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**IF YOU HAVE RECENTLY SOLD OR TRANSFERRED ALL OF YOUR SHARES IN ASSURA PLC THEN THIS DOCUMENT AND ANY ACCOMPANYING DOCUMENTS SHOULD BE PASSED TO THE PERSON THROUGH WHOM THE SALE OR TRANSFER WAS EFFECTED FOR TRANSMISSION TO THE PURCHASER OR TRANSFeree.**

#### **Assura plc**

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

Directors:

Simon Laffin (*Executive Chairman*)  
 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

Dear Shareholder

#### **2016 Annual General Meeting**

I am pleased to be writing to you with details of our 2016 Annual General Meeting ("AGM") to be held at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 19 July 2016 at 11.00 am. The notice convening the AGM is set out on pages 3 to 6 and contains the resolutions dealing with the business of the AGM. The Explanatory Notes for all business of the AGM are set out on pages 7 to 10. I would draw your attention in particular to the following resolutions that are to be proposed at the AGM:

#### **Remuneration Policy and Performance Share Plan (Resolutions 2 to 4)**

A resolution will be proposed to approve the Assura plc Performance Share Plan, the rationale for which is set out in the Directors' Remuneration Report within the Annual Report and Accounts for the year ended 31 March 2016. The Remuneration Policy has been revised to provide for this share plan.

#### **Dividend rectification (Resolution 11)**

A resolution will be proposed regarding the payment of the interim dividend to shareholders in April 2016. The Company has identified a technical irregularity the effect of which is that, while the Company held adequate reserves to cover the amount of the interim dividend, the dividend was paid at a time when the Company's relevant accounts for the purposes of the Companies Act 2006 did not show sufficient distributable reserves to cover the full amount of the interim dividend. Resolution 11 is proposed to rectify the position.

#### **Voting**

Once again, voting on all resolutions to be proposed at the AGM will be by way of a poll as permitted by the Company's articles of association. All resolutions apart from resolutions 13 to 16 are proposed as ordinary resolutions. An ordinary resolution will be passed on a poll if it is passed by shareholders representing a simple majority of the total voting rights of shareholders who (being entitled to do so) vote at the AGM. Resolutions 13 to 16 are proposed as special resolutions. A special resolution will be passed on a poll if it is passed by a majority of shareholders representing not less than 75% of the total voting rights of shareholders who (being entitled to do so) vote at the AGM.

**Action to be taken**

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the AGM. Shareholders, whether or not they propose to attend the AGM in person, are requested to complete, sign and return the enclosed Form of Proxy, in accordance with the instructions printed thereon, so as to be received by the Company's registrars, Capita Asset Services, PXS1 34 Beckenham Road, Beckenham, Kent BR3 4ZF as soon as possible and, in any event, no later than 11.00 am on 15 July 2016. Completion and return of the Form of Proxy will not preclude shareholders from attending and voting at the AGM in person if they wish to do so (and are so entitled).

**Recommendation**

The Directors recommend all shareholders to vote in favour of all the resolutions – as the Directors intend to do in respect of their own shares (other than in respect of those resolutions in which they are interested) – and consider that they are in the best interests of the Company and the shareholders as a whole.

Yours faithfully,

Simon Laffin  
Executive Chairman

# Notice of 2016 Annual General Meeting

Notice is given that the 2016 Annual General Meeting of the shareholders of Assura plc (the "Company") will be held at the offices of Addleshaw Goddard LLP at Milton Gate, 60 Chiswell Street, London EC1Y 4AG on 19 July 2016 at 11.00 am to consider and, if thought fit, pass the resolutions set out below. Resolutions 1 to 12 will be proposed as ordinary resolutions and resolutions 13 to 16 will be proposed as special resolutions.

- 1 To receive the Company's audited accounts and the reports of the Directors and the auditor for the financial year ended 31 March 2016.
- 2 To approve the Directors' Remuneration Policy set out on pages 63 to 75 (inclusive) of the Directors' Remuneration Report for the financial year ended 31 March 2016.
- 3 To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) for the financial year ended 31 March 2016.
- 4 That the Directors generally and unconditionally are hereby authorised to:
  - (a) approve the Assura plc Performance Share Plan ("PSP"), the principal terms of which are summarised in the Appendix to this notice; and
  - (b) establish further plans based on the PSP but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such further plans are treated as counting against the limits on individual and overall participation in the PSP.
- 5 To re-appoint Deloitte LLP as the Company's auditor.
- 6 To authorise the Audit Committee of the Board of Directors to determine the auditor's remuneration.
- 7 To re-elect Simon Laffin as a Director of the Company.
- 8 To re-elect Jonathan Murphy as a Director of the Company.
- 9 To re-elect Jenefer Greenwood as a Director of the Company.
- 10 To re-elect David Richardson as a Director of the Company.
- 11 That:
  - (a) in respect of the payment of the interim dividend by the Company on 20 April 2016 (the '2016 Interim Dividend') to current and former shareholders of the Company, the appropriation of distributable profits of the Company (as shown on page 96 of the accounts of the Company for the financial period ended 31 March 2016) to such payment is hereby ratified and confirmed;
  - (b) any and all claims which the Company may have in respect of the payment of the 2016 Interim Dividend against its current and former shareholders who appeared on the register of shareholders on the record date for the 2016 Interim Dividend be and they are hereby released and that a deed of release in favour of such current and former shareholders be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention on behalf of the said current and former shareholders (the 'Release');
  - (c) any distribution involved in the giving of the Release be made out of profits appropriated to the 2016 Interim Dividend pursuant to paragraph (a) above by reference to a record date identical to the record date for the 2016 Interim Dividend; and
  - (d) any and all claims which the Company may have against its Directors (both current and former) either (i) in respect of the payment of the 2016 Interim Dividend or (ii) in respect of any breach of duty owed by such Directors to the Company arising out of the payment of the 2016 Interim Dividend be and they are hereby released and that a deed of release in favour of the Company's current and former Directors be entered into by the Company in the form of the deed produced to this meeting and signed by the Chairman for the purposes of identification and thereafter be delivered to the Secretary of the Company for retention on behalf of the said current and former Directors.

12 That the Directors are generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into such shares ("Allotment Rights"), but so that:

- (a) the maximum amount of shares that may be allotted or made the subject of Allotment Rights under this authority are shares with an aggregate nominal value of £109,333,218, of which one-half may be allotted or made the subject of Allotment Rights in any circumstances and the other half may be allotted or made the subject of Allotment Rights pursuant to any rights issue (as referred to in the Financial Conduct Authority's listing rules) or pursuant to any arrangements made for the placing or underwriting or other allocation of any shares or other securities included in, but not taken up under, such rights issue;
- (b) this authority shall expire on 30 September 2017 or, if earlier, on the conclusion of the Company's next annual general meeting;
- (c) the Company may make any offer or agreement before such expiry which would or might require shares to be allotted or Allotment Rights to be granted after such expiry and the Directors may allot shares or grant Allotment Rights under any such offer or agreement as if the authority had not expired; and
- (d) all authorities vested in the Directors on the date of the notice of this meeting to allot shares or to grant Allotment Rights that remain unexercised at the commencement of this meeting are revoked.

13 That, subject to the passing of resolution 12 in the notice of this meeting, the Directors are empowered pursuant to section 570 of the Companies Act 2006 to allot equity securities, as defined in section 560 of that Act, pursuant to the authority conferred on them by resolution 12 in the notice of this meeting or by way of a sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with any rights issue or open offer (each as referred to in the Listing Rules published by the Financial Conduct Authority) or any other pre-emptive offer that is open for acceptance for a period determined by the Directors to the holders of ordinary shares on the register on any fixed record date in proportion to their holdings of ordinary shares (and, if applicable, to the holders of any other class of equity security in accordance with the rights attached to such class), subject in each case to such exclusions or other arrangements as the Directors may deem necessary or appropriate in relation to fractions of such securities, the use of more than one currency for making payments in respect of such offer, treasury shares, any legal or practical problems in relation to any territory or the requirements of any regulatory body or any stock exchange; and
- (b) the allotment of equity securities (other than pursuant to paragraph 13(a) above) with an aggregate nominal value of £8,199,991,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by resolution 12 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

14 That, subject to the passing of resolution 12 in the notice of this meeting and in addition to the power contained in resolution 13 set out in the notice of this meeting, the Directors are empowered pursuant to sections 570 of the Companies Act 2006 to allot equity securities (as defined in section 560 of that Act) for cash, pursuant to the authority conferred on them by resolution 12 in the notice of this meeting or by way of sale of treasury shares as if section 561 of that Act did not apply to any such allotment, provided that this power is:

- (a) limited to the allotment of equity securities up to an aggregate nominal value of £8,199,991; and
- (b) used only for the purposes of financing (or refinancing, if the power is to be exercised within six months after the date of the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of the notice of this meeting,

and shall expire on the revocation or expiry (unless renewed) of the authority conferred on the Directors by resolution 12 in the notice of this meeting, save that, before the expiry of this power, the Company may make any offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities under any such offer or agreement as if the power had not expired.

15 That the Company is generally and unconditionally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693 of that Act) of ordinary shares of 10 pence each in its capital, provided that:

- (a) the maximum aggregate number of such ordinary shares that may be acquired under this authority is 163,999,800;
- (b) the minimum price (exclusive of expenses) which may be paid for such a share is its nominal value;
- (c) the maximum price (exclusive of expenses) which may be paid for such a share is the maximum price permitted under the Listing Rules published by the Financial Conduct Authority or, in the case of a tender offer (as referred to in those rules), 5% above the average of the middle market quotations for an ordinary share (as derived from the London Stock Exchange's Daily Official List) for the five business days immediately preceding the date on which the terms of the tender offer are announced;
- (d) this authority shall expire 30 September 2017 or, if earlier, on the conclusion of the Company's next annual general meeting; and
- (e) before such expiry the Company may enter into a contract to purchase ordinary shares that would or might require a purchase to be completed after such expiry and the Company may purchase shares pursuant to any such contract as if the authority had not expired.

16 That any general meeting of the Company that is not an annual general meeting may be called by not less than 14 clear days' notice.

Registered office:

The Brew House  
Greenalls Avenue  
Warrington  
Cheshire  
WA4 6HL

By order of the board

Orla Ball  
Company Secretary  
14 June 2016

**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 close of business on 15 July 2016 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 am on 15 July 2016. 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 6.00 pm on 14 June 2016 (the latest practicable date prior to the printing of this document) (i) the Company's issued share capital consisted of 1,639,998,279 ordinary shares, carrying one vote each, and (ii) the total voting rights in the Company were 1,639,998,279.
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.assuragroup.co.uk](http://www.assuragroup.co.uk). 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. It is possible that, pursuant to members' requests made in accordance with section 527 of the Companies Act 2006, the Company will be required to publish on a website a statement in accordance with section 528 of that Act setting out any matter that the members concerned propose to raise at the meeting relating to the audit of the Company's latest audited accounts. The Company cannot require the members concerned to pay its expenses in complying with those sections. The Company must forward any such statement to its auditors by the time it makes the statement available on the website. The business which may be dealt with at the meeting includes any such statement.
8. 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 am on 15 July 2016. 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.

# Explanatory Notes to the Notice of Annual General Meeting

The notes on the following pages give an explanation of the proposed resolutions:

## **Resolution 1: Annual Report and Accounts**

The Companies Act 2006 requires the directors of a public company to lay before the company in general meeting copies of the Directors' Reports, the independent auditor's report and the audited accounts of the company in respect of each financial year. In accordance with the UK Corporate Governance Code, the Company proposes, as an ordinary resolution, a resolution on its Report and Accounts for the financial year ended 31 March 2016.

## **Resolution 2: Approval of the Directors' Remuneration Policy**

The Companies Act 2006 requires the Directors' remuneration policy to be put to shareholders for approval annually unless the approved policy remains unchanged, in which case it need only be put to shareholders for approval at least every three years.

The Directors' Remuneration Policy was last approved by shareholders at the general meeting held on 22 July 2014. During the year, the Directors have amended the approved policy to provide for the Assura plc Performance Share Plan, further details of which are set out at the explanatory note to resolution 4 below. As a result, shareholders are invited to vote to approve the revised policy at the AGM.

The amended Directors' Remuneration Policy is set out in full on pages 63 to 75 of the Company's Annual Report and Accounts.

The vote on resolution 2 which is being proposed as an ordinary resolution, is binding in nature. Once the Directors' Remuneration Policy is approved, the Company will not be able to make a remuneration payment to a current or prospective Director or payment for loss of office to a current or past Director, unless that payment is consistent with the policy or has otherwise been approved by a resolution of the members of the Company.

## **Resolution 3: Approval of the Directors' Remuneration Report**

The Company will propose at the AGM an ordinary resolution to seek shareholder approval of the Directors' Remuneration Report for the financial year ended 31 March 2016. The Directors' Remuneration Report is set out in full on pages 58 to 85 of the Company's Annual Report and Accounts.

The vote on resolution 3 is advisory in nature and the Directors' entitlement to remuneration is not conditional on it being passed. Your Directors are satisfied that the Company's practice in relation to Directors' remuneration is reasonable and that they deserve the support of the shareholders.

## **Resolution 4: Approval of the Assura plc Performance Share Plan**

Resolution 4 is seeking authority from shareholders to approve the Assura plc Performance Share Plan ("PSP"). More detail regarding the rationale for this proposal is set out in the Directors' Remuneration Report within the Annual Report and Accounts for the year ended 31 March 2016.

A summary of the principal terms of the PSP is set out at the Appendix to this notice.

The rules of the PSP will be on display at the Company's registered office until the AGM and at, and for 15 minutes before the AGM. The rules will also be available for inspection during these times at the offices of FIT Remuneration Consultations LLP, 5 Fitzhardinge Street, London W1H 6ED.

## **Resolutions 5 and 6: Auditor re-appointment and remuneration**

At each meeting at which the Annual Report and Accounts are laid, the Company is required to appoint an auditor to serve until the next such meeting. Deloitte LLP have indicated that they are willing to continue as the Company's auditor. The Directors recommend their re-appointment. Resolution 5 is a resolution to re-appoint them. Resolution 6 is a resolution giving the Audit Committee the discretion to determine the auditor's remuneration.

## **Resolutions 7 to 10: Re-election of Directors**

In accordance with the recommendations of the UK Corporate Governance Code and as permitted by the Company's Articles of Association, each of the Company's Directors will retire from office at the 2016 Annual General Meeting and will seek re-election by shareholders.

The Chairman confirms that, following a performance evaluation, each Director continues to be effective, demonstrating significant commitment to their role and, accordingly, the board unanimously recommends that each Director be appointed.

Brief biographical details of each of the Directors can be found on pages 50 to 51 of the Annual Report and Accounts.

## **Resolution 11 – Dividend rectification**

The Board has recently become aware of a technical irregularity with regard to the payment by the Company of the interim dividend to shareholders in April 2016 (the "2016 Interim Dividend").

Distributions made by a company must not exceed the distributable profits as reported in the last set of 'relevant accounts' of the company. For the purposes of the Companies Act the 'relevant accounts' are either a company's last annual audited accounts or its last interim accounts. In order to rely on interim accounts to pay a dividend a company must file those interim accounts with the Registrar of Companies. When the Company paid the 2016 Interim Dividend, although it had sufficient distributable reserves to make the payment at the payment date, interim accounts showing the requisite level of distributable profits had not been filed with the Registrar of Companies and as a result, the 2016 Interim Dividend was paid in technical infringement of the Companies Act.

The technical non-compliance with the Companies Act could, in theory, result in a right for the Company to claim repayment of the 2016 Interim Dividend from certain shareholders and/or the Directors who approved the payments. Clearly it is not the intention of the Company that any such claims should be made by the Company against either its shareholders or its directors. In order to put the shareholders and the Directors into the position in which they were always intended to be, the Company proposes to release and waive any such claims. Resolution 11 is proposed to approve such release and waiver and to protect the current and former shareholders and Directors against any future claims by the Company for the repayment of the 2016 Interim Dividend. All of the relevant Directors who are shareholders (holding in aggregate 0.29% of the ordinary shares of the Company) will not be voting on this resolution in view of their interest in the subject matter of the proposal.

## **Resolution 12: Authority to allot shares**

The Directors are currently authorised to allot ordinary shares and to grant rights to subscribe for or convert any securities into ordinary shares in the Company, but their authorisation ends on the date of the 2016 Annual General Meeting.

This resolution seeks to renew the Directors' authority to allot ordinary shares and grant rights. In accordance with The Investment Association's "Share Capital Management Guidelines", the authority sought will allow the Directors to allot new shares and to grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount that is equal to two-thirds of the Company's total issued ordinary share capital, provided that any amount in excess of one-third of the Company's issued ordinary share capital is applied to fully pre-emptive rights issues only.

Accordingly, if this resolution is passed by shareholders, the Directors will be authorised until the earlier of 30 September 2017 and the Company's next AGM to allot shares and grant rights up to an aggregate nominal value of £54,666,609 in any circumstances, and up to a further amount of £54,666,609 in the case of a rights issue only. In each case, £54,666,609 represented approximately 33% of the Company's issued ordinary share capital as at 15 June 2016. As at the same date, the Company did not hold any shares in treasury.

The Directors have no present intention of exercising this authority. The purpose of giving the Directors this authority is to maintain the Company's flexibility to take advantage of any appropriate opportunities that may arise.

## **Resolutions 13 and 14: Disapplication of pre-emption rights**

Resolutions 13 and 14 are special resolutions which, if passed by shareholders, will enable the board to allot ordinary shares, or to sell any shares out of treasury, for cash, without first offering those shares to existing shareholders in proportion to their existing holdings.

In March 2015, the Pre-Emption Group published a revision of its Statement of Principles. In addition to restating the customary 5% limit on the issuance of shares for cash on a non-pre-emptive basis, the 2015 Statement of Principles introduced greater flexibility for companies to undertake non pre-emptive issues for cash in connection with acquisitions

and specified capital investments. This relaxation allows companies the opportunity to finance expansion opportunities as and when they arise.

The 2015 Statement of Principles provides that a company may now seek power to issue on a non-pre-emptive basis for cash shares representing:

- (i) no more than 5% of the company's issued ordinary share capital in any one year; and
- (ii) no more than an additional 5% of the company's issued ordinary share capital provided that such additional power is only used in connection with an acquisition or specified capital investment. The 2015 Statement of Principles defines a 'specified capital investment' as 'one or more specific capital investment related uses for the proceeds of an issuance of equity securities, in respect of which sufficient information regarding the effect of the transaction on the listed company, the assets the subject of the transaction and (where appropriate) the profits attributable to them is made available to shareholders to enable them to reach an assessment of the potential return'. Items that are regarded as operating expenditure rather than capital expenditure will not typically be regarded as falling within the term 'specified capital investment'.

As in 2015, the board is seeking two separate powers to disapply pre-emption rights at the AGM.

Resolution 13 is proposed as a special resolution. As in previous years, if this resolution is passed by shareholders, it will permit the board to allot ordinary shares on a non-pre-emptive basis and for cash (otherwise than in connection with a rights issue or similar pre-emptive issue) up to a maximum nominal value of £8,199,991. This amount represents approximately 5% of the issued share capital as at 14 June 2016, being the latest practicable date prior to publication of this document. This resolution will permit the board to allot any such shares for cash on a non-pre-emptive basis in any circumstances (whether or not in connection with an acquisition or specified capital investment).

Resolution 14 is proposed as a separate special resolution. If this resolution is passed by shareholders, it will afford the board an additional power to allot ordinary shares on a non-pre-emptive basis and for cash up to a further maximum nominal value of £8,199,991. This amount also represents approximately 5% of the issued share capital as at 14 June 2016.

The board confirms that it intends to use any power conferred by resolution 14 only in connection with an acquisition or a specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

The board also confirms its intention to follow the provisions of the 2015 Statement of Principles regarding cumulative usage of authorities within a rolling three year period. Those Principles provide that a company should not issue shares for cash (other than to satisfy share scheme requirements) representing more than 7.5% of the company's issued share capital in any rolling three year period, other than to existing shareholders, without prior consultation with shareholders. This limit excludes any ordinary shares issued pursuant to a specific disapplication of pre-emption rights and any ordinary shares issued pursuant to a general disapplication of pre-emption rights in connection with an acquisition or specified capital investment.

### **Resolution 15: Authority to purchase own shares on the market**

This resolution seeks authority for the Company to make market purchases of its own ordinary shares and is proposed as a special resolution.

In certain circumstances, it may be advantageous for the Company to purchase its own shares. The Directors will only exercise this authority after considering relevant factors, including if whether to do so would result in an increase in earnings per share and would benefit shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action.

It is the Company's current intention to satisfy the requirements of its share schemes in a method best suited to the interests of the Company, either by acquiring ordinary shares in the market or, subject to institutional guidelines, issuing new ordinary shares.

This resolution specifies the maximum number of ordinary shares that may be acquired (representing approximately 10% of the Company's issued ordinary share capital as at 14 June 2016) and the maximum and minimum prices at which they may be bought.

**Resolution 16: Authority for convening general meetings of the Company on at least 14 clear days' notice**

The Company currently has power under its articles of association to call general meetings (other than annual general meetings) on at least 14 clear days' notice and would like to preserve this ability. Resolution 16, which will be proposed as a special resolution, seeks approval for this. This approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

The Company notes the notice period provision in the Financial Reporting Council's 2014 version of the UK Corporate Governance Code which recommends at least 14 working days' notice be given for all general meetings (other than annual general meetings). The Company intends to comply with this Code provision in the same way that it currently complies with the 20 working days' notice provision applicable to annual general meetings.

The shorter notice period would not be used as a matter of routine for general meetings, but only where the flexibility is merited by the business of the meeting and is thought to be to the advantage of shareholders as a whole.

# APPENDIX

## Summary of the Principal Terms of the Assura plc Performance Share Plan (“PSP”)

### Operation

The Remuneration Committee of the Board of directors of the Company (the “Committee”) will supervise the operation of the PSP.

### Eligibility

Any employee (including an executive director) of the Company and any of its subsidiaries will be eligible to participate in the PSP at the discretion of the Committee.

### Grant of awards

The Committee may grant an award in one of two forms:

- (i) a conditional allocation, where a participant will receive free ordinary shares in the Company (“Shares”) on the vesting of his/her award; or
- (ii) nil or nominal cost options, where a participant can decide when to exercise his/her award over Shares during a limited period of time after it has vested.

The Committee may also allow share-based awards to be settled in cash (or partly settled in cash) where it is appropriate to do so.

The Committee may normally grant awards within six weeks following the Company’s announcement of its results for any period. The Committee may also grant awards within six weeks of the approval of the PSP by shareholders or when there are exceptional circumstances which the Committee considers justifies the granting of awards.

No awards will be granted after 19 July 2026, being ten years after the 2016 AGM.

No payment will be required for the grant of an award. Awards are not transferable (other than to the participant’s personal representatives in the event of death). Awards are not pensionable.

### Individual limit

In the normal course, the maximum number of shares that may be awarded to a participant in any financial year will be limited so that the market value of such shares on the award date will not exceed 150% of the individual’s base salary. However, the Committee retains the flexibility to grant awards in excess of this amount, up to 300% of base salary, if the Committee believes it is in shareholders’ interest to do so (e.g. if exceptional circumstances exist relating to a recruitment).

### Overall PSP limits

The PSP may operate over new issue Shares, treasury Shares or Shares purchased in the market. The current intention is that all awards will be satisfied using new issue Shares.

The Company may not issue (or have the possibility to issue) more than 10% of the issued ordinary share capital of the Company in respect of awards made in any period of 10 years under the PSP and any other employee share plan adopted by the Company. In addition, a similar limit in respect of 5% of the issued ordinary share capital applies to awards made under executive share plans in any 10 year period.

Treasury Shares will count as new issue Shares for the purposes of this limit but they will also cease to count towards this limit if institutional investor bodies decide that they need not count.

### Vesting of awards and Holding Periods

Awards will normally vest following the third anniversary of grant once the Committee has determined the extent to which any applicable performance conditions have been satisfied and provided the participant is still a director or employee in the Company’s group.

Some or all of an executive directors' vested awards will be subject to an additional holding period before these vested awards may be exercised to the extent that, at the 3 year vesting date, the executive director does not hold shares worth 300% of his then base salary. The holding period will be for 2 years for continuing employees. Any vested awards under the PSP which are already subject to holding periods will be credited towards this 300% of base salary threshold for any later vesting PSP awards

### **Performance Conditions for PSP awards**

The performance conditions for 2016's awards to the executive directors and selected senior employees will be based on growth in absolute Total Shareholder Return (50% weighting) and Net Asset Value per Share (50% weighting). The performance conditions will each be measured over a period of three financial years to 31 March 2019. These performance conditions are more fully described in the Directors' Remuneration Report for the financial year ended 31 March 2016.

The Committee will have the power to set different performance conditions from those described above for future awards provided that, in the reasonable judgement of the Committee, the new performance conditions are no less challenging in the light of circumstances prevailing at that time. The Committee would seek to consult with its leading shareholders before materially different performance conditions are used.

Similarly the Committee will have the power to vary the terms of existing performance conditions if the Committee considers that a performance condition can no longer achieve its original purpose. However, the amended performance condition will have to be, in the Committee's view, not relatively less challenging as a result of the change (taking account of the circumstances prevailing at the time).

### **Leaving employment**

As a general rule, an award will lapse upon a participant leaving the employment of the Company's group. However, if before the vesting of an award a participant ceases to be a director or employee within the Company's group by reason of death, disability, ill-health, injury, retirement with the consent of his employing company, sale or transfer of their employing company or business out of the Company's group, or in other circumstances at the discretion of the Committee, then the award will vest on the normal vesting date (i.e. the third anniversary of the date of grant) to the extent determined by the performance conditions measured over the full performance period.

The Committee may, at its discretion, permit or require awards to vest in such circumstances at the time of cessation of employment, in which case awards would normally be subject to the performance conditions as measured over the shorter period.

In either case, there will also be a pro-rata reduction in the size of the award for the time that has elapsed up to the date of cessation compared to the original three-year vesting period, unless the Committee determines that it would be inappropriate to apply a pro-rata reduction (or more appropriate to apply a varied approach to pro-rating).

### **Corporate events**

In the event of a takeover, scheme of arrangement or winding up of the Company (not being an internal corporate reorganisation), all awards would vest early to the extent that the performance conditions have, in the opinion of the Committee, been satisfied at that time. The awards would normally be pro-rated to reflect the shorter than normal period of time between the date of the award and the time of vesting. The Committee can decide not to pro-rate awards (or to apply a varied approach to pro-rating) if it regards it as appropriate to do so in the particular circumstances.

In the event of an internal corporate reorganisation, awards will be replaced by equivalent new awards over shares in a new holding company, unless the Committee decides that awards should vest on the same basis as described above.

Awards may also vest on the same basis if a demerger, special dividend or other similar event is proposed which, in the opinion of the Committee, would affect the market price of the Shares to a material extent.

### **Participants' rights**

Awards structured as conditional allocations and options will not confer any shareholder rights on participants until the awards have vested and the participants have received their Shares.

Participants will receive a payment (in Shares or cash), on or shortly following the vesting of their awards, of an amount equivalent to the dividends that would have been paid on the Shares vesting under the awards (and assuming reinvestment in Shares on the relevant ex dividend dates) between the time when the awards were granted and the time when they vest, including any post-vesting holding period.

## **Rights attaching to Shares**

Any Shares allotted when an award vests (or for an award structured as an option, when it is exercised) will rank equally with all other Shares then in issue (except for rights arising by reference to a record date prior to their allotment).

## **Variation of capital**

In the event of any variation of the Company's share capital, or in the event of a demerger, payment of a special dividend or other similar event which materially affects the market price of the Shares, the Committee may make such adjustments as it considers appropriate to the number of Shares subject to an award and/or the exercise price payable (if any).

## **Malus and Clawback**

The Committee retains a power to reduce the potential vesting of unvested awards (including to zero) (often referred to as malus) or to recoup the value of previously vested awards from an individual within two years of vesting if it considers it appropriate to do so (often referred to as clawback). The Committee may choose to exercise this power where there has been:

- a material misstatement of financial results for any period;
- an error or the use of inaccurate information in assessing the extent to which any performance condition was satisfied; or
- circumstances warranting the summary dismissal of an individual.

## **Alterations to the PSP**

The Committee may, at any time, amend the provisions of the PSP in any respect, provided that the prior approval of shareholders must be obtained for any amendments that are to the advantage of participants in respect of the rules governing eligibility, limits on participation, the overall limits on the issue of Shares or the transfer of Shares held in treasury, the basis for determining a participant's entitlement to, and the terms of, the Shares or cash to be provided under the PSP and the adjustment of awards or options.

The requirement to obtain the prior approval of shareholders will not, however, apply to any minor alteration made to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any company in the Company's group.

## **Overseas plans**

The Board may at any time without further shareholder formality establish further plans in overseas territories, any such plan to be similar to the PSP, but modified to take account of local tax, exchange control or securities laws, provided that any Shares made available under such further plans are treated as counting against the limits on individual and overall participation in the PSP.





