

Delivering for the **long term**

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COMPANIES HOUSE

At a glance

Who we are

We are a listed UK real estate investment trust (REIT) specialising in the development of, investment in and management of, a portfolio of primary care, diagnostic and treatment buildings across the UK.

Portfolio activities FY 2020

Properties	Rent roll
576	£108.9m
Properties acquired	Disposals
28	19
Developments completed	Developments on site
4	15

Expanding our portfolio



Crouch Vale Medical Centre South Woodham Ferrers

A new community hub providing space for community healthcare services alongside general practice – including community nursing, stroke rehabilitation, physiotherapy, specialist services for children and people with long term conditions, and sexual health services.



Rothbury Community Hospital Morpeeth

This modern, purpose-built facility with huge support from the rural community it serves, providing a GP surgery and additional inpatient and outpatient services in partnership with Northumbria Healthcare NHS Foundation Trust.



Pinfold Surgery Leeds

A modern medical centre with a GP super-partnership Health Care First, which serves more than 30,000 patients in West Yorkshire. This innovative group of GP practices has partnered with us to provide specialist management for three of its surgery premises.



Headingley Medical Centre Leeds

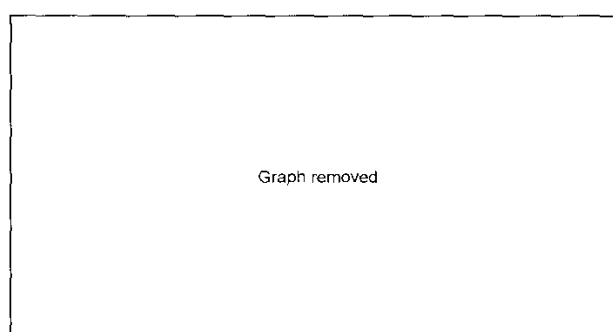
Home to two practices serving almost 22,500 patients, this building in Leeds grows our relationship with the teams in the Woodsley Primary Care Network. The site sits near the university in an area popular with students, and the building is also the base for the local MP.

Regional portfolio coverage

Value of property

The number of properties within each value range is shown in the location marker.

- 0 > £10 million
- 0 £5 – 10 million
- 0 £1 – 5 million
- 0 < £1 million



SCOTLAND & NI

0 2 16 4

NORTH EAST

8 16 88 13

NORTH WEST

12 6 25 11

MIDLANDS

6 16 52 11

WALES

0 8 36 16

SOUTH WEST

5 5 25 13

SOUTH EAST

5 15 70 20



Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
< £1m	96	61.6	3
£1 – 5m	363	899.4	43
£5 – 10m	76	494.4	24
> £10m	47	638.2	30
	576	2,093.6	100

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
North	182	799.1	38
South	226	736.1	35
Midlands	85	360.0	17
Wales	60	141.1	7
Scotland & NI	23	57.3	3
	576	2,093.6	100

Portfolio analysis by occupier covenant

	Total rent roll £m	Total value %
GPs	73.7	68
NHS body	18.7	17
Pharmacy	8.7	8
Other	7.8	7
	108.9	100

Operational highlights

- Current rent roll grown by 6% to £108.9m
- On site with 15 developments around the UK
- Acquisition of development pipeline and team of primary care developer GPI
- Strategic investment in latest fund created by established proptech investor PI Labs
- 32 lease re-gears completed, covering £2.9m of existing rent roll
- Launch of our social impact strategy, sixbysix
- Assura Community Fund established with £2.5m contributed from proceeds of placing in April 2020

Financial highlights

	2020	2019	Change
Financial performance			
EPRA earnings per share (Note 6)	2.8p	2.7p	3.7%
Profit before tax	£78.9m	£84.0m	(6.1)%
Net rental income	£103.7m	£95.2m	8.9%
Dividend per share	2.75p	2.65p	3.8%
Property valuation and performance			
Investment property	£2,139m	£1,979m	8.1%
Diluted EPRA NAV per share (Note 7)	53.9p	53.3p	1.1%
Rent roll	£108.9m	£102.7m	6.4%
Financing			
Loan to Value ("LTV") ratio (Note 22)	58%	34%	4ppts
Undrawn facilities and cash	£238m	£287m	(17.1)%
Weighted average cost of debt	3.03%	3.24%	(21)bps

EPRA summary table

	2020	2019
EPRA EPS (P)	2.8p	2.7p
EPRA NAV (P)	53.9p	53.3p
EPRA NNNAV (P)	52.7p	52.5p
EPRA NIY (%)	4.69%	4.73%
EPRA 'topped up' NIY (%)	4.73%	4.78%
EPRA Vacancy Rate	1.6%	1.5%
EPRA Cost Ratio (including direct vacancy costs) (%)	12.6%	12.5%
EPRA Cost Ratio (excluding direct vacancy costs) (%)	11.5%	11.4%

See pages 64 and 65

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Delivering our purpose for the long term

Our purpose is to create outstanding spaces for health services in our communities. We aim to be the UK's number one listed property business for long-term social impact.

How do we do that?

Delivering our purpose

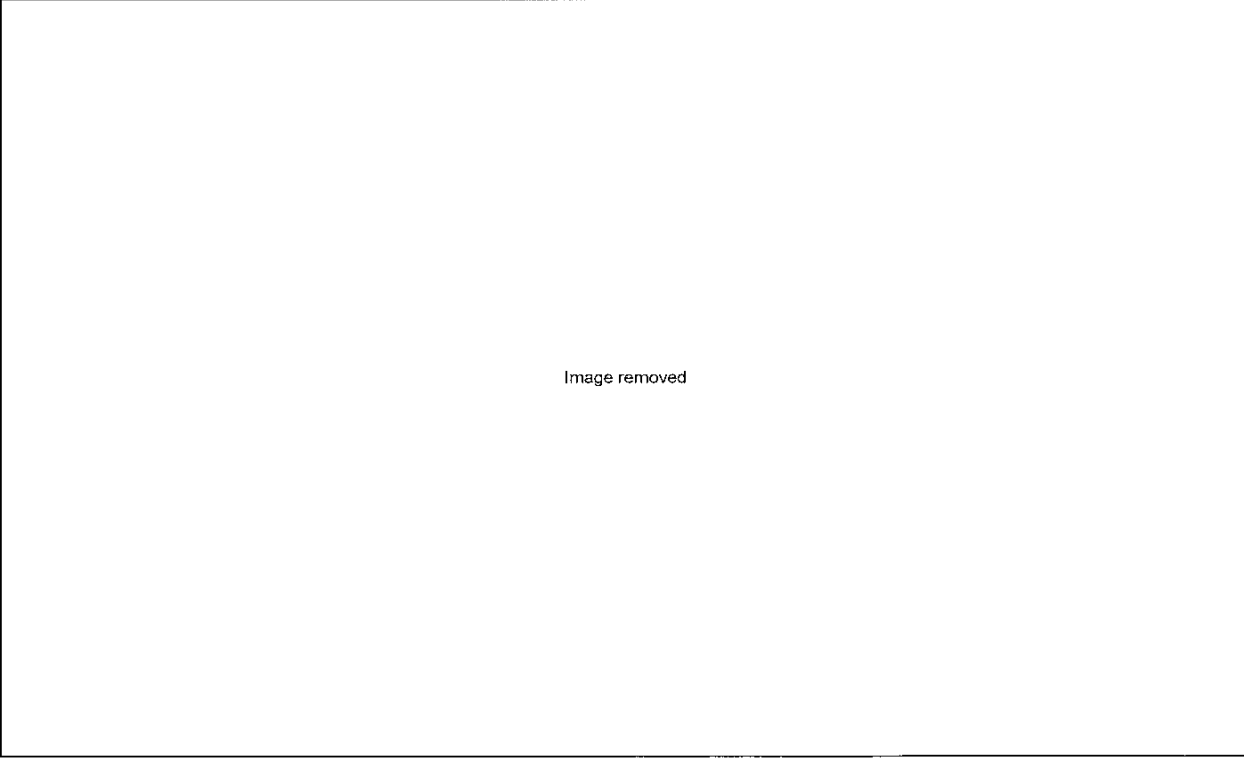


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**We bring insight and
expertise**

Page 2-3 >

We offer a full service

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**We are the partner of
choice**

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for the **long term**

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**We design best in class,
greener buildings**

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**We innovate to create
space fit for the future**

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**We have financial
strength**

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How we deliver our purpose

We bring insight and **expertise**

Whether we're bringing together many different organisations around a new surgery scheme, helping a group of practices with their premises strategy or creating more clinical space for a long-term occupier, our deep knowledge and experience of delivering for GPs and the NHS is what we're known for.

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12m

people aged
65 and above in
the UK

80%

of GPs say their premises
aren't fit to meet
future needs

Giving us a long-term view of our market

Specialist support for a super-partnership

Our acquisition of three surgery sites with West Yorkshire-based Health Care First, which serves more than 30,000 patients, means our management expertise can work for this practice group at scale.

"The traditional model of general practice is changing and for our future planning, it was time to look at solutions to manage our premises as a group. This will mean we have a simple communication pathway on all our premises needs and challenges, helping us not just to maintain the status quo but also to take advantage of opportunities to improve our buildings with the best possible partner."

Dr Avi Biswas, GP

Looking to the future of eye health on Teeside

The ground-breaking new eye health clinic at our North Ormesby Health Village is a prime example of how space in our buildings is being used to help patients reach extra health services alongside general practice, and GPs to build their partnerships with other clinicians and services.

Newmedica's first integrated eye clinic and surgical centre opened its doors with the aim of improving eye health services in the community and helping to reduce waiting times for people needing essential NHS treatment for sight-loss conditions.

"Eye operations don't necessarily need to be in big hospitals, which is why we have created this specialist unit. We are very proud of our new facility"

**Darshak Shah, Managing Director
at Newmedica**

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How we deliver our purpose continued

We offer a **full service**

Our in-house skills to design, build and manage mean we see our buildings from all angles: inside and out. We look at how they can work harder and better for everyone.

Image removed

More consulting rooms

is the most popular building improvement request in our annual occupier survey

Only

50%

of practices say their premises are suitable for present needs

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Helping practices seize opportunities

Creating space in Cornwall

"It'll make a huge difference to how we're able to work – for so many years we've had visions of expanding and improving our practice... and now we're finally going to have really high quality work space."

Dr Michelle Wells, Launceston Medical Centre

After acquiring this medical centre at the heart of a busy Cornish community, we're adding ten new consulting rooms, a bigger waiting area and space for staff across health and care to work together.

Image removed

Launceston Medical Centre

Expansion for a key community health centre in the heart of Cornwall.

How we deliver our purpose continued

We are the **partner of choice**

Relationships are everything in a sector where decisions and approvals can take time, but the end results can transform patient experiences. We collaborate to get the job done, whatever the challenge.

Image removed

312m

GP appointments
delivered in 2019

58

GPs per 100,000
population in England

Staying the course

The brand new surgery for the Gloucestershire market town of Stow-on-the-Wold fits seamlessly into the landscape, thanks to its bespoke design. This was a long project, but for the staff and more than 5,000 patients registered with the practice, the end result was worth the wait.

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"We're extremely grateful to the CCG for their steadfast support on this project and to the development team and Assura for enabling us to realise the scheme."

Dr Paul Sherringham
Senior Partner, Stow Surgery

How we deliver our purpose continued

We design best in class, **greener buildings**

Designs which reduce energy use and cost for GP practices have long been our standard, achieving BREEAM good or excellent status on every new development. We consult with partners including the UK Green Buildings Council to help us continue to push the boundaries of what's possible for future schemes as part of our social impact strategy.

Image removed

18%

The NHS generates almost one-fifth of all emissions from non-domestic buildings in the UK

4–5%

Estimated contribution of England's health and care system to the country's carbon footprint

Making our portfolio part of the solution

Our new medical centre for Tonbridge in Kent will be less reliant on fossil fuels than the ageing, unfit buildings it replaces, generating much of its own power via solar panels on the roof and using measures such as air-source heat pumps.

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Tonbridge Medical Centre

More sustainable energy solutions for this community health hub.

See page 53 ➤

How we deliver our purpose continued

We innovate to create spaces that are fit for **the future**

Patient experiences are the starting point for each of our buildings. We work with designers, national charities and academics to deepen our approach to design for people with conditions such as dementia and autism. We're testing self-monitoring health pods and have developed our vision of how primary care's use of technology could change building design in the coming decade.

Image removed

Digital first

Digital-first primary care will become a new option for every patient

1m

One million people will have dementia by 2025

Designing the future

"Never has there been a greater need to construct the environments for GP practices to succeed."

Dr Minesh Patel, Chair of the National Association for Primary Care in the foreword to the report on our 2030 health and wellbeing centre.

"You've taken on board the challenges faced by those with cognitive impairment and applied broad design principles to create a more supportive environment. That's the key for me when it comes to designing for dementia: an environment which helps to trigger calm responses rather than 'fight or flight' ones, as well as things like wayfinding and signage."

Paul Edwards, Director of Clinical Services, Dementia UK on our landmark development for Cinderford, Gloucestershire.

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Cinderford Health Centre

Design features will make this centre a welcoming environment for people living with dementia and those with disabilities.

See page 51 ➤

<https://www.assura plc.com/media-centre?tab=videos>

How we deliver our purpose continued

We have financial **strength**

We're valued for our long-term and secure income, low risk, stable returns and strong pipeline. The support of our shareholders, lenders and banking partners is the foundation of our investment in the country's health infrastructure – and is why we hold an A- Investment Grade Rating from Fitch Ratings Ltd.

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£1,979m

**Investment
Property,
Loan to Value 34%**

£1,733m

**Investment
Property,
Loan to Value 26%**

2018

2019

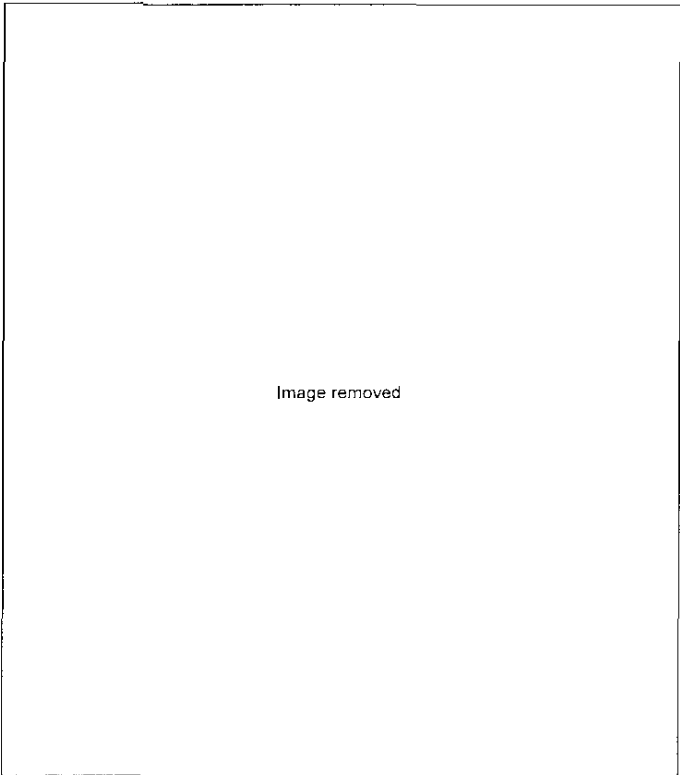


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£2,139m

**Investment
Property,
Loan to Value 38%**

Solid foundations to keep growing

Conservative funding structure

Growth in our portfolio is funded by both our equity shareholders and lending partners, allowing us to carefully manage our Loan-to-Value ratio.

Strong pipeline

We want to continue growing, to deliver our development pipeline that will help improve the primary healthcare infrastructure that the country needs, but within our funding policies.

2020

... and beyond

Ambitious strategy to further advance our positive **social impact**

By 2026, our goal is that six million people will have benefited from improvements to and through our buildings. To achieve this, we have formalised our social impact strategy, setting out the criteria for how we will measure our progress in improving the healthcare buildings that serve six million people. In addition, we have laid out six pledges, aiming to maximise our contribution to society and minimise our impact on the environment. These pledges are actions that will be embedded throughout our business model, strategy and day-to-day activities.

Actions that will count towards our target to impact six million

- Built a new sustainable building
- Extended or refurbished an existing building sustainably
- Improved energy efficiency performance of an existing building
- Improved disability access and design for conditions such as dementia and autism at existing building
- Provided space for a community project in one of our buildings
- Funded a health-improving project for the community around one of our buildings

Maximising our contribution to society pledges:

- Create the Assura Community Fund, targeting one million people benefiting from its work
- Include community space for sessional use in all developments
- Develop our sustainable supply chain to only work with local, responsible contractors

Minimising our impact on the environment pledges:

- Work with our occupiers to reduce the energy consumed in our buildings – targeting an EPC rating of B or better across our portfolio
- Advance our development process to be creating only buildings with a net zero carbon rating for construction and operation
- Install energy meters across our portfolio and source only renewable energy



Maximising
our contribution
to society

sixbysix

Our ambition is that within
six years, six million people will
benefit from improvements to and
through our healthcare buildings

Minimising
our impact on
the environment



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Chairman's statement

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"The actions we take right now to support our occupiers and the wider NHS are how we will be judged by both you as our investors, and by the wider world."

Ed Smith, CBE
Non-Executive Chairman

Non-financial highlights for the year:

100%

development completions hitting BREEAM and EPC targets

>£100,000

donated to charity

14,500+

people benefiting from our Healthy Communities Scheme grants

£5,000+

fundraised for Dementia UK by staff challenge

Dear shareholder,

In a year which began amidst Brexit turmoil then saw the keys to Number 10 being passed on, a general election and our formal departure from the European Union, the challenges for the NHS – both emerging and constant – were never far from the front pages.

In our buildings across the country, primary care and NHS staff continued delivering care day in, day out. Millions of patients flowed through the doors to access GP appointments, diagnostic tests, physiotherapy, minor surgery, kidney dialysis, IVF and a myriad of other primary care services.

And then the virus hit. The final few weeks of the financial year, in which those using our sites rose to the challenge of the biggest global crisis since the second world war, brought into sharp focus the very best of this business, its purpose and its people, and you can read more in the CEO statement on page 20.

2019–20 had seen Assura bring 32 primary care buildings into the portfolio, progress 15 brand new medical centres for the NHS and launch improvement works to create more pleasant environments for patients and better workplaces for primary care teams. Our purpose – to create outstanding spaces for health services in our communities – was well and truly embedded in the way we had continued to grow our work and our partnerships with the health service. Our research and development activities, to shape the future for medical centre design as primary care embeds digital technology, were launching some very different conversations about the health spaces we will need in the years to come. And when COVID-19 became the single most important issue facing our occupiers, the team stepped up in ways we could not have imagined.

Whether it was bringing vacant space into use to help with respiratory care and testing, overspill parking for NHS staff or supporting occupiers' evolving premises needs, the team was there to support. They liaised with colleagues across the health service to offer support in the emergency response and planning to build capacity for the months ahead. Through remote working, Assura's full service remained for all urgent building issues, for temporary reconfigurations and to make sure essential works and inspections could still go ahead to ensure primary care buildings could run effectively. Contractors donated PPE to practices in our buildings and helped create temporary drive-in stations. Assura supported existing charity partners with additional funding and helped local grant recipients to shift focus onto COVID-related health needs.

As the efforts continue and the world begins to look ahead and plan for how we will all do our bit to help our country kick-start its economy once again, our approach to governance and our corporate purpose underpin those conversations within Assura. Values-based leadership has been Assura's 'North Star' throughout the crisis. The diversity of skills on our board, clear committee structures and priorities have been the foundation, overlaid by a flexible approach to listen, understand and facilitate speedy action. We continue to hold true to our focus on collaboration with the health services, our customers and our communities. Assura's continued solid progress, financial strength, strong pipeline of investment in NHS infrastructure and the quality of service to the primary care and NHS Trust teams using our buildings are the hallmarks of this approach.

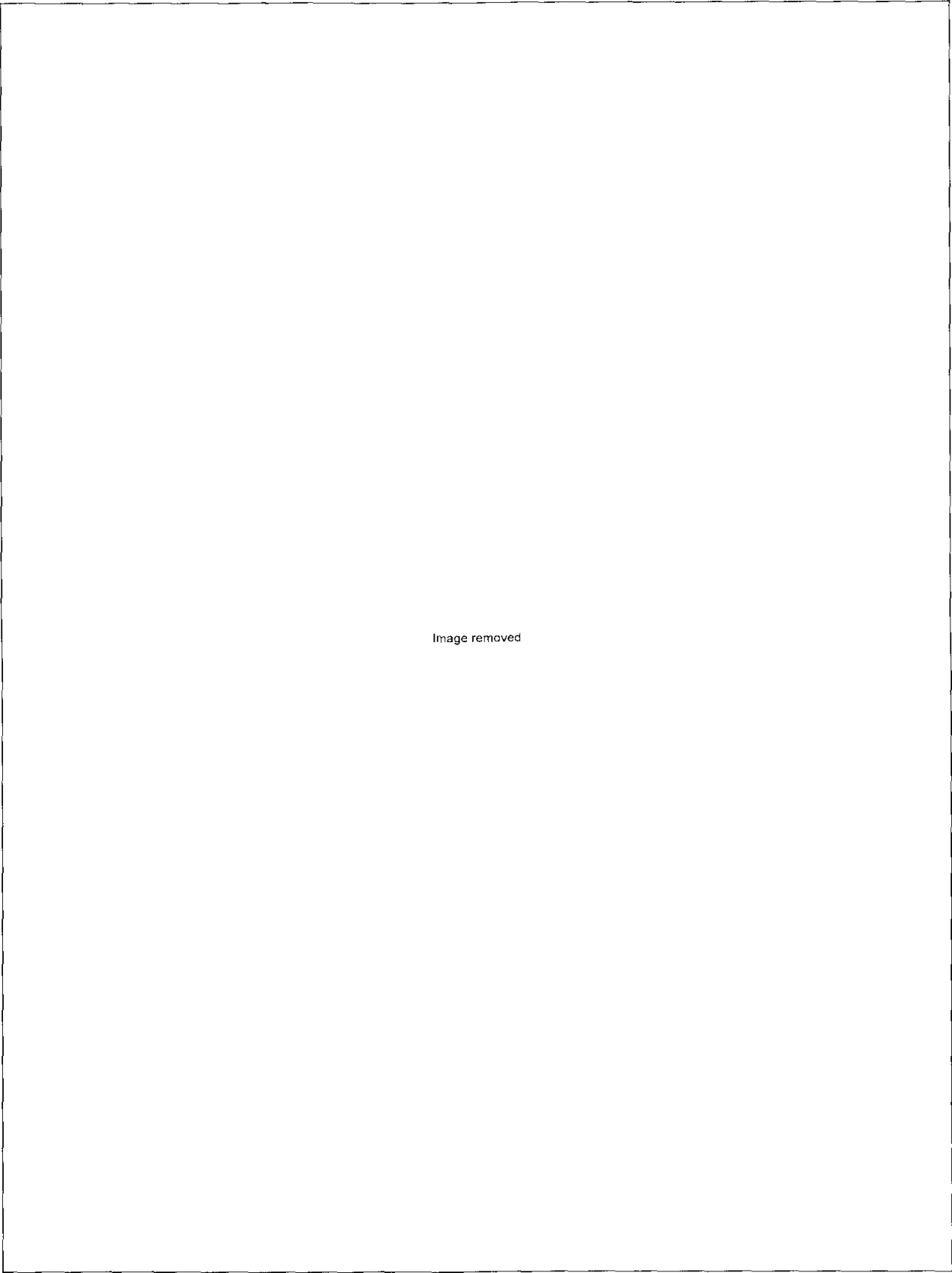
The team's response to COVID-19 makes it particularly timely for us to be launching Assura's social impact strategy this year. It builds on the social and community drivers which have long been innate to this business and its purpose, and you can read more in the CEO statement.

This is an incredibly challenging time, and we all share the acute sense that the actions we take right now to support our occupiers and the wider NHS are how we will be judged by both you as our investors, and by the wider world. As a board, we are proud to see Assura's commitment and strategy to exceed those expectations.

Ed Smith CBE
Non-Executive Chairman

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COVID-19 – our response



COVID-19 – our response

We've focused on doing the right thing by our people, customers and suppliers whilst also managing our cash flow, financial stability and internal controls.

We've moved quickly to refocus this year's plans, and we've also started looking at what COVID-19 will mean for the NHS estate in the longer-term. The epidemic has accelerated the adoption of digital consultation, diagnostics and monitoring in primary care, whilst simultaneously underlining the ongoing need for the right kind of physical space when patients need to be seen in person. Estate for step-down care and for diagnostic and testing capabilities away from acute sites are likely to be an even bigger part of the future. It's an area we've already been looking at in depth with our 2030 health and wellbeing concept, and the experiences of our occupiers and partners this year will be invaluable in taking that forward.

Our people

- We quickly mobilised all staff to work from home and cancelled all business travel. No staff were furloughed.
- Clear, consistent but personal messages for staff.
- Practical support and guidance to aid working from home including early identification and sourcing of equipment, test days to ensure systems worked remotely, cyber security training, ongoing technical support and grants for home equipment.
- Mental and physical health prioritised with risk profiling and regular contact to support wellbeing. Social initiatives implemented to combat isolation and boost morale.
- Flexibility and staff autonomy promoted and training provided on managing teams remotely with support and guidance from HR.
- Succession planning in place. Regular review of workloads.

Our customers

- We offered our portfolio and skills to the NHS response, with vacant space for respiratory care, land for staff car parking and temporary reconfigurations being put into action.
- Careful practical guidance and support to occupiers.
- Payment plans agreed with minority of debtors.
- List of approved back up suppliers used to continue to provide service necessary.
- Technology used to source and complete projects remotely.

Our suppliers

- We've worked closely with our suppliers and contractors, supporting them to prioritise the health of their teams and to apply best practice guidance for construction and essential building works at this time.
- Prompt payment of invoices to aid supplier cash flow.
- Support provided to contractors to work safely on site and when visiting premises. Regular contact maintained to identify issues and provide support and aid remobilisation. Remote meetings/inspections. Technology employed to advance schemes.

Our financial stability and operations

- Continuing with e-invoicing and careful monitoring of debtors with escalation process.
- Costs carefully monitored and advice sought as appropriate, with enhanced authorisation procedure for payments introduced.
- Negative valuation movement modelled to ensure headroom in LTV.
- Microsoft Teams introduced to promote safe communication. Regular updates and guidance.
- Alternative marketing avenues embraced.
- Teams video conferencing successfully used for board meetings with an extra board meeting held to specifically consider COVID-19. Regular updates from management.

See Principal risks and uncertainties page 54 ➤

See Viability statement page 66 ➤

CEO statement

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Social impact at the heart of Assura's strategy

Jonathan Murphy
CEO

With the outbreak of COVID-19, the importance of the NHS to our society has never been more apparent.

Assura has worked closely with the NHS and our GP partners since the onset of the crisis, to make sure we can best support the health service while also focusing on the safety and wellbeing of our colleagues, occupiers and their patients.

Assura has always been focused on fulfilling our purpose of creating outstanding spaces that best support the health services in all of our communities, and we are proud of what we have achieved over the years. Over the course of the last financial year we have been reflecting on this purpose, and have assessed our strategy to see where we can make a greater contribution to society. Following this evaluation, we are placing our social performance at the heart of our strategy, and launching a plan to make Assura the UK's leading listed property business for long-term social impact. Our sixbysix ambition – that by 2026 six million people will have benefitted from improvements to and through our healthcare buildings – aims to maximise our contribution to society whilst minimising our impact on the environment. The plan takes into account the many different elements of our business: our buildings, our people, our operations, our investors, and our communities.

As an initial step in achieving this objective, we were delighted to announce this year the launch of the Assura Community Fund, with an initial funding of £2.5 million from our recent successful equity raise. This will work to support the charities, voluntary organisations and community groups working across the UK around Assura's healthcare buildings, to support healthier communities for the public benefit.

The intention to become the UK's leading listed property business for long-term social impact is both exciting and ambitious. It builds on the already strong foundations of the wider business and the impact our buildings can have on our communities. The current pandemic has only reemphasised to us the importance and clear relevance of our ambitions. I look forward to updating you on our progress.

Financial and operational performance

Assura's business and our ability to continue to deliver on our purpose to create outstanding spaces for health services in our communities is built on the reliability and resilience of our cash flows. Our resilience is built on the strong foundations of our long-term, secure cash flows – even in these most challenging of circumstances we have retained our normal patterns of cash collection – supported by a weighted average unexpired lease term of 11.7 years and a strong financial position (demonstrated by our A- credit rating from Fitch Ratings Ltd).

While remaining resilient, Assura has consistently demonstrated an ability to identify and secure new opportunities for growth, building on our market leading capabilities to manage, invest and develop outstanding spaces for health services in our communities.

We have continued our strong track record of investing in new properties, completing 28 acquisitions for a total consideration of £119 million. Our investment team continues to leverage the relationships we have with existing tenants to identify new opportunities, as well as analysing our bespoke database which contains details on all the medical centres in the UK.

The design of modern fit-for-purpose GP surgeries has always been a cornerstone of our development activities and we have delivered over £400 million of new developments and improvements to existing properties over 17 years, with circa £100 million of that provided in the last three years. Our development capability was further strengthened in May 2019 when we completed acquisition of the development pipeline and team of GPI, one of the leading developers in primary care for the last 25 years. Their experienced team and strong pipeline were a welcome addition to the Assura proposition, helping us achieve one of the most successful years in our history, with four schemes completed in the year and a further 15 on site at the year-end.



While remaining resilient, Assura has consistently demonstrated an ability to identify and secure new opportunities for growth

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Stow Surgery

Formally opened in December 2019, by Countryfile presenter, Adam Henson

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CEO statement continued

Assura has a high-quality portfolio of 576 properties, which has been meticulously assembled over the course of our 17-year history. This is an essential part of our growth strategy as we carefully review every asset for opportunities to enhance its lifetime cash flows and impact on the community. *Reflecting the importance of this activity, we have now set total contracted rental income as a key strategic KPI.* This metric is a combination of our passing rent roll and lease length, and is an effective measure of our ability to both grow and extend our cash flows for the long-term. It captures the crucial value-enhancing activity of our portfolio management teams as they agree rent reviews, complete lease re-gears, let vacant space and undertake physical extensions. This year, the team completed 296 rent reviews, 32 lease re-gears and 15 new tenancies for our vacant space. This has enabled us to increase our total contracted rental income to £1.4 billion and, for the second half of the year, increase our weighted average unexpired lease term which stands at 11.7 years.

The combination of these elements has enabled us to continue our strong track record of growth year-on-year. Our portfolio value has increased by 8% to £2.1 billion and our passing rent roll is up 6% to £109 million. Our EPRA earnings have increased by 6% to £67.5 million and on a per share basis, this translates to a 4% growth in EPRA EPS to 2.8 pence per share. Taking into account valuation movements, our net profit is £78.9 million or 3.3 pence per share.

Finally, we announced last year that we would review our dividend level annually, in line with our annual results. Today we announce a 1.9% increase in the quarterly dividend payment to 0.71 pence with effect from the July 2020 payment.

Assura outlook

Assura's success, and its future strategy, is built on our complementary offer of investment, development and management of premises to our clients. This multi-faceted approach enables us to better understand the requirements of our customers and anticipate their future needs. This year we have demonstrated the effectiveness of this model, and the resilience of our business to extreme economic shocks. However, the real test will be our ability to sustain and support this growth for the long-term.

We enter the new financial year with a strong immediate pipeline. In development, we are on site at 15 sites with a gross development spend of £87 million, an

immediate pipeline of £77 million of development opportunities that are expected to commence within the next 12 months, and an extended pipeline of £199 million of further opportunities where Assura is the exclusive partner. Acquisition opportunities in legal hands total £67 million and we have £17 million of asset enhancement capital projects in the immediate pipeline.

We continue to use our market knowledge and long-established relationships to source new opportunities across both investment and development, while also continually reviewing our existing portfolio for value enhancement initiatives. This gives us continued confidence in our future growth plans, although constructing new medical centres and improving those we already own through modified working approaches means the inevitable delays to some projects as a result of COVID-19.

In order to fund our future growth plans and to support our strong financial position, we completed an equity raise on 7 April 2020 to raise gross proceeds of £185 million. In addition, in May 2020 we have renewed our current revolving credit facility with a consortium of four banks for maturity in November 2024. This financial strength further underpins our future growth prospects.

Market outlook

Healthcare provision in the UK has been transformed in recent weeks, as the NHS has responded to the requirements of dealing with a pandemic. The short-term focus on acute care has resulted in a dramatic drop-off in A&E attendance and most primary care provision is currently being delivered remotely. This is not sustainable in the long-term, and the backlog in non-COVID-19 treatments will clearly need to be addressed.

In addition, it is likely that the adoption of technology will accelerate and there will be a greater openness to new ways of working and cooperation between primary and acute care, as providers look to shift more services away from hospitals. These emerging trends will only further highlight the urgent need for investment in primary care infrastructure.

As we emerge from this crisis, the NHS and its funding needs will be at the forefront of high-level discussions in Westminster and beyond. It is possible that healthcare funding will increase again in the near future, and ensuring that there is sufficient capacity to support this will likely become a key priority for the NHS.

However, the nature of its buildings in terms of design, sustainability, built-in technology, and flexibility will all need to be enhanced. Assura has a proud track record of innovation in primary care building design. This year, we have developed the UK's first medical centre built on cognitive supportive design principles, with a plan to adopt these principles across our estate in the future. We have continued to develop innovative approaches to the sustainability of our buildings, and we recently launched our 2030 health and wellbeing concept.

As the scale and nature of these evolving requirements become clearer, we are ideally placed to support the needs of the NHS. Assura has the financial strength, innovative wherewithal and necessary skills to meet these challenges. Despite the unprecedented level of uncertainty at the current time, we will continue to look forward to the future with confidence in Assura's prospects.

Jonathan Murphy
CEO

Case study

A sweet solution

Our landmark primary care centre project with the Bournville Village Trust is the fourth and final stage of the £50 million College Green care village and will bring together GPs with clinical pharmacists, social prescribers, physiotherapists, physician's associates and community paramedics.

"We take our role as a place-shaper seriously and are always seeking ways to work in partnership with others to ensure the communities we serve have the services and facilities they need to thrive.

"We have been proud to work closely with the NHS, which consulted with patients on the merger of the surgeries, to identify and bring about the best health and wellbeing centre possible and are now working with Assura who have impressed us with their excellent values and fantastic track record of delivering some of the UK's best GP surgeries."

David Robinson, Director of Finance at Bournville Village Trust

Excellent

On track for BREEAM rating of

3

Surgeries merging into one building

16,000

Patients served

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Our market

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As our population grows and ages, and as we live longer with more complex health conditions, demand for investment in health infrastructure continues to increase.

Changing demographics

- We are living longer and with more complex, long-term conditions.
- There are nearly 12 million people aged 65 and above in the UK, of which 1.6 million are 85 or older (ONS).
- The 85+ age group – the group with the highest GP consultation rate – is the fastest growing (ONS, Hobbs et al 2016).
- GP practices in England delivered 312m appointments in total in 2019 – up 3.8m from the previous year (NHS Digital).
- One million people will have dementia by 2025, and this figure will double by 2050.

Infrastructure unfit for purpose

- Many primary care buildings are too old, too small and don't meet accessibility requirements.
- 80% of GP practices say their premises will not be fit to cope with future growth (The BMA).
- "58% of patients responding said that there was not enough space to allow reasonable privacy." (The Patients Association, 2019).
- The health and care system in England is responsible for an estimated 4–5% of the country's carbon footprint (For a Greener NHS Campaign, NHS England).

Lack of investment and capital

- Primary care has more revenue funding under the Long Term Plan, but capital options remain limited.
- £850m committed to 20 hospital upgrade projects; primary care not yet allocated.
- 2015/16 – 2019/20 Estates and Technology Fund complete, and was heavily oversubscribed.
- The long-term economic recovery from COVID-19 means added pressure on all government investment, including that for the NHS estate.

12m

of the UK population are 65 and above

80%

of GP practices not fit to cope with future growth

£850m

committed to 20 hospital upgrade projects

85+

is the fastest-growing age group

58%

of patients say there is not enough space

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Government policy

- Easier access to more services in primary care.
- Integration of health services.
- New homes need health infrastructure.
- UK to reach net zero greenhouse gas emissions by 2050.
- "There will be more GPs, nurses and 20,000 additional pharmacists, physiotherapists, paramedics, physician associates and social prescribing link workers working in primary care" (NHS Long Term Plan).
- Ambition to be building 300,000 homes a year by the mid-2020s
- 2020 focus on the need to tackle loneliness through place-strengthening community infrastructure (DDCMS).

300,000

new homes planned to be built by the mid-2020s

20,000

additional healthcare professionals working in primary care

What does this mean for Assura?

We understand the health needs of our communities, the challenges the healthcare system faces and the role we play in helping the NHS deliver the Long Term Plan.

We are always looking ahead to ensure our buildings have longevity and can evolve with the changing needs of healthcare professionals and patients.

We understand the responsibility we have to future generations. We are playing our part in the journey to net zero carbon through our work to create vital community infrastructure.

We believe our contribution to improving health in the communities we work in can go far beyond our buildings.

Our strategy

The primary healthcare property sector is subject to strong growth in underlying demand and Assura holds a leading position in this distinct market.

Our purpose is to create outstanding spaces for health services in our communities. We aim to generate long-term value for all of our stakeholders through providing high quality facilities for our occupiers, growing financial returns for our shareholders and aiming to be the UK's number one listed property business for long-term social impact.

Our strategic priorities are how we focus our activities to achieve these aims. We have included alongside our strategic priorities how our social impact strategy targets, many of which we will report against for the first time from March 2021, link with our existing strategic priorities, helping us to deliver long-term value for all of our stakeholders.

See our market page 24 ➤

See Social impact strategy KPIs page 30 ➤

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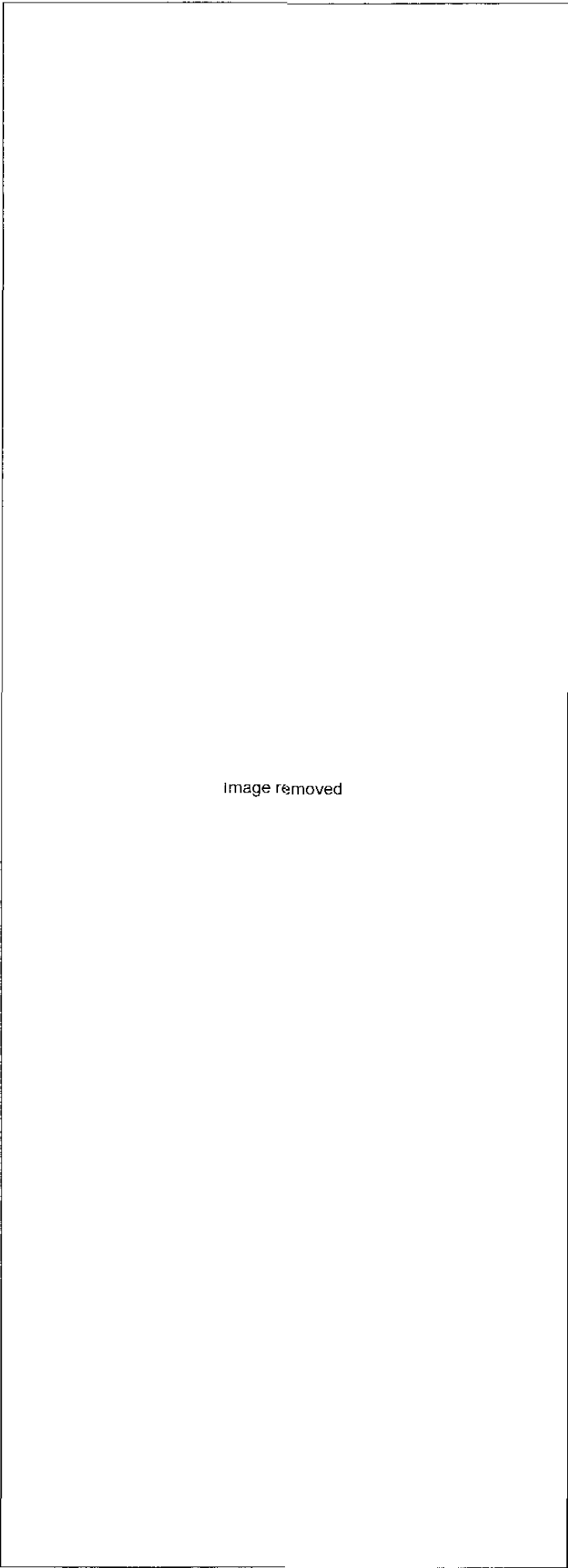


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To deliver this, we have focused on five strategic priorities:

1. Leveraging our financial strength

To invest in our portfolio, making each £ invested work harder aiming to generate secure, growing returns for investors.

2. Quality of buildings

To develop buildings which serve everyone who uses them, and which are fit for the future.

3. Quality of service

To deliver on the promises we make to existing and prospective occupiers and the communities our buildings serve.

4. People

To attract, retain and develop our high quality, specialist team.

5. Long-term relationships

To build long-term relationships that benefit all of our stakeholders.

Our strategy continued

1. Leveraging our financial strength

To invest in our portfolio, making each £ invested work harder aiming to generate secure, growing returns for investors.

2020 priorities

- Rental growth from rent reviews, to grow recurring earnings
- Maintain EPRA Cost Ratio
- Maintain investment grade rating

2020 actions & progress

- Rental growth of 1.8% achieved from rent reviews
- 15 developments on site and immediate pipeline of 18 further schemes
- A- investment grade rating reiterated by Fitch and £107 million new facilities secured
- EPRA Cost Ratio maintained at 12.6%
- Fully covered dividend increase for seventh consecutive year
- 32 lease re-gears completed adding £30 million to total contracted rental income

2021 priorities

- Driving rental growth from rent reviews, to grow recurring earnings and contracted rental income
- Maintain EPRA Cost Ratio below 13%, excluding charitable donations
- Maintain investment grade rating of A-
- Exploring ESG and sustainability-linked debt financing options

KPIs

Growing, fully covered dividend
EPRA Cost Ratio
EPRA EPS & EPRA NAV
Total Property Return and Total Shareholder Return
Total Accounting Return
Rental growth from rent reviews

Social impact KPIs

Assura Community Fund reach
EPC ratings of our portfolio
Net zero carbon developments

Risks

Reduction in investor demand
Failure to communicate
Reduction in availability and/or increase in cost of finance
Failure to maintain capital structure and gearing
Underperformance of assets

2. Quality of buildings

To develop buildings that serve all relevant stakeholders and are fit for the future of healthcare.

2020 priorities

- Bespoke designs, incorporating aspects of sustainability agenda (including dementia friendly)
- BREEAM – aim for Outstanding (KPI – Very Good)
- Develop sustainable solutions
- EPC Ratings – achieve at least B on completed developments and review our existing portfolio

2020 actions & progress

- Immediate and extended development pipeline boosted by acquisition of pipeline and team of primary care developer GPI
- Completed developments hit BREEAM and EPC targets
- Cinderford development first medical centre in the country to be certified as dementia friendly
- 2030 health and wellbeing concept launched

2021 priorities

- Rolling out cognitive design principles across on site and immediate pipeline schemes where possible
- Identifying and delivering the first development that is net zero carbon for construction and operation
- Continue to develop sustainable solutions
- Begin rollout of EPC rating improvements across existing portfolio

KPIs

Developments on site
Occupier covenant and WALT
Rental growth from rent reviews

Social impact KPIs

BREEAM rating on completed developments
EPC ratings of our portfolio
Net zero carbon developments

Risks

Changes to government policy
Development overspend
Underperformance of assets

See Our KPIs page 30 ➤

See Principal risks and uncertainties page 54 ➤

3. Quality of service

To deliver on the promises we make to existing and prospective occupiers and the communities our buildings serve.

2020 priorities

- Working with our occupiers to advance asset enhancement opportunities throughout the portfolio
- Complete developments on site and convert immediate pipeline to on site

KPIs

Occupier covenant and WAULT
Occupier satisfaction surveys
Developments completed
Growth in rent roll

2020 actions & progress

- Four developments completed during the year
- 28 properties acquired and successfully integrated by our portfolio management team
- Six asset enhancement projects completed or underway and 32 re-gears completed
- Continued strong results from our occupier satisfaction survey

Social impact KPIs

Renewably sourced energy
Smart meter coverage
Developments containing community space
Assura Community Fund reach

2021 priorities

- Advance the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Complete developments on site and convert immediate pipeline to on site
- Begin rollout of smart meters across existing portfolio and review current energy purchase arrangements
- Establish Assura Community Fund

Risks

Changes to government policy
Competitor threat
Staff dependency
Underperformance of assets

4. People

To attract, retain and develop our high quality, specialist team.

2020 priorities

- Continue with staff survey
- Establish staff groups to engage on improvements or any areas identified by the staff survey

KPIs

Staff satisfaction survey

2020 actions & progress

- 91% response rate to staff survey, achieving Best Companies 1 star award accreditation
- 23% of staff now work flexibly or part-time

Social impact KPIs

Staff volunteering
Assura Community Fund reach
Essential travel carbon offsetting

2021 priorities

- Support employee wellbeing
- Continue with flexible working culture
- Further improvements to diversity and inclusion

Risks

Staff dependency

5. Long-term relationships

To build long-term relationships that benefit all of our stakeholders.

2020 priorities

- Working with our occupiers to advance asset enhancement opportunities throughout the portfolio
- Working with our suppliers to innovate in technologies and methods of construction
- Continue to focus on building long-term relationships with all stakeholders, including local authorities, government, The Patients Association, GP collaboratives, NHS Trusts, developers and social groups

KPIs

Occupier satisfaction surveys
Growth in rent roll
Developments on site

2020 actions & progress

- Six asset enhancement projects completed or underway
- Appointment of Head of Strategic Partnerships to enhance relationships with NHS Trusts, local authorities and GP collaboratives.
- Netherfield development incorporates innovative interior design including a diagnostic pod, interactive child learning centre and space for social prescribing group activities.

Social impact KPIs

Supplier conduct code
Contractor locality
Assura Community Fund reach

2021 priorities

- Advance the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements
- Review our supply chain processes to ensure we share the same social impact values
- Develop our offering for NHS Trusts, local authorities and GP collaboratives in a primary care setting
- Establish Assura Community Fund

Risks

Changes in government policy
Competitor threat
Underperformance of assets

See Our KPIs page 30 ➤

See Principal risks and uncertainties page 54 ➤

Our key performance indicators

Assura is one of the UK's leading healthcare REITs. In order to sustain this position, we need to demonstrate that we can consistently outperform over time. To measure ourselves against this objective we have a wide range of key performance indicators ("KPIs").

These can be distilled into three areas, all of which link back to our strategic priorities and form the basis for how our executive management team is judged and rewarded: firstly, the financial performance of the business which measures the returns we generate for shareholders; secondly, the portfolio metrics which measure the quality of the portfolio and our development activities; and lastly, our non-financial metrics which measure our impact on stakeholders of our business.

These KPIs are reflected in both the short-term (annual bonus details on page 94) and long-term management incentive schemes (linked to TSR and growth in EPRA EPS over a three-year period, further details on page 95). Certain of these measures are considered Alternative Performance Measures (calculations or references provided where appropriate) which, as explained in the CFO review, are provided to help provide relevant information to understand how our business is performing.

Our social impact

As detailed on page 14, our social impact strategy includes a number of targets and pledges that we aim to achieve by 2026. We are developing our KPIs and from March 2021 will include baselines and progress against the following metrics that will be used to track our progress against the pledges:

- Assura Community Fund reach - total fundraising achieved, amount distributed to health-improving projects and people reached by projects supported
- EPC ratings of our portfolio - proportion of portfolio buildings that have an EPC rating of B or better, or have been improved by at least two rating bands
- Net zero carbon developments - Proportion of new developments with a net zero carbon rating for construction and operation (albeit we would expect this to be a low proportion in the initial years as the plan is in its early stages)
- Developments containing community space - proportion of on site developments that will incorporate a space for community sessional use
- Renewably sourced energy - proportion of the energy purchased by Assura that is from renewable sources
- Smart meter coverage - proportion of portfolio that has smart meters installed and data on usage for occupiers
- Supplier conduct code - proportion of suppliers used that have certified to us they are compliant with our supplier conduct code
- Staff volunteering - proportion of team members undertaking volunteering activities in addition to their paid work

We also plan to report on contractor locality (i.e. the proportion of jobs completed by people based within 25 miles of the property) and carbon offsetting in respect of essential business travel, although we expect to report these commencing in the 2021/22 financial year.

Financial KPIs

EPRA EPS

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Grow
	2.0p	2.4p	2.5p	2.7p	2.8p	
Definition See Note 6 to the accounts	Commentary EPRA EPS provides an indication of the recurring profits of the Group. We have grown the EPRA EPS in the year through growth in rental income from our properties, whilst carefully managing our interest costs and maintaining our EPRA Cost Ratio.					

Diluted EPRA NAV

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Grow
	45.8p	49.3p	52.4p	53.3p	53.9p	
Definition See Note 7 to the accounts	Commentary EPRA NAV shows the net accounting value of our assets and liabilities, adjusted in accordance with the widely used EPRA guidelines for the real estate industry. As a REIT with a high dividend pay out ratio, movements in our EPRA NAV primarily are attributed to asset revaluations.					

EPRA Cost Ratio

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Maintain or reduce
	16.5%	13.7%	13.0%	12.5%	12.6%	
Definition See page 65	Commentary EPRA Cost Ratio is the operating efficiency of our model, being the costs incurred as a proportion of rental income. During the year we have maintained the EPRA Cost Ratio. The portfolio has grown during the period and the corresponding increase in costs reflects the investment we have made during the year in growing the development team, boosting our in-house capability to deliver our growing development pipeline.					

Total Property Return

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Maintain or grow over long term
	8.9%	9.7%	9.7%	5.9%	5.3%	
Definition Net rental income plus revaluation, divided by opening property assets plus additions. See Glossary	Commentary Total Property Return measures our success in choosing the right investments and managing these assets over time. The return is made up of two components – the income return (which has remained broadly consistent with previous years) and any valuation movement (which has remained positive, albeit to a lower level than previous years with lower positive movement in valuation yields).					

Total Accounting Return

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Maintain or grow over long term
	7.2%	12.0%	11.0%	6.8%	6.3%	
Definition Movement on EPRA NAV plus dividends paid, divided by opening EPRA NAV. See Glossary	Commentary Total Accounting Return measures the returns we have delivered to shareholders in the forms of dividends paid and the growth in NAV. In the current year, the dividend paid had again grown compared with the prior year, and whilst the valuation movement has remained positive, the magnitude is lower than in previous years reflecting lower positive movements in valuation yields.					

Total Shareholder Return

Strategic priority Leveraging our financial strength	Performance					Target
	2016	2017	2018	2019	2020	Maintain or grow over long term
	-11.4%	13.2%	6.8%	1.3%	50.3%	
Definition Movement in share price plus dividends paid, divided by opening share price. See Glossary	Commentary Total Shareholder Return reflects the value of dividends paid and the relative movement of the share price over the year. In the current year, the dividend paid had again grown compared with the prior year, although the majority of the TSR movement in the year reflects share price gains. The share price closed the year at 83.5 pence, reflecting a premium of 55% to diluted EPRA NAV.					

Our key performance indicators continued

Portfolio metrics

Growth in rent roll

Strategic priority	Performance					Target
Long-term relationships, Quality of Service	2016	2017	2018	2019	2020	Positive
	£8.2m	£10.6m	£16.6m	£11.7m	£6.2m	

Definition

Increase in rent roll over the year. See Glossary

Commentary

Growth in rent roll is a measure of how we are growing our income which in turn should support our dividend policy. The £6.2 million increase in the current year reflects acquisitions and development completions (£5.4 million and £0.7 million respectively) and rent reviews (£1.3 million), net of disposals (£1.2 million).

Total contracted rental income

Strategic priority	Performance					Target
Long-term relationships, Quality of Service	2016	2017	2018	2019	2020	Maintain or grow
	£0.95bn	£1.05bn	£1.22bn	£1.35bn	£1.43bn	

Definition

Total amount of rent to be received over the remaining term of leases currently contracted. See Glossary

Commentary

Total contracted rental income is the total amount of rent we are due to receive over the remaining term of leases currently in place and committed rent for developments on site. The passage of time would see this figure reduce each year. However, the positive actions we have taken in the year, through portfolio additions and asset enhancement activities, has seen this natural decline be offset to an extent that the total contracted rental income has increased to £1.43 billion.

Rental growth from rent reviews

Strategic priority	Performance					Target
Leveraging our financial strength, Quality of Buildings	2016	2017	2018	2019	2020	> inflation
	1.2%	1.6%	1.7%	2.2%	1.8%	

Definition

Weighted average annualised uplift on rent reviews settled during the year

Commentary

Rental growth from rent reviews settled in the year provides a measure of the growth in our rent roll, which we would expect to flow through to our income and support our dividend policy. In the current year, we have increased the number of rent reviews settled to 296 (178 in prior year). Open market reviews generated an average uplift of 1.18% (1.10% in the prior year).

WAULT

Strategic priority	Performance					Target
Quality of Buildings, Quality of Service	2016	2017	2018	2019	2020	Maintain or grow
	14.0yrs	13.2yrs	12.6yrs	12.0yrs	11.7yrs	

Definition

Average period until the next available break clause in our leases, weighted by rent roll

Commentary

Weighted average unexpired lease term ("WAULT") provides a measure of the average time remaining on the leases currently in place on our portfolio. The passage of time would see this figure reduce each year. However, the positive actions we have taken in the year, through portfolio additions and asset enhancement activities, has seen this natural decline be offset such that the WAULT has only decreased by 0.3 years.

% of occupier covenant NHS/GPs

Strategic priority	Performance					Target
Quality of Buildings, Quality of Service	2016	2017	2018	2019	2020	Maintain or grow
	87%	86%	84%	85%	85%	

Definition

Proportion of our rent roll that is paid directly by GPs or NHS bodies

Commentary

The tenant covenant provides an indication of the security of our rental income, reflecting how much is paid directly by GPs or the NHS. The figure has remained at 85%, reflecting that portfolio additions have a tenant mix that is consistent with our existing portfolio.

Portfolio metrics continued

Developments completed

Strategic priority	Performance					Target
Quality of Service	2016	2017	2018	2019	2020	Maintain or grow
	4	2	6	3	4	
	£16.4m	£13.8m	£31.3m	£18.7m	£14.8m	
Definition	Commentary					
Number and total cost of developments that reached practical completion during the year	Developments completed give an indication of how we are moving schemes from the pipeline through to our portfolio. Figures quoted represent the total cost of the schemes. We have seen momentum growing in the NHS approval of new medical centre developments over the past 18 months, which will flow through into completions following the build period which is normally between 14 and 18 months for each scheme. We are currently expecting 12 of the 15 on site developments to complete in the next financial year.					

Developments on site

Strategic priority	Performance					Target
Quality of Service	2016	2017	2018	2019	2020	Maintain or grow
	2	6	5	11	15	
	£13.5m	£31.0m	£23.6m	£48.6m	£80.5m	
Definition	Commentary					
Number and expected cost of developments that are currently in the course of construction	Developments on site give a measure of our success in moving opportunities from our pipeline through to live schemes. Figures quoted represent the total cost of the schemes. Eight schemes have moved to on site during the year, giving us a total of 15 at year end. In addition we have a strong immediate pipeline of 18 schemes (estimated cost £77 million) which we would hope to be on site in the next 12 months.					

Non-financial KPIs

BREEAM rating "Very Good" or better on completed developments

Strategic priority	Performance					Target
Quality of Buildings	2016	2017	2018	2019	2020	100%
	100%	100%	100%	100%	100%	
Definition	Commentary					
Sum of completed developments achieving the BREEAM certified rating of "Very Good" or better	BREEAM is the world's foremost environmental assessment method and rating for buildings, and sets the standard for best practice in sustainable building design, construction and operation. Strong performance against this measure demonstrates our commitment to building sustainable buildings that improve the local infrastructure. All developments completed during the year achieved our BREEAM target.					

Average EPC rating on completed developments

Strategic priority	Performance					Target
Quality of Buildings	2016	2017	2018	2019	2020	A
	B	A	B	A	A	
Definition	Commentary					
The sum of certified EPC scores on completed schemes, divided by the number of completed schemes and applied to the EPC scoring bands	An Energy Performance Certificate ("EPC") gives a building a rating for energy efficiency. Strong performance against this measure demonstrates our commitment to building sustainable buildings that improve the local infrastructure. Three of the schemes completed in the year achieved a rating of A, with the remaining scheme obtaining a B.					

Occupier satisfaction survey

Strategic priority	Performance					Target
Long-term relationships, Quality of Services	2016	2017	2018	2019	2020	>90%
	90%	95%	96%	95%	91%	
Definition	Commentary					
Proportion of completed occupier satisfaction surveys that would consider recommending us as a landlord to others	The satisfaction of the tenants in our buildings is a crucial benchmark of the quality of service that we provide. The score obtained from our tenant satisfaction survey again indicates that our tenants value having Assura as a landlord and would recommend us to prospective tenants.					

Our business model

We are a listed UK real estate investment trust ("REIT") specialising in the development of, investment in and management of a portfolio of primary care, diagnostic and treatment buildings across the UK.

We are guided by our purpose – to create outstanding spaces for health services in our communities.

[Read more on pages 2–15](#) ➤

Our strategy and social impact ambition

We aim to generate long-term value for all of our stakeholders through providing high quality facilities for our occupiers, growing financial returns for our shareholders and aiming to be the UK's number one listed property business for long-term social impact.

[Read more on page 26](#) ➤

Our Values

Innovation
Expertise
Being genuine
Collaboration
Passion

How we work

We champion new ideas and we're open minded
We do what we say we will
We don't give up
We strive for excellence
We listen to, learn from and encourage others

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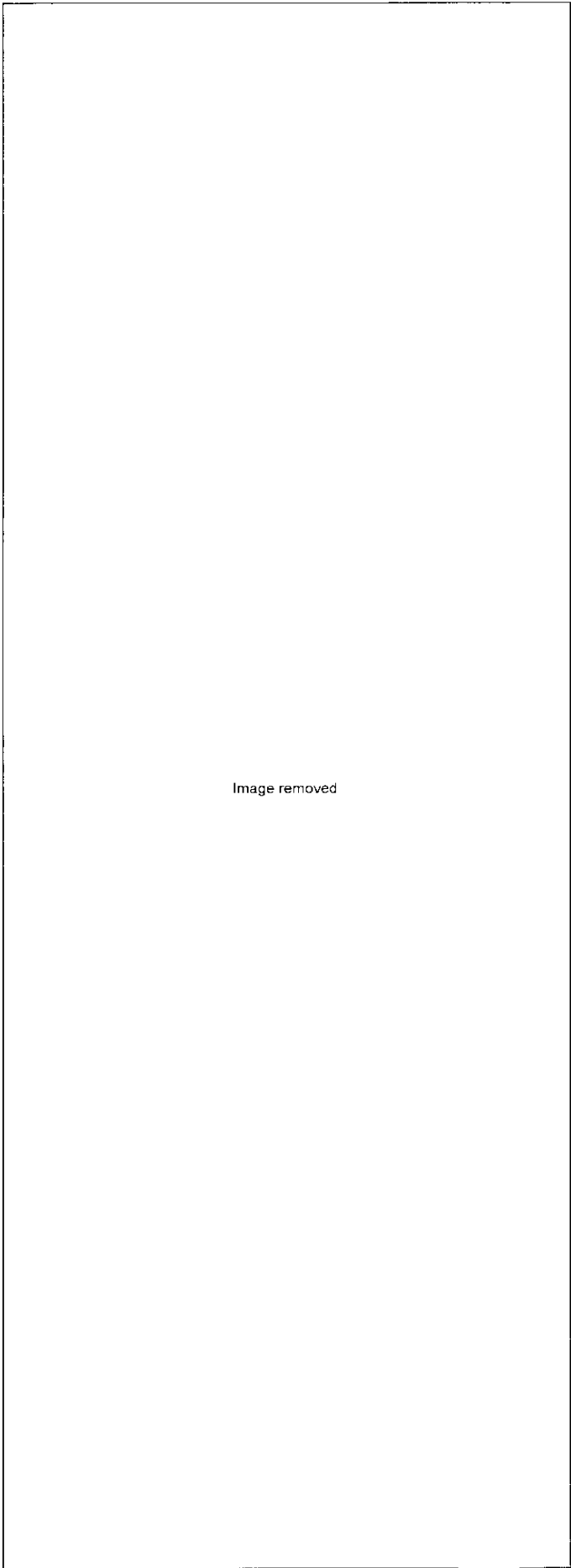


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How we do it

Our unique offering

We are unique in offering our occupiers (mainly GPs and other primary healthcare professionals) a full property service; we develop new buildings, invest in high-quality existing buildings, look after and enhance our portfolio (manage), and ultimately, own them for the long-term.



Our business model continued

Our reputation for being sector experts

We are the partner of choice with more than 90% of respondents to our annual occupier survey saying they would consider recommending Assura to others.

Operating within a market that supports the NHS means we have a responsibility not just to meet current NHS specifications for buildings, but also to advance the sustainability agenda to ensure buildings are fit for the NHS's future needs and to satisfy District Valuers (responsible for agreeing rents on new build developments and rent reviews) that our developments represent value for money.

We have a highly knowledgeable and experienced in-house team of surveyors and external expert partners in architecture, sustainability and construction. Our team across development, investment, management and external experts work closely with each other and our occupiers.

Our secure, stable occupier base

We have a secure, long-term rental income stream from our stable occupier base made up mainly up GPs and NHS bodies who benefit from government reimbursement of their rent. Our typical leases are 21+ years in length, giving us strong visibility of future income. Our internally managed structure provides a highly scalable model and gives us direct relationships with our occupiers. This enables us to be responsive to their evolving needs and to provide innovative solutions.

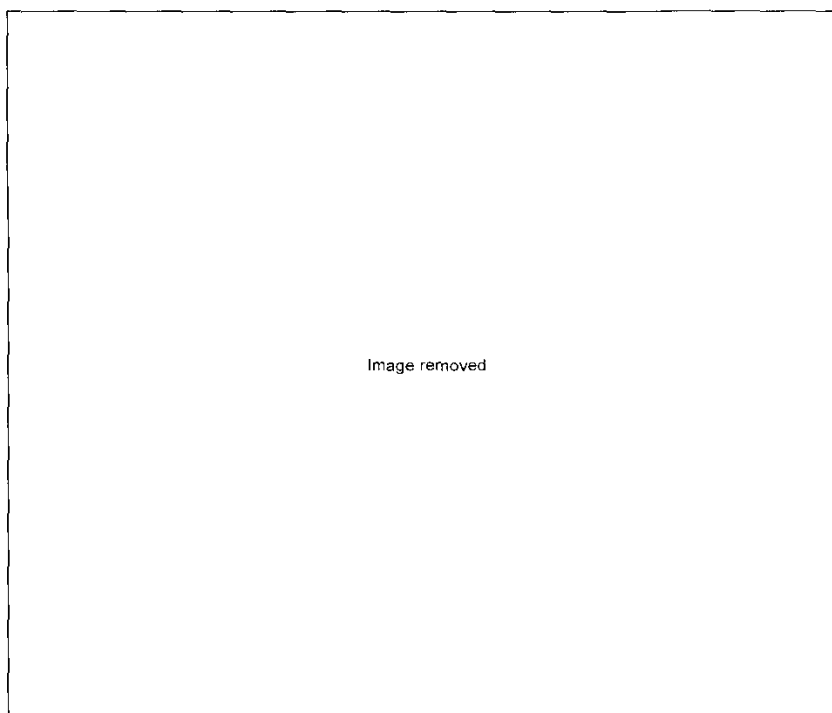
Our carefully managed balance sheet

The continued support of our shareholders and lenders is crucial to funding future growth in our portfolio. We generally borrow on an unsecured basis (which we believe gives us access to a larger range of funding options) with a loan-to-value that is currently sub-40% with a policy that allows us to reach the range 40–50% should the need arise.

As we grow, so the benefits of scale will accrue to shareholders and drive our progressive dividend policy.



We get a long, secure income stream at a return on cost that reflects the relatively low development risk we take on.



21 years

length of typical lease

40–50%

LTV range should the need arise

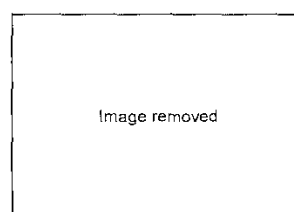


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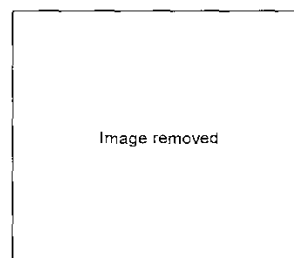


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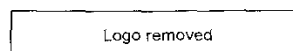


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BPF futures challenge
Portfolio Manager Jess was part of the winning team

On site development
St Leonards-on-Sea

Site visits
Lauren, one of our portfolio asset assistants out on site at South Bar House



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Growing our portfolio

We use two approaches to growing our property portfolio; we develop properties from scratch and we invest in existing high-quality properties owned by others.

Development

Our team of development managers work with existing and prospective GP occupiers to design and deliver bespoke new medical centres that meet the needs of the communities they serve.

The occupiers and patients benefit from our strong relationships with our expert healthcare partners, with whom we work to incorporate the latest sustainability and design innovations.

A development only moves on site when everyone is agreed that the project is the highest quality and value for money; the District Valuer agrees the rent, the GPs sign an agreement for lease and our third party building contractor partners sign fixed price contracts.

We get a long, secure income stream at a return on cost that reflects the relatively low development risk we take on, and a building that showcases our ability to deliver sustainable solutions that benefits all stakeholders.

Investment

Our investment team identify opportunities to add existing buildings to our portfolio, whether through a competitive bidding process or an off-market opportunity benefiting from our reputation as a landlord that owns and operates buildings as a long-term partner to the GP customer.

Our knowledge of the sector, bespoke database covering all primary healthcare properties in the country, our reputation as a landlord and our long-standing relationships give us strong credentials when sourcing opportunities and speaking to prospective occupiers, who are often the same people that are selling their building.

The investment process considers numerous criteria including the quality of the building, environmental impact and physical climate change risk, asset enhancement opportunities and returns but the key factor is the importance of the building to its local health economy – i.e. is this building the right solution for that community in the long term.

Managing our portfolio

Our portfolio management team looks after the needs of the occupiers in our existing buildings. This covers a range of offerings: lease renewals, extensions or refurbishments, managing building costs or simply sharing their experience with an occupier that wants assistance fixing a problem.

Enhancing the building through extension or refurbishment benefits the GPs and the patients as well as allowing us to extend the lease through a re-gear. Our social impact strategy includes measures to ensure these initiatives include sustainability improvements, reducing both the impact of the building on the environment and hopefully reducing the running costs for the occupiers.

The portfolio management team also liaise with the District Valuer in settling rent reviews, making sure the rents on our leases are at the latest open market rates.

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**Heysham Primary
Care Centre**
Left

Pinfold Surgery
Top right

Aspen Centre
Bottom right

Our impact

Our purpose

to create outstanding spaces for health services in our communities, demands strong and sustainable relationships with a huge range of people. In this section, we look at the way we work with our key stakeholders, how we listen to their ideas, concerns and challenges and the impact we've had this year. These groups are fundamental to delivering success: engagement and collaboration with them is what allows for innovation, sparks passion in every place and allows us to further build our expertise.

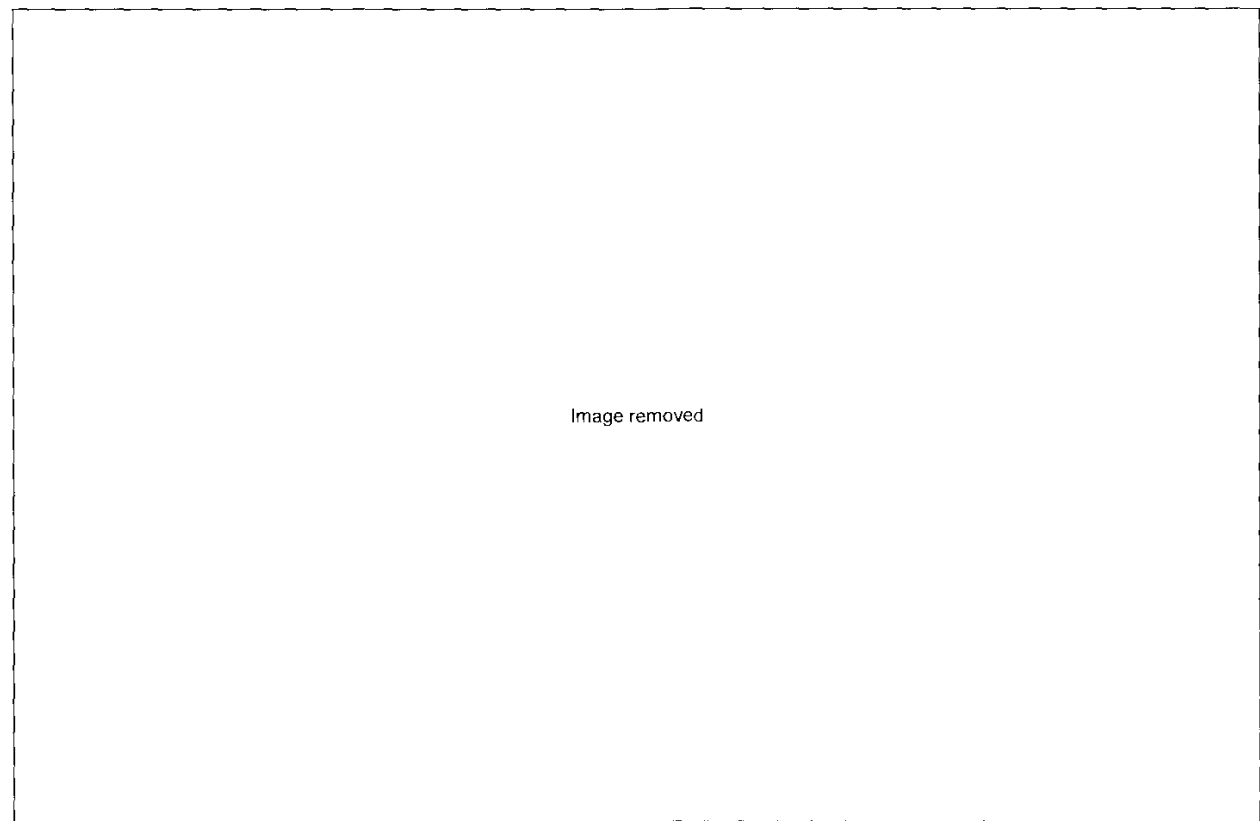


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Our customers [See page 40](#)

Method of engagement

Through:

- existing team relationships
- dedicated occupier communication channels
- public affairs activities
- national organisation and charity partnerships.

Issues raised

- Vital building improvements and replacements
- Making sure building design, improvement and replacement works respond to NHS needs
- Making it easier to share feedback
- Responding to changing NHS landscape
- COVID-19-related building needs and requests

Our response

- Projects to improve space for occupiers in a number of locations
- Launch of online reporting for maintenance queries, dedicated occupier electronic magazine ("e-zine"), online and instant feedback options
- New Facilities Management Team built to further improve customer service
- Bespoke events to inform Primary Care Network thinking on estates
- 2030 health and wellbeing centre of the future thought leadership campaign
- Moving quickly to support occupiers as COVID-19 took hold, from putting vacant space into emergency use to ensuring urgent works could be completed safely

Our communities [See page 42](#)

Method of engagement

Through:

- local Patient Participation Groups
- national patient organisations
- local consultations
- via councils and MPs on specific issues
- through our community grant-giving.

Issues raised

- Accessibility of medical centre buildings, role of design and physical environment in patient experiences
- New development schemes and their impact on communities
- Car parking at medical centres
- Access to charity funding

Our response

- Community consultation and use of feedback on new schemes and car parking
- Projects to inform building design and to gather patient feedback commissioned from Dimensions and The Patients Association
- More than £100,000 in charitable donations, including small grants benefiting more than 14,500 people
- Staff fundraising and more than 60 hours volunteering given

Our suppliers [See page 44](#)

Method of engagement

Through:

- existing team relationships
- leveraging relationships of additions to our team
- Executive Committee meetings with key suppliers from time to time.

Issues raised

- Operational challenges arising from COVID-19

Our response

We kept in regular contact with our suppliers as the crisis unfolded to understand the impact of social distancing and national guidance for their operations. We worked closely with our construction contractors unable to continue works during the lockdown period to ensure sites were secure and ready to move again as soon as it was safe to do so. We cancelled all non-urgent works and provided guidance to maintenance contractors on undertaking essential visits to our primary care sites.

Our people [See page 46](#)

Method of engagement

Through:

- the staff representatives committee 'The Voice'
- monthly all-team meetings and communications
- an annual Employee Opinion Survey
- Louise Fowler – designated employee NED.

Issues raised

- Recruitment opportunities not always offered internally
- Flexible working not seen as available to all
- Consistency of performance appraisal process
- IT systems
- Supporting the transition to full remote working as COVID-19 restrictions were enforced

Our response

- A new recruitment process was implemented with all roles being advertised internally, with an employee referral scheme
- Flexible working policy was reviewed and recommunicated
- Increased line manager training and briefing sessions on performance appraisal process
- External consultants currently reviewing IT
- Expanded range of internal communications channels, including monthly all employee comms sessions and team ezine rolled out

Our investors and lenders [See page 48](#)

Method of engagement

Through:

- results presentations
- direct meetings with investors and lenders
- appropriate use of expert advisors.

Matters raised

- Development pipeline and GPI acquisition
- ESG actions and reporting
- Updates on political backdrop in our sector

Our response

- Feedback from our investors and lenders is communicated to the Board at every Board meeting so as to influence decision making

Our impact continued

Our customers: GPs and the NHS

As providers of primary healthcare buildings that currently serve 5.8 million patients, understanding the challenges and evolving needs of our customers and their patients is critical to our success. We listen to our customers and work with them collaboratively to develop buildings that are fit for purpose now and in the future. 50% of GPs feel that their current surgeries are not fit for purpose, and with a lack of capital investment in primary healthcare, we play an important role in helping the NHS to deliver the Long Term Plan.

Our customers range from single GP practices looking for premises investment and more space, to groups of practices looking for a brand new surgery building. Our customers in primary care networks, GP federations and other GP collaboratives are facing unique estates strategy challenges while NHS Trusts look to us for help in accommodating services which have traditionally been based in hospitals, and in building their work with primary care.

How we engage:

We engage with our customers through regular communication, whether that's the one-to-one service of our portfolio, investment and development managers or via our occupier ezine, annual occupier survey, online maintenance portal or instant feedback links. We also maintain relationships with sector bodies such as the British Medical Association and the National Association of Primary Care (NAPC), and chair the British Property Federation's Healthcare Committee. Our work as secretariat to the All Party Parliamentary Group for Healthcare Infrastructure has seen us support information sharing on NHS estates issues in Parliament and we work with partners to run events for customers on common health estates challenges.

Achievements for 2020 and priorities for 2021:

This year, we added instant feedback to our offer, encouraging our occupiers to rate our service every time. We've also launched an online route for occupiers to log maintenance queries, giving busy GP practice managers another way to contact us quickly and easily.

The launch of a quarterly ezine for our occupiers this year has given us a more regular forum to seek feedback and ideas from those using our buildings and we intend to continue building our online customer service. During the initial COVID-19 response, we've focused on flexibility and speed to help our occupiers in areas such as bringing vacant space into use for respiratory care and testing, supporting CCG's creating 'hot' sites, freeing up record storage for extra consulting space and creating free overspill parking for hospital staff and patients.

We supported the All Party Parliamentary Group to hear from experts including The King's Fund, the BMA and NHS Providers on estates and capital issues as it launched an inquiry into the infrastructure needed to support the NHS Long Term Plan. We submitted evidence to government reviews of GP premises policy and the GP partnership model, and teamed up with the NAPC and Capsticks on events to help Primary Care Networks find estates solutions.

Our priorities going into 2021 are continuing to listen to the stakeholders we engage with, flowing their needs into the design work in our development pipeline. We pride ourselves on delivering new buildings that are at the cutting edge in terms of both design and sustainability.

How we've made an impact:

90%

More than 90% of respondents to our annual occupier survey said they would consider recommending Assura to others.

Image removed



The partners and staff are extremely excited about the completion of the building works. As our list size is continuing to grow due to the various extensive housing developments in the area, the expansion of our premises will ensure future continuous service provision for our patients.

Michelle Frankish

Practice Manager – Eastfield Medical Centre

Improving workplaces for frontline staff

At our sites in Pont Newydd and Scarborough, the practices have a more pleasant working environment after our work to improve their buildings. Pont Newydd now boasts six new consulting rooms and a new treatment room, created in vacant space on the first floor, while Eastfield Medical Centre in Scarborough is being reconfigured to create a more welcoming waiting area and six new clinical spaces.

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Our impact continued

Our communities

We provide important social infrastructure and our buildings are a key part of community lives in cities, towns and villages across the country, currently serving 5.8 million patients. The patients and communities living around our developments are our ultimate end users and understanding their views enables us, in collaboration with the GPs, to design developments that take into account their specific needs where appropriate. We understand the changing demographics in the UK with a growing and ageing population with more complex health needs. In April 2020 we announced the launch of the Assura Community Fund, which has been created to support health-improving work by charities and local groups in the communities around our buildings. This builds on the work of our existing Healthy Communities grant scheme, and aims to benefit one million people by 2026, aided by an initial donation of £2.5 million from our April 2020 equity raise.

How we engage:

We proactively listen and communicate to patients through Patient Participation Groups, national and local charities, community groups, MPs, local councillors and academic partnerships. We also use public consultation events and meetings with local residents and online channels to gather feedback. To support the wider local communities, we run a national programme of grants and donations to health-improving projects.

Achievements for 2020 and priorities for 2021:

This year, we teamed up with the national charity Dimensions on a research project to explore how we can make primary care buildings better for disabled people and people with autism. #MyGPandMe: Building Better Together has sought views from hundreds of patients and carers, and we look forward to building on its recommendations and findings in the coming year.

We've continued our work with the Patients Association, to develop and test a model to help us gauge patient satisfaction with our buildings and get their feedback on how our spaces can improve. Once piloted, we hope to roll this out to a random sample of buildings every year to build a clear picture of how our buildings are performing for patients.

We ran public events allowing local residents to chat with GPs, architects and scheme leads to feed in their views and understand more about our plans being explored in places including Llanfair Caereinion, Hemel Hempstead and London Colney. Patient Participation Groups guided us on their ideas for their buildings, we joined the national Loneliness Action Group and we met with MPs, councillors and local organisations across the year. Next year, we'll be deepening our approach to gathering community feedback.

Our relationship with Dementia UK continued to grow. This year, we donated £30,000 to fund their Admiral Nurse helpline on Sundays and some salary costs. As the COVID-19 crisis took hold, we donated a further £25,000 to help Dementia UK mobilise additional nurses to the helpline.

This year was also a special year for our relationship with one of the longest-standing charities near our Warrington office. As Warrington Youth Club joins the national Onside Youth Zone network, we've agreed to become a founder patron of its new Youth Zone building – providing annual funding to support the club's work with thousands of children and young people in our home town. Members of our team volunteered more than 40 hours of time to the youth club's Christmas appeal, making up food and present hampers including gifts donated by staff, building a grotto for their annual family Christmas party and serving tables during the celebrations.

Our national Healthy Communities Scheme provided £50,000 in small grants to health-improving projects nominated by the GP practices in our buildings – contributing to social prescribing, mental health and work to tackle loneliness and isolation in the communities our sites serve.

How we've made an impact:

5.8m

Our buildings currently serve 5.8 million patients across the UK

Dedicated community microsites launched for all direct development schemes

Linking with schools at Porthcawl and Cinderford

Learning projects with Dimensions and The Patients Association

£60k

Almost £60,000 donated via our partner charities Dementia UK and Cheshire Community Foundation

£5k

More than £5,000 fundraised for Dementia UK

£50k

£50,000 distributed to health-improving charity projects in communities around our buildings, benefiting more than 14,500 people

Image removed



The funding will help to keep the pool open for the benefit of the local community. If the pool were to close, the school children would need to travel to Brecon for swimming lessons – a round trip of 30 miles, which would incur the cost of a bus and additional time out of school for one swimming lesson.

Hay Medical Centre

Projects that matter to the users of our buildings:

Hay-on-Wye community swimming pool needed a new liner to ensure it can stay open for local swimmers. Doctors at our site in Hay nominated the campaign for one of our Healthy Communities Scheme grants.

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Our impact continued

Our suppliers

Relationships with our suppliers are important to our business – in particular in maintaining our reputation with customers. The strength of our relationships with key specialists in our sector, such as our partnership with high quality architects, West Hart Partnership, is essential to the strength of our proposition to our GP occupiers in developing, investing in and managing our portfolio.

How we engage:

Supplier relationships are primarily managed by the respective heads of our property team: Development, Investment and Portfolio Management.

The Executive Committee invites key suppliers to meetings from time to time to hear about the latest trends in the sector, for example this year seeing how Virtual Reality can allow a potential occupier to get a better understanding of what their new surgery will look like.

Achievements for 2020 and priorities for 2021:

Whilst architects and designers are important for our relationships with occupiers, delivery of our offering extends well beyond this. Building contractors, monitoring surveyors, mechanical and engineering consultants, ecologists and many more are vital to taking our developments from concept through to completion and have a role to play in delivering a building to meet the needs of the community it serves.

One of our key achievements in the past year has been incorporating the GPI pipeline and team, widening our pool of relationships able to design and deliver our development pipeline.

Once a building is operational, our portfolio managers leverage their network of relationships across the country in meeting any needs of a particular building. Whether that is for an essential repair or putting an occupier in contact with someone we think can help them meet their obligations, these relationships are crucial in providing a high-quality service.

We have in place a number of policies and initiatives that we operate to ensure suppliers are suitably qualified and compliant with relevant regulations as well as our expectations of operating a responsible business, and in the coming months will review with a view to further enhancing what we do. This commitment and focus is reflected in our sixbysix pledges.

SafeContractor scheme

We require that all suppliers we use at our properties are SafeContractor verified, whether for a large repair or for small routine maintenance on a building. The SafeContractor scheme tracks the suitability of health and safety procedures and insurance in relation to the work they are set to complete. If adequate procedures and insurance are not in place, then we will not work with the supplier.

Modern slavery and anti-bribery

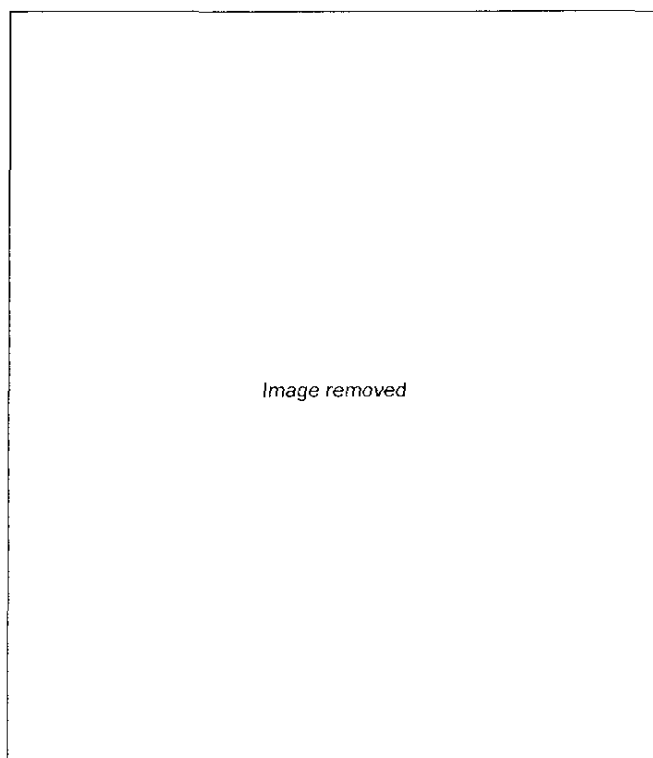
We require all of our suppliers to adhere to our Modern Slavery and Anti-Bribery and Corruption Policies, both of which are available to view on our website.

We also communicate our Quality and Environmental policies (as part of our procedures in relation to our ISO 9001 and ISO 14001 accreditation) to suppliers as well as making clear our policies in respect of whistleblowing and the prevention of tax evasion. We are currently improving our processes for tracking and auditing compliance by our suppliers.

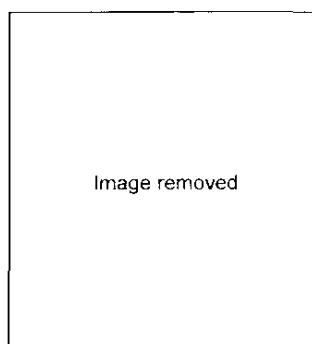
How we've made an impact:

We leveraged existing relationships of the acquired GPI team, increasing our network of specialist consultants for the benefit of our development pipeline and offering to GP customers.

Portfolio additions during the year quickly embedded by our portfolio team, working with suppliers to ensure occupiers can benefit from our relationships.

**PI Labs**

During the year, we committed capital to PI Labs Fund III. PI Labs is a leading European proptech venture capitalist and Fund III is focused on investing in early stage proptech start-ups across Europe and the UK that use technology solutions to enhance any stage of the real estate value chain including sustainability, future of work and construction technologies. The benefit to Assura is early access and opportunities to build strategic relationships with the start-ups to further enhance our offering.



This investment reflects our commitment to innovation and technological advances in the real estate market. We are only at the very start of realising the significant benefits technology can have on the wider property sector, from embedding tech in the design of buildings to greater connectivity and how people interact with services – which will be hugely relevant to Assura's expertise on GP surgery, primary care and community health estate. We are looking forward to working closely with Pi Labs going forward and witnessing the opportunities that can be created through the fund.

Patrick Lowther
Head of Investment

Our impact continued

Our people

We are renowned for being sector experts with a team made up of development and investment surveyors, portfolio management surveyors, project managers, communications experts and finance professionals with a wealth of knowledge and experience.

Of course, a collection of high quality individuals is one thing, but it is how we work together across departments for the benefit of our customers and all stakeholders that sets us apart. Living our values (Innovation, Expertise, Being Genuine, Collaboration, Passion) is fundamental to what we do.

How we engage:

We engage with our people through our staff representatives committee, monthly all-team meetings and communications and via an annual Employee Opinion Survey.

A wide range of people initiatives are critical to how we engage including employee wellbeing via our designated employee Non-Executive Director and engagement, learning and development, internal communications, succession planning and talent management.

Achievements for 2020 and priorities for 2021:

We have worked cross functionally to understand our cultural identity and the key drivers of wellbeing within the organisation. The establishment of our employee representative group, The Voice, has been key to this. The group has met through the year with designated workforce engagement Non-Executive Directors David Richardson and Louise Fowler, discussing issues, ideas and solutions to take forward within the business and helping our Board further explore our culture with us. Further details of this can be found in the Governance section on page 79.

Areas of priority for the year were employee wellbeing, internal communication and reward and recognition. As a result, we have developed a HR metrics/dashboard in order to identify key trends and set targets for future performance, achieved a response rate of 83% in the MIND Wellbeing Index Survey and developed a long-term people strategy outlining key milestones and deliverables.

91% of our team participated in the Best Companies employee opinion survey and based on the results we achieved a One Star rating, indicating very good levels of employee engagement. Areas of continued focus for next year are further improvements to wellbeing and internal communication.

Core to our long-term success as an organisation is the development of both current and future talent. We increased our team to 71 people during the year, offered our first graduate internships to real estate students from Liverpool John Moores University and recruited our first graduate.

A group from across the business took part in a special development opportunity taking on a series of special projects and benefiting from coaching and project management skills training. Their work gave us the concept for our 2030 health and wellbeing centre thought leadership project, which was then rolled out externally to customers and influencers.

The coming year will see us focus on supporting our team through and beyond COVID-19, development and implementation of an employee health and wellbeing strategy, creation of a culture of autonomy and empowerment and building our learning and development offering.

How we've made an impact:

23%

of our workforce now either work flexibly or part-time.

91%

of employees responded to our Employee Opinion Survey, with 76% of employees stating they were able to make a valuable contribution towards the success of Assura.

We achieved a Best Companies One Star award.

Six people are currently studying for professional qualifications across our team.

Image removed

“

It sounds clichéd, but the best thing about working alongside studying is gaining the experience – it's so valuable. I wasn't 100% set on going to university and should have considered an apprenticeship first – if you're unsure about what you want to do after compulsory education, take a year out, get a job, volunteer and consider your options. If you're dead set on an apprenticeship – go for it!”

Loveday Josse
Assistant Accountant
Level 3 Apprenticeship

Employee gender diversity at 31 March 2020

	Male	Female
Board of Directors	3	3
Senior management excluding executives	3	3
Employees	29	32
Total no. of employees (including NEDs)	35	38

Percentage breakdown

Graph removed

This year, we signed up to the Race at Work Charter and appointed our Non-Executive Director Louise Fowler as our sponsor. We've begun capturing accurate equality and diversity data across our team and this is included in the monthly Board report. Our social impact strategy includes a goal to improve the gender diversity of all managers at all levels and we have reviewed satisfaction rates of employees by gender in the recent Best Companies survey. Next year, we will be writing our equality and diversity charter, implementing a diversity and inclusion module in the induction training for all new team members and developing management training which specifically addresses the needs of women.

Apprenticeships in action:

Three of the women in our organisation are currently undertaking apprenticeships including Loveday Josse, who joined us on an Assistant Accountant Level 3 Apprenticeship with Warrington and Vale College. This year, she's had the opportunity to play not just a key role on day-to-day finance activities, but also to contribute to business-wide continuous improvement of systems and processes.

Our impact continued

Our investors and lenders

As a company with a growth strategy, the continued support from our equity shareholders and lending partners is essential to meet our ongoing funding requirements and operating within our capital and gearing policies. We focus on providing regular updates to these stakeholders via a range of channels, whether face-to-face meetings, calls, our website or financial documents.

Activities in 2020



How we engage:

As detailed in the Governance section on page 78, the Board is committed to maintaining an appropriate level of communication with shareholders. The Executive Directors and Head of Financial Reporting are available throughout the year for investor meetings, and work with advisors to give investors the opportunity to engage with management at a range of forums, the most important being the year end and interim results presentations, to which our lenders are also invited.

Relationships with our diverse pool of lenders are also maintained through regular interaction, primarily with the CFO.

Achievements for 2020 and priorities for 2021:

The timeline presented summarises our extensive activities and interactions during 2020, the highlights being the £107 million of privately placed notes obtained from existing lenders in August, and in April 2020, raising £185 million of equity from our shareholders via a placing.

As ever, our priorities in 2021 include maintaining regular communication with our funders, both equity and debt, to maximise the range of options available to us in managing our LTV, funding sources and growth strategy moving forward. We would expect these options explored to include ESG and sustainability-linked funding solutions appropriately reflecting the impact of our ambitious social impact strategy, sixbysix.

Key materials and contact information

Our website (www.assurapl.com) includes all our regulatory announcements, financial results and news stories, supplemented by videos giving further information.

Interaction with our shareholders and equity analysts is managed by our Head of Financial Reporting.

141

investor meetings held during the year

66%

of the register seen

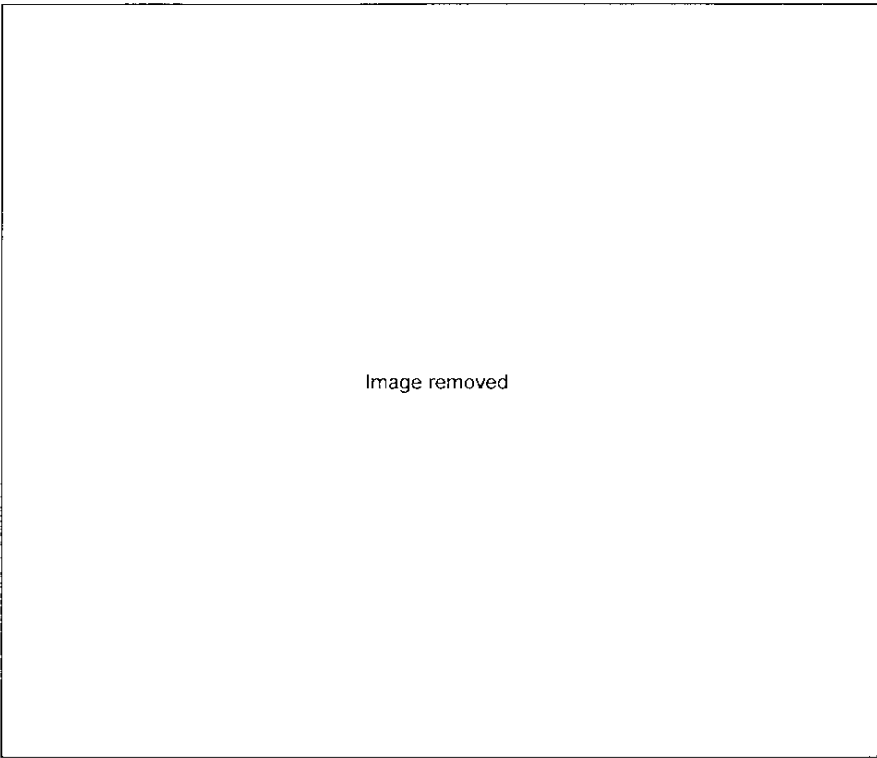


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How we've made an impact:

141 investor meetings held during the year,
66% of the share register seen.

Engaged with the nine equity analysts
covering Assura, increasing our coverage
by three during the year.

Investment case

Assura is one of the UK's leading healthcare REITs, supporting the future requirements of the NHS. As a trusted partner of GPs, our scalable platform and robust financial position enable us to deliver sustainable returns.

- 1.** Leader in the provision of primary care real estate with a strong brand nurtured through long-term partnerships with GPs and delivering value for money to the NHS.
- 2.** Strong balance sheet together with a sustainable, covered and progressive dividend policy.
- 3.** Capitalising on acquisition and development opportunities supported by a scalable platform to address growing demand.
- 4.** Low risk, growing portfolio providing a recurring and predictable revenue stream.

Our environmental impact

Environment

Minimising our impact on the environment is a crucial aspect of our social impact strategy and our business model.

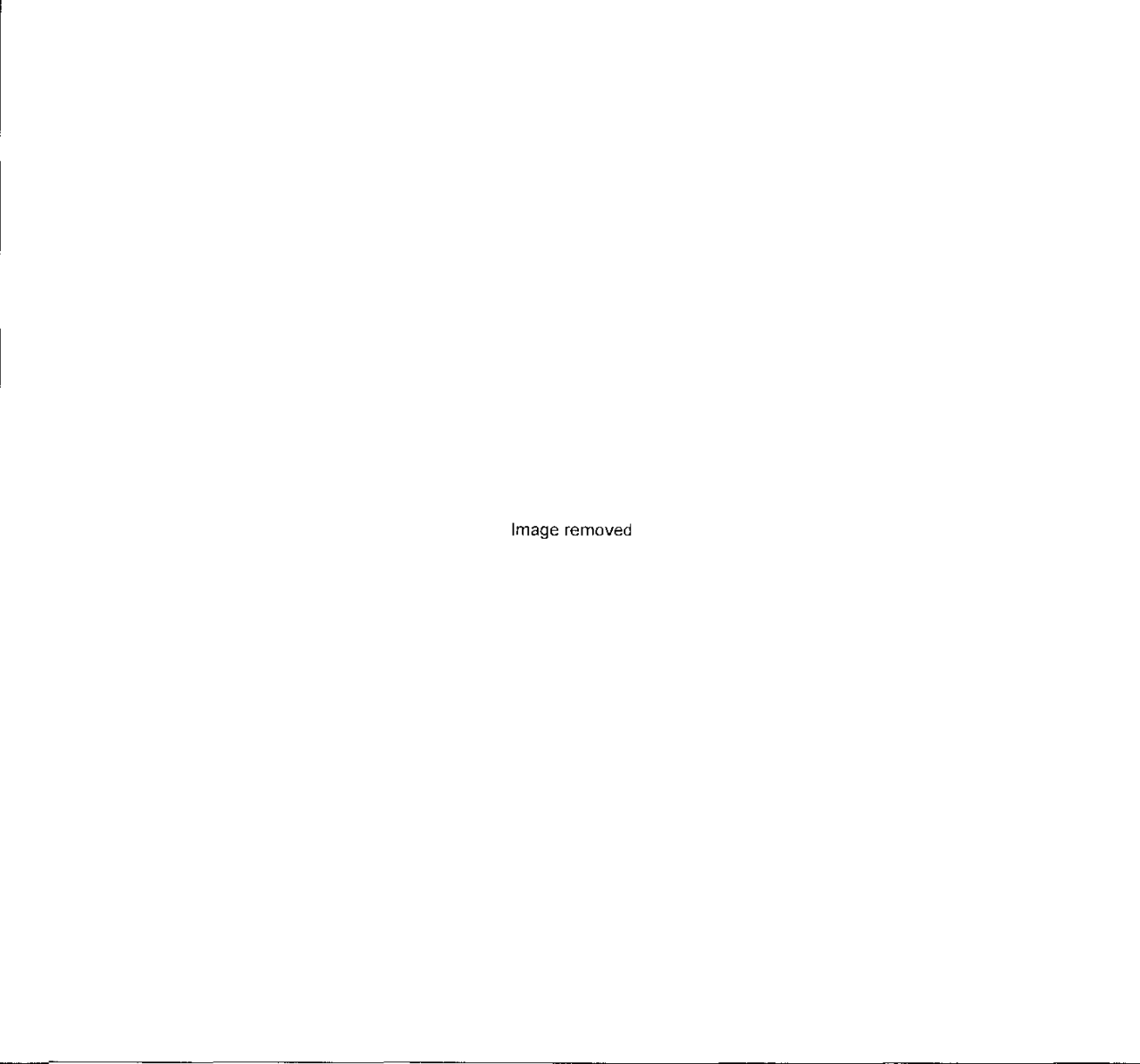


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Our environmental strategy

is fundamental to our whole offering:

- Ensuring our developments meet the needs of our customers: the GPs, the NHS and the communities they serve;
- Helping our occupiers reduce their energy bills; and
- Driving value in our portfolio through sustainability linked asset enhancements giving us extended leases or increased rent.

But we also want to go a lot further. Our goal is to produce the first medical centre in the UK that is net zero carbon for both construction and operation, and then make that standard for all of our developments by 2026.

Our environmental impact – developments

As a developer of buildings, we are focused on ensuring our buildings are designed with sustainability in mind. Read more about how we do this in our Sustainable Development case study on page 53.

During the year we completed four developments achieving an average EPC rating of A. Our developments at Knebworth and Stow on the Wold achieved BREEM ratings of Excellent, with South Woodham Ferrers and Darley Dale achieving ratings of Very Good.

Our environmental impact – existing properties

For the majority of our portfolio, occupiers purchase energy directly from the utility companies. For these properties, our portfolio management team meets regularly with the occupiers to understand their needs and increasingly we are having conversations about ways in which we can help them to reduce their energy consumption.

In respect of 41 properties, we purchase utilities on behalf of the occupiers which are recharged, usually through a service charge. In these buildings, energy consumption is at the discretion of the occupier but we are generally in more frequent discussion with these occupiers, and we are currently looking at what areas of our provision for occupiers we can improve with a view to reducing the environmental impact of our portfolio.

We have Energy Performance Certificates ("EPC") in place for 82% of our portfolio. Of those assessed, 68% have a rating of A-C and only a small number are currently rated as F or G. We also consider the environmental impact of a building we are looking to acquire ensuring that costs of any required improvements are included in the price.

Our sixbysix pledges include several targets relating to our existing portfolio by 2026 which will commence in the coming financial year:

- Work with our occupiers to reduce the energy consumed in our buildings – targeting an EPC rating of B or better across our portfolio
- Only purchase renewably sourced energy
- Install smart meters across our portfolio, something which has only become standard practice in recent years in new build properties.

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Cinderford Medical Centre

At Cinderford, our on site development is on track for BREEM "Very Good", and "Outstanding" for Energy Consumption. It has an automatic meter reading system, an intelligent LED lighting and control system, and has been designed to achieve ventilation through natural methods where possible. Through careful planning, the air permeability of the building is much higher than required Building Regulations – which will save the practice money on their energy bills in the long run.

Image removed

16,600 kg
CO₂e

Expected per annum carbon saving through using PV panels at Cinderford

100%

Timber in construction responsibly sourced at Cinderford

Image removed

Our environmental impact continued

Our environmental impact – employees

The greenhouse gas emission data below relates to the environmental impact of Assura employees – specifically electricity consumed at the head office and fuel usage from travelling to visit our properties. We are conscious of the environment impact of our team and we have improved our practices, linked to improved flexible working arrangements, in hosting calls and several members of our team are now based remotely.

Environmental policy and greenhouse gas emissions

We have in place an environmental policy (available in the Corporate Governance section of our website) which is reviewed on an annual basis by the Board. The policy sets out our commitment we make in addressing environmental risks in the work we carry out, working with suppliers and partners to promote environmentally friendly behaviours, and maintaining our ISO 14001 Environmental Management System certification.

The table below shows the Scope 1 and Scope 2 emissions directly within the operational control of the Group. Scope 1 relates to business vehicles, and Scope 2 relates to grid electricity consumed at the Company head office, both of which have been converted using government published conversion factors.

We consider the most appropriate intensity factor to be Mt CO₂e per employee. Our greenhouse gas emissions have increased 10% compared with the prior year, but decreased 15% on a per employee basis. Our team has increased in size, particularly in respect of our development team who travel large distances to advance development opportunities. This has been offset by a reduction in energy consumed at our head office following efforts made by our team.

Sustainable development

The environmental impact of a new building is something that we consider from the initial design phase and maintain focus on throughout the project. We measure this against the Building Research Establishment Environmental Assessment Method ("BREEAM") for which we target a score of "Very Good" or "Excellent" on all our in-house developments.

BREEAM is a methodology for assessing the environmental, social and economic sustainability performance of an asset. It measures sustainable value in a range of categories (such as energy, innovation, materials, pollution, waste and water), assessing factors such as carbon emissions reduction, design durability, adaptation to climate change and protection of ecology and biodiversity.

In practice, this means that we need to select the materials in the right way (BRI produces a Green Guide to Specification from which materials are chosen), we commission environmental and ecological reports from which the actions are incorporated into our plans, and we work with the occupiers to ensure that the energy systems installed are both environmentally friendly and cost effective. All of this needs to be completed to a high standard and is independently assessed.

See the Sustainability and Corporate Governance policies section of our website for detailed energy disclosures in respect of our portfolio: www.assuraolc.com

	2020	2019	Change
Scope 1			
Mt CO ₂ e	62.2	48.6	28%
Mt CO ₂ e per employee	0.94	0.95	(1%)
Scope 2			
Scope 2 – mt CO ₂ e	21.7	27.5	(21%)
Mt CO ₂ e per employee	0.33	0.54	(39%)
Total (Scope 1 plus Scope 2)			
Mt CO ₂ e	83.9	76.1	10%
Mt CO ₂ e per employee	1.27	1.49	(15%)

40%

Expected saving of an air source heat pump compared with an electric boiler

100%

materials at Tonbridge responsibly sourced as part of sustainable procurement plan

Image removed

Image removed

Image removed

Tonbridge Medical Centre

Our on site development for the Tonbridge Medical Group brings together a practice which was previously operating at three unsuitable converted residential properties. Their new building is on track to be BREEAM "Excellent" incorporating an all electric energy solution comprising photovoltaic panels, air source heat pumps and LED lighting throughout. During construction we have amended the design following consultation with a local ecology group to incorporate brick boxes for Common Swifts and amended external lighting to mitigate impact on nocturnal mammals.

Principal risks and uncertainties

Risk management is the responsibility of the Board, which sets the risk appetite and tolerances for the business, determines the nature and extent of the principal risks the Group is willing to take in achieving its strategic objectives and ensures that risk management and internal controls are embedded in the Group's operations.

The Group's risk appetite is to target above market, risk adjusted returns in our chosen healthcare real estate assets, by developing assets ourselves (as opposed to purchasing only completed developments) and using debt to gear returns in line with our LTV policy. However, we seek to avoid, trap or heavily mitigate risks in all other areas of the business, including:

- Property event risk – by full insurance cover, full due diligence and committed funds for acquisitions
- Development risk – by only undertaking developments where there is already an agreement for lease in place with fixed price or capped price build contracts
- Control risk – by clear management controls and Board reporting
- Gearing risk – we maintain an appropriate range of lenders and debt maturities with variable rate debt being restricted to an appropriate level
- Political risk – which could limit future growth but does not affect the current business assets.

The Risk Committee includes staff from all areas of the business; together with the CEO and CFO it met five times in the year, to review the risk register, identify emerging risks and conduct "deep dives" into individual risks to ensure that sound assurance is in place. KPMG, the Group's internal auditor attended four Risk Committee meetings in the year.

Internal audit in the year focused on cyber security, accounts payable and payroll and further detail on their findings is set out in the Audit Committee report on page 82.

Emerging risks were considered by the Committee including COVID-19, financial pressures on pharmacy occupiers and low EPC ratings of certain buildings in light of the requirement for a minimum EPC of B by 2030 – see further commentary on page 51. Risk Committee projects in the year included business continuity from both an IT and operational perspective, an update

on technology risks (and opportunities, particularly in light of COVID-19) for the business, discussion on sustainability, the work of the Social Impact Committee, an update on EPCs, health and safety updates including on asbestos and legionella and IT penetration testing and cyber awareness Training. The Risk Committee provides copies of the Risk Committee Minutes to the Audit Committee and twice yearly provides a detailed report on its activity to the Audit Committee. The Audit Committee regularly monitors risk management and internal control systems and reports to the Board.

The Board has carried out a robust assessment of the principal risks facing the business. These are the risks which would threaten its business model, future performance, solvency or liquidity and are summarised on pages 56 to 59.

The Board has also considered which of the Group's strategic objectives may be affected by these risks and its findings are set out in the table on pages 28 and 29.

Brexit, Climate and Cyber

As during the previous financial year, the Risk Committee, the Audit Committee and the Board considered the impact of Brexit on the business and again concluded, on the basis that the Group is a wholly UK-based operation with no reliance on exports and limited reliance on imports for building products, that Brexit did not, in itself, constitute a significant risk to the business. The review again examined a number of potential areas where business operations could be impacted, including property valuations, interest rates and the supply chain, with the conclusion being that the impact from the specific risk factor was not material.

Cyber security was also kept under close review and, given the continuing improvements to security and processes, penetration testing and training and the internal audit review during the year, it was considered that an appropriate level of risk mitigation was in place.

Climate risks were considered in relation to the EPC ratings of existing properties (specifically changes in policy or regulation in relation to minimum energy efficiency performance of buildings being let) and further details of the Company's activities to identify and improve these ratings are set out on page 51.

With the majority of our 70+ staff based and working collaboratively at our head office in Warrington, risks are quickly and easily identified.

COVID-19

COVID-19 was identified as an emerging risk for the business in February with potential to affect our strategy through the impact on our people, occupiers and suppliers as well as the financial performance of our business through delays to developments and acquisitions, impact on cash flows and disruption to normal working practices.

A working group was set up with representatives from each department to work through each risk that the crisis presented for the business and prepare and coordinate a detailed action plan in response. Our focus was on doing the right thing by our people, customers and suppliers whilst also managing our cash flow, financial stability and internal controls.

The Risk Committee met to prepare a detailed COVID-19 risk register and the Board held an additional board meeting to work through the crisis and ensure all appropriate controls and mitigation were in place. We continue to monitor the situation and plan appropriately. You can read more about our response to the crisis on page 18.

Risk management framework

The Board has established a clear risk management framework that defines responsibilities for risk management across the Group. The framework provides an effective process for the identification, assessment, monitoring, and reporting of risk, with a strategic top-down approach to risk management and a bottom-up operational management of risk by the business. This framework is regularly reviewed by the Board to ensure its effectiveness and has been in place for the financial year ended 31 March 2020 and to the date of approval of this report.

Top-down Strategic Risk Management

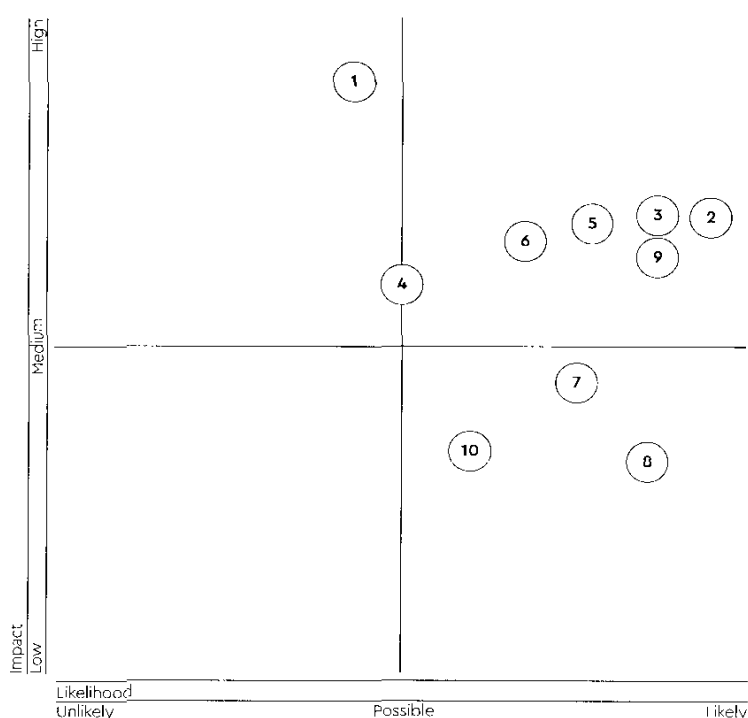
Sets strategic objectives and the Group's risk appetite to optimise delivery of Group strategy, whilst reviewing external environment to assess emerging risk.	Board and Audit Committee	Oversees management of risk management and internal control systems and assesses their effectiveness.
Executes the Group's strategy and the day-to-day management of the business, considering the risk appetite and the impact of key business risks. Monitors key risk indicators.	Executive Committee	Ensures risk management strategies are in place to manage risk in line with the Board's expectations. Considers completeness of risk register and adequacy of mitigation.
Reviews adequacy of risk register and risk mitigation by reference to the Group's risk appetite. Considers and evaluates emerging risks and their impact on strategy.	Risk Committee	Identifies, evaluates, prioritises, mitigates and monitors operational risks including emerging risks and records them in the risk register. Carries out deep dives to review the effective management of risks. Reports to the Executive Committee and the Audit Committee on principal and emerging risks and movement in these risks.
Ensures that risk is assessed and managed effectively in their areas, through engagement with the business, and by establishing processes to identify, manage and escalate changing or emerging risks.	Business units and all employees	Responsible for identifying risks in performing their daily duties and acting to limit the likelihood and impact of these risks in line with expectations. Reports these risks or changes in them to the Risk Committee or its members.

Bottom-up Operational Risk Management

Principal risks and uncertainties continued

Risk heat map

The gross risk exposure of the Company's principal risks are shown in the heat map which plots likelihood of a risk occurring against potential impact if it does before likelihood is reduced due to mitigation in place.



- ① Changes to Government policy
- ② Competitor threat
- ③ Reduction in investor demand
- ④ Failure to communicate
- ⑤ Reduction in availability of finance
- ⑥ Failure to maintain capital structure and gearing
- ⑦ Development overspend
- ⑧ Staff dependency
- ⑨ Lack of rental growth
- ⑩ Tenant default

Movements in principal risks

The Board has carried out a robust assessment of the principal risks facing the business. These are the risks which would threaten its business model, future performance, solvency or liquidity.

The gross risk exposure of changes in government policy and availability/cost of finance has reduced since last year as explained in the commentary to each.

Underperformance of assets has been split into two risks, being lack of rental growth and occupier default as they have different risk profiles.

The gross risk exposure of all other principal risks is unchanged from last year but a number of net risk exposures have been reclassified as low to reflect scoring more accurately.

The gross risk (prior to any mitigation) and net risk (post mitigation) exposure of each risk is set out in the table below which does not list such risks in order of priority or concern. The gross risk is before mitigation and net risk is after.

The Board considers that the top risks the business faces are those with a net risk rating of medium and above, being, change in government policy, competitor threat, reduction in investor demand and lack of rental growth.

Risk key

Low
(L)Medium
(M)High
(H)Decreasing
(↓)No change
(→)Increasing
(↑)

Strategic risks

① Changes to Government policy

Risk	Avoid	Trap	Mitigate
Reduced funding for primary care premises' expenditure could lead to a reduction in our development pipeline and growth prospects. A change to the reimbursement mechanism for GPs could lead to a change in the risk profile of our underlying occupiers.	The Group proactively engages with the Government over policy that could impact the business, both directly and through the Healthcare Committee of the British Property Federation.	The Board monitors changes in government policy and management reports to the Board at every meeting.	
Comment There has been significant progression of support for sustainable primary healthcare infrastructure with spending rising up the political agenda. The Secretary of State for Health and Social Care, Matt Hancock, commented that "Pivotal to the delivery	of more personalised, preventative healthcare in the NHS Long Term Plan is more community and primary care away from hospitals. That requires investment in the right buildings and facilities across the board." October 2019 Proposed revisions to the NHS premises costs directions shows no	material change to the system of GPs rent reimbursement.	Gross risk rating (↓) (M)
			Net risk rating (→) (M)

② Competitor threat

Risk	Avoid	Trap	Mitigate
Increased competition from new purchasers could lead to a reduction in our ability to acquire new properties and a general increase in prices across the sector.	We maintain our specialist knowledge, team structure and strong brand recognition with GPs, and focus heavily on customer care.	The Board receives regular property reports, highlighting where we have lost to competitors and when new entrants are identified. The market is increasingly competitive and every proposed transaction is reviewed by our Investment Committee to ensure that the prospective returns are adequate.	Continuing use of our specialist expertise.
Comment A further significant increase in asset prices increases the risk of these returns not achieving our required level and our rate of acquisitions slowing significantly. However, we have made substantial	additions to our portfolio during the year and we have strengthened our team with dedicated business development resource.	While sector specialists and other low risk income-focused funds continue to drive competition and pricing in the sector, our investment team maintains a pipeline of suitable investment opportunities.	Gross risk rating (→) (M)
			Net risk rating (→) (M)

③ Reduction in investor demand

Risk	Avoid	Trap	Mitigate
Reduced investor demand for UK primary care property could lead to a falling share price and difficulty raising equity to fund our strategic plans. This could arise from: - Changes in NHS policy - Health of the UK economy - Availability of finance - Relative attractiveness of other asset classes.	We are open in communicating our strategy to investors and maintain an LTV range which is acceptable to the market. We communicate regularly with investors and analysts.	The overall economy and its impact on the Group's operations are regularly assessed and considered in reviewing the Group's strategy. The Board receives regular reports on investor relations and the development of our share register.	The dividend yield and the underlying strength of the cash flows supporting it remain attractive relative to other asset classes.
Comment The fundamentals for our sector remain very strong and the longevity and security of our cash flows have continued to generate strong investor demand for our shares in the past	year as evidenced by our rising share price and the placing which raised £185 million.		Gross risk rating (→) (M)
			Net risk rating (→) (M)

④ Failure to communicate strategy

Risk	Avoid	Trap	Mitigate
Failure to adequately communicate the Company's strategy and explain performance may result in an increased disconnect between investors' perceptions of value and actual performance.	Strategic priorities are clearly articulated in corporate communications and the Group's performance is transparently reported. We communicate regularly with investors and analysts.	The Board receives regular reports on investor attitudes and the market. The Group maintains close links with its two brokers, which communicate investor thoughts and concerns.	Investor communication, particularly through face-to-face meetings, remains a key priority.
Comment 141 meetings have been held during the year.			Gross risk rating (→) (L)
			Net risk rating (↓) (L)

Principal risks and uncertainties continued

Financial risks

⑤ Reduction in availability and/or increase in cost of finance

Risk A reduction in available financing could adversely affect the Group's ability to source new funding and refinance existing facilities. It's could delay or prevent the development of new premises. Increasing financing costs could increase the overall cost of debt to the Group and so reduce underlying profits.	Avoid The Group has a number of long-term facilities which reduce these refinancing risks, choosing to take fixed interest rates where possible.	Trap The Group regularly monitors and manages its refinancing profile and cash requirements.	Mitigate The Group actively engages with a range of funders to ensure a breadth of funder and maturity profiles. We continue to explore financing options with other lenders as well as maintaining strong relationships with existing lenders.
Comment Current market conditions due to COVID-19 have meant that capital markets are more volatile. However, we expect that should any need arise for further borrowing during this time the Group would be able to access	the markets due to our strong cash flows and A- rating from Fitch Ratings Ltd. Indeed, post year end we have extended the term on our revolving credit facility to November 2024.		Gross risk rating  
			Net risk rating  

⑥ Failure to maintain capital structure and gearing

Risk Property valuations are inherently uncertain and subject to significant judgement. A fall in property values or income could adversely affect bank covenants. Breach of covenants could lead to forced asset disposals which could reduce the Group's net assets and profitability.	Avoid Valuations and yields are regularly benchmarked against comparable portfolios. All financial forecasting, including for new acquisitions, considers gearing and covenant headroom.	Trap The Group engages two external valuers to review property valuations. The valuations are formally reviewed by the Board twice a year. Covenant headroom and gearing are regularly monitored with reference to possible valuation movements and future expenditure. The Board regularly reviews the capital structure of the Group.	Mitigate It is possible to dispose of properties to preserve covenants as the majority of facilities are unsecured.
Comment LTV is currently at 38% (30% on a proforma basis, following the April equity placing) and this provides covenant headroom. The Group has recently disposed of 18 assets which	were considered to have lower growth prospects. COVID-19 has presented challenges in the ability to value properties at current market prices in certain sectors.	We have completed a number of transactions post year end, both acquisitions and disposals, at values in line with our current yields.	Gross risk rating  
			Net risk rating  

Operational risks

⑦ Development overspend

Risk Development risk could adversely impact the performance of the Group as a result of cost overruns and delays on new projects.	Avoid The Group has strengthened its dedicated and experienced development team. The Group's policy is to engage in developments that are substantially pre-let with fixed price or capped price build contracts.	Trap A high level of due diligence is undertaken before works commence and detailed designs are negotiated to prevent variations. Regular reviews are conducted of latest cost estimates as each project progresses.	Mitigate We remain confident in our ability to manage this risk through our experienced team of development surveyors and reduce the potential risk through the use of fixed price contracts and the use of performance bonds. A performance bond insures against the risk of the main contractor becoming insolvent.
Comment The potential impact of this has increased slightly during the year as the number of developments gathers momentum and COVID-19 could lead to delays on site.	Our future development programme is more geared towards in-house development (as opposed to forward funding commitments) so increased scrutiny on contract conditions and pre-contract due diligence is required in conjunction with our legal advisors.	The successful integration of the experienced GPI team strengthens our development team and our ability to manage risk on development projects.	Gross risk rating  
			Net risk rating  

8 Staff dependency

Risk Failure to recruit, develop and retain staff and Directors with the right skills and experience may result in underperformance.	Avoid Competitive salary and benefit packages are aligned with appropriate peer groups and periodically benchmarked. Professional development and training are encouraged and costs are met by the Group. Success on plans are in place for each department. Long-term incentive plans span three-year periods to encourage retention of staff.	Trap Success on planning, team structure and skill sets are regularly evaluated and planned. The appraisal process acts as a two-way discussion forum to identify employee aspirations and any dissatisfaction. Any employee resignations are reported at each Board meeting.	Mitigate Continuing use of our specialist expertise.
Comment The average number of employees in the year was 66 (2019: 51). Six members of staff are currently working towards professional qualifications.	We successfully recruited several qualified members of staff in the year. See pages 46 and 47 for details of improvements to employee engagement in the year including the work of the designated workforce Non-Executive Director and activities following the employee survey.		Gross risk rating  
			Net risk rating  

9 Lack of rental growth

Risk Not all rent reviews are upwards only and challenges to reviews and appeals could lead to lack of rental growth.	Avoid The Group engages experienced third parties to conduct rent reviews.	Trap Leases are carefully reviewed on acquisition and the Group does not acquire any new leases with a occupier right to trigger a downward rent review.	Mitigate The Group targets Retail Price Index ("RPI") reviews for new leases but if this is unachievable then open market upwards only reviews or open market landlord trigger only reviews are accepted.
Comment The Group entered into new commission-driven agreements with its two designated rent review agents and made significant improvements internally to driving the rent review.	process with better data capture and analysis.		Gross risk rating  
			Net risk rating  

10 Occupier default

Risk Loss of income could arise from failing practices handing back GP contracts and losing the right to rent reimbursement or from financial pressures on pharmacy and other occupiers putting pressure on their business and becoming unable to meet their financial obligations under the lease.	Avoid The strategic importance of a practice to its location is a key investment decision.	Trap We are in regular contact with GPs to ensure there are no financial issues and carefully monitor the financial health of non GP occupiers, including pharmacies.	Mitigate We liaise with GPs and NHS commissioning bodies to ensure continuing provision of services from that practice. GPs remain personally liable as named individuals under the lease. We review financial information provided by the NHS on our occupiers and as part of the acquisition due diligence.
Comment Approximately 30% of leases have fixed uplifts or are linked to RPI. Less than 5% of leases have occupier ability to trigger a downward rent review.	There are very limited cases of GPs handing back medical contracts and we are in active discussion with the occupiers and NHS commissioning bodies in these cases.		Gross risk rating  
	Rent reimbursement for GP tenants has not been threatened by COVID-19. We have agreed a small number of payment plans for certain non GP tenants. We continue to monitor the situation and manage our debtors carefully.		Net risk rating  

CFO review

A robust business model

Jayne Cottam
CFO

Image removed

Highlights for the year:

£2.9m

Lease re-gears completed – value of existing rent roll, 10.5 years added to WAULT on those leases

11.7 years

WAULT

£1.43bn

Total contracted rental income

38%

LTV

3.03%

Weighted average interest rate on debt

I would like to start by saying that our business has stayed resilient in these challenging times. Rent receipts for the March – June 2020 rent quarter have been received as expected and we have worked with a small number of our non-NHS occupiers to agree payment plans where necessary. Post year end we have completed a £185 million equity placing to invest in our pipeline of acquisition and development opportunities and extended our revolving credit facility until November 2024.

Alternative Performance Measures ("APMs")

The financial performance for the period is reported including a number of APMs (financial measures not defined under IFRS). We believe that including these alongside IFRS measures provides additional information to help understand the financial performance for the period, in particular in respect of EPRA measures which are designed to aid comparability across real estate companies. Explanations to define why the APM is used and calculations of the measures, with reconciliations back to reported IFRS measures normally in the Glossary, are included where possible.

Portfolio as at 31 March 2020 £2,139.0 million (2019: £1,978.8 million)

Our business is based on our investment portfolio of 576 properties. This has a passing rent roll of £108.9 million (2019: £102.7 million), 85% of which is underpinned by the NHS. The WAULT is 11.7 years and 64% of the rent roll will still be contracted in 2030.

At 31 March 2020 our portfolio of completed investment properties was valued at a total of £2,093.6 million, including investment properties held for sale of £20.3 million (2019: £1,960.5 million and £17.2 million), which produced a net initial yield ("NIY") of 4.68% (2019: 4.74%). Taking account of potential lettings of unoccupied space and any uplift to current market rents on review, our valuers assess the net equivalent yield to be 4.94% (2019: 4.77%). Adjusting this Royal Institution of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 4.96% (2019: 4.91%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.69% (2019: 4.73%).

Development pipeline:

March 2019

£49m

On site cost of 11 schemes

£52m

Immediate pipeline cost of 11 schemes

4

schemes completed

8

schemes moved on site

March 2020

£81m

On site cost of 15 schemes

£77m

Immediate pipeline cost of 18 schemes

	2020 £m	2019 £m
Net rental income	103.7	95.2
Valuation movement	9.7	20.2
Total Property Return	113.4	115.4

Expressed as a percentage of opening investment property plus additions, Total Property Return for the year was 5.3% (2019: 5.9%). This can be split as 4.9% from net rental income (2019: 4.8%) and 0.4% from valuation movement (2019: 1.1%).

Our annualised Total Return over the five years to 31 December 2019 as calculated by MSCI was 9.0% compared with the MSCI All Healthcare Benchmark of 8.7% over the same period.

The net valuation gain in the year of £9.7 million comprises a 0.93% uplift on a like-for-like basis net of movements relating to properties acquired in the period. Whilst yield shift in the sector has been to a lesser extent than prior years, the positive valuation increase reflects the benefit of our asset enhancement activity during the year, with rent reviews and lease re-gears flowing through to the property valuations. The NIY on our assets continues to represent a substantial premium over UK gilts at 31 March 2020; the 15-year gilt being at 0.59% and the 10-year at 0.35%.

Investment and development activity

We have invested substantially during the period, with this expenditure split between investments in completed properties, developments, forward funding projects, extensions and fit-out costs enabling vacant space to be let as follows:

	2020 £m
Acquisition of completed medical centres	119.4
Developments/forward funding arrangements	47.3
Like-for-like portfolio (improvements)	1.7
Total capital expenditure	168.4

The majority of the growth in our investment portfolio has come from the acquisition of 28 properties for £119 million during the period in addition to our four completed developments (value £15 million).

These additions were at a combined total cost of £134 million with a combined passing rent of £6.1 million (yield on cost of 4.6%) and a WAULT of 18.3 years.

We continue to source properties that meet our investment criteria for future acquisition. The acquisition pipeline stands at £67 million, being opportunities that are currently in solicitors' hands and which we would hope to complete within three to six months, subject to satisfactory due diligence. During the current COVID-19 situation, we have seen transactions continue in our market, completing acquisitions and disposals post year-end in the ordinary course of business.

During the year, we disposed of 19 properties which we considered to have lower growth prospects than the remainder of our portfolio, generating proceeds of £20 million at a premium over book value of £1.7 million. In addition at the year end we had exchanged contracts for the disposal of a further 20 properties for total consideration of £17 million. This sale completed in May and the assets were classified as held for sale at the balance sheet date.

CFO review continued

We are continually reviewing our portfolio for any indication that properties no longer meet our investment criteria.

Our development team has had a successful year both taking schemes through to completion and converting schemes from our pipeline to on site, as well as replenishing the pipeline. This delivery has been boosted by the acquisition of the pipeline and team of primary care developer GPI.

The acquisition of GPI added four experienced development surveyors to our team and an initial £92 million to our immediate and extended pipelines. Since acquisition, the team has integrated well with our existing team, and several schemes have moved on site (Launceston, and Ware by year end, and Colney in April) with the remainder of the pipeline progressing well.

Of the 15 developments on site at 31 March 2020, seven are under forward funding agreements and eight are in-house developments. These have a combined development cost of £81 million of which we had spent £50.3 million as at the year end.

In addition to the 15 developments currently on site, we have an immediate pipeline of 18 properties (estimated cost £77 million) which we would hope to be on site within 12 months notwithstanding any potential delays due to COVID-19. This takes the total immediate development pipeline to £158 million, which includes an increasing proportion that are directly sourced and developed by our in-house team (as opposed to being forward funded).

We recorded a revaluation gain of £1.3 million in respect of investment property under construction (2019: £1.1 million).

Portfolio management

Our rent roll grew by £6.2 million during the year to £108.9 million. £1.3 million of this growth was from rent reviews. We successfully concluded 296 rent reviews during the year (2019: 178 reviews) to generate a weighted average annual rent increase of 1.79% (2019: 2.18%) on those properties, which is a figure that includes 49 reviews we chose not to instigate in the year. These 296 reviews covered £29.9 million or 29% of our rent roll at the start of the year and the absolute increase of £1.3 million is a 4.5% increase on this rent. Our portfolio benefits from a 30% weighting in fixed, RPI and other uplifts which generated an average uplift of 2.58% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.18% (2019: 1.10%) during the period.

Our total contracted rental income, which is a function of current rent roll and unexpired lease term on the existing portfolio and on-site developments, has increased from £1.35 billion at March 2019 to £1.43 billion at March 2020. We grow our total contracted rental income through additions to the portfolio and getting developments on

Live developments and forward funding arrangements

	Estimated completion date	Development costs	Costs to date	Size
Bournville	May-21	£4.4m	£2.7m	2,380 sq.m
Broadway	Jul-21	£3.6m	£0.5m	1,027 sq.m
Canterbury	Mar-21	£3.7m	£2.0m	1,053 sq.m
Cinderford	Sep-20	£5.5m	£4.9m	1,491 sq.m
Great Barr	Oct-20	£4.6m	£3.4m	1,170 sq.m
Hereford	Dec-20	£9.2m	£7.0m	2,247 sq.m
Launceston	Jan-21	£4.0m	£2.4m	1,267 sq.m
Netherfield	Sep-20	£4.7m	£4.2m	1,247 sq.m
Newtown	Nov-20	£4.9m	£3.1m	1,317 sq.m
St Leonards	Oct-20	£8.6m	£4.1m	2,010 sq.m
Stafford	Apr-20	£7.2m	£6.9m	2,800 sq.m
Stourbridge	Dec-20	£7.2m	£2.7m	1,346 sq.m
Timperley	Nov-20	£2.1m	£0.2m	424 sq.m
Tonbridge	Oct-20	£5.6m	£4.3m	1,405 sq.m
Ware	Jul-21	£5.2m	£1.9m	1,191 sq.m

site, but increasingly our focus has been extending the unexpired term on the leases on our existing portfolio ("re-gears").

The team has had success in delivering 32 re-gears in the period, covering £2.9 million of rent roll and adding 10.5 years to the WAULT for those particular leases. We also have terms agreed on a pipeline of 38 re-gears covering a further £4.7 million of rent roll and these are currently in legal hands.

We have secured 13 new tenancies with an annual rent roll of £0.4 million and a pipeline in legal hands of five new tenancies (rent £0.2 million). Our EPRA Vacancy Rate at March 2020 is 1.6% (2019: 1.5%).

We completed four asset enhancement capital projects during the year and are currently finalising plans to start two more early in the new financial year. In total we have a pipeline of 22 asset enhancement capital projects we hope to complete in the next two years. These have an estimated capital spend of £17 million, additional rent of £1.3 million and improve the WAULT on those properties.

Our current rent roll is £108.9 million and, on a proforma basis, would increase to approximately £135 million once the acquisition pipeline and extended development pipeline are completed plus anticipated rent reviews and asset enhancements identified.

Administrative expenses

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 12.6% and 11.5% respectively (2019: 12.5% and 11.4%).

We also measure our operating efficiency as the ratio of administrative costs to the average gross investment property value. This ratio during the period equated to 0.48% (2019: 0.47%) and administrative costs stood at £9.9 million (2019: £8.7 million).

The increase in the ratios during the period reflects the investment in additional team members, in particular to enhance our capabilities to deliver our growing development and asset enhancement pipelines.

Financing

As we continue to grow through both acquisitions and developments, we have obtained additional lending during the period on an unsecured basis, in line with our financing strategy. Fitch have also reiterated our investment grade rating of A- being unchanged from initiation.

In August 2019, we raised £107 million of unsecured debt via the issue of privately placed notes with existing lenders. The notes were drawn in two tranches, £47 million drawn in August and £60 million drawn in October 2019, with maturities of 10 and 15 years respectively, and a fixed weighted average interest rate of 2.30%.

Financing statistics	2020	2019
Net debt (Note 22)	£828.6m	£667.8m
Weighted average debt maturity	6.8 yrs	7.3 yrs
Weighted average interest rate	3.03%	3.24%
% of debt at fixed/capped rates	91%	96%
EBITDA to net interest cover	3.6x	3.8x
Net debt to EBITDA	8.9x	7.7x
LTV (Note 22)	38%	34%

Subsequent to the year end we were pleased to obtain the support of our equity investors in completing a share placing generating gross proceeds of £185 million to fund our pipeline of development and acquisition opportunities. On a proforma basis, this would reduce our LTV from 38% at year end to 30% which will then increase as we invest in our pipeline. Our LTV policy allows us to reach the range of 40% to 50% should the need arise.

At 31 March 2020, 91% of our facilities are at fixed interest rates, although this will change as we draw on the RCF which is at a variable rate. The weighted average debt maturity is 6.8 years.

As at 31 March 2020, we had undrawn facilities and cash totalling £238.5 million. Details of the outstanding facilities and their covenants are set out in Note 16.

Net finance costs presented through EPRA earnings in the year amounted to £26.1 million (2019: £22.4 million), having increased due to our additional borrowings funding the growth in our portfolio.

Profit before tax

Profit before tax for the period was £78.9 million (2019: £84.0 million). This reduction reflects the increase in net rental income reflected in EPRA earnings (as highlighted by the table below), offset by a lower positive valuation movement compared with the prior year.

EPRA earnings

	2020 £m	2019 £m
Net rental income	103.7	95.2
Administrative expenses	(9.9)	(8.7)
Net finance costs	(26.1)	(22.4)
Share-based payments and taxation	(0.2)	(0.3)
EPRA earnings	67.5	63.8

The movement in EPRA earnings can be summarised as follows:

	£m
Year ended 31 March 2019	63.8
Net rental income	8.5
Administrative expenses	(1.2)
Net finance costs	(3.7)
Share-based payments	0.1
Year ended 31 March 2020	67.5

EPRA earnings has grown 5.8% to £67.5 million in the year to 31 March 2020 reflecting the property acquisitions and developments completed as well as the impact of our asset management activity with rent reviews and new lettings. This has been offset by increases in administrative expenses and financing costs.

Earnings per share

The basic earnings per share ("EPS") on profit for the period was 3.3 pence (2019: 3.5 pence).

EPRA EPS, which excludes the net impact of valuation movements, was 2.8 pence (2019: 2.7 pence).

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 2.5 million new shares expected to be issued. The dilution is not material as illustrated in the following table:

EPS measure (pence)	Basic	Diluted
Profit for year	3.3	3.3
EPRA	2.8	2.8

Dividends

Total dividends settled in the year to 31 March 2020 were £66.2 million or 2.76 pence per share (2019: 2.65 pence per share). £9.6 million of this was satisfied through the issuance of shares via scrip.

As a REIT with requirement to distribute 90% of taxable profits (Property Income Distribution, "PID"), the Group expects to pay out as dividends at least 90% of recurring cash profits. Three of the four dividends paid during the year were normal dividends (*non-PID*), as a result of brought forward tax losses and available capital allowances. The October 2019 dividend was paid as a PID and future dividends will be a mix of PID and normal dividends as required.

The table below illustrates our cash flows over the period:

	2020 £m	2019 £m
Opening cash	18.3	28.7
Net cash flow from operations	66.3	72.9
Dividends paid	(56.6)	(55.0)
Investment:		
Property and other acquisitions	(132.6)	(210.1)
Development expenditure	(53.7)	(21.2)
Sale of properties	20.1	7.1
Financing:		
Net borrowings movement	156.7	195.9
Closing cash	18.5	18.3

Net cash flow from operations differs from EPRA earnings due to movements in working capital balances.

Diluted EPRA NAV movement

	£m	Pence per share
Diluted EPRA NAV at 31 March 2019	1,279.4	53.3
EPRA earnings	67.5	2.8
Capital (revaluations and capital losses)	11.4	0.5
Dividends	(66.2)	(2.8)
Other	9.8	0.1
Diluted EPRA NAV at 31 March 2020	1,301.9	53.9

Our Total Accounting Return per share for the year ended 31 March 2020 is 6.3% of which 2.75 pence per share (5.2%) has been distributed to shareholders and 0.9 pence per share (1.1%) is the movement on EPRA NAV.

Jayne Cottam

CFO
20 May 2020

CFO review continued

EPRA performance measures

The calculations below are in accordance with the November 2016 recommendations. In October 2019, EPRA published updated recommendations, effective for financial periods commencing after 1 January 2020. We have included at Appendix A, on page 137, the effect of these changes which introduce new measures for NAV.

Summary table

	2020	2019
EPRA EPS (p)	2.8	2.7
EPRA Cost Ratio (including direct vacancy costs) (%)	12.6	12.5
EPRA Cost Ratio (excluding direct vacancy costs) (%)	11.5	11.4
	2020	2019
EPRA NAV (p)	53.9	53.3
EPRA NNNNAV (p)	52.7	52.5
EPRA NIY (%)	4.69	4.73
EPRA "topped-up" NIY (%)	4.73	4.78
EPRA Vacancy Rate (%)	1.6	1.5

EPRA EPS

2.8p

2019: 2.7p

Diluted EPRA NAV

53.9p

2019: 53.3p

EPRA NNNNAV

52.7p

2019: 52.5p

Definition

Earnings from operational activities.

Definition

NAV adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business. Presented on a diluted basis.

Definition

EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes.

Purpose

A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.

The calculation of EPRA EPS and diluted EPRA EPS are shown in Note 6 to the accounts.

Purpose

Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities with a true real estate investment company with a long-term investment strategy.

The calculation of EPRA NAV is shown in Note 7 to the accounts.

Purpose

Makes adjustments to EPRA NAV to provide stakeholders with the most relevant information on the current fair value of all the assets and liabilities within a real estate company.

The calculation of EPRA NNNNAV is shown in Note 7 to the accounts.

EPRA NIY

4.69%

2019: 4.73%

EPRA "topped-up" NIY

4.73%

2019: 4.78%

Definition – EPRA NIY

Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.

Definition – EPRA "topped-up" NIY

This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

Purpose

A comparable measure for portfolio valuations, this measure should make it easier for investors to judge for themselves how the valuation compares with that of portfolios in other listed companies.

	2020 £m	2019 £m
Investment property	2,139.0	1,978.8
Less developments	(57.5)	(23.1)
Completed investment property portfolio	2,081.5	1,955.7
Allowance for estimated purchasers' costs	137.5	128.3
Gross up completed investment property – B	2,219.0	2,084.0
Annualised cash passing rental income	108.1	102.7
Annualised property outgoings	(4.1)	(4.1)
Annualised net rents – A	104.0	98.6
Notional rent expiration of rent-free periods or other incentives	0.9	0.9
Topped-up annualised rent – C	104.9	99.5
EPRA NIY – A/B (%)	4.69	4.73
EPRA "topped-up" NIY – C/B (%)	4.73	4.78

EPRA Cost Ratio (including direct vacancy costs)

12.6%

2019: 12.5%

EPRA Cost Ratio (excluding direct vacancy costs)

11.5%

2019: 11.4%

Definition

Administrative and operating costs (including and excluding direct vacancy costs) divided by gross rental income.

Purpose

A key measure to enable meaningful measurement of the changes in a company's operating costs.

	2020 £m	2019 £m
Direct property costs	4.1	4.1
Administrative expenses	9.9	8.7
Share-based payment costs	0.2	0.3
Net service charge costs/fees	(0.3)	(0.3)
Exclude:		
Ground rent costs	(0.4)	(0.4)
EPRA Costs (including direct vacancy costs) – A	13.5	12.4
Direct vacancy costs	(1.2)	(1.1)
EPRA Costs (excluding direct vacancy costs) – B	12.3	11.3
Gross rental income less ground rent costs (per IFRS)	107.4	98.9
Gross rental income – C	107.4	98.9
EPRA Cost Ratio (including direct vacancy costs) – A/C	12.6%	12.5%
EPRA Cost Ratio (excluding direct vacancy costs) – B/C	11.5%	11.4%

EPRA Vacancy Rate

1.6%

2019: 1.5%

Definition

Estimated rental value ("ERV") of vacant space divided by ERV of the whole portfolio.

Purpose

A "pure" (%) measure of investment property space that is vacant, based on ERV.

	2020	2019
ERV of vacant space (£m)	1.7	1.6
ERV of completed property portfolio (£m)	111.7	104.0
EPRA Vacancy Rate (%)	1.6	1.5

Compliance statements

Viability statement

In accordance with the Code, the Board has conducted a review of the Group's current position and principal risks to assess the Group's longer-term viability.

The Board believes the Group has strong long-term prospects, being well-positioned to address the need for better primary health care buildings in the UK and the Group culture placing emphasis on long-term relationships and market understanding.

The business model (see page 34) and strategic priorities (see page 27) are designed to identify, assess and meet the evolving needs of our occupiers and other stakeholders through the lifecycle of our buildings, utilising our balance sheet strength and capital discipline (as reflected in our current rating of A- from Fitch Ratings Ltd).

In completing the assessment of viability, the Board has considered the principal risks of the Group, as set out on pages 54 to 59, in developing sensitivities that have been applied to financial forecasts covering the five-year assessment period.

Specific scenarios modelled	Link to principal risks
Prolonged downturn in property valuations (750ps over two years with no further growth)	Strategic risks – competitor threat and investor demand
Increase in interest rates (assumed 0.5% increase in base rate per annum)	Financial risks – increase in cost of finance
Sustained absence of rental growth (assumed 0% open market rental growth) and increased risk of occupier default (assumed bad debt at 3% of rent roll per annum)	Operational risks – underperformance of assets

The assessment has not assumed any significant changes to Government policy with respect to NHS estates strategy or the GP reimbursement model (which we consider to have a low likelihood), or any specific implications as a result of Brexit (which we consider to have a low potential impact on our business).

In respect of the current COVID-19 outbreak, as described on page 19, a number of mitigating business operation actions have been taken and we believe the demand for high quality medical centres will remain strong. We also believe that the sensitivities included above suitably address the potential impact on our business and results as a result of COVID-19.

In addition, it has been assumed that debt facilities can be refinanced as required in normal market lending conditions, consistent with what we are currently experiencing in negotiations with our banks to extend the term on our RCF. For prudence, we have assumed that the interest rates achieved are in excess of what we have achieved in the current year.

Group forecasts are prepared using a comprehensive financial model which projects the income statement, balance sheet, cash flows and key performance indicators (including covenant compliance and reverse stress testing) over the relevant timeframe. The model allows various assumptions to be applied and altered in respect of factors such as level of investment, investment yield, availability and cost of finance, rental growth and potential movements in interest rates and property valuations.

The reverse stress tests completed showed that as at 31 March 2020 a property valuation decline in excess of 30% and a decline in rental income in excess of 60% would be required before covenants were breached.

A five-year period is considered appropriate for this review as this corresponds with the Group's strategic planning timeframe. In addition, the long-term nature of leases and debt facilities support an assessment over this period.

Based on this consideration of principal risks and the forecasting exercise completed, the Board has a reasonable expectation that the Group will be able to withstand the impact of the specific scenarios considered over the five-year period assessed. The Board considers that the long-term nature of the leases and financing arrangements in place mean that the business model would remain viable in the event that further growth of the business was not achieved.

Going concern

Assura's business activities together with factors likely to affect its future performance are set out in the CFO review on pages 60 to 65. In addition, Note 22 to the accounts includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and its exposure to credit risk and liquidity risk.

In addition to surplus available cash of £18.3 million at 31 March 2020 (2019: £16.5 million), the Group has undrawn facilities of £220 million at the balance sheet date, with commitments as at year end of £34.0 million (see Note 23). Subsequent to the year end, this has increased following the £185 million equity raise completed in April 2020.

The Group has facilities from a number of financial institutions, none of which are repayable before May 2021. In respect of the RCF, due to mature in 2021, post year end we have extended the term to November 2024.

The Group's primary care property developments in progress are all substantially ore-let.

The Group has adequate headroom in its banking covenants. The Group has been in compliance with all financial covenants on its loans throughout the year.

The Group's properties are substantially let with rent paid or reimbursed by the NHS and they benefit from a WAULT of 11.7 years. They are diverse both geographically and by lot size and therefore represent excellent security.

The Group's financial forecasts show that borrowing facilities are adequate and the business can operate within these facilities and meet its obligations when they fall due for the foreseeable future. The Directors believe that the business is well placed to manage its current and reasonably possible future risks successfully.

In reaching its conclusion, the Directors have considered the specific impact in respect of Brexit and COVID-19, neither of which, in themselves, are considered significant risks to the business based on the current position. The Directors continue to monitor these, and any other emerging risks, as appropriate.

Accordingly, the Board considers it appropriate that the financial statements have been prepared on a going concern basis of accounting and there are no material uncertainties regarding the Company's ability to continue to prepare them on this basis over a period of at least 12 months.

s172 statement

The Board is required to understand the views of the Group's key stakeholders and describe in the annual report how their interests and the matters set out in s172 of the Companies Act 2006 have been considered in Board discussions and decision making. The Board considers that throughout the year, it has acted in a way and made decisions that would most likely promote the success of the Group for the benefit of its members as a whole, with particular regard to:

s172 factor	How factor is brought into Board decision making	Read more
a) the likely consequences of any decision in the long term	The very nature of what we do makes it necessary for us to consider all decisions for the long term. We adopt a long-term approach to holding our assets – the average length of our leases is 21 years. Our investment decisions consider how crucial an asset is to the local health economy for the long term, our developments are designed to incorporate future proof technology and we seek to improve and enhance existing assets so they remain fit for purpose. We strive to build lasting relationships with our occupiers and work hard to safeguard employee retention. We maintain a conservative funding structure and our dividend policy is based on paying out a proportion of recurring earnings.	– Our business model page 34 – Our customers: GPs and the NHS page 40 – Our people page 46 – CFO review page 60
b) the interests of the Company's employees	Louise Fowler has responsibility for workforce engagement and regularly meets with the employee representative group "the Voice", feeding their comments back to the Board so that their views can be understood and considered in Board decisions.	– COVID-19 – our response page 19 – Our people page 46 – A letter from Louise page 79
c) the need to foster the Company's business relationships with suppliers, customers and others	The Board factors stakeholders in all our decisions and commissioned management to create a detailed stakeholder map with a particular focus on the implementation of our strategy as set out on pages 26 to 29.	– COVID-19 – our response page 19 – Our customers: GPs and the NHS page 40 – Our suppliers page 44 – Our communities page 42
d) the impact of the Company's operations on the community and the environment	This year we have launched our social impact strategy where we have committed to meeting six pledges by 2026 to maximise our contribution to society and minimising our impact on the environment. Read more about the Board's involvement on page 75.	– Our social impact strategy page 14 – Our communities page 42 – Environmental impact page 50
e) the desirability of the Company maintaining a reputation for high standards of business conduct	We have a clear purpose to create outstanding spaces for health services in our communities through our values of innovation, expertise being genuine, collaboration and passion. We believe good governance is key to the way we run our business and we comply with all legal and regulatory standards. We maintain high standards for health and safety, and we treat our suppliers fairly.	– COVID-19 – our response page 19 – Our purpose and values page 34 – Corporate Governance page 68 – Our suppliers page 44 – Our regulatory and compliance policies page 66–67
f) the need to act fairly as between members of the Company	The Board embraces open dialogue with shareholders and works with its stockbrokers to ensure that an appropriate level of communication is facilitated.	– Our investors and lenders page 48 – Our investment case page 49 – Shareholder engagement page 78

An example of how we have exercised our s172 duties in practice is set out in the case study on page 76

Chairman's introduction to governance

Governance in numbers

Board composition

Meetings per year

1	2	3	6	4	3	5
Chairman	Executive Directors	Non-Executive Directors	Board	Audit Committee	Nominations Committee	Remuneration Committee

Time spent on key Board activities during 2020:

30%	11%	13%	10%
1. Strategy, property and projects - Specific projects e.g. technology - Chairman and CEO business - Updates on investment, development and portfolio including health and safety - Updates on and discussion of strategy	2. Financial performance - Update and discussion of KPIs - Approval of budget and half year and full year accounts - Discussions on future funding requirements - Operational excellence and cyber security	4. Stakeholders, shareholders and public affairs - Stakeholder engagement feedback - Investor relations activities - Public affairs and charitable foundation	6. Audit - External audit - Monitoring risk register and internal controls
	10%	16%	10%
	3. Purpose, culture and people - Social impact strategy - Monitoring culture - Employee survey - Diversity and inclusion	5. Governance - Governance compliance updates - Board evaluation - Remuneration	7. Other - Board composition and succession

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Ed Smith, CBE
Non-Executive Chairman

Dear Shareholder

This is our Corporate Governance Report, which sets out how the Board and its Committees operate and how we are committed to maintaining the highest level of corporate governance.

Implementing the 2018 Code ("Code")

Last year we welcomed the changes to corporate governance in the new UK Corporate Governance Code and adopted them in advance where possible. We continued to entrench them in the business during the year and in accordance with the Listing Rules, I am very pleased to confirm that throughout the year ended 31 March 2020, the Company was compliant with all the relevant provisions as set out in the Code save as set out on page 86 of the Remuneration Report.

This Report explains how the Board has applied the principles of the Code.

Leadership

The Board is collectively responsible for the effective leadership and long-term success of the Group. We welcomed Louise Fowler as Non-Executive Director in June 2019 and Jonathan Davies succeeded David Richardson as Audit Chair and Senior Independent Director at the conclusion of last year's AGM.

Culture

Our clear strategic and social purpose is to create outstanding spaces for health services in our communities. Our strong culture supports our strategic priorities and promotes employee engagement, retention and productivity. We are genuine and passionate about what we do, working collaboratively and using our expertise to find innovative quality solutions for our occupiers and the people who use our buildings.

The Board leads by example, focusing on our purpose and values in all decision making and demonstrating the behaviours we encourage and support in everyone at Assura. To this end the Board agreed that its legacy should be as a dynamic partner to the NHS and leading social impact business, playing a key role in modernising and improving community healthcare whilst delivering consistent long-term shareholder returns. Our social impact strategy, sixbysix, embodies the simple aim of improving the healthcare buildings used by more than six million patients by 2026.

Culture is measured through the results of our employee engagement surveys, absenteeism and staff turnover, whistleblowing reports, health and safety incidents and initiatives and customer satisfaction.

Employee and other stakeholder engagement

Louise Fowler took over responsibility for workforce engagement from David Richardson in July 2019. Louise regularly meets with the employee representative group "the Voice", feeding their comments back to the Board so that their views can be understood and considered in Board decisions.

The Board members "walk the floor" when attending Board meetings at the head office in Warrington and engage with employees who present Board papers and accompany them on site visits. An annual dinner in an informal setting allows the Board to interact freely with employees and understand what matters to them.

In October 2019, employee engagement was independently surveyed by the Best Companies organisation. 91% of employees participated in the survey and we were pleased to achieve a One Star rating which showed very good levels of engagement. The Board receives regular updates on the measures which were identified for development such as internal communication and wellbeing.

The Board factors stakeholders into all our decisions and commissioned management to create a detailed stakeholder map with a particular focus on the implementation of our strategy. Stakeholder importance to the business was plotted against our influence on that stakeholder group to identify priority areas and establish specific engagement plans which were then developed throughout the year. Management provide regular updates on the risks and opportunities which have arisen in the year in relation to these groups.

The stakeholder mapping assists the Board in performing its duty under s172 of the Companies Act 2006 and provides the framework for management to consider all stakeholders when developing plans for Board approval.

Performance evaluation

The Board agreed an action plan based on the performance review carried out by Weva Ltd (who has no other involvement with the Company or board members) last year to help support continuous improvement in the Board's performance. Significant progress has been made in all areas of the plan including agreeing the Board's purpose, actively supporting the Company's social purpose and commissioning management to produce a clear articulation of the Company's business model along with success criteria for our strategy and a formal stakeholder strategy as referred to above. The Board has also established a methodology for self-assessment for the next three years.

Remuneration

We received over 89% of votes in favour of our Remuneration Report at the 2019 AGM and I am grateful to shareholders for the level of engagement and support during the year.

Effectiveness

I believe that the Board has an effective, well-balanced structure. Board members have a wealth of skills and experience, as shown on pages 72 to 74, which enable them to challenge, motivate and support the business. Louise Fowler brings significant skills in customer-facing roles, marketing and digital technology which will help drive the implementation of our strategy.

I am pleased to report that all the Directors continue to devote sufficient time to discharging their duties to a high standard and remain committed to their roles.

Gender diversity

The Board is committed to ensuring that the Group is free from discrimination and equitable to all employees. We were delighted to be ranked 4th in the Hampton-Alexander Report 2019 for FTSE 250 Women on Boards and in Leadership ranking 4th for Women on Boards and 8th for Executive Committee and Direct Reports. With 50% female representation on our main Board, this shows our commitment to greater gender diversity throughout the organisation.

Ed Smith, CBE

Non-Executive Chairman

Our governance framework

The Board

Responsible for setting the Group's strategy for delivering long-term value to our shareholders and other stakeholders and setting the culture, values and governance framework for the Group. Provides effective challenge to management concerning execution of the strategy and ensures the Group maintains an effective risk management and internal control system. The Board has approved a schedule of matters reserved for decision by the Board.

The Board delegates certain matters to its three principal committees:

Nominations Committee

Responsible for ensuring our Board and its Committees have the right balance of skills, knowledge and experience and ensuring adequate succession plans are in place.

Audit Committee

Responsible for reviewing and reporting to the Board on the Group's financial reporting, maintaining an appropriate relationship with the Group's auditor and monitoring the internal control systems.

Remuneration Committee

Responsible for establishing the Group's Remuneration Policy and ensuring there is a clear link between performance and pay and pay is fair relative to the workforce.

Executive Committee

The Board delegates the execution of the Company's strategy and the day-to-day management of the business to the Executive Committee which operates under the direction and authority of the CEO.

The Committee makes key decisions to ensure achievement of strategic plans, ratifies the decisions of the supporting committees, considers key business risks and shapes and sustains the culture and values of the business.

It is supported by sub-committees each focusing on an area of the business.

Risk Committee

Reviews and monitors key risks and the effectiveness of the risk management systems. Identifies emerging risks. Reports to the Audit Committee.

Investment Committee

Reviews and approves investment, development and asset enhancement transactions, allocates investment capital and agrees investment hurdle rates.

Operations Committee

Drives operational excellence in systems and processes across the business and responsible for performance management of our IT systems and controls including cyber controls.

Social Impact Committee

Establishes which social impact risks and opportunities are of strategic significance, integrates them into business strategy and ensures effective communication to stakeholders.

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Division of responsibilities

Chairman

- The effective running of the Board.
- Ensuring the Directors receive accurate and timely information.
- Promoting high standards of Corporate Governance.
- Ensuring Board agendas take full account of relevant issues and Board members' concerns.
- As Chair of the Nominations Committee, ensuring effective Board succession plans are in place.

CEO

- Running the Company's day-to-day operations.
- Implementing the business strategy and culture.
- Regularly updating the Board on progress against approved plans.
- Providing effective leadership of the Executive Committee to achieve agreed strategies and objectives.

CFO

- Responsible for the preparation and integrity of financial information.
- Operating effective systems of risk management and control.
- Developing and implementing financial strategy and policies.

Non-Executive Directors

- Challenging and helping to develop proposals on strategy.
- Satisfying themselves as to the integrity of the financial information and that there are effective systems of risk management and financial control.
- Chairing and/or serving on relevant Committees.

Senior Independent Director

- Acting as Chair of the Board if the Chairman is conflicted.
- If necessary, acting as a conduit to the Board for communicating shareholder concerns.
- Ensuring the Chairman is provided with effective feedback on performance.
- Serving as an intermediary for other Directors when necessary.

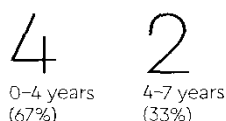
Company Secretary

- Ensuring good information flow within the Board and Committees.
- Facilitating induction and training of Board members.
- Advising the Board on all governance matters.

Board of Directors

The right mix of skills and experience

Board tenure (in current role)



Executive Committee gender balance



Board gender balance



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Jonathan Murphy
CEO
Appointed
February 2017

Skills and experience

Jonathan has been with Assura since January 2013 having joined the Group as Finance Director and becoming CEO in 2017. Jonathan was previously finance director for the fund management business of Brooks Macdonald and Braemar Group plc and these roles provided broad experience in finance and accounting, corporate finance, capital markets and real estate investment.

Jonathan's earlier career included commercial and strategic roles at Spirit Group and Vodafone.

Jonathan sits on the the Board of the BPF and on the Advisory Board for the European Public Real Estate Association ("EPRA") and is Chair of the Healthcare Committee for the British Property Federation. He qualified as a Chartered Accountant with PwC, holding management roles in both the UK and Asia.

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Ed Smith, CBE
Non-Executive Chairman
Appointed
October 2017

Skills and experience

As an experienced Chairman, Ed has extensive governance skills in both the private and public sectors. During his time as Chairman of NHS Improvement and Deputy Chairman of NHS England he gained significant health service and public sector experience. Ed's skills include strategy and operational excellence as he was the former Global Assurance Chief Operating Officer and Strategy Chairman of PricewaterhouseCoopers ("PwC"). During his 30-year career as a Senior Partner at PwC, holding many leading Board and top client roles in the UK and globally, he gained broad experience in finance and accounting, capital markets and customer focus.

He is a Non-Executive Director of HS2 Ltd and chairs the Advisory Board of HCA Healthcare UK and Push Doctor.

Ed is a Chartered Accountant.

Image removed

Jayne Cottam
CFO
Appointed
September 2017

Skills and experience

Jayne is a CIMA qualified accountant, with skills including finance, debt strategy and risk management. She joined Assura from Morris Homes, one of the UK's largest private national housing developers where she was the Finance Director for Operations, heading up the operational finance team across the Group and providing financial and strategic support as a member of the Board for each of the three operating regions.

Jayne was previously Director of Finance for the Continental Europe Division of European Metal Recycling Limited, one of the world's largest metal recyclers, and before that held a number of other senior finance positions.

Jayne sits on the North West Regional Council of the CBI (Confederation of British Industry) and the Finance Committee of the British Property Federation.

Image removed

Jonathan Davies

Senior Non-Executive Director

Appointed

June 2018

Skills and experience

As Chief Financial Officer of SSP Group plc, Jonathan has extensive experience of finance, mergers and acquisitions and corporate governance. He has broad capital market skills, taking SSP private in 2006, listing it on the London Stock Exchange in 2014 and undertaking various debt and equity raises since then. Jonathan's skills include strategy, commercial and financial management. He began his career in Unilever plc's management development programme before joining OC&C, the strategic management consultancy, as a start-up in 1987 where he was part of its rapid growth to become a leading international consulting firm. From 1995 to 2004 Jonathan worked for Safeway plc, where he was Finance Director on its Executive Board between 1999 and 2004.

Jonathan was appointed chairman of the Audit Committee and Senior Independent Director following David Richardson's retirement at the conclusion of the 2019 AGM.

Image removed

Jenefer Greenwood, OBE

Non-Executive Director

Appointed

May 2012

Skills and experience

Jenefer is a Chartered Surveyor with extensive knowledge of the real estate industry. Jenefer 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 where she expanded her skills in development and maximising real estate value.

Jenefer chairs the Remuneration Committee, having initially gained remuneration experience as chair of the remuneration committee of The Crown Estate. She has significant board level experience and is currently on the board of St Modwen Properties plc and LiveWest Housing.

Image removed

Louise Fowler

Non-Executive Director

Appointed

June 2019

Skills and experience

From beginning her career at British Airways before moving into financial services with Barclays and the Co-operative Banking Group, Louise has achieved 25 years' marketing, customer and digital experience at a senior level in the travel and financial services industries.

In recent years, she has been working as an independent consultant for well-known consumer brands such as the Post Office, First Direct and M&S furthering her skills in branding and developing strategy through customer focus.

With her significant experience in promoting and developing a coherent business culture, Louise was ideally placed to take over Board responsibility for employee engagement.

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Orla Ball

Company Secretary

Appointed

April 2015

Skills and experience

Orla is a lawyer, qualified Chartered Secretary and an Associate of ICSA whose skills include corporate governance and managing legal risk. She qualified as a solicitor with Eversheds Manchester and gained significant legal, mergers and acquisitions and capital markets experience working as a corporate lawyer for over 14 years.

Orla's move in-house to Braemar Group plc, subsequently acquired by Brooks Macdonald plc, provided her with real estate skills as she looked after the legal matters for its property management and property funds business.

Orla is Head of Legal for the Group, Chair of the Risk Committee and a member of the Executive Committee.

Board of Directors continued

Time commitments and independence

Other directorships of the Board members are set out on pages 72 to 73. Executive Directors would be permitted to serve on one other Board if this would not interfere with their time commitment to the Company. At present, neither of the Executive Directors holds any Non-Executive Director positions.

The Board regularly considers the independence of our Non-Executive Directors and all Directors are required to declare any relationships or interests which may constitute a conflict of interest at the commencement of each Board meeting.

Re-election of Directors

In accordance with Corporate Governance best practice, it is the Company's policy that all Directors will submit themselves for re-election at the 2020 AGM and the Notice of AGM will explain why their contribution remains important to the Company's long term sustainable success.

In order to deliver the Group's purpose and strategy, the Board believes the following mix of skills within our leadership team is required:

Skills and experience

	Number of Non-Executive Directors (including the Chairman)	Number of Executive Directors
Executive and strategic leadership	4	2
Financial accounting, reporting or corporate finance	2	2
Property development, investment or real estate management	2	2
Governance and compliance	4	2
Social impact, people or charities	3	2
Health and safety, risk management or internal controls	2	2
Investor relations and engagement	2	2
Prior remuneration committee experience and or experience in remuneration	3	2

Committee meetings attendance

	Board	Audit	Rem	Nom
Ed Smith	6/6	4/4	5/5	3/3
Jonathan Murphy	6/6	4/4	5/5	3/3
Jayne Cottam	6/6	4/4	5/5	3/3
Jenefer Greenwood	6/6	4/4	5/5	3/3
Jonathan Davies	6/6	4/4	4/5	3/3
Louise Fowler*	4/5	3/3	3/4	3/3
David Richardson**	2/2	1/1	2/2	1/1

* appointed June 2019

** retired July 2019

Key Board activities

Image removed

Image removed

Image removed

Victoria Park Medical Centre
Top – landscaped sustainable drainage wetland area

The Men's Shed
Middle – Healthy Communities grant recipient

West Gorton Medical Centre – Greater Manchester

Logo removed

Social impact strategy – sixbysix

The Board commissioned management to look at developing a responsible business strategy in March 2019, recognising that a strong social purpose was critical to maintaining trust and confidence with key stakeholders and that the business was uniquely placed to make a genuine positive impact on the communities our occupiers serve.

The Board discussed the strategy again in September 2019, agreeing the bold ambition for the Group to become the 'UK's leading listed property business for long-term social impact' and endorsing high level goals around our buildings, our operations, our people, our communities and our investors.

The Board also approved the establishment of the Assura Community Fund which will build on the work we've already done through our Healthy Communities grant scheme since 2017. The Fund will begin distributing millions of pounds into health-improving projects in the communities around our buildings this summer.

The Social Impact Committee was created in September 2019 and reported to the Board in January and March 2020 on the high level objectives to advance the simple aim of improving the healthcare buildings used by more than six million patients by 2026. The Committee are developing the KPIs to track delivery of these objectives against which they will regularly report to the Board.

Key Board activities continued

Making the right strategic decisions

The Board factors our stakeholders, the long-term impact on the business and the impact on the environment into all our decisions in line with its duties under s172 Companies Act 2006.

In May 2019 the Board approved the acquisition of the business of GPI Limited, a third-party primary care development company.

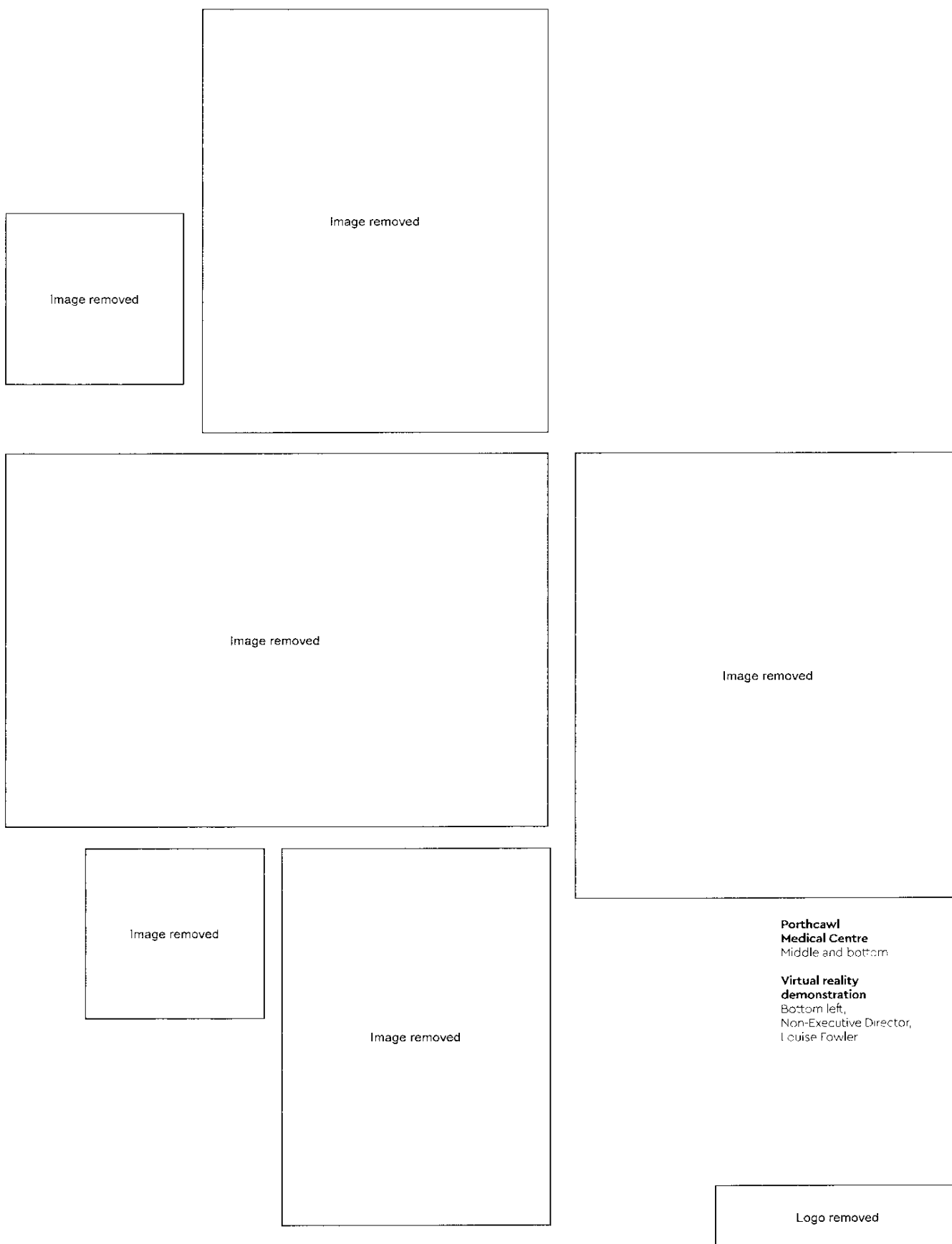
The Board considered that this acquisition would be beneficial to the Group's long-term strategy of becoming the number one listed business for social impact, as GPI had a significant pipeline of primary care development opportunities which complemented our development pipeline of high quality community based schemes and four experienced development surveyors whose skill sets would strengthen the skills of our development team.

The GPI staff shared our high standards and culture and were extremely positive about joining us. In considering their interests no measures were proposed for their transfer and they moved across on their existing contract terms. They have since integrated seamlessly into our team.

Extensive due diligence was carried out on the pipeline to ensure its viability for shareholders and that the schemes presented no adverse environmental impact. The Board noted that the acquisition would secure the ongoing workstreams for the GPI suppliers including building contractors and architects.

However, the overriding consideration for the acquisition was that the pipeline of proposed schemes would create outstanding spaces for health services in our communities.

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Key Board activities continued

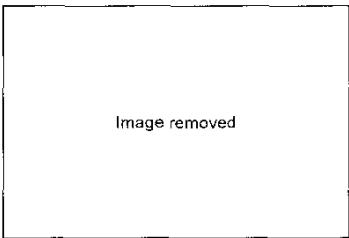
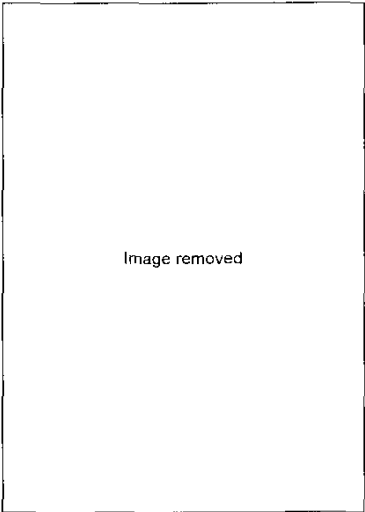
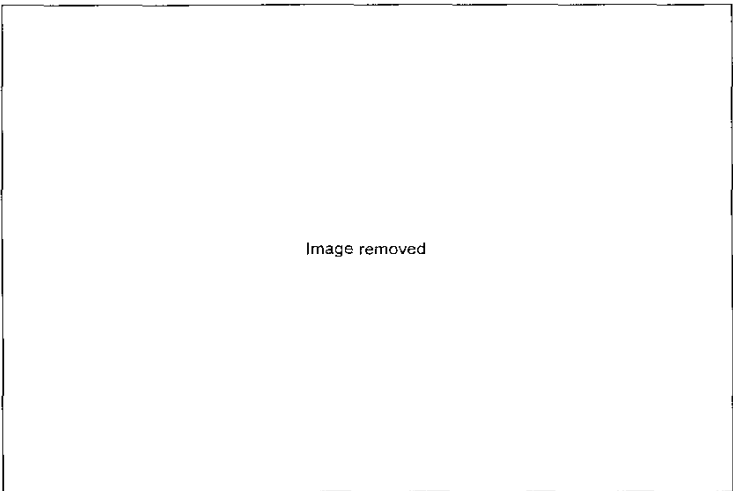
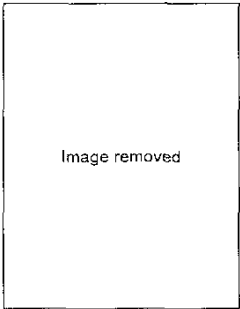
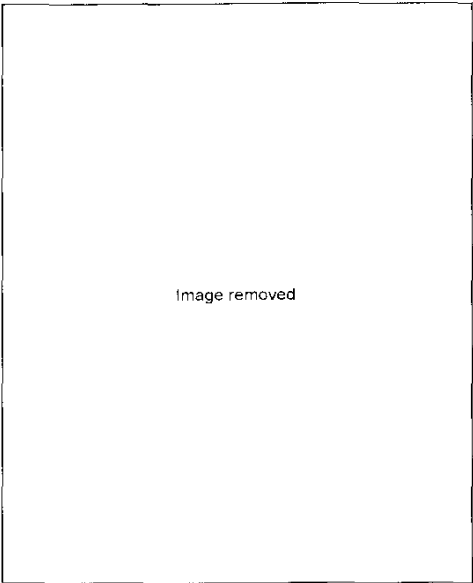
Shareholder engagement

The Board embraces open dialogue with shareholders and works with its stockbrokers Stifel and JP Morgan Cazenove to ensure that an appropriate level of communication is facilitated through a series of investor relations activities, including regular meetings between the Executive Directors, institutional investors, sales teams and industry/sector analysts, as well as regular advice from KPMG Makinson Cowell. Details of the investor relations programme over the year is shown on page 48.

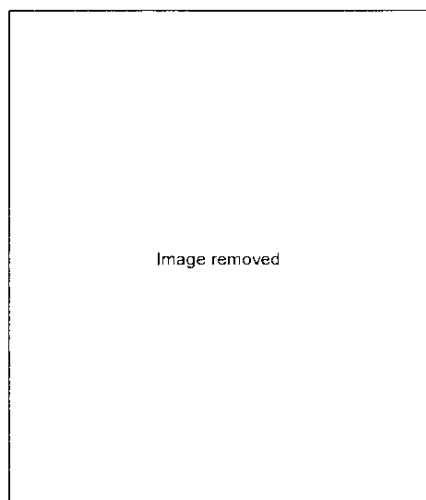
We have increased IR reporting to the Board with a dedicated slot at each Board meeting where feedback from these meetings is regularly discussed in order to ensure that all Board members, and Non-Executive Directors in particular, develop an understanding of the views of major shareholders and of the market in general.

This year the Chairman also offered direct meetings to our largest shareholders and this allowed the Chairman to directly hear their views and feed these views back to the Board. The Chairman found these discussions very useful as they covered current strategy, the NHS and the importance of social impact

Committee Chairs consult with shareholders on appropriate matters, although no consultations were completed in the current year.



Employee engagement



Our business has people at its heart; we are very conscious of the social impact we have as an organisation with our primary purpose being to create outstanding spaces for health services in our communities.

Louise Fowler
Non-Executive Director

A letter from Louise Fowler

I joined the Board in June 2019 and was delighted to be asked to take on the role of NED with responsibility for employee engagement as this is something I have always valued in my business life. This was not a new role to Assura; David Richardson had pioneered this role for the Company following the introduction of the 2018 Code, laying some excellent foundations, but I and my Board and executive colleagues are passionate about taking our employee engagement and satisfaction further.

Our business has people at its heart; we are very conscious of the social impact we have as an organisation with our primary purpose being to create outstanding spaces for health services in our communities. We are launching our social impact strategy setting out our ambition that six million people will benefit from improvements to our healthcare buildings by 2026. This is a big ambition. We know that we can have a significant impact on the lives of ordinary people and for us it is not just what we do but how we do it that matters. Our people are all highly skilled professionals and they are encouraged to collaborate and innovate as well as to develop their own skills better. For example, every employee has the opportunity to develop a long term personal development plan which aims to enable them to achieve their career goals.

Internal communications and engagement requires a constant focus and effort at all levels in the Company. The Board and Executive Team set the tone from the top, and in line with our culture of being genuine, collaborative, listening and learning and encouraging others, we work hard to ensure we are approachable and communicative. I meet regularly with a cross-functional, cross-hierarchical team of colleagues which we call "The Voice". Representatives on The Voice are responsible for gathering views from their colleagues and team-mates to identify current hot topics or issues, and to feedback the discussion from the group. I particularly value the very proactive and positive approach my Voice colleagues have, often bringing their own suggestions and solutions for consideration. I am responsible for updating the Board on the key issues affecting the workforce, which informs our decision making and often prompts action or change as a result.

At our most recent Voice sessions, health and wellbeing has been highlighted as being high on colleagues' agendas, this having been a particular focus during the COVID-19 – enforced remote working. We are exploring ways in which the Company can positively support all our staff in maintaining both physical and mental health. We had already made great progress in introducing flexible working patterns to some staff before we had even heard of COVID-19 and the speed and professionalism with which colleagues have rolled out remote and flexible working in the national lockdown has been truly awe-inspiring. We have also discussed employee rewards and how all colleagues might be able to share in the success of the growing company, have more flexible benefits and ensure the performance-related element of their reward is as effective and consistently managed as possible.

We entered the "Best Companies" survey this year and we were delighted to be awarded one star at the first time of entering. Over 90% of colleagues completed the survey and 67% showed high levels of engagement and satisfaction at work. The survey also highlighted our open culture and the approachability of the senior management, however we will always strive for excellence and there is always room for improvement. This year we will be exploring internal communication, wellbeing and my team.

Assura is a growing business with a critical role to play in contributing to the communities we serve; all our people play a vital role in that and I see a key part of my position on the Board as supporting colleagues and employees to be the absolute best they can be in what they do, day-in and day-out, to continue to deliver our long-term sustainable success and to deliver against our social impact ambition.

Nominations Committee Report

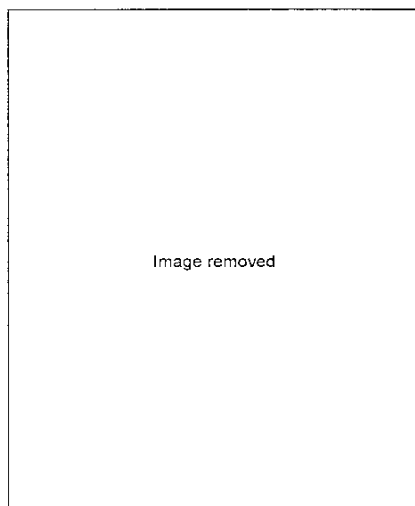


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Committee members

- Ed Smith, CBE (Committee Chair)
- Jenefer Greenwood, OBE
- Jonathan Davies
- David Richardson (until July 2019)
- Louise Fowler (from June 2019)

Attendance*

3/3
3/3
3/3
1/1
2/2

* out of the maximum possible meetings

Additional attendees*

- Orla Ball – Company Secretary
- Jonathan Murphy – CEO

* as appropriate

Meetings in the year:

3

Terms of Reference

<https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies>

Dear Shareholder

The Committee continues to play a crucial role in supporting Assura's strategy by ensuring the Board and its Committees have an appropriate balance of skills, experience and knowledge, with succession plans in place, maintain a diverse pipeline for board and senior management positions and a robust evaluation process to ensure the Board and Committees are working effectively.

Board composition

Appointment of Jonathan Davies as Audit Committee Chair and SID

Jonathan Davies joined the Board in June 2018 and was appointed chair of the Audit Committee and Senior Independent Director when David Richardson stepped down at the conclusion of the AGM in July 2019.

Appointment of Louise Fowler, NED for employee representation

In March 2019 we appointed recruitment firm Russell Reynolds Associates to assist with the search process for another Non-Executive Director with complementary skills to further strengthen our Board. Russell Reynolds Associates had been engaged on the appointment of Jonathan Davies and have no other connections with the Group or any members of the Board.

The Committee agreed the recruitment brief requesting that the candidate have a core skill set in marketing, business development or technology alongside complementary experience in commercial, customer centric business and organic growth. The position was open to those with no previous Non-Executive Directorship experience but who would be attracted by our purpose, values and wider social strategies and diversity in its broadest sense was encouraged. Russell Reynolds carried out an extensive external search process from which they identified a long list of potential candidates for the Committee to review and, from this, a shortlist was selected. The Committee then interviewed a number of these candidates.

In May 2019, the Board appointed Louise Fowler on the Committee's recommendation and agreed that she should become the designated Non-Executive Director for employee representation which she subsequently did when David Richardson retired at the conclusion of the 2019 AGM.

Induction of Louise Fowler

On appointment, new Directors undertake a full, formal and tailored induction programme. Training needs are reviewed annually as part of the Board evaluation. Each Board member is permitted to take professional advice on any matter which relates to their position, role and responsibilities as a Director at the cost of the Company, and have access to the advice and services of the Company Secretary.

Non-Executive Director induction process

Following the appointment of Louise Fowler as Non-Executive Director, the following induction was carried out:



Succession planning

The Committee maintains regular focus on succession planning for both Board and senior leadership roles. Our talent pipeline of high performing individuals are identified as part of the annual appraisal process. We began recruitment for the role of Group Financial Controller in July 2019. External candidates were considered for the role. However, it was concluded that the strongest candidate was Owen Roach, who was an existing employee. Owen was identified as a high performing individual with strong financial and commercial skills and an in-depth understanding of the business.

Diversity

The Board believes that a diverse workforce and management team improve the performance and culture of the organisation and add value to the business as a whole. Russell Reynolds Associates were tasked with searching for possible Non-Executive Director candidates who could increase the diversity of the Board.

Female representation on the Board has improved to 50% from 33% last year with the appointment of Louise Fowler and I am delighted to report that the Group moved from 43rd to 4th in the Hampton-Alexander Review – FTSE 250 Rankings Women on Boards and in Leadership, ranking 4th for Women on Board and 8th for FTSE 250 combined Executive Committees and their Direct Reports.

Diversity overview

The Committee will continue to consider gender and wider aspects of diversity such as industry experience, nationality, disability and age when recommending any future Board appointments and recruitment firms are instructed to include a diverse list of candidates for the Committee's consideration. Final appointments will always be made on merit.

Further details of our employee policies to promote equality and diversity can be found on pages 46 but in summary this year we have:

- signed up to the Race at Work Charter and appointed Louise Fowler to act as sponsor
- started capturing accurate employee equality and diversity data
- under our social impact strategy, set a goal to improve the gender diversity of managers at all levels within the organisation
- reviewed employee satisfaction by gender in the recent Best Companies survey (equal levels)
- Improved flexible working within the organisation with almost one quarter of employees currently working part time or flexibly.

External Board evaluation

The externally facilitated Board review carried out by Weva Limited – a specialist board and leadership consultancy which has no connections with the Group or the Board members – in 2018 developed a Board effectiveness framework ("the Framework") under the specific headings:

- Outside World
- Creating the Future
- Board Team Effectiveness
- Nurturing Identity
- Managing the Present

The review recommended that the Board consider a number of areas to build on or develop as part of its approach to continuous improvement. The Board accepted these recommendations and agreed an action plan which has now been substantially completed.

In particular the Board has:

- agreed a statement of the Board's purpose to ensure Assura's long-term, sustainable success by collectively directing the Company's affairs as it strives to create outstanding spaces for health services in our communities and become the number 1 listed property business for long-term social impact and agreed that its legacy should be as a dynamic partner to the NHS and leading social impact business, playing a key role in modernising and improving community healthcare whilst delivering consistent long-term shareholder returns
- actively supported Assura's social purpose and its sixbysix ambition as described more fully on page 14.
- commissioned management to produce a clear articulation of our business model to explain how value is created over time
- tasked management with developing a formal stakeholder engagement strategy to manage external risks and opportunities around delivery of strategy.
- scheduled regular Board development sessions to explore new insights and ideas, develop skills and build Board dynamics, for example a recent Board dinner included a verbal presentation on the impact of technology and digital GP consultations

-- The Board carried out a self-evaluation this year with assistance from Weva Limited and the results show that the Board is committed to strengthening its effectiveness across all areas of the Framework with a focus on continuous improvement. A questionnaire was compiled by the Company Secretary and the external facilitator to cover all areas of the Framework. Each Board member scored the perceived strength of the Board and its Committees in each area and added commentary if they wished. The external facilitator interviewed me and the Company Secretary to assess how effectively the Board and its Committees were operating, collated the scores from the questionnaire and together with the Company Secretary reported back to the Board anonymising the comments.

Recommended actions from the self-evaluation include:

Outside World

Build understanding of external stakeholder perspectives.

Creating the Future

Review strategy in light of stakeholder perspectives.

Board Team Effectiveness

Review ways to increase Board diversity through succession planning.

Nurturing Identity

Identify ways to measure culture and continue engagement with staff.

Managing the Present

Develop performance metrics to measure delivery of strategy.

These actions will be progressed this year and the Framework will be regularly considered at Board meetings to identify any required changes in focus or priority.

Ed Smith, CBE

Chair of the Nominations Committee
20 May 2020

Audit Committee Report

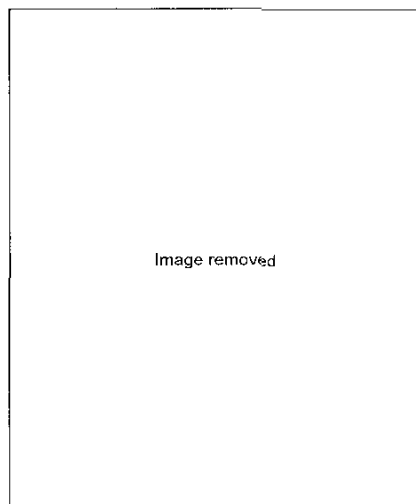


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Committee members	Attendance*
– Jonathan Davies (Committee Chair) (from July 2019)	4/4
– Jenefer Greenwood, OBF	4/4
– Louise Fowler (from June 2019)	3/3
– David Richardson (until July 2019)	1/1

* out of the maximum possible meetings

Additional attendees*

- Deloitte LLP
- Savills Commercial Limited and Jones Lang LaSalle
- KPMG LLP as internal auditor
- Ed Smith, CBE – Non-Executive Chairman
- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- David Purcell – Head of Financial Reporting
- Owen Roach – Group Financial Controller

* as appropriate

Meetings in the year:

4

Terms of Reference

<https://www.assuraplc.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies>

Dear Shareholder

This is my first year as Chair of the Audit Committee ("the Committee") and I have pleasure in setting out below the formal report on its activities for the year ended 31 March 2020.

The Committee comprises myself and the two other Non-Executive Directors and I confirm that I have recent and relevant financial experience as CFO of SSP Group plc. We met four times in the year and the key matters considered by the Committee at each meeting were as follows:

May 2019

- Reviewed the external portfolio valuations for the financial year ended 31 March 2019
- Received a report from Deloitte on the audit and the annual report and accounts
- Reviewed use of Deloitte for non-audit work and confirmed their independence
- Reviewed the draft annual report and accounts
- Considered the impact of IFRS 16 on the business
- Reviewed the going concern statement and assumptions
- Reviewed the viability statement and assumptions
- Reviewed the external auditor performance

November 19

- Reviewed the half year external portfolio valuations
- Reviewed the interim report and accounts and auditor's report
- Carried out a detailed review of going concern
- Received reports from the internal auditor on internal processes reviewed
- Confirmed compliance with REIT tests, considered property income distributions and nominated Jayne Cottam as HMRC Senior Accounting Officer
- Reviewed the accounting treatment for the acquisition of the GPI business

January 20

- Approved the agenda items and schedule of Committee meetings for the upcoming calendar year
- Approved the terms of reference for the Committee
- Reviewed the quarterly valuation
- Approved the treasury counterparties
- Received an update on progress of actions recommended by internal audit and approved the processes to be reviewed by internal audit this calendar year

March 20

- Reviewed use of Deloitte for non-audit work in line with non-audit fees policy and reviewed auditor's independence
- Approved the external audit plan and fee
- Received a report on the Risk Committee activity for the year, reviewed principal risk movement and approved the risk section of the annual report
- Received an update on cyber risk
- Received an internal audit update
- Approved the draft viability statement

Audit meetings are held in advance of the Board meeting and I provide a report to the Board of the key matters discussed giving the Board the opportunity to consider any recommendations proposed by the Committee.

Fair, balanced and understandable assessment

The Committee performed a detailed review of the content and tone of the annual report and half year results and has satisfied itself that there are robust controls over the accuracy and consistency of the information presented, including comprehensive reviews undertaken by the Board, senior management and the auditors. Accordingly, the Committee has advised the Board that the annual report taken as a whole is "fair, balanced and understandable" and provides the information necessary for the shareholders to assess the Company's position and performance, business model and strategy.

Significant financial reporting matters

During the year the Committee reviewed the following significant financial reporting judgements:

- Valuation of investment properties, including those under construction – valuations and yields are discussed with management and benchmarked against comparable portfolios. The two external valuers, Savills and JLL, presented and discussed their findings with the Committee. Deloitte separately discuss the valuations and the assumptions they are based on with the valuers. The Committee considered the impact of COVID-19 on the reported basis of valuation, as described in Note 2 to the accounts on page 116.

- Validity of the going concern basis and the availability of finance going forward – the Committee considers the financing requirements of the Group in the context of committed facilities and evaluates management's assessment of going concern and the assumptions made. The external auditor also reports to the Committee following its review. The going concern statement which confirms the going concern status of the business despite the current situation with COVID-19 is on page 19.
- Viability statement – the Committee considered the viability statement proposed for inclusion in the annual report and the supporting analysis produced by management. The statement was approved for inclusion in the 2020 report and appears on page 66. The Committee reviewed the period covered by the viability statement and continues to be of the view that a five-year period remains the most appropriate timespan in this regard and the business is still viable despite the current situation with COVID-19.

Other financial reporting matters

In addition to the significant financial reporting matters discussed above, the Committee considers other financial reporting matters as and when they arise to ensure appropriate treatment in the accounts, receiving appropriate briefings on emerging regulations and standards from management and Deloitte.

During the year this included the following:

- Consideration of IFRS 16 – the revised accounting standard for leases. The Committee concluded that IFRS 16 will not make a material change to Assura's financial statements with an estimated balance sheet impact of £3.8m increase in both assets and liabilities and £0.3m of non-recoverable operating lease cost going through the income statement which will be replaced with finance lease interest under IFRS 16.
- Consideration of the whether the acquisition of the GPI business transaction should be accounted for under IFRS 3 Business Combinations, or the purchase of individual assets, concluding that we have purchased a collection of assets so it should not be accounted for under IFRS 3 Business Combinations.

We are satisfied that there were no matters arising from any of the above that we wish to draw to the attention of the shareholders.

Risk and internal controls

The Committee is aware of the Code's requirements in relation to risk and the monitoring of internal control systems and the risk assessment and internal control processes are a key consideration of the Committee. The Board has established a framework of prudent and effective controls which enable risk to be assessed and managed as set out on page 70. During the year the Committee received minutes from the meetings of the Risk Committee, reviewed the principal risk register and monitored the Group's risk management and internal control systems including in relation to Brexit and COVID-19. The Committee has not identified any significant failings or weakness in these control systems during the year. The risk report is set out in full on pages 54 to 59.

The Group's internal control systems are codified in policies and procedures which are regularly reviewed and include a detailed authorisation process, formal documentation of all transactions, a robust system of financial planning (including cash flow forecasting and scenario testing), regular financial reporting and reports to the Board from the CEO and CFO and on specialist risks including tax, and a robust appraisal process for all property investments. Changes to internal controls, or controls to respond to changing risks identified (for example in the current COVID-19 situation in respect of cyber risk and remote working), are addressed by the Risk Committee with appropriate escalation to the Audit Committee as required.

Internal audit

The Committee appointed KPMG as internal auditor to complete reviews of specific internal processes on a rolling basis. The Committee agreed that the processes to be reviewed last calendar year were cyber security, payroll and accounts payable. The Committee received detailed reports on the work completed and the KPMG internal audit partner attended Audit Committee meetings to present their findings and answer questions. Improvements were identified for each of these processes which have now been substantially implemented. The Committee has agreed that the processes to be reviewed this calendar year are development controls, financial close and reporting and IT general controls.

Save for commissioning specific processes for review, the Committee is satisfied that the correct level of control and risk management within the business adequately meets the Group's current needs.

Audit/non-audit fees payable to external auditor

The fees paid to the external auditor are disclosed in Note 4(a) to the accounts, and the policy for non-audit services is in the Audit Committee Terms of Reference available on our website. The external auditor did not provide any non-audit non-statutory services in the financial year ended 31 March 2020.

Effectiveness of external audit process

The Committee assessed the effectiveness of the external audit process, initially reviewing and challenging the audit planning memorandum prepared by Deloitte and then monitoring fulfilment of this plan. The audit was carried out remotely as the head office closed in March due to COVID-19 but this did not impact the audit process in any material way. The Committee received regular feedback from management on the service and support provided by Deloitte, had a meeting at the end of the audit to discuss judgements and concluded that the external audit was carried out efficiently and effectively with objective, independent challenge. Accordingly, the Committee recommends Deloitte's re-appointment at the 2020 AGM.

Deloitte was appointed following a competitive tender in March 2012 and the latest date by which the Company is required to tender the role of external auditor is for the financial year beginning 1 April 2022. The Company proposes to undertake a competitive audit tender in the financial year beginning 1 April 2021. There are no current intentions to conduct an audit tender in the next 12 months.

We receive regular updates on potential regulatory changes affecting the audit industry and are assessing their impact on the Company and the work of the Committee.

Jonathan Davies

Chair of the Audit Committee
20 May 2020

Directors' Remuneration Report

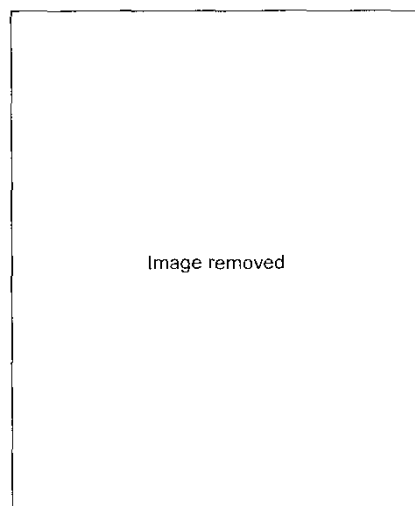


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Committee members	Attendance*
– Jenefer Greenwood, OBE (Committee Chair)	5/5
– Ed Smith, CBE	5/5
– Jonathan Davies	4/5
– Louise Fowler (from 3 June 2019)	3/4
– David Richardson (to 2 July 2019)	2/2

* out of the maximum possible meetings

Additional attendees*

- Jonathan Murphy (CEO)
- Orla Ball (Company Secretary)
- Korn Ferry

* as appropriate

Meetings in the year:

5

Terms of Reference

<https://www.assurapl.com/investor-relations/shareholder-information/sustainability-and-corporate-governance-policies>

Annual Statement

Dear Shareholder

On behalf of the Board, I am pleased to introduce the Directors' Remuneration Report for the year ended 31 March 2020.

This report is split into three parts:

- This **Annual Statement** – in which I explain the work of the Remuneration Committee during 2019/20 and the key decisions taken during the year;
- A summary of the **Directors' Remuneration Policy** – which was approved by shareholders at the AGM on 2 July 2019, and which was in force for the year under review; and
- The **Annual Report on Remuneration** – which details the link between Company performance and remuneration and includes payments and awards made to the Directors for 2019/20 and information on how the Remuneration Policy will be implemented for 2020/21.

At the AGM to be held on 7 July 2020, you will be asked to approve an advisory resolution covering this Annual Statement and the Annual Report on Remuneration.

Remuneration for 2019/20

The Remuneration Policy approved at last year's AGM followed a detailed review by the Remuneration Committee of what was required to ensure a close link between Assura's strategic priorities and pay for the Executive Directors and best/market practice. We undertook an extensive consultation exercise with major shareholders and proxy advisory bodies and we were pleased to receive the support of an overwhelming majority of shareholders at the AGM for the new Policy.

The changes introduced in the new Policy were detailed at length in my *Annual Statement introducing last year's Remuneration Report*. In brief, we avoided radical change and instead focused on enhancing our previous structures by, for example, streamlining our approach to bonus deferral and requiring all future PSP awards to include a compulsory two-year post-vesting holding period. In recognition of salaries for both Executive Directors being significantly below market, we included within the Policy the potential for annual salary increases to be higher than that of the general workforce, but subject to a cap. We also reduced the maximum pension provision for Directors to 13.5% of basic salary.

In recognition of the fact that overall remuneration for both Executive Directors was well below market for companies of a similar size, we also increased the annual bonus potential to 125% of basic salary for the CEO and to 100% of basic salary for the CFO.

During 2019/20, our short and long-term incentive schemes were operated in line with the new Policy and with performance metrics that are clearly linked to the delivery of Assura's strategic objectives.

The annual bonus scheme for the year had fewer performance measures than in previous years, to reduce complexity and enhance the focus on areas of particular importance. We assessed our financial performance against three key measures for the business, namely total accounting return, EPRA earnings and growth in total contracted rental roll. For a separate element of the bonus we measured management's success in instilling a culture of operational excellence across the Group. We also set individual objectives for both Executive Directors linked to specific areas of their responsibility.

We assessed performance after the year end, and determined that the CEO and CFO had earned bonuses of 59% of salary and 45% of salary respectively. Details of the targets employed during the year and the extent of achievement against them are set out in the Annual Report on Remuneration. For this year, we have provided additional detail on the specific non-financial objectives used and the performance achieved.

For the PSP, we measured TSR and NAV performance over the three-year period to 31 March 2020 to determine the level of vesting for the award granted in 2017 to Jonathan Murphy and in early 2018 to Jayne Cottam (this award having been made following her appointment to the Board). The TSR target was met in full and the NAV target was partially met. Taking into account this level of performance, the Committee agreed that the PSP awards will vest at a level of 64%. In line with the Remuneration Policy that applied at the date of grant, (i) Jonathan Murphy's vested shares will not be subject to a two-year post-vesting holding period as at the time of vesting he will have satisfied his shareholding requirement, but (ii) Jayne Cottam's vested shares will be subject to a two-year post-vesting holding period as she has not yet built up the required shareholding (with it noted that the Remuneration Policy approved in 2019 requires a post-vesting holding period for all shares that vest under awards made from 2019 onwards).

No discretion was exercised by the Committee in deciding upon the level of bonus payout or PSP vesting for 2019/20.

Our plans for 2020/21

We have reviewed all aspects of the remuneration package for the Executive Directors for the year ahead.

The basic salaries of the Executive Directors were reviewed, with the Committee initially agreeing increases for both the CEO and CFO at levels above inflation and above the wider workforce average (but within the cap set out in the Remuneration Policy), to help narrow the gap with the wider market. We subsequently reviewed this in light of the broader market uncertainties triggered by the COVID-19 outbreak, and agreed upon an inflationary increase of 1.8% with effect from 1 April 2020. We will, however, revisit this later in the financial year and may implement a mid-year increase depending on circumstances at the time. The Committee continues to be concerned that the salaries for the CEO and CFO are materially below mid-market levels when compared to other companies of Assura's size, and do not sufficiently reflect their contribution to the business. Any mid-year increase will be subject to the limit on increases set in the Remuneration Policy.

The bonus scheme will operate in a similar fashion to 2019/20, with performance assessed against a mix of financial and non-financial metrics. The specific targets are considered commercially confidential at the current time but will be disclosed in next year's Annual Report on Remuneration. The Committee will continue to have the discretion to determine the appropriate bonus amount based on a rounded assessment of performance at the end of the year. The maximum bonus opportunity will remain at 125% of basic salary for the CEO and 100% of basic salary for the CFO.

The only change we are making from last year is that a portion of the CEO's bonus will be judged against the success of Assura's initiative to make the Group's social impact a key point of differentiation for the business, as demonstrated by the £2.5m Assura Community Fund announced in April 2020.

We intend to make another PSP grant in 2020 at a level of 150% of basic salary for both the CEO and the CFO. The performance metrics will be a mixture of TSR, EPS and targets linked to Assura's long-term performance on critical ESG measures, split equally and measured over the three-year performance period to 31 March 2023. The introduction of the ESG element is intended to ensure management focus on developing Assura's social impact strategy and continuing to improve environmental performance. A two-year holding period will apply to any vested awards. The specific targets are set out on page 100.

The Committee believes that the combination of measures used for the bonus scheme and the PSP continues to ensure a clear link between a number of key strategic objectives and Executive Directors' remuneration. We have carefully considered the extent to which incentives are linked to ESG matters which, quite rightly, are being focused on more closely by shareholders and wider stakeholders. ESG is inherent to Assura's business: the Company's core purpose is to create outstanding spaces for health services in our communities. This has a clear benefit to society as a whole, a theme which is being emphasised with increased focus across the business. The Company is also committed to developing buildings which are designed with sustainability in mind, with the environmental impact of new buildings considered from the outset. Assura has an excellent record of achieving high BREEAM ratings on its in-house developments and the Board and management remain committed to this continuing.

As such, the Committee believes that the success of Assura as a business – as measured by the metrics used in the incentive schemes – will represent a positive ESG outcome. We have also linked some elements of remuneration more directly to ESG. For example, for 2019/20 the personal objectives for the CEO's bonus included an element based on the development of a responsible business strategy. In addition, as noted above, for 2020/21 we have made further changes to emphasise the importance of our social impact goals. These measures are crucial to Assura and to our shareholders and we will continue to consider how we can address these matters through remuneration in future years.

The Committee intends to undertake a review of its approach to long-term incentive provision for the CEO and CFO during the course of the year. This follows a review already undertaken of long-term incentive provision for the members of the Executive Committee (excluding the Executive Directors) during the year under review. Shareholder approval will be sought at the 2021 AGM for any changes to the existing Remuneration Policy that may be required following the Committee's review (with a prior consultation undertaken if considered necessary).

Regulatory developments

During the year the Committee kept a close watching brief on relevant regulatory developments and has sought to ensure that reporting on pay is aligned with the evolving expectations of institutional investors. For example, although Assura does not have 250 UK employees, and is thus not legally required to publish the CEO pay ratio, the Committee has decided to provide this information on a voluntary basis, in line with best practice. The ratio is set out on page 99, alongside the supporting detail as required by the relevant regulations. The median pay ratio, at 21:1, reflects the differentials between the CEO's remuneration for 2019/20 (as determined by the "single figure" of his pay) and that of the employee identified at the median within the organisation. A significant portion of the CEO's pay for the year represents the value of the PSP award which vested at 64% (as set out above), and the size of the pay ratio is influenced by the employee at the median not participating in the PSP. This is reflective of an approach which recognises that while Executive Directors should be provided with market-relevant incentives linked to aligning their interests with those of shareholders, such incentives are not appropriate at all levels of the business. At the same time, we

Directors' Remuneration Report continued

believe that the incentives for the Directors should not result in rewards which are excessive when compared to pay levels throughout the organisation.

We have also sought to comply with the provisions of the 2018 UK Corporate Governance Code, which formally applied to Assura for the 2019/20 financial year. As noted last year, we developed the Directors' Remuneration Policy with the Code very much in mind, and we believe that in all material respects the Policy and its implementation are aligned with the Code (save where indicated below). The Policy and its implementation are consistent with the six factors set out in Provision 40 of the Code:

- **Clarity** – our Policy is well understood by our management team and has been clearly articulated to our shareholders and representative bodies;
- **Simplicity** – the Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, one of the Committee's objectives is to ensure that our executive remuneration policies and practices are straightforward to communicate and operate;
- **Risk** – our Remuneration Policy is designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both short- and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets, (ii) the significant role played by equity in our incentive plans (together with shareholding guidelines) and (iii) malus/clawback provisions;
- **Predictability** – our incentive plans are subject to individual caps, with our share plans also subject to market standard dilution limits;
- **Proportionality** – there is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by incentive/'at-risk' pay, together with the structure of the Executive Directors' service contracts, ensures that poor performance is not rewarded; and

- **Alignment to culture** – our executive pay policies are fully aligned to Assura's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against our targets that directly underpin the delivery of our strategy. The incentive schemes are aligned with our strong performance culture and, as noted above, are linked to a strategy to support the clear social purpose of Assura's business.

In line with the Code, the Committee has also reviewed workforce remuneration and related policies. Assura is a relatively small company in terms of headcount and there is a significant degree of alignment between the remuneration for our Executive Directors and that for the wider team. For example, we operate bonus schemes throughout the organisation to ensure there is a link between performance and individual reward for all employees. We propose to further broaden equity ownership throughout the business by introducing an all-employee Share Incentive Plan at an appropriate time, for which shareholder approval will be sought at the AGM. We will communicate the potential benefits of this arrangements to employees and we hope to see a good level of interest and take-up when it is launched.

One of the members of the Committee, Louise Fowler, is the designated Non-Executive Director for engagement with the workforce and has had a number of discussions with employees on wider matters of interest. As recommended by the Code, this process will be extended to cover executive remuneration issues.

There are two areas of non-compliance with the Code. First, under Code Provision 38, the pension contribution rate for the current Executive Directors remains higher than the rate applicable to the majority of the wider workforce (currently 6%). We do not propose to reduce the current Director rate at the present time as it remains relatively low compared to practice across FTSE 250 companies, and fixed pay as a whole continues to be positioned conservatively at Assura. However, we will keep this matter under review for the duration of the period covered by the Remuneration Policy. As a reminder, for any new Executive Director the Policy specifies that pension contributions will be set at the wider workforce rate.

The second issue of non-compliance, relating to Code Provision 36, is that we have not introduced shareholding requirements to apply for a period of time following cessation of employment. The Committee believes that the Remuneration Policy as currently structured provides for sufficient alignment between Executive Directors and investors. For example, the three-year performance period and two-year post-vesting holding period in the PSP ensures that participants in the plan have a clear long-term interest in the performance of the business. The holding period continues to apply in the event of departure, meaning that a link with future performance persists beyond termination. Directors' interests with shareholders are also aligned through the in-employment shareholding guideline which requires all Executive Directors to build a holding equivalent to a minimum of 200% of basic salary (300% in the case of the current CEO, as a previous beneficiary of the Value Creation Plan which operated prior to the introduction of the PSP). The Committee will keep under review the potential benefits of moving to a fully Code-compliant position on this matter in future years.

In conclusion

I trust you find this report helpful and informative. I look forward to your support for the advisory resolution at our forthcoming AGM. In the meantime, I would be delighted to receive any feedback or comments you may have on our approach.

Jenefer Greenwood

Chair of the Remuneration Committee
20 May 2020

At A Glance

What our Executive Directors earned during 2019/20

The following table provides a summary single total figure of remuneration for 2019/20. Further details are set out in the Annual Report on Remuneration.

£'000	Salary	Benefits	Bonus	Pensions	LTIs	Total
Jonathan Murphy	395	15	233	53	435	1,131
Jayne Cottam	222	13	100	30	123	488

How our Executive Directors will be paid in 2020/21

A summary of how the Committee intends to operate the Remuneration Policy for 2020/21 is as follows:

Component	Jonathan Murphy	Jayne Cottam
Base salary	£402,110 (Increased by 1.8% from 1 April 2020)	£225,996 (Increased by 1.8% from 1 April 2020)
Pension allowance (% of salary)	13.5%	
Annual bonus max (% of salary)	125%	100%
Annual bonus deferral	Any bonus payable over 100% of salary deferred into shares for two years	50% of any bonus deferred for two years until shareholding guideline is met
Annual bonus metrics	20% total accounting return, 20% EPRA earnings, 20% totalised contracted rental roll, 20% social impact (CEO only)/20% operational excellence (CFO only), 20% personal objectives	
PSP (% of salary)	150%	
PSP Performance Conditions	33% TSR, 33% EPS and 33% key ESG measures	
Post vesting holding period	Two years	
Shareholding guidelines (% of salary)	300%	200%

Remuneration Scenarios for 2020/21

The charts on page 91 show how total pay for the Executive Directors varies under four different performance scenarios: Minimum; Target; Maximum; and Maximum with share price growth.

Directors' Remuneration Policy (Summary)

Policy scope

The policy applies to the Chairman, Executive Directors and Non-Executive Directors.

Policy duration

The policy was passed by a binding shareholder vote at the Company's Annual General Meeting on 2 July 2019 and became effective from that date. It will remain in place for three years unless approval for a new policy is sought. All payments to Directors during the policy period will be consistent with the approved policy.

Overview of Remuneration Policy

The Committee considers that the Group's remuneration policies should align to Assura's values and behaviours, encourage a strong performance culture and emphasise long-term shareholder value creation in order to be aligned with its shareholders' interests.

The policy was developed following an extensive review by the Committee in 2018 of the previous policy. This included consideration of the link between Assura's strategy and executive remuneration, developments in market practice and the expectations of institutional investors. Following this review, a set of proposals was developed which was then the subject of a comprehensive consultation exercise with major shareholders in late 2018 and early 2019. The proposals were refined as a result of feedback received and the policy presented for shareholder approval at the AGM in 2019. Throughout the policy period, the Committee keeps the policy and its implementation under review. The Committee will consult with major shareholders if it considers that a change to the policy is required.

Conflicts of interest are managed through the operation of existing governance procedures. The Committee is comprised of independent Non-Executive Directors and the Chairman of the Board. While Executive Directors may attend meetings of the Committee, they are not present when matters specifically relating to their own remuneration are discussed. The Committee receives advice on the remuneration policy from independent external advisers who are appointed by the Committee.

Directors' Remuneration Report continued

The policy has the following objectives:

- To develop a remuneration structure which supports the Company's strong performance culture and our key objective of creating long term shareholder value;
- To enable the Company to recruit and retain Executives with the capability to lead the Company on its ambitious growth path;
- To reflect principles of best practice; and
- To ensure our remuneration structures are transparent and easily understood both internally and externally.

The full policy was included in the Annual Report and Accounts 2019, available on Assura's website. A summary of the policy is set out below and on the following pages.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Fixed remuneration			
Base salary Core element of remuneration set at a level that recognises the size and complexity of the Company and, when combined with the performance based variable remuneration potential, can attract and retain Executive Directors of the quality to execute the strategy.	An Executive Director's base salary is considered by the Committee on appointment and then reviewed periodically or when an individual changes position or responsibility. Any changes normally take effect from 1 April each year. When making a determination as to the appropriate salary level, the Committee first considers remuneration practices within the Group as a whole and, where considered relevant, conducts objective research on the Company's peers. It should be noted that the results of any benchmarking will only be one of many factors taken into account by the Committee. Other factors include: - individual performance and experience; - pay and conditions for employees across the Group; - the general performance of the Company; and - the economic environment. No recovery provisions apply to base salary.	Any increase in salary for Executive Directors will take into account salary levels of comparable FTSE Real Estate companies and companies of comparable size and complexity. However, individuals who are recruited or promoted to the Board may, on occasion, have their salaries set below the targeted Policy level until they become established in their role. In such cases subsequent increases in salary may be higher than the average until the target positioning is achieved although the maximum increase in any year will be 7% above the general workforce increase.	None.
Benefits The Company provides benefits in line with market practice.	Executive Directors may receive a benefit package which includes: - health insurance; - death in service benefits; - company car allowance; and - other benefits as provided from time to time. Benefits are reviewed periodically to ensure that they remain market competitive. The payments are not included in salary for the purposes of calculating any benefit or level of participation in incentive arrangements. No recovery provisions apply to benefits.	Benefit values vary year on year depending on premiums and the maximum value is the cost of the provision of these benefits. The Committee will monitor the costs of benefits in practice and will ensure that the overall costs do not increase by more than the Committee considers appropriate in all the circumstances.	None.

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Pension The Company provides a level of pension contribution in order to be competitive and to ensure that it has the ability to recruit and retain Executive Directors.	Executive Directors may receive pension contributions to personal pension arrangements or a cash supplement. Pension-related payments are not included for the purposes of calculating any benefit or level of participation in incentive arrangements. No recovery provisions apply.	The maximum employer's contribution is 13.5% of base salary for the current Executive Directors. For any new Executive Director appointments to the Board, the Committee will look to align pension provision to general workforce levels.	None.
Performance-based variable remuneration			
Bonus Incentivises the achievement of a range of key performance targets that are key to the success of the Company.	Awards may be made annually. The performance period is one financial year. Pay-outs may be made in a mix of cash and deferred shares determined by the Committee following the financial year end, based on achievement against a range of financial and strategic targets. Where an element of bonus is payable as deferred shares, individuals may be able to receive a dividend equivalent in cash or shares equal to the value of dividends which would have accrued during the vesting period. 50% of any bonus is deferred into shares for two years where the shareholding guideline has not been met. Additionally any bonus payment above 100% of salary will be deferred into shares for two years. Bonus payments are not pensionable, but are subject to malus and clawback provisions.	The maximum annual bonus for Executive Directors is 125% of salary. At threshold performance 0% of maximum can be earned. The CEO has a maximum bonus opportunity of 125% of salary and an on-target level of 75% of salary. The CFO has a maximum bonus opportunity of 100% of salary and an on-target level of 56.25% of salary.	Performance measures are set annually based on a number of financial and strategic measures which may include (but are not limited to) for example: – delivering specific added value activities; – delivering financial goals; – improving operational performance; and – developing the performance capability of the team. The Committee has the discretion to vary the performance targets depending on economic conditions and Company-specific circumstances that may occur during the year. At the end of each financial year the Committee takes into account the Company's financial performance and achievement against key short-term objectives established at the beginning of the year. This involves establishing in advance what constitutes success for good, strong or outstanding performance. It is the Committee's approach to view the performance in the round at the end of the year, taking into account extraneous events and changing priorities, where relevant.

Directors' Remuneration Report continued

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Long-term incentives To motivate and incentivise delivery of sustained performance over the long-term, and to promote alignment with shareholders' interests, the Company operates the Performance Share Plan ("PSP").	Awards under the PSP may be granted as nil/nominal cost options or conditional awards which vest to the extent performance conditions are satisfied over a period of at least three years, with a two year post vesting holding period also applying. In exceptional circumstances, vested awards may also be settled in cash. PSP awards may be increased to reflect the value of dividends that would have been paid in respect of any ex-dividend dates falling between the grant of awards, and the expiry of any vesting period and any holding period. Clawback and malus provisions apply to PSP awards.	The PSP allows for awards over shares with a maximum value of 150% of base salary per financial year.	The Committee may set such performance conditions on PSP awards as it considers appropriate (whether financial or non-financial and whether corporate, divisional or individual). Performance periods may be over such periods as the Committee selects at grant, which will not be less than (but may be longer than) three years. No more than 10% of awards vest for attaining the threshold level of performance conditions. In addition, while performance measures and targets used in the PSP will generally remain unaltered, if in the Committee's opinion, circumstances are such that a different or amended target would be a fairer measure of performance, such amended or different target can be set provided that it is not materially more or less difficult to satisfy than the original target was at the time it was set.
Shareholding requirement To ensure alignment between Executive Directors and shareholders' interests over a longer time horizon.	The Committee operates shareholder guidelines to encourage long-term share ownership by the Executive Directors. Executive Directors may not sell any shares acquired via any share-based incentive plan if the sale would take their shareholding below the shareholding requirement.	200% of salary. Where an Executive Director has participated in the former Value Creation Plan ("VCP") the requirement is 300% of salary.	

Notes to the Policy table for Executive Directors

Performance measures and targets

The annual bonus plan measures are selected to provide direct alignment with the short-term operational targets of the Company. Care is taken to ensure that the short-term performance measures is always supportive of the long-term objectives. This is especially important in a business which has a long-term investment horizon. Short-term targets are stretching and geared to encourage outstanding performance, which if delivered can earn the executive up to the maximum under the plan.

The PSP targets are selected to ensure that the executives are encouraged in, and appropriately rewarded for, delivering against the Company's key long-term strategic goals so as to ensure a clear and transparent alignment of interests between executives and shareholders and the generation of sustainable long-term returns.

Discretion

The Committee has discretion in several areas of the Policy as set out in this report. The Committee may also exercise operational and administrative discretions under relevant plan rules approved by shareholders. In addition, the Committee has the discretion to amend the Policy with regard to minor or administrative matters where it would be, in the opinion of the Committee, disproportionate to seek or await shareholder approval. In addition, for the avoidance of doubt, in approving this Policy, authority is given to the Company to honour any commitments entered into with current or former Directors prior to the adoption of this Policy.

Differences in Remuneration Policy for all employees

Any differences in the types of reward between Directors and staff reflect common practice. All employees are entitled to base salary, benefits and defined contribution pension payments and are eligible for annual bonuses and to participate in the PSP (although actual participation in the PSP will be limited to the most senior executives within the Company). The bonus targets for staff are more focused on specific personal goals that further the Company's interests. The maximum bonus opportunity available is based on the seniority and responsibility of the role.

Clawback

The Committee retains the power to reduce the annual bonus or potential vesting of unvested deferred bonus/PSP awards (including to zero) (often referred to as malus) or to recoup the value of previously paid or vested awards from an individual within two years of vesting if it considers 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.

Illustrations of application of Remuneration Policy

The policy of the Committee is to align Executive Directors' interests with those of shareholders and to give the Executive Directors incentives to perform at the highest levels. To achieve this, the Committee seeks to ensure that a significant proportion of the remuneration package varies with the performance of the Company and that targets are aligned with the Company's stated business objectives.

The composition and total value of the Executive Directors' remuneration package for the financial year 2020/21 at minimum, on-target and maximum performance scenarios are set out in the charts below:

Assumptions used in determining the level of pay-out under given scenarios are as follows:

Minimum – Base salary at 1 April 2020, estimated 2020/21 benefits and 13.5% of salary for pension provision (or cash allowance).

On-target – Based on what the Director would receive if performance were on-target (excluding share price appreciation and dividends):

- Annual bonus: consists of the on-target bonus (75% of salary for Jonathan Murphy and 56.25% of salary for Jayne Cottam).

- Long-term incentive: consists of the midpoint level of vesting (50% vesting) under the PSP.

Maximum – Based on the maximum remuneration receivable (excluding share price appreciation and dividends):

- Annual bonus: consists of maximum bonus of 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam.
- Long-term incentive: consists of the face value of awards (at 150% of salary).

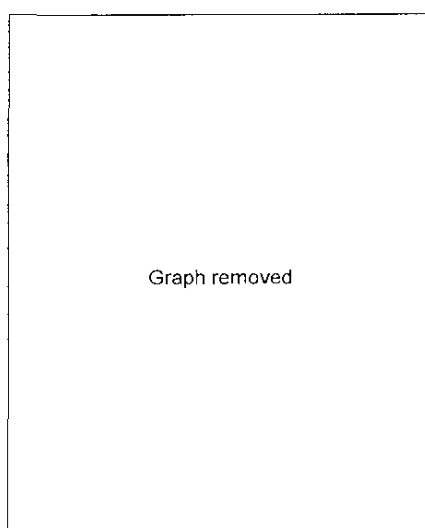
Maximum with share price growth – As per maximum but with a 50% share price growth assumed on PSP awards.

Approach to recruitment remuneration and promotions

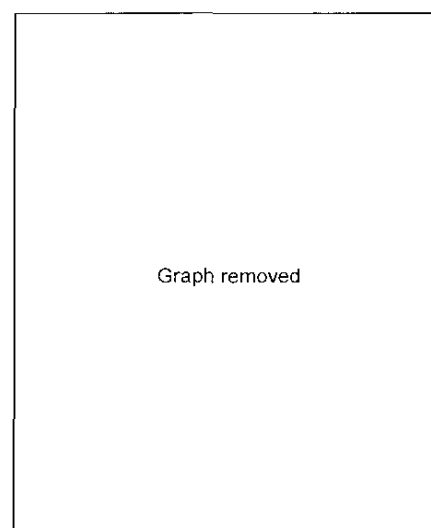
The Committee's approach to recruitment remuneration is to pay no more than is necessary to attract candidates of the appropriate calibre and experience needed for the role. The remuneration package for any new recruit would be assessed following the same principles as for the Executive Directors, as set out in the remuneration Policy table. The Committee will have regard to guidelines and shareholder sentiment regarding one-off or enhanced short or long-term incentive payments made on recruitment and the appropriateness of any performance measures associated with an award.

Remuneration scenarios for 2020/21

CEO
(£'000)



CFO
(£'000)



Directors' Remuneration Report continued

Approach to service contracts and cessation of employment

Each of the Executive Directors has a service contract with the Company which is terminable by the Company on six months' notice and by the Director on six months' notice. Jonathan Murphy's contract is dated April 2017 and Jayne Cottam's contract is dated August 2017.

When determining any loss of office payment for a departing Director, the Committee will always seek to minimise cost to the Company whilst complying with the contractual terms and seeking to reflect the circumstances in place at the time. The Committee reserves the right to make additional payments where such payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment.

Good leaver status

The Committee has discretion to determine whether an individual is a "good leaver" under the Company's incentive plans. Where the Committee uses its general discretion to determine that an Executive Director is a good leaver, it will provide a full explanation to shareholders of the basis for its determination.

Consideration of employment conditions elsewhere in Assura when developing the Policy

In setting the Remuneration Policy for Directors, the pay and conditions of other employees of Assura are taken into account, including any base salary increases awarded. The Committee is provided with data on the remuneration structure for all staff and uses this information to ensure consistency of approach throughout the Company.

The Company has a small number of employees and applies the same broad policy in relation to incentive compensation throughout the organisation.

Although the Committee takes into account the pay and conditions of other employees, the Company did not consult with employees when drawing up the Policy report.

Consideration of shareholder views

The Committee takes the views of the shareholders seriously and these views are taken into account in shaping Remuneration Policy and practice. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee commits to consulting with key shareholders prior to any significant changes to its Remuneration Policy (as was the case in relation to the Policy introduced in 2019).

Policy table – Non-Executive Directors

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
The Company sets fee levels necessary to attract and retain experienced and skilled Non-Executive Directors to advise and assist with establishing and monitoring the strategic objectives of the Company.	Fee levels are sufficient to attract individuals with appropriate knowledge and experience. Non-Executive Directors are paid a base fee and additional fees for Chairmanship of Committees and/or acting as the Senior Independent Director. Fees are reviewed periodically with any changes generally effective from 1 April. In exceptional circumstances, fees may also be paid for additional time spent on the Company's business outside of the normal duties. Non-Executive Directors do not receive a bonus, do not participate in awards under the Company's share plans, and are not eligible to join the Company's pension scheme. The Company reserves the right to provide benefits (including travel and office support) to the Non-Executive Directors.	Fees will take account of fee levels of comparable companies within the FTSE Real Estate Investment Trusts and FTSE Real Estate Investment Services sectors, and companies of comparable size and complexity. The aggregate fees and any benefits of Non-Executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association for such fees (currently £700,000 p.a. in aggregate).	None.

The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment. Their appointment is usually for a term of three years subject to annual re-election by the shareholders at the Company's AGM. When setting notice periods, the Committee has regard for market practice and Corporate Governance best practice.

Annual Report on Remuneration

This Annual Report on Remuneration contains details of how the Company's Remuneration Policy for Directors was implemented during the financial year ended 31 March 2020. This report has been prepared in accordance with the provisions of the Companies Act 2006 and the associated reporting regulations. An advisory resolution to approve this report will be put to shareholders at the 2020 AGM.

Consideration by the Committee of matters relating to Directors' remuneration

The members of the Committee during 2019/20 were Jenefer Greenwood (Committee Chairman), Ed Smith, Jonathan Davies, Louise Fowler (from 3 June 2019) and David Richardson (to 2 July 2019). The members of the Committee have no personal financial interest, other than as shareholders, in matters to be decided, and no potential conflicts of interest arising from cross-directorships. The Non-Executives have no day to day involvement in running the business.

The Committee is responsible for recommending to the Board the Remuneration Policy for Executive Directors and for setting the remuneration packages for each Executive Director and the executive tier directly below Board. The Committee sets the fees of the Chairman and the fees for the Non-Executive Directors are set by the Chairman in conjunction with the CEO. The Committee also has oversight of the Remuneration Policy and packages for other senior members of staff. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

The Committee held five meetings during the year. Its activities during and relating to the financial year 2019/20 included:

- Consideration of objectives and targets for annual bonuses
- Consideration of annual pay awards and bonuses
- Consideration of targets and awards under the PSP
- Oversight of the Executive Committee's remuneration structures and levels
- Considering the implementation of a new all-employee share scheme
- Approving the appointment of new independent advisors to the Committee
- Preparing this report

Advisors to the Committee

During 2019/20 the Committee reviewed its independent advisors and, following a competitive tender exercise, appointed Korn Ferry in place of FIT Remuneration Consultants with effect from 1 January 2020.

Both Korn Ferry and FIT are members of the Remuneration Consultants Group and, as such, voluntarily operate under its code of conduct in relation to executive remuneration consulting in the UK. The Committee reviewed the nature of the services provided by Korn Ferry and FIT during the year and was satisfied that no conflict of interest exists or existed in relation to the provision of these services. The total fees paid to Korn Ferry and FIT for services provided to the Committee during the year were £7,250 and £27,500 respectively (ex VAT). Fees were determined based on the scope and nature of the projects undertaken for the Committee.

Neither Korn Ferry nor FIT provided additional services to Assura during 2019/20.

The Committee also sought the views of Jonathan Murphy during the year. The CEO is given notice of all meetings and, at the request of the Chair of the Committee, attends part of the meetings. The CEO may request that he attends and speaks at Committee meetings. In normal circumstances, the CEO will be consulted on general policy matters and matters concerning the other Executive Director and employees.

Single total figure of remuneration – Executive Directors (audited)

The remuneration of Executive Directors showing the breakdown between components with comparative figures for the prior year is shown below. Figures provided have been calculated in accordance with the reporting regulations:

	Year	Salary	Pensions	Taxable benefits	Bonus ¹	Long-term incentives ^{2,3}	Total
Jonathan Murphy	2019/20	395	53	15	233	435	1,131
	2018/19	365	49	14	223	143	794
Jayne Cottam	2019/20	222	30	13	100	123	488
	2018/19	202	27	13	102	–	344

Notes

1. For Jayne Cottam a portion of bonus is deferred as explained on page 95.
2. The long-term incentive value for 2019/20 reflects the outturn for the 2017 PSP (February 2018 award for Jayne Cottam) which vests in 2020 at 64%. The vesting share price has been estimated at 77.17 pence, based on the three-month average share price ended 31 March 2020. Further details are set out below. The long-term incentive value for 2018/19 for Jonathan Murphy has been restated to reflect the value of the shares at the time of vesting in August 2019, based on a share price of 65.1 pence.
3. £75,377 and £27,671 of the 2019/20 figure for Jonathan Murphy and Jayne Cottam respectively is attributable to share price appreciation since the date of grant. The Committee has not exercised any discretion in relation to this matter.

Directors' Remuneration Report continued

Total pension entitlements

The Executive Directors received payments in lieu of pension contributions equivalent to 13.5% of salary respectively for 2019/20.

Benefits

Taxable benefits comprised health insurance, death in service benefits, critical illness, group income protection and company car allowance.

2019/20 annual bonus plan outcome

The bonus scheme for 2019/20 was based on the same principles as applied in previous years, but the Committee decided to use a smaller number of metrics to reduce complexity and ensure that management was focused on measures which are closely linked to Assura's strategic priorities. 80% of the bonus scheme was based on a mixture of financial and business targets, with the remaining 20% based on personal objectives. The table below includes details of the specific targets and the extent to which they were achieved.

For 2019/20 the maximum potential bonus awards were 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam.

Metric	Weight	Threshold	Maximum	Result	Bonus achieved
Financial and business targets					
Total Accounting Return	20%	5.0%	8.7%	6.3%	60%
EPRA earnings	20%	£64.75m	£72.33m	£67.5m	45%
Growth in total contracted rent roll ¹	20%	£155.70m	£190.30m	£147m	0%
Operational excellence	20%	See below	See below	See below	See below
Personal objectives					
Individual targets	20%	See below	See below	See below	See below

1. The growth in total contracted rent roll is measured on the basis of the gross increase, which was £147 million. On a net basis, the total contracted rent roll increased £80 million compared with March 2019, factoring in the passage of time on existing leases.

Operational excellence (20% of the total bonus)

The operational excellence metric involved the assessment of a number of critical measures designed to improve business processes and increase efficiency across the Group. Various success indicators were agreed for this metric, including: improved data capture and analysis across the business; process improvements across property, finance and support functions; improvements in cross-departmental workings and delivery of initiatives by cross-functional teams; the development of an integrated facilities management support function to improve customer service across the business; and embedding a performance culture within the business.

In considering the extent to which these targets had been met, the Committee reflected on achievements during the year, including:

- Initialisation of in-depth reviews of processes across the business and evidence of new mindset across the employee base that change is positive
- Cost and time savings identified and implemented through improvements to the finance function
- Rent review processes improved with introduction of interactive mapping tool and streamlining of RPI reviews, which enabled target on £ rental uplift on RPI reviews to be exceeded
- Cross-departmental working greatly enhanced with portfolio management fully embedded in the acquisition process, and finance providing detailed and timely reporting to development team

Taking this into account, the Committee decided that a bonus of 80% was payable to the Executive Directors for the operational excellence metric.

Personal objectives (20% of the total bonus)

Personal objectives were set for both Jonathan Murphy and Jayne Cottam based on their individual areas of responsibility. For Jonathan Murphy, these objectives were based on: developing a responsible business strategy with clear multi-year ESG targets; continuing to develop the Executive Committee into a high-performing team; delivering the Board's strategic plan for the year and ensuring planning for future years is well advanced and key priorities understood; and delivering innovation in technology and/or sustainability that differentiates Assura from the competition. For Jayne Cottam, the objectives were linked to: improving the operational efficiency of the finance function; further enhancing Investor Relations, with a focus on introducing new investors, enhancing coverage by analysts and developing the IR function; and increasing the profile and the performance of the finance team throughout the business.

The Committee assessed Jonathan's performance against his objectives after the year end and agreed that a bonus of 90% was payable. In reaching this conclusion, the Committee determined that Jonathan had successfully met many of the targets set for him. In particular, the Committee took into account the following key achievements:

- The launch of Assura's major social impact strategy to act as a key point of differentiation for the business, with the identification of key targets and the inclusion of social impact within all investment Committee decisions; the approach has helped investors identify Assura as a positive social impact business
- Recruitment of new Head of Portfolio Management as key member of the Executive Committee and enhancements to cross-functional initiatives and cross-functional challenge within the senior team

- Delivery of key strategic targets for the year and success in embedding total contracted rental roll as a critical measure of performance across the whole business
- Sustainability of new developments enhanced, with greater focus on low-energy lighting and the use of renewable sources of energy, and additional investment in new projects demonstrating a commitment to innovative design and technology (e.g. the investment during the year in P3 Labs)

The Committee also assessed Jayne's performance and agreed that a bonus of 90% was payable in light of the successful achievement of key individual objectives. Factors taken into account by the Committee included:

- Improvements in business analysis undertaken for rent review forecasts, targeting and pipeline visibility for decision-making; completion of wider systems and process review and development of Project Implementation Document
- Ongoing development of the operation of the IR function and coverage from four new analysts
- Personal growth in role, across Assura and in wider networks
- Enhancements to the finance team, including the development of senior finance professionals within the team and introduction of new roles and ways of working throughout the business

In total, the bonus payable to Jonathan Murphy in light of his performance against both the Group and personal objectives was equivalent to 47% of the maximum payable (59% of his basic salary for the year). This resulted in a bonus award of £233,050. As this amount is less than 100% of the CEO's basic salary, the entire bonus will be paid in cash and no element will be deferred into shares. This is in line with the provisions of the Directors' Remuneration Policy.

The bonus payable to Jayne Cottam in light of her performance against both the Group and personal objectives was equivalent to 45% of the maximum payable (45% of her basic salary for the year). This resulted in a bonus award of £100,455, of which 50% will be deferred into shares for two years, in line with the provisions of the Directors' Remuneration Policy. This recognises that Jayne is in the process of building her shareholding towards the guideline specified in the Policy.

Vesting of long-term incentive awards based on performance to 31 March 2020

The LTIP value included in the single figure relates to the award granted to Jonathan Murphy in July 2017 and the award granted to Jayne Cottam in February 2018. These awards will vest in July 2020 and February 2021 respectively based on the achievement of TSR and NAV performance measured to 31 March 2020.

Under the TSR performance target (50% of awards), which uses a sliding scale, 0% of this part of an award vests for TSR of 5% p.a. increasing pro-rata to full vesting for TSR of 15% p.a., measured over the three years to 31 March 2020:

Performance target	Threshold TSR	Maximum TSR	Actual TSR	Vesting % (max 100%)
TSR (50% of awards)	5% p.a.	15% p.a.	15.82% p.a.	100%

Under the NAV performance target (50% of awards), which uses a sliding scale, 0% of this part of an award vests for NAV per share growth of 5% p.a. increasing pro-rata to full vesting for NAV per share growth of 15% p.a., measured over the three years to 31 March 2020:

Performance target	Threshold NAV growth	Maximum NAV growth	Actual NAV growth	Vesting % (max 100%)
NAV (50% of awards)	5% p.a.	15% p.a.	7.80% p.a.	28%

As a result of TSR (100% of awards vest) and NAV per share (28% of awards vest) performance, the total vesting percentage is 64% and the gross value of LTIP share awards expected to vest in 2020 is as follows:

	Share price at 31 March 2020 ¹	Proportion to vest	Shares to vest	Dividend equivalents ²	Total shares to vest	Total £000
Jonathan Murphy	77.17p	64%	514,419	49,022	563,441	434,807
Jayne Cottam	77.17p	64%	147,818	11,682	159,500	123,086

1. The share price at 31 March 2020 is based on a three-month average to 31 March 2020.

2. Additional shares awarded in respect of dividend equivalents accrued over the vesting period. This represents the position as at 31 March 2020, using the share price as set out above. The precise number of additional shares awarded as dividend equivalents will depend on the share price at the time of vesting. Participants will also have an entitlement to additional shares in respect of further dividends declared prior to the vesting date.

Directors' Remuneration Report continued

Performance Share Plan

The following awards were made under the PSP to the Executive Directors during the year:

	Date of grant	Basis of award	Face value of award £	End of performance period
Jonathan Murphy	2 July 2019 ¹	150% of salary	592,500	31 March 2022
Jayne Cottam	2 July 2019 ¹	150% of salary	333,000	31 March 2022

1. The awards made on 2 July 2019 were granted using the average mid-market share price on the three dealing days prior to the date of grant (63.87 pence). The exercise price is nil.

Details of the outstanding PSP awards are:

Executive	Date of grant	Awards outstanding at 01/04/19	Awards granted during the year	Awards vested during the year	Awards lapsed during the year	Interests outstanding at 31/03/20	Normal vesting/ exercise date
Jonathan Murphy	8 August 2016	607,759	–	192,356	415,403	–	From 8 August 2019
	18 July 2017	803,781	–	–	–	803,781	From 18 July 2020
	3 July 2018	951,897	–	–	–	951,897	From 3 July 2021
	2 July 2019	–	927,714	–	–	927,714	From 2 July 2022
Jayne Cottam	9 February 2018	230,967	–	–	–	230,967	From 9 February 2021
	3 July 2018	481,165	–	–	–	481,165	From 3 July 2021
	2 July 2019	–	521,398	–	–	521,398	From 2 July 2022

For PSP awards granted prior to 2019, a two-year post-vesting holding period applies to the extent that, on vesting, a participant does not comply with the shareholding guideline in place at the time (currently 300% of salary for the CEO and 200% for the CFO). For PSP awards granted in 2019 (and those to be granted in subsequent years), a two-year post-vesting holding period applies irrespective of whether or not the shareholding guideline has been met.

Outstanding PSP awards vest based on performance against the following targets which encourage the generation of sustainable long-term returns to shareholders over a three-year performance period commencing at the start of the financial year of grant:

2017 LTIP awards (includes the award granted to Jayne Cottam in February 2018):

50% of awards		50% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	NAV growth	Vesting schedule (% of the NAV part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	0%	5% p.a.	0%
Between 5% and 15% p.a.	Pro-rata between 0% and 100%	Between 5% and 15% p.a.	Pro-rata between 0% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

2018 LTIP awards:

50% of awards		50% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	0%	5% p.a.	0%
Between 5% and 15% p.a.	Pro-rata between 0% and 100%	Between 5% and 15% p.a.	Pro-rata between 0% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

2019 LTIP awards:

50% of awards		50% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	10%	5% p.a.	10%
Between 5% and 15% p.a.	Pro-rata between 10% and 100%	Between 5% and 15% p.a.	Pro-rata between 10% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

Single total figure of remuneration – Non-Executives (audited)

The remuneration of Non-Executive Directors showing the breakdown between components, with comparative figures for the prior year, is shown below. Figures provided have been calculated in accordance with the reporting regulations:

Non-Executive Director (£'000)		Basic fees	Additional fees ⁶	Total fees
Ed Smith	2019/20	153	–	153
	2018/19	119.6	–	119.6
Jenefer Greenwood	2019/20	39.4	8.9	48.3
	2018/19	38.6	8.7	47.3
Jonathan Davies ²	2019/20	39.4	13.3	52.7
	2018/19	32.2	–	32.2
Louise Fowler ³	2019/20	32.8	–	32.8
David Richardson ⁴	2019/20	10.1	4.6	14.7
	2018/19	38.6	17.4	56.0
Simon Laffin ⁵	2018/19	41.5	–	41.5

Notes

1. Ed Smith was appointed as Chairman on 10 July 2018.
2. Jonathan Davies was appointed to the Board on 1 June 2018. Appointed as Senior Independent Director and Chairman of the Audit Committee on 2 July 2019.
3. Louise Fowler was appointed to the Board on 3 June 2019.
4. David Richardson retired from the Board on 2 July 2019.
5. Simon Laffin retired from the Board on 10 July 2018.
6. Additional fees represent Senior Independent Director and Chairman of Board Committee fees.

Statement of Directors' shareholding and share interests (audited)

Directors' share interests and, where applicable, achievement of shareholding requirements are set out below. In order that their interests are aligned with those of shareholders, Executive Directors are expected to build up and maintain a personal shareholding equal to 300% of their basic salary in the Company if they participated in the former Value Creation Plan (i.e. Jonathan Murphy), or 200% of salary for other Executive Directors (i.e. Jayne Cottam). The Remuneration Committee notes that Jayne Cottam is building her holding in Assura shares following her appointment to the Board in 2017. As set out in the Remuneration Policy, 50% of any annual bonus is required to be deferred into shares for two years where the shareholding guideline has not been met.

Shareholding and other interests at 31 March 2020

Director	Shares required to be held (percentage of salary)	Number of shares required to hold ¹	Number of beneficially owned shares ²	Shareholding requirement met?	Total number of scheme interests ³
Jonathan Murphy	300	1,419,162	2,159,393	Yes	2,683,392
Jayne Cottam	200	531,737	93,385	No	1,233,530
Ed Smith	–	–	94,385	n/a	–
Jenefer Greenwood	–	–	117,256	n/a	–
Jonathan Davies	–	–	–	n/a	–
Louise Fowler	–	–	–	n/a	–
David Richardson	–	–	485,010 ⁴	n/a	–

Notes

1. Shareholding requirement calculation is based on the share price at the end of the year (83.5 pence at 31 March 2020).
2. Beneficial interests include shares held directly or indirectly by connected persons.
3. This relates to unvested PSP awards (see also the table on page 96).
4. Shareholding stated as at 2 July 2019, the date of retirement from the Board.

Directors' Remuneration Report continued

The Company funds its share incentives through a combination of new issue and market purchased shares. The Company monitors the levels of share grants and the impact of these on the ongoing requirement for shares. In accordance with guidelines set out by the Investment Association the Company can issue a maximum of 10% of its issued share capital in a rolling 10-year period to employees under all its share plans, with an inner 5% limit applying to discretionary plans.

There has been no movement in Directors' shareholdings since the year-end, except for shares issued relating to the April dividend payment by Ed Smith and Jayne Cottam under the scrip alternative.

Performance graph and table

The Committee believes that the Executive Directors' Remuneration Policy and the supporting reward structure provide clear alignment with the Company's performance. The Committee believes it is appropriate to monitor the Company's performance against the FTSE All Share Real Estate Investment Trusts index for these purposes. The graph below sets out the TSR performance of the Company compared to the FTSE All Share Real Estate Investment Trusts index and, for comparison, the FTSE All Share index over a ten-year period as required by the reporting regulations:

Rebased TSR

Graph removed

The table below shows the CEO's remuneration packages over the past ten years:

Year	Name	Single figure £'000 ²	Bonus (% of max)	LTI (% of max)
2019/20	Jonathan Murphy	1,131	47	64
2018/19	Jonathan Murphy	794	61	32
2017/18	Jonathan Murphy	1,513	84	100
2016/17 ¹	Jonathan Murphy	1,232	93	100
2016/17	Graham Roberts	3,489	–	100
2015/16	Graham Roberts	3,747	71	100
2014/15	Graham Roberts	677	90	–
2013/14	Graham Roberts	680	95	–
2012/13	Graham Roberts	674	100	–
2011/12	Nigel Rawlings ³	395	85	–
2010/11	Nigel Rawlings	314	75	–

Notes

- Both Graham Roberts' and Jonathan Murphy's remuneration details have been included as they both served as CEO during the year.
- Includes base salary, taxable benefits, bonus payments for the relevant financial year, long-term incentive awards that vested for performance related to the financial year and cash in lieu of pension.
- Nigel Rawlings ceased to be a Director with effect from 30 April 2012. The bonus of £100,000 was a one-off award reflecting his contribution to selling the Pharmacy business.

Percentage change in the CEO's remuneration

The table below compares the percentage increase in the CEO's pay (including salary and fees, taxable benefits and annual bonus) with the wider employee population. The Company considers the whole full-time employee population, excluding the Executive Directors, to be an appropriate comparator group:

Director	Salary % change	Taxable benefits % change	Bonus % change
CEO	8.2	0.0	4.5
Total employee pay	6.0	1.5	1.5
Average employee pay	6.5	0.3	(13.7)

CEO pay ratio information

Although Assura does not have more than 250 UK employees, and is thus not formally required to publish the ratio of the CEO's pay to the wider UK employee base, we have decided to do so as a matter of good practice.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2019/20 ¹	Option B	35:1	21:1	14:1
Total pay and benefits		£32,561	£54,999	£78,472
Salary		£28,619	£41,205	£60,000

1. The calculations of the pay for the employees at the different levels have been calculated as at 31 March 2020. Where relevant, full-time equivalent employee pay was calculated by applying a proportionate increase to the pay and benefits of part-time employees.

Option B was chosen so that the calculation of the pay ratio was undertaken in the most efficient manner possible. We have considered carefully the remuneration of the employees identified through this exercise and believe that they are reasonably representative of the 25th, 50th and 75th percentiles of remuneration for 2019/20. This assessment took into account their pay arrangements, the pay of other employees at a similar level with the organisation and pay structures and levels across the Company as a whole.

The Committee believes that the median pay ratio for the year is consistent with Assura's wider pay, reward and progression policies for its employees and takes into account the pay and incentives available to employees at or around the median level. The ratio reflects the differentials between the CEO's pay and others within the organisation, most notably in terms of the incentives received by the CEO during the year under review. The largest component of the CEO single figure for 2019/20 is the value ascribed to the PSP award, as disclosed on page 95. PSP awards have been limited to Executive Directors and other members of the Executive Committee, and therefore the employee remuneration disclosed in the table above does not include a value for long-term incentives.

Relative importance of spend on pay

The table below sets out the overall spend on pay for all employees compared with the returns distributed to shareholders:

Significant distributions	2019/20 £m	2018/19 £m	% change
Overall spend on pay for employees, including Executive Directors	5.8	4.8	20.8
Distributions to shareholders by way of dividends	66.2	63.3	4.6

Payments to past Directors or for loss of office

No Executive Director left the Company during the year. No payments for compensation for loss of office were paid to, or receivable by, any Director for that or any earlier year.

Statement of shareholder voting

The table below shows the results of voting on the remuneration resolutions at the AGM held on 2 July 2019:

AGM resolution	Votes for	%	Votes against	%	Votes withheld
Remuneration Policy	1,615,726,915	89.43	190,877,698	10.57	151,645
Annual Report on Remuneration	1,673,343,545	94.64	94,720,325	5.36	38,692,388

Directors' Remuneration Report continued

Statement of implementation of Remuneration Policy for 2020/21

Executive Directors

Salary

In setting salary levels for 2020/21 for the Executive Directors, the Committee considered a number of factors, including individual performance and experience, pay and conditions for employees across the Group, the general performance of the Company, pay levels in other comparable companies and the economic environment. In recognition of salaries for both Executive Directors being significantly below market, the Committee initially agreed on increases for both at levels above inflation and above the wider workforce average (but within the cap set out in the Remuneration Policy), to help narrow the gap with the wider market. After consideration, and in recognition of the broader market environment in the context of the COVID-19 outbreak, the Committee decided to limit the salary increase with effect from 1 April 2020 to an inflationary increase of 1.8%. However, the Committee intends to further review salary levels for the Directors later in the financial year, and may implement a mid-year increase depending on circumstances at the time.

The salaries with effect from 1 April 2020 and the relative increases are set out below:

Executive Director	1 April 2019 salary £'000	1 April 2020 salary £'000	% change
Jonathan Murphy	395	402	1.8%
Jayne Cottam	222	226	1.8%

Pension and benefits

As was the case last year, Jonathan Murphy and Jayne Cottam will receive payments in lieu of pension contributions equivalent to 13.5% of salary respectively. Benefits will be provided in line with the Remuneration Policy.

Annual bonus

The maximum bonus opportunity for 2020/21 will remain at 125% of salary for Jonathan Murphy and 100% of salary for Jayne Cottam. The on-target levels will remain at the current level of 75% of salary for Jonathan and 56.25% of salary for Jayne. The Committee is aware that these on-target levels are slightly higher than the 50% of total opportunity recommended by some investors and advisory bodies as the maximum applicable for on-target levels of performance. The Committee believes that the current framework is appropriate given the levels of stretch inherent in the bonus targets, but will keep this matter under regular review.

The performance objectives under the annual bonus plan for 2020/21 will continue to relate to measures which are critical to Assura's strategic goals and will include a mixture of financial and non-financial goals. The metrics will be similar to those in place for 2019/20: total accounting return (20% weighting), EPRA earnings (20%), growth in total contracted rental roll (20%) and personal objectives (20%). The final 20% of the bonus will be based on key strategic and operational goals specific to each Executive Director. For the CEO, payments will depend on his success in enhancing Assura's social impact. For the CFO, this final element will be linked to further progress in improving operational excellence. The Committee is of the opinion that the precise performance targets for the bonus plan are commercially sensitive and that it would be detrimental to the interests of the Company to disclose them before the start of the financial year. Appropriate levels of disclosure of the actual targets, performance achieved and awards made will be published at the end of the performance period so shareholders can fully assess the basis for any pay-outs.

As was the case with the bonus for earlier years, a deferred share element will apply, under which up to 50% of any bonus earned by an Executive Director will be deferred into shares for two years to the extent that the Executive Director does not already hold shares worth at least equal to the relevant shareholding guideline (300% of salary for the CEO and 200% of salary for the CFO). In addition, any bonus earned above 100% of salary will be similarly deferred (regardless of shareholding).

Long-term incentives

A further grant of awards will be made under the PSP to Jonathan Murphy and Jayne Cottam over shares worth 150% of salary. These will vest subject to the extent to which three-year TSR, EPRA EPS and key ESG performance targets are satisfied. For the TSR and EPS elements, no changes will be made to the required growth ranges. As such, the performance targets for the 2020 PSP awards, which are expected to be granted in July 2020, will be as follows:

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vest)	EPRA EPS growth	Vesting schedule (% of the EPS part which vest)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	10%	5% p.a.	10%
Between 5% and 15% p.a.	Pro-rata between 10% and 100%	Between 5% and 15% p.a.	Pro-rata between 10% and 100%
15% p.a. or more	100%	15% p.a. or more	100%

The final 33% of the awards will vest subject to the proportion of buildings receiving an EPC rating of B or higher (for one half of this element) and the Committee's assessment of the success of Assura's social impact strategy (for the other half of this element), as set out below:

Proportion of portfolio receiving an EPC rating of B or higher by 31 March 2023	Vesting Schedule (% of the EPC element which vests)
< 60%	0%
60%	10%
Between 60% and 80%	Pro-rata between 10% and 50%
80%	50%
Between 80% and 100%	Pro-rata between 50% and 100%
100%	100%

For the element of the PSP based on Assura's social impact strategy, the Committee will judge the extent to which targets linked to the main elements of the strategy are met. These targets involve metrics linked to:

- Buildings (including additional measures to the EPC rating set out above)
- Operations (including suppliers and the use of contractors)
- People (including diversity and employee engagement)
- Communities
- Investors

In considering the extent to which awards vest under this element of the PSP, the Committee will review progress against the targets by the end of the 2022/23 financial year. In the Directors' Remuneration Report for that year, the Committee will explain in detail its rationale for determining the appropriate vesting percentage, taking into account the performance against the targets set and other relevant factors. In addition, the Committee will also reflect on Assura's overall financial and business performance over the course of the performance period when determining the extent of vesting.

A two-year post vesting holding period will also apply.

Non-Executive Directors

The following table sets out the fee rates for the Non-Executive Directors from 1 April 2020:

Executive Director	2019/20 £'000	2020/21 £'000	% change
Chairman fee	153.0	155.8	1.8%
Non-Executive Director base fee	39.4	40.1	1.8%
Additional fee for chairing of Audit and Remuneration Committee	8.9	9.1	1.8%
Additional fee for Senior Independent Director	8.9	9.1	1.8%

By order of the Board

Jenefer Greenwood

Chair of the Remuneration Committee

20 May 2020

Directors' Report

Financial and business reporting

The Directors present their annual report and accounts on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 March 2020. The Corporate Governance Statement set out on page 69 forms part of this report.

The Directors' Report and the other sections of this Annual Report contain forward-looking statements. The extent to which the Company's shareholders or anyone may rely on these forward-looking statements is set out on page 141.

Principal activities

Assura plc is a leading primary care property investor and developer. It owns and procures good quality primary care properties across the UK.

The subsidiary and associated undertakings are listed in Note 8 to the accounts.

CFO review

The Group is required to include a business review in this report. The information that fulfils the requirements of the business review can be found in the CFO review on pages 60 to 65, which are incorporated in this report by reference.

Future developments

Details of future developments are discussed on page 60 in the CFO review.

Going concern

The Company's going concern statement is on page 66.

Long-term viability statement

The Company's viability statement is on page 66.

Internal controls and risk management

The Board accepts and acknowledges that it is both accountable and responsible for ensuring that the Group has in place appropriate and effective risk management and internal control systems, including financial, operational and compliance control systems.

The Board monitors these systems on an ongoing basis and this year's review found them to be operating effectively.

Price risk, credit risk, liquidity risk and cash flow risk

Full details of how these risks are mitigated can be found in Note 22 to the accounts.

Dividends

Details of the dividend can be found in Note 18 to the accounts. The Group benefits from brought forward tax losses, which resulted in three of the four dividends paid during the year being paid as ordinary dividends. The October 2019 dividend was paid as a PID.

Details of the Group's dividend policy can be found in the CFO review on page 63.

Supplier payment policy

The Group has not signed up to any specific supplier payment code; it is Assura's policy to comply with the terms of payment agreed with its suppliers. Where no specific payment terms are not agreed, the Group endeavours to adhere to the suppliers' standard payment terms. As at 31 March 2020, the average number of days taken by the Group to pay its suppliers was 28 days (2019: 15 days), having increased due to a higher proportion of large invoices at the year end relating to on site developments.

Further details of how the Group manages and monitors relationships with suppliers, and our supplier policies can be found on page 44.

Donations

In the year to 31 March 2020, Assura donated £103,500 to charities (2019: £85,000), all of which were UK registered charities, and no contributions were made for political purposes (2019: nil). More details of our chosen charities can be found on our website and pages 42 to 43. We have also established the Assura Community Fund to formalise our charitable activities. Further details can be found on page 42.

Employees

Employees are encouraged to maximise their individual contribution to the Group. In addition to competitive remuneration packages, they participate in an annual bonus scheme which links personal contribution to the goals of the business. Outperformance against the annual targets can result in a bonus award proportionate to the individual's contribution. Employees are provided regularly with information regarding progress against the budget, financial and economic factors affecting the business's performance and other matters of concern to them. In addition, all staff are eligible to participate in a defined contribution pension scheme. The views of employees are taken into account when making decisions that might affect their interests. Assura encourages openness and transparency, with staff having regular access to the Directors and being given the opportunity to express views and opinions.

Further details of how the Directors engage with employees can be found in the Employees section on pages 46 to 47 and in the Corporate Governance section on page 79.

The Group is committed to the promotion of equal opportunities, supported by its Equal Opportunity and Diversity Policy. The policy reflects both current legislation and best practice. It highlights the Group's obligations to race, gender and disability equality. Full and fair consideration is given to applications for employment from disabled persons and appropriate training and career development are provided. Further details are provided on page 46.

Share capital

Assura has a single class of share capital which is divided into Ordinary Shares of nominal value 10 pence each ranking pari passu. No other securities have been issued by the Company. At 31 March 2020, there were 2,413,241,827 Ordinary Shares in issue and fully paid, none of which are held in treasury. No shares were bought back during the year. Further details relating to share capital, including movements during the year, are set out in Note 17 to the financial statements.

Subsequent to the year end, the Company issued 240,207,920 Ordinary Shares via an equity placing and 6,543,440 Ordinary Shares via scrip in respect of the April 2020 dividend paid. As at 20 May 2020, the number of Ordinary Shares in issue is 2,659,993,187.

The Board manages the business of Assura under the powers set out in the Articles of Association. These powers include the Directors' ability to issue or buy back shares. Shareholders' authority to empower the Directors to make market purchases of up to 10% of its own Ordinary Shares is sought at the AGM each year.

All the issued and outstanding Ordinary Shares of Assura have equal voting rights with one vote per share. There are no special control rights attaching to them save that the control rights of Ordinary Shares held in the Employee Benefit Trust ("EBT") can be directed by the Company to satisfy the vesting of outstanding awards under the PSP.

The rights, including full details relating to voting of shareholders and any restrictions on transfer relating to Assura's Ordinary Shares, are set out in the Articles and in the explanatory notes that accompany the Notice of the 2019 AGM. These documents are available on Assura's website at: www.assurapl.com. Assura is not aware of any agreements or control rights between existing shareholders that may result in restrictions on the transfer of securities or on voting rights. The EBT is used to act as a vehicle for the issue of new shares under the PSP. As at 31 March 2020, the EBT did not hold any Ordinary Shares. A dividend waiver is in place from the Trustee in respect of all dividends payable by Assura on shares which it holds in trust.

Interests in voting rights

As at 20 May 2020, the Company had been notified of the following interests in accordance with Disclosure Guidance and Transparency rules 5:

Name of shareholder	31 March 2020	20 May 2020
	Percentage of Ordinary Shares	Percentage of Ordinary Shares
BlackRock, Inc.	9.95	No change
Artemis Investment Management	8.71	No change
Standard Life Aberdeen	7.12	5.40
Resolution Capital Limited	5.17	No change
Schroders plc	5.46	No change
Legal & General Group plc	3.01	No change

Directors

The appointment and replacement of Directors is governed by Assura's Articles of Association, the UK Corporate Governance Code, the Companies Act 2006 ("The Act") and related legislation. The Board may appoint a Director either to fill a casual vacancy or as an addition to the Board so long as the total number of Directors does not exceed the limit prescribed in the Articles. An appointed Director must retire and seek election to office at the next AGM. In addition to any power of removal conferred by the Act, Assura may by ordinary resolution remove any Director before the expiry of their period of office and may, subject to the Articles, by ordinary resolution appoint another person who is willing to act as a Director in their place. In line with the Code and the Board's policy, all Directors are required to stand for re-election at each AGM.

Subject to provisions of the Act, the Articles, and to any directions given by special resolution, the business of the Company shall be managed by the Board, which may exercise all the powers of the Company. The Directors may exercise all the powers of the Company to borrow money.

There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment or otherwise that occurs specifically because of a takeover.

The Company has arranged qualifying third party indemnity insurance cover in respect of legal action against its Directors, "including all Directors of the wholly owned subsidiaries within the Group structure."

Competition and Markets Authority ("CMA") Order

The Company confirms that it has complied with the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 published by the CMA on 26 September 2014.

Greenhouse gas emissions

Details of greenhouse gas emissions from employee and head office activities can be found on page 52.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Act.

The Directors, on recommendation from the Audit Committee, intend to place a resolution before the AGM to re-appoint Deloitte LLP as auditor for the year ending 31 March 2021.

Amendments to the Articles of Association

The Articles can only be amended, or new Articles adapted, by a resolution passed by shareholders in general meeting and being approved by at least three quarters of the votes cast.

Change of control

The Group's financing agreements afford the lender a right to mandatory repayment on change of control following a takeover. The Company's PSP contains provisions that take effect in such an event but do not entitle participants to a greater interest in the shares of the Company than created by the initial grant or award under the relevant plan.

Annual General Meeting

Due to the current COVID-19 pandemic, the AGM of the Company will be held as a closed meeting at the private residence of the Chairman on 7 July 2020. The meeting will consider formal business only. Shareholders are invited to submit any questions in advance via email (investor@assura.co.uk). Shortly after the meeting, the Company will publish on its website the result of the AGM and an answer to any question submitted.

Both the Directors' Report on pages 102 and 103 and the Strategic Report on pages 1 to 67 were approved by the Board and signed on its behalf.

Orla Ball

Company Secretary
20 May 2020



Directors' Responsibility Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") and Article 4 of the IAS Regulation and have also chosen to prepare the Parent Company financial statements under IFRSs as adopted by the EU. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, IAS 1 requires that Directors:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

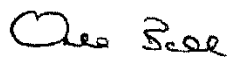
The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole;
- The Strategic Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- The annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

By order of the Board

Orla Ball
Company Secretary
20 May 2020



Independent Auditor's Report to the members of Assura plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Assura plc (the "Parent Company") and its subsidiaries (the "Group") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements which comprise:

- the Consolidated and Parent Company Income Statements;
- the Consolidated and Parent Company Statements of Comprehensive Income;
- the Consolidated and Parent Company Balance Sheets;
- the Consolidated and Parent Company Cash flow Statements;
- the Consolidated and Parent Company Statements of Changes in Equity; and
- the related notes 1 to 25 and the A to F.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matter

The key audit matter that we identified in the current year was:

- valuation of the completed investment property (excluding properties under development).

Within this report, key audit matters are identified as follows:

➤ Similar level of risk

Materiality

The materiality applied for the Group financial statements was £26.0 million which was determined on the basis of 2% of net assets and specific materiality applied was £3.3 million which was determined on the basis of approximately 5% of EPRA earnings (as defined in Note 6 to the accounts).

Scoping

The Group audit team performed full scope audit procedures giving a coverage of 100% of the Group's result and net assets. Audit work to respond to the risks of material misstatement was performed directly by the group engagement team.

Significant changes in our approach

There were no significant changes in our approach in the current year.

Independent Auditor's Report to the members of Assura plc continued

Conclusions relating to going concern, principal risks and viability statement

Going concern

We have reviewed the Directors' statement in note 2 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

We considered as part of our risk assessment the nature of the group, its business model and related risks including where relevant the impact of the COVID-19 pandemic and Brexit, the requirements of the applicable financial reporting framework and the system of internal control. We evaluated the Directors' assessment of the Group's ability to continue as a going concern, including challenging the underlying data and key assumptions used to make the assessment, and evaluated the Directors' plans for future actions in relation to their going concern assessment.

We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.

Going concern is the basis of preparation of the financial statements that assumes an entity will remain in operation for a period of at least 12 months from the date of approval of the financial statements.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Principal risks and viability statement

Based solely on reading the Directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the Directors' assessment of the Group's and the Company's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to:

- the disclosures on pages 54–59 that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' confirmation on page 54 that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or
- the Directors' explanation on page 66 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to report whether the Directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.

Viability means the ability of the Group to continue over the time horizon considered appropriate by the Directors.

We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of completed investment property (excluding properties under development) >

Key audit matter description	The Group owns and manages a portfolio of 576 (2019: 563) modern primary healthcare properties that are carried at fair value in the financial statements. The portfolio is valued at £9,076 million as at 31 March 2020 (2019: £1,953 million) and comprises the majority of the assets in the Group balance sheet. The Group uses professionally qualified external Valuers, (the "Valuers"), to fair value the Group's portfolio at half-yearly intervals. The Valuers are engaged by the Directors and perform their work in accordance with the Royal Institution of Chartered Surveyors ('RICS') Valuation – Professional Standards. In determining a property's valuation, the Valuers take into account property specific information such as current tenancy agreements and rental income attached to the asset. The portfolio (excluding development properties) is valued by the investment method of valuation. The key input into the valuation exercise is yield, which is influenced by prevailing market yields, comparable market transactions and the specific characteristics of each property in the portfolio. The estimation of yields and ERVs in the property valuation is a significant judgement area, underpinned by a number of assumptions relating to the size and location of the property as well as certain attributes of the lease. Given the high level of judgement involved, we determined that there was a potential for fraud through possible manipulation of these key inputs to the valuation. The inherent subjectivity in relation to estimation of yields and ERVs, coupled with the fact that only a small percentage difference in individual property valuations, when aggregated, could result in a material misstatement on the Statement of Comprehensive Income and the Statement of Financial Position, warrants specific audit focus in this area. Valuation of property represents a key source of estimation uncertainty for the Group, as described in the Group's accounting policies in note 2, and a significant financial reporting matter considered by the Audit Committee, as described in page 82. Further details are disclosed in note 9 to the financial statements. The evaluation and impacts of COVID-19 and the valuations being reported on the basis of 'material valuation uncertainty', including the impacts upon sensitivities of future sources of estimation uncertainty, are described in the respective sections as referenced.
How the scope of our audit responded to the key audit matter	Given the inherent subjectivity involved in the valuation of investment properties, the need for deep market knowledge when determining the most appropriate assumptions, and the technicalities of a valuation methodology, we involved our internal valuation specialists (qualified chartered surveyors) in addressing the key audit matter. We obtained an understanding of the relevant controls over the valuation process, including assessing management's process and control for reviewing and challenging the work of the external Valuers including management's experience and knowledge to undertake this activity. We observed discussions between management and the Valuers which evidenced that alternative assumptions and recent market transactions were considered and evaluated before the final valuation was determined. We read the valuation reports for all properties and attended meetings with each of the Valuers. We assessed whether the valuation approach for each was in accordance with RICS guidance and suitable for use in determining the carrying value in the Group balance sheet. We also obtained explanations from the Valuers and management, relating to specific considerations regarding to the COVID-19 pandemic, and any events subsequent to 31 March of relevance to the market and associated valuation trends. We assessed the competence, capabilities and objectivity of the external Valuers and read their terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations on their work. We carried out procedures, on a sample basis, to test whether property-specific data supplied to the Valuers by management reflected the underlying property records held by the Group and which had been tested during our audit. We compared the yields used by the Valuers to an estimated range of expected yields, determined via reference to published benchmarks, and to recent transactions. We also considered the reasonableness of other assumptions that are not so readily comparable to published benchmarks, such as Estimated Rental Value. Additionally, we evaluated year-on-year movements in capital value with reference to published benchmarks. Where assumptions were outside the expected range or otherwise deemed unusual, and/or valuations appeared to experience unexpected movements, we undertook further investigations and, where necessary, held further discussions with management and the Valuers in order to challenge the assumptions and impacts upon the valuations.

Independent Auditor's Report to the members of Assura plc continued

How the scope of our audit responded to the key audit matter continued	We specifically evaluated and challenged, taking into account the nature of the industry in which the Group operates and wider market trends observed, management's and the Valuers' conclusions in respect of the valuations at the valuation date in reference to the COVID-19 pandemic and the valuations being reported on the basis of 'material valuation uncertainty'. We also considered the adequacy of the Group's disclosures about the degree of the estimation and sensitivity to key assumptions made when valuing these properties, including the impact of the COVID-19 pandemic.
Key observations	We found that the valuations and their underlying assumptions were supportable in light of available and comparable market evidence. We found the disclosures included within the Annual Report were appropriate.

Our application of materiality

Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements		Parent company financial statements
Materiality	Overall Group materiality £26.0 million (2019: £25.5 million)	Specific Group materiality £3.3 million (2019: £3.1 million) applied to EPRA earnings impacting balances	£2.97 million (2019: £2.8 million)
Basis for determining materiality	2% (2019: 2%) of net assets	Approximately 5% (2019: approximately 5%) of EPRA earnings	The Parent Company materiality represents 2% (2019: 2%) of equity which is capped at 90% (2019:90%) of Specific Group materiality.
Rationale for the benchmark applied	In arriving at this judgement we had regard to the carrying value of the Group's assets, acknowledging that the primary performance measure of the Group is the carrying value of investment property.	In addition to net assets, we consider EPRA earnings to be a critical financial performance measure for the Group and we applied a lower threshold of £3.1 million based on 5% of that measure for testing of all impacted balances, classes of transactions and disclosures.	As a non-trading Parent Company, equity is the key driver of the Company. The cap is applied against the Specific Group materiality due to the EPRA earnings impacting transactions within the Company.

Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of group materiality for the 2020 audit (2019: 70%). In determining performance materiality, we considered factors including our risk assessment, our assessment of the group's overall control environment, and our past experience of the audit, which has indicated a low number of uncorrected and corrected misstatements identified in prior periods.

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £1,300,000 (2019: £1,280,000), or £165,000 (2019: £159,500) for differences impacting EPRA earnings, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its internal and external environment. This included assessing Group-wide controls, assessing the risks of material misstatement at the Group level, and in particular looking at where the directors make subjective judgements, for example in respect of significant accounting estimates or adoption of accounting policies that are underpinned by a number of assumptions.

Audit work to respond to the risks of material misstatement was performed directly by the group engagement team. Our audit work on the individual subsidiary entities was executed at levels of materiality applicable to each individual entity which were lower than Group materiality, and ranged between £0.2 million and £8.1 million (2019: £0.2 million and £7.4 million). This results in full scope audit procedures performed on 100% (2019: 100%) of the Group's result and net assets. At the Group level we also tested the consolidation process and carried out analytical procedures to conclude that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or specified audit procedures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- **Fair, balanced and understandable** – the statement given by the Directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit Committee reporting** – the section describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code** – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R (2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the Directors' Responsibility Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the members of Assura plc continued

Extent to which the audit was considered capable of detecting irregularities, including fraud

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the Audit Committee about their own identification and assessment of the risks of irregularities;
- *any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:*
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team and involving relevant internal specialists, including valuation specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following area: valuation of completed investment property (excluding properties under development). In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, pensions legislation, REIT and tax legislation.

Audit response to risks identified

As a result of performing the above, we identified valuation of completed investment property (excluding properties under development) as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception**Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Other matters**Auditor tenure**

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 21 January 2012 to audit the financial statements for the year ending 31 March 2012 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is nine years, covering the years ending 31 March 2012 to 31 March 2020.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scott Bayne, FCA (senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester, United Kingdom

20 May 2020

Consolidated income statement

For the year ended 31 March 2020

	Note	2020			2019		
		EPRA £m	Capital and non-EPRA £m	Total £m	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		107.8	3.7	111.5	99.3	3.1	102.4
Property operating expenses		(4.1)	(3.7)	(7.8)	(4.1)	(3.1)	(7.2)
Net rental income	3	103.7	–	103.7	95.2	–	95.2
Administrative expenses	4	(9.9)	–	(9.9)	(8.7)	–	(8.7)
Revaluation gains	9	–	9.7	9.7	–	20.2	20.2
Gain on sale of property	9	–	1.7	1.7	–	–	–
Share-based payment charge	19	(0.2)	–	(0.2)	(0.3)	–	(0.3)
Finance revenue		–	–	–	0.1	–	0.1
Finance costs	5	(26.1)	–	(26.1)	(22.5)	–	(22.5)
Profit before taxation		67.5	11.4	78.9	63.8	20.2	84.0
Taxation	21	–	–	–	–	–	–
Profit for the year attributable to equity holders of the parent		67.5	11.4	78.9	63.8	20.2	84.0
EPS – basic & diluted	6			3.3p			3.5p
EPRA EPS – basic & diluted	6	2.8p			2.7p		

There were no items of other comprehensive income or expense and therefore the profit for the year also reflects the Group's total comprehensive income. All income arises from continuing operations in the UK.

Consolidated balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
Non-current assets			
Investment property	9	2,139.0	1,978.8
Property work in progress	2	11.1	–
Property, plant and equipment	10	0.2	0.2
Investments	8	0.2	–
Deferred tax asset	21	0.5	0.5
		2,151.0	1,979.5
Current assets			
Cash, cash equivalents and restricted cash	11	18.5	18.3
Trade and other receivables	12	19.1	14.7
Property assets held for sale	9	20.7	17.6
		58.3	50.6
Total assets		2,209.3	2,030.1
Current liabilities			
Trade and other payables	13	32.2	37.5
Borrowings	16	11.0	11.0
Head lease liabilities	14	0.1	–
Deferred revenue	15	22.8	21.3
		66.1	69.8
Non-current liabilities			
Borrowings	16	830.5	672.3
Head lease liabilities	14	5.5	2.8
Deferred revenue	15	4.8	5.3
		840.8	680.4
Total liabilities		906.9	750.2
Net assets		1,302.4	1,279.9
Capital and reserves			
Share capital	17	241.3	239.8
Share premium		595.5	587.4
Merger reserve	17	231.2	231.2
Retained earnings		234.4	221.5
Total equity		1,302.4	1,279.9
NAV per Ordinary Share			
– basic	7	54.0p	53.4p
– diluted	7	53.9p	53.4p
EPRA NAV per Ordinary Share			
– basic	7	54.0p	53.3p
– diluted	7	53.9p	53.3p

The financial statements were approved at a meeting of the Board of Directors held on 20 May 2020 and signed on its behalf by:

Jonathan Murphy
CEO



Jayne Cottam
CFO



Consolidated statement of changes in equity

for the year ended 31 March 2020

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2018		238.3	580.4	231.2	200.5	1,250.4
Profit attributable to equity holders		–	–	–	84.0	84.0
Total comprehensive income		–	–	–	84.0	84.0
Issue of Ordinary Shares	17	–	0.2	–	–	0.2
Dividends	18	1.5	6.8	–	(63.3)	(55.0)
Employee share-based incentives		–	–	–	0.3	0.3
31 March 2019		239.8	587.4	231.2	221.5	1,279.9
Profit attributable to equity holders		–	–	–	78.9	78.9
Total comprehensive income		–	–	–	78.9	78.9
Dividends	18	1.5	8.1	–	(66.2)	(56.6)
Employee share-based incentives		–	–	–	0.2	0.2
31 March 2020		241.3	595.5	231.2	234.4	1,302.4

Consolidated cash flow statement

For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Operating activities			
Rent received		104.6	100.8
Interest paid and similar charges		(23.7)	(16.7)
Fees received		0.9	0.9
Interest received		–	0.1
Cash paid to suppliers and employees		(15.5)	(12.2)
Net cash inflow from operating activities	20	66.3	72.9
Investing activities			
Purchase of investment property		(132.4)	(210.1)
Development expenditure		(53.7)	(21.2)
Proceeds from sale of property		20.7	7.1
Other investments		(0.2)	–
Net cash outflow from investing activities		(166.2)	(224.2)
Financing activities			
Dividends paid		(56.6)	(55.0)
Repayment of loan/borrowings	16	–	(100.0)
Long-term loans drawn down	16	157.0	298.4
Interest on head lease liabilities		(0.1)	–
Loan issue costs	16	(0.2)	(2.5)
Net cash inflow from financing activities		100.1	140.9
Increase/(decrease) in cash and cash equivalents		0.2	(10.4)
Opening cash and cash equivalents		18.3	28.7
Closing cash and cash equivalents	11	18.5	18.3

Notes to the accounts

For the year ended 31 March 2020

1. Corporate information and operations

The Company is a public limited company, limited by shares, incorporated and domiciled in England and Wales, whose shares are publicly traded on the main market of the London Stock Exchange.

With effect from 1 April 2013, the Group has elected to be treated as a UK REIT. See Note 21 for further details.

2. Significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for investment properties, including investment properties under construction and land which are included at fair value. The financial statements have also been prepared in accordance with IFRSs and interpretations adopted by the European Union and in accordance with the Companies Act 2006.

The financial statements are prepared on a going concern basis as explained in the Directors' Report on page 102 and are presented in pounds sterling.

The accounting policies have been applied consistently to the results, other gains and losses, liabilities and cash flows of entities included in the consolidated financial statements. All intragroup balances, transactions, income and expenses are eliminated on consolidation.

Standards affecting the financial statements

The following standards and amendments became effective for the Company in the year ended 31 March 2020. The pronouncements either had no material impact on the financial statements or resulted in changes in presentation and disclosure only (effective for periods beginning on or after the date in brackets):

- Annual Improvements to IFRS Standards 2015–2017 Cycle (1 January 2019)
- Amendments to long-term interests in associates and joint ventures (1 January 2019)
- Amendments regarding the definition of materiality (1 January 2020)

IFRS 16 Leases (1 January 2019)

The standard does not impact the Group's financial position as a lessor or the Group's rental income from its investment properties. Lessor accounting is substantially unchanged from previous accounting. In respect of lessee accounting, for operating leases in excess of 12 months, the standard requires lessees to recognise a right-of-use asset and related lease liability representing the obligation to make lease payments. The right-of-use asset is assessed for impairment annually and is amortised on a straight-line basis. The lease liability is amortised using the effective interest method. The asset and liability were equal and opposite upon adoption, with a value of £5.6 million at March 2020. The impact on the income statement is negligible. The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered into or modified before 1 April 2019. As part of the Group's adoption of IFRS 16 and application of the modified retrospective approach to transition, the Group also elected to use the following practical expedients:

- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics;
- reliance on the previous identification of a lease (under IAS 17) for all contracts that existed on 1 April 2019;
- exclusion of indirect costs from the measurement of the right to use asset at 1 April 2019; and
- the accounting for operating leases with a remaining term of less than 12 months as a 1 April 2019 as short term leases.

Standards in issue not yet effective

The following standards and amendments are in issue as at the date of the approval of these financial statements but are not yet effective for the Company. The Directors do not expect that the adoption of the standards listed below will have a material impact on the financial statements of the Company in future periods but are continuing to assess the potential impact (effective for periods beginning on or after the date in brackets).

- Amendments to IFRS 3 regarding the definition of a business (1 January 2020)
- Amendments regarding the definition of materiality (1 January 2020)
- Amendments to references to the Conceptual Framework in IFRS Standards (1 January 2020)

There are no other standards or interpretations yet to be effective that would be expected to have a material impact on the financial statements of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property valuations

The key source of estimation uncertainty relates to the valuation of the property portfolio, where a valuation is obtained twice a year from professionally qualified external valuers. The evidence to support these valuations is based primarily on recent, comparable market transactions on an arm's-length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty. Property valuations are one of the principal uncertainties of the Group and details of the accounting policies applied in respect of valuation are set out below. Note 9 includes details of the key unobservable inputs relating to the valuations, and a sensitivity analysis in respect of a movement in the equivalent yield or Estimated Rental Value ("ERV"), which are considered to be the two key assumptions with the highest risk of causing a material movement in the next financial year.

2. Significant accounting policies (continued)

As a result of the COVID-19 outbreak and the consequential impact upon global financial markets, the Group's external Valuers have taken into account latest guidelines from RICS and reported the Group's investment property valuations on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global. The Directors have evaluated the basis, and meaning, of such preparation. Although uncertainty is present within the wider real estate sector, with varying impacts being observed, the Directors consider the sector in which the Group operates to be less impacted by adverse events seen across sectors (as described within the principal risks section on page 58). In addition, market evidence relating to completed transactions and those in progress within our sector do not indicate a lack of evidence or impact upon the valuations determined as at the balance sheet date. The basis of preparation primarily highlights future uncertainty and a higher degree of caution. The Directors have considered this also in respect of key sources of estimation uncertainty and have concluded based upon the sector and market trends observed, relative to the wider real estate, that the events of COVID-19 do not give rise to new course of key estimation uncertainty, nor do they impact the potential sensitivity level of a reasonable and possible change that may occur within the next 12 months.

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described below, the Directors do not consider there to be significant judgements applied with regard to the policies adopted, other than in respect of property valuations as described above.

Basis of consolidation

Subsidiaries and associates

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises power over the entity, exposure to variable returns and the ability to use its power over the entity to affect the amount of returns.

Investments in associates are initially held at cost, and then applying equity accounting rules. Investments which are not deemed to be subsidiaries or associates due to insufficient control are initially held at cost and subsequently remeasured to fair value through the income statement.

In the Company financial statements, investments in subsidiaries are held at cost less any provision for impairment. In addition, the Company recognises dividend income when the rights to receive payment have been established (normally when declared and paid).

Where properties are acquired through the purchase of a corporate entity but the transaction does not meet the definition of a business combination under IFRS 3, the purchase is treated as an asset acquisition. Where the acquisition is considered a business combination, the excess of the consideration transferred over the fair value of assets and liabilities acquired is held as goodwill, initially recognised at cost with subsequent impairment assessments completed at least annually. Where the initial calculation of goodwill arising is negative, this is recognised immediately in the income statement.

Property portfolio

Properties are externally valued on an open market basis, which represents fair value, as at the balance sheet date and are recorded at valuation.

Investment property under construction ("IPUC") is valued as if complete, with appropriate deductions for expected cost to complete and theoretical developer's margin on remaining costs.

Any surplus or deficit arising on revaluing investment property and IPUC is recognised in the income statement.

All costs associated with the purchase and construction of IPUC are capitalised including attributable interest. Interest is calculated on the expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. When IPUC are completed, they are classified as investment properties.

Leasehold properties that are leased out to occupiers under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value.

Where an investment property is held under a head lease it is initially recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a head lease liability. Short-term leases (less than 12 months) or those of low value assets are kept off balance sheet in accordance with IFRS 16.

The market value of investment property as estimated by an external valuer is increased for the unamortised pharmacy lease premium held at the balance sheet date. Properties are classified as assets held for sale when it is considered highly probable that it will be disposed in the next financial year and are recorded at the lower of carrying value and fair value less costs to sell.

Costs incurred prior to a development being legally committed ("on site") are recorded as property work in progress and held at cost, being transferred to investment property under construction when legally committed. With the increase in value of the acquisition, development and asset enhancement pipelines, the Group has deemed it appropriate to present property work in progress as a separate line item on the face of the balance sheet. Given the immaterial nature of these balances previously, the comparative at March 2019 (£1.0 million) was presented in trade and other receivables and the balance sheet at March 2019 has not been restated.

Net rental income

Rental income is recognised on an accruals basis and recognised on a straight-line basis over the lease term. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Pharmacy lease premiums received from occupiers are spread over the lease term, even if the receipts are not received on such a basis. The lease term is the non-cancellable period of the lease. Property operating expenses are expensed as incurred and property operating expenditure not recovered from occupiers through service charges is charged to the income statement.

In accordance with IFRS 15, service charge income and expenditure is shown gross on the face of the income statement, presented within the capital and non-EPRA column in accordance with EPRA guidelines.

Notes to the accounts continued

For the year ended 31 March 2020

2. Significant accounting policies (continued)

Gains on sale of properties

Gains on sale of properties are recognised on the completion of the contract and are calculated by reference to the carrying value at the end of the previous reporting period, adjusted for subsequent capital expenditure.

Financial assets and liabilities

Trade receivables and payables are initially recognised at transaction value and subsequently measured at amortised cost and discounted as appropriate. Appropriate provisions are made for expected credit losses considering historical credit losses incurred and future expected losses.

Other investments are shown at amortised cost and held as loans and receivables. Loans and receivables are initially valued at fair value less directly attributable transaction costs. After recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption at a constant rate on the carrying amount of the liability.

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or when substantially all the risks and rewards of ownership of the asset have been transferred to another entity. Any difference between the asset's carrying value and any consideration received is recognised in the income statement.

Financial liabilities are derecognised only when the Group's obligations have been discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the income statement.

Financial instruments

Cash equivalents are limited to instruments with a maturity of less than three months measured at amortised cost.

Tax

Current tax is expected tax payable on any non-REIT taxable income for the period and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value.

Alternative performance measures

In the reporting of financial information, the Group uses certain measures (non-GAAP measures, also known as "Alternative Performance Measures") that are not required under IFRS, the generally accepted accounting principles ("GAAP") under which the Group reports. The Board believes that these measures, as described in the CFO review, provide additional useful information on performance and trends to shareholders. These are used by the Board for internal performance analysis and incentive compensation arrangements for employees. They are not intended to be a substitute for, or superior to, GAAP measures.

Income statement definitions

EPRA earnings represents profit calculated in accordance with the guide published by the European Public Real Estate Association. See Note 6 for details of the adjustments.

Capital and non-EPRA represents all other statutory income statement items that are excluded from EPRA earnings.

Employee costs

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are charged to the income statement as incurred.

Share-based employee remuneration

Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement over the vesting period on a straight-line basis. The fair value of share options is calculated using an appropriate valuation model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. IFRS 2 Share-based Payment has been applied to share options granted.

Segmental information

The Group is run and management assess performance as one business and as such no segmental analysis is presented for the current or prior year results.

3. Net rental income

	2020 £m	2019 £m
Rental revenue	106.9	98.4
Service charge income	3.7	3.1
Other related income	0.9	0.9
Gross rental and related income	111.5	102.4
	2020 £m	2019 £m
Gross rental and related income	111.5	102.4
Direct property expenses	(4.1)	(4.1)
Service charge expenses	(3.7)	(3.1)
Net rental income	103.7	95.2

4. Administrative expenses

	Note	2020 £m	2019 £m
Wages and salaries		4.0	3.4
Social security costs		0.7	0.5
		4.7	3.9
Auditor's remuneration	4(a)	0.2	0.3
Directors' remuneration and fees		1.5	1.3
Other administrative expenses		3.5	3.2
		9.9	8.7

The Group operates a defined contribution pension scheme, available to all employees. The Group contribution to the scheme during the year was £205,600 (2019: £222,220), which represents the total expense recognised through the income statement. As at 31 March 2020, contributions of £17,800 (2019: £16,100) due in respect of the reporting period had not been paid over to the plan but were all paid in April 2020.

The average number of employees in the year was 66 (2019: 51).

Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 84 to 101.

Key management staff (Executive Committee)	2020 £m	2019 £m
Salaries, pension holiday pay, payments in lieu of notice and bonuses	2.1	1.7
Cost of employee share-based incentives (including related social security costs)	0.2	0.3
Social security costs	0.3	0.3
	2.6	2.3

(a) Auditor's remuneration

	2020 £m	2019 £m
Fees payable to auditor for audit of Company's annual accounts	0.1	0.1
Fees payable to auditor for audit of Company's subsidiaries	0.1	0.1
Total audit fees	0.2	0.2
Other assurance services (total non-audit fees) – half year review and reporting accountant services	–	0.1
	0.2	0.3

Notes to the accounts continued

For the year ended 31 March 2020

5. Finance costs

	2020 £m	2019 £m
Interest payable	25.6	21.8
Interest capitalised on developments	(1.0)	(0.5)
Amortisation of loan issue costs	1.4	1.2
Interest on head lease liability	0.1	–
Total finance costs	26.1	22.5

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2019: 4% to 5%).

6. Earnings per Ordinary Share

	Earnings 2020 £m	EPRA earnings 2020 £m	Earnings 2019 £m	EPRA earnings 2019 £m
Profit for the year	78.9	78.9	84.0	84.0
Revaluation gains		(9.7)		(20.2)
Gain on sale of property		(1.7)		–
EPRA earnings		67.5		63.8
Weighted average number of shares in issue – basic	2,407,359,922	2,407,359,922	2,391,704,889	2,391,704,889
Potential dilutive impact of share options	2,506,034	2,506,034	560,853	560,853
Weighted average number of shares in issue – diluted	2,409,865,956	2,409,865,956	2,392,265,742	2,392,265,742
EPS/EPRA EPS – basic & diluted	3.3p	2.8p	3.5p	2.7p

The current estimated number of shares over which nil-cost options may be issued to participants is 2.5 million.

7. NAV per Ordinary Share

	NAV 2020 £m	EPRA NAV 2020 £m	NAV 2019 £m	EPRA NAV 2019 £m
Net assets	1,302.4	1,302.4	1,279.9	1,279.9
Deferred tax		(0.5)		(0.5)
EPRA NAV		1,301.9		1,279.4
Number of shares in issue	2,413,241,827	2,413,241,827	2,398,371,795	2,398,371,795
Potential dilutive impact of PSP	2,506,034	2,506,034	560,853	560,853
Diluted number of shares in issue	2,415,747,861	2,415,747,861	2,398,932,648	2,398,932,648
NAV per Ordinary Share – basic	54.0p	54.0p	53.4p	53.3p
– diluted	53.9p	53.9p	53.4p	53.3p
		EPRA NNNAV 2020 £m		EPRA NNNAV 2019 £m
EPRA NAV		1,301.9		1,279.4
Mark to market of fixed rate debt		(30.9)		(19.2)
EPRA NNNAV		1,271.0		1,260.2
EPRA NNNAV per Ordinary Share – basic		52.7p		52.5p

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated November 2016. In October 2019, EPRA published three new measures to replace EPRA NAV and EPRA NNNAV with requirements for these to be reported from 31 March 2021 for Assura. We have included in Appendix A on page 137 the impact of these changes for illustration.

Mark to market adjustments have been provided by the counterparty or by reference to the quoted fair value of financial instruments.

8. Investments

Below is a listing of all subsidiaries of Assura plc:

Property investment companies

Assura (SC1) Ltd*	Assura Properties UK Ltd*	Metro MRM Ltd*
Assura (SC2) Ltd*	Assura Trellech Ltd*	Newton Healthcare Ltd*
Assura Aspire Ltd*	BHE (Heartlands) Ltd*	Park Medical Services Ltd*
Assura Aspire UK Ltd*	BHE (St James) Ltd*	Pentagon HIS Ltd*
Assura GHC Ltd*	Donnington Healthcare Ltd*	Prime Hereford Hub Ltd*
Assura HC Ltd*	Holywell House Ltd*	SJM Developments Ltd*
Assura HC UK Ltd*	Malmesbury Medical Enterprise Ltd*	Surgery Developments Ltd*
Assura Health Investments Ltd*	Medical Properties Limited*	Trinity Medical Properties Ltd*
Assura Medical Centres Ltd*	Meridian Medical Services Ltd*	Whitton Property Limited*
Assura Primary Care Properties Ltd*	Metro MRH Ltd*	
Assura Properties plc*	Metro MRI Ltd*	

Holding or dormant companies

Abbey Healthcare Group Ltd*	Assura Property Ltd* (Guernsey)	PH Investment (No. 1) Ltd*
Abbey Healthcare Property Investments Ltd*	Assura Property Management Ltd*	Primary Care Initiatives (Macclesfield) Ltd*
AH Medical Properties Ltd*	Assura Retail York Ltd*	PVR Investments Ltd*
Ashceane Investments Ltd*	Assura Services Ltd*	Riddings Pharmco Ltd*
Assura (AHL) Ltd*	Assura Southampton Ltd*	SHC Holdings Ltd* (Jersey)
Assura Aylesham Ltd*	Assura Stanwell Ltd*	South Kirkby Property Ltd*
Assura Banbury Ltd*	Assura Todmorden Ltd*	SPCD (Balsall Common) Ltd*
Assura Beeston Ltd*	Assura Tunbridge Wells Ltd*	SPCD (Crawcrook) Ltd*
Assura CS Ltd*	Birchdale Investments Ltd*	SPCD (Davyhulme) Ltd*
Assura CVS&K Ltd*	Broadfield Surgery Ltd*	SPCD (Didcot) Ltd*
Assura Financing Ltd*	Cac Court Developments Ltd*	SPCD (Kincaidston) Ltd*
Assura Grimsby Ltd*	Cloverleaf Investments Ltd*	SPCD (Rugeley) Ltd*
Assura Group Ltd (Guernsey)	Community Ventures Hartlepool Ltd*	SPCD (Sutton in Ashfield) Ltd*
Assura HC Holdings Ltd*	Community Ventures Hartlepool Midco Ltd*	Stonebrites Ltd*
Assura IH Ltd	Destra Hartlepool Ltd*	Stratford Healthcare Ltd*
Assura Investments Ltd*	F.P. Projects Ltd*	The 3P Development Ltd*
Assura Kensington Ltd*	General Practice Investment Corporation Ltd*	The Third Party Development Corporation Ltd*
Assura Management Services Ltd*	GP Premises Holdings Ltd*	Trinity Medical Developments Ltd*
Assura PCP UK Ltd*	MP Realty Holdings Ltd*	Whitton Limited* (Jersey)
Assura Pharmacy Holdings Ltd* (Guernsey)	PCD Pembrokeshire Ltd*	
Assura Pharminvest Ltd*	PCI Management Ltd*	

* Indicates subsidiary owned by intermediate subsidiary of Assura plc

1. Previously SPCD (Silsden) Ltd.

All companies are wholly owned by the Group (holding the Ordinary Shares) and registered in England unless otherwise indicated.

All companies registered in England have a registered address of The Brew House, Greenalls Avenue, Warrington, WA4 6HL. The companies registered in Guernsey have a registered address of PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey and the Jersey company registered addresses are 44 Esplanade, St Helier, Jersey (SHC) and 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey (Whitton). Taking into consideration the facts of each transaction, acquisitions of companies owning property completed during the years ended 31 March 2020 and 31 March 2019 have been accounted for as asset purchases as opposed to business combinations.

During the year, a 100% subsidiary of the Group committed to invest up to £5 million in PI Labs III LP, a limited partnership registered in England (LP020025, registered address 151 Wardour Street, London, W1F 8WE). £0.2 million had been invested as at 31 March 2020. The first £3 million can be drawn on demand to cover investments the fund makes in qualifying, selected PropTech businesses. The remaining £2 million may only be drawn in tranches of £1 million when total investment in the fund exceeds £40 million and £50 million respectively (currently £10 million of committed investors of which Assura represents 30%). This investment has initially been recorded at cost and will subsequently be recorded at fair value through the income statement. At 31 March 2020, the Directors believe the cost is equal to the fair value.

The Group also holds an investment in Virgin Healthcare Holdings Limited, made up of a 0.7% equity holding (book value £nil) and a £4 million loan note receivable (book value £nil, 2019: £nil). The registered address is Lynton House, 7-12 Tavistock Square, London WC1H 9LT.

Notes to the accounts continued

For the year ended 31 March 2020

9. Property assets

Investment property and investment property under construction ("IPUC").

Properties are stated at fair value, which has been determined for the Group by Savills Commercial Limited and Jones Lang LaSalle as at 31 March 2020. The properties have been valued individually and on the basis of open market value (which the Directors consider to be the fair value) in accordance with RICS Valuation – Professional Standards 2020 ("the Red Book"). Valuers are paid on the basis of a fixed fee arrangement, subject to the number of properties valued.

	Investment 2020 £m	IPUC 2020 £m	Total 2020 £m	Investment 2019 £m	IPUC 2019 £m	Total 2019 £m
Opening market value	1,952.9	23.0	1,975.9	1,707.7	22.2	1,729.9
Additions:						
- acquisitions	119.4	–	119.4	218.3	–	218.3
- improvements	1.7	–	1.7	2.2	–	2.2
	121.1	–	121.1	220.5	–	220.5
Development costs	–	47.3	47.3	–	21.1	21.1
Transfers	15.1	(15.1)	–	22.0	(22.0)	–
Transfer (to)/from assets held for sale	(18.9)	–	(18.9)	(9.3)	0.2	(9.1)
Capitalised interest	–	1.0	1.0	–	0.5	0.5
Disposals	(2.7)	–	(2.7)	(7.1)	–	(7.1)
Unrealised surplus on revaluation	8.4	1.3	9.7	19.1	1.1	20.2
Closing market value	2,075.9	57.5	2,133.4	1,952.9	23.1	1,976.0
Add head lease liabilities recognised separately	5.6	–	5.6	2.8	–	2.8
Closing fair value of investment property	2,081.5	57.5	2,139.0	1,955.7	23.1	1,978.8

	2020 £m	2019 £m
Market value of investment property as estimated by valuer	2,073.3	1,943.3
Add IPUC	57.5	23.1
Add capitalised lease premiums and rental payments	2.6	9.6
Add head lease liabilities recognised separately	5.6	2.8
Fair value for financial reporting purposes	2,139.0	1,978.8
Completed investment property held for sale	20.3	17.2
Land held for sale	0.4	0.4
Total property assets	2,159.7	1,996.4

The total value of investment property is £2,093.6 million, which is completed investment property of £2,073.3 million plus £20.3 million of investment properties held for sale.

	2020 £m
Assets held for sale at 1 April 2019	17.6
Disposals during the year	(15.8)
Net transfers from investment property	18.9
Assets held for sale at 31 March 2020	20.7

At March 2020, 24 assets are held as available for sale (2019: 19 assets). These properties are either being actively marketed for sale or have a negotiated sale agreed which is currently in legal hands.

Fair value hierarchy

The fair value measurement hierarchy for all investment property and IPUC as at 31 March 2020 was Level 3 – Significant unobservable inputs (2019: Level 3). There were no transfers between Levels 1, 2 or 3 during the year.

Descriptions and definitions relating to valuation techniques and key unobservable inputs made in determining fair values are as follows:

Valuation techniques used to derive Level 3 fair values

The valuations have been prepared on the basis of fair market value which is defined in the Red Book 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 arms-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

9. Property assets (continued)

Unobservable inputs

The key unobservable inputs in the property valuation are the equivalent yield and the ERV, which are explained in more detail below. It is also worth noting that the properties are subject to physical inspection by the valuers on a rotational basis (at least once every three years).

The equivalent yield ranges from 3.9% to 8.3% (2019: 4.00% to 8.00%), in respect of 96% of the portfolio by value. A decrease in the equivalent yield applied to a property would increase the market value. Factors that affect the equivalent yield applied to a property include the weighted average unexpired lease term, the estimated future increases in rent, the strength of the occupier covenant and the physical condition of the property. Lower yields generally represent properties with index-linked reviews, 100% NHS tenancies and longer unexpired lease terms, ranging from 3.90% to 4.65%. Higher yields (range 5.6% to 8.0%) are applied for a weaker occupier mix and leases approaching expiry. Our properties have a range of occupier mixes, rent review basis and unexpired terms. A 0.25% shift of equivalent yield would have approximately a £111.8 million (2019: £108.5 million) impact on the investment property valuation.

The ERV ranges from £100 to £427 per sq.m (2019: £100 to £425 per sq.m), in respect of 98% of the portfolio by value. An increase in the ERV of a property would increase the market value. A 1% increase in the ERV would have approximately a £21.0 million (2019: £19.6 million) increase in the investment property valuation. The nature of the sector we operate in, with long unexpired lease terms, low void rates, low occupier turnover and upward only rent review clauses, means that a significant fall in the ERV is considered unlikely.

10. Property, plant and equipment

The Group holds computer and other equipment assets with cost of £1.1 million (2019: £1.0 million) and accumulated depreciation of £0.9 million (2019: £0.8 million), giving a net book value of £0.2 million (2019: £0.2 million).

There were £0.1 million additions during the year (2019: none) and depreciation charged to the income statement was £0.1 million (2019: £0.2 million).

11. Cash, cash equivalents and restricted cash

	2020 £m	2019 £m
Cash held in current account	18.3	16.5
Restricted cash	0.2	1.8
	18.5	18.3

Restricted cash arises where there are rent deposits, 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.

12. Trade and other receivables

	2020 £m	2019 £m
Trade receivables	12.8	8.9
Prepayments and accrued income	5.4	3.8
Other debtors	0.9	2.0
	19.1	14.7

Trade receivables are recognised initially at their transaction price and subsequently measured at amortised cost less loss allowance for expected credit losses.

The Group's principal customers are invoiced and pay quarterly in advance, usually on the English quarter days. Other debtors are generally on 30–60 days' terms. No bad debt provision was required during the year (2019: £nil).

As at 31 March 2020 and 31 March 2019, the analysis of trade debtors that were past due but not impaired is as follows:

	Total £m	Neither past due nor impaired £m	Past due but not impaired		
			>30 days £m	>60 days £m	>90 days £m
2020	12.8	9.8	0.9	0.7	1.4
2019	8.9	7.6	0.5	0.2	0.6

The Group has not recognised a loss allowance as historical experience has indicated that the risk profile of trade receivables is deemed low and the bulk of the Group's income derives from the NHS or is reimbursed by the NHS; the risk of default is not considered significant.

13. Trade and other payables

	2020 £m	2019 £m
Trade creditors	4.8	2.2
Other creditors and accruals	25.6	32.1
VAT creditor	1.8	3.2
	32.2	37.5

The maturity of trade and other payables is disclosed in Note 22.

Notes to the accounts continued

For the year ended 31 March 2020

14. Head lease liabilities

	2020 £m	2019 £m
Current	0.1	–
Non-current	5.5	2.8
	5.6	2.8

Head lease liabilities are amounts payable in respect of leasehold investment property held by the Group. The fair value of the Group's lease liabilities is approximately equal to their carrying value. The minimum payments due under head lease liabilities is disclosed in Note 22.

15. Deferred revenue

	2020 £m	2019 £m
Arising from rental received in advance	22.3	20.9
Arising from pharmacy lease premiums received in advance	5.3	5.7
	27.6	26.6
Current	22.8	21.3
Non-current	4.8	5.3
	27.6	26.6

16. Borrowings

	2020 £m	2019 £m
At 1 April	683.3	486.3
Amount drawn down in year	157.0	298.4
Amount repaid in year	–	(100.0)
Loan issue costs	(0.2)	(2.5)
Amortisation of loan issue costs	1.4	1.1
At 31 March	841.5	683.3
Due within one year	11.0	11.0
Due after more than one year	830.5	672.3
At 31 March	841.5	683.3

The Group has the following bank facilities:

- 10-year senior secured bond for £110 million at a fixed interest rate of 4.75% maturing in December 2021. The secured bond carries a loan to value ("LTV") covenant of 75% (70% at the point of substitution of an investment property or cash) and an interest cover requirement of 1.15 times (1.5 times at the point of substitution). In addition, the bond is subject to a WAULT test of ten years which, if not met, gives the bondholder the option to request repayment of £5.5 million every six months. The WAULT of the charged properties is below ten years at 31 March 2020 and £11.0 million has therefore been shown as due within one year, at the option of the bondholder. At the date of this report, the option has not been taken up.
- Five-year club revolving credit facility with Lloyds, HSBC, Santander and Barclays for £300 million on an unsecured basis at an initial margin of 1.50% above LIBOR, expiring in May 2021. The margin increases based on the LTV of the subsidiaries to which the facility relates, up to 2.0% where the LTV is in excess of 50%. The facility is subject to a historical interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years. As at 31 March 2020, £80 million of the facility was drawn (2019: £30 million drawn). Post year end, the facility has been extended to November 2024. From May 2021, the facility will reduce to £225 million.
- 10-year notes in the US private placement market for a total of £100 million. The notes are unsecured, have a fixed interest rate of 2.65% and were drawn on 13 October 2016. During the year, an additional £107 million of notes were issued in two series, £47 million in August 2019 and £60 million in October 2019, with maturities of ten and 15 years respectively and a weighted average fixed interest rate of 2.30%. The facilities are subject to a historical interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years.
- £150 million of unsecured privately placed notes in two tranches with maturities of eight and ten years drawn on 20 October 2017. The weighted average coupon is 3.04%. The facility is subject to a historical cost interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years.
- 10-year senior unsecured bond of £300 million at a fixed rate of 3% maturing July 2028. The facility is subject to an interest cover requirement of at least 150%, maximum LTV of 65% and priority debt not exceeding 0.25:1. In accordance with pricing convention on the bond market, the coupon and quantum of the facility are set to round figures with the proceeds adjusted based on market rates on the day of pricing.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the year.

17. Share capital

	Number of shares 2020	Share capital 2020 £m	Number of shares 2019	Share capital 2019 £m
Ordinary Shares issued and fully paid				
At 1 April	2,398,371,795	239.8	2,383,122,112	238.3
Issued 18 April 2018 – scrip	–	–	2,355,911	0.2
Issued 18 July 2018 – scrip	–	–	6,467,532	0.7
Issued 17 October 2018 – scrip	–	–	1,945,311	0.2
Issued 16 January 2019 – scrip	–	–	4,195,055	0.4
Issued 14 February 2019	–	–	285,874	–
Issued 17 April 2019 – scrip	3,707,485	0.4	–	–
Issued 17 July 2019 – scrip	5,664,995	0.4	–	–
Issued 9 August 2019	323,781	–	–	–
Issued 16 October 2019 – scrip	4,478,132	0.4	–	–
Issued 15 January 2020 – scrip	2,695,039	0.3	–	–
At 31 March	2,413,241,827	241.3	2,398,371,795	239.8
Own shares held	–	–	–	–
Total share capital	2,413,241,827	241.3	2,398,371,795	239.8

There is no difference between the number of Ordinary Shares issued and authorised. At the AGM each year, approval is sought from shareholders giving the Directors the ability to issue Ordinary Shares, up to 10% of the Ordinary Shares in issue at the time of the AGM.

The Ordinary Shares issued in April 2018, July 2018, October 2018, January 2019, April 2019, July 2019, October 2019 and January 2020 were issued to shareholders who elected to receive Ordinary Shares in lieu of a cash dividend under the Company scrip dividend alternative.

On 14 February 2019, 285,874 Ordinary Shares were issued as part consideration for the acquisition of a medical centre.

In August 2019, 323,781 Ordinary Shares were issued following employees exercising nil-cost options awarded under the 2016 Performance Share Plan. Full details of amounts paid can be found in the Directors' Remuneration Report.

The merger reserve relates to the capital restructuring in January 2015 whereby Assura plc replaced Assura Group Limited as the top company in the Group and was accounted for under merger accounting principles.

18. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	2020 £m	2019 £m
18 April 2018	0.655	2,383,122,112	–	15.6
18 July 2018	0.655	2,385,478,023	–	15.6
17 October 2018	0.655	2,391,945,555	–	15.7
16 January 2019	0.685	2,393,890,866	–	16.4
17 April 2019	0.685	2,398,371,795	16.4	–
17 July 2019	0.685	2,402,079,280	16.5	–
16 October 2019	0.685	2,406,068,056	16.5	–
15 January 2020	0.697	2,410,546,788	16.8	–
			66.3	63.3

The April dividend for 2020/21 of 0.697 pence per share was paid on 15 April 2020 and the July dividend for 2020/21 of 0.71 pence per share is currently planned to be paid on 15 July 2020 with a record date of 12 June 2020.

A scrip dividend alternative was introduced with effect from the January 2016 quarterly dividend. Details of shares issued in lieu of dividend payments can be found in Note 17.

The October 2018, October 2019 and April 2020 dividends were PIDs as defined under the REIT regime. Future dividends will be a mix of PID and normal dividends as required.

Notes to the accounts continued

For the year ended 31 March 2020

19. Share-based payments

As at 31 March 2020, the Group had one long-term incentive scheme in place – the Performance Share Plan ("PSP"). Further details in respect of the PSP can be found in the Remuneration Committee Report on pages 84 to 101.

The long-term incentive arrangements are structured so as to align the incentives of relevant Executives with the long-term performance of the business and to motivate and retain key members of staff. To the extent practicable long-term incentives are provided through the use of share-based (or share-fulfilled) remuneration to provide alignment of objectives with the Group's shareholders. Long-term incentive awards are granted by the Remuneration Committee, which reviews award levels on a case by case basis.

As at 31 March 2020, the Employee Benefit Trust did not hold any (2019: nil) Ordinary Shares of 10 pence each in Assura plc. The Trust remains in place to act as a vehicle for the issuance of new shares under the PSP.

Performance Share Plan

During the year, 1,922,100 nil-cost options were awarded to senior management under the PSP. Participants' awards will vest if certain targets relating to TSR and growth in EPS are met, as detailed in the Remuneration Committee Report.

The following table illustrates the movement in options (all of which were nil-cost options) outstanding:

Options outstanding at 1 April 2019	3,897,004
Options issued during the year	1,922,100
Options exercised during the year	(287,150)
Options lapsed during the year	(611,598)
Options outstanding at 31 March 2020	4,920,356

Of the options outstanding at 31 March 2020, 1,161,337 have a performance period ending 31 March 2020, 1,836,919 for the period ending 31 March 2021 and 1,922,100 for the period ending 31 March 2022.

The fair value of the newly issued PSP equity settled options granted during the year was estimated as at the date of grant using the Stochastic Model, taking into account the terms and conditions upon which awards were granted. The following table lists the key inputs to the models used:

	2020	2019
Expected share price volatility (%)	22	22
Risk free interest rate (%)	0.46	0.70
Expected life units (years)	3	3

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the awards granted in 2020 was £892,912 based on the market price at the date the units were granted. This cost is allocated over the vesting period. The cost allocation for all outstanding units in the period was a charge of £0.2 million (2019: £0.3 million).

20. Note to the consolidated cash flow statement

	2020 £m	2019 £m
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net profit before taxation	78.9	84.0
Adjustments for:		
Increase in debtors	(5.8)	(0.8)
Increase in creditors	3.9	8.7
Revaluation gain	(9.7)	(20.2)
Interest capitalised on developments	(1.0)	(0.5)
Gain on disposal of properties	(1.7)	–
Depreciation	0.1	0.2
Employee share-based incentive costs	0.2	0.3
Amortisation of loan issue costs	1.4	1.2
Net cash inflow from operating activities	66.3	72.9

21. Tax and deferred tax

There were no amounts relating to corporation tax recorded in the income statement during 2020 or 2019. The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2020 £m	2019 £m
Profit before taxation	78.9	84.0
UK income tax at rate of 19% (2019: 19%)	15.0	16.0
Effects of:		
Non-taxable income (including REIT exempt income)	(14.9)	(16.0)
Movement in unrecognised deferred tax	(0.1)	–
	–	–

The Group elected to be treated as a UK REIT with effect from 1 April 2013. The UK REIT rules exempt the profits of the Group's property rental business from corporation tax. Gains on properties are also exempt from tax, provided they are not held for trading or sold in the three years post completion of development. The Group will otherwise be subject to corporation tax at 19% in 2020/21 (2019/20: 19%).

Any Group tax charge/(credit) relates to its non-property income. As the Group has sufficient brought forward tax losses, no tax is due in relation to the current or prior period.

As a REIT, the Group is required to pay Property Income Distributions ("PIDs") equal to at least 90% of the Group's rental profit calculated by reference to tax rules rather than accounting standards. During the year the Group paid a PID as part of the October 2019 dividend. Future dividends will be a mix of PID and normal dividends as required. To remain as a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activities and the balance of business. The Group remains compliant at 31 March 2020.

The deferred tax asset consists of the following:

	2020 £m	2019 £m
At 1 April	0.5	0.5
Income statement movement	–	–
At 31 March	0.5	0.5

The amounts of deductible temporary differences and unused tax losses (which have not been recognised) are as follows:

	2020 £m	2019 £m
Tax losses	211.9	212.8
Other timing differences	1.1	1.4
	213.0	214.2

The majority of tax losses carried forward relate to capital losses generated on the disposal of former divisions of the Group.

The following deferred tax assets have not been recognised due to uncertainties around future recoverability (having increased from the prior year primarily due to changes in substantively enacted tax rates):

	2020 £m	2019 £m
Tax losses	40.3	36.2
Other temporary differences	0.2	0.2
	40.5	36.4

Notes to the accounts continued

For the year ended 31 March 2020

22. Derivatives and other financial instruments

The Group holds cash and liquid resources as well as having debtors and creditors that arise directly from its operations.

The main risks arising from the Group's financial instruments and properties are credit risk, liquidity risk, interest rate risk and capital risk. The Board regularly reviews and agrees policies for managing each of these risks and these are summarised below.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Group.

In the event of a default by an occupational occupier, the Group will suffer a rental income shortfall and may incur additional costs, including legal expenses, in maintaining, insuring and re-letting the property. Given the nature of the Company's occupiers and enhanced rights of landlords who can issue proceedings and enforcement by bailiffs, defaults are rare and potential defaults are managed carefully by the credit control department. The maximum credit exposure in aggregate is one quarter's rent of circa £27 million; however, this amount derives from all the occupiers in the portfolio and such a scenario is hypothetical. The Group's credit risk is well spread across circa 1,200 occupiers at any one time. Furthermore the bulk of the Group's property income derives from the NHS or is reimbursed by the NHS, which has an obligation to ensure that patients can be seen and treated and steps in when GPs are unable to practise, hence the risk of default is minimal.

The maximum credit risk exposure relating to financial assets is represented by their carrying values as at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Group will encounter in realising assets or otherwise raising funds to meet financial commitments.

Investments in property are relatively illiquid; however, the Group has tried to mitigate this risk by investing in modern purpose-built medical centres which are let to GPs and NHS PropCo. In order to progress its property investment and development programme, the Group needs access to bank and equity finance, both of which may be difficult to raise notwithstanding the quality, long lease length, NHS backing, and geographical and lot size diversity of its property portfolio.

The Group manages its liquidity risk by ensuring that it has a spread of sources and maturities. The current £300 million revolving credit facility is due to mature in May 2021 and post year end the term has been extended to November 2024.

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have remaining terms of up to 30 years and have a WAULT of 11.7 years. All leases are subject to revision of rents according to various rent review clauses. Future minimum rentals receivable under non-cancellable operating leases along with trade and other receivable as at 31 March are as follows:

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Receivables as at 31 March 2020						
Non-cancellable leases	–	27.3	81.8	436.2	880.6	1,425.9
Trade and other receivables	–	19.1	–	–	–	19.1
	–	46.4	81.8	436.2	880.6	1,445.0
Receivables as at 31 March 2019						
Non-cancellable leases	–	25.5	76.5	408.5	841.0	1,351.5
Trade and other receivables	–	14.8	–	–	–	14.8
	–	40.3	76.5	408.5	841.0	1,366.3

The table below summarises the maturity profile of the Group's financial liabilities, including interest, at 31 March 2020 and 31 March 2019 based on contractual undiscounted payments at the earliest date on which the Group can be required to pay.

	On demand £m	Less than 3 months £m	3 to 12 months £m	1 to 5 years £m	>5 years £m	Total £m
Payables as at 31 March 2020						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	6.4	30.3	262.1	715.0	1,013.8
Trade and other payables	–	25.7	6.6	0.2	5.3	37.8
Total financial liabilities	–	32.1	36.9	262.3	720.3	1,051.6
Payables as at 31 March 2019						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	5.5	27.5	204.3	597.5	834.8
Trade and other payables	–	31.6	6.1	0.3	2.5	40.5
Total financial liabilities	–	37.1	33.6	204.6	600.0	875.3

22. Derivatives and other financial instruments (continued)

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash deposits and, as debt is utilised, long-term debt obligations. The Group's policy is to manage its interest cost using fixed rate debt, or by interest rate swaps, for the majority of loans and borrowings although the Group will accept some exposure to variable rates where deemed appropriate and restricted to one third of the loan book. Any swaps (there are none at March 2020) are revalued to their market value by reference to market interest rates at each balance sheet date.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2020 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash	18.5	-	-	18.5
Liabilities (fixed rate unless stated)				
Long-term loans:				
Revolving credit facility (variable rate)	-	(80.0)	-	(80.0)
Private placements	-	-	(357.0)	(357.0)
Secured bond	(11.0)	(99.0)	-	(110.0)
Unsecured bond	-	-	(300.0)	(300.0)
Payments due under head leases	(0.1)	(0.4)	(5.1)	(5.6)

Details of the principal amounts, maturities, interest rates and covenants of all debt instruments are provided in Note 16. The RCF and Secured Bond are both due to mature in the next two years at which point the Group will be required to refinance these facilities at current market rates. Given our current A- rating from Fitch Ratings Ltd, the Group is confident of maintaining or improving the interest rates on these facilities, but this will of course be subject to prevailing market conditions.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2019 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash	18.3	-	-	18.3
Liabilities (fixed rate unless stated)				
Long-term loans:				
Revolving credit facility (variable rate)	-	(30.0)	-	(30.0)
Private placements	-	-	(250.0)	(250.0)
Secured bond	(11.0)	(99.0)	-	(110.0)
Unsecured bond	-	-	(300.0)	(300.0)
Payments due under finance leases	-	(0.3)	(2.5)	(2.8)

Notes to the accounts continued

For the year ended 31 March 2020

22. Derivatives and other financial instruments (continued)

Sensitivity analysis

The table below shows the book and fair value of financial instruments. As at 31 March 2020, 91% of debt drawn by the Group is subject to fixed interest rates. A 0.25% movement in interest rates (deemed to be a reasonable approximation of possible changes in interest rates) would cause profit to increase/decrease by £0.2 million (2019: £0.1 million), based on the amount of variable rate debt drawn at the period end.

	Book value		Fair value	
	2020 £m	2019 £m	2020 £m	2019 £m
Long-term loans – fair value hierarchy Level 1	408.5	408.4	422.7	424.3
– fair value hierarchy Level 2	357.0	250.0	375.2	253.3
– Other	80.0	30.0	80.0	30.0
Cash	18.5	18.3	18.5	18.3
Payments due under head leases	5.6	2.8	5.6	2.8

The Group is exposed to the valuation impact on investor sentiment of long-term interest rate expectations, which can impact transactions in the market and increase or decrease valuations accordingly. The fair value of long-term loans has been included by reference to either quoted prices in active markets (Level 1), calculated by reference to observable estimates of interest rates (Level 2), or book value is determined to be approximately equal to fair value for variable rate debt (other).

Capital risk

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may make disposals, adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital structure with reference to LTV, which is calculated as net debt divided by total property. The LTV percentage on this basis is 38% at 31 March 2020 (31 March 2019: 34%).

	2020 £m	2019 £m
Investment property	2,081.5	1,955.7
Investment property under construction	57.5	23.1
Held for sale	20.7	17.6
Total property	2,159.7	1,996.4
	2020 £m	2019 £m
Loans	841.5	683.3
Head lease liabilities	5.6	2.8
Cash	(18.5)	(18.3)
Net debt	828.6	667.8
LTV	38%	34%

Financial liabilities, which comprise loans and head lease liabilities in the table above, have increased from £686.1 million to £847.1 million as at 31 March 2020. The movement relating to loans is reconciled in Note 16 and there has also been a £2.8 million increase in head lease liabilities (which relates to additional liabilities recorded this year following the adoption of IFRS 16, see Note 2).

23. Commitments

At the year end the Group had 15 (2019: 11) committed developments which were all on site with a contracted total expenditure of £80.5 million (2019: £48.7 million) of which £50.3 million (2019: £15.3 million) had been expended.

As detailed in Note 8, the Group is committed to invest up to £5 million in PropTech investor PI Labs III LP. £0.2 million had been invested as at 31 March 2020. The first £3 million can be drawn on demand to cover investments the fund makes in qualifying, selected PropTech businesses. The remaining £2 million may only be drawn in tranches of £1 million when total investment in the fund exceeds £40 million and £50 million respectively.

24. Related party transactions

Details of transactions during the year and outstanding balances at 31 March 2020 in respect of investments held are detailed in Note 8.

Details of payments to key management personnel are provided in Note 4.

25. Post balance sheet event

On 9 April 2020, the Company issued 240,207,920 Ordinary Shares of 10 pence each via an equity placing at a price of 77 pence per share, generating gross proceeds of £185 million.

On 20 May 2020, the term on the revolving credit facility was extended to November 2024. From May 2021, the facility will reduce to £225 million.

Company income statement

For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Revenue			
Dividends received from subsidiary companies		76.0	75.0
Group management charge		3.1	2.6
Total revenue		79.1	77.6
Administrative expenses		(3.1)	(2.9)
Share-based payment charge	19	(0.2)	(0.3)
Impairment of investment in subsidiary	B	(30.9)	(39.0)
Operating profit		44.9	35.4
Profit before taxation		44.9	35.4
Taxation		—	—
Profit attributable to equity holders		44.9	35.4

All amounts relate to continuing activities. There were no items of other comprehensive income or expense and therefore the profit for the period also reflects the Company's total comprehensive income.

Company balance sheet

As at 31 March 2020

	Note	2020 £m	2019 £m
Non-current assets			
Investments in subsidiary companies	B	266.1	297.0
		266.1	297.0
Current assets			
Cash and cash equivalents	C	–	0.1
Other receivables		0.2	0.1
Amounts owed by subsidiary companies	D	829.9	810.3
		830.1	810.5
Current liabilities			
Trade and other payables		(1.3)	(1.1)
		(1.3)	(1.1)
Net assets		1,094.9	1,106.4
Capital and reserves			
Share capital	17	241.3	239.8
Share premium		595.5	587.4
Merger reserve	B	77.3	108.2
Retained earnings		180.8	171.0
Total equity		1,094.9	1,106.4

The financial statements were approved at a meeting of the Board of Directors held on 20 May 2020 and signed on its behalf by:

Jonathan Murphy **Jayne Cottam**
CEO CFO

Company registered number: 9349441



Company statement of changes in equity

For the year ended 31 March 2020

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2018		238.3	580.4	147.2	159.6	1,125.5
Profit attributable to equity holders		–	–	–	35.4	35.4
Total comprehensive income		–	–	–	35.4	35.4
Merger reserve release	B	–	–	(39.0)	39.0	–
Issue of Ordinary Shares	17	–	0.2	–	–	0.2
Dividends	18	1.5	6.8	–	(63.3)	(55.0)
Employee share-based incentives		–	–	–	0.3	0.3
31 March 2019		239.8	587.4	108.2	171.0	1,106.4
Profit attributable to equity holders		–	–	–	44.9	44.9
Total comprehensive income		–	–	–	44.9	44.9
Merger reserve release	B	–	–	(30.9)	30.9	–
Dividends	18	1.5	8.1	–	(66.2)	(56.6)
Employee share-based incentives		–	–	–	0.2	0.2
31 March 2020		241.3	595.5	77.3	180.8	1,094.9

Company cash flow statement

For the year ended 31 March 2020

	Note	2020 £m	2019 £m
Operating activities			
Charges received from subsidiaries		3.1	2.6
Amounts paid to suppliers and employees		(3.0)	(2.8)
Net cash inflow/(outflow) from operating activities		0.1	(0.2)
Investing activities			
Net balances received from subsidiaries		56.4	55.0
Net cash inflow from investing activities		56.4	55.0
Financing activities			
Dividends paid		(56.6)	(55.0)
Net cash outflow from financing activities		(56.6)	(55.0)
Decrease in cash and cash equivalents		(0.1)	(0.2)
Cash and cash equivalents at start of period		0.1	0.3
Cash and cash equivalents at end of period	C	-	0.1

Notes to the Company accounts

For the year ended 31 March 2020

A. Accounting policies and corporate information

The accounts of the Company are separate to those of the Group.

The accounting policies of the Company are consistent with those of the Group which can be found in Note 2 to the Group accounts.

The auditor's remuneration for audit and other services is disclosed in Note 4(a) to the Group accounts. Disclosure of each Director's remuneration, share interests, share options, long-term incentive schemes, pension contributions and pension entitlements required by the Companies Act 2006 and those specified for audit by the Listing Rules of the Financial Conduct Authority are shown in the Remuneration Report on pages 93 to 99 and form part of these accounts.

The average number of employees in the Company during the year was 2 (2019: 2).

B. Investments in subsidiary companies

	2020 £m	2019 £m
Cost	484.2	484.2
Provision for diminution in value	(218.7)	(187.2)
	266.1	297.0

Details of all subsidiaries as at 31 March 2020 are shown in Note 8 to the Group accounts.

The Company directly holds investments in Assura Group Limited and Assura IH Limited, which are both intermediate holding companies for the property-owning subsidiaries in the Assura plc group.

During the period the Company received a dividend of £40.0 million (2019: £50 million) from its wholly owned subsidiary company, Assura Group Limited, which was settled by clearing an intercompany balance owed by Assura plc to Assura Group Limited. The resulting reduction in net assets of Assura Group Limited led to management completing an impairment assessment of the investment held in Assura Group Limited. Following this assessment, an impairment charge of £30.9 million (2019: £39.0 million) was recorded, which was determined by reference to the net assets of subsidiaries, which is considered to be equivalent to the fair value less costs to sell. The net assets are driven by the investment property valuations, in addition to intragroup dividends, and sensitivities in respect of property valuations and appropriate Level 3 unobservable input disclosures are provided in Note 9 to the Group accounts. A corresponding amount has been transferred from the merger reserve to retained earnings which is considered distributable.

C. Cash and cash equivalents

	2020 £m	2019 £m
Cash held in current account	–	0.1

D. Amounts owed by subsidiary companies – current

	2020 £m	2019 £m
Amounts owed by Group undertakings	829.9	810.3

The above amounts are unsecured, non-interest bearing and repayable upon demand.

The recoverable amount of amounts receivable from subsidiaries is reviewed annually by reference to the subsidiary balance sheet and expected future activities, with a provision recorded to the extent the amount is not considered recoverable. No provision has been deemed necessary.

E. Related party transactions

	Charges received £m	Dividends received £m	Amounts owed by £m	Amounts owed to £m
Group undertakings				
31 March 2020	3.1	76.0	829.9	–
31 March 2019	2.6	75.0	810.3	–

The above transactions are with subsidiaries.

Notes to the Company accounts continued

For the year ended 31 March 2020

F. Risk management

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Company.

Credit risks within the Company derive from non-payment of loan balances. However, as the balances are receivable from subsidiary companies the risk of default is considered minimal.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the balance sheet date.

The Company balance sheet largely comprises illiquid assets in the form of investments in subsidiaries and loans to subsidiaries, which have been used to finance property investment and development activities. Accordingly the realisation of these assets may take time and may not achieve the values at which they are carried in the balance sheet.

The Company had trade and other payables of £1.3 million at 31 March 2020 (31 March 2019: £1.1 million).

There are no differences between the book value of cash and trade payables, nor is there any meaningful interest rate sensitivity.

Appendix A

New EPRA measures for net asset value

In October 2019 EPRA published updated Best Practices Recommendations which included three new metrics in respect of net asset value:

- EPRA Net Reinstatement Value ("EPRA NRV") which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
- EPRA Net Tangible Assets ("EPRA NTA") which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
- EPRA Net Disposal Value ("EPRA NDV") which represents the shareholders' value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

These are required to be reported for financial years commencing from 1 January 2020, so for Assura from the year ended 31 March 2021, but we have included below illustrative disclosures as at 31 March 2020 as comparative information.

For Assura, EPRA NAV is the same as EPRA NTA, EPRA NNNAV is almost the same as EPRA NDV, and EPRA NRV is a new number adding back purchasers' costs to the property values.

	Existing		New		
	EPRA NAV	EPRA NNNAV	EPRA NRV	EPRA NTA	EPRA NDV
NAV per financial statements	1,302.4	1,302.4	1,302.4	1,302.4	1,302.4
Deferred tax	(0.5)	(0.5)	(0.5)	(0.5)	–
Fair value of debt	–	(30.9)	–	–	(30.9)
Real estate transfer tax	–	–	137.5	–	–
EPRA adjusted NAV	1,301.9	1,271.0	1,439.4	1,301.9	1,271.5
Diluted number of shares	2,415,747,861	2,415,747,861	2,415,747,861	2,415,747,861	2,415,747,861
Diluted EPRA measures per share	53.9	52.6	59.6	53.9	52.6

Appendix B

Medical centres valued over £10 million

Building official name	Town	Build date	Sq m	List size	NHS rent %
Abbey Court Medical Centre	Tunbridge	2009	2,758	18,494	91%
Ashfields Health Centre	Sandbach	2004	2,759	26,016	88%
Aspen Centre	Gloucester	2014	3,481	29,423	82%
Birkenhead Medical Building	Birkenhead	2010	2,636	20,100	91%
Bonnyrigg Medical Centre	Bonnyrigg	2005	4,083	22,168	97%
Church View Medical Centre	South Kirkby	2013	2,812	14,925	90%
Church View Primary Care Centre	Nantwich	2008	3,271	24,792	89%
Crompton Health Centre	Bolton	2007	2,964	12,781	87%
Dene Drive Primary Care Centre	Wansford	2007	2,793	24,784	87%
Dickson House	Basingstoke	2007	2,316	45,824	66%
Durham Diagnostic Treatment Centre	Durham	2018	2,069	–	100%
Eagle Bridge Health and Wellbeing Centre	Crewe	2007	6,809	45,431	90%
Fleetwood Health and Wellbeing Centre	Fleetwood	2012	5,204	12,100	91%
Freshney Green Primary Care Centre	Grimsby	2009	6,590	27,640	85%
Frome Medical Centre	Frome	2012	4,062	29,274	79%
Hall Green Health Centre	Birmingham	2005	2,409	26,021	86%
Heysham Primary Care Centre	Heysham	2012	3,077	53,779	93%
Hillside Primary Care Centre	Harlesden	2008	1,945	18,717	100%
Malmesbury Primary Care Centre	Malmesbury	2008	3,205	16,114	90%
Market Drayton Primary Care Centre	Market Drayton	2005	3,589	17,740	90%
Moor Park Medical Centre	Blackpool	2011	4,964	28,459	94%
North Ormesby Health Village	North Ormesby	2005	7,652	20,414	64%
Northgate Health Centre	Bridgnorth	2007	5,588	16,335	89%
One Life Building	Middlesbrough	2005	3,326	10,518	92%
Parkshot Medical Centre	Richmond	2014	1,221	14,931	100%
Priory Health Park	Wells	2003	4,628	19,347	83%
Rothbury Community Hospital & Medical Centre	Rothbury	2007	1,476	5,873	100%
Severn Fields Health Village	Shrewsbury	2012	6,003	17,038	94%
Well Street Surgery	Hackney	2008	1,080	14,253	100%
South Bar House	Ranbury	2009	3,692	39,919	89%
St Annes Health Centre	Lytham St Annes	2009	3,393	19,280	97%
Stratford Healthcare Centre	Stratford-upon-Avon	2005	5,988	19,349	98%
Sudbury Community Health Centre	Sudbury	2014	2,937	10,177	100%
Tees Valley Treatment Centre	Middlesbrough	2018	4,589	–	n/a
The Montefiore Medical Centre	Ramsgate	2006	2,339	27,801	85%
The Surgery @ Wheatbridge	Chesterfield	2008	2,862	15,261	81%
Todmorden Medical Centre	Todmorden	2008	4,166	13,626	91%
Turnpike House Medical Centre	Worcester	2006	4,132	29,276	90%
Waters Green Medical Centre	Macclesfield	2006	6,018	61,544	93%

Portfolio statistics

Portfolio statistics	Number	Rent (£m)	WAULI (years)	Total floor area (sq m)	Value	<£1m	£1-5m	£5-10m	>£10m
North East	128	25.6	12.5	127,074	476.5	9.7	226.1	102.6	138.1
Midlands	85	18.3	12.4	100,213	360.0	7.6	143.4	106.6	102.4
North West	54	15.8	11.7	80,847	322.6	7.5	61.6	38.4	215.1
South East	110	18.2	9.5	92,792	337.7	14.0	171.1	95.1	57.5
London	68	11.8	11.8	51,117	236.7	3.7	134.3	53.5	45.2
South West	48	8.4	13.4	50,342	161.7	7.7	57.7	32.1	64.2
Wales	60	7.7	11.2	48,031	141.1	8.3	78.2	54.6	–
Scotland	25	3.1	11.7	19,066	57.3	5.1	27.0	11.5	15.7
	576	108.9	11.7	569,482	2,093.6	61.6	899.4	494.4	638.2

Glossary

AGM is the Annual General Meeting.

Average Debt Maturity is each tranche of Group debt multiplied by the remaining period to its maturity and the result divided by total Group debt in issue at the year end.

Average Interest Rate is the Group loan interest and derivative costs per annum at the year end, divided by total Group debt in issue at the year end.

British Property Federation ("BPF") is the membership organisation, the voice, of the real estate industry.

Building Research Establishment Environmental Assessment Method ("BREEAM") assess the sustainability of buildings against a range of criteria.

Clinical Commissioning Groups ("CCGs") are the groups of GPs and other healthcare professionals responsible for commissioning primary and secondary healthcare services in their locality.

Code or New Code is the UK Corporate Governance Code 2018, a full copy of which can be found on the website of the Financial Reporting Council.

Company is Assura plc.

Direct Property Costs comprise cost of repairs and maintenance, void costs, other direct irrecoverable property expenses and rent review fees.

District Valuer ("DV") is the commercial arm of the Valuation Office Agency. It provides professional property advice across the public sector and in respect of primary healthcare represents NHS bodies on matters of valuations, rent reviews and initial rents on new developments.

Earnings per Ordinary Share from Continuing Operations ("EPS") is the profit attributable to equity holders of the parent divided by the weighted average number of shares in issue during the period.

EBITDA is EPRA earnings before tax and net finance costs. In the current year this is £93.6 million, calculated as net rental income (£103.7 million) less administrative expenses (£9.9 million) and share-based payment charge (£0.2 million).

European Public Real Estate Association ("EPRA") is the industry body for European REITs. EPRA is a registered trademark of the European Public Real Estate Association.

EPRA earnings is a measure of profit calculated in accordance with EPRA guidelines, designed to give an indication of the operating performance of the business, excluding one off or non-cash items such as revaluation movements and profit or loss on disposal. See Note 6.

EPRA EPS is EPRA earnings, calculated on a per share basis. See Note 6.

EPRA Net Asset Value ("EPRA NAV") is the balance sheet net assets excluding own shares held, mark to market derivative financial instruments (including associates) and deferred taxation. See Note 7.

EPRA NNAV is the EPRA NAV adjusted to reflect the fair value of debt and derivatives. See Note 7.

Equivalent Yield is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated Rental Value ("ERV") is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

IFRS is International Financial Reporting Standards as adopted by the European Union.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current year net interest payable is £26.1 million, EBITDA is £93.6 million, giving interest cover of 3.6 times.

KPI is a Key Performance Indicator.

Like-for-like represents amounts calculated based on properties owned at the previous year end.

Loan to Value ("LTV") is the ratio of net debt to the total value of property assets. See Note 22.

Mark to Market is the difference between the book value of an asset or liability and its market value.

MSCI is an organisation that provides performance analysis for most types of real estate and produces an independent benchmark of property returns. The MSCI All Healthcare Index refers to the MSCI UK Annual Healthcare Property Index, incorporating all properties reported to MSCI for the 12 months to December that meet the definition of healthcare.

NAV is Net Asset Value.

Net debt is total borrowings plus head lease liabilities less cash. See Note 22.

Net Initial Yield ("NIY") is the annualised rents generated by an asset, after the deduction of an estimate of annual recurring irrecoverable property outgoings, expressed as a percentage of the asset valuation (after notional purchasers' costs). Development properties are not included.

Net Rental Income is the rental income receivable in the period after payment of direct property costs. Net rental income is quoted on an accounting basis.

Operating efficiency is the ratio of administrative costs to the average gross investment property value. This ratio during the period equated to 0.48%. This is calculated as administrative expense of £9.9 million divided by the average property balance of £2,059 million (opening £1,979 million plus closing £2,139 million, divided by two).

Glossary continued

Primary Care Property is the property occupied by health services providers who act as the principal point of consultation for patients such as GP practices, dental practices, community pharmacies and high street optometrists.

Property Income Distribution ("PID") is the required distribution of income as dividends under the REIT regime. It is calculated as 90% of exempted net income.

PSP is Performance Share Plan.

Real Estate Investment Trust ("REIT") is a listed property company which qualifies for and has elected into a tax regime which exempts qualifying UK profits, arising from property rental income and gains on investment property disposals, from corporation tax, but requires the distribution of a PID.

Rent Reviews take place at intervals agreed in the lease (typically every three years) and their purpose is usually to adjust the rent to the current market level at the review date.

Rent Roll is the passing rent (i.e. at a point in time) being the total of all the contracted rents reserved under the leases, on an annual basis. At March 2020 the rent roll was £108.9 million (2019: £102.7 million) and the growth in the 12 months was £6.2 million.

Retail Price Index ("RPI") is an official measure of the general level of inflation as reflected in the retail price of a basket of goods and services such as energy, food, petrol, housing, household goods, travelling fares, etc. RPI is commonly computed on a monthly and annual basis.

Reversionary Yield is the anticipated yield which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

RPI Linked Leases are those leases which have rent reviews which are linked to changes in the RPI.

Total Accounting Return is the overall return generated by the Group including the impact of debt. It is calculated as the movement on EPRA NAV (see glossary definition and Note 7) for the year plus the dividends paid, divided by the opening EPRA NAV. Opening EPRA NAV (i.e. at 31 March 2019) was 53.3 pence per share, closing EPRA NAV was 53.9 pence per share, and dividends paid total 2.75 pence per share.

Total Contracted Rent Roll or Total Contracted Rental Income is the total amount of rent to be received over the remaining term of leases currently contracted. For example, a lease with rent of £100 and a remaining lease term of ten years would have total contracted rental income of £1,000. At March 2020, the total contracted rental income was £1.43 billion (2019: £1.35 billion) and the growth in the 12 months was £74 million.

Total Property Return is the overall return generated by properties on a debt-free basis. It is calculated as the net rental income generated by the portfolio plus the change in market values, divided by opening property assets plus additions. In the year to March 2020, the calculation is net rental income of £103.7 million plus revaluation of £9.7 million giving a return of £113.4 million, divided by £2,134.8 million (opening investment property £1,943.3 million and IPUC £23.1 million plus additions of £121.1 million and development costs of £47.3 million).

Total Shareholder Return ("TSR") is the combination of dividends paid to shareholders and the net movement in the share price during the year, divided by the opening share price. The share price at 31 March 2019 was 57.4 pence, at 31 March 2020 it was 83.5 pence, and dividends paid during the year were 2.75 pence per share.

UK GBC is the UK Green Building Council.

Weighted Average Unexpired Lease Term ("WAULT") is the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

Yield on cost is the estimated annual rent of a completed development divided by the total cost of development including site value and finance costs expressed as a percentage return.

Yield shift is a movement (usually expressed in basis points) in the yield of a property asset or like-for-like portfolio over a given period.

Yield compression is a commonly used term for a reduction in yields.

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This document contains certain statements that are neither reported financial results nor other historical information. These statements are forward-looking in nature and are subject to risks and uncertainties. Actual future results may differ materially from those expressed in or implied by these statements. Many of these risks and uncertainties relate to factors that are beyond Assura's ability to control or estimate precisely, such as future market conditions, the behaviour of other market participants, the actions of governmental regulators and other risk factors such as the Company's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which the Company operates or in economic or technological trends or conditions, including inflation and consumer confidence, on a global, regional or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Assura does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document. Information contained in this document relating to the Company should not be relied upon as a guide to future performance.

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