursuant to Regulation S; and (iii) the New Ordinary Shares have not been offered to you by means of any “directed selling efforts” as defined in Regulation S;
- (p) agree that Liberum, Stifel and the Receiving Agent are acting for the Company in connection with the Offer for Subscription and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of the New Ordinary Shares or concerning the suitability of the New Ordinary Shares for you or be responsible to you for the protections afforded to their customers;
- (q) warrant that you are: (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the New Ordinary Shares; (ii) fully understand the risks associated with such investment; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- (r) warrant that you are not subscribing for the New Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the New Ordinary Shares;
- (s) warrant that the information contained in the Offer for Subscription Application Form is true and accurate;
- (t) agree that if you request that New Ordinary Shares are issued to you on a date other than Admission and such New Ordinary Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such New Ordinary Shares on a different date; and
- (u) confirm that if you are applying on behalf of someone else you will not, and will procure that none of your affiliates will, circulate, distribute, publish or otherwise issue (or authorise any other person to issue) any document or information in connection with the Offer for Subscription, or make any announcement or comment (whether in writing or otherwise) which



states or implies that it has been issued or approved by or prepared in conjunction with the Company or any person responsible solely or jointly for the Prospectus or any part thereof or involved in the preparation thereof or which contains any untrue statement of material fact or is misleading or which omits to state any material fact necessary in order to make the statement therein misleading.

## 2.8 *Money laundering*

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

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

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

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

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

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

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

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

## 2.9 *Non-United Kingdom investors*

If you receive a copy of the Prospectus or an Offer for Subscription Application Form in any territory other than the United Kingdom, you may not treat it as constituting an invitation or offer to you, nor



should you, in any event, use an Offer for Subscription Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Offer for Subscription Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for New Ordinary Shares under the Offer for Subscription, to satisfy yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

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

#### 2.10 *The Data Protection Act 1998*

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

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

#### 2.11 *Miscellaneous*

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

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

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 11.00 a.m. on 9 October 2015. In that event, the new closing time and/or date will be notified through the publication of a notice through a Regulatory Information Service.

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

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

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

## **PART IV**

### **INFORMATION ON ASSURA**

#### **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.

On 28 January 2015, the Group changed its corporate structure by inserting Assura plc as a new English-incorporated parent company at the head of the Group by way of scheme of arrangement. The Directors believed that moving to a UK domicile aligned the Group with its UK tax jurisdiction and continue to believe that the reorganisation should enable the Group to develop even better commercial relationships with the NHS and GPs which are the Group's principal customers.

Prior to this reorganisation, the former parent company of the group was incorporated and registered in Guernsey 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 2006, The Medical Property Investment Fund Limited changed its name to Assura Group Limited. In April 2008 the UKLA approved the reclassification of Assura Group Limited from a property investment company to a trading company. Assura Group Limited raised £30 million via a placing in October 2008 to fund the expansion of its medical division. In March 2010, Assura Group Limited disposed of its 75.1 per cent. interest in Assura Medical Limited. In February 2011, Assura Group Limited carried out a firm placing and open offer in connection with its recommended offer for AH Medical Properties plc.

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

Assura Group Limited 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) of this document) and access to a global specialist investor base.

In October 2014, Assura Group Limited 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.

Assura plc was incorporated under the Companies Act on 10 December 2014 with the name Assura Kingston plc, and subsequently changed its name to Assura plc. Assura plc was admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange on 28 January 2015. Assura plc is the ultimate holding company of the Group and elected to be a UK REIT Group on 28 January 2015 (in order that the REIT status enjoyed by the Group since 1 April 2013 would continue following the implementation of the Scheme).

#### **2. Principal activities**

##### **2.1 Overview**

Assura is an active investor in, and developer of, medical centre properties. Demand for large, modern, purpose-built premises continues to be driven by a shift in services from secondary care (hospitals) towards primary and community care, as encouraged by the Government. The Company's policy is to undertake only medical centre developments that are substantially pre-let with fixed price

build contracts or those subject to a price ceiling and funding agreed in advance and where the Board is confident of achieving regular development gains going forward.

As at 21 August 2015 the Group owned 300 completed medical centre investment properties around the UK, valued at £994.2 million, based on the independent valuation reports contained in Part VI (Property Valuation Reports) of this document. The portfolio has a passing rent roll of £59.4 million, with 87 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 21 August 2015, the weighted average unexpired lease length was 14.2 years.

As at 21 August 2015, the Group had one development on site with an estimated end value of approximately £5 million.

## **2.2 Recent expansion of 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 £4.0 million and a weighted average unexpired lease term of 16.2 years. It was acquired by the Company for £62.9 million which, with passing rents of £4.0 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 £52.0 million.

On 13 June 2014, the Group 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 consideration for the transaction was £10.0 million in cash and 44,264,196 new ordinary shares in Assura Group Limited. The debt of £77.7 million assumed with the acquisition has an average fixed interest rate of 5.5 per cent. and an average maturity as at the date of this document of 12.6 years. After settling outstanding rent reviews, rent roll was 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.

On 6 November 2014, the Group announced that it had acquired a portfolio of 11 high-quality medical centres through the purchase from Ray Seymour and Alistair Blacklaws (and certain of their related parties) of Metro MRI Limited. The 11 medical centres have on average a lot size of £5.7 million, an unexpired weighted average lease term of 20.3 years and the majority are under 5 years old. The consideration for the transaction was £9.1 million in cash and 18,834,148 new ordinary shares in Assura Group Limited, and debt of £44.3 million was assumed. The current passing rent was £3.4 million which added 7 per cent. to Assura's rent roll at the time of the acquisition with 89 per cent. of this income contracted to GPs or NHS bodies and 74 per cent. 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 are brought up to current market levels and a further £0.6 million arises on letting expansion space provided for GP tenants and other community healthcare providers.

Since 31 March 2015, the Group has acquired a total of 35 medical centre properties for £58.7 million in cash and £2.5 million in Ordinary Shares.

The Group has a near term pipeline of identified individual asset acquisitions and developments in primary care property of approximately £125 million. This pipeline is anticipated to be under contract within twelve months of the end of the current financial year or within twelve months for development. In addition to this pipeline Assura has further development opportunities with an expected value in excess of £29 million. However, the timing of these projects is more uncertain and they are not anticipated to commence in the current financial year.

As at 21 August 2015, the Group's portfolio of completed primary care medical centres stands at 300 properties valued at £994.2 million and with a contracted passing rent of £59.4 million. The Group's property portfolio has been valued by two independent property experts who have issued reports on separate parts of the portfolio as set out in Part VI (Property Valuation Reports) of this document. Savills have issued a report valuing part of the Group's portfolio at £737.4 million and Jones Lang LaSalle have issued a report valuing the balance of the Group's portfolio at £256.8 million.

<i>Portfolio by region as at 21 August 2015</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
North	119	42.8	43
South	84	267.6	27
Midlands	61	212.9	21
Scotland	18	32.9	3
Wales	18	52.6	5
<b>Total</b>	<b>300</b>	<b>994.2</b>	<b>100</b>

<i>Portfolio by capital value as at 21 August 2015</i>	<i>Number of properties</i>	<i>Total value (£m)</i>	<i>Total value (%)</i>
Less than £1m	60	39.2	4
£1m – £5m	187	469.3	47
£5m – £10m	38	264.6	27
Greater than £10m	15	221.1	22
<b>Total</b>	<b>300</b>	<b>994.2</b>	<b>100</b>

<i>Portfolio rent roll by tenant covenant as at 21 August 2015</i>	<i>Total rent roll (£m)</i>	<i>Total rent roll (%)</i>
GPs	40.8	69
NHS body	10.9	18
Pharmacy	4.5	8
Other	3.2	5
<b>Total</b>	<b>59.4</b>	<b>100</b>

### 2.3 **LIFT**

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

### **3. Strategy and prospects**

#### **3.1 Strategy**

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

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

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

#### **3.2 Prospects**

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

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

The requirement for investment in primary care premises is increasing as the demands on the NHS are rising against a backdrop of an existing property estate that is not able to meet these challenges. 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, though there are positive signs that the importance of fresh investment in primary care infrastructure is now widely recognised, and that the NHS is looking to address this. Despite these delays in approving new developments, the sector continues to provide strong property fundamentals with good prospects for capital and income growth.

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

#### 4. Selected financial information

The following table highlights selected financial information in respect of the Group for the three year period ended 31 March 2015.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2015</i>	<i>31 March 2014</i>	<i>31 March 2013</i>
Net rental income	£48.2m	£37.8m	£33.7m
Profit before taxation from continuing operations <sup>(1)</sup>	£36.6m	£24.2m	£12.9m
Dividends paid	£(14.4m)	£(7.2m)	£(4.5m)
Investment property	£925.3m	£656.7m	£557.3m
Cash, cash equivalents and restricted cash	£66.5m	£38.6m	£35.7m
Borrowings	£(513.5m)	£(450.3m)	£(392.1m)
Earnings per Ordinary Share	4.9p	6.6p	2.7p
Underlying profit per Ordinary Share <sup>(1)</sup>	2.1p	2.1p	1.7p
Net asset value per Ordinary Share – Basic	44.9p	42.8p	37.4p
Net asset value per Ordinary Share – Diluted	44.0p	42.8p	37.4p

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

#### 5. Directors and Senior Management

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

##### 5.1 Directors

**Simon Timothy Laffin** (appointed in August 2011) is the Non-executive Chairman of the Company. Simon is non-executive chairman of Flybe Group plc. Previously he served as chairman of Hozelock Group and a non-executive director of Quintain Estates & Development PLC, 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 Charles Roberts** (appointed in March 2012) is the Chief Executive of the Company. Graham was the 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 Stewart Murphy** (appointed in January 2013) is the Finance Director of the Company. Jonathan was previously finance director of the fund management business of Brooks Macdonald Group plc, having joined as a result of the acquisition of Braemar Group plc in 2010, where he was finance director for 4 years. Jonathan was previously managing director for the property management business of Brooks Macdonald. His earlier career included commercial and strategic roles at Spirit Group and Vodafone. Jonathan qualified as a chartered accountant with PricewaterhouseCoopers, holding management roles in both the UK and Asia. Jonathan holds an MBA from IESE, the leading European Business School in Barcelona.

**Jenefer Dawn Greenwood OBE** (appointed in May 2012) is a Non-executive Director of the Company. Jenefer is a chartered surveyor who started her career at Hillier Parker in 1978, becoming executive director and head of retail on merger with CBRE. She worked for Grosvenor Estate from 2003 until 2012. Jenefer sits on the Investment Advisory Board on INTERNOS Global Investors and was appointed to the board of DCH Group in August 2014. She has previously served on the board of



The Crown Estate and chaired its remuneration committee. She has held positions as chair of the National Skills Academy for Retail and president of the British Council of Shopping Centres.

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

## 5.2 *Senior management*

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

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

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

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

**Orla Ball** joined the Group in 2015 as Company Secretary and Head of Legal. Orla qualified as a solicitor with Eversheds in Manchester where she worked in their corporate department. She has spent the last six years as in-house counsel for Brooks Macdonald where she looked after the legal matters for their property management and property funds business.

## 6. **Corporate Governance**

The Board is committed to ensuring that high standards of corporate governance are maintained by the Company. The Directors are satisfied that the Company, as at the date of this document, complies with all relevant principles and provisions of the UK Corporate Governance Code. This document incorporates by reference the Corporate Governance Reports of the Annual Report of the Company for the financial periods ended 31 March 2013, 31 March 2014 and 31 March 2015.

### 6.1 *Audit Committee*

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

The Board is satisfied that David Richardson has the requisite recent and relevant financial experience to be chairman of the audit committee. The Board is also satisfied that both Simon Laffin and Jenefer Greenwood have the appropriate experience, understanding and knowledge of financial, risk and accounting matters to contribute effectively and appropriately to the work of the audit committee.

The audit committee is responsible for:

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

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

## 6.2 *Remuneration Committee*

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

No director is involved in deciding their own remuneration. The remuneration committee's terms of reference include:

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

## 6.3 *Nomination Committee*

The nomination committee is chaired by Simon Laffin and includes the two independent Non-executive Directors of the Company, David Richardson and Jenefer Greenwood, all of whom have been determined by the Board to be independent. Graham Roberts is also a member of this committee.

The principal functions of the nomination committee are to:

- review the succession planning requirements of the Company;

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

## **7. Employees**

As at 23 September 2015 (being the latest practicable date prior to the publication of this document), the Group had 34 permanent employees. At the end of the financial periods ended 31 March 2013, 31 March 2014 and 31 March 2015, the Group had 28, 30 and 30 employees, respectively.

## PART V

### THE REIT REGIME AND TAXATION

#### 1. Introduction

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

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

#### 2. The REIT regime

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

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

##### 2.1 Overview

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

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

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

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

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

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

## 2.2 *Qualification as a REIT*

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

### (a) *Company conditions*

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

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

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

### (b) *Share capital restrictions*

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

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

(c) *Borrowing restrictions*

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

(d) *Financial Statements*

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

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

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

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

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

(f) *Distribution condition*

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



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

(b) *The Excessive Shareholder rule*

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

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

(c) *Dividends*

When the principal company of a REIT pays a dividend (including a stock dividend), that dividend will be a PID to the extent necessary to satisfy the 90 per cent. distribution condition

(and where it relates to profits or gains of the Qualifying Property Rental Business of the members of the Group, other than gains arising to non-UK resident members of the Group). If the dividend exceeds the amount required to satisfy that condition, the REIT may determine that all or part of the balance is a Non-PID Dividend to the extent there are any profits of the current or previous years which derive from activities of a kind in respect of which corporation tax is chargeable in relation to income (e.g. profits of the Residual Business). Any remaining balance of the dividend (or other distribution) will generally be deemed to be a PID: firstly, in respect of the remaining income profits of the Qualifying Property Rental Business for the current year or previous years; and secondly, in respect of chargeable gains which are exempt from tax by virtue of the REIT Regime. Any remaining balance will be attributed to other Non-PID Dividends.

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

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.

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

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

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

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

The REIT Provisions:

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

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

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

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

Accordingly, the REIT Provisions require an Excessive Shareholder and any registered Shareholder holding shares on behalf of an Excessive Shareholder to notify the Company if his interest in the

Company forms part of an Excessive Shareholding. Such a notice must be given within two business days.

The REIT Provisions give the Board the right to require any person to provide information in relation to their shareholding in order to determine whether the Shares form part of an Excessive Shareholding. If the required information is not provided within the time specified (which is seven days after a request is made or such other period as the Board may decide), the Board is entitled to withhold dividends.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3.7 *Mandatory sale of Excessive Shareholdings***

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

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

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

### **3.8 *Takeovers***

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

### **3.9 *Other***

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

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

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



If the REIT Group (or a member of the REIT Group) voluntarily leaves the REIT Regime within ten years of joining and disposes of any property or other asset that was involved in its Qualifying Property Rental Business within two years of leaving, any uplift in the base cost of any property held by the Company as a result of the deemed disposal on entry into and deemed disposal and reacquisition at market value on exit from the REIT Regime (or as a movement from the Qualifying Property Rental Business to the Residual Business) is disregarded in calculating the gain or loss on the disposal.

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

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

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

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

## **PART VI**

### **PROPERTY VALUATION REPORTS**

This Part VI comprises:

- (a) the Jones Lang LaSalle Valuation Report, which values certain properties owned by the Group as at 21 August 2015; and
- (b) the Savills Advisory Services Limited Valuation Report, which values the remaining properties owned by the Group as at 21 August 2015.

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



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Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
EC2V 6ET

24 September 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 17 July 2015 and as confirmed in our Terms of Engagement letter dated 20 July 2015, we have considered certain of the existing investment properties, developments in the course of construction and the additional land bank sites and vacant buildings (the “**Properties**” and each a “**Property**”) held by the Issuer and its group of companies (together the “**Assura Group**”) in order to provide our opinion on a Desk Top basis of the aggregate Market Value and Market Rent (in each case as defined below) of the 126 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 21 August 2015.
- 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 firm placing, placing and open offer and offer for subscription being conducted by the Issuer and the subsequent admission to listing of the shares issued by the Issuer pursuant thereto to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities.
- 1.4 This Report is addressed to and capable of being relied upon by:
  - (a) Assura plc;
  - (b) Stifel Nicolaus Europe Limited; and
  - (c) Liberum Capital Limited,

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

- (i) the valuation provided in this Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have not taken any action nor are we obliged to take any action to review or update this Report since the date it was originally issued;
- (ii) our aggregate liability to any one or more or all of the Addressees in respect of the Reports shall be limited to £32,000,000 provided that this cap on liability shall not apply in the event that an investor brings a claim against one or more of the Addressees as a result of our negligence in preparing the Valuation; and
- (iii) this Report is subject to the terms and conditions set out in our letter of engagement with, *inter alios*, Assura plc dated 20 July 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 We confirm in the financial year to 31 December 2014, the proportion of total fees payable by the Assura Group 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 2014 being RICS Registered Valuers. In accordance with VPS3 s7(a) we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

## **5. Conflict of Interest**

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

## **6. Information**

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

- (b) leases and/or summaries, floor plans and other relevant information in respect of the recently completed or acquired Properties which we have not yet inspected;
  - (c) copy leases and floor plans, where available;
  - (d) updating information regarding any material changes to the Properties including lettings, rents, layout, and proposed terms of occupation where vacant space is under negotiation or in construction; and
  - (e) previous Certificates of Title prepared by the Issuer's solicitors (although these are now regarded as historic).
- 6.2 The Properties are inspected on a two year programme as part of our periodic reviews and 60% have been visited since 2013. Inspections of the remaining Properties will be carried out during 2015. 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 126 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 letting, as appropriate, to achieve the best price. However, there is limited stock and recent corporate interest in portfolios would suggest that a premium could be secured at the present time but this is not reflected in our valuations.

## **8. Tenure and Tenancies**

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

## **9. Basis of Valuation**

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

### ***Market Value***

- 9.2 Valuation Practice Standard VPS 4 (1.2) of the Red Book defines Market Value (MV) as:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

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

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

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

- 9.4 Our valuations are exclusive of any Value Added Tax (VAT) and no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal of a Property. Our valuations are, however, net of the usual acquisition costs payable by a buyer of a property based on 5.80% adopting 20% VAT on fees (Scottish properties are now subject to Land and Buildings Transaction Tax (LBTT) which is the equivalent to Development Land Tax in England and Wales. For properties transacting at above £3,501 the LBTT is at 4.5%).

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

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

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

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

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

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

### ***Floor Areas***

- 10.2 We have relied upon the floor areas provided to us by the Issuer where we have not had sufficient access to buildings or scale floor plans. In certain instances check measurements have been taken on site, and the floor area figures provided have proved to be accurate. We assume that all floor area



figures provided are complete and correct and calculated in accordance with the Code of Measuring Practice, 6th Edition issued by the RICS and agreed with the District Valuer at practical completion or at subsequent rent reviews.

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

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

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

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

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

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

## **11. Valuation**

- 11.1 We are of the opinion that the aggregate Market Value calculated on a desk top basis of the mixed freehold, heritable, part freehold/long leasehold and leasehold medical centre Properties, subject to the various existing and proposed leases in their current condition can be fairly stated at £256,860,000 (Two Hundred and Fifty Six Million Eight Hundred and Sixty Thousand Pounds).
- 11.2 This is apportioned between the freehold/heritable and long leasehold Properties which is shown below:

<i>Investments</i>	<i>Market Value</i>
Freehold	£195,643,000
Long Lease	£61,217,000
<b>Total</b>	<b>£256,860,000</b>

- 11.3 The aggregate gross passing rent for the Properties contracted under the terms of the leases as provided to us by the Issuer as at 21 August 2015 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is £15,790,608 per annum (Fifteen Million, Seven Hundred and Ninety Thousand, Six Hundred and Eight 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 21 August 2015.

- 11.6 The combined values of the investments have increased by £4,037,000 (1.8%) overall from the year end valuation undertaken for the Issuer as at 31 March 2015 on a like for like basis. This is mainly as a result of successful rent reviews and with yield adjustments to reflect the recently improved market conditions and comparable evidence.

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

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

## **12. General Assumptions**

### **12.1 Exclusions**

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

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

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

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

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

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

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

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

### 12.3 *Services, Plant and Equipment*

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

### 12.4 *Compliance with Statutory Matters*

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

### 12.5 *Confidentiality and Publication*

This Report has been prepared for inclusion in the Prospectus to be issued by the Issuer dated on or about 24 September 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

Tel: 0117 930 5704

Mobile: 07966 406 043

andrew.sproson@eu.jll.com



**James Hanson**

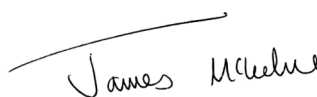
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**James McKelvie**

*Director*

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24 September 2015  
Our Ref: WEHE381340/AC/SR

The Savills logo, consisting of the word "savills" in a lowercase, sans-serif font, positioned within a light grey rectangular box.

Assura plc  
The Brew House  
Greenalls Avenue  
Warrington  
WA4 6HL

Stifel Nicolaus Europe Limited  
150 Cheapside  
London  
EC2V 6ET

Liberum Capital Limited  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

Dear Sirs

Samantha Rowland BSc (Hons) FRICS  
E: srowland@savills.com  
T: +44 (0) 20 7409 9962  
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Savills (UK) Ltd  
33 Margaret Street  
London  
W1G0JD  
savills.co.uk/healthcare

## DESK TOP PORTFOLIO VALUATION AS AT 21 AUGUST 2015

### 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 17 July 2015 and as confirmed in our Terms of Engagement letter dated 11 August 2015, we have considered certain of the existing investment properties, developments in the course of construction and the land bank sites (the “**Properties**” and each a “**Property**”) held by the Issuer and its group of companies (together the “**Assura PLC**”) 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 192 freehold/heritable 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 21 August 2015.
- 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 firm placing, placing and open offer and offer for subscription being conducted by the Issuer and subsequent admission to the listing of the shares issued by the Issuer pursuant thereto to the premium segment of the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Main Market for listed securities.

Offices and associates throughout the Americas, Europe, Asia Pacific, Africa and the Middle East.

Savills Advisory Services Limited. Chartered Surveyors. A subsidiary of Savills plc. Registered in England No. 6215875.  
Registered office: 33 Margaret Street, London W1G 0JD

1.4 This Report is addressed to and capable of being relied upon by:

- (a) Assura plc;
- (b) Stifel Nicolaus Europe Limited; and
- (c) Liberum Capital Limited

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

- (i) the valuation provided in this Report refers to the position at the date it was originally issued and, unless otherwise confirmed by us in writing, we have not taken any action nor are we obliged to take any action to review or update this Report since the date it was originally issued;
- (ii) our aggregate liability to any one or more or all of the Addressees in respect of the Reports shall be limited to £75M provided that this cap on liability shall not apply in the event an investor brings a claim against one or more of the Addressees to the extent caused by 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 PLC dated 21 August 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 5.4**

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 2014, the proportion of total fees payable by the Assura Group to the total fee income of the Group was less than 5%. We would not envisage that this situation will vary in terms of our current financial year to 31 December 2015.

4.2 Samantha Rowland BSc (Hons) FRICS has been the signatory of the Valuation Reports provided to the Company for the purposes described in paragraph 1.1 above since 2014. Colin Rees Smith BSc (Hons) MRICS joined Savills in 2007 as a Director and has over 20 years of experience in the healthcare sector. Alex Crawley BSc (Hons) MRICS has assisted with the valuations and report, and is experienced in primary care valuations.

4.3 All three are also RICS Registered Valuers. Furthermore, in accordance with VPS3 s7(a) we confirm that the aforementioned individuals have the knowledge, skill and understanding to undertake the valuation competently.

## **5. CONFLICT OF INTEREST**

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

## **6. INFORMATION**

- 6.1 In preparing this desk top valuation we have relied on the following information and assumed all are valid for the purposes of our Report but should any information prove to be incorrect or inadequate, then this could affect the accuracy of the valuations:
- (a) our files relating to each of the Properties we have inspected previously;
  - (b) leases, floor plans and other relevant information in respect of the recently completed or acquired Properties which we have not yet inspected;
  - (c) copy leases and floor plans, where available;
  - (d) updating information regarding any material changes to the Properties including lettings, rents, layout, and proposed terms of occupation where vacant space is under negotiation or in construction; and
  - (e) previous Certificates of Title prepared by the Issuer's solicitors (although these are now regarded as historic).
- 6.2 The Properties are generally inspected on a rolling 3 year programme as part of our periodic reviews and all of the investment Properties which are the subject of this Report have been visited since 2012. 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. We have had regard to the RICS Red Book in particular VPS 2 Inspections and Investigations paragraphs 11 to 15.

## **7. THE PORTFOLIO**

- 7.1 The Properties we have valued comprise 177 investments, 4 developments in the course of construction and the additional 11 land bank sites 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 letting, as appropriate, to achieve the best price.
- 7.3 However, there is limited stock and recent corporate interest in portfolios would suggest that a premium could be secured at the present time but this is not reflected in our valuations.

## **8. TENURE AND TENANCIES**

- 8.1 The Properties are held on a mixed freehold, heritable, long and short leasehold basis, subject to various leases and otherwise free from encumbrance and we have not been advised of any outstanding notices or disputes affecting them.
- 8.2 We have relied upon the details of tenure, tenancies and other information provided by the Issuer. In addition, we have previously been provided with Certificates of Title supplied to us by the Issuer's solicitors and confirm as follows:
- (a) where we have relied upon information provided to us by the Issuer, such information is not inconsistent with the Certificates of Title;



- (b) we have assumed that, save as may be disclosed by the Certificates of Title, the Properties possess good marketable titles free from any unusual encumbrances, restrictions or obligations;
  - (c) we have assumed that, save as may be disclosed by the Certificates of Title, nothing would be revealed by any local search or replies to usual enquiries of the seller which would materially adversely affect the respective values of the Properties; and
  - (d) in respect of the short and long leasehold interests, we have assumed that consent to assign would not be withheld or delayed by the landlord if required and that, save as may be disclosed by the Certificates of Title, there are no outstanding arrears or breaches of covenant.
- 8.3 No account has been taken of any mortgages, debentures or other security which may now or in the future exist over any of the Properties.

## **9. BASIS OF VALUATION**

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

### ***Market Value***

- 9.2 Valuation Practice Standard VPS 4 (1.2) of the Red Book defines Market Value (MV) as:

*“The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”*

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

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

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

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

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

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

- 10.1 When assessing the values of the Properties we have had regard to the annual rents receivable for each Property and the definition of ‘net annual rent’ given in the Listing Rules made by the Financial Conduct Authority pursuant to section 73A of the Financial Services and Markets Act, as amended.
- 10.2 Further, our valuation based on the annual rent of the Properties:
- (a) ignores any special receipts or deductions arising from the Property;
  - (b) excludes Value Added Tax and before taxation (including tax on profits and allowances for interest on capital or loans); and
  - (c) makes deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.

- 10.3 Where premises are let on effective full repairing and insuring leases, the net annual rents receivable are the presently contracted rents payable under those leases without any deduction for the cost of management or any other expenses.
- 10.4 The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

#### ***Floor Areas***

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

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

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

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

- 10.10 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.
- 10.11 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***

- 10.12 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 177 mixed freehold, heritable, part freehold/long leasehold and leasehold medical centre and retail mall investments, subject to the various existing and proposed leases, and the 4 mixed freehold and long leasehold medical centre developments, on the assumption that these developments are completed and fitted out to a high standard and the various proposed leases are entered into on the terms advised to us, together with the 11 land bank sites and vacant buildings, in their current condition, net of acquisition costs, can be fairly stated at **£766,040,000 (Seven Hundred and Sixty Six Million and Forty Thousand Pounds)**.
- 11.5 This is apportioned between the 177 investments, 4 developments in the course of construction and the 11 land bank sites as follows which we have also shown split between freehold and leasehold tenure:
- (a) *Investments*
- |                         |              |
|-------------------------|--------------|
| Freehold/heritable      | £561,195,000 |
| Freehold/Long Leasehold | £6,225,000   |
| Long Leasehold          | £165,390,000 |
| Short Leasehold         | £4,610,000   |
- (b) *Developments in the course of construction*
- |                |             |
|----------------|-------------|
| Freehold       | £22,790,000 |
| Long Leasehold | Nil         |
- (c) *Land Bank Sites and Vacant Buildings*
- |           |            |
|-----------|------------|
| Freehold  | £5,830,000 |
| Leasehold | Nil        |
- 11.6 The aggregate gross passing rent for the Properties contracted under the terms of the leases as provided to us by the Issuer as at 21 August 2015 and stated before deduction of any Landlord's non recoverable expenditure and prior to the settlement of any outstanding rent reviews is **£43,624,463 per annum (Forty Three Million, Six Hundred and Twenty Four Thousand, Four Hundred and Sixty Three Pounds per annum)**.
- 11.7 Our opinion of the Market Values of the Properties are stated as at 21 August 2015. We are not aware of any material changes to the aggregate valuation from the that date to the date of this letter.
- 11.8 The combined values of the Properties, excluding new acquisitions and recently completed developments, has increased by £23,970m (3.25%) overall from the year end valuation undertaken for the Issuer as at 31 March 2015 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.
- 11.11 Accordingly, we consider our opinion of Market Value as detailed above can be reported with a reasonable degree of confidence.

## **12. GENERAL ASSUMPTIONS**

### **12.1 *Exclusions***

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

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

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

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

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

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

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

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

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

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

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

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

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

This Report has been prepared for inclusion in the Prospectus to be issued by the Issuer dated 24 September 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



**Samantha Rowland BSc (Hons) FRICS**  
RICS Registered Valuer

*Director – Head of Healthcare Valuations*



**Colin Rees Smith BSc (Hons) MRICS**  
RICS Registered Valuer

*Director – Healthcare*

## PART VII

### FINANCIAL INFORMATION ON ASSURA

#### 1. Basis of Financial Information

The consolidated financial statements of Assura included in the audited 2013 Annual Report, 2014 Annual Report, and 2015 Annual Report together with the audit reports thereon 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 2013, 31 March 2014 and 31 March 2015 were prepared in accordance with IFRS, and the audit report for each such financial year was unqualified.

Each of the 2013 Annual Report and 2014 Annual Report and 2015 Annual Report are available on the Group's website, [www.Assuraplco.co.uk](http://www.Assuraplco.co.uk).

#### 2. Cross-reference list

The following list is intended to enable investors to easily identify specific items of information which have been incorporated by reference into this document. Any non-incorporated parts of the documents incorporated by reference in this document are either not relevant for the purposes of the Share Issue or the relevant information is included elsewhere in this document. Any documents themselves incorporated by reference in this document shall not form part of this document.

##### *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 statement of changes in equity	page 68
Consolidated cash flow statement	page 69
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 statement of changes in equity	page 80
Consolidated cash flow statement	page 81
Notes to the financial statements	pages 82 to 106
Independent auditor's report	pages 75 to 77
Corporate governance report	pages 44 to 57



***Financial statements for the year ended 31 March 2015 and independent audit report thereon***

The page numbers below refer to the relevant pages of the 2015 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 80
Consolidated balance sheet	page 81
Consolidated statement of changes in equity	page 82
Consolidated cash flow statement	page 83
Notes to the financial statements	pages 84 to 105
Independent auditor's report	pages 77 to 79
Corporate governance report	pages 48 to 56

## PART VIII

### OPERATING AND FINANCIAL REVIEW

*This Part VIII “Operating and Financial Review” should be read in conjunction with the historical financial information and information on the Group contained in this document. Prospective investors should read the entire document and not rely solely on the summary information set out below. The following Operating and Financial Review contains financial information that has been extracted or derived without material adjustment from the Company’s financial information for the financial years ended 31 March 2013, 31 March 2014 and 31 March 2015 which is incorporated by reference in this document as set out in Part VII (Financial Information on Assura).*

*This Part VIII of this document contains forward looking statements about the Company’s and the Directors’ beliefs and expectations. Forward looking statements involve inherent risks and uncertainties and speak only as at the date on which they are made. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward looking statements. In particular, the results of the Company’s operations may not be consistent with predicted trends. Prospective investors should read the statement in relation to forward looking statements contained on page 34 of this document.*

*In addition, the following discussion of the Assura 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 Assura Group’s business.*

*Information in this section covers the three year period ended 31 March 2015.*

#### **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. During the period covered by this review, the following sales of non-core assets were completed:

- 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 Assura Group had invested; and
- £16.7 million from the sale of non-core properties.

Over recent years an entirely refreshed Board has been introduced which is now focused on the Group being solely a primary healthcare property business. A key milestone in this evolution was the decision in April 2013 to elect to join the REIT regime. For further information on the Board please see Part IV (Information on Assura) of this document.

In the three year period ended 31 March 2015, the proceeds from shares issued, borrowings drawn and the sale of the non-core assets have been invested into the core primary care property business as highlighted below:

- £54.5 million invested in 16 developments;

- £62.9 million acquisition of 32 medical centres through Trinity Medical Developments Limited in September 2013;
- £107.0 million acquisition of 28 medical centres through MP Realty Holdings Limited in June 2014;
- £63.1 million acquisition of 11 medical centres through Metro MRI Limited in November 2014; and
- £60.5 million for the acquisition of 20 other medical centres.

For details of current trading and other acquisitions completed since 31 March 2015, see paragraphs 8 and 9 of Part I of this document.

Details of key accounting policies can be found on pages 84 to 86 of the Annual Report of the Company for the year ended 31 March 2015.

## 2. Key performance indicators

The following table highlights some of the key performance indicators of the Group.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March 2015</i>	<i>31 March 2014</i>	<i>31 March 2013</i>
Investment property	£925.3m	£656.7m	£557.3m
Rent roll	£55.6m	£41.8m	£35.9m
Weighted average unexpired lease term	14.4 years	14.4 years	14.8 years
Percentage of tenant covenant NHS/GP	86.8%	85.8%	85.0%
Adjusted EPRA NAV per Ordinary Share	44.9p	43.4p	38.6p
Net rental income	£48.2m	£37.8m	£33.7m
Underlying profit <sup>(1)</sup>	£15.9m	£10.9m	£8.8m
Underlying profit per Ordinary Share <sup>(1)</sup>	2.1p	2.1p	1.7p
Total accounting return	7.7%	15.9%	9.7%

(1) Results for the year ended 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

### 3.1 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 the current Government and so a reduction in funding to this sector would run counter to this objective. Primary care investment has received cross party support and the Group believes that the 2015 General Election results were favourable for the sector.

The reorganisation of the NHS that was implemented in April 2013 led to a reduction in the number of approvals of new developments as the new organisational structures took time to be bedded in. Recent announcements by the NHS point to the approval process being resolved and the Group has recently received its first approval under the new process.

The Directors are hopeful that approvals for new schemes will be forthcoming in the near future and the Group is ready to provide the expertise and the capital to support this essential investment in the infrastructure of the NHS. There will however, remain a time lag between approval and delivery of typically 18 months to 2 years.

### 3.2 ***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.

### 3.3 ***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.

### 3.4 ***Management's ability to identify good development and acquisition opportunities and asset manage the properties to add value***

The ability to source development opportunities and to make acquisitions at attractive prices is crucial to the success of the business. The Company's management is in regular dialogue with other investors in the sector to identify and secure future opportunities for portfolio purchases. The sector remains highly fragmented with the majority of medical centres owned by GPs or other private owners. The Group has a good track record of securing acquisitions over the past two years and remains hopeful of securing further portfolios, though the success and timing of any such purchases is inherently uncertain.

#### 4. Results of operations

The following discussion and analysis of the Assura Group's results and operations for the years ended 31 March 2013, 31 March 2014 and 31 March 2015 is based on historical results.

The following table shows certain income statement data for each of the periods under review.

##### Consolidated income statement

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Continuing operations			
Gross rental and related income	51.1	39.9	37.1
Property operating expenses	(2.9)	(2.1)	(3.4)
<b>Net rental income</b>	<b>48.2</b>	<b>37.8</b>	<b>33.7</b>
Administrative expenses	(5.7)	(5.0)	(4.9)
Revaluation gains	21.4	12.4	6.0
(Loss)/gain on sale of property	(0.1)	0.2	(0.1)
Share-based payment charge	(0.7)	(0.7)	(0.6)
Exceptional items	–	(0.4)	–
Finance revenue	0.4	0.3	0.5
Finance costs	(27.0)	(22.2)	(20.5)
Gain/(loss) on derivative financial instruments	0.1	1.8	(1.2)
<b>Profit before taxation</b>	<b>36.6</b>	<b>24.2</b>	<b>12.9</b>
Taxation	0.6	(0.4)	(0.2)
<b>Profit for the year from continuing operations</b>	<b>37.2</b>	<b>23.8</b>	<b>12.7</b>
Profit for the year from discontinued operations			
– LIFT	–	11.2	1.4
<b>Profit for the year attributable to equity holders of the parent</b>	<b>37.2</b>	<b>35.0</b>	<b>14.1</b>
<b>Earnings per Share on profit for year (p)</b>	<b>4.9p</b>	<b>6.6 p</b>	<b>2.7 p</b>

(1) Results for the year ended 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 portfolio of primary care investment properties. The discontinued operations reflect the results of the Group's former LIFT operating segments which were sold in 2013.

In addition to the IFRS measures detailed above, the Company presents underlying profit which is considered to represent normalised profit. Underlying profit represents profit before tax from continuing operations, adjusted to exclude revaluation gains on investment properties, share-based payment charges, exceptional items and gains and losses on derivative financial instruments.

	<i>Year ended<sup>(1)</sup></i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Net rental income	48.2	37.8	33.7
Administrative expenses	(5.7)	(5.0)	(4.9)
Finance revenue	0.4	0.3	0.5
Finance costs	(27.0)	(22.2)	(20.5)
<b>Underlying Profit</b>	<b>15.9</b>	<b>10.9</b>	<b>8.8</b>

(1) Results for the year ended 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 £37.1 million in the year ended 31 March 2013, to £39.9 million in the year ended 31 March 2014, and then to £51.1 million in the year ended 31 March 2015. This is rental income earned on the investment properties owned by the Company.

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

	<i>Year ended</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
Number of properties	265	208	172
Annual contracted rent roll	£55.6m	£41.8m	£35.9m

In the year ended 31 March 2014, the primary reason for the increase in the number of properties and annual contracted rent roll was the acquisition of the Trinity portfolio in September 2013, which totalled 32 properties and added £4.0 million to the annual rent roll.

In the year ended 31 March 2015, the primary reason for the increase in the number of properties and annual contracted rent roll was the acquisition of the MP Realty and Metro portfolios in June 2014 and November 2014 respectively. These portfolios totalled 28 and 11 properties adding £6.0 million and £3.4 million to the annual rent roll respectively.

In addition, the Assura 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>Year ended</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
Number of completed developments	4	8	5
Annual contracted rent roll	£1.4m	£1.5m	£0.9m

#### 4.2 *Net rental income*

Net rental income represents the gross rental income less directly attributable property costs and is the Assura Group's gross profit on investment properties. Net rental income has increased from £33.7 million in the year ended 31 March 2013 to £37.8 million in the year ended 31 March 2014, and then to £48.2 million in the year ended 31 March 2015. The increase over these three financial periods reflects the growth in the gross rental income over the same period, as well as a reduction in the property operating expenses.

#### 4.3 *Administrative expenses*

Administrative expenses represent the overheads associated with operating and managing the investment property portfolio. The expense has increased from £4.9 million in the year ended 31 March 2013 to £5.0 million in the year ended 31 March 2014, and then to £5.7 million in the year ended 31 March 2015.

The Assura Group measures its operating efficiency as the proportion of administrative costs to the average gross investment property value. The ratio was 0.89 per cent. in the year ended 31 March 2013, 0.82 per cent. in the year ended 31 March 2014 and 0.72 per cent. in the year ended 31 March 2015 as a result of the increase in the gross investment property value.

#### 4.4 *Revaluation gains*

Gains on revaluation of investment property were £6.0 million, £12.4 million and £21.4 million for the years ended 31 March 2013, 31 March 2014 and 31 March 2015, respectively. These figures



include development profits on the completion of properties developed by the Assura 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 2013, 31 March 2014 and 31 March 2015, the number of properties disposed of totalled 18, 6 and 6 respectively. The largest individual disposal was of the former head office building at Daresbury with proceeds of £5.5 million in the year ended 31 March 2013. As investment properties are held on the balance sheet at the fair value determined by an independent external advisor, the proceeds are generally close to the book value, resulting in an insignificant gain or loss on disposal.

**4.6 *Share-based payment charge***

The share-based payment charge is the cost of employee share-based incentive arrangements as calculated in line with IFRS 2 (Share-based Payment). Details of employee share-based incentives are provided in paragraph 8 of Part X (Additional Information) of this document.

**4.7 *Exceptional items***

There were no exceptional items in the years ended 31 March 2013 or 31 March 2015.

In the year ended 31 March 2014, exceptional items totalled £0.4 million. This can be broken down as negative goodwill on the acquisition of Trinity of £0.6 million and credit in respect of property provision of £0.5 million, offset by acquisition costs of Trinity totalling £0.4 million and corporate finance fees of £1.1 million.

**4.8 *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 2015 with variations the result of changes in cash balances and interest rates.

**4.9 *Finance costs***

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 £27.0 million in the year ended 31 March 2015. The increase is the result of the increase in borrowings over the period, reflecting acquisitions made including assuming related borrowings and new developments being partially funded by debt.

**4.10 *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 Assura Group. The line item has fluctuated from a loss of £1.2 million in the year ended 31 March 2013 and a gain of £1.8 million in the year ended 31 March 2014 to a gain of £0.1 million in the year ended 31 March 2015.

**4.11 *Profit before tax***

Profit before tax has increased from a profit of £12.9 million in the year ended 31 March 2013 to a profit of £24.2 million in the year ended 31 March 2014 and a profit of £36.6 million in the year ended 31 March 2015.

The increase in profit before tax over the three years ended 31 March 2015 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; offset by (iv) increased finance costs reflecting acquisitions made including assuming related borrowings and new developments being partially funded by debt.

#### 4.12 ***Taxation***

Taxation has fluctuated as 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 credit of £0.6 million in the year ended 31 March 2015. The amount recorded in the income statement represents the movement in the deferred tax asset.

#### 4.13 ***Profit for the year from continuing operations***

Profit for the year from continuing operations has increased from a profit of £12.7 million in the year ended 31 March 2013 to a profit of £23.8 million in the year ended 31 March 2014 and a profit of £37.2 million in the year ended 31 March 2015.

The increase in profit for the year from continuing operations over the three years ended 31 March 2015 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; offset by (iv) increased finance costs reflecting acquisitions made including assuming related borrowings and new developments being partially funded by debt.

#### 4.14 ***Profit for the year from discontinued operations***

Profit for the year from discontinued operations relates to the LIFT investments that were sold in November 2013.

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.

In the year ended 31 March 2015, there was no profit or loss relating to discontinued operations.

#### 4.15 ***Profit for the year attributable to equity holders of the parent***

Profit for the year attributable to equity holders of the parent has increased from a profit of £14.1 million in the year ended 31 March 2013 to a profit of £35.0 million in the year ended 31 March 2014 and a profit of £37.2 million in the year ended 31 March 2015.

The increase in profit for the year attributable to equity holders of the parent over the three years ended 31 March 2015 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) gain on disposal of the LIFT investments in the year ended 31 March 2014; offset by (v) increased finance costs reflecting acquisitions made including assuming related borrowings and new developments being partially funded by debt.

#### 4.16 ***Underlying profit***

The Company presents underlying profit as a key performance indicator, being profits generated from the underlying business before fair value adjustments and exceptional items.

In the years ended 31 March 2013, 31 March 2014 and 31 March 2015, underlying profit was £8.8 million, £10.9 million and £15.9 million respectively. The increase in underlying profit over the three years ended 31 March 2015 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; offset by (iii) increased finance costs reflecting acquisitions made including assuming related borrowings and new developments being partially funded by debt.

Details of related party transactions can be found in paragraph 11 of Part X (Additional Information) of this document.

## 5. Balance sheet analysis

The following table summarises the balance sheet of the Assura Group as at 31 March 2013, 31 March 2014 and 31 March 2015.

	<i>31 March</i>	<i>Year ended</i>	<i>31 March</i>
	<i>2015</i>	<i>31 March</i>	<i>2013</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	925.3	656.7	557.3
Property assets held for sale	5.4	11.6	12.0
Investments	0.4	0.5	11.2
Cash, cash equivalents and restricted cash	66.5	38.6	35.7
Derivative financial instruments at fair value	–	(1.8)	(3.6)
Borrowings	(513.5)	(450.3)	(392.1)
Other assets and liabilities (net)	(32.2)	(28.7)	(22.4)
<b>Net assets</b>	<b>451.9</b>	<b>226.6</b>	<b>198.1</b>
Net asset value per Ordinary Share – Basic (p)	44.9p	42.8p	37.4p
Net asset value per Ordinary Share – Diluted (p)	44.0p	42.8p	37.4p
Adjusted (EPRA) net asset value per Ordinary Share – Basic (p)*	44.9p	43.4p	38.6p
Adjusted (EPRA) net asset value per Ordinary Share – Diluted (p)*	44.0p	43.4p	38.6p

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

### 5.1 *Investment property and property assets held for sale*

Gross investment property has increased from £569.3 million as at 31 March 2013 to £668.3 million as at 31 March 2014 and £930.7 million as at 31 March 2015.

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 year ended 31 March 2015 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 and Metro portfolios of 28 and 11 properties in June 2014 and November 2014 respectively.

### 5.2 *LIFT investments and associates*

LIFT investments and associates decreased from £11.2 million at 31 March 2013 to £0.5 million as at 31 March 2014 and £0.4 million as at 31 March 2015 following the disposal of LIFT investments in November 2013.

The balance represents the Company's share of net assets of seven LIFT companies, which were disposed of in November 2013, and also an investment held in GB Partnerships Investments Limited.

### 5.3 *Cash, cash equivalents and restricted cash*

Cash, cash equivalents and restricted cash was £35.7 million, £38.6 million and £66.5 million as 31 March 2013, 31 March 2014 and 31 March 2015, respectively.

Restricted cash arises where there are interest payment guarantees, cash is ring-fenced for committed property development expenditure, which is released to pay contractors invoices directly, or under the terms of security arrangements under the Group's banking facilities or its Bond. The following table shows the split between cash and restricted cash at 31 March 2013, 31 March 2014 and 31 March 2015.

	<i>31 March</i>	<i>Year ended</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Cash held in current accounts	65.3	27.6	15.6
Restricted cash	1.2	11.0	20.1
<b>Total</b>	<b>66.5</b>	<b>38.6</b>	<b>35.7</b>

Further details in respect of movements in cash, cash equivalents and restricted cash can be found in section 6 below.

#### 5.4 *Derivative financial instruments at fair value*

Derivative financial instruments at fair value represent the fair value of interest rate swap instruments held by the Assura Group at each balance sheet date. The instruments were a fair value liability of £3.6 million and £1.8 million at 31 March 2013 and 31 March 2014 respectively.

The derivative financial instrument was settled in full on 4 November 2014. As a result, the Company did not have any derivative financial instruments assets or liabilities as at 31 March 2015.

#### 5.5 *Borrowings*

Borrowings, which are reported net of loan fees capitalised and including fair value adjustments on borrowings assumed with acquisitions completed, were £392.1 million at 31 March 2013, increasing to £450.3 million at 31 March 2014 and £513.5 million at 31 March 2015.

Borrowings have increased over the three years ended 31 March 2015 as a result of amounts drawn to partially fund new properties developed by the Group and the borrowings assumed alongside the acquisitions of Trinity, MP Realty and Metro in September 2013, June 2014 and November 2014 respectively.

Further details of the Company's borrowing arrangements are set out in paragraph 10 of Part X (Additional Information) of this document.

#### 5.6 *Other assets and liabilities (net)*

Net other assets and liabilities as at 31 March 2013, 31 March 2014 and 31 March 2015 were a net liability of £22.4 million, £28.7 million and £32.2 million, respectively.

This includes deferred tax, trade and other receivables, trade and other payables, deferred revenue and property provisions. The magnitude of the balance has increased as trade and other receivables have reduced following the receipt of all deferred consideration from the sale of the pharmacy business, and deferred revenue has increased as rent invoiced each quarter has grown.

The Group has no contingent liabilities.

#### 5.7 *Net asset value per Ordinary Share*

Net asset value per Ordinary Share was 37.4p at 31 March 2013, increasing to 42.8p at 31 March 2014 and 44.9p at 31 March 2015. On an EPRA basis, which is adjusted to remove own shares held, derivative financial instruments and deferred tax, the figures increase to 38.6p, 43.4p and 44.9p respectively.

The increase over the three year period is the result of operating profit, revaluation gains and gains on disposal of investments, net of dividends paid to shareholders.

## **6. Overview of the Group'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 2013, 31 March 2014 and 31 March 2015 and the period since 31 March 2015 (being the date of the Group's latest published audited annual report and accounts) until 31 August 2015 (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 2013, 31 March 2014 and 31 March 2015 and the period since 31 March 2015 (being the date of the Group's latest published audited annual report and accounts) until 31 August 2015 (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;
- a rights issue completed in November 2011;
- a firm placing, placing and open offer and offer for subscription completed in October 2014; and
- on 22 May 2015, the Company entered into a new five year, £60 million revolving credit facility with Barclays, Natwest and HSBC at an initial margin of 170 basis points over LIBOR. This facility replaced the £30 million revolving credit facility with Barclays and Natwest. This facility was increased to £120 million on 28 August 2015.

As at 31 March 2015, the Company had outstanding borrowings or indebtedness in the nature of borrowings of £513.5 million, finance lease obligations of £3.0 million and aggregate cash balances of £66.5 million. In addition, the Company had undrawn committed facilities totalling £30.0 million. Subsequent to the year end, the Company has entered into a new agreement extending the £30.0 million revolving credit facility to £120.0 million which will be available to draw down against properties acquired or developed.

The Group's loan to value ratio is now 52 per cent. (31 March 2015: 48 per cent.) based on the property valuation contained within this document.

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 LTV ratio of the Assura Group as at 31 March 2013, 31 March 2014 and 31 March 2015.

	<i>Year ended</i>		
	<i>31 March</i>	<i>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>	<i>2013</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Investment property	925.3	656.7	557.3
Property assets held for sale	5.4	11.6	12.0
<b>Total property and investments</b>	<b>930.7</b>	<b>668.3</b>	<b>569.3</b>
Borrowings	513.5	450.3	392.1
Finance lease obligations	3.0	3.1	3.1
Cash, cash equivalents and restricted cash	(66.5)	(38.6)	(35.7)
<b>Net debt</b>	<b>450.0</b>	<b>414.8</b>	<b>359.5</b>
Loan-to-Value (%)	48%	62%	63%

As at 31 March 2015, the Group had bank facilities of £543.5 million in aggregate. In addition, as at 31 March 2015, the Group had cash balances of £66.5 million of which £1.2 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 £110.0 million, listed on the Main Market of the London Stock Exchange, at a fixed interest rate of 4.75%, which matures December 2021;
- senior term loans with Aviva of £403.5 million (net of £3.1 million of capitalised transaction costs) subject to fixed all-in interest rates ranging from between 4.11% and 6.66% and a weighted average of 5.43%, which mature on various dates between 2021 and 2044; and
- a five year revolving credit facility with Barclays and NatWest for £30.0 million at an initial margin of 185 basis points over LIBOR expiring in May 2019, this facility was undrawn at 31 March 2015.

On 22 May 2015, the Company entered into a new five year, £60.0 million revolving credit facility with Barclays, Natwest and HSBC at an initial margin of 170 basis points over LIBOR. This facility replaced the £30.0 million revolving credit facility with Barclays and Natwest. This facility was increased to £120.0 million on 28 August 2015.

As at 31 August 2015 (being the latest practicable date prior to publication of this document), the Company had outstanding borrowings or indebtedness in the nature of borrowings of £538.2 million, finance lease obligations of £3.1 million and an aggregate cash balance of £11.0 million. The information relating to 31 August 2015 has been extracted from unaudited accounting records as at that date. There have been no material changes to the outstanding borrowings or indebtedness in the nature of borrowings, finance lease obligations or the aggregated cash balances of the Company since 31 August 2015.

Further details of the Company's borrowing arrangements, including details of the covenants attached to each facility, are set out in paragraph 10 of Part X (Additional Information) of this document. The Group has been in compliance with all covenants throughout the three year period ended 31 March 2015 and there has been no breach of any covenants since 31 March 2015 to the date of this document.



### ***Capitalisation and indebtedness***

Set out below is a statement of capitalisation of the Group at 31 March 2015 and indebtedness of the Group at 30 June 2015 (unaudited).

<i>Capitalisation</i>	
<i>As at 31 March 2015</i>	
	<i>£m</i>
Share capital – allotted, called up and fully paid	100.7
Own shares held	(1.8)
Merger reserve	231.2
Reserves	121.8
<b>Capital and reserves<sup>(1)</sup></b>	<b>451.9</b>
<i>Indebtedness</i>	
<i>As at 30 June 2015</i>	
<i>£m (unaudited)</i>	
Current debt – secured	8.0
<b>Total current debt<sup>(2)</sup></b>	<b>8.0</b>
Non-current debt (excluding current portion of long term debt)	503.2
<b>Total non-current debt<sup>(2)</sup></b>	<b>503.2</b>
<b>Total indebtedness<sup>(2)</sup></b>	<b>511.2</b>
<i>Net financial indebtedness</i>	
<i>As at 30 June 2015</i>	
<i>£m (unaudited)</i>	
<b>Cash</b>	
Cash and cash equivalents <sup>(2)</sup>	21.9
Current portion of non-current debt	(8.0)
<b>Current financial debt<sup>(3)</sup></b>	<b>(8.0)</b>
Net current financial indebtedness	13.9
Non-current bank loans	(393.2)
Bonds issued	(110.0)
<b>Non-current financial indebtedness<sup>(4)</sup></b>	<b>(503.2)</b>
<b>Net financial indebtedness</b>	<b>(489.3)</b>

#### **Notes:**

- (1) Since 31 March 2015, the Group's share capital and share premium have increased by £0.5 million and £2.0 million respectively following the issuance of Assura Shares in relation to an acquisition of a medical centre in July 2015. In addition, reserves have decreased by £5.0 million on 30 April 2015 and £5.0 million on 22 July 2015 following the payment of interim dividends. Other than £2.5 million being drawn under the revolving credit facility, there has been no material change to the indebtedness of the Group since 31 March 2015.
- (2) Included within cash and cash equivalents is £1.2 million held in bank accounts which are restricted.
- (3) The Group's debt is shown gross of unamortised issue costs.
- (4) The Group has no indirect or contingent indebtedness.

### ***Historical cash flows***

The following table summarises the movements in cash balances in the years ended 31 March 2013, 31 March 2014 and 31 March 2015.

	<i>31 March</i>	<i>Year ended</i>	<i>31 March</i>
	<i>2015</i>	<i>31 March</i>	<i>31 March</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
<b>Cash flows from operating activities</b>	16.9	7.9	12.9
<b>Cash flows from investing activities:</b>			
Purchase of investment property and subsidiaries	(64.3)	(9.1)	(3.6)
Development spend	(14.0)	(23.5)	(18.1)
Proceeds from sale of property	4.2	3.3	8.4
Proceeds from sale of businesses and investments	–	27.7	3.6
Net loans received from/(advanced to) associated companies	0.1	(0.3)	(0.3)
	<u>(74.0)</u>	<u>(1.9)</u>	<u>(10.0)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from share issues, net of costs	173.5	–	–
Dividend paid	(14.4)	(7.2)	(4.5)
Net borrowings movement	(74.1)	4.1	15.9
	<u>85.0</u>	<u>(3.1)</u>	<u>11.4</u>
<b>Net increase in cash</b>	27.9	2.9	14.3
Opening cash balance	38.6	35.7	21.4
<b>Closing cash balance</b>	<u>66.5</u>	<u>38.6</u>	<u>35.7</u>

#### ***6.1 Cash flows from operating activities***

Net cash inflows from operating activities were £12.9 million for the year ended 31 March 2013, £7.9 million for the year ended 31 March 2014 and £16.9 million for the year ended 31 March 2015.

The following table illustrates the breakdown of the cash flows from operating activities in each of the three years ended 31 March 2015.

	<i>31 March</i>	<i>Year ended</i>	<i>31 March</i>
	<i>2015</i>	<i>31 March</i>	<i>31 March</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>
Rent received	50.8	39.3	37.7
Interest paid and similar charges	(26.9)	(22.3)	(20.6)
Fees received	1.0	0.9	0.8
LIFT and bank interest received	0.4	0.8	1.5
Cash paid to suppliers and employees	(8.4)	(10.8)	(6.5)
<b>Cash flows from operating activities</b>	<u>16.9</u>	<u>7.9</u>	<u>12.9</u>

#### ***6.2 Cash flows from investing activities***

Net cash outflows from investing activities were £10.0 million for the year ended 31 March 2013, £1.9 million for the year ended 31 March 2014 and £74.0 million for the year ended 31 March 2015.

In each of the three periods, the largest outflow was cash paid in respect of the purchase of investment property and subsidiaries and development spend, being £21.7 million, £32.6 million and £78.3 million in the years ended 31 March 2013, 31 March 2014 and 31 March 2015 respectively.

This was offset by cash inflows from the proceeds from sale of property, businesses and investments, being £12.0 million, £31.0 million and £4.2 million in each of the respective years.

### 6.3 *Cash flows from financing activities*

Net cash flows from investing activities were an inflow of £1.4 million for the year ended 31 March 2013, an outflow of £3.1 million for the year ended 31 March 2014 and an inflow of £85.0 million for the year ended 31 March 2015.

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 year ended 31 March 2015, the net inflow was the result of net inflow from share issuance of £173.5 million offset by net outflow from borrowings of £74.1 million and dividends paid of £14.4 million.

The table below shows dividend payments that have been made since April 2012 on a per share basis.

	2012/13	2013/14	2014/15	2015/16
April	–	0.3025p	0.45p	0.5p
July	0.285p	0.3025p	0.45p	0.5p
October	0.285p	0.3025p	0.45p	n/a
January	0.285p	0.45p	0.5p	n/a

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

## PART IX

### PRO FORMA FINANCIAL INFORMATION

#### PART A: ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA INFORMATION



The Directors  
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WA4 6HL

Liberum Capital Limited  
Ropemaker Place  
25 Ropemaker Street  
London  
EC2Y 9LY

Stifel Nicolaus Europe Limited  
150 Cheapside  
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EC2V 6ET

24 September 2015

#### Assura plc (the “Company”)

We report on the unaudited pro forma financial information (the “**Pro Forma Financial Information**”) set out in section B of Part IX of the Company’s prospectus dated 24 September 2015 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed Firm Placing, Placing and Open Offer might have affected the financial information presented on the basis of accounting policies adopted by the Company in preparing the financial statements for the period ended 31 March 2015. This report is required by item 7 of Annex II to the PD Regulation and is given for the purpose of complying with that PD Regulation and for no other purpose.

#### Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with Annex II of the PD regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the PD Regulation as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

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T: +44 (0) 1612 452 000, F: +44 (0) 1612 452 910, [www.pwc.co.uk](http://www.pwc.co.uk)*

PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under item 5.5.3R(2)(f) of the Prospectus Rules to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the PD Regulation, consenting to its inclusion in the Prospectus.

### **Basis of opinion**

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

### **Opinion**

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Company.

### **Declaration**

For the purposes of Prospectus Rule 5.5.3 R(2)(f), we are responsible for this report as part of the Prospectus and we 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 item 1.2 of Annex I to the PD Regulation.

Yours faithfully

**PricewaterhouseCoopers LLP**  
*Chartered Accountants*

## PART B: UNAUDITED PRO FORMA FINANCIAL INFORMATION

The unaudited pro forma statement of net assets of the Group set out below has been prepared on the basis set out in the notes below to illustrate the impact of the Share Issue on the net assets of the Group as at 31 March 2015 as if they had taken place on that date.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and therefore does not represent the Company's or the Group's actual financial position or results.

The consolidated net assets of the Group at 31 March 2015 have been extracted without material adjustment from the audited financial statements of Assura for the year ended 31 March 2015 which have been incorporated by reference set out in the part of this document headed "Documents Incorporated by Reference" and prepared under the Group's IFRS accounting policies.

The unaudited pro forma information does not constitute financial statements within the meaning of Section 434 of the Companies Act 2006. Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IX.

The unaudited pro forma statement of net assets does not reflect any changes in the trading performance of the Company or the Group since 31 March 2015.

	<i>Audited Net assets of the Group at 31 March 2015 £m Note 1</i>	<i>Adjustments Net proceeds of the Firm Placing, Placing and Open Offer £m Note 2</i>	<i>Pro forma net assets of the Group £m Note 3</i>
<b>Non-current assets</b>			
Investment property	925.3	–	925.3
Investments	0.4	–	0.4
Property plant and equipment	0.1	–	0.1
Deferred tax asset	1.3	–	1.3
	<u>927.1</u>	<u>–</u>	<u>927.1</u>
<b>Current assets</b>			
Cash, cash equivalents and restricted cash	66.5	270	336.5
Trade and other receivables	8.3	–	8.3
Property assets held for sale	5.4	–	5.4
	<u>80.2</u>	<u>270</u>	<u>350.2</u>
<b>Total assets</b>	<u>1,007.3</u>	<u>270</u>	<u>1,277.3</u>
<b>Current liabilities</b>			
Trade and other payables	(18.9)	–	(18.9)
Borrowings	(8.0)	–	(8.0)
Deferred revenue	(12.7)	–	(12.7)
Provisions	(0.1)	–	(0.1)
	<u>39.7</u>	<u>–</u>	<u>39.7</u>



	<i>Audited Net assets of the Group at 31 March 2015 £m Note 1</i>	<i>Adjustments Net proceeds of the Firm Placing, Placing and Open Offer £m Note 2</i>	<i>Pro forma net assets of the Group £m Note 3</i>
<b>Non-current liabilities</b>			
Borrowings	(505.5)	–	(505.5)
Obligations due under finance leases	(3.0)	–	(3.0)
Deferred revenue	(6.9)	–	(6.9)
Provisions	(0.3)	–	(0.3)
	<u>(515.7)</u>	<u>–</u>	<u>(515.7)</u>
<b>Total liabilities</b>	<u>(555.4)</u>	<u>–</u>	<u>(555.4)</u>
<b>Net assets</b>	<u>451.9</u>	<u>270</u>	<u>721.9</u>

**Notes:**

- 1 The consolidated net assets of the Group at 31 March 2015 have been extracted without material adjustment from the audited financial statements of Assura plc for the year ended 31 March 2015 which have been incorporated by reference set out in the part of this document headed “Documents Incorporated by Reference” and prepared under the Group’s IFRS accounting policies.
- 2 The adjustment for the net proceeds of the Firm Placing and Placing and Open Offer reflects the estimated funds to be raised of £270 million (gross proceeds of £278 million less expenses of £8 million). The Company intends that £175 million of the proceeds from the Share Issue is used to reduce net borrowings, with £125 million being invested in medical properties that would be added to the Group’s investment portfolio. The adjustment does not reflect the payment of any interest or early repayment costs that would arise as a result of the repayment of borrowings.
- 3 No account has been taken of the financial performance of the Group since 31 March 2015 nor of any other event save as disclosed above, including the 4,545,455 Ordinary Shares issued as part consideration for the acquisition of Pentagon HS Limited.
- 4 No account has been taken of the revaluation of the Group’s property portfolio carried out as at 21 August 2015 for the purposes of the Share Issue.

## PART X

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Directors, whose names and functions are set out page 41 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. The Group

##### 2.1 Incorporation

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. The Company changed its name to Assura plc pursuant to a special resolution passed on 16 December 2014.

On 28 January 2015, the Group changed its corporate structure by inserting Assura plc as a new English-incorporated and domiciled parent company at the head of the Group by way a scheme of arrangement made under Part VII of the Companies (Guernsey) Law 2008 (as amended) between Assura Group Limited and the holders of shares in Assura Group Limited.

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

The Company elected to be a UK REIT on 28 January 2015 (in order that the REIT status enjoyed by the Group since 1 April 2013 would continue following the implementation of the Scheme).

##### 2.2 Registered office

The Company's registered office 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

The Company is the ultimate holding company of the Group.

The Company is not directly or indirectly owned or controlled by another company and there are no arrangements in place that may at a subsequent date result in a change of control of the Company.

The Company has the following significant subsidiary undertakings, being those considered by the Company to be likely to have a significant effect on the assessment of the assets and liabilities, financial position and/or profits and losses of the Group:

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal activity</i>
Assura Health Investments Limited	England	100	Property investment
Assura Medical Centres Limited	England	100	Property investment
Assura Primary Care Properties Limited	England	100	Property investment
Assura Properties plc	England	100	Property investment
Assura Properties UK Limited	England	100	Property investment
Medical Properties Limited	England	100	Property investment
Metro MRH Limited	England	100	Property investment

<i>Name of subsidiary</i>	<i>Country of incorporation</i>	<i>% of issued share capital held directly or indirectly by the Company</i>	<i>Principal activity</i>
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 Aspire Limited	England	100	Property investment
Assura Aspire UK Limited	England	100	Property investment
Assura Group Limited	Guernsey	100	Intermediate holding company

The Company owns, directly or indirectly, 100 per cent. of the issued shares of the above companies and can exercise 100 per cent. of the voting rights of each such company.

### 3. Share capital

- 3.1 The Company was incorporated on 10 December 2014 with an issued share capital of £50,000, comprising 2 Ordinary Shares and 499,998 redeemable shares of 10 pence each, all issued to Capita Trust Nominees No. 1 Limited and paid up to one-quarter of the nominal value of each share.
- 3.2 The redeemable shares were issued for the purpose of satisfying the Companies Act minimum share capital requirements for public companies. They carried no right to receive notice of or to attend, speak or vote at any general meeting of the Company or (subject to the Companies Act) at any meeting of the holders of any class of shares in the capital of the Company or for the purposes of a written resolution of the Company. They did not entitle their holders to receive any dividend or distribution and they only carried 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 holders of ordinary shares. Subject to the Companies Act, the redeemable shares were redeemable at their nominal value at the option of the Company or the holder. The redeemable shares were redeemed by the Company at their nominal value and automatically cancelled upon the Scheme becoming effective.
- 3.3 The issued and fully paid up share capital of the Company as at 23 September 2015 (being the latest practicable date prior to publication of this document) was £101,144,560 divided into 1,011,445,596 Ordinary Shares.
- 3.4 The issued ordinary share capital of Assura Group Limited or (for 31 March 2015 only) Assura (as applicable) at the beginning and end of the financial periods ended 31 March 2013, 31 March 2014 and 31 March 2015, was as follows:

	<i>At 1 April</i>	<i>At 31 March</i>
2014/15	529,548,924	1,006,900,141
2013/14	529,548,924	529,548,924
2012/13	529,548,924	529,548,924

- 3.5 On 1 April 2013 (being the date of the commencement of the period for which the historical financial information on the Group has been provided in this document), the authorised share capital of Assura Group Limited (the parent company of the Group at that time) was £302,000,000 divided into 3,000,000,000 ordinary shares of 10 pence each and 20,000,000 preference shares of 10 pence each. On the same date, the issued and fully paid up share capital of Assura Group Limited was £52,954,892 divided into 529,548,924 ordinary shares of 10 pence each.

- 3.6 The following alterations in the issued share capital of the former parent company of the Group, Assura Group Limited, have taken place during the period for which the historical financial information set out in Part VII (Financial Information on Assura) of this document has been prepared:
- (a) Assura Group Limited's issued share capital increased in June 2014 by 44,264,196 ordinary shares of 10 pence each from 529,548,924 ordinary shares of 10 pence each to 573,813,120 ordinary shares of 10 pence each as a result of the acquisition of MP Realty (further details of which are set out in paragraph 10.5 of this Part X);
  - (b) Assura Group Limited's issued share capital increased in October 2014 by 414,252,873 ordinary shares of 10 pence each from 573,813,120 ordinary shares of 10 pence each to 988,065,993 ordinary shares of 10 pence each pursuant to the 2014 Share Issue (further details of which are set out in paragraph 10.3 of this Part X); and
  - (c) Assura Group Limited's issued share capital increased in November 2014 by 18,834,148 ordinary shares of 10 pence each from 988,065,993 ordinary shares of 10 pence each to 1,006,900,141 ordinary shares of 10 pence each pursuant to the acquisition of Metro MRI Limited (further details of which are set out in paragraph 10.4 of this Part X).
- 3.7 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 VII (Financial Information on Assura) of this document has been prepared:
- (a) Assura was incorporated on 10 December 2014 with an issued share capital of £50,000, comprising 2 Ordinary Shares and 499,998 redeemable shares of 10 pence each;
  - (b) Assura issued 1,006,900,141 Ordinary Shares on 28 January 2015 to former shareholders of Assura Group Limited as consideration pursuant to Scheme pursuant to which it acquired the entire issued share capital of Assura Group Limited (further details of which are set out in paragraph 10.2 of this Part X);
  - (c) immediately upon the Scheme becoming effective on 28 January 2015, the 499,998 redeemable shares in the capital of Assura were redeemed and the two subscriber Ordinary Shares were gifted by the initial subscriber to a nominee of Assura and cancelled. This was to ensure that the number of Ordinary Shares in issue after the Scheme was exactly the same as the number of ordinary shares of 10 pence each in Assura Group Limited in issue immediately prior to the effective time of the Scheme; and
  - (d) Assura's issued share capital increased on 20 July 2015 by 4,545,455 Ordinary Shares from 1,006,900,141 Ordinary Shares to 1,011,445,596 Ordinary Shares as a result of the issue by the Company of 4,545,455 Ordinary Shares as part consideration for the acquisition of Pentagon HS Limited.
- 3.8 Application will be made to the UK Listing Authority and the London Stock Exchange for the New Ordinary Shares to be admitted to listing on the premium segment of the Official List and to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on 14 October 2015.
- 3.9 The Ordinary Shares currently in issue are, and the New Ordinary Shares will be, in registered form and, subject to the New Ordinary Shares being admitted to and accordingly enabled for settlement in CREST, the Ordinary Shares will be capable of being held in uncertificated form. Where New Ordinary Shares are held in certificated form, share certificates will be sent to the registered member by first class post.
- 3.10 When admitted to trading, the New Ordinary Shares will be registered with International Security Identification Number ("ISIN") GB00BVGBWW93, the same as the ISIN number for the Existing Ordinary Shares.

- 3.11 The New Ordinary Shares to be issued pursuant to the Share Issue will be credited as fully paid and will rank equally in all respects with the Existing Ordinary Shares, including the right to receive any dividends or distributions made, paid or declared after Admission.
- 3.12 The Existing Ordinary Shares are, and the New Ordinary Shares will be, traded on the London Stock Exchange and are not traded on any other regulated or equivalent market.
- 3.13 The Company is 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.
- 3.14 Other than in connection with the Assura Employee Share Plans, no share capital of the Company or any of its subsidiaries is under option or award or agreed conditionally or unconditionally to be put under option or award.
- 3.15 The Company has not issued any securities with warrants, convertible securities or exchangeable securities, and there are no acquisition rights and/or obligations over unissued share capital or any undertaking to increase the share capital.

#### **4. Articles**

The Articles include provisions, *inter alia*, to the following effect:

##### **4.1 Objects**

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

##### **4.2 Share rights**

Subject to applicable laws, the Articles and to any rights for the time being attached to any Existing Ordinary Share, any shares may be issued with such rights or restrictions as the Company may from time to time by ordinary resolution determine, or, if the Company has not so determined, as the 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 the Company or the holder, on such terms, conditions and in such manner as the Board may determine.

##### **4.3 Share class rights**

If the Company'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 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 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 the Company'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 uncertificated form in accordance with the CREST Regulations. The Board is required to register a transfer of any uncertificated share in accordance with those

regulations. The 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**

- (a) 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 Board for the Company's benefit until claimed. Any dividend unclaimed for 12 years shall revert to the Company.
- (b) At the Company's annual general meeting in July 2015, in accordance with the Articles, the Directors were authorised, to provide Shareholders with the option to receive new fully paid ordinary shares in place of their cash dividend. The Directors retain discretion to determine whether to offer a scrip dividend alternative in respect of each future dividend. The Directors also retain discretion to withdraw the offer of a scrip dividend alternative in certain circumstances, in particular if a minimum take-up threshold is not reached.

#### **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 the Company's register of members in respect of the joint holding.
- (b) The Board is required to convene annual general meetings in accordance with the Act. The Board may convene a general meeting which is not an annual general meeting whenever it thinks fit. The Company is required to give notice of a general meeting to each member (other than a person who, under the Articles or pursuant to any restrictions imposed on any shares, is not entitled to receive such a notice or to whom the Company, in accordance with applicable law, has not sent and is not required to send its latest annual accounts and reports), to the Directors and to the auditors. For these purposes "members" are the persons registered in the Company's register of members as being holders of shares at any particular time on any particular record date fixed by the 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 the Company'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 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 the Company. The Company may require such a representative to produce a certified copy of the authorising resolution or such other reasonable evidence of his authority before permitting him to exercise any powers on the corporation's behalf at the meeting.

#### **4.7 Interests in shares not disclosed to the Company**

If the Company 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 the Company 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) the Company 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 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 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 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*

The Company 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 the Company, the Company'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 the Company's assets. The liquidator may set the value he deems fair on any property of the Company 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) The Company has a first and paramount lien on every share which is not fully paid for all amounts payable to the Company (whether actually or contingently and whether presently or not) in respect of that share. The Board may sell any share on which the Company 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 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 the Company 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 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 the Company 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 *Board powers*

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

- (c) The 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 Directors and, if thought fit, one or more other persons. The Board may grant to the committee the power to sub-delegate, and may retain or exclude the right of the Board to exercise the delegated powers, authorities or discretions collaterally with the committee.

#### 4.12 *Directors – appointment, retirement and removal*

- (a) At any one time the total number of Directors may not be less than two. This limit may be changed by ordinary resolution of the Company. The Company may by ordinary resolution appoint as a Director a person who is willing to act as such, either to fill a vacancy or as an addition to the existing Directors. The Board may appoint as a Director any person who is willing to act as such, either to fill a vacancy or as an addition to the existing Board. Any Director so appointed by the Board is required to retire at the next annual general meeting. He will be eligible to stand for election as a Director at that meeting and will not be taken into account in determining the number or identity of Directors who are to retire by rotation at it.
- (b) At each annual general meeting one-third of the Directors who are subject to retirement by rotation in accordance with the 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 Board so decides, one or more other Directors selected by the Board may also retire at the annual general meeting as if any such other Director was also retiring by rotation at that meeting. A Director who retires at an annual general meeting may, if willing to act, be reappointed at it.
- (c) The Company may remove any Director from office and appoint as a Director another person who is willing to act as such in his place, in each case by ordinary resolution.

#### 4.13 *Directors – fees and remuneration*

- (a) The maximum aggregate amount of fees (which for the purpose of this article excludes salary or other remuneration) that the Company may pay to all the Directors (but not alternate Directors) for their services as such is £700,000 per annum, or such larger amount as the Company may by ordinary resolution decide. These fees are to be divided among the Directors as the Board decides or, if no decision is made, equally. The executive Directors, instead of any such fees, may and do receive from the Company salary and other remuneration.
- (b) The 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 Directors, including any professional fees incurred by him.
- (c) The 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 the Company and their relatives and dependants.

#### 4.14 *Directors' interests*

- (a) A Director is not required (provided he has disclosed his interest in the matter) to account to the Company 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 the Company or in which the Company is otherwise interested, (ii) holding any other office or place of profit under the Company, except that of auditor, in conjunction with the office of Director and acting by himself or through his firm in a professional capacity for the Company (and being entitled to remuneration as the Board may arrange, either in addition to or in lieu of any remuneration provided for by any other 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 the Company or in which the

Company is otherwise interested or as regards which the Company has any powers of appointment.

- (b) A Director may not vote on, or be counted in the quorum in relation to, any resolution of the Board concerning any contract or arrangement or any other proposal to which the Company 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, the Company), 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 the Company proposes to maintain or purchase for the benefit of Directors or for the benefit of persons including any Director; or
  - (vii) concerning any proposal for the Company (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 Board may authorise any situation or matter relating to a particular 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 Board to do so, a Director must propose to the Board that the Conflict Matter concerned be so authorised. The Board may terminate or withdraw any such authorisation by giving notice to the Director concerned. Any terms to which such an authorisation is made subject may include that the Director concerned (i) is not obliged to disclose to the Company confidential information obtained by him (other than in his capacity as its Director or as its employee or agent or, if the Directors so decide, in any other capacity that would otherwise oblige him to disclose it to the Company) in any situation to which such authorisation applies, nor to use any such information directly or indirectly for the Company’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 Board, and (ii) may absent himself from any 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 *Directors' indemnity and insurance*

Subject to the Act and applicable law, the Company may:

- (a) indemnify any 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 Board may decide; and
- (b) purchase and maintain for any 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 Board may exercise all the company's powers to borrow money and to mortgage or charge all or part of the Company's undertaking, property and assets (present or future) and uncalled capital of the Company 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 the Company or of a third Party.
- (b) The Board must restrict the Company's borrowings and exercise all voting and other rights or powers of control exercisable by the Company 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 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 Articles, the Company may sell any shares registered in the name of a member remaining untraced for 12 years who fails to communicate with the Company following advertisement of an intention to make such a disposal. Until the Company can account to the member, the net proceeds of sale will be available for use in the business of the Company or for investment, in either case at the discretion of the Board. The proceeds will not carry interest.

#### 4.18 *Real Estate Investment Trust*

The Articles:

- (a) provide directors with powers to identify the Company's Excessive Shareholders (including giving notice to a shareholder requiring him to provide such information as the Directors may require to establish whether or not he is an Excessive Shareholder);
- (b) provide directors with powers to prohibit the payment of dividends on Ordinary Shares that form part of an Excessive Shareholding, unless certain conditions are met;
- (c) allow dividends to be paid on the Company that form part of an Excessive Shareholding where the Shareholder has disposed of its rights to dividends on its Ordinary Shares;
- (d) seek to ensure that if a dividend is paid on Ordinary 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 above is a summary only of certain provisions of the Articles, the full provisions of which are available for inspection as described in paragraph 19 of this Part X.

## 5. Directors and Senior Management

5.1 The Directors of the Company and their functions are as follows:

<i>Name</i>	<i>Position</i>
Simon Timothy Laffin	Non-executive Chairman
Graham Charles Roberts	Chief Executive
Jonathan Stewart Murphy	Finance Director
Jenefer Dawn Greenwood	Non-executive Director
David Hedley Richardson	Non-executive Director

5.2 The interests of the Directors, the Senior Management and persons connected with them (within the meaning of section 252 of the Companies Act) in the issued share capital of the Company (all of which are beneficial) and the existence of which is known to, or could with reasonable diligence be ascertained by, the Directors (a) as at 23 September 2015 (being the latest practicable date prior to publication of this document) and (b) as they are expected to be immediately following Admission are as follows:

	<i>As at 23 September 2015</i>		<i>At Admission</i>	
	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>	<i>Percentage of voting rights assuming no take up under the Offer for Subscription</i>	<i>Percentage of voting rights assuming full take up under the Offer for Subscription</i>
Simon Laffin*	3,138,578	0.31	3,338,578	0.21
Graham Roberts	3,100,000	0.31	3,378,497	0.22
Jonathan Murphy	534,947	0.05	574,947	0.04
Jenefer Greenwood	97,256	<0.01	117,256	<0.01
David Richardson	359,998	0.04	414,835	0.03
Andrew Darke	147,988	0.01	167,988	0.01
Spencer Kenyon	38,571	<0.01	121,285	<0.01
Orla Ball	—	—	20,000	<0.01
Carolyn Jones	—	—	30,000	<0.01
Paul Carroll	—	—	50,000	<0.01

**Note:**

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

5.3 The Directors and Senior Managers are interested in an aggregate of 7,417,338 Ordinary Shares (representing approximately 0.73 per cent. of the Existing Ordinary Shares). All the Directors and certain of the Senior Managers intend to participate in the Share Issue and have, in aggregate, indicated they intend to subscribe for 796,048 New Ordinary Shares pursuant to the Share Issue as follows.

<i>Director/Senior Managers</i>	<i>Number of New Ordinary Shares intended to be subscribed for pursuant to the Share Issue</i>
Simon Laffin <sup>(1)</sup>	200,000
Graham Roberts	278,497
Jonathan Murphy	40,000
Jenefer Greenwood	20,000
David Richardson	54,837
Andrew Darke	20,000
Spencer Kenyon	82,714
Orla Ball	20,000
Carolyn Jones	30,000
Paul Carroll	50,000

5.4 Details of options and awards over Ordinary Shares granted pursuant to the Assura Group Executive Recruitment Plan (“**ERP**”), and the Assura Group 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 Ordinary Shares under option</i>	<i>Normal vesting dates 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 vested on 29 January 2014. A further third of the options vested on 29 January 2015 and so there are currently 153,334 options unvested.

**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 VCP was 20 August 2015, being three months after 21 May 2015 which was the date upon which Assura’s results for the year ended 31 March 2015 were announced. The average Assura share price over the three month period from 21 May 2015 to 20 August 2015 was such as to result in nil cost options being awarded over 25 million Ordinary Shares, which is the maximum number of Ordinary Shares that can be earned under the VCP. 50 per cent of such nil-cost options will be exercisable as from the date of their grant (which is intended to occur shortly following the date of this document, once Assura is no longer within a close period), while the remainder will become exercisable, in accordance with the rules of the VCP, at the second and third measurement dates (in 2016 and 2017), as to one-half on each date, subject to achievement of the relevant minimum return thresholds.

All awards under the VCP are for nil cost options. The above stated amounts do not include any Ordinary Shares which may be issued to the Directors and Senior Management to reflect any dividends that were paid during the vesting period of the option or award.



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

<i>Name</i>	<i>Date</i>	<i>Number of Ordinary Shares acquired<sup>(1)</sup></i>	<i>Purchase price per Ordinary Share (pence)</i>
Simon Laffin	15 October 2014	1,034,482 <sup>(2)</sup>	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) Each of the interests referred to above was acquired by the relevant Director or member of Senior Management, on the date and for the purchase price stated, as an interest in ordinary shares of 10 pence each in Assura Group Limited pursuant to the 2014 Share Issue, which ordinary shares were subsequently transferred to the Company in consideration of the allotment of the corresponding number of Ordinary Shares pursuant to the Scheme under which the Company acquired the entire issued share capital of Assura Group Limited (further details of which are set out in paragraph 10.2 of this Part X).
- (2) The interests of Simon Laffin above include 114,942 Ordinary Shares which he subscribed for pursuant to the 2014 Share Issue, under power of attorney on behalf of a family member who holds such shares beneficially.

- 5.5 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 Laffin	Flybe Group plc Simon Laffin Business Services Limited CVC Capital Partners VI Associates L.P.	Quintain Estates and Development plc Mitchells & Butlers plc Rasindeck Limited Thistlehaven Limited Aegis Group plc Ashspring Limited
Graham Roberts	Balfour Beatty plc	The British Land Company PLC
Jonathan Murphy		Bayfield Capital Management Limited Braemar Estates (Residential) Limited Braemar Estates Mortgages & Finance Limited Braemar Facilities Management Limited Braemar Group Limited Brooks Macdonald Funds Limited Ground Rents Income Fund plc The Manchester Ground Rent Company Limited UK Farming plc
Jenefer Greenwood	Westonbirt Leisure Limited Westonbirt Schools Limited	The National Skills Academy for Retail 29 – 37 Davies Street Limited 72 Eaton Place Limited Belgrave House Developments Limited Belgravia Estate Services Limited

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Jenefer Greenwood (continued)		Belgravia Leasehold Properties Limited Belgravia Leases Limited Eaton Square Properties Limited Fournier Securities Limited Grosvenor (Belgravia) Estate Grosvenor (Mayfair) Estate Grosvenor Commercial Properties Grosvenor Estate Belgravia Grosvenor Investments Limited Grosvenor Keysign Limited Grosvenor Properties Grosvenor Property Developments Limited Grosvenor Quarryvale Limited Grosvenor West End Properties Limited London Leasehold Flats Limited Mayfair Leasehold Properties Limited Montrose Place Development Limited Quarryvale Two Limited Victoria Properties (London) Limited GEB2 Limited
David Richardson	BBGI SICAV S.A. The Edrington Group Limited	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
<b><i>Senior Management</i></b>		
Andrew Darke	Costermongers Limited	Deva Property Investments Limited Crosby Property Investments Limited Chester and Suburban Properties Limited Manchester and Suburban Properties Limited
Paul Carroll	GB Partnerships Investments Limited	

<i>Director</i>	<i>Current Directorships/Partnerships</i>	<i>Former Directorships/Partnerships</i>
Spencer Kenyon	Celestial Property Management Limited	Deva Property Investments Limited Crosby Property Investments Limited Chester and Suburban Properties Limited Manchester and Suburban Properties Limited

- 5.6 There are no loans made or guarantees granted or provided by the Company or any member of the Group to or for the benefit of any Director or member of Senior Management.
- 5.7 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 the Company or any member of the Group during the current or immediately preceding financial year or which was effected by the Company or any member of the Group during any earlier financial year and remains in any respect outstanding or unperformed.
- 5.8 As at the date of this document there are no potential conflicts of interests between the duties of any Director and/or Senior Manager and his private interests or other duties.
- 5.9 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.

## **6. Directors' and Senior Managers' Service Contracts**

- 6.1 Particulars of the Executive Directors' current service agreements with the Company are set out below:

<i>Director</i>	<i>Date of Service Agreement</i>	<i>Notice period from either party</i>	<i>Salary (£) and Bonus</i>	<i>Benefits in kind</i>
Graham Roberts	29 March 2012	6 months	321,500 as per agreed bonus plan (maximum 100% of salary)	Car cash allowance, private medical, life assurance, pension
Jonathan Murphy	2 January 2013	6 months	215,000 as per agreed bonus plan (maximum 50% of salary)	Car cash allowance, private medical, life assurance, pension

- 6.2 The service agreement for each of the Executive Directors provides that six months' notice shall be given (by the Company or by the Executive Director) to terminate the agreement. During such notice period, the Executive Director may be placed on garden leave (at the Company's discretion) and will continue to receive salary and benefits. Alternatively, the Company may (at its discretion) terminate the Executive Director's employment forthwith by making a payment in lieu of salary and contractual benefits in respect of the notice period, or any unexpired part of it.
- 6.3 There are no provisions in the Executive Directors' service agreements for compensation to be payable in the event of early termination of their respective service agreements, other than payment in lieu of notice.
- 6.4 Particulars of the current letters of appointment between the Non-executive Directors and the Company are set out below:

<i>Director</i>	<i>Date of Service Agreement</i>	<i>Notice period from either party</i>	<i>Current Annual fee (£)</i>
Simon Laffin	13 September 2011	6 months	128,500
David Richardson	21 December 2011	6 months	52,500
Jenefer Greenwood	8 May 2012	6 months	44,500

- 6.5 Each Non-executive Director is entitled to have the costs of independent legal advice required in connection with the performance of their duties met by the Company. The Non-executive Directors are also entitled to be reimbursed for all reasonable expenses incurred in the proper performance of their duties. There are no provisions in the Non-executive Directors' letters of appointments for compensation to be payable in the event of early termination of their letters of appointment.
- 6.6 During the financial year ended 31 March 2015, the amount of remuneration paid (including any contingent or deferred compensation) and benefits in kind granted by the Group to each Director and Senior Manager for services to the Group were as follows:

	<i>Director Salary/fee (£)</i>	<i>Bonus (£)</i>	<i>Benefits in kind (£)</i>	<i>Pension contribution (£)</i>	<i>Long term incentives (£)</i>	<i>Total (£)</i>
Simon Laffin	126,000	0	0	0		126,000
Graham Roberts	315,500	283,950	15,814	63,100		678,364
Jonathan Murphy	180,000	83,700	11,687	24,300	83,567	383,254
David Richardson	51,500	0	0	0		51,500
Jenefer Greenwood	43,500	0	0	0		43,500
<b>Senior Manager</b>						
Andrew Darke	180,000	81,000	13,113	24,300		298,413
Paul Carroll	99,200	40,000	11,839	5,952		156,991
Spencer Kenyon	89,000	25,000	11,287	5,340		130,627
Carolyn Jones	73,100	18,000	9,474	4,386		104,960

## 7. Major shareholders

- 7.1 The Company has been notified that the following persons were, directly or indirectly, interested in three per cent. or more of the Company's issued ordinary share capital or voting rights as at 21 September 2015 (being the latest practicable date prior to the publication of this document), and the Company expects such interests immediately following the Share Issue to be as follows:

	<i>As at 21 September 2015</i>		<i>At Admission</i>		
	<i>Number of Ordinary Shares</i>	<i>Percentage of voting rights</i>	<i>Expected number of Ordinary Shares</i>	<i>Percentage of voting rights assuming no take up under the Offer for Subscription</i>	<i>Percentage of voting rights assuming full take up under the Offer for Subscription</i>
Invesco	269,248,327	26.62	352,848,326	22.51	21.65
Artemis Investment Management	163,371,021	16.15	189,371,021	12.08	11.62
BlackRock	57,577,739	5.69	68,711,198	4.38	4.22
Ameriprise Financial Inc	47,698,815	4.72	70,698,815	4.51	4.34
Legal & General	38,951,211	3.85	54,524,810	3.48	3.35
Raymond Seymour	36,401,976	3.60	36,401,976	2.32	2.23
Liontrust Asset Management	35,643,698	3.52	43,643,697	2.78	2.68
Investec Wealth & Management Limited	31,280,551	3.09	35,244,550	2.25	2.16

- 7.2 So far as the Directors are aware, no person, directly or indirectly, jointly or severally, exercises or could exercise control of the Company.
- 7.3 So far as the Directors are aware, there are no arrangements the operation of which may at a later date result in a change of control of the Company.
- 7.4 None of the persons referred to in paragraph 7.1 above (or their nominees) has or will have different voting rights in relation to their shareholdings in the Company.

## 8. Share Schemes

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 Executive Recruitment Plan (“**ERP**”), and the Assura Group 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.

### 8.1 **ERP**

#### (a) *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.

#### (b) *Eligibility*

The ERP is a one-off plan in relation to the Participant.

#### (c) *Grant of award*

The Participant was granted a nil cost option over 460,002 Ordinary Shares on 29 January 2013. Awards granted under the ERP may not be transferred (other than on death). No consideration will be required for the grant of an award.

#### (d) *Performance conditions*

Awards granted under the ERP are not subject to performance conditions.

- (e) *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 and the second third vested on 29 January 2015.
- (f) *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.
- (g) *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.
- (h) *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.
- (i) *Rights attaching to Ordinary Shares*  
All Ordinary Shares transferred under the ERP will rank *pari passu* with all other Ordinary Shares for the time being in issue.
- (j) *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.
- (k) *Alterations to the ERP*  
The Remuneration Committee may at any time amend the ERP, save that it may not be amended to allow for the satisfaction of an award by either the issue of new Ordinary Shares or the transfer of treasury shares without the prior approval of the 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.
- (l) *Non-pensionable benefits*  
Benefits under the ERP are non-pensionable.

## 8.2 VCP

- (a) *Operation*  
The VCP was approved and adopted by Assura Shareholders on 15 February 2013. The Remuneration Committee supervises the operation of the VCP.
- (b) *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.
- (c) *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.

(d) *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 Ordinary Shares that can be earned under the VCP is capped at 25 million Ordinary Shares (subject to adjustments for changes in the Company's share capital).

(e) *Performance conditions*

The conversion of Units into nil-cost options will be subject to performance conditions set by the Remuneration Committee at the time of grant and measured at three measurement dates in a five year measurement period. Subject to the achievement of the relevant performance conditions, ten per. cent of any value created above a threshold price is converted into nil-cost options over Ordinary Shares, and a proportion of these may vest at each measurement date.

(f) *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.

(g) *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.

(h) *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.

(i) *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.

(j) *Cash settling and transfers to registered pension scheme*

On the exercise of a nil-cost option:

- the Company may make a cash payment to a Participant equal to the value of the Ordinary Shares, subject to the exercise of the nil-cost option on the date of exercise; or
- the Company may procure that the Group company which employs the Participant makes a cash payment to the scheme administrator of a registered pension scheme equal to the value of the Ordinary Shares, subject to the exercise of the nil-cost option on the date of exercise.

(k) *Variation in Share capital*

On a variation of the Share capital of the Company, the number of shares subject to VCP awards and their terms and conditions may be adjusted in such manner as the Remuneration Committee determines and the advisors of the Company confirm to be fair and reasonable.

(l) *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.

(m) *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.

(n) *Non-pensionable benefits*

Benefits under the VCP are non-pensionable.

### 8.3 **EBT**

The Group has an employee benefit trust in Jersey which is used to provide Ordinary Shares to some or all employees in connection with some or all of the Assura Employee Share Plans. The EBT was established on 12 May 2006 for the benefit of employees of the Group and their dependants. The trustee of the EBT is Jupiter Trustees Limited, an independent professional trustee incorporated in Jersey. As at 23 September 2015 (being the latest practicable date prior to the publication of this document), the EBT held 3,911,551 Ordinary Shares.

## 9. **Property**

The material tangible fixed assets of the Group as at 31 March 2015 were as set out in the Annual Report and Accounts of the Company for the year ended 31 March 2015. In addition, the Company has since 31 March 2015 completed the acquisition of 35 medical properties for a total consideration of £61.2 million and invested approximately £67 million in tangible fixed assets.

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

## 10. **Material contracts**

The following material contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) within the 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:

#### **10.1 *Sponsor and Underwriting Agreement***

Under the Sponsor and Underwriting Agreement, Liberum and Stifel have agreed to act as joint sponsors to the Company under the Listing Rules in connection with the application for Admission.

Under the Sponsor and Underwriting Agreement, Liberum and Stifel have severally agreed, subject to certain conditions, as agents for the Company, to use their reasonable endeavours to procure subscribers for the New Ordinary Shares at the Offer Price, failing which, they have severally agreed to subscribe themselves, as principal, for any New Ordinary Shares not taken up in the Firm Placing or in the Placing and Open Offer.

The Sponsor and Underwriting Agreement is conditional upon, amongst other things, Admission occurring on or before 8.00 a.m. on 14 October 2015 (or such later date as the Company, Liberum and Stifel may agree, being not later than 21 October 2015). The Sponsor and Underwriting Agreement contains a typical indemnity and warranties from the Company in favour of Liberum and Stifel in relation to, amongst other things, the accuracy of information in this document and other matters relating to the Group and its business.

Under the Sponsor and Underwriting Agreement, the Company has agreed to pay each of Liberum and Stifel a commission of 1.25 per cent. on the value, at the Offer Price, of the New Ordinary Shares allocated under the Share Issue and a sub-underwriting commission equal to one per cent. of the amounts investors under the Placing have committed to subscribe pursuant to the Placing.

#### **10.2 *Scheme of arrangement***

On 27 January 2015, the Group changed its corporate structure by inserting Assura as a new English-incorporated parent company at the head of the Group by way of scheme of arrangement implemented under Part VII of the Companies (Guernsey) Law, 2008.

Pursuant to the Scheme, all the ordinary shares of 10 pence each in the capital of Assura Group Limited were transferred by the shareholders of Assura Group Limited on 28 January 2015 in consideration for the issue by Assura to such shareholders of one Ordinary Share for each ordinary shares in Assura Group Limited. The Assura Group had the same business and operations immediately after the Scheme became effective, as it had beforehand.

The Directors believed that moving to a UK domicile aligned the Group with its UK tax jurisdiction and continue to believe that the re-organisation should enable the Group to develop even better commercial relationships with the NHS and GPs which are the Group's principal customers.

#### **10.3 *2014 Share Issue – 2014 Sponsor and Underwriting Agreement***

Under the 2014 Sponsor and Underwriting Agreement, Liberum and Oriel Securities Limited (“**Oriel**”) agreed to act as joint sponsors to Assura Group Limited under the Listing Rules in connection with the 2014 Share Issue. Under the 2014 Share Issue, Assura Group Limited raised gross proceeds of approximately £180 million by way of a placing, placing and open offer and offer for subscription.

Under the 2014 Sponsor and Underwriting Agreement, Liberum and Oriel severally agreed, subject to certain conditions, as agents for Assura Group Limited, to use their reasonable endeavours to procure subscribers for the new ordinary shares of 10 pence each in the capital of Assura Group Limited at 43.5 pence per share.

Under the 2014 Sponsor and Underwriting Agreement, Assura Group Limited paid each of Liberum and Oriel a commission of one per cent. on the value, at the 43.5 pence per share, of the new ordinary shares of 10 pence each allocated under the 2014 Share Issue and a sub-underwriting commission

equal to one per cent. of the amounts investors under the placing element of the Share Issue committed to subscribe.

The 2014 Sponsor and Underwriting Agreement contained a customary indemnity and warranties from the Company in favour of Liberum and Oriel.

#### 10.4 ***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 ordinary shares so as to increase their existing shareholding in Assura Group Limited. The consideration for Metro’s share capital was 18,834,148 ordinary shares in Assura Group Limited, 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.

#### 10.5 ***MP Realty acquisition***

On 13 June 2014, the Group 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 shares in Assura Group Limited. In addition, the Group assumed MP Realty’s debt of approximately £77.7 million.

The MP Realty Sellers provided the Group with a customary set of warranties, and certain specific indemnities in relation to MP Realty. The purchase price is subject to adjustment by reference to a customary completion accounts mechanism.

#### 10.6 ***Trinity acquisition***

On 10 September 2013, the Group 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 the Group 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, the Group assumed Trinity’s debt of approximately £52 million and amounts owing to short term creditors of £1.4 million.

The Trinity Sellers provided the Group with a customary set of warranties and an indemnity in respect of any breach of any such warranty.

### 10.7 *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.

#### *Agreement for the disposal of LIFT Investments to BBGI*

On 23 November 2013, ASL, entered into a sale and purchase agreement with BBGI Investments SCA and BBGI Management HoldCo S.á.r.l (together the “**BBGI Companies**”). Under the terms of the agreement ASL agreed to sell certain shares and loan notes issued by Mersey Care Development Company 1 Ltd and GB consortium 1 Limited for a cash consideration of £9.1 million. The agreement permitted an adjustment to be made to the consideration payable by the BBGI Companies in the event that any third party exercised their right of pre-emption over the securities allotted and issued by GB consortium 1 Limited. ASL provided the BBGI Companies with warranties customary for this type of transaction.

### 10.8 *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 August 2015 totalled £403.2 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 the Company, issued a bond, listed on the Main Market of the London Stock Exchange, 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, Natwest and HSBC Revolving Credit Facility*

APCPL entered into a revolving credit facility agreement (“**Facility**”) dated 19 May 2015, which was amended on 28 August 2015, in an amount up to £120,000,000.

The facility is for an initial term of five years, commencing on 19 May 2015, with options to extend it for up to an additional two years.

As at 23 September 2015 (being the latest practicable date prior to the publication of this document) £35 million of the Facility has been drawn.

The Facility carries interest equal to the aggregate of the margin above LIBOR. 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 50 per cent., the margin will be 1.70 per cent.;
- in the event that the LTV ratio is between 50 per cent. and 55 per cent., the margin will be 1.85 per cent.; and
- in the event that the LTV ratio is greater than 55 per cent., the margin will be 2.00 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 indebtedness under the Facility is secured against a first legal mortgage over the shares of APCPL and the business, assets and undertakings of APCPL and its subsidiaries.

The financial covenants require that:

- Historical Interest Cover is at least 175 per cent. and is tested quarterly;
- Projected Interest Cover is at least 175 per cent. and is tested quarterly;



- Weighted Average Lease Length is not at any time:
  - if the LTV is equal to or more than 55 per cent., less than 9 years; or
  - if the LTV is less than 55 per cent., less than 7 years; and
- the LTV ratio does not exceed 60 per cent. at any time.

APCPL has certain cure rights for breach of these financial covenants.

## **11. Related party transactions**

The following related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) 1606/2002) have either been entered into by the Group during the three financial years ended 31 March 2015 (being the last period for which audited financial information of the Company has been published) or in the period to 23 September 2015 (being the latest practicable date prior to the publication of this document), or, where entered into prior to such financial years, there exist outstanding commitments in respect of such transactions:

- 11.1 during the 2012/13 Financial Year, such transactions as are referred to in note 34 on page 104 of the Company's report and accounts for the year ended 31 March 2013, and pages 77,83 and 104 thereof are hereby incorporated by reference into this document;
- 11.2 during the 2013/14 Financial Year, such transactions as are referred to in note 32 on page 106 of the Company's report and accounts for the year ended 31 March 2014, and pages 88,91 and 105 thereof are hereby incorporated by reference into this document;
- 11.3 Invesco is a related party of the Company for the purposes of Chapter 11 of the Listing Rules as a result of it being entitled to exercise, or to control the exercise, of over 10 per cent. of the votes able to be cast at General Meetings of the Company. In September 2014 Invesco agreed to subscribe for, and in October 2014 Invesco accordingly subscribed for, 89,655,172 ordinary shares of 10 pence each in Assura Group Limited, at 43.5 pence per share, pursuant to the 2014 Share Issue;
- 11.4 during the 2014/15 Financial Year, in addition to the transaction referred to in paragraph 11.3 of this Part X, such transactions as are referred to in note 29 on page 105 of the Company's report and accounts for the year ended 31 March 2015 and pages 87, 92 and 105 thereof are hereby incorporated by reference into this document;
- 11.5 as noted in paragraph 11.3 of this Part X, Invesco is a related party of the Company for the purposes of Chapter 11 of the Listing Rules. Invesco has agreed to subscribe for 29,750,334 New Ordinary Shares under, and on the terms and conditions of, the Firm Placing, which is classified as a related party transaction for the purposes of Chapter 11 of the Listing Rules; and
- 11.6 between 31 March 2015 to 23 September 2015 (being the latest practicable date prior to the publication of this document), save as disclosed in paragraph 11.5 of this Part X there have been no new related party transactions.

## **12. United Kingdom tax treatment of Shareholders**

### **12.1 Introduction**

The statements set out below are intended only as a general guide to certain aspects of current UK tax law and the published practice of HM Revenue & Customs ("HMRC") as at the date of this document and apply only to certain Shareholders who are resident for tax purposes (and in the case of individuals, domiciled) 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 acquiring, holding or disposing of Ordinary Shares. Prospective purchasers of Ordinary Shares are advised to consult their own independent tax advisers concerning the consequences under UK tax law of the acquisition, ownership and disposition of Ordinary Shares.

The following paragraphs relate only to certain limited aspects of the United Kingdom taxation treatment of Property Income Distributions (“PIDs”) and Non-PID Dividends paid by the Company, the acquisition of New Ordinary Shares and disposals of Ordinary Shares. The statements are not applicable to all categories of Shareholders, and in particular are not addressed to (i) Shareholders who do not hold their Ordinary Shares as capital assets or investments or who are not the legal and absolute beneficial owners of those shares or dividends in respect of those shares, (ii) some Shareholders who own (or are deemed to own) ten per cent. or more of the share capital or of the voting power of the Company or are entitled to ten per cent. or more of the Company’s distributions, (iii) special classes of Shareholders such as dealers in securities, broker-dealers, insurance companies, trustees of certain trusts and investment companies, (iv) Shareholders who hold Ordinary Shares as part of hedging or commercial transactions, (v) Shareholders who hold Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or in the case of a non-UK resident corporate Shareholder, a permanent establishment), (vi) Shareholders who hold Ordinary Shares acquired by reason of their employment, (vii) Shareholders who hold Ordinary Shares in an individual savings account or (viii) Shareholders who are subject to UK taxation on a remittance basis, or (ix) Shareholders who are not resident in the UK for tax purposes (save where express reference is made to non-UK resident Shareholders).

## 12.2 *Taxation of PIDs*

### (a) *UK tax resident individuals*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in 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 is taxed separately. This means that any surplus expenses from a shareholder’s different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder’s UK property business. A Shareholder who is subject to income tax at the basic rate will be liable to pay income tax at 20 per cent. on the PID.

Higher rate taxpayers will be subject to tax at 40 per cent. and additional rate taxpayers at 45 per cent. No dividend tax credit will be available in respect of PIDs. However, credit will be available in respect of the basic rate tax withheld by the Company (where required) on the PID.

Please see also the section below relating to withholding tax and PIDs at paragraph 12.3.

### (b) *UK taxation of UK tax resident corporate Shareholders*

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a 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 Shareholder is taxed separately. This means that any surplus expenses from a Shareholder’s different Part 4 property business cannot be offset against a PID as part of a single calculation of the shareholder’s property business profits.

The main rate of UK corporation tax on such profit is currently 20 per cent. The UK government announced on 8 July 2015 that the main rate of UK corporation tax would reduce to 19 per cent. in 2017 and to 18 per cent. in 2020.

Please see also the section below relating to withholding tax and PIDs at paragraph 12.3.

(c) *UK taxation of Shareholders who are not resident for tax purposes in the UK*

Where a Shareholder who is not resident for tax purposes in the UK receives a PID, the PID will generally be chargeable to UK income tax as profit of a UK property business and this tax will generally be collected by way of a withholding tax. 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 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 paragraph 12.3.

### 12.3 ***Withholding tax and PIDs***

(a) *General*

Subject to certain exceptions summarised below, the Company 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). The Company will provide shareholders with a certificate setting out the gross amount of the PID, the amount of tax withheld, and the net amount of the PID.

(b) *Shareholders solely resident in the UK*

Where tax has been withheld at source, Shareholders who are individuals may, depending on their particular circumstances, be liable to further tax on their PID at their applicable marginal rate, incur no further liability on their PID, or be entitled to claim repayment of some or all of the tax withheld on their PID. Shareholders who are corporate entities will generally be liable to pay corporation tax on their PID 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.

(c) *Shareholders who are not resident for tax purposes in the UK*

It is not possible for a Shareholder to make a claim under a double taxation convention for a PID to be paid by the Company gross or at a reduced rate. The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation convention between the UK and the country in which the Shareholder is resident. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning tax liabilities on PIDs received from the Company.

(d) *Exceptions to requirement to withhold income tax*

Shareholders should note that in certain circumstances the Company is not required to withhold income tax at source from the payment of a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for tax purposes in the UK, or a 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 the Company 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, or the account provider for a child trust fund, in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant scheme, account, plan or fund. In order to pay a PID without withholding tax, the Company will need to be satisfied that the Shareholder concerned is entitled to that treatment. For that purpose the Company will require such Shareholders to submit a valid claim form (copies of which may be obtained on request from the Registrar). Shareholders should note that the Company may seek recovery from a Shareholder if the statements made in its claim form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

#### 12.4 *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. The Company is not required to withhold tax when paying a Non-PID Dividend (whether in cash or in the form of a stock dividend).

(a) *UK taxation of Shareholders who are individuals*

An individual Shareholder who is resident in the UK (for tax purposes) and who receives a Non-PID Dividend from the Company will generally be entitled to a tax credit which such shareholder may set off against his total income tax liability on the dividend. The tax credit will be equal to ten per cent. (2015/16) of the aggregate of the Non-PID Dividend and the tax credit (the “**gross dividend**”), which is also equal to one-ninth of the cash dividend received. A UK resident individual Shareholder who is liable to income tax at the basic rate will be subject to tax on the dividend at the rate of ten per cent. of the gross dividend, so that the tax credit will satisfy in full such Shareholder’s liability to income tax on the Non-PID Dividend.

A UK resident individual Shareholder who is liable to income tax at the higher rate will be liable to tax on the gross dividend at the current rate of 32.5 per cent. (2015/16). A UK resident individual Shareholder who is liable to tax at the “additional” rate will be liable to tax on the gross dividend at the rate of 37.5 per cent. (2015/16). 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 Shareholders to claim repayment of the tax credit in respect of Non-PID Dividends.

Please see also the section below relating to changes to the income tax treatment of dividends from 6 April 2016, at paragraph 12.4(e).

(b) *UK taxation of UK resident corporate Shareholders*

Shareholders who are within the charge to UK corporation tax will be subject to corporation tax on Non-PID Dividends paid by the Company, unless the Non-PID Dividends fall within an exempt class and certain other conditions are met. Whether an exempt class applies and whether the other conditions are met will depend on the circumstances of the particular Shareholder, although it is expected that the Non-PID Dividends paid by the Company would normally be exempt. Shareholders within the charge to UK corporation tax will not be entitled to a tax credit attaching to Non-PID Dividends.

(c) *UK taxation of other UK tax resident Shareholders*

Other UK resident Shareholders who are not liable to UK tax on Non-PID Dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

(d) *Taxation of Shareholders who are not resident in the UK for tax purposes*

Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment from HMRC of any part of the tax credit attaching to Non-PID Dividends received from the Company, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such shareholder is resident. A Shareholder resident outside the UK may also be subject to foreign taxation on dividend income under local law. Shareholders who are not resident for tax purposes in the UK should obtain their own tax advice concerning their tax position on Non-PID Dividends received from the Company.

(e) *Changes announced at Summer Budget 2015*

On 8 July 2015 the UK government announced fundamental changes to the treatment of dividends for UK income tax purposes. These changes are expected to be given effect by the Finance Act 2016 in due course, but draft legislation is not yet available. The following statement is based on the information that has been made publically available to date in relation to the announced changes.

With effect from 6 April 2016, the system of tax credits described in paragraph 12.4(a) will no longer apply. Instead, individuals will receive a dividend allowance of £5,000 per tax year. Dividends received up to the amount of that allowance (in aggregate) will not be subject to income tax; to the extent that dividends received in a tax year exceed that allowance they will be taxed at a rate of 7.5 per cent., 32.5 per cent. or 38.1 per cent., for basic, higher and additional income tax rate payers respectively. No tax credit will be available in respect of such dividends.

These new rules will apply to non-PID Dividends received by individuals, but are not expected to apply to the payment of PIDs or to non-PID Dividends received by Shareholders who are subject to corporation tax in respect of those non-PID Dividends.

## 12.5 *UK taxation of chargeable gains in respect of Ordinary Shares*

(a) *New Ordinary Shares acquired pursuant to the Open Offer*

As a matter of United Kingdom tax law, the acquisition of New Ordinary Shares pursuant to the open offer to shareholders that are resident in the UK for UK tax purposes will not, strictly speaking, constitute a reorganisation of the Company's share capital for the purposes of UK taxation of chargeable gains. However, the published practice of HMRC is that they will generally regard a subscription for shares in a company by an existing shareholder in that company as a reorganisation of the relevant company's share capital where that subscription takes place pursuant to an open offer under which that shareholder has an entitlement to subscribe for a minimum number of shares, to the extent that the subscription does not exceed that minimum entitlement. An acquisition of shares in excess of the minimum entitlement is not regarded by HMRC as a reorganisation. It is not certain that this practice will be applied by HMRC in circumstances where, as here, not every shareholder in the company is entitled to subscribe shares under the open offer. The reorganisation treatment of the Open Offer by HMRC is therefore not guaranteed. No specific confirmation of the treatment has been requested in relation to the Open Offer.

To the extent that the acquisition of New Ordinary Shares pursuant to the Open Offer is regarded as a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains, the New Ordinary Shares acquired will be treated as the same asset as that Shareholder's Existing Ordinary Shares. The amount of the subscription monies paid for those New Ordinary Shares will be added to the chargeable gains base cost of that asset.

If and to the extent, any New Ordinary Shares acquired pursuant to the open offer are not treated as a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains, such New Ordinary Shares will be treated as separately acquired from any existing Ordinary Shares held. In the event that the New Ordinary Shares are offered at a discount, shareholders may be regarded as having a part disposal of their existing Ordinary Shares for the purpose of the UK taxation of chargeable gains when they take up the New Ordinary Shares under the Open Offer. For both corporate and individual shareholders, the New Ordinary Shares should be pooled with their existing Ordinary Shares (provided the shares are of the same class) and the share identification rules will apply on a future disposal. For the purposes of calculating the indexation allowance (only in the case of corporate shareholders) on a subsequent disposal of Ordinary Shares, the amount paid will generally be taken into account only from the time that the payment was made.



- (b) *New Ordinary Shares acquired pursuant to the Placing, the Firm Placing and the Offer for Subscription*

The acquisition of New Ordinary Shares pursuant to any of the Placing, the Firm Placing or the Offer for Subscription will not be regarded as a reorganisation of the Company's share capital for the purposes of the UK taxation of chargeable gains. Accordingly, such an acquisition of New Ordinary Shares will instead be treated as a separate acquisition for the purposes of the UK taxation of chargeable gains, the base cost in which is the price paid for those New Ordinary Shares.

- (c) *Subsequent disposals of Ordinary Shares*

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

- (i) **UK taxation of Shareholders who are UK tax resident individuals**  
Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Ordinary Shares by individuals, trustees and personal representatives will generally be subject to capital gains tax at the rate of up to 28 per cent. (2015/16).
- (ii) **UK taxation of UK tax resident corporate Shareholders**  
Subject to the availability of any exemptions, reliefs and/or allowable losses, a gain on disposal of Shares by a Shareholder within the charge to UK corporation tax will generally be subject to corporation tax at the current rate of 20 per cent. (2015/16). The UK government announced on 8 July 2015 that the main rate of UK corporation tax would reduce to 19 per cent. in 2017 and to 18 per cent. in 2020.
- (iii) **UK taxation of Shareholders who are not resident in the UK for tax purposes**  
Shareholders who are not resident in the UK for tax purposes may not, depending on their personal circumstances, be liable to UK taxation on chargeable gains arising from the sale or other disposal of their Ordinary Shares (unless they carry on a trade, profession or vocation in the UK through a branch or agency with which their Ordinary Shares are connected or, in the case of a corporate shareholder, through a permanent establishment in connection with which the Ordinary Shares are held).

Individual Shareholders who are temporarily not UK resident and who dispose of all or part of their Ordinary Shares during that period may be liable to UK capital gains tax on chargeable gains realised on their return to the UK, subject to any available exemptions or reliefs.

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

## 12.6 ***Stamp Duty and Stamp Duty Reserve Tax ("SDRT") on transfers of Ordinary Shares***

The following paragraphs are intended only as a general and non-exhaustive guide to the UK stamp duty and SDRT position in relation to Ordinary Shares under current law. They apply in relation to Ordinary Shares irrespective of the residence or domicile of the relevant Shareholder or prospective Shareholder. They do not apply in relation to any issue or transfer of New Ordinary Shares to, or to a nominee or agent for, a depositary receipt issuer or clearance service, or to persons such as market makers, brokers, dealers or intermediaries.



(a) *Issue of New Ordinary Shares*

The issue of the New Ordinary Shares pursuant to the Share Issue is not expected to give rise to any charge to UK stamp duty or SDRT.

(b) *Subsequent transactions in New Ordinary Shares*

Transfers on sale of Ordinary Shares by way of an instrument (usually a stock transfer form) 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 if necessary to the nearest multiple of £5.00. The purchaser normally pays the stamp duty. An exemption from stamp duty will be available on an instrument transferring the Ordinary 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 unconditional agreement to transfer Ordinary 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 or exempt 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 a liability for the purchaser.

Electronic transfers of Ordinary 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 Ordinary Shares into CREST will not generally be subject to Stamp Duty or SDRT, unless the transfer into CREST is itself for consideration in money or money's worth.

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

**The statements above are intended as a general guide to the current position. Certain categories of person, including market makers, brokers and dealers are not liable to stamp duty or SDRT and/or may, although not primarily liable for the tax, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1996.**

### **13. Working capital**

Assura is of the opinion that, taking into account the existing bank and other facilities available to it and the proceeds of the Firm Placing and Placing and Open Offer, the working capital available to the Group is sufficient for its present requirements, that is, for a period of at least 12 months from the date of this document.

### **14. Expenses**

The total costs, charges and expenses of or incidental to the Share Issue, including the fees of the London Stock Exchange and the FCA, commissions and fees payable to advisers, legal and accounting fees and expenses, and the costs of printing and distribution of documents are estimated to amount to approximately £9 million.

### **15. Legal and arbitration proceedings**

There are not, and have not been, any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened as far as the Company is aware), during the 12 months immediately preceding the date of this document which may have, or have had in the recent past, significant effects on the Company's or the Group's financial position or profitability.

## **16. Significant change**

Save for the £61.2 million of acquisitions completed since 31 March 2015 (as further detailed in paragraph 8 of Part I), there has been no significant change in the Group's financial or trading position since 31 March 2015, being the date to which the last audited financial statements for the Group were drawn up.

## **17. General**

- 17.1 The Group's statutory accounts for the years ended 31 March 2013, 31 March 2014 and 31 March 2015 were audited by Deloitte LLP of 2 Hardman Street, Manchester, M3 3HF, a member of the Institute of Chartered Accountants in England and Wales.
- 17.2 Stifel Nicolaus Europe 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.
- 17.3 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.
- 17.4 PricewaterhouseCoopers LLP has given and has not withdrawn its written consent to the inclusion of its name and of its report on the unaudited pro forma financial information in Part A of Part IX ("**Unaudited Pro Forma Financial Information**") of this document, in the form and context in which they are included, and has authorised the contents of that part of this document which comprises its report for the purposes of Rule 5.5.3R(2)(f) of the Prospectus Rules.
- 17.5 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 for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 17.6 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 for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 17.7 There has been no material change in the valuation of the properties which are the subject to the property valuation reports referred to in paragraphs 17.5 and 17.6 since the date of the valuation contained in each such report.

## **18. Third party information**

Where information contained in this document originates from a third party source, it is identified where it appears in this document together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

**19. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG during normal business hours on any weekday (public holidays excepted) up to and including the date of Admission:

- (a) the Articles;
- (b) 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
- (c) this document.

Dated: 24 September 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 Ordinary Shares.

These documents are available online at [www.Assuraplco.co.uk](http://www.Assuraplco.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 Share Issue 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 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 statement of changes in equity	page 68
Consolidated cash flow statement	page 69
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 statement of changes in equity	page 80
Consolidated cash flow statement	page 81
Notes to the financial statements	pages 82 to 106
Independent auditor's report	pages 75 to 77
Corporate Governance Report	pages 44 to 52

**Financial statements for the year ended 31 March 2015 and independent audit report thereon**

The page numbers below refer to the relevant pages of the 2015 Annual Report.

Consolidated income statement and consolidated statement of comprehensive income	page 80
Consolidated balance sheet	page 81
Consolidated cash flow statement	page 83
Consolidated statement of changes in equity	page 82
Notes to the financial statements	pages 84 to 105
Independent auditor's report	pages 77 to 79
Corporate Governance Report	pages 48 to 55

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires.

<b>2014 Share Issue</b>	the issue by Assura Group Limited of 356,781,609 ordinary shares of 10 pence each pursuant to a firm placing and placing and open offer and 57,471,264 ordinary shares of 10 pence each pursuant to an offer for subscription in October 2014
<b>Act</b>	the Companies Act 2006 (as amended from time to time)
<b>Admission</b>	admission of the New Ordinary Shares (i) to the premium segment of the Official List and (ii) to trading on the main market of the London Stock Exchange
<b>APCPL</b>	Assura Primary Care Properties Limited
<b>Application Form</b>	the personalised application form which accompanies this document for Qualifying non-CREST Shareholders for use in connection with the Open Offer
<b>Articles</b>	the memorandum and articles of association of Assura, as amended from time to time
<b>Assura or Company</b>	Assura plc, a public limited company incorporated in England and Wales and registered with number 9349441
<b>Assura Employee Share Plans</b>	means the Sharesave Plan, the ERP and the VCP
<b>Assura Group or Group</b>	the Company together with its subsidiaries and subsidiary undertakings (and its 75 per cent. subsidiaries from time to time (as defined in section 606 of the CTA 2010)) and, where the context permits, each of them as at the date of this document
<b>Aviva</b>	Aviva Commercial Finance Limited
<b>Board</b>	the Directors of the Company, whose names appear in paragraph 5.1 of Part IV (Information on Assura) of this document
<b>Bond</b>	the 10 year £110 million senior secured bond, listed on the main market of the London Stock Exchange issued by Assura Properties plc on 9 December 2011, which matures December 2021
<b>Business Day</b>	a day (excluding Saturdays and Sundays and public holidays in England and Wales) on which banks are generally open for the transaction of normal banking business in the City of London
<b>Certificated or certificated form</b>	a share which is not in uncertificated form
<b>City Code</b>	The City Code on Takeovers and Mergers
<b>Closing Price</b>	the closing, mid-market price of an Existing Ordinary Share on 23 September 2015 (the latest practicable date prior to the announcement of the Share Issue) as published by the London Stock Exchange
<b>Companies Act</b>	the Companies Act 2006
<b>CREST</b>	the relevant system (as defined in the Regulations) for the paperless settlement of trades and the holding of securities in uncertificated form operated by Euroclear in accordance with the Regulations



<b>CREST Manual</b>	the rules governing the operation of CREST
<b>CREST member</b>	a person who has been admitted to Euroclear as a system member (as defined in the Regulations)
<b>CREST participant</b>	a person who has been admitted to Euroclear as a system participant (as defined in the Regulations)
<b>CREST payment</b>	has the meaning given to it in the CREST Manual
<b>CREST proxy instruction</b>	has the meaning given to it in the CREST Manual
<b>CREST sponsor</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>CREST sponsored member</b>	a CREST member admitted to CREST as a CREST sponsored member
<b>CTA 2009</b>	The Corporation Tax Act 2009
<b>CTA 2010</b>	The Corporation Tax Act 2010
<b>Directors</b>	the directors of the Company, whose names appear in paragraph 5.1 of Part IV (Information on Assura) of this document, or the directors from time to time of the Company, as the context requires, and Director shall be construed accordingly
<b>Disclosure and Transparency Rules</b>	the Disclosure Rules and the Transparency Rules made by the FCA under Part VI of FSMA
<b>Distribution</b>	any dividend or other distribution by the Company (“distribution” being construed in accordance with Part 23 of CTA 2010)
<b>EEA</b>	the European Economic Area
<b>Enlarged Issued Share Capital</b>	the issued ordinary share capital of the Company following the Share Issue
<b>ERP</b>	the Assura Group Executive Recruitment Plan
<b>Euroclear</b>	Euroclear UK & Ireland Limited, the operator of CREST
<b>European Union or EU</b>	the economic and political union of European nations created on 1 November 1993 by the Treaty of the European Union
<b>Excess Application Facility</b>	the facility for Qualifying Shareholders to apply for Excess Shares in excess of their Open Offer Entitlements
<b>Excess Open Offer Entitlements</b>	in respect of each Qualifying CREST Shareholder who has taken up his Open Offer Entitlement in full, the entitlement (in addition to the Open Offer Entitlement) to apply for Excess Shares up to the number of Open Offer Shares credited to his stock account in CREST pursuant to the Excess Application Facility, which may be subject to scaling back as set out in this document
<b>Excessive Shareholder</b>	any person whose interest in the Company, whether legal or beneficial, direct or indirect, may cause any member of the Group to be liable to pay tax under section 551 of CTA 2010 on or in connection with the making of any dividend or distribution to or in respect of such person, including a “holder of excessive rights” as defined by section 553 of CTA 2010
<b>Excessive Shareholding</b>	an Excessive Shareholder’s shareholding

<b>Excess Shares</b>	Open Offer Shares which may be applied for in addition to Open Offer Entitlements
<b>Excluded Overseas Shareholders</b>	(other than as agreed in writing by the Company and as permitted by applicable law) Shareholders who are resident or otherwise located in any Excluded Territory
<b>Excluded Territories</b>	the USA, Canada, Japan, New Zealand, Hong Kong Special Administrative Region of the People's Republic of China and the Republic of South Africa or territories for which the distribution of this document and any accompanying documents or the making of the offer to subscribe for New Ordinary Shares pursuant to the Share Issue may constitute a violation of relevant securities laws
<b>Existing Ordinary Shares</b>	the 1,011,445,596 existing Ordinary Shares of 10 pence each in nominal value in the capital of the Company as at the date of this document
<b>FCA or Financial Conduct Authority</b>	the Financial Conduct Authority of the United Kingdom
<b>Firm Placees</b>	any person who has agreed to subscribe for Firm Placed Shares pursuant to the Firm Placing
<b>Firm Placed Shares</b>	the 353,910,881 New Ordinary Shares which the Company is proposing to issue pursuant to the Firm Placing
<b>Firm Placing</b>	the subscription by the Firm Placees for the Firm Placed Shares
<b>Form of Proxy</b>	the form of proxy enclosed with this document for use in connection with the General Meeting
<b>FSMA</b>	the Financial Services and Markets Act 2000 as amended
<b>General Meeting</b>	the general meeting of the Company to be convened pursuant to the Notice of General Meeting in order to, amongst other things, pass the Resolutions, including any adjournment thereof
<b>HMRC</b>	Her Majesty's Revenue & Customs
<b>IFRS</b>	International Financial Reporting Standards as adopted for use in the European Union
<b>Institutional Investor</b>	a person who qualifies as an institutional investor under section 528(4A) of CTA 2010
<b>Invesco</b>	Invesco Asset Management Limited, acting as agent for and on behalf of its discretionary clients
<b>Invesco Participation</b>	the subscription by Invesco for 29,750,334 New Ordinary Shares under, and on the terms and conditions of, the Firm Placing
<b>Liberum</b>	Liberum Capital Limited, joint bookrunner, sponsor, financial adviser and underwriter for the Company
<b>LBTT</b>	land and buildings transaction tax, charged pursuant to the Land and Buildings Transaction Tax (Scotland) Act 2013
<b>LIBOR</b>	London Interbank Offered Rate
<b>Listing Rules</b>	the Listing Rules made by the FCA under section 73A of FSMA

<b>LTV</b>	loan to value
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Money Laundering Regulations</b>	the Money Laundering Regulations (2007) S.I. 2012/2157, as amended
<b>MTM instruction</b>	has the meaning given to it in the CREST Manual
<b>NAB</b>	National Australia Bank
<b>New Ordinary Shares</b>	up to 618,000,000 new Ordinary Shares of 10 pence each in nominal value in the capital of the Company to be issued in connection with the Share Issue
<b>Notice of General Meeting</b>	the notice convening the General Meeting set out at the end of this document
<b>Offer for Subscription</b>	the offer for subscription of New Ordinary Shares at the Offer Price on the terms set out in this Prospectus
<b>Offer for Subscription Application Form</b>	the application form included with this document for use in connection with the Offer for Subscription
<b>Offer Price</b>	50 pence per New Ordinary Share
<b>Official List</b>	the official list maintained by the UK Listing Authority pursuant to Part VI of FSMA
<b>Open Offer</b>	the conditional invitation to Qualifying Shareholders to apply for up to 202,289,119 New Ordinary Shares at the Offer Price on a pre-emptive basis
<b>Open Offer Entitlement</b>	the <i>pro rata</i> entitlement to subscribe for Open Offer Shares allocated to a Qualifying Shareholder pursuant to the Open Offer
<b>Open Offer Shares</b>	the 202,289,119 New Ordinary Shares for which Qualifying Shareholders are being invited to apply at the Offer Price to be issued pursuant to the terms of the Open Offer
<b>Ordinary Shares</b>	ordinary shares of 10 pence each in the capital of the Company
<b>Overseas Shareholders</b>	Assura Shareholders who are resident in, ordinarily resident in, located in or citizens of, jurisdictions outside the UK
<b>Placing</b>	the conditional placing by Liberum and Stifel of the Placing Shares, subject to clawback pursuant to the Open Offer, on behalf of the Company on the terms and subject to the conditions contained in the Sponsor and Underwriting Agreement
<b>Prospectus</b>	this document
<b>Placing Shares</b>	the 202,289,119 New Ordinary Shares to be conditionally placed pursuant to the terms of the Placing
<b>Prospectus Directive</b>	Regulation 809/2004 of the European Commission Regulation
<b>Prospectus Rules</b>	the Prospectus Rules of the FCA made under Part VI of FSMA
<b>Qualifying CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in uncertificated form

<b>Qualifying non-CREST Shareholders</b>	Qualifying Shareholders holding Ordinary Shares in certificated form
<b>Qualifying Shareholders</b>	holders of Ordinary Shares (other than Excluded Overseas Shareholders) on the Company's register of members on the Record Date
<b>Receiving Agent</b>	Capita Asset Services, a trading name of Capita Registrars Limited
<b>Record Date</b>	the record date for the Open Offer, being close of business on 22 September 2015
<b>Registrar</b>	Capita Asset Services, a trading name of Capita Registrars Limited
<b>Regulations</b>	the Uncertificated Securities Regulations 2001
<b>Regulatory Information Service</b>	a service provided by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained at the London Stock Exchange's website
<b>REIT</b>	a company or group to which Part 12 of the CTA 2010 applies
<b>REIT Group</b>	a group UK REIT within the meaning of Part 12 of the CTA 2010
<b>REIT Regime</b>	the regime as set out in Part 12 of the CTA 2010
<b>Representatives</b>	in relation to any person, its directors, officers, partners or employees
<b>Resolutions</b>	the resolutions to be proposed at the General Meeting, as set out in the Notice of General Meeting including the level of the discount of the Offer Price to the Closing Price
<b>Revolving Credit Facility or RCF</b>	the Group's five year £60 million revolving credit facility with Barclays, Natwest and HSNC dated 19 May 2015 as amended and increased to £120 million on 28 August 2015
<b>Savills</b>	Savills Advisory Services Limited
<b>Scheme</b>	the scheme of arrangement made under Part VII of the Companies (Guernsey) Law 2008 (as amended) between Assura Group Limited and the holders of shares in Assura Group Limited and which became effective on 28 January 2015
<b>SDRT</b>	UK stamp duty reserve tax
<b>Senior Management or Senior Managers</b>	means the people referred to in paragraph 5.2 of Part IV of this document
<b>Shareholders</b>	holders of Ordinary Shares
<b>Share Issue</b>	the Firm Placing, Placing and Open Offer and Offer for Subscription
<b>Sharesave Plan</b>	the Assura Group Limited Sharesave Plan 2008
<b>Sponsor and Underwriting Agreement</b>	the sponsor and underwriting agreement dated 24 September 2015 in relation to the Share Issue made between Stifel, Liberum and Assura, the terms of which are summarised in paragraph 10.1 of Part X (Additional Information) of this document
<b>SPV</b>	special purpose vehicle, an entity formed usually to acquire assets

<b>Stifel</b>	Stifel Nicolaus Europe Limited, joint bookrunner, sponsor, financial adviser and underwriter for the Company
<b>UK Listing Authority or UKLA</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
<b>UK Money Laundering Regulations</b>	the Money Laundering Regulations and any other applicable anti-money laundering guidance, regulations or legislation
<b>uncertificated or uncertificated form</b>	recorded on the relevant register or other record of the share or other security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States or USA</b>	the United States of America, its territories and possessions, any state of the United States of America and the district of Columbia and any other area subject to its jurisdiction
<b>US Securities Act</b>	the US Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder
<b>VAT</b>	(i) within the European Union, any tax imposed by any member state in conforming with the directive of the council of the European Union on the common system of value added tax (2006/112/EC) and (ii) outside the European Union, any tax corresponding to, or substantially similar to, the common system of value added tax referred to in paragraph (i) of this definition
<b>VCP</b>	the Assura Group Value Creation Plan

*All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.*

*Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.*

## GLOSSARY OF INDUSTRY SPECIFIC TERMS

<b>CCG</b>	Clinical Commissioning Group, a NHS organisation set up by the Health and Social Care Act 2012 to organise delivery of NHS services in England
<b>DoH</b>	Department of Health
<b>EPRA</b>	European Public Real Estate Association, the industry body for European REITs
<b>EPRA NAV</b>	the balance sheet net assets excluding own shares held, mark-to-market derivative financial instruments (including associates) and deferred taxation
<b>GP</b>	General Practitioner
<b>LIFT or Local Improvement Finance Trust</b>	a vehicle introduced by the DoH for improving and developing frontline primary and community care facilities designed to allow PCTs and other public bodies to re-provide and expand local health and social care infrastructure through public private partnerships as set out in the July 2001 Department of Health document “Modernising Primary Care in the NHS: NHS Local Improvement Finance Trusts”
<b>LIFTCo</b>	a company set up with a 20 year exclusive mandate in a particular region to deliver LIFT projects, comprising 60 per cent. private sector Shareholders, 20 per cent. PCT Shareholders and 20 per cent. Community Health Partnerships Shareholders
<b>NHS</b>	the National Health Service, established in 1948, is the national public health service for England. Funded through the use of taxes, the service aims to provide care for all that is free at the point of delivery. Services are provided by a wide range of professionals in both hospital and community settings with a vision of providing appropriate care closer to home
<b>NHS Property Services Limited or NHS Propco</b>	the company wholly owned and funded by the Department of Health which, as of 1 April 2013, has taken on all property obligations formerly borne by the PCTs
<b>Non-PID Dividends</b>	a dividend paid by the Company that is not a PID
<b>PID or Property Income Distribution</b>	a distribution referred to in section 548(1) or 548(3) of CTA 2010, being a dividend or distribution paid by the Company in respect of profits or gains of the Qualifying Property Rental Business of the Group (other than gains arising to non-UK resident Group companies) arising at a time when the Group is a REIT insofar as they derive from the Group’s Qualifying Property Rental Business
<b>Primary care</b>	medical care provided by the primary healthcare team including general practitioners’ surgeries
<b>Primary Care Trust or PCT</b>	a body corporate established by the Secretary of State for Health pursuant to the National Health Service or the National Health Service Act 2006 which has the responsibility for planning and procuring the health care for the population within the area it serves and, where relevant, Health Boards being the bodies corporate established in Scotland for the same purposes pursuant to pursuant



	to the National Health Service (Scotland) Act 1978 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 or the National Health Service (Wales) Act 2006
<b>Property Rental Business</b>	a business within the meaning of section 205 of the CTA 2009 or an overseas property business within the meaning of section 206 CTA 2009, but, in each case, excluding certain specified types of business (as per section 519(3) of the CTA 2010)
<b>Qualifying Property Rental Business</b>	a Property Rental Business fulfilling the conditions in section 529 of the CTA 2010
<b>Residual Business</b>	that part of the business of the Group that is not part of the Qualifying Property Rental Business
<b>Secondary care</b>	medical care provided in hospitals
<b>WAULT</b>	weighted average unexpired lease term

# NOTICE OF GENERAL MEETING

## Assura plc

*(a public limited company incorporated in England and Wales with registered number 9349441)*

Notice is hereby given that a General Meeting of the Shareholders of Assura plc (the “Company”) will be held at the offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London EC1Y 4AG at 11.00 a.m. on 12 October 2015 for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolution 1 will be proposed as a special resolution and Resolution 2 will be proposed as an ordinary resolution.

### SPECIAL RESOLUTION

1 THAT subject to and conditional on the passing of Resolution 2:

- (a) the Directors of the Company (“Directors”) be generally and unconditionally authorised:
  - (A) pursuant to section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot and issue shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company (“Allotment Rights”), but so that (i) the maximum amount of shares that may be allotted and issued or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £61,800,000; (ii) this authority is limited to the allotment and issue of ordinary shares of 10 pence each (“Ordinary Shares”) pursuant to the Share Issue (as defined within the prospectus of the Company dated 24 September 2015 (the “Prospectus”)); (iii) this authority shall expire on 31 December 2015 (unless previously revoked or varied by the Company in general meeting), save that the Company may make any offer or agreement before such expiry which would or might require shares to be allotted and issued or Allotment Rights to be granted after such expiry, revocation or variation and the Directors may allot shares pursuant to such offer or agreement as if the authority hereby conferred had not expired or been revoked or varied; and (iv) this authority shall be in addition and without prejudice to any other authorities vested in the Directors to allot and issue shares in the Company or to grant Allotment Rights; and
  - (B) to allot Ordinary Shares pursuant to the Share Issue at a price of 50p per share, which is at a 20.9 per cent. discount to the closing mid-market price of an Ordinary Share on 23 September 2015, the latest practicable date prior to the announcement of the Share Issue; and
- (b) in addition to all other existing powers of the Directors under section 570 of the Act which shall continue in full force and effect, the Directors are empowered under the said section 570 to allot equity securities as defined by section 560 of the Act for cash pursuant to the authority conferred by Resolution 1(a) above in respect of the new Ordinary Shares allotted pursuant to the Share Issue as if section 561 of the Act did not apply to any such allotment. Such power shall, subject to the continuance of the authority conferred by Resolution 1(a) above, expire on 31 December 2015, but may be revoked or varied from time to time by special resolution and the Company may before such expiry, revocation or variation make any offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied.

## ORDINARY RESOLUTION

- 2 THAT subject to and conditional on the passing of Resolution 1, the application by Invesco Asset Management Limited (as agent for and on behalf of its discretionary managed clients), for 29,750,334 new Ordinary Shares under the terms of the Firm Placing (as defined in the Prospectus) be and is hereby approved for the purposes of Chapter 11 of the Listing Rules of the United Kingdom Listing Authority.

*BY ORDER OF THE BOARD*

**Orla Ball**  
*Company Secretary*

*Registered Office*  
The Brew House  
Greenalls Avenue  
Warrington  
Cheshire  
WA4 6HL

Dated 24 September 2015

### NOTES:

1. A member who is entitled to attend and vote at the 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 vote at the meeting.
2. The right of a member of the Company to vote at the meeting will be determined by reference to the register of members. A member must be registered on that register as the holder of ordinary shares by 6.00 p.m. on 8 October 2015 in order to be entitled to attend and vote at the meeting as a member in respect of those shares.
3. A member wishing to attend and vote at the meeting in person should arrive prior to the time fixed for its commencement. A member that is a corporation can only attend and vote at the meeting in person through one or more representatives appointed in accordance with section 323 of the Companies Act 2006. Any such representative should bring to the meeting written evidence of his appointment, such as a certified copy of a board resolution of, or a letter from, the corporation concerned confirming the appointment. Any member wishing to vote at the meeting without attending in person or (in the case of a corporation) through its duly appointed representative must appoint a proxy to do so. Forms for the appointment of a proxy that can be used for this purpose have been provided to members with this notice of meeting. To be valid, a proxy appointment form must be completed in accordance with the instructions that accompany it and then delivered (together with any power of attorney or other authority under which it is signed, or a certified copy of such item) to Capita Asset Services at PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to be received by 11.00 a.m. on 8 October 2015. Alternatively, you may submit your Form of Proxy electronically using the Shareportal Service at [www.capitashareportal.com](http://www.capitashareportal.com) where full details of the procedure are given. This website is operated by the Company's registrars. To be a valid proxy appointment, the member's electronic message confirming the details of the appointment completed in accordance with those instructions must be transmitted so as to be received by the same time. Members who hold their shares in uncertificated form may also use "the CREST voting service" to appoint a proxy electronically, as explained below. Appointing a proxy will not prevent a member from attending and voting in person at the meeting should he so wish.
4. Any person to whom this notice is sent who is currently nominated by a member of the Company to enjoy information rights under section 146 of the Companies Act 2006 ("nominated person") may have a right under an agreement between him and that member to be appointed, or to have someone else appointed, as a proxy for the meeting. If a nominated person has no such right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member concerned as to the exercise of voting rights. The statement in note 1 above of the rights of a member in relation to the appointment of proxies does not apply to a nominated person. Such rights can only be exercised by the member concerned.
5. As at 5.00 p.m. on 23 September 2015 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 1,011,445,596 ordinary shares of 10p each, carrying one vote each, and (ii) the total voting rights in the Company were 1,011,445,596.
6. Each member attending the meeting has the right to ask questions relating to the business being dealt with at the meeting which, in accordance with section 319A of the Companies Act 2006 and subject to some exceptions, the Company must cause to be answered. Information relating to the meeting which the Company is required by the Companies Act 2006 to publish on a website in advance of the meeting may be viewed at [www.assurapl.com](http://www.assurapl.com). A member may not use any electronic address provided by the Company in this document or with any proxy appointment form or in any website for communicating with the Company for any purpose in relation to the meeting other than as expressly stated in it.
7. CREST members who wish to appoint one or more proxies through the CREST system may do so by using the procedures described in "the CREST voting service" section of the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed one or more voting service providers, should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or a proxy instruction made using the CREST voting service to be valid, the appropriate CREST message ("CREST proxy appointment instruction") must be properly authenticated in accordance with the specifications of CREST's operator,

Euroclear UK & Ireland Limited (“Euroclear”), and must contain all the relevant information required by the CREST Manual. To be valid, the message (regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by Capita Asset Services (ID RA10), as the Company’s “issuer’s agent”, by 11.00 a.m. on 8 October 2015. After this time any change of instruction to a proxy appointed through the CREST system should be communicated to the appointee through other means. The time of the message’s receipt will be taken to be when (as determined by the timestamp applied by the CREST Applications Host) the issuer’s agent is first able to retrieve it by enquiry through the CREST system in the prescribed manner. Euroclear does not make available special procedures in the CREST system for transmitting any particular message. Normal system timings and limitations apply in relation to the input of CREST proxy appointment instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or a CREST sponsored member or has appointed any voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. CREST members and, where applicable, their CREST sponsors or voting service providers should take into account the provisions of the CREST Manual concerning timings as well as its section on “Practical limitations of the system”. In certain circumstances the Company may, in accordance with the Uncertificated Securities Regulations 2001 or the CREST Manual, treat a CREST proxy appointment instruction as invalid.









