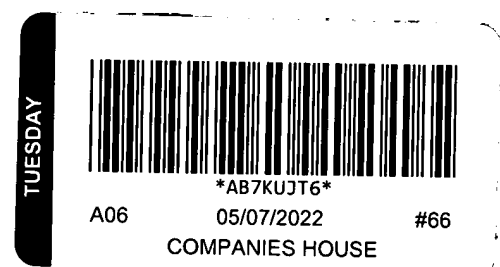




Annual Report and Accounts 2022

WE **BUILD**
FOR HEALTH



FOR THE LONG-TERM

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, community, diagnostic and treatment buildings across the UK.

6.8m

Patients served by our buildings

2040

Net zero carbon target date

£522m

Total development pipeline

2022 HIGHLIGHTS

Operational highlights

- Over £300m invested in portfolio growth during the year
- Acquisitions, developments and asset enhancements grew rent roll by 12% to £135.7m
- 1.9% annual equivalent growth on rent reviews settled, £2.2m in absolute terms
- 8 developments completed (benefitting over 74,000 patients) and a further 17 currently on site
- Strategic expansion in adjacent opportunities (NHS Trusts, mental health, independent providers) yielding acquisition and development opportunities
- 22 lease reorgs completed, covering £1.3m of existing rent roll
- £300m, 12-year Sustainability Bond successfully launched in June 2021 and £185m equity raise completed in November 2021
- Over 694,000 people impacted by SixBySix activities (new buildings, energy efficient building improvements and Assura Community Fund grants)

Financial highlights

	2022	2021	Change
Financial performance			
Net rental income	£126.5m	£112.0m	12.9%
Profit before tax	£155.8m	£108.3m	43.9%
IFRS earnings per share (Note 6)	5.6p	4.1p	36.6%
EPRA earnings per share (Note 6)	3.1p	2.7p	14.8%
Dividend per share	2.93p	2.82p	3.9%
Property valuation and performance			
Investment property	£2,752m	£2,453m	12.2%
Diluted EPRA NTA per share (Note 7)	60.7p	57.2p	6.1%
Rent roll	£135.7m	£121.7m	11.5%
Financing			
Loan to Value ("LTV") ratio (Note 22)	36%	37%	(1)ppt
Undrawn facilities and cash	£369m	£272m	35.7%
Weighted average cost of debt	2.30%	2.47%	(17)bps

EPRA summary table

	2022	2021
EPRA EPS	3.1p	2.7p
EPRA NTA	60.7p	57.2p
EPRA NRV	66.7p	63.2p
EPRA NDV	62.7p	56.0p
EPRA NIY	4.42%	4.54%
EPRA 'topped up' NIY	4.43%	4.55%
EPRA Vacancy Rate	1.2%	1.3%
EPRA Cost Ratio (including direct vacancy costs)	13.1%	15.5%
EPRA Cost Ratio (excluding direct vacancy costs)	12.1%	14.5%

See pages 26 and 27

This page includes a number of financial measures to describe the financial performance of the Group, some of which are considered Alternative Performance Measures as they are not defined under IFRS. Further details are provided in the CFO Review, notes to the financial statements and the Glossary.

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
> £10m	57	932.0	34%
£5 - 10m	111	732.5	27%
£1 - 5m	405	1,040.3	38%
< £1m	72	45.5	1%
	645	2,750.3	100%

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
South	256	1,055.6	38%
North	198	953.1	35%
Midlands	106	495.4	18%
Wales	56	145.0	5%
Scotland, Ireland & NI	29	101.2	4%
	645	2,750.3	100%

Portfolio analysis by occupier covenant

	Total rent roll £m	Total value %
GPs	84.4	62%
NHS body	26.5	20%
Pharmacy	10.5	8%
Independent providers	7.5	5%
Other	6.8	5%
	135.7	100%

REGIONAL PORTFOLIO COVERAGE

01 SCOTLAND, IRELAND & NI

3 4 20 2

02 NORTH EAST

10 27 91 16

03 NORTH WEST

14 6 27 7

04 MIDLANDS

9 25 61 11

05 SOUTH WEST

6 7 34 12

06 LONDON

9 12 57 2

07 SOUTH EAST

5 23 79 10

08 WALES

1 7 36 12

Value of property

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

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

The Bridge Centre Greater Manchester

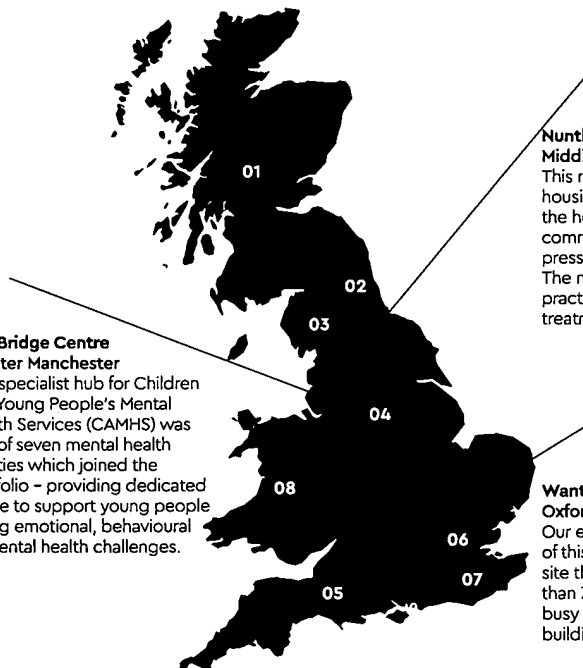
This specialist hub for Children and Young People's Mental Health Services (CAMHS) was one of seven mental health facilities which joined the portfolio - providing dedicated space to support young people facing emotional, behavioural or mental health challenges.

Nunthorpe Medical Centre Middlesbrough

This new-build facility in an area of housing growth is needed to serve the health needs of an expanding community, with increasing pressure on local NHS services. The new facility will offer the practice more space for consulting, treatment and training.

Wantage Health Centre Oxfordshire

Our extension and refurbishment of this medical centre moved to site this year. It will create more than 700m² of extra space for two busy GP practices and reduce the building's energy use.



Strategic report

- Highlights of the year
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- Build better futures for people and places
 - Unlock the power of design and innovation
 - Invest in skills and inspire new ways of working
 - Lead for a sustainable future
 - Deliver lasting impact with communities
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-

WE BUILD

BUILD
better futures
for people
and places

UNLOCK
the power of
design and
innovation

INVEST
in skills and
inspire new ways
of working

LEAD
for a sustainable
future

DELIVER
lasting impact
with communities

645

Properties

£135.7m

Rent roll

17

Developments on site

39

Properties acquired

8

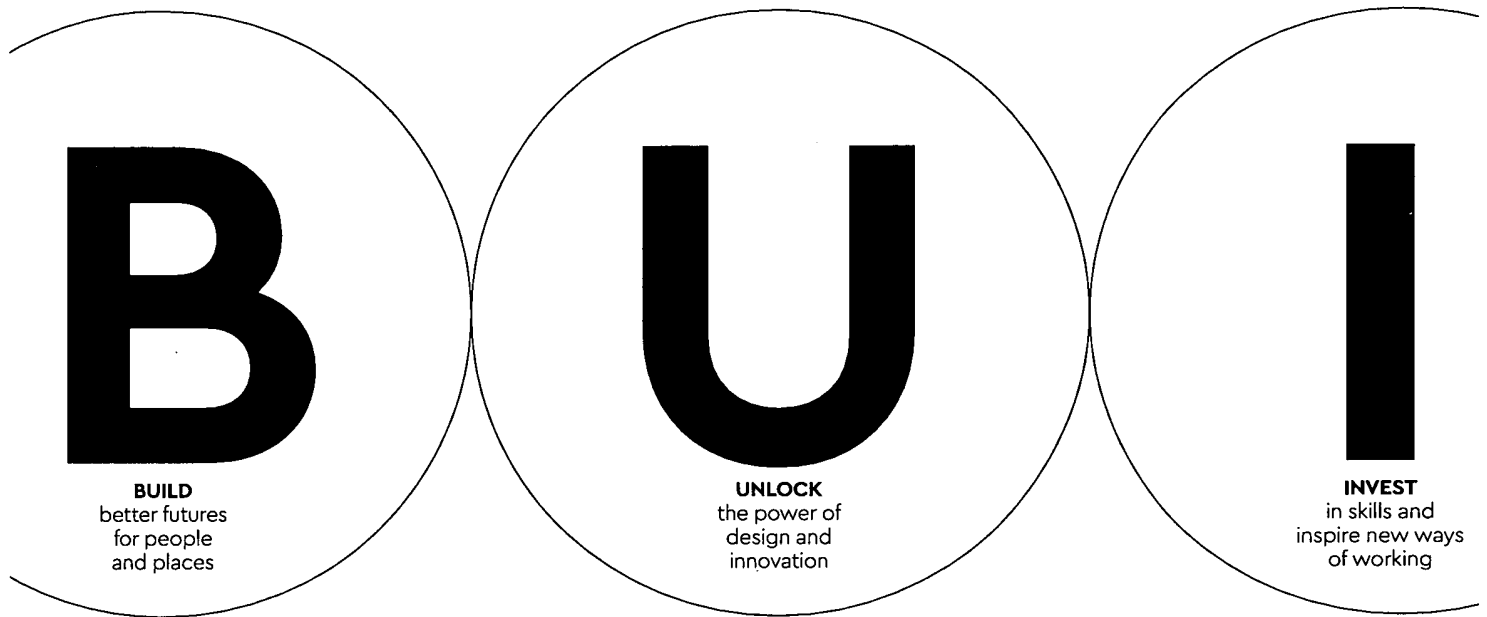
Developments completed

By 2026, our goal is that six million
people will benefit from
improvements to or through
our buildings.

£300m

Sustainability Bond launched during
the year to fund green projects

FOR HEALTH



A purpose for the future of our business:

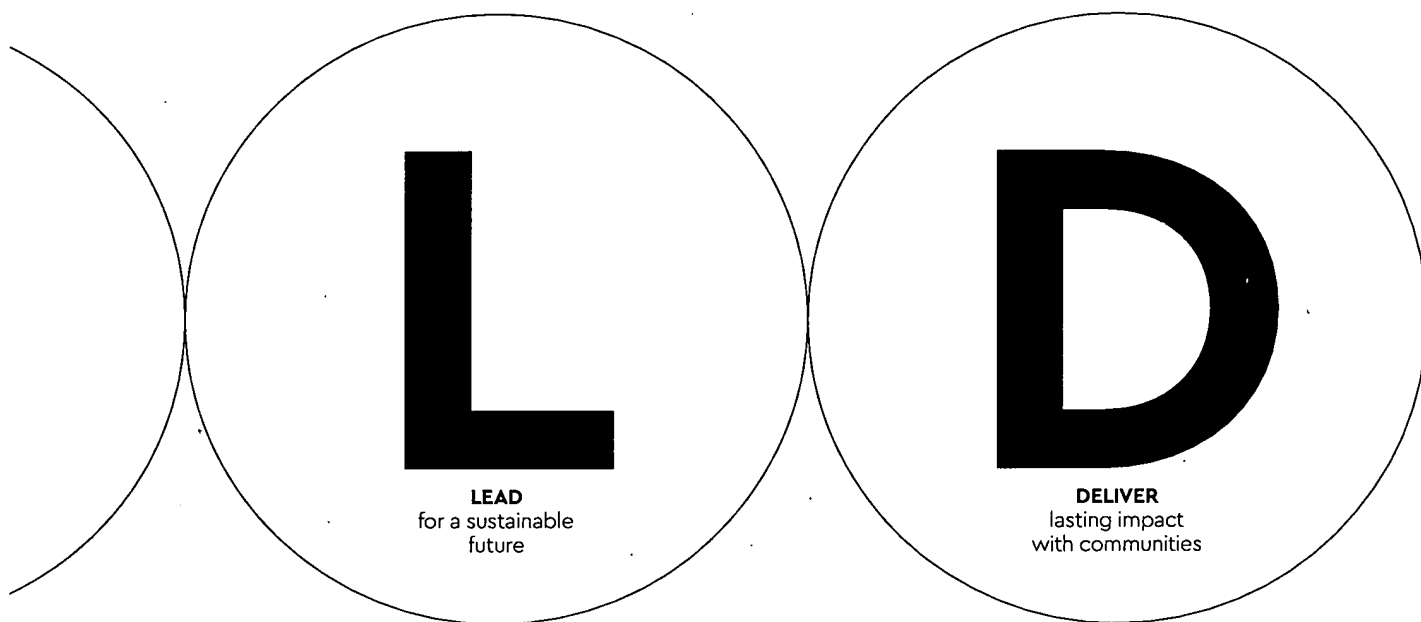
Jonathan Murphy, CEO

We have never been more aware of the importance of our health. Of how fragile it can be, of our shared responsibility to protect it, of how it must shape the places where we live, learn, work and enjoy ourselves, and why it's fundamental to the imperative to take care of our planet and each other.

Last year, we talked about our plans to take a fresh look at our purpose. Being a purpose-led organisation is nothing new for us;

we've long steered our business through our vision of outstanding spaces for healthcare in our communities. The performance of our business is testament to that approach: investing in Assura is not just an investment in essential community infrastructure, it is also an investment in our commitments to sustainability and social impact; our steady, risk-adjusted returns year-on-year are delivered on those fundamentals. Our £600m in recent bonds demonstrate our ability to raise and deploy capital into schemes which deliver both financially and make a difference for our environment and for society.

But as we considered the long-term inequalities which have been further entrenched by the pandemic, and our unique position to contribute through our relationships with local health systems and the communities they serve, we wanted to further strengthen that approach. Ultimately, our impact for health must reach far beyond our buildings.

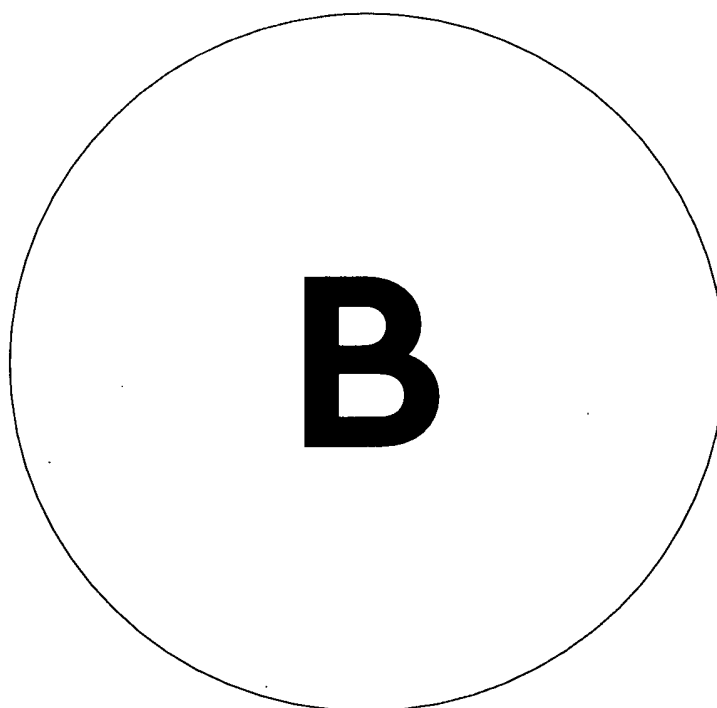


Our evolved purpose doesn't change our strategy or business model. But it does articulate more clearly what we care about and what matters to us about the way we work, as we look to continue growing our impact financially, environmentally and socially.

Jonathan Murphy, CEO

Why invest in Assura?

- 1 **We're delivering our purpose to build better futures for people and places** by deploying capital into schemes which deliver financially and make a difference to the environment and society.
- 2 We use our **extensive sector experience and creative skills** to meet the unrelenting, critical need for investment in fit-for-purpose, community health buildings.
- 3 We use the **power of design and innovation** to create outstanding buildings, ensuring we play our part in a sustainable future and supporting the NHS to meet its goal to be the first net zero carbon health service by 2045.
- 4 We have a **low risk, growing portfolio and scalable platform** that provides a recurring and predictable revenue stream.
- 5 We have a **strong balance sheet** that enables us to invest in our portfolio and provide a **sustainable, covered and progressive dividend policy**.



BUILD BETTER FUTURES FOR PEOPLE AND PLACES

This principle is about always striving to make a greater impact for health through our work, whatever we're working on. Through a new-build scheme, that might mean we're creating space for community projects wanting to work more closely with primary care, improving nearby outdoor facilities for exercise or mental health, or investing in research, bursaries or new skills programmes to help the NHS or local young people into work.

Through our portfolio management and asset enhancement activities, we'll be creating crucial capacity for existing healthcare sites and also working to improve their surroundings and the experience of that building for patients and healthcare workers. When we're investing, we'll always be looking at how our capital can make a difference to the local area beyond the bricks and mortar, and for the health of those who live there.



These new premises also allow us to extend our capacity to support the training of future doctors, something that the surgery has always supported as an established training practice. We can't wait to move in!

Dr Gareth Lloyd

Senior Partner, Whitchurch Road Surgery

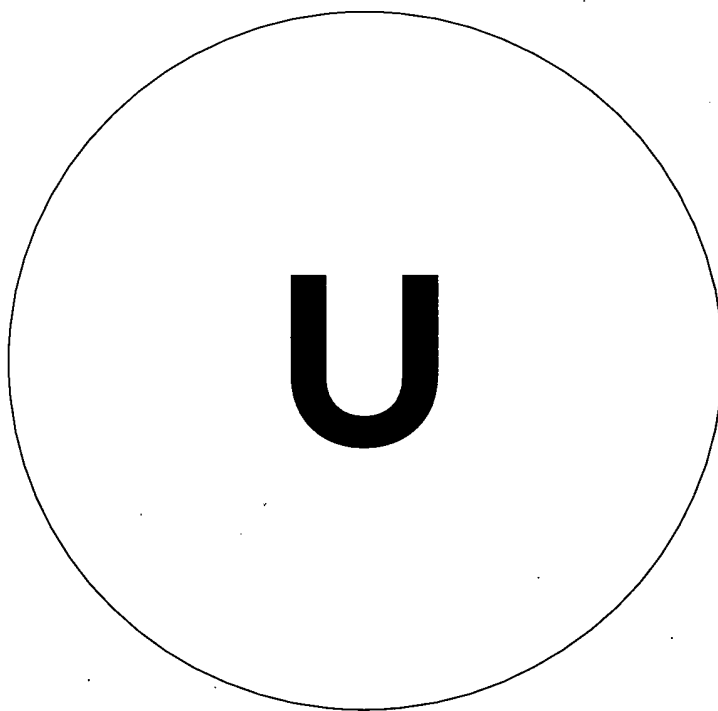


This development will provide excellent health facilities for the community and the remediated land will result in a significant net increase in the number of allotment plots that can be let to local residents.

Flaxland Avenue Allotments Society

Whitchurch Road Surgery, Cardiff

This £3 million new-build medical centre isn't just creating the modern consulting rooms, spacious reception and waiting area, minor surgery facilities and an on-site pharmacy for a busy city GP practice which is currently stuck in a converted terraced house. It will also convert nearby contaminated land into 40 new allotments – greatly increasing the growing and gardening space available to the local community.



UNLOCK THE POWER OF DESIGN AND INNOVATION

This one's about using every tool in the kit – coupled with our research and development activities, partnerships with suppliers and listening to our customers – to solve challenges facing healthcare, the built environment, our climate and our society. We're problem solvers, and we know the Assura network of experts is stronger together.

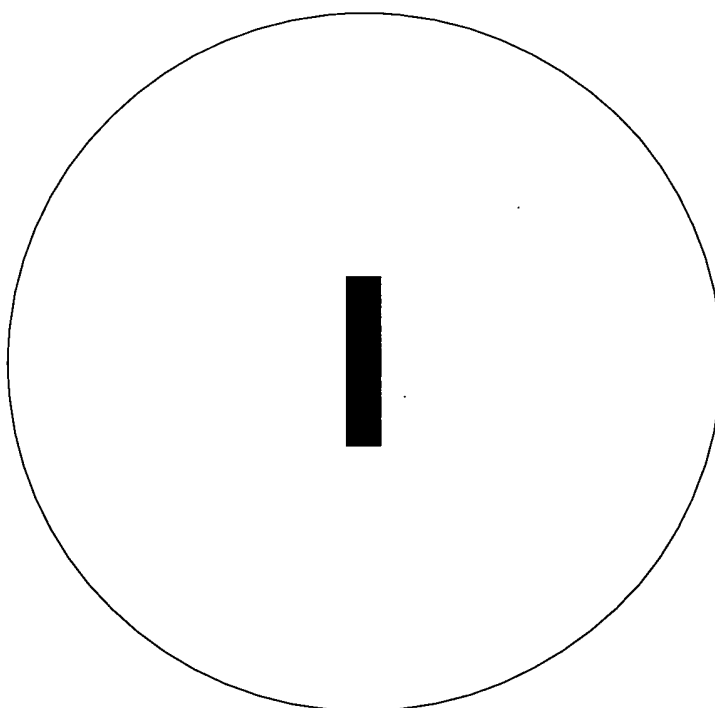


We're really excited about what this sort of technology can do for our operations – what we learn here on the Riverside site will help inform our approach to tech like this for every construction project we undertake. There's huge potential for efficiencies in the supply of materials, cost savings and improved reporting, so we're looking forward to evaluating how it's worked.

Paul Warwick
Senior Project Manager

Making site waste smart in West Yorkshire

At our extension project to create more space for the team at Riverside Medical Centre in Castleford, we're piloting the Q-Flow system to help us improve the efficiency of our construction projects. The system, a start-up developed with support from PiLabs – Europe's first proptech venture capital fund which counts us among its investors – is helping us to track deliveries to site and collections from it more accurately. It means we can ensure materials are compliant with our specification, as the system checks against points such as FSC for timber and ISO14001, and we can communicate more effectively with suppliers if information is missing or unchecked. By tracking the waste that's removed from site, we can see where we can reduce this across our supply chain and report more effectively on the impact of measures for our work to reduce our carbon emissions.



INVEST IN SKILLS AND INSPIRE NEW WAYS OF WORKING

This principle is about using our work to foster learning – whether for our team, our suppliers, the communities we're working in or creating opportunities for those who need them most. That might take the form of apprenticeships on one of our construction schemes, or work experience and internship opportunities with our team. It might be an Assura Community Fund grant to support a community project which is training up new volunteer bereavement counsellors, a research partnership or building new skills in our team to support their development.



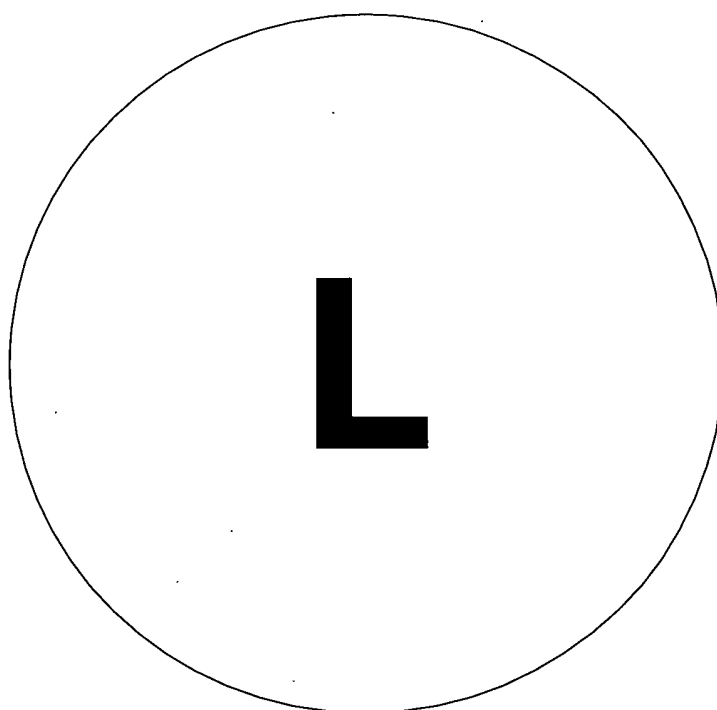
Our academy is going to be such a valuable addition to our trust. I have had the opportunity to progress to my current role, so I am very passionate about colleagues being able to access the training and education they need to progress in a career which is so rewarding. Our nurses, midwives and allied healthcare professionals all do an incredibly important job and to be able to be at the forefront of educating these colleagues is really very special indeed.

Marion Dickson

Northumbria Healthcare's executive director for nursing, midwifery and allied health professionals

Northumbria Health and Care Academy

This year, we secured planning permission for our £25 million health and education centre of excellence in Northumberland, which will be run by Northumbria Healthcare NHS Foundation Trust on the site of its emergency care hospital in Cramlington. The clinical skills centre of excellence will focus initially on nursing, midwifery and allied health professional training.



LEAD FOR A SUSTAINABLE FUTURE

We believe healthcare buildings have a responsibility to help lead the way to a healthier planet. The NHS has set its own goal of becoming the world's first net zero healthcare system, and we're playing our part – both through our actions as a business and as a team of people who care. We've set out our ambitious next steps: this principle is about making the decisions which may not be easy, but are right for our environment. It reflects our commitment to deliver the country's first whole life net zero carbon medical centre; our work to reduce the carbon footprint of our head office activities; our efforts to help our customers reduce their energy use and costs; and our projects to make outdoor spaces work as hard as they can for local health.

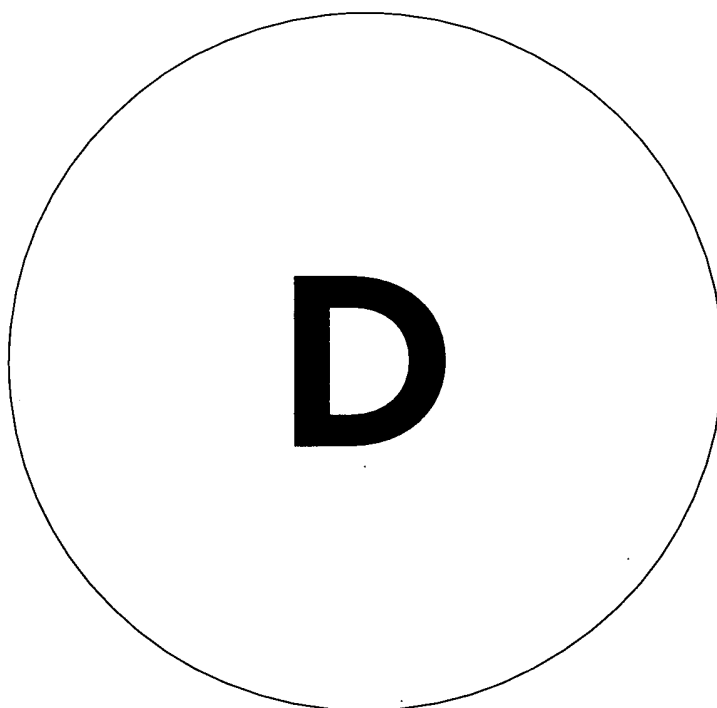


This project was a real first for us, and the support we had from investors was enormous. As with the Social Bond we issued in 2020, this bond fits squarely within our SixBySix framework which is aimed at maximising our contribution to society and minimising our impact on the environment.

Jayne Cottam
Assura CFO

Sustainable finance

In 2021, we launched our £300 million Sustainability Bond – the first under our Sustainable Finance Framework, which is focused on the funding and refinance of green and social projects. It is already supporting schemes such as our proposed development for Polegate in Sussex – which we hope will be among our first net zero carbon pilots – and development of our Net Zero Carbon Design Guide, to inform every new project we take on.



DELIVER LASTING IMPACT WITH COMMUNITIES

This principle is about what we can do with, through and beyond our buildings to support health. It's about how we involve communities with our work, how we are steered by them on ways to improve access to health services and activities, and how we can play our part in reducing local health inequalities. Our Assura Community Fund is just one element: community impact is about using our capital, our people, our skills and our portfolio to make a difference in every place we work.



It started off as one afternoon a week and recently I've actually been three days a week. For me that's unbelievable as I spend so much time just having to be in bed. There's so much laughter and learning, I just can't express enough how I love being part of this team. I just spoke to my doctor now...I said you have to tell people about it!

Nelly

Project participant

Deeper underground

York Archaeology, a project by the York Archaeological Trust, applied to the Assura Community Fund for a grant to support a social prescribing scheme which would build a detailed picture of life from medieval times to the modern day in one part of the city. Excavating a site just a few metres away from the city walls, the project sees participants working with archaeologists to improve their health and wellbeing, spending time outdoors as well as learning new skills in archaeology, finds processing, archive digitisation, and report preparation.

**"The best way to
invent the future
is to build it."**

"Our work enables NHS teams
to do theirs."

Ed Smith CBE
Non-Executive Chairman

Dear shareholder,

"Why are we working with Assura? Because as much as I am a generalist, they are the specialists...which means I can get on with what I'm good at, which is providing high quality local health services."

These words from one of our GP customers this year capture the essence of the partnership Assura creates with the NHS. Our work enables NHS teams to do theirs. The NHS's demand for space and capacity – to tackle the COVID-19 backlog; to redesign and future-proof its premises for hybrid care; and to head towards its net zero goals – is unrelenting, and this year 'the Assura way' has continued to set us apart.

It starts, of course, with you. It is your support for, and your engagement with, this business to deliver for key public infrastructure, for the environment and for our society which are growing its financial strength. This year's £300 million Sustainability Bond was another first for Assura, and we are busily deploying the proceeds into exciting projects for our NHS partners which meet our joint ambitions.

We are reporting on another strong financial performance, which you can read about in Jonathan's statement. We completed some of the biggest financial deals in our history, including the landmark Northumbria Health and Care Academy at Northumbria Specialist Emergency Care Hospital – demonstrating Assura's ability to innovate with the health service to deliver the new generation of infrastructure which provides vital connections between acute services, primary and community care.

The Assura way is charting our course to net zero, so that you can clearly see the actions we intend to take, when and why. The NHS's estate faces unique and complex challenges to reach net zero: we must play our full part in helping it get there. While our customers grapple with what the journey to net zero means for them and their operations, we are digging deeper, to see what more our buildings can do to support them. In this report you'll be able to see some of the progress we've made this year on our roadmap for our portfolio and to bring together our design guide for net zero carbon healthcare buildings. It is another example of the Assura way, ensuring that our plans and decision-making are underpinned by evidence and scrutinised with rigour.

The Assura way is as a thought leader: we have continued to work with our customers, suppliers and wider partners this year on the evolution of our surgery of the future vision: of the community health hub space which will underpin the future of hybrid care and increased diagnostic capacity away from hospital, create the workplaces which NHS staff deserve and play a key part in the levelling up agenda for health and care. From our development of our detailed social impact and sustainability strategy and our collaboration with specialist partners on our entry to this year's Wolfson Economics Prize, through to finalising our tool for designing primary care environments which are truly inclusive for people with disabilities and neurodiversity, we are shaping the future through our innovation for the fabric, the feel and the further impact that our buildings can have.

The Assura way is delivering for communities beyond our buildings: this year saw our award-winning Assura Community Fund move past the £1 million milestone for funds distributed to micro health projects around the country – many designed to tackle the mental health needs of those already most impacted by health inequalities, which have deepened during the pandemic.

The Assura way focuses on our people. Just as we supported our customers in their delivery of three waves of vaccinations to millions of people around the country, we continued to support our team through the professional and personal challenges of further lockdowns, a return to office working and the wider economic pressures of the cost of living. Our diverse and skilled non-executive team has been further bolstered by the additional insight, skills and perspectives brought into the business by our three new Non-Executive Directors who joined us this year.

We have evolved how we articulate 'the Assura way' this year, to better reflect the purpose-driven business we are. You can read more about it in the CEO's statement, and in the special section at the front of this report. And over the following pages you can read our Section 172 statement outlining our core stakeholders, how we engage with them and the impact of that engagement for our decision-making.

I look forward to seeing many of you at our AGM in person once again this year, to discuss the difference 'the Assura way' is making.

Ed Smith CBE
Non-Executive Chairman
23 May 2022

694k+

people benefitting from our SixBySix strategy in year two

6.8m

patients served by our buildings

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.

Making long-term decisions

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 as set out in our strategy and business model on pages 36 to 41 and 48 to 50. Our investment decisions consider how crucial an asset is to the local health economy for the long term. We strive to build lasting relationships with our occupiers as the standard length of our leases is 21 years. We seek to improve and enhance existing assets so they remain fit for purpose by working collaboratively with our occupiers, for example this year with asset enhancement projects at our properties in Newbyres and Wantage, and aim to develop new properties that incorporate future-proof technology and environmental measures.

We maintain a conservative funding structure. This year we have issued a £300 million Sustainability Bond focused on the funding and refinancing of green and social projects (see page 89). Our dividend policy is based on paying out a proportion of recurring earnings (see our CFO Review page 25).

Understanding and responding to stakeholder concerns

Pages 51 to 65 describe how we have engaged with and responded to matters raised by employees, suppliers, customers, investors and communities. We undertook extensive investor consultation on our updated Remuneration Policy (see page 100) and also consulted widely with suppliers, investors, employees and customers on what social value means to them as we developed our SixBySix plans further.

Our impact on the environment

Pages 66 to 71 set out our approach to minimising our impact on the environment, including climate change. This year, all completed developments have again hit our BREEAM and EPC targets. We have started the roll out of our EPC improvements works, installing LED lighting at 42 properties. We have finalised our Net Zero Carbon Design Guide following extensive work exploring our development process in full on several schemes. We have also advanced our TCFD workstreams.

Maintaining high standards of business conduct

We believe good governance is crucial to ensuring high standards of business conduct are maintained (see our Governance Report on pages 81 to 126). We have a clear purpose that is embedded through our culture and values of innovation, expertise, being genuine, collaboration and passion (read more on pages 60 and 92). We aim to work with our suppliers to ensure their values on social impact and sustainability align with ours. In the year the tender for our LED pilot project included criteria for social impact in the scoring matrix. See page 63 for further details.

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 and the case study on page 90 demonstrates this further.

**"The design of modern
fit-for-purpose GP
surgeries has always
been a cornerstone
of our activities."**

"Assura's success is built on our
complementary offer of investment,
development and management
of premises to our customers."

Jonathan Murphy
CEO

I am proud to report another year of strong progress for Assura. Despite a volatile economic backdrop, our team has worked hard to deliver against our successful strategy and advance Assura's positive growth trajectory.

We have continued to work through the challenges as the country has "re-opened", adapting to new ways of working and collaborating face-to-face as well as supporting our NHS customers as their operations transition to 'living with COVID-19'.

We have delivered significant portfolio growth – through both additions (39 acquisitions and eight completed developments) and asset enhancements (four completed capital projects, a further seven on site and 22 lease regears).

In its second year, we have made strong progress against our social impact and sustainability strategy, SixBySix: the rollout of our EPC improvement works has commenced, we have completed our Net Zero Carbon Design Guide for our developments and our award-winning Assura Community Fund has again supported more than 100 projects all over the country.

But the NHS continues to face significant challenges, many only exacerbated by the pandemic. The volume of demand for NHS services has never been greater; clinical workforce and capacity cannot keep pace with that growth and the NHS estate is simply not in shape to accommodate evolving services and delivery.

It's against that backdrop that we've reflected on the role we want to play in supporting the NHS to rise to these challenges. Subsequently, we've evolved the way we describe our purpose: "We BUILD for health" and our BUILD principles describe the breadth and depth of our approach to the role of the estate in enabling the NHS to do its work, with our net zero carbon ambition at its heart.

We have also started growing our portfolio in new ways, moving on site with development schemes directly let to NHS Trusts in the North East and the Midlands, working with independent healthcare partners to the NHS on schemes in the South East and North West, and we made our first acquisition in Ireland.

We are once again indebted to the continued support from our investors with £185 million raised from our equity investors in November and £300 million from the successful launch of our Sustainability Bond in June. Deployment of these funds has been ahead of our initial expectations.

We BUILD for health

Our evolved purpose doesn't change our strategy or business model. We have refreshed the wording to more clearly articulate what's important to us about the way in which we continue to grow our impact financially, environmentally and socially.

Building better futures for people and places. Unlocking the power of design and innovation. Investing in skills and inspiring new ways of working. Leading for a sustainable future. Delivering lasting impact with communities. Each of our BUILD principles defines a different aspect of the way we work and the impact we want to deliver for our stakeholders.

Financial and operational performance

Assura's business is built on the reliability and resilience of our long-term, secure cash flows. These are supported by a weighted average unexpired lease term of 11.8 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 in and develop outstanding spaces for health services in our communities.

We have continued our strong track record of investing in new properties, completing 39 acquisitions for a total consideration of £234 million throughout the year. Our investment team continues to leverage the relationships we have with existing occupiers 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 £485 million of new developments and improvements to existing properties over 19 years. We have had another strong year with eight development completions and a further nine schemes moving on site. The recent challenges in the construction industry, with significant cost inflation and delays in the supply chain, have primarily impacted us with schemes typically facing a two-three month extension in the build period. In our immediate pipeline we are carefully balancing the cost of the schemes and the rents negotiated with the NHS.

Assura has a high-quality portfolio of 645 properties, which has been assembled over the course of our 19-year history. An essential part of our growth strategy is the careful review of every asset for opportunities to enhance its lifetime cash flows and impact on the community. Reflecting the importance of this activity, total contracted rental income is set as one of our key strategic KPIs. This metric is a combination of our passing rent roll and lease length, providing 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 308 rent reviews, 22 lease re-gears and nine new tenancies for our vacant space. This has enabled us to increase our total contracted rental income to £1.81 billion and maintain our weighted average unexpired lease term which stands at 11.8 years.

The combination of these elements has enabled us to continue our strong track record of growth year-on-year. Our portfolio has increased by 12% to £2,752 billion and our passing rent roll is up 12% to £136 million. Our adjusted EPRA earnings have increased by 14% to £86.2 million which translates to an EPRA EPS of 3.1 pence per share. Taking into account the positive valuation movements, our net profit is £155.9 million or 5.6 pence per share.

Finally, the resilience of our income and the growth we have delivered is reflected in our dividend payments. Today, we announce a 5% increase in the quarterly dividend payment to 0.78 pence with effect from the July 2022 payment, our ninth consecutive year of increased dividend.

Development pipeline

	In house		Forward fund		Total	
	#	£m	#	£m	#	£m
On site	10	71	7	95	17	166
Immediate	19	155	1	3	20	158
Extended	19	130	7	68	26	198
Total	48	356	15	166	63	522

Assura outlook

Assura's success, and its strategy, is built on our complementary offer of investment, development and management of premises to our customers – underpinned by our purpose-led approach which seeks to maximise impact for society and minimise impact on the environment. This multi-faceted approach enables us to better understand the requirements of our customers and anticipate their future needs. Having demonstrated its effectiveness and resilience, we have a proven business model focused on delivering sustainable growth for the long-term.

We once again enter the new financial year with a strong immediate pipeline. Acquisition opportunities in legal hands total £119 million and we have £18 million of asset enhancement capital projects either on site or in legal hands. In development, we are on site with a record 17 schemes with a gross development spend of £166 million, an immediate pipeline of £158 million of development opportunities that are expected to commence within the next 12 months, and an extended pipeline of £198 million of further opportunities where Assura is the exclusive partner. Following our strategic acquisitions of Apollo and GPI in recent years, most of our development pipeline will be delivered in-house.

Our strategic expansion into premises enabling the delivery of community-based services away from hospitals is flowing through into our pipelines. We are now on site with a £25 million multi-use facility for the Northumbria Healthcare NHS Foundation Trust in Cramlington; a £22 million state-of-the-art facility for West Midlands Ambulance Service University NHS Foundation Trust in Oldbury; and a £31 million cancer diagnostic and treatment centre for GenesisCare in Guildford. These schemes demonstrate our ability to work with a range of partners in delivering game-changing facilities for NHS care, as well as for schemes of scale: these represent our three largest developments to date.

We have also made our first acquisition in the Irish market, a modern asset in Castlebar for which we are also working on a significant extension opportunity. The Irish market offers us another growth avenue with a very similar risk profile, and our initial conversations have yielded some forward funding opportunities that we are hopeful of progressing over the next few months.

We remain well funded to support our future growth plans. We currently have cash and undrawn committed facilities totalling £369 million having completed well-supported equity and debt raises during the previous 12 months and have identified £76 million of assets that we are actively seeking to dispose of to recycle the capital. This financial strength further underpins our future growth prospects.

Market outlook

The critical need for investment in the infrastructure that supports the services delivered by the NHS is as pronounced as it has ever been. Waiting lists are longer than they have been for decades because hospitals are overburdened, and appropriate space doesn't exist in a community setting to deliver care where it is needed.

The existing NHS estate is not fit for purpose and requires significant investment to meet this demand. Healthcare professionals openly admit that the premises they work in are constraining the services they can provide, hindering recruitment of additional staff and holding back progress on tackling the care backlog. So it is not surprising that 98% of Primary Care Network clinical directors feel more investment is needed for primary care premises.

The restructuring of the NHS into Integrated Care Partnerships in the coming months provides an opportunity for greater collaboration across health professionals, services and estate – with scope to improve individual patient experiences and reduce health inequalities.

The NHS has ambitious targets to become the world's first net zero carbon health system, but this is not yet filtering down to plans on how this will be implemented and paid for across the existing estate. Our role is to be an expert partner to bridge those gaps and share our learnings with the NHS, always pushing the bar higher at our buildings and through our impact – using our unique expertise and financial capacity to deliver.

Jonathan Murphy
CEO
23 May 2022

Expanding our offering

As introduced last year, we continue to look for ways to grow our portfolio in areas that are complementary to our existing strengths.

In the year we have moved on site with development schemes for NHS Trusts (West Midlands Ambulance Hub and Northumbria Health and Care Academy), schemes with selected independent providers (GenesisCare at Guildford and Ramsay at Kettering) as well as making our first investment in Ireland (Castlebar).

Each of these buildings will make a positive contribution to the delivery of health services in that community, and for us the building characteristics (lease length, tenant covenant) meet our investment criteria.

"We are pleased to be reporting on another strong year of delivery, successfully deploying the capital raised during the year."

Jayne Cottam
CFO

**PORTFOLIO
HIGHLIGHTS:**

£2.8bn
current portfolio

11.8 years
WAULT

£1.81bn
total contracted
rental income

36%
LTV

2.3%
weighted average interest
rate on debt

It has been another strong year for Assura; leveraging the strength of our balance sheet to continue growing our portfolio and driving scale benefits, particularly in our cost of debt.

We are delighted to have received continued, strong support from our debt and equity holders during the year; successfully launching a £300 million Sustainability Bond in June 2021 and raising £185 million of equity in November 2021.

The pace of our deployment of these proceeds has been ahead of our initial expectations, with strong acquisition and development activity, including progress within several emerging areas we have identified for future growth.

PIPELINES AT MARCH 22:

£166m

on site developments,
17 schemes

£158m

immediate development pipeline,
20 schemes

£198m

extended development pipeline,
26 schemes

£119m

acquisition pipeline,
20 assets

£76m

properties held for sale,
63 assets

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 performance 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 measured normally in the Glossary, are included where possible.

In particular, in the prior period we disclosed an adjusted EPRA earnings measure (see Note 6). This was introduced to exclude the one-off impact of the £2.5 million contribution to the Assura Community Fund in the period, so as to ensure readers of the accounts could continue to understand the underlying, recurring earnings of the property rental business.

Portfolio as at 31 March 2022

£2,751.9 million (2021: £2,453.3 million)

Our business is based on our investment portfolio of 645 properties (2021: 609).

This has a passing rent roll of £135.7 million (2021: £121.7 million), 82% of which is underpinned by the NHS. The WAULT is 11.8 years and we have a total contracted rent roll of £1.81 billion (2021: £1.57 billion).

At 31 March 2022 our portfolio of completed investment properties was valued at a total of £2,750.3 million, including investment properties held for sale of £76.0 million (2021: £2,414.7 million and £14.3 million), which produced a net initial yield ("NIY") of 4.48% (2021: 4.58%). 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 4.72% (2021: 4.81%). Adjusting this Royal Institution of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 4.74% (2021: 4.83%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.42% (2021: 4.54%).

	2022 £m	2021 £m
Net rental income	126.5	112.0
Valuation movement	69.4	41.6
Total Property Return	195.9	153.6

Expressed as a percentage of opening investment property plus additions, Total Property Return for the year was 7.1% (2021: 6.3%). This can be split as 4.6% from net rental income (2021: 4.6%) and 2.5% from valuation movement (2021: 1.7%).

The net valuation gain in the year of £69.4 million reflects a 3.4% uplift on a like-for-like basis net of movements relating to properties acquired in the period. The valuation gain is split equally between asset enhancement activities (due to both lease regears and rent review uplifts) and the 9 basis point movement in our equivalent yield.

The NIY on our assets continues to represent a substantial premium over both the 10-year and 15-year UK gilts which traded at 1.61% and 1.813% respectively (2021: 0.845% and 1.22% respectively).

Portfolio additions

We have invested significantly 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:

	2022 £m
Acquisition of completed medical centres	233.5
Developments/forward funding arrangements	62.1
Capitalised interest	1.6
Investment properties – no incremental lettable space	8.5
Total capital expenditure	305.7

We have completed 39 acquisitions and eight developments during the year.

These additions were at a combined total cost of £271 million with a combined passing rent of £12.3 million (yield on cost of 4.6%) and a WAULT of 19.0 years.

Investment activity

We continue to source properties that meet our investment criteria for future acquisition. The acquisition pipeline stands at £119 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 year, we disposed of 11 properties where we believed there was lower growth prospects than the rest of our portfolio, generating proceeds of £15.1 million at a premium over book value of £0.3 million.

We continue to review our portfolio for any indication that properties no longer meet our investment criteria and as at the year end have £76 million of investment properties held for sale. These properties are under offer and we expect to complete the sale in Q1, generating proceeds to recycle into our pipelines.

Development activity

Of the 16 developments that were on site at March 2021, eight have completed in the year. The remainder are due to complete during 2022 including six (£28 million) in Q1.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with nine schemes moving on site during the year meaning that 17 are on site at 31 March 2022.

Of the 17 developments on site at 31 March 2022, seven are under forward funding agreements and 10 are in-house developments. These have a combined development cost of £166 million of which we had spent £65 million as at the year end.

Our development pipeline has continued to grow. The majority is organic, generated by the strength of the relationships that our development team hold, meaning the majority of our pipeline is in house schemes.

In addition to the 17 developments currently on site, we have an immediate pipeline of 20 properties (estimated cost £158 million, which we would hope to be on site within 12 months) and an extended pipeline of 26 properties (estimated cost £198 million, appointed exclusive partner and awaiting NHS approval).

We recorded a revaluation gain of £4.0 million in respect of investment property under construction (2021: £4.9 million).

Portfolio management

Our rent roll grew by £14.0 million during the year to £135.7 million.

The growth came from acquisitions (£11.2 million), development completions (£1.5 million) and portfolio management activity including rent reviews (£2.2 million), offset by the rent relating to disposals (£0.9 million).

During the year we successfully concluded 308 rent reviews (2021: 320 reviews) to generate a weighted average annual rent increase of 1.9% (2021: 1.5%) on those properties, which is a figure that includes 18 reviews we chose not to instigate in the year. These 308 reviews covered £37.9 million or 31% of our rent roll at the start of the year and, on a like-for-like basis, the absolute increase of £1.9 million is a 5.1% increase on this rent. Our portfolio benefits from a 33% weighting in fixed, RPI and other uplifts which generated an average uplift of 2.7% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.4% (2021: 1.2%) 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 £1.57 billion at March 2021 to £1.81 billion at March 2022, despite the passage of time.

Live developments and forward funding arrangements

	Forward fund/ in house	Principal tenant	Estimated completion date	Development costs	Costs to date	Size
Beaconsfield	In house	GPs	Q2 22	£6.8m	£6.5m	1,668 sq.m
Brighton	FF	GPs	Q2 23	£4.9m	£1.9m	948 sq.m
Calne	In house	GPs	Q3 23	£3.8m	£0.9m	813 sq.m
Cardiff	In house	GPs	Q3 22	£3.1m	£1.4m	633 sq.m
Cramlington	In house	NHS Trust	Q4 23	£25.3m	£4.2m	6,500 sq.m
Guildford	FF	Independent provider	Q4 23	£31.4m	£2.8m	2,818 sq.m
Hemel Hempstead	In house	GPs	Q2 22	£5.1m	£4.9m	997 sq.m
Kelsall	FF	GPs	Q3 22	£3.0m	£2.4m	700 sq.m
Kettering	FF	Independent provider	Q2 23	£21.6m	£3.6m	3,500 sq.m
Nunthorpe	In house	GPs	Q2 22	£2.2m	£1.4m	565 sq.m
Portsmouth	In house	GPs	Q2 22	£4.5m	£4.3m	968 sq.m
Southampton	In house	GPs	Q1 23	£7.0m	£3.4m	1,385 sq.m
Stourport	FF	GPs	Q2 22	£5.9m	£4.2m	1,950 sq.m
Sutton	In house	GPs	Q2 22	£3.2m	£2.4m	664 sq.m
Wallsend	In house	GPs	Q3 22	£10.4m	£6.7m	2,794 sq.m
West Midlands Ambulance Hub	FF	NHS Trust	Q3 22	£22.3m	£13.7m	7,081 sq.m
Wolverhampton	FF	GPs	Q3 23	£5.9m	£0.9m	1,325 sq.m

We grow our total contracted rental income through additions to the portfolio and getting developments on 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 22 re-gears in the period, covering £1.3 million of rent roll and adding 10.5 years to the WAULT for those particular leases (2021: 31 re-gears, £2.8 million of rent). We also have terms agreed on a pipeline of 49 re-gears covering a further £6.9 million of rent roll and these are currently in legal hands.

We have secured nine new tenancies with an annual rent roll of £0.3 million and a pipeline in legal hands of six new tenancies (rent £0.3 million). Our EPRA Vacancy Rate at March 2022 is 1.2% (2021: 1.3%).

We completed four asset enhancement capital projects during the year (spend £2.7 million) and are currently on site with a further seven projects with a total capital spend of £7.4 million. In total we have a pipeline of 16 asset enhancement capital projects we hope to complete in the next two years. These have an estimated capital spend of £11.2 million, additional rent of £0.8 million and improve the WAULT on those properties.

Our current rent roll is £135.7 million and, on a proforma basis (i.e. assuming relevant figures are added to the rent roll as it stands), would increase to approximately £167 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 13.1% and 12.1% respectively (2021: 13.4% and 12.3%, excluding one-off impact of Assura Community Fund donation in prior year).

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 0.45% (2021: 0.48%) and administrative costs stood at £11.7 million (2021: £11.0 million).

Financing

As we continue to grow through acquisitions and developments, we are delighted to have received support from both the debt and equity markets.

In June 2021, following on from the launch of our debut Social Bond in 2020, we successfully launched a £300 million, 12-year Sustainability Bond which priced at a fixed interest rate of 1.625%. This was launched alongside our Sustainable Finance Framework, which supports our SixBySix social impact strategy, and the proceeds are to be used for investment in eligible acquisitions, developments and refurbishment of publicly accessible primary care and community healthcare centres.

Subsequently, in July 2021 we voluntarily took the option to reduce the RCF to £125 million; benefitting from a reduction in non-utilisation fees with the increased access to a range of debt options as a result of our strong balance sheet and A- rating from Fitch Ratings Ltd.

In November 2021 we completed an equity placing for £185 million.

Financing statistics	2022	2021
Net debt (Note 22)	£1,006.4m	£907.6m
Weighted average debt maturity	8.0 years	8.0 years
Weighted average interest rate	2.30%	2.47%
% of debt at fixed/capped rates	100%	100%
EBITDA to net interest cover	4.1x	3.9x
Net debt to EBITDA	8.8x	9.3x
LTV (Note 22)	36%	37%

Our LTV ratio currently stands at 36% and will increase in the short term as we utilise cash to fund the pipeline of acquisitions, development and asset enhancement opportunities. Our LTV policy allows us to reach the range of 40% to 50% should the need arise.

At 31 March 2022, 100% 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 8.0 years.

As at 31 March 2022, we had undrawn facilities and cash totalling £369 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 £28.0 million (2021: £25.1 million), having increased due to our additional borrowings funding the growth in our portfolio.

IFRS profit before tax

IFRS profit before tax for the period was £155.8 million (2021: £108.3 million). As can be seen below, adjusted EPRA earnings have increased compared with the prior year. We have also recorded an increased valuation gain following our positive asset enhancement activities and valuation yield movement.

EPRA earnings

	2022 £m	2021 £m
Net rental income	126.5	112.0
Administrative expenses	(11.7)	(13.5)
Net finance costs	(28.0)	(25.1)
Share-based payments and taxation	(0.6)	(0.5)
EPRA earnings	86.2	72.9
Add back one-off Assura Community Fund contribution	-	2.5
Adjusted EPRA earnings (exc. one-off donation)	86.2	75.4

The movement in adjusted EPRA earnings (exc. one-off donation) can be summarised as follows:

	£m
Year ended 31 March 2021	75.4
Net rental income	14.5
Administrative expenses	(0.7)
Net finance costs	(2.9)
Share-based payments and taxation	(0.1)
Year ended 31 March 2022	86.2

Adjusted EPRA earnings has grown 14.3% to £86.2 million in the year to 31 March 2022 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 5.6 pence (2021: 4.1 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 3.1 pence (2021: 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 1.2 million new shares expected to be issued. The dilution is not material with no impact on EPS figures.

Dividends

Total dividends settled in the year to 31 March 2022 were £80.4 million or 2.93 pence per share (2021: 2.82 pence per share). £5.0 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. Two 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 April 2021 and October 2021 dividends were 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:

	2022 £m	2021 £m
Opening cash	46.6	18.5
Net cash flow from operations	94.6	77.4
Dividends paid	(75.4)	(61.9)
Investment:		
Property and other acquisitions	(245.3)	(236.8)
Development expenditure	(63.7)	(56.9)
Sale of properties	15.1	26.2
Financing:		
Net proceeds from equity issuance	177.9	181.7
Net borrowing movement	293.7	98.4
Closing cash	243.5	46.6

Net cash flow from operations differs from EPRA earnings due to movements in working capital balances, but remains the cash earned that is used to support dividends paid.

The investment activity in the period has been funded by the proceeds from the November 2021 equity raise and the June 2021 Sustainability Bond issuance.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 March 2021 (Note 7)	1,530.2	57.2
EPRA earnings	86.2	3.1
Capital (revaluations and capital gains)	69.7	2.5
Dividends	(80.4)	(2.9)
Equity issuance	182.6	0.8
Other	0.7	-
Diluted EPRA NTA at 31 March 2022 (Note 7)	1,789.0	60.7

Our Total Accounting Return per share for the year ended 31 March 2022 is 11.2% (2021: 11.4%) of which 2.93 pence per share (5.1%) has been distributed to shareholders and 3.5 pence per share (6.1%) is movement on EPRA NTA.

Jayne Cottam
CFO
23 May 2022

EPRA performance measures

As in previous years, we disclose in line with the EPRA Best Practice Recommendations (latest version published October 2019). We believe that publishing metrics in line with the industry standard benchmarks improves the relevance of our accounts, in particular aiding investors with comparability across real estate companies.

Summary table

	2022	2021
EPRA EPS (p)	3.1	2.7
EPRA Cost Ratio (including direct vacancy costs) (%)	13.1	15.5
EPRA Cost Ratio (excluding direct vacancy costs) (%)	12.1	14.5
	2022	2021
EPRA NRV (p)	66.7	63.2
EPRA NTA (p)	60.7	57.2
EPRA NDV (p)	62.7	56.0
EPRA NIY (%)	4.42	4.54
EPRA "topped-up" NIY (%)	4.43	4.55
EPRA Vacancy Rate (%)	1.2	1.3

EPRA EPS

3.1p

2021: 2.7p

Definition

Earnings from operational activities.

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.

EPRA NAV Metrics

EPRA NRV

66.7p

2021: 63.2p

EPRA NTA

60.7p

2021: 57.2p

EPRA NDV

62.7p

2021: 56.0p

Definitions

EPRA Net Reinstatement Value assumes that entities never sell assets and aims to represent the value required to rebuild the entity.

EPRA Net Tangible Assets assumes that entities never buy and sell assets thereby crystallising certain levels of unavoidable deferred tax.

EPRA Net Disposal Value 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.

Purpose

The EPRA NAV set of metrics make adjustments to the NAV per the IFRS financial statements to provide stakeholders with the most relevant information on the fair value of the assets and liabilities of a real estate investment company, under different scenarios.

The calculations of EPRA NRV, EPRA NTA and EPRA NDV are shown in Note 7 to the accounts.

EPRA NIY**4.42%**

2021: 4.54%

EPRA "topped-up" NIY**4.43%**

2021: 4.55%

Definitions

EPRA NIY is 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.

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.

	2022 £m	2021 £m
Investment property	2,827.9	2,453.3
Less developments	(69.1)	(43.5)
Completed investment property portfolio	2,758.8	2,409.8
Allowance for estimated purchasers' costs	179.3	158.8
Gross up completed investment property – B	2,938.1	2,568.6
Annualised cash passing rental income	135.7	121.7
Annualised property outgoings	(5.7)	(5.0)
Annualised net rents – A	130.0	116.7
Notional rent expiration of rent-free periods or other incentives	0.3	0.3
Topped-up annualised rent – C	130.3	117.0
EPRA NIY – A/B (%)	4.42%	4.54%
EPRA "topped-up" NIY – C/B (%)	4.43%	4.55%

EPRA Vacancy Rate**1.2%**

2021: 1.3%

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.

	2022 £m	2021 £m
ERV of vacant space (£m)	1.6	1.7
ERV of completed property portfolio (£m)	136.1	125.1
EPRA Vacancy Rate (%)	1.2%	1.3%

EPRA Cost Ratio (including direct vacancy costs)**13.1%**

2021: 15.5%

EPRA Cost Ratio (excluding direct vacancy costs)**12.1%**

2021: 14.5%

Definition

Administrative and operating costs (including and excluding direct vacancy costs) divided by gross rental income. In the current year, £1.0 million of overhead was capitalised by the Company (2021: £nil).

Purpose

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

	2022 £m	2021 £m
Direct property costs	5.7	5.0
Administrative expenses	11.7	13.5
Share-based payment costs	0.7	0.5
Net service charge costs/fees	(0.4)	(0.5)
Exclude:		
Ground rent costs	(0.5)	(0.4)
EPRA Costs (including direct vacancy costs) – A	17.2	18.1
Direct vacancy costs	(1.3)	(1.2)
EPRA Costs (excluding direct vacancy costs) – B	15.9	16.9
Gross rental income less ground rent costs (per IFRS)	131.7	116.6
Gross rental income – C	131.7	116.6
EPRA Cost Ratio (including direct vacancy costs) – A/C	13.1%	15.5%
EPRA Cost Ratio (excluding direct vacancy costs) – B/C	12.1%	14.5%



An evolving primary care market

- 1 Demand for care**
How can the primary care estate help manage demand for care?
- 2 The state of the estate**
Is the primary care estate in shape for the health services of the future?
- 3 Reorganisation of the NHS**
What will the new integrated Care system mean for the NHS estate?
- 4 Inequality of access**
What is the role of NHS premises in reducing health inequalities?
- 5 The net zero challenge**
What sort of challenges do our buildings face as the NHS works towards its net zero carbon targets?
- 6 Lack of investment**
Is the NHS estate suffering from lack of investment?

Being close to our customers, understanding their challenges and working with them to find solutions through their buildings is why we are firmly positioned as a specialist partner to the NHS – at a time of huge disruption for the national health service.

Waiting lists are longer than they have been in decades: **1 Demand for care/**. The NHS desperately needs capacity – in terms of physical space, equipment and staff – to address this **2 The state of the estate/**. Structural change is on the way for how health services plan and work together, as Integrated Care Partnerships have their formal launch this year **3 Reorganisation of the NHS/**. Infrastructure has an important part to play in helping to reduce health inequalities **4 A lever to help reduce health inequalities/** and the health service has set itself ambitious net zero carbon targets, which will demand a far more energy-efficient estate **5 The NHS's net zero challenge**.

Tackling these issues requires significant, long-term investment for the NHS's primary care buildings and premises. **6 Lack of investment.**

DEMAND FOR CARE



How can the primary care estate help manage demand for care?



As just one example, there's a diagnostic called spirometry and that tests whether people have respiratory disease, or whether they may have asthma – a big cohort of conditions in general practice. We're moving to create hubs where spirometry can be run, so instead of people traipsing into hospital to have that done it can be held in multiple settings in the community, managed by general practice. The only way we can do that at the moment is to use clinic rooms on a Saturday when

we know they're available, and to link that with the available GP provision at evenings and weekends. It's really difficult to maintain that – both getting the workforce but also the estate, where there will be simple access for patients and where the equipment can be to do it.

Dr Jim Barwick,
Chief Executive of the
Leeds Confederation

6m

number of people currently waiting for NHS treatment

95%

NHS target for proportion of people who get the diagnostic test they need within six weeks by March 2025 (NHS England)

7.5m

number of additional people aged 65 and over in the UK in 50 years' time (ONS)

349.7m

estimated number of appointments delivered by general practice in England in 2021 (NHS Digital)

THE STATE OF THE ESTATE



Is the primary care estate in shape for health services of the future?



Having a closer relationship with our customers who are delivering healthcare services allows us to shape bespoke property solutions for them, particularly as the mix of remote and face-to-face care continues to evolve. It also helps us explore growth in markets such as diagnostics, mental health and supporting the independent sector provide elective capacity to the NHS. Through these relationships, we're developing off-market routes to an investment and development pipeline, as well as insight and early visibility of operational changes that could impact on our estate.

Patrick Lowther,
our Head of Strategy and Markets

40%

healthcare professionals who say the premises they work in are constraining the services that can be provided to patients



<I was> speaking to a GP the other day who'd recruited a really important member of staff, a pharmacist who will do medicines optimisation work and the pharmaceutical controls that are required within general practice. They need to work in the practice because they see patients, they work alongside the GPs and others: <there was> literally no room or space for them to sit. Multiply that and it's a significant problem.

Along with the access challenges for people to access care, estate is probably in the top three major issues in general practice.

Dr Jim Barwick,
Chief Executive of the Leeds Confederation

34%

who say their premises are holding back progress on tackling the care backlog (YouGov plc for Assura, August 2021)

54%

proportion of Brits who say they're happy to get medical advice from a doctor via a video link rather than in person (YouGov)

REORGANISATION OF THE NHS



What will new Integrated Care Systems mean for the NHS's estate?



GP practices, primary care at scale organisations and independent providers are all working in partnership with these new governance structures – Integrated Care Systems and collaboratives – to map out new service pathways and locations where services will be delivered.

This represents opportunities for our customers to deliver additional services if there is capacity in the estate to deliver. For example, one aspect of our partnership offer to primary care at scale is about our providing capacity and estate solutions to facilitate this change.

A key benefit of our bespoke, customer-focused partnership solution is that it gives us this unrivalled market insight.

It provides opportunities across all of our property teams that ultimately support resilience and sustainability of primary care and for independent providers, creates resource and financial capacity to enable them to respond quickly and flexibly to the needs of the NHS.

Simon Oborn,
our Head of Property
Management and Investment

42

new Integrated Care Partnerships which will become statutory bodies in July

1–3m

number of patients served under each Integrated Care System area

INEQUALITY OF ACCESS



What is the role of NHS premises in reducing health inequalities?



We see a lot of low level mental health and the challenges around how those are solved are not just a health issue, it might be employment, it might be housing or a family circumstance, so all of these things create a level of new complexity and scale of demand which we've not seen before.

Dr Jim Barwick,
Chief Executive of the
Leeds Confederation



Where a primary care or community health hub is located; how it is designed; how it is used and the services it can enable can be the difference between someone accessing a particular health service or not. For someone receiving help or care, the place where that care happens is all-important for their experience: a poor environment which adds to a patient's sense of anxiety or fear can mean they simply never go forward with what could be life-changing care.

Simon Oborn,
our Head of Property
Management and Investment

78%

proportion of people living with disabilities who had experienced difficulty accessing public buildings and health services (National Disability Strategy, 2021)

10,000

per this number of patients, there are fewer GPs, total DPC staff and paramedics employed in more deprived areas (Nussbaum et al, 2021)

THE NET ZERO CHALLENGE



What sorts of practical challenges do our buildings face as the NHS works towards its net zero carbon targets?



Buildings now are becoming so well-insulated. What that does of course is it makes the buildings very easy to heat up, but the challenge actually comes in trying to get the building to cool down. Where that leads you to is the details: things like really deep reveals: windows really set into the structure which give you shadowing, the introduction of brise soleil and purge ventilation to cool the building down securely at night so that

it's cooler during the day. There are lots of different things we're looking at which all add to the overall benefit – smaller things which don't add to cost, but do allow us to reduce carbon just through design.

Steve West and Jim Hart
Corstophine and Wright our specialist architecture partners

6.1

MtCO₂e which must be removed from the NHS's Scope 1 and 2 emissions

10%

of NHS carbon emissions come from building energy (NHS England)

100%

target for Assura buildings to be rated as EPC band B or above by March 2026

2030

for Assura to be net zero for emissions under operational control

LACK OF INVESTMENT



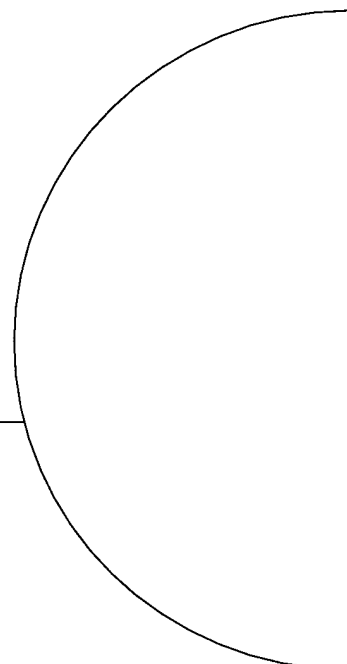
Is the NHS estate still suffering from lack of investment?



As government further rolls out and develops its diagnostic and elective surgical hub strategy, which is a key pillar of the pandemic backlog recovery plan, this must be complemented by wider work to invest in the primary care estate. As a recent report from The King's Fund highlights, the capacity of the estate is one of the crucial blockers to embedding government's core policy

of additional roles such as social prescribing link workers, clinical pharmacists and physiotherapists into general practice – particularly to allowing them to work at scale, across multiple sites – so that the pressure-relieving impact for primary care can be realised.

Simon Oborn
our Head of Property
Management and Investment



£0

new government investment announced for the primary care estate under the Health Infrastructure Plan since 2019 (DHSC)

3

number of government's community diagnostic centres announced so far which aren't based at existing hospital sites (DHSC)

98%

proportion of Primary Care Network clinical directors who feel more funding for primary care estates is needed (NHS Confederation)

OUR STRATEGY

Demand for more capacity in primary care is unrelenting, exacerbated by the waiting lists caused by the pandemic. And as hybrid models of face-to-face and digital care embed, the NHS is evolving its infrastructure to support the future of local health services.

» Read more in *Our market*, pages 28 to 35

We're driven by our purpose:

We BUILD for health. We're generating long-term value for our stakeholders through providing high quality facilities for our customers, growing financial returns for our shareholders, helping the NHS to reach its net zero carbon ambitions and delivering lasting impact with communities.

» Read more in *We build for health*, pages 2 to 13

To achieve these aims, we focus on five strategic priorities, which are all underpinned by our purpose:

1

Leveraging our financial strength

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

2

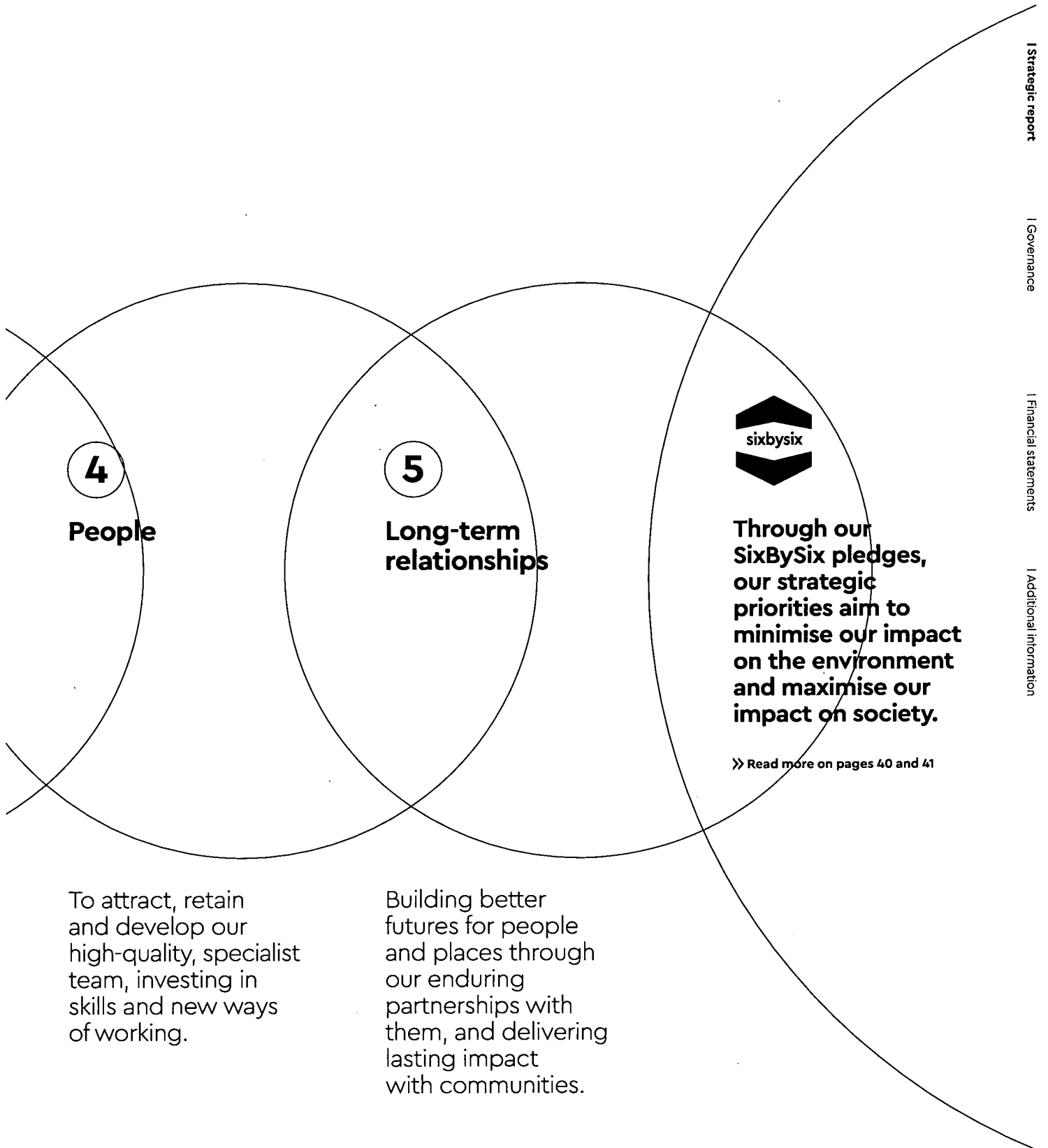
Quality of buildings

Delivering the outstanding spaces our customers need, leading for a sustainable future and a net zero carbon NHS.

3

Quality of service

To deliver on the promises we make to the customers and communities our buildings serve, unlocking the power of design and innovation to tackle their challenges.



① Leveraging our financial strength

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

2022 priorities	2022 actions & progress	2023 priorities	KPIs
<ul style="list-style-type: none"> Minimise natural reduction in WAULT through investment and asset-enhancing activities Exploring sustainability-linked debt financing options Driving rental growth from rent reviews, to grow recurring earnings and contracted rental income Maintain investment grade rating of A- from Fitch Ratings Ltd 	<ul style="list-style-type: none"> Rental growth of £2.2 million achieved from rent reviews (1.9% equivalent annual amount on those rents) WAULT maintained at 11.8 years A- investment grade rating reiterated by Fitch Ratings Ltd £300 million Sustainability Bond issued EPRA Cost Ratio maintained at 13% Dividend increase for ninth consecutive year 22 lease re-gears completed adding £13.9 million to total contracted rental income 	<ul style="list-style-type: none"> Continue to invest in earnings accretive portfolio additions Use asset enhancement pipeline to drive sustainability improvements Drive rental growth from rent reviews, to grow recurring earnings and contracted rental income Maintain investment grade rating of A- from Fitch Ratings Ltd Continue to recycle capital and explore finance sources including joint ventures as appropriate Seek to continue improving customer engagement and satisfaction 	<ul style="list-style-type: none"> Financial: EPRA EPS, EPRA NTA & EPRA Cost Ratio Total Property Return, Total Shareholder Return, Total Accounting Return Portfolio: Rental growth from rent reviews Stakeholder: Growing, covered dividend, ESG-linked financing
			Risks <ul style="list-style-type: none"> 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

Delivering the outstanding spaces our customers need, leading for a sustainable future and a net zero carbon NHS.

2022 priorities	2022 actions & progress	2023 priorities	KPIs
<ul style="list-style-type: none"> Progressing identified pilot developments for net zero carbon for construction and operation Step up rollout of EPC rating improvements across existing portfolio Continue to develop sustainable and innovative solutions for our customers utilising the latest technology Revising space requirements to meet our customers evolving needs 	<ul style="list-style-type: none"> 17 developments on site and immediate pipeline of 20 further schemes Completed developments hit BREEAM and EPC targets Net Zero Carbon Design Guide created for development pipeline 42 buildings with improved energy efficiency following LED improvement works 	<ul style="list-style-type: none"> Deliver on site developments EPC B across 50% of our portfolio by March 2023 Complete net zero carbon audits across 50 sites in our portfolio with a view to completing pilot NZC retrofit programme Roll out Net Zero Carbon Design Guide to development pipeline 	<ul style="list-style-type: none"> Portfolio: Rental growth from rent reviews, WAULT, occupier covenant, developments on site
			Risks <ul style="list-style-type: none"> Changes to government policy Development programmes Underperformance of assets

» See our KPIs on pages 42 to 47

» See Principal risks and uncertainties on pages 74 to 79

3 Quality of service

To deliver on the promises we make to the customers and communities our buildings serve, unlocking the power of design and innovation to tackle their challenges.

2022 priorities	2022 actions & progress	2023 priorities	KPIs
<ul style="list-style-type: none"> - Continue to strive to maximise the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements - Listening to our customers and understanding and adapting to their changing requirements - Complete developments on site and convert immediate pipeline to on site - Launch pilot project with selected customers to review technological solutions that can be implemented to reduce energy consumption - Working closely with supply chain partners to improve the quality of service delivery and attainment of our wider social impact objectives - Implementing a Customer Service Desk approach to our FM activities in order to maximise customer service and responsiveness 	<ul style="list-style-type: none"> - Eight developments completed during the year - 39 properties acquired and successfully integrated by our portfolio management team - Four asset enhancement capital projects completed and a further seven underway - 22 lease regears completed and nine new tenancies delivered - 42 buildings with improved energy efficiency following LED improvement works - Continued strong response rates and results from our customer satisfaction survey - Trial projects run with QFlow (on site waste management) and BuiltID (customer and community engagement) 	<ul style="list-style-type: none"> - Continue to strive to maximise the asset enhancement opportunities throughout the portfolio, delivering sustainability improvements - Complete developments on site and convert immediate pipeline to on site - Implementing learnings from QFlow and BuiltID trials - Continue to leverage investment in Pi Labs to identify technological solutions and better ways of working 	<ul style="list-style-type: none"> - Portfolio: Growth in rent roll, WAULT, customer covenant, developments completed - Stakeholder: Customer satisfaction surveys
			Risks
			<ul style="list-style-type: none"> - Changes to government policy - Competitor threat - Staff dependency - Underperformance of assets

4 People

To attract, retain and develop our high-quality, specialist team, investing in skills and new ways of working.

2022 priorities	2022 actions & progress	2023 priorities	KPIs
<ul style="list-style-type: none"> - Focus on working patterns, encouraging flexible arrangements to support employee health and wellbeing - Advancing diversity and inclusion measures, working on the back of the findings from our first cross-team survey - Continuing to develop our employees at all levels, building on existing manager, intern and apprenticeship programmes 	<ul style="list-style-type: none"> - Supporting our employees in working remotely through the pandemic - 88% response rate to staff survey, indicating strong engagement in the employee feedback process - Commitments made with respect to Diversity & Inclusion and being Disability Confident Committed Level 1 employer - 33% of staff now work flexibly or part-time 	<ul style="list-style-type: none"> - Supporting our employees to drive a high performance culture - Setting metrics for EDI advancement across the organisation - 50% of employees undertaking volunteering activities - Development of clear career pathways to aid employee development and succession planning 	<ul style="list-style-type: none"> - Stakeholder: Staff satisfaction survey
			Risks
			<ul style="list-style-type: none"> - Staff dependency

5 Long-term relationships

Building better futures for people and places through our enduring partnerships with them, and delivering lasting impact with communities.

2022 priorities	2022 actions & progress	2023 priorities	KPIs
<ul style="list-style-type: none"> - Finalise development of our supply chain framework, rolling out and asking for supplier commitments to follow and leveraging shared social impact objectives - Develop our offering for NHS Trusts, local authorities and GP collaboratives in a primary care setting - Advance work of the Assura Community Fund through second year of grants, leveraging our position as Community Health Partner to the 2021 Rugby League World Cup 	<ul style="list-style-type: none"> - Four asset enhancement capital projects completed and a further seven underway - Over £550,000 of grants delivered to 116 projects by the Assura Community Fund - Partnership for premises solutions developed with two national providers of primary care at scale - Developed our offering: moved on site with development schemes at Cramlington and in the West Midlands (NHS Trust as primary tenant) and with independent providers Ramsay and GenesisCare 	<ul style="list-style-type: none"> - Advance work of the Assura Community Fund through third year of grants, leveraging our position as Community Health Partner to the 2021 Rugby League World Cup - Finalise development of our supply chain framework, rolling out and asking for supplier commitments to follow and leveraging shared social impact objectives - Advance relationships with NHS Trusts and independent providers to deliver more buildings that ease pressure faced by the NHS 	<ul style="list-style-type: none"> - Portfolio: Growth in rent roll, developments on site - Stakeholders: Customer satisfaction survey
			Risks
			<ul style="list-style-type: none"> - Changes in government policy - Competitor threat - Underperformance of assets

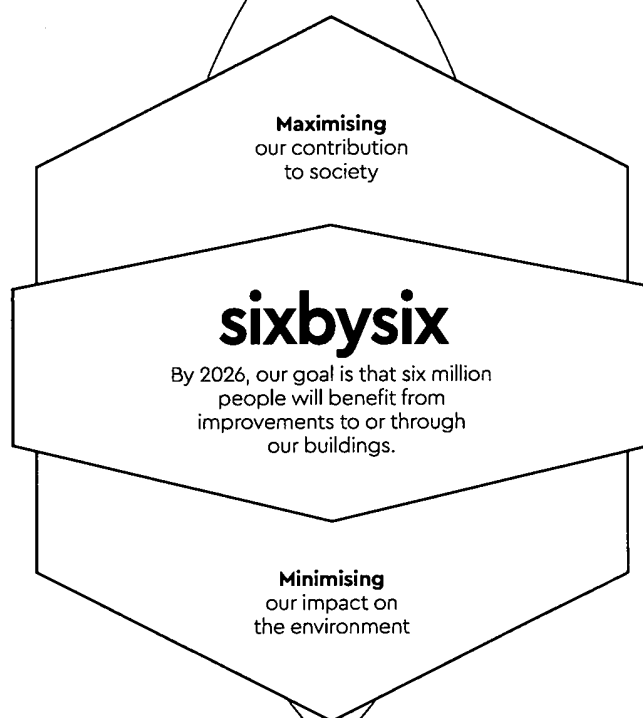
SOCIAL IMPACT AND SUSTAINABILITY STRATEGY

AMBITIONS

**No.1 listed property business
for long-term social impact**

Net zero across our portfolio by 2040

CURRENT STRATEGY



ESG, Social Impact and Sustainability are terms that we refer to interchangeably. Ultimately, what we are talking about is how we frame and position our actions in this area to have a positive impact on the communities and environment that we operate in, benefitting all stakeholders of our business.

Our approach

Our strategy is guided by our ambitions; to be the number one listed real estate business for social impact and to have a net zero portfolio by 2040.

Our starting point was alignment with the UN Sustainable Development Goals – two of the goals particularly resonating with our purpose.

SixBySix is our first strategy on the journey to meet our ambitions; being six pledges that we aim to deliver by 2026. SixBySix was created by our Social Impact Committee, made up of team members across all departments of the business, who went through a materiality assessment process of deciding what was important to us and our stakeholders.

Our approach considered three main factors:

- what is the right thing to do
- what is within our control
- what is the most ambitious target we can set







SixBySix governance

Overall responsibility for progress against SixBySix targets rests with the CEO, Jonathan Murphy.

Progress against the ambitions and pledges is overseen by the Social Impact and Sustainability Steering Group (which superseded the Social Impact Committee in the past year) with regular reporting to both the Executive Committee and the Board. In particular, Sustainability is led by our Head of Property Management and Investment (Simon Oborn) and Social Impact by our Head of Public Affairs (Claire Rick). We have boosted our in house capability in the year with the appointment of a Sustainability Lead and a Social Impact Lead.

Progress against our SixBySix pledges

Our SixBySix ambition is that six million people will benefit from improvements to or through our buildings by 2026. In the year to March 2022 (second year of the strategy), we impacted over 694,000 people (2021: 275,000), mainly through our delivery of eight completed developments, 42 building projects enhancing energy efficiency and the activities of the Assura Community Fund. This number will accelerate as we rollout our plans to improve the environmental performance of our existing portfolio.

	Pledge	2021/22 progress	2022/23 priorities	KPI
Maximising our contribution to society	 one Through the Assura Community Fund's grant-making and our support for shared community space, to help improve the wellbeing of more than one million people	<ul style="list-style-type: none"> Over £550,000 distributed via the Assura Community Fund to more than 115 health-improving projects and impacting over 116,000 people Following projects supported in 2021, retained role as Official Community Health Partner for the delayed 2021 Rugby League World Cup 	<ul style="list-style-type: none"> Distribute a further £550,000 through the third year of the grant programme Pilot innovation community space partnerships Launch staff fundraising activities 	Assura Community Fund reach <ul style="list-style-type: none"> Total fundraising achieved Amounts distributed to health improving projects People reached by projects supported
	 two Develop a sustainable supply chain which shares our commitment to adding value for the communities we work in	<ul style="list-style-type: none"> Included social impact and sustainability criteria into scoring matrix for LED pilot projects 	<ul style="list-style-type: none"> Build social value and sustainability criteria into a growing proportion of purchase contracts 	Supply Chain Framework¹ <ul style="list-style-type: none"> Proportion of suppliers that have certified to us they comply
	 three Create opportunity via volunteering, education, partnerships and mentoring to help reduce inequalities and build more inclusive communities	<ul style="list-style-type: none"> Social Mobility pledge launched and now a Disability Confident Committed Level 1 employer Opportunities offered with four interns and five work experience students during the year 	<ul style="list-style-type: none"> Extend our apprentice, graduate, intern and work experience programmes further Developing plans to work with our supply chain to develop apprenticeship opportunities focused on people from black, Asian or minority ethnic communities 	Staff satisfaction survey <ul style="list-style-type: none"> Proportion of staff stating they are engaged, satisfied and able to contribute Staff volunteering¹ <ul style="list-style-type: none"> Proportion of staff engaging in community fundraising and volunteering activities
Minimising our impact on the environment	 four Work with our customers to reduce the energy consumed in our buildings – targeting an EPC rating of B or better across our portfolio	<ul style="list-style-type: none"> 42 buildings with improved energy efficiency, through LED pilot project EPC improvement works costed into all acquisition decisions 	<ul style="list-style-type: none"> Accelerate roll out of EPC improvement works, targeting portfolio at 50% EPC B or better by March 2023 	EPC ratings of our portfolio <ul style="list-style-type: none"> Proportion of buildings (by area) that have an EPC rating of B or better, or have been improved by at least two bands
	 five Advance our development process to be creating only buildings with a net zero carbon rating for construction and operation	<ul style="list-style-type: none"> Learnings from net zero carbon pilot reflected in Net Zero Carbon Design Guide 	<ul style="list-style-type: none"> Roll out Net Zero Carbon Design Guide into development schemes at the appropriate design stage Finalise offsetting policy where carbon cannot be removed through design 	Net zero carbon developments <ul style="list-style-type: none"> Proportion of net developments with a net zero carbon rating for construction and operation BREEAM ratings <ul style="list-style-type: none"> Sum of completed developments achieving the certified BREEAM rating of Very Good or better
	 six Source only renewable energy and drive innovative energy solutions for customers through the use of appropriate technology	<ul style="list-style-type: none"> All electricity purchased on behalf of tenants subject to 100% renewably sourced requirement with energy provider Scope 3 emissions estimated where we do not have access to the data 	<ul style="list-style-type: none"> Improve proportion of portfolio with access to energy data Complete net zero carbon audits at 50 buildings 	Renewably sourced energy <ul style="list-style-type: none"> Proportion of the energy purchased by Assura that is from renewable sources

1. Not currently reported against – aiming for reporting by March 2023.

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").

Our financial KPIs track the performance of the business in terms of the returns we generate for shareholders. Our portfolio metrics measure the quality of our portfolio and our development activities. Our stakeholder metrics measure the influence we have on the wide range of stakeholders impacted by our activities. All of these KPIs link back to our strategic priorities and SixBySix pledges and form the basis for how the executive management team is judged and rewarded.

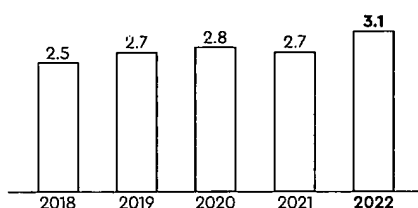
These KPIs are reflected in both the short-term (annual bonus details on page 115) and long-term management incentive schemes (linked to TSR, growth in EPRA EPS and performance against ESG targets over a three-year period, further details on page 116).

Certain of these measures are considered Alternative Performance Measures (calculations or references provided where appropriate) which, as explained in the CFO Review on pages 22 to 27, are provided to help provide relevant information to understand how our business is performing.

FINANCIAL KPIS

EPRA EPS (p)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

See Note 6 to the accounts

Commentary

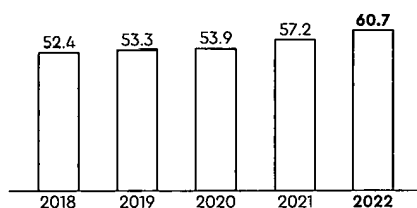
EPRA EPS provides an indication of the recurring profits of the Group. EPRA EPS has increased to 3.1 pence. This growth has been delivered from accretive portfolio additions, rent reviews and effective use of our capital structure to reduce our cost of debt.

Target

Grow

Diluted EPRA NTA (p)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

See Note 7 to the accounts

Commentary

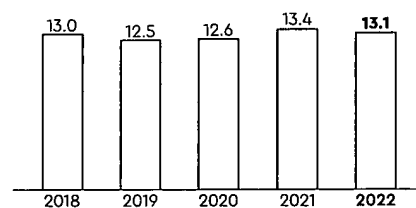
EPRA NTA shows the net accounting value of our assets and liabilities, adjusted in accordance with the widely used EPRA guidelines for the real estate industry. As a REIT with a high dividend payout ratio, movements in our EPRA NTA primarily are attributed to asset revaluations, and the boost in the year from the November equity raise at a premium to EPRA NTA.

Target

Grow

EPRA Cost Ratio (%)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

See page 27

Commentary

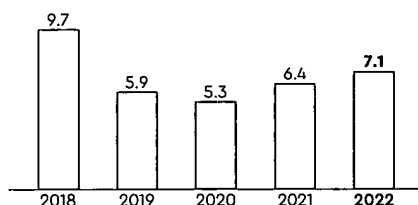
EPRA Cost Ratio is the operating efficiency of our model, being the costs incurred as a proportion of rental income. The EPRA Cost Ratio has decreased in the year, reflecting the portfolio growth being delivered with efficient operating costs.

Target

Maintain or reduce

Total Property Return (%)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

Net rental income plus revaluation, divided by opening property assets plus additions. See Glossary

Commentary

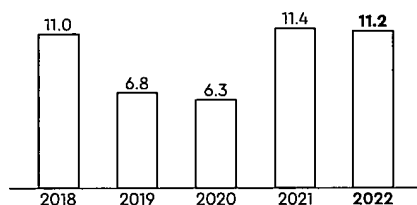
Total Property Return measures our success in choosing the right investments and managing these assets over time. The return is made up of two components – the income return (which has remained broadly consistent with previous years) and any valuation movement (which has remained positive).

Target

Maintain or grow over long term

Total Accounting Return (%)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

Movement on EPRA NAV plus dividends paid, divided by opening EPRA NAV. See Glossary

Commentary

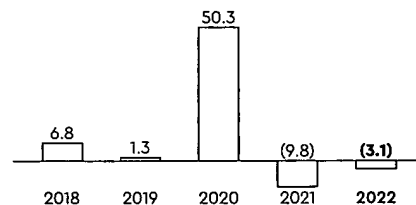
Total Accounting Return measures the returns we have delivered to shareholders in the forms of dividends paid and the growth in NAV. In the current year, the dividend paid had again grown compared with the prior year, and the return has been strengthened by the positive valuation movement.

Target

Maintain or grow over long term

Total Shareholder Return (%)

Performance



Strategic priority

1 Leveraging our financial strength

Definition

Movement in share price plus dividends paid, divided by opening share price. See Glossary

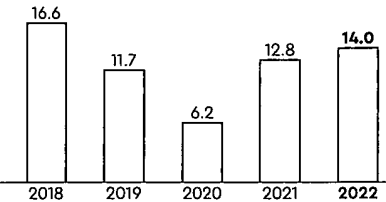
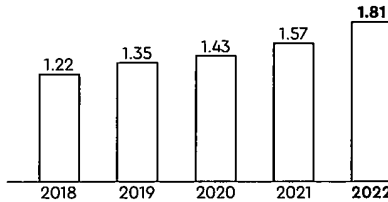
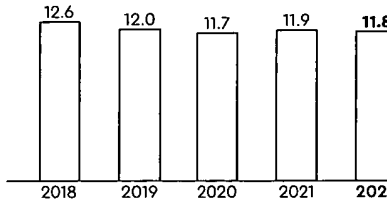
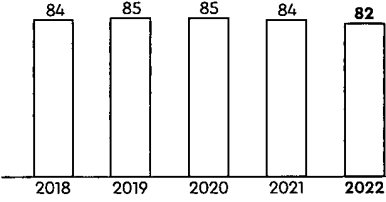
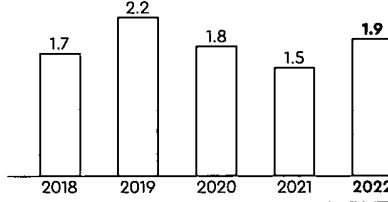
Commentary

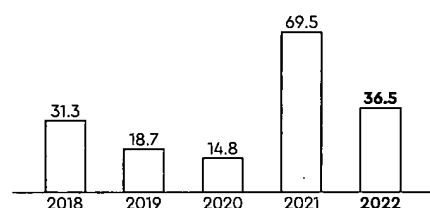
Total Shareholder Return reflects the value of dividends paid and the relative movement of the share price over the year. In the current year, the dividend paid had again grown compared with the prior year, although the TSR is negative due to the share price movement, having opened the year at 72.1 pence and closed at 66.9 pence.

Target

Maintain or grow over long term

PORTFOLIO METRICS

Growth in rent roll (£m)	Total contracted rental income (£bn)	WAULT (years)
Performance	Performance	Performance
		
Strategic priority 5 Long-term relationships 3 Quality of service	Strategic priority 5 Long-term relationships 3 Quality of service	Strategic priority 2 Quality of buildings 3 Quality of service
Definition Increase in rent roll over the year. See Glossary	Definition Total amount of rent to be received over the remaining term of leases currently contracted. See Glossary	Definition Average period until the next available break clause in our leases, weighted by rent roll.
Commentary Growth in rent roll is a measure of how we are growing our income which in turn should support our dividend policy. The £14.0 million increase in the current year reflects acquisitions (£11.2 million), development completions (£1.5 million) and portfolio management activity including rent reviews (£2.2 million), offset by the rent relating to disposals (£0.9 million).	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 £1.81 billion.	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 to 11.8 years.
Target Positive	Target Maintain or grow	Target Maintain or grow
% of occupier covenant NHS/GPs (%)	Rental growth from rent reviews (%)	
Performance	Performance	
		
Strategic priority 2 Quality of buildings 3 Quality of service	Strategic priority 1 Leveraging our financial strength 3 Quality of service	
Definition Proportion of our rent roll that is paid directly by GPs or NHS bodies.	Definition Weighted average annualised uplift on rent reviews settled during the year.	
Commentary The occupier 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 strong at 82%, reflecting that portfolio additions have an occupier mix that is consistent with our existing portfolio, with the slight reduction reflecting our recent developments to selected independent operators.	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 reviewed £37.9m of existing rent (circa 31% of opening rent roll). Open market reviews generated an average uplift of 1.4% (1.2% in the prior year).	
Target Maintain or grow	Target > inflation	

Developments completed (£m)**Performance****Strategic priority****3 Quality of service****Definition**

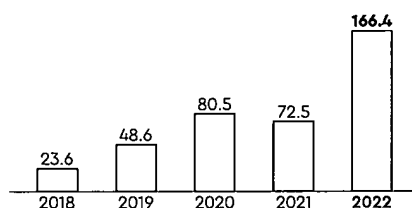
Number and total cost of developments that reached practical completion during the year.

Commentary

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 10 of the 17 on site developments to complete in the next financial year.

Target

Maintain or grow

Developments on site (£m)**Performance****Strategic priority****3 Quality of service****Definition**

Number and expected cost of developments that are currently in the course of construction.

Commentary

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. Nine schemes have moved to on site during the year, giving us a total of 17 at year end. In addition, we have a strong immediate pipeline of 20 schemes (estimated cost £158 million) which we would hope to be on site in the next 12 months.

Target

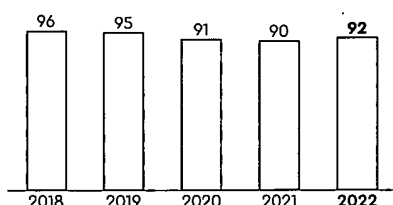
Maintain or grow

STAKEHOLDER METRICS

Our customers

Customer satisfaction (%)

Performance



Strategic priority

- 5 Long-term relationships
- 3 Quality of service

Definition

Proportion of completed customer satisfaction surveys that would consider recommending us as a landlord to others.

Commentary

The satisfaction of the customers in our buildings is a crucial benchmark of the quality of the service we provide. The score obtained from our customer satisfaction survey again indicates that our customers value having Assura as a landlord and would recommend us to prospective customers.

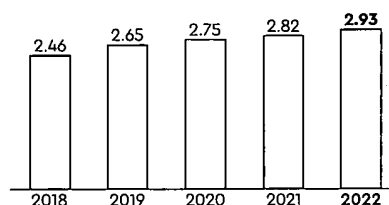
Target

>90%

Our investors and lenders

Growing, covered dividend (p)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Dividend per share paid out during the financial year.

Commentary

Our dividend policy is for the dividend paid to be progressive and covered by EPRA earnings (before charitable donations).

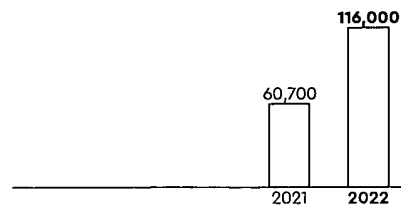
Target

Grow

Our communities

Assura Community Fund Reach (people)

Performance



SixBySix pledge

- 1 Community impact

Definition

People impacted by projects supported by the Assura Community Fund.

Commentary

The aim of the Assura Community Fund is to distribute funds to support community programmes in and around our buildings. Having been seeded with an initial contribution of £2.5m, we are delighted to have been able to support over 110 projects, distribute over £550,000 and positively impact 116,000 people.

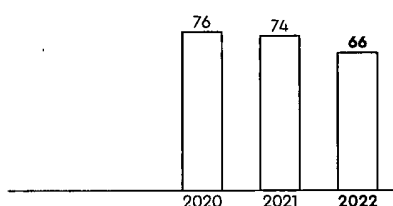
Target

>50,000 per year

Our people

Staff satisfaction survey (%)

Performance



Strategic priority

- 4 People

Definition

Proportion of respondents to the employee opinion survey stating they were engaged, satisfied and able to make a valuable contribution to the success of Assura.

Commentary

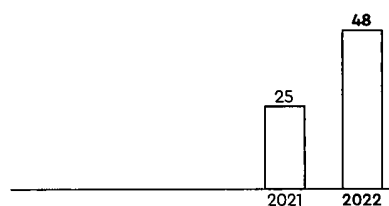
As with many companies, our staff survey results during the pandemic have dipped slightly as employees focus on their individual wellbeing and we continue to evolve our plans accordingly.

Target

Maintain or grow

ESG linked financing (%)

Performance



Strategic priority

- 1 Leveraging our financial strength

Definition

Proportion of available facilities certified as being linked to social or green objectives.

Commentary

Following the issuance of our debut Social Bond in September 2020, in the current year we launched our first Sustainability Bond, in line with our Sustainable Finance Framework.

Target

Maintain or grow

Staff volunteering

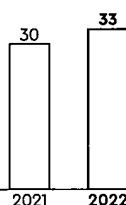
We aim for over 50% of staff to be engaged in community fundraising and volunteering activities during the year, increasing to 75% in year two.

We aim to report against this KPI from March 2023.

The environment

EPC ratings (%)

Performance



SixBySix pledge 4 EPC ratings

Definition

Proportion of portfolio buildings that have an EPC rating of B or better, or have been improved by at least two bands.

Commentary

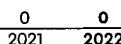
During the year we completed a pilot project for EPC improvements, upgrading the lighting to LEDs at 42 buildings. All acquisitions completed below EPC B included a cost deduction for the required improvement works.

Target

100% by March 2026

Net zero carbon developments (%)

Performance



SixBySix pledge 5 Net zero development

Definition

Proportion of on site developments designed to be net zero carbon for construction and operation.

Commentary

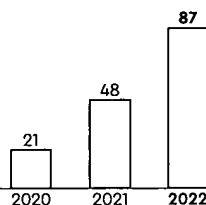
We would expect this to be low in the initial years of SixBySix as we run pilot projects. We have identified our first pilot project and are targeting being on site in the coming months. We have also issued our Net Zero Carbon Design Guide.

Target

>50% by March 2026

Renewably sourced energy (%)

Performance



SixBySix pledge 6 Renewable energy

Definition

Proportion of energy purchased by Assura on behalf of tenants that is renewably sourced.

Commentary

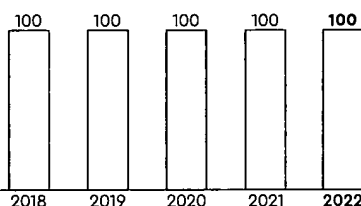
Most of the properties for which we procure energy on behalf of tenants is subject to a 100% renewably sourced energy supply contract.

Target

100%

BREEAM rating (%)

Performance



Strategic priority 2 Quality of buildings

Definition

Proportion of completed developments achieving the BREEAM certified rating of "Very Good" or better.

Commentary

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.

Target

100%

Our suppliers

We are currently conducting a review of our supply chain. This includes development of a revised supplier code of conduct with reference to our SixBySix pledges and gaining an understanding of how our suppliers currently source labour for work on our properties. Our aim is to have >95% of our suppliers (by spend) certifying to us that they are compliant with our Supply Chain Framework. We expect to start reporting against these new KPIs from March 2023.

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.

Our purpose is that we **BUILD** for health. We aim to be the UK's number one listed property business for long-term social impact.

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

What we do

> DEVELOPMENT

Growing our portfolio through new developments

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

The customers and patients benefit from our strong relationships with our expert healthcare partners, with whom we work to incorporate the latest sustainability and design innovations, in line with our recently launched Net Zero Carbon Design Guide.

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 customers sign an agreement for lease and our third-party building contractor partners sign fixed price contracts.

Following the 14–20 month build period, 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 benefit all stakeholders.

> INVESTMENT

Growing our portfolio through acquisition of existing properties

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

Our knowledge of the sector, bespoke database covering all primary healthcare properties in the country, our reputation as a landlord seeking a positive social impact and our long-standing relationships give us strong credentials when sourcing opportunities and speaking to prospective customers, 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

Maintaining and enhancing our properties

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

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

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.

Our unique offering

We are unique in offering our customers (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 internally managed structure provides a highly scalable model and gives us direct relationships with our customers. This enables us to be responsive to their evolving needs; listening to the problems they face before working with them to provide innovative, sustainable solutions; building better futures for people and places.

Our reputation for being innovative, sector experts

We are the partner of choice with more than 92% of respondents to our annual customer 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 ensure buildings are fit for the NHS's future needs. We innovate to incorporate the latest advances in the delivery of care, looking at use of space, technological change and sustainability. We then agree with the District Valuers (responsible for agreeing rents on new build developments and rent reviews) that our buildings 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 customers.

Our secure, stable occupier base

We have a secure, long-term rental income stream from our stable customer base made up mainly of 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 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.

Leading for a sustainable future, delivering lasting impact with communities

Social and environmental impact is ingrained through our operations and long-term strategy for each building in our portfolio. Minimising the environmental impact and maximising the positive social impact of each building in our portfolio through our SixBySix pledges is fundamental to our offering for all stakeholders.

Our impact

OUR COMMUNITIES

The communities that use our spaces get a building that meets the bespoke health needs of that local health economy.

6.8m

patients served by our buildings, and over £550,000 distributed by the Assura Community Fund

OUR PEOPLE

Assura employees work in a friendly, engaging environment that supports aspirations to develop their skills and opportunities.

88%

employees taking part in employee engagement survey

OUR CUSTOMERS

Our GP and NHS customers get spaces at the forefront of the sector in terms of design, innovation and environmental performance that allow them to provide the services needed by the communities that they serve.

80%

of respondents to our annual satisfaction survey rated our service positively

OUR SUPPLIERS

Our supplier partners benefit from a collaborative approach to finding innovative solutions to meet the needs of our customers.

£94m

paid during the year to suppliers for construction, property management and overheads

OUR INVESTORS AND LENDERS

Our financial supporters, both equity and debt, get a fair financial return derived from rental income from investment in the essential health infrastructure of our country.

2.9p

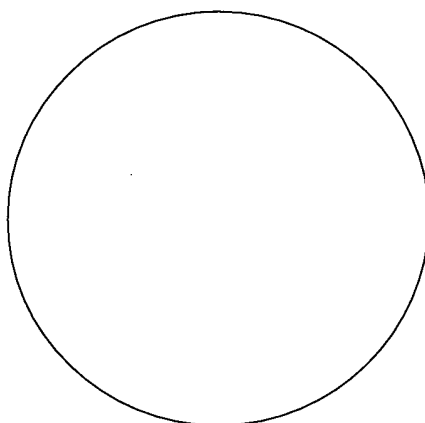
dividends per share paid during the year, 2.30% weighted average interest rate paid on debt facilities

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| Financial statements

| Additional information



Our customers

WHO THEY ARE

- GP practices
- NHS Trusts
- Other professionals delivering health services in the community.

The local health services which our customers deliver are what make our buildings so vital in the communities and local health ecosystems they serve. The long-term rental income from our customers is reimbursed by government.

STAKEHOLDER METRICS

- Customer satisfaction

METHOD OF ENGAGEMENT

- Existing relationships with our portfolio managers, portfolio asset administrators, credit controller (ongoing)
- Instant, adhoc and annual feedback surveys
- Quarterly customer ezine which invites dialogue
- Supplier relationships (ongoing)
- Public affairs activities with local influencers (adhoc).

These approaches allow us to get a real-time sense of how our customers are feeling, the challenges they are facing and the problems they need us to solve.

Monitored by: Heads of Property and Public Affairs.

Board members periodically hold meetings with NHS influencers and leaders, join sessions with suppliers and consider feedback from customer surveys.

ISSUES RAISED THIS YEAR

- Vital building improvements and replacements
- Vaccination rollout support
- Changing building features for the future, informed by growing demand and experiences of COVID-19
- Speed of response to queries and NHS decision-making
- Challenges of moving into a new building

92%

customers who would consider recommending Assura as a landlord (Assura customer satisfaction survey, March 2022)

80%

customers who were positive about Assura's service (Assura customer satisfaction survey, March 2022)

84%

healthcare professionals say fit-for-purpose premises will be important or essential in delivering effective hybrid primary care (YouGov for Assura, August 2021)

Highly commended

Assura's development team for its landmark Cinderford Medical Centre, Building Better Healthcare Awards 2021

ACHIEVEMENTS AND NEXT PRIORITIES

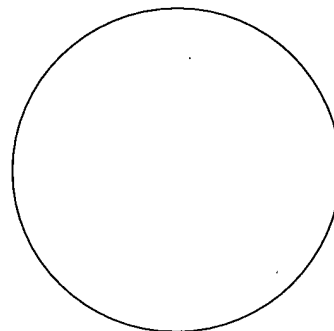
We continued working to support the emerging needs of our customers through the second and third phases of the COVID-19 vaccination programme. This included communicating clearly with our supply chain, as the NHS issued guidance on compulsory vaccination for healthcare staff and its implications for visiting suppliers.

Through our close relationships with customers, we've been able to progress schemes to add crucial new capacity at some of our buildings whilst they continued providing patient care, phasing schemes and planning work carefully around their operations: at Lawrence House Medical Centre in Scarborough, we refurbished the site to create more waiting space for patients and six new clinical rooms, while at Newbyres Medical Centre in Gorebridge, Midlothian, we've been adding a new extension to create more space before refurbishing existing clinical rooms and the waiting area.

We've opened the doors on eight new primary care buildings, supporting our customers to make the transition from older, unfit GP sites to brand new healthcare facilities and on the engagement they need to make with their patients and communities during the process.

We commissioned further bespoke research with YouGov to understand the views of frontline healthcare professionals on the impact of premises for the NHS's work to tackle the care backlog caused by the pandemic, and for their efforts to recruit more staff to increase capacity. Our support for the Excellence in Primary Care category of the NHS Parliamentary Awards continued, helping primary care professionals to share their best practice with MPs and NHS organisations around the country.

In the coming year, we'll be focusing on our facilities management approach, applying feedback from our customers on how we can make our service ever better. We're reviewing our process for customers moving into our new buildings to see how we can help them settle in more quickly and easily, and we'll be piloting new technology for gathering instant feedback from patients and primary care teams using our sites.

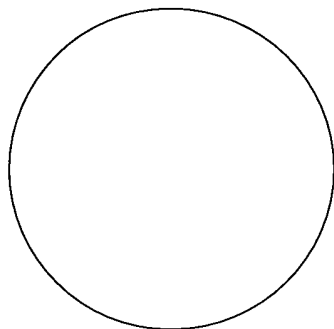


CASE STUDIES FOR PROFILING: New clinical rooms in Yorkshire

A fast-expanding patient list in Beverley, East Riding meant that our Manor Road Surgery site was in desperate need of more space. We funded this expansion and refurbishment project which also included a new climate control system, to help improve the energy efficiency of the building.

"The population of Beverley and surrounding areas continues to grow and this refurbishment to create additional space will help to ensure GP services in Beverley remain sustainable and continue to meet the Primary Care health needs for local patients."

Richard Dodson
East Riding of Yorkshire Clinical
Commissioning Group.

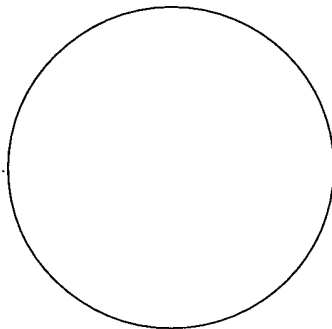


Making healthcare part of regeneration

In Newcastle, we completed our new-build medical centre for the city's largest GP practice – working with the city council to create Saville Medical Group's new site as a key part of the Newbiggin Hall community regeneration scheme, which is bringing new homes and retail units to the area.

"This has been a significant project to ensure Saville Medical Group can provide the required levels of care to a growing number of patients in Newcastle. I'm delighted that residents will have access to this fantastic modern facility just a short distance away from the existing site."

Amanda Senior
Head of Fairer Housing,
Newcastle City Council.

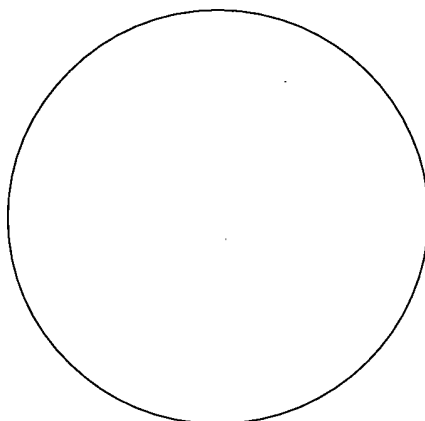


A warm welcome for Coldharbour Works

This refurbished former corn merchant's premises in Brixton is home to renal, neuroscience and liver research, clinical coding and research and innovation work for King's College Hospital NHS Foundation Trust and moved into our portfolio this year. The site is a crucial part of King's programme to reduce pressure on the main hospital site, and is one of our biggest acquisitions of the year.

"This was an excellent opportunity to make a prime investment of long-dated, indexed-linked NHS infrastructure income in London. Its role in providing vital space for important clinical research and freeing up space within the hospital campus for clinical services is such a great example of the role we and our infrastructure can play in easing pressure on overwhelmed hospital sites."

Alex Taylor
our Director – Investment



Our communities

WHO THEY ARE

- 6.8 million patients who use our buildings and those who live in the communities around our buildings.

Patients are the end users of our buildings. Their experiences of the physical space and environment impact upon their engagement with health services and their perceptions of the care they receive. Their feedback helps us improve design and ensure that our buildings are helping to improve equal access to local health services. We need buy-in from communities to create new health facilities, which may involve services moving to a different location. And communities are the ultimate custodians of better health: the primary care delivered by our customers sits within a whole ecosystem of wider local health projects and activities.

STAKEHOLDER METRICS

- Assura Community Fund reach
- Developments supporting community activities.

METHOD OF ENGAGEMENT

- Seeking views from Patient Participation Groups, local Healthwatch/Community Health Council members on proposed new development schemes
- Using expertise of national patient organisations to gather feedback on specific issues
- Local public consultations to seek feedback on proposed new developments
- Engagement with councillors, MPs and community organisations on specific issues
- Outreach by Assura Community Fund to seek funding bids from local health-improving projects, including joining focus groups with community organisations.

These methods ensure that our work delivers for those who will receive care in our buildings and those who live in the surrounding community – led by our understanding of local priorities, issues and concerns.

ISSUES RAISED

- Impact of the pandemic for third sector organisations and charities working to deliver services in response to the longer-term impacts of isolation, lack of access to education and employment
- Accessibility of medical centre buildings
- New development schemes and their impact on communities
- Car parking at and transport to medical centres

Monitored by: Heads of Property and Public Affairs.

Board members received feedback on new development schemes progressing through public planning processes when significant issues were raised, heard from those delivering/benefitting from Assura Community Fund projects at every board meeting and had updates from the Chief Executive of Cheshire Community Foundation, which manages the fund.

Joint winner

of Property Awards' Social Impact Initiative of 2021

£1.3m

total distributed by Assura Community Fund to date

£551,699

Assura Community Fund awards made to charities this year

116,623

beneficiaries of Assura Community Fund grants awarded in 2021

35%

proportion of national programme awarded to projects supporting mental health

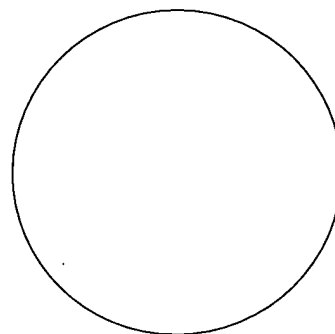
5,124

calls to Dementia UK helpline on Sundays, supported by our funding

ACHIEVEMENTS FOR 2022 AND PRIORITIES FOR 2023

Drawing on our learning from our Building Better Together report with national charity, Dimensions – which made recommendations on improving primary care environments for people with learning disabilities and neurodiversity – we completed the next phase of this work. The University of Worcester's Centre for Dementia Studies worked with us to deliver a suite of practical tools to support anyone in designing a primary care environment, to ensure it meets the needs of everyone who uses it including people living with a disability, cognitive impairment or neurodiversity. We incorporated all of our learnings into our entry to the 2021 Wolfson Economics Prize, which set down the challenge of designing the healthcare buildings of the future.

For new development schemes moving through concept and planning stages, we engaged with patients and surrounding communities in a range of ways to help people understand proposals for new healthcare buildings, what they will do for local health services and how they can be involved with design approaches. Dedicated microsites, meetings with patient participation groups, virtual meetings with community members and detailed surveys were used to offer more detailed opportunities for questions and discussion of new development proposals, including for our proposed redevelopment of a Grade 2 listed building in Blackburn to create a new primary care centre on a derelict heritage site. We liaised with councillors and MPs seeking information on planned projects and answered questions on issues such as car parking at specific sites. We made preparations to begin using technology in every building to allow patients to give instant feedback on their experience of the physical environment.

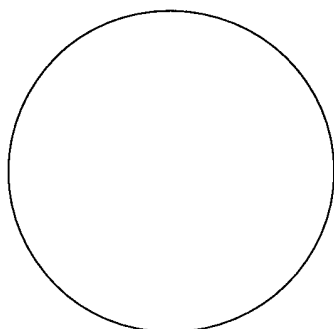


"This has been in the making for a really long time and there's no doubt that the experiences of the last year have brought our premises challenges into even sharper focus. This would be a huge project but an enormously exciting one for the care we can deliver to our patients and the working life of our teams, as well as a fantastic thing for Blackburn to see this historic site transformed and put to work once again for our community."

Dr Hereward Brown from Limefield Medical Centre, Blackburn during the public consultation on plans to bring the historic Griffin Lodge back into use as a community health hub.

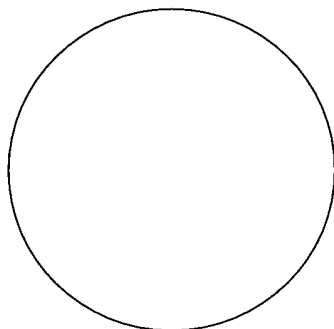
The Assura Community Fund distributed almost £500,000 to health-improving projects in communities around our buildings across the UK aimed at reducing isolation, improving mental and physical health, creating stronger community cohesion and improving access to community services, education and employability skills. Projects ranged from activities to support young carers and people experiencing homelessness to gardening and growing projects helping people improve health and wellbeing, and will reach more than 100,000 people.

OUR IMPACT CONTINUED



Our fund also continued to work with Dementia UK, providing vital funds for its national Admiral Nurse Helpline on Sundays – which acts as a lifeline for families living with dementia on the day in the week when other sources of support can be hard to find. And our relationship with Warrington Youth Zone, as founder patrons, continued: our team donated food and Christmas gifts which helped the club distribute more than 335 Christmas hampers to families living in poverty across Warrington. Ten team members volunteered to wrap presents, packed hampers and ran miles around Warrington marshalling a Santa sleigh to visit local families in December. Other team members laced up their trainers to complete an ultramarathon and a Tough Mudder, raising thousands of pounds for future grant making by our fund.

Members of our Assura Community Fund panel came together at a sister Youth Zone to understand how these anchor organisations for young people deliver their work, and also visited Jericho Tree in Nantwich, which received a grant from us to deliver CBT sessions to families of children who've completed cancer treatment, helping parents and carers to handle negative thoughts and ongoing fears and anxieties. In the autumn, we were delighted to be invited to join a reception with HRH Prince Edward on a visit to understand the work of Cheshire's charity and community sector organisations and major funders through the pandemic.



In 2022-23, we will be rolling out our Designing for Everyone tools with our team and customers, and sharing these for use by anyone designing a primary care environment in partnership with Dimensions, and we will be applying our learnings on our next best practice project, looking at more inclusive design for Children and Young People's Mental Health Services (CAMHS). We are exploring opportunities for the Assura Community Fund to undertake its first co-funded activity, focusing on specific issues of need with other major grant funders. We are about to launch some pilot micro-programmes in areas of particular health need where there has been less engagement with the fund, such as in Blackpool and West Yorkshire, and a dedicated programme to support health projects in Wales will run this summer. Board members plan to visit some Assura Community Fund projects over the course of the year. As we deepen our approach to social impact, we are exploring potential to support projects at buildings around our portfolio to help social prescribing link workers and local community projects deliver their work in partnership with primary care, such as mini community allotments and charity use of vacant space.

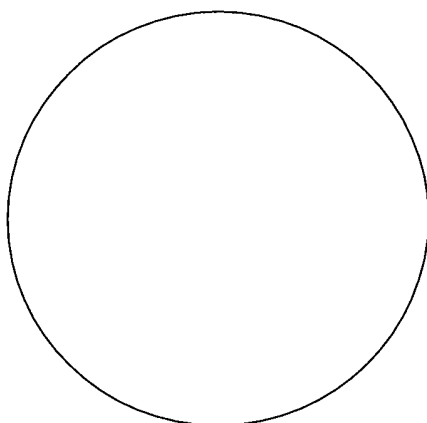
We plan to pilot Built-ID's Give My View technology, funded by proptech investor PiLabs, on one of our developments this year to deepen community outreach and engagement on the scheme.

"Street Connect has probably saved my life. Without their help I would still be stuck in that fishbowl – going round in circles chasing drugs. I was in the world of addiction, my life was broken and I needed help, but first I needed hope."

"The support from Assura has really helped so many people change their lives and, I believe, in a number of cases saved lives. Thank you so much for your support in enabling us to provide this service free of charge to people who needed it most."

"Honestly I'll never forget this. Your support has meant so much to me, at a time when even my own family weren't supporting me."

Beneficiaries of work by Street Connect Clydebank, an outreach hub for people who struggle with substance abuse, poor mental health, and homelessness; Caring Connections on Merseyside, which used our funding to provide free bereavement counselling to people affected by suicide; and Redthread, a youth violence intervention programme working with victims of serious youth violence at Homerton Hospital in London. The projects were among more than 100 providing impact reports this year on their completed work using Assura Community Fund grants.



Our people

WHO THEY ARE

- Our 87 strong team around the UK.

Our people are Assura. Their expertise and skills are what allows us to deliver for our customers and to our purpose.

STAKEHOLDER METRICS

- Best Companies survey
- Internal mood surveys
- Annual diversity and inclusion data
- Quarterly feedback from The Voice team representatives with designated employee NED
- Data on staff turnover, training and sickness trends reported to the Board
- Team wellbeing, engagement and performance app (pilot)

METHOD OF ENGAGEMENT

- Weekly virtual team town hall
- New 'intranet' hub
- Departmental team meetings
- The Voice
- Virtual social events and individual wellbeing calls during lockdown
- Office welcome back events and face-to-face team days
- Mentoring programmes
- Virtual training/coaching for managers both one to one and group

We seek regular feedback from the team representatives group, the Voice, to understand the effectiveness of our engagement methods. We also track engagement with internal surveys and events to judge their impact.

Monitored by: Head of HR.

Board members took part in an event with the whole team in a return to our annual 'meet the board' social evening in September, and each board member provides direct mentoring for a member of the executive committee. Louise Fowler continued quarterly meetings with the Voice group, bringing direct feedback into the boardroom.

ISSUES RAISED

- Mental wellbeing, isolation and stress due to impacts of longer-term home working
- Facilities and portfolio management team resourcing
- Greater autonomy for managers
- Knowledge and detailed understanding of issues such as net zero carbon for Assura

GENDER DIVERSITY

	Female	Male
Board of Directors	4	4
Senior Management (excluding executives)	3	3
Employees	37	36
Total employees (including NEDs)	44	43

2

team members completing RICS qualifications

1

graduate completing their professional training programme with us and joining as a permanent member of the team

Shortlisted

Inspiring Women Awards 2022: Extraordinary People, Extraordinary Times category

ACTIONS FROM 2022, AND PRIORITIES FOR 2023

We implemented our new employee wellbeing and engagement app, Yoomi, which allows more efficient tracking of team wellbeing and performance through a quick fortnightly check-in process. All members of ExCo and selected team members across the organisation took part in the MissionInclude programme as mentors or mentees for peers in other businesses. The executive committee had presentations on topics including social mobility and the changing EDI landscape. All staff were invited to take part in an equality and diversity survey (84% response rate), which informed our priority areas of gender equality and leadership.

We joined the Social Mobility Pledge, committing to improve our outreach, access and recruitment practices aimed at levelling the playing field for people from disadvantaged backgrounds or circumstances. During the year to March 2022 this has included several members of our team giving a careers presentation at a local college.

We achieved Disability Confident Committed Level 1 employer, implementing appropriate policies particularly with respect to recruitment and a code of conduct for all agencies working with us to fill roles from July 2021.

In the coming year, we intend to work with our supply chain to develop apprenticeship opportunities focused on people from black, Asian or minority ethnic communities. We will be monitoring supplier compliance with EDI standards and developing an allyship education programme focusing on disability, ethnicity and sexual orientation.

We have a long track record of supporting employees through professional qualifications, including chartered surveyor, chartered accountant, marketing and company secretarial.

During the year to March 2022 we had four interns and five work experience students at various points during the year. This was the second year of our internship programme and we had one of the original cohort join as a permanent employee.

In 2022/23 we expect to continue and extend each of these programmes amongst our head office team, aiming to:

- take on two more apprentices;
- employ two graduates; and
- extend our internship and work experience programmes.

We continue to work with local schools and universities in the region. In the year we were delighted to issue our second annual prize for Liverpool John Moore's University Best Overall Level 5 Student in Real Estate.

This year's training offer has included business planning workshops, a future leaders programme, Think Future sessions for team members identified as particularly creative thinkers, a gender leadership programme and communications fundamentals for managers.

In addition to specific individual training needs, business-wide training in the coming year will include additional focus on equality, diversity and inclusion, sustainability and social impact.

"I really enjoy working with my team and building those relationships; and all the learning and training I've had the chance to do along the way. Working with all the different teams around the business means that no day is ever the same. The most surprising thing for me having never worked in an office before was the structure of it all – how all of the different departments fit together and our board and committees. Most importantly, it's such a friendly place and everyone wants to help and support you."

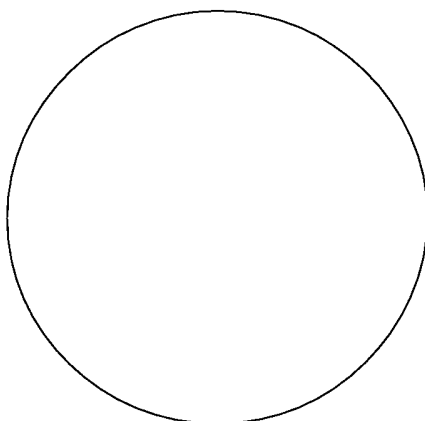
Megan Leigh
Business Administration Apprentice

I Strategic report

I Governance

I Financial statements

I Additional information



Our suppliers

WHO THEY ARE

Our network of businesses and organisations providing goods and services to enable us to serve our customers.

HOW WE ENGAGE

We've continued to keep in close contact with our supplier network through our relationships across the business, with key maintenance service relationships now embedded with our facilities manager and property asset assistants. The Executive Committee invites suppliers to meetings from time to time to hear about the latest trends in the sector. We require that all suppliers are Safe Contractor verified, whether for a large repair or for small routine maintenance on a building – ensuring the suitability of health and safety procedures and insurance in relation to the work they are set to complete.

We also require all of our suppliers to adhere to our Modern Slavery (including Human Rights) 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.

WHY THESE METHODS ARE EFFECTIVE

Dialogue with our regular suppliers allows us to understand emerging issues and challenges, and to respond accordingly.

£94m

paid to our suppliers and contractors

£27m

Total Tax Contribution

ACHIEVEMENTS FOR 2022 AND PRIORITIES FOR 2023

We appointed our first Supply Chain Lead, who will act as the central point for supply chain strategy and to accelerate and embed our work with suppliers on sustainability and social impact targets.

Activities continued to remind and verify suppliers about our requirements to meet specific compliance targets such as Safe Contractor, and many suppliers joined focus groups as we developed our social impact and sustainability strategy, bringing their ideas and potential contributions to the table.

With the acquisition of Apollo, we have again widened our pool of relationships with professionals working on our expanding development pipeline and we teamed up with expert advisors, Evora Global, Hawkins and Brown, Civic Engineering and Atelier Ten, to deliver our innovative Net Zero Carbon Design Guide and our net zero roadmap. We made headway on work to improve our processes for tracking and auditing compliance by our suppliers.

Our suppliers are often completing essential maintenance, refurbishments, major reconfigurations and construction work for our buildings alongside the busy day-to-day of primary care continues at pace. We work with our customers and suppliers to plan jobs carefully, minimising disruption for patients and staff.

Case Study

Placing our LED improvement contract

As part of our plans to improve our portfolio to EPC B or better by 2026, we completed a pilot LED improvement project on 42 buildings.

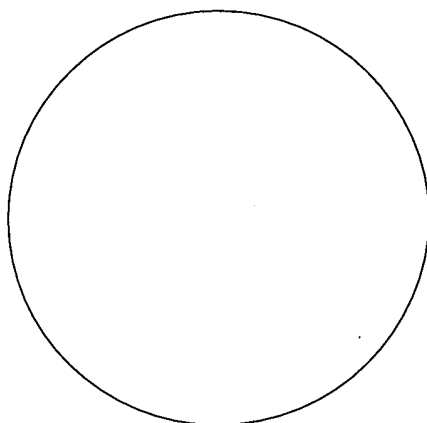
To ensure that we identified contractors that aligned with our social impact and sustainability objectives, the tender scoring matrix included weightings assigned to various net zero and social impact measures.

This included asking the contractors to submit statistics on Living Wage commitment, details of apprentices to be used and low-emissions vehicles utilised.

This is something we are aiming to roll out more widely in the coming months – helping us to build a sustainable supply chain that shares our values.

"Glenn and Joe have gone above and beyond to make the renovation experience as painless as possible, allowing our busy surgery to function as normal in these challenging times."

Jayne Gudgeon, project lead, Shepley Medical Centre in Huddersfield, where we worked around appointments and clinical activities to add ten new clinic rooms, higher quality infection control and changes to make the building more energy efficient including new LED lighting.



Our investors and lenders

As detailed in the Governance section on page 89, the Board is committed to maintaining an appropriate level of communication with shareholders. The Executive Directors and Investor Relations Director 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. Direct feedback is sought from investors from every meeting we hold during the year, through our shareholder engagement platform (Ingage) and we also held further sessions with Investor Meet Company, a platform that aims to give retail investors appropriate access to management to ask questions and provide feedback.

Relationships with our diverse pool of lenders are also maintained through regular interaction, primarily with the CFO, as well as our website and financial documents.

WHY THESE METHODS ARE EFFECTIVE

Regular dialogue with our investors and lenders allows us to respond to questions, seek feedback and test ideas with our financial stakeholders.

£300m

Sustainability Bond issued in June

143

meetings held with investors

ACHIEVEMENTS FOR 2022 AND PRIORITIES FOR 2023

This year saw us offer a virtual capital markets event focusing on our market, with opportunities to hear directly from some of our NHS customers and partners, and to deep dive into our work on our first net zero carbon pilot schemes as well as hearing from the CEO, CFO and the wider team.

A virtual visit to Birkenhead Medical Building – one of our only 365-day walk-in treatment centre buildings and a base where we made space available for a huge COVID-19 treatment and vaccination hub – gave investors an insight into the reality of the infrastructure needed to deliver these services on a mass scale.

The launch of our first Sustainability Bond gave us opportunities for greater engagement with our investors on our social impact plans and priorities and we completed a number of other, smaller visits to development sites including Kelsall in Cheshire, where a community hub to support a brand new primary care building will offer huge potential to link general practice with community activities which reduce isolation and loneliness.

We widened our outreach to retail investors, including ensuring our November 2021 equity raise was available via the PrimaryBid platform. We also engaged with shareholders to get their view on what social value means to them and in respect of the updated remuneration policy.

In 2023, we will maintain extensive engagement activities – ensuring we continue to identify new potential investors, particularly through highlighting our positive social impact to ESG-focused investors and leveraging our relationships with the 13 equity analysts that currently cover Assura. We are planning a programme of site tour options to showcase our buildings, including of the West Midlands Ambulance Hub which is due to complete in Q1.

KEY MATERIALS AND CONTACT INFORMATION

Our website (www.assurapl.com) includes all regulatory announcements, financial results, news stories and additional background on our strategy and policies.

The materials are supplemented by videos giving further information.

Interaction with our shareholders and equity analysts is managed by our Investor Relations Director.

"It's been particularly fantastic this year to be back out on site with investors, as nothing beats the opportunity to see face-to-face the reality of the role our buildings play in the care that patients receive and in the NHS's evolving response to the care backlog which was exacerbated by the pandemic."

Jayne Cottam
CFO

TIMELINE OF ENGAGEMENT WITH INVESTORS

May

- Year end results presentation
- Results roadshow

June

- Morgan Stanley Sustainable Future Conference
- Morgan Stanley European Property Conference
- Investor consultation re Social Value
- ESG investor roadshow
- Sustainability Bond roadshow

July

- Trading statement
- AGM, via InvestorMeetCompany platform

September

- Unsecured bond holder call

October

- Trading statement
- EPRA Asia week

November

- Interim results presentation
- Results roadshow
- £185m equity raise
- Capital markets event
- Retail investor presentation via InvestorMeetCompany platform

December

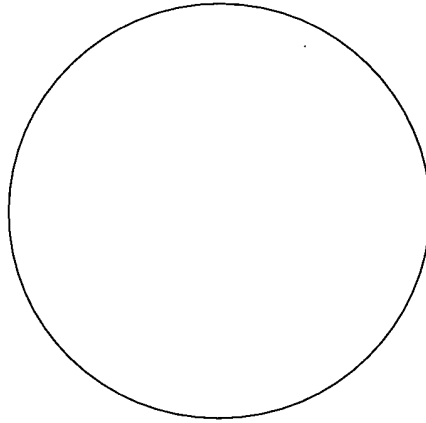
- Private wealth manager focused roadshow

January

- Trading statement
- Barclays European Real Estate Conference

March

- Bank of America EMEA Real Estate Conference



Our environmental impact

We continue to advance our environmental progress, for the benefit of all stakeholders, with ambitious targets for both our existing portfolio and new developments. This is all a part of our vision for healthcare spaces that lead for a sustainable future, helping our customer, the NHS, meet its own net zero carbon aspirations.

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 customers 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. We're targeting net zero for our whole portfolio by 2040, with our current focus being our SixBySix pledges which we aim to achieve by 2026.

Sustainability actions are ingrained throughout our team:

Investment: sustainability and social impact is a key element of the investment criteria, with the cost of any necessary EPC improvement works costed into an acquisition.

Portfolio management: EPC improvement programme is central to individual property strategies and all asset enhancements seek to improve energy efficiency.

Development: Continual evolution of sector-leading development designs, advancing our strong BREEAM track record by creating Net Zero Carbon Design Guide.

2022 KEY ACTIONS AND PROGRESS

- All developments completed hit BREEAM targets of "Very Good" or better
- 42 buildings in our portfolio improved to EPC B through our LED capital works programme
- Learnings from net zero pilot at Polegate developed into Net Zero Carbon Design Guide.
- TCFD disclosures included (see page 72)

2023 PRIORITIES

- Delivering on site developments to achieve BREEAM targets
- Incorporating Net Zero Carbon Design Guide for developments added to our pipeline.
- Continuing EPC improvement works, targeting 50% of portfolio at B by March 2023
- Completing net zero carbon audits on 50 existing buildings
- Improving energy data coverage across our portfolio

2040

Net zero for our whole portfolio by 2040

Minimising the environmental impact of our existing properties

As a landlord of a large portfolio, our ability to influence the energy consumed in our buildings is through improving the fabric of the buildings and specifically more efficient heating, lighting and ventilation systems for our customers.

Our SixBySix pledges are a stepping stone on the net zero journey, and we are targeting an improvement to the EPC ratings of the portfolio – aiming for all properties to have a rating of B by 2026, where this doesn't conflict with net zero carbon aspirations.

In the prior year we completed our assessment of the EPC ratings across our portfolio and estimated the cost of the improvement works, being in the range £25–30 million across the portfolio, and where possible, we will look to complete these works alongside a lease regear or asset enhancement project.

During the year, we have completed an LED improvement pilot project – across 42 properties. This was with the aim of understanding the nature of the works and also testing the estimated cost range. This project successfully completed in March 2022, and we are targeting bringing our portfolio EPC B rating up to 50% by March 2023.

We also completed four asset enhancement projects during the year, all of which included an improvement in the energy performance of the building, generally through an upgrade of the lighting to LEDs. All of these four buildings are now at EPC B or better. All of our pipeline asset enhancement schemes include measures to improve sustainability at the same time as the capital works.

The following table shows the proportion of certificates in our portfolio in each EPC band, weighted by building area.

EPC band	% of certificates
A/A+	6%
B	27%
C	45%
D	17%
E or lower	5%

For the majority of our portfolio, customers purchase energy directly from the utility companies. For these properties, our portfolio management team meets regularly with the customers to understand their needs, concerns around energy usage and working with them to identify energy saving opportunities.

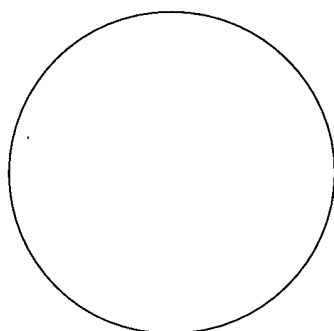
In respect of 46 properties (7% of portfolio), we purchase utilities on behalf of the customers which are recharged, usually through a service charge. In these buildings, energy consumption is at the discretion of the customer but we are generally in more frequent discussion with these customers. Energy procured by Assura on behalf of tenants is via a 100% renewably sourced tariff.

For these buildings, we plan to commission net zero carbon audits in the coming year to understand the works required and approximate costs to bring these up to net zero carbon in operation. This will improve our understanding and allow us to identify properties where there may be a conflict between EPC improvement works and net zero aspirations, to better inform our strategy at a property level going forward.

One of our SixBySix pledges is to drive innovative energy solutions for customers through the use of appropriate technology. During the year, we plan to launch a pilot scheme in the buildings for which we currently procure energy to gather detailed data on energy consumption and building utilisation with the aim of using this analysis to help our customers to use the building more efficiently and reduce utility bills.

Our standard leases include green lease clauses that allow us to request data on energy usage, to gain access to make energy performance improvements and to prevent customer works on our buildings that negatively impact the energy performance. We continue to review our standard lease clauses and whether further advancements would be appropriate for our customers.

OUR ENVIRONMENTAL IMPACT CONTINUED



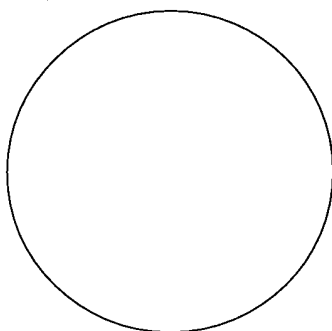
Minimising the environmental impact of our developments

As a developer of buildings, we are focused on ensuring our new buildings are designed to be right at the cutting edge of sustainability within our sector, and we pride ourselves on innovating to advance our environmental performance. As mentioned above, our SixBySix pledge is to advance our developments to be net zero carbon for construction and operation and to measure the whole life carbon impact of the buildings we develop.

Following our initial work on our net zero carbon pilot project at Polegate (which we covered in detail at our November 2021 capital markets event), we have recently finalised our Net Zero Carbon Design Guide for developments, which will be published Summer 2022. Where possible (i.e. depending on the current stage of design work), this will be utilised for all developments added to our pipeline.

The Design Guide covers all elements of the development design process, laying out the principles to be applied to every stage – starting with site planning, building structure and fabric, right through to final elements of interior design and post occupancy evaluation. We expect the Design Guide to evolve as we work through our first few projects and technology continues to advance.

We continue to measure our current developments by reference to BREEAM and also our EPC targets – read more about how we do this in our BREEAM section on this page.



BREEAM

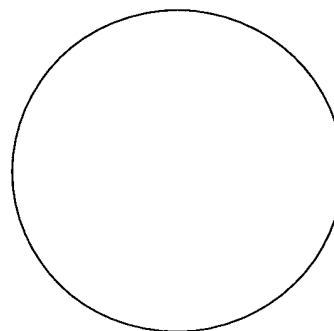
The environmental impact of a new building is something that we consider from the initial design phase and maintain focus on throughout the project. We measure this against BREEAM for which we target a score of "Very Good" or "Excellent" on all our in-house developments.

BREEAM is a holistic methodology for assessing the environmental, social and economic sustainability performance of a building. It measures sustainability 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 (BRE 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 our customers 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.

All developments completed in the year met our target of EPC B or better. Of the five eligible developments completed during the year, three achieved BREEAM ratings of Excellent and two achieved Very Good, although two are awaiting the final certification.

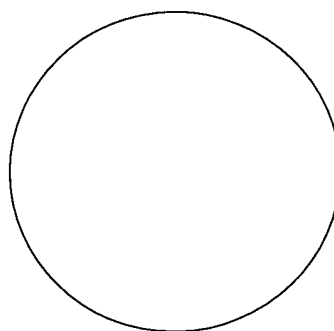
All of the 14 eligible on site developments are on track to achieve at least EPC B and BREEAM Very Good with 71% on track for Excellent.



Case Study

Newbyres Medical Centre, Edinburgh

Our on site asset enhancement project at Newbyres Medical Centre showcases how improvement works benefit all stakeholders. We're delivering a 123 m² extension to the building to increase the clinical space (allowing the GP practice to serve more patients) and at the same time improving the energy efficiency by installing LED lighting throughout and a solar photo voltaic array (reducing carbon emissions and saving the GP practice money on annual energy bills). And in return, Assura gets an improved quality building and a new 20-year lease.



Case Study

Kelsall Medical Centre, Cheshire

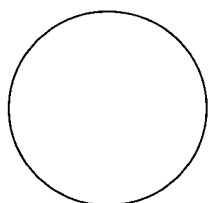
In Cheshire, our sustainable design solution for the nearby, relocating GP practice is part of a wider development site including 29 senior living units as well as a badger habitat within the ecology plan. The building, which will serve circa 6,000 patients, is on track for BREEAM Excellent, incorporates air source heat pumps and dementia friendly signage and paint work.

Targeting net zero

We're targeting net zero carbon for our portfolio by 2040

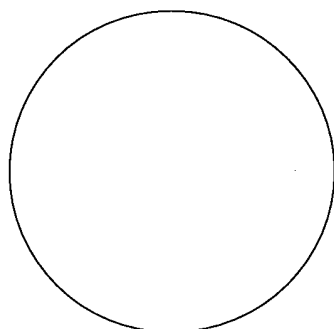
Our Net Zero carbon pledge

We've also signed up to the World Green Building Council net zero carbon pledge; by 2030 our own operations, portfolio where we have operational control and all new developments will be net zero for operational energy.



Net Zero Carbon Design Guide

Our recently finalised Net Zero Carbon Design Guide sets out our approach to minimising the carbon emissions of all developments added to our pipeline going forward. The Guide will be published on our website during Summer 2022.



Minimising the environmental impact of our 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. During the past year, our energy usage and working patterns have continued to evolve through the pandemic and our split of time spent working at the office or remotely, as well as business travel, has not yet settled into a new, post-pandemic normal.

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 the 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 estimated gas used by homeworkers for heating, and Scope 2 relates to grid electricity consumed at the Company head office,

both of which have been converted using government published conversion factors.

For both years presented, in light of the pandemic, Scope 1 and Scope 2 figures include an estimate of the energy consumed by employees for homeworking which we calculated in accordance with a whitepaper published by EcoAct (<https://info.eco-act.com/en/homeworking-emissions-whitepaper-2020>).

We consider the most appropriate intensity factor to be Mt CO₂e per employee. During the year the intensity has decreased by 5%. During the year our business travel has begun to increase again, but this has been offset to a degree by reduced gas used in homeworking as our team partly returned to the office. We expect this trend will continue further in 2022/23.

100% of Scope 1 and 2 emissions relate to consumption in the UK and as we re-evaluate how we work post-pandemic we are reviewing how we can reduce energy consumed by the team.

See the Sustainability and Corporate Governance policies section of our website for detailed energy disclosures in respect of our portfolio (including Scope 3 emissions for the properties where we have energy data): www.assurapl.com

	2022	2021	Change
Scope 1			
Mt CO ₂ e	52.2	52.3	–
Mt CO ₂ e per employee	0.63	0.68	(7%)
kWh	157,664	256,615	(39%)
Scope 2			
Mt CO ₂ e	17.5	15.7	12%
Mt CO ₂ e per employee	0.21	0.20	4%
kWh	82,545	67,524	23%
Total (Scope 1 plus Scope 2)			
Mt CO ₂ e	69.7	68.1	3%
Mt CO ₂ e per employee	0.84	0.88	(5%)
kWh	240,209	324,140	(26%)
kWh per employee	2,894	4,210	(31%)

520m²

Photovoltaic panels installed at WMAS Hub as well as a heat recovery system

100%

LED lighting used throughout building

Case Study**Northumbria Health and Care Academy, Northumberland.**

Our on site development in Cramlington has been designed to reach our usual standards of BREEAM Excellent and EPC A, but we're also going one step further. We are also targeting certification under the IWBI WELL Building Standard, aiming for the Academy to become the UK's first Gold accredited healthcare sector building. WELL certification is aimed at improving health and human experience through design, focusing on 10 concepts including air, water, light, thermal comfort and community. The building will also be a flagship for our social impact programme, working with the NHS Trust community engagement programme on local arts projects and contributing towards the delivery of a hospital nature trail designed to promote staff wellbeing.

1st

aiming to become the UK's first Gold accredited healthcare sector building under the IWBI WELL Building Standard.

TCFD DISCLOSURES

The Board recognises the significance of combatting climate change and the role that Assura must play in relation to the buildings owned and operations. This is reflected in the social impact strategy, SixBySix, incorporating plans to minimise our impact on the environment.

On this page we set out our disclosures in accordance with the requirements of the Task Force on Climate-related Financial Disclosures ("TCFD"), as required by listing Rule 9.8.6(R)8. We have taken into account all guidance stipulated by the listing rules and have complied in full with the exception of scenario analysis that is in progress and planned for completion in the coming year.

Governance

The Board review climate-related risks and opportunities within our existing reporting and governance structure. This is typically within relevant update papers presented to the Board at each meeting from relevant members of the Executive Committee, and through Risk Committee reporting into the Audit Committee.

At each Board meeting, the Board receive an update of progress against SixBySix, which includes pledges to minimise our environmental impact, wider sustainability efforts and during the year has received specific updates in respect of TCFD progress.

Strategic papers presented to the Board for consideration (such as recommended acquisitions or proposed actions within a particular team) include discussion of environmental factors as appropriate, typically covering how a new acquisition will fit in with our existing SixBySix strategy.

Overall responsibility for progress against environmental targets rests with the CEO, Jonathan Murphy. Efforts are led by the Head of Property Management and Investment, who is a member of the Executive Committee with responsibility for sustainability, supported by the Social Impact & Sustainability Steering Committee, which monitors progress against the specific SixBySix targets and regularly reports into the Executive Committee.

Strategy

Our assessment of climate-related risks and opportunities considers the short (1–3 years, up to 2025), medium (3–8 years, up to 2030) and long-term (>8 years, beyond 2030 and up to 2040) time horizons, and incorporates consideration of both transitional and physical climate risks.

Most of the climate-related risks facing our business are relatively limited in the short term, with growing potential exposure over time. This is because the nature of our business (landlord with long-term tenants with whom we have strong relationships) and our existing SixBySix strategy (i.e. placing emphasis on improving buildings in our existing portfolio to EPC B and ensuring our new developments are designed to high energy performance standards) means most of the climate-related risks fall into the "monitor" category where we continue to observe emerging trends that may identify properties at higher risk.

As well as the example risks highlighted on page 73, which were deemed the highest specific to climate change on our risk register, our assessment included carbon taxing, energy price fluctuations and long term increases in the cost of materials, amongst others, and our assessment concluded no additional disclosures in respect of these were deemed necessary in the current year.

Our SixBySix strategy focuses on the areas we believe require the initial focus in the period to 2026 (when our strategy runs to). This includes targeting improvements to our portfolio from a regulatory perspective (i.e. ensuring compliance with expected minimum energy efficiency regulations and advancing our development process to minimise carbon embodied in construction), and is reflected in our business planning and budgeting as appropriate.

During the year, we have completed an initial assessment of how we will develop our scenario analysis for assessing the potential future impact on our business. This involved workshops with our environmental consultants Evora to increase the understanding in our team of how to determine the appropriate scenarios and what factors should be assessed, and then how to conclude on impact on identified risks, opportunities and any appropriate actions to be taken. We will finalise this scenario resilience exercise in the next financial year.

Risk Management

Our assessment of climate-related risks follows the existing processes of the Risk Committee, as detailed on pages 74 to 79, including escalation to the Audit Committee as appropriate and decisions of assessing the size and materiality of each risk, mitigations in place, risk owner and proposed actions.

Our process for identification of risks and opportunities includes team members from across our organisation and property team, with appropriate support from our environmental consultants (Evora) as appropriate.

During the year, the Risk Committee has received several specific updates in respect of our TCFD processes and a formal paper has also been presented to the Audit Committee.

The output of this work has included a consideration of the linkage and impact of specific climate risks and opportunities on the principal risks and uncertainties facing the business. We have reflected this in the table on page 73.

Targets & Metrics

Key metrics and targets relating to climate-related risks and opportunities are primarily those within our SixBySix pledges, being targeted at what we have identified as the most material areas for our business.

The table below highlights the specific metrics that indicate exposure to the risks or performance against opportunities below, with targets set as appropriate.

The Group's disclosure of Scope 1 and 2 emissions can be found in the environmental analysis on page 70, and available Scope 3 emissions are disclosed in our sustainability disclosures included on our website.

Appropriate climate-related performance measures have been included within the remuneration targets for the Executive Directors, in respect of both the short-term and long-term incentives. Further details are provided in the Remuneration Committee Report on pages 115 to 116.

Example of risk	Impact on business strategy and financial planning	Linkage to Principal Risks	Specific metrics that monitor this risk
Regulatory requirements for minimum energy efficiency.	Energy performance certificate for every building obtained and action plans created to improve where necessary. Financial impact would be through lost revenue or negative valuation movement were a building is not able to be re-let.	<ul style="list-style-type: none"> Changes to Government Policy Building obsolescence 	% of portfolio at EPC B or better Current: 33% (2021: 30%) Target 100% by March 2026
Risks to buildings from climate-related events such as flooding and temperature rise affecting water supply temperature.	Individual building strategies incorporate risks for each property. Financial impact would be through additional insurance requirements or property maintenance required to meet water supply obligations. This may also affect requirements for new developments including availability of appropriate materials.	<ul style="list-style-type: none"> Building obsolescence (Sustainability) Development programmes 	% of portfolio (by area) identified as higher risk of flood by insurers: Current: 1.9% (2021: not reported) Target: 0% By March 2023 we aim to have assessed proportion of portfolio at higher risk of additional specific climate-related risk (such as temperature rise) and any required mitigating actions.
Failure to appropriately address climate-related expectations of stakeholders could result in lower investor demand.	SixBySix ESG strategy in place and continual improvement plan in place relating to ESG related disclosures. Financial impact from lower investor demand (both equity and debt) would be higher cost of finance and/or capital.	<ul style="list-style-type: none"> Reduction in investor demand Reduction in availability and/or increase in cost of finance 	ESG rating assigned by appropriate ratings agencies: MSCI: A (2021: BB) Target: AAA EPRA: Silver (2021: Silver) Target: Gold
Example of opportunity	Impact on business strategy and financial planning	Linkage to Principal Risks	Specific metrics that monitor the opportunity
Enhanced reputation with GP occupiers and the NHS through better, more energy efficient buildings could lead to more development opportunities and higher rents.	We continue to ensure our buildings provide the latest technology and innovation for our customers. Being at the forefront will ensure our customers continue to demand our spaces. Financial impact would be through portfolio growth and increased rent roll.	<ul style="list-style-type: none"> Lack of rental growth (i.e. this opportunity may provide evidence for rental growth in the future) Staff dependency (i.e. strong ESG performance could aid recruitment) 	% of completed developments hitting BREEAM and EPC targets: Current: 100% (2021: 100%) Target: 100% In future years, this will track % of developments designed in line with the Assura Net Zero Carbon Design Guide and schemes certified as net zero carbon.

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.

Risk appetite

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; and
- occupier default risk – by investing in strategically important premises which will be supported by the NHS with ongoing due diligence of our independent tenants.

Our approach to risk management

The Risk Committee includes staff from all areas of the business; together with the CEO and CFO it met four 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 all Risk Committee meetings in the year.

The regular business of the meetings included:

- a brainstorm on emerging risks;
- an IT update with a particular focus on increased cyber risk;
- health and safety compliance (including on asbestos, legionella and cladding);
- a review of potential occupier defaults where there is a possibility of GPs revoking their GMS contract or where GPs on the lease are no longer practising

- (there have been no GP occupier defaults in the year) or where non-GP occupiers are facing financial difficulties;
- an update on complaints (none); and
- EPC updates.

Internal audit in the year focused on data integrity, acquisition process and the finance system upgrade and further detail on their findings is set out in the Audit Committee report on page 97.

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 76 to 79.

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 38 to 39.

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 recognising the heightened risk of cyber-attacks on staff working remotely and the threat of state-sponsored attacks. Penetration testing, cyber awareness training, disaster recovery tests and social engineering simulations were completed in the year. The Group entered its third year of a managed assurance service to cover email phishing, external vulnerability scanning, online security awareness training and cyber health check-up. The Group continues to focus on achieving reputable cyber security accreditations, with more expected to be achieved in the coming year. Given this increased protection it was considered that an appropriate level of risk mitigation was in place. All significant recommendations from internal audit reports on the cyber security were implemented in the year.

Following on from the TCFD disclosures on the previous pages we have considered how climate affects each of our principal risks and added linkage to TCFD on pages 77 to 79.

The culture of working collaboratively, freedom to raise concerns and all departments being represented on the risk committee means, risks are quickly and easily identified.

Emerging risks

Emerging risks were considered by the Committee, including:

- rising costs on development contracts and contractors in potential difficulty – contracts are primarily fixed price and managed by monitoring surveyors, but contractor overspend/rising costs was included as a regular item on ExCo and risk committee agendas;
- structural reforms in NHS (due April 2022) – main risks were perceived to be difficulty in decision making with the change in personnel/regions. However, in time, there could be benefits in dealing with smaller number of organisations;
- climate related risks and opportunities under TCFD;
- digital health risks in terms of building obsolescence;
- recruitment and retention of key staff;
- inflation/supply chain disruption; and
- monitoring financial health of independent occupiers.

Ukraine

We held a specific risk committee meeting to consider additional risks to the business from the war in Ukraine. We continue to monitor materials cost inflation which may impact development start dates, and Assura's IT team have reconfirmed our disaster recovery and business continuity plan, clarified the roles and responsibilities in the event of a business interruption and continue to engage with our IT partners and the NCSC for best practice or emerging threats.

Risk management framework

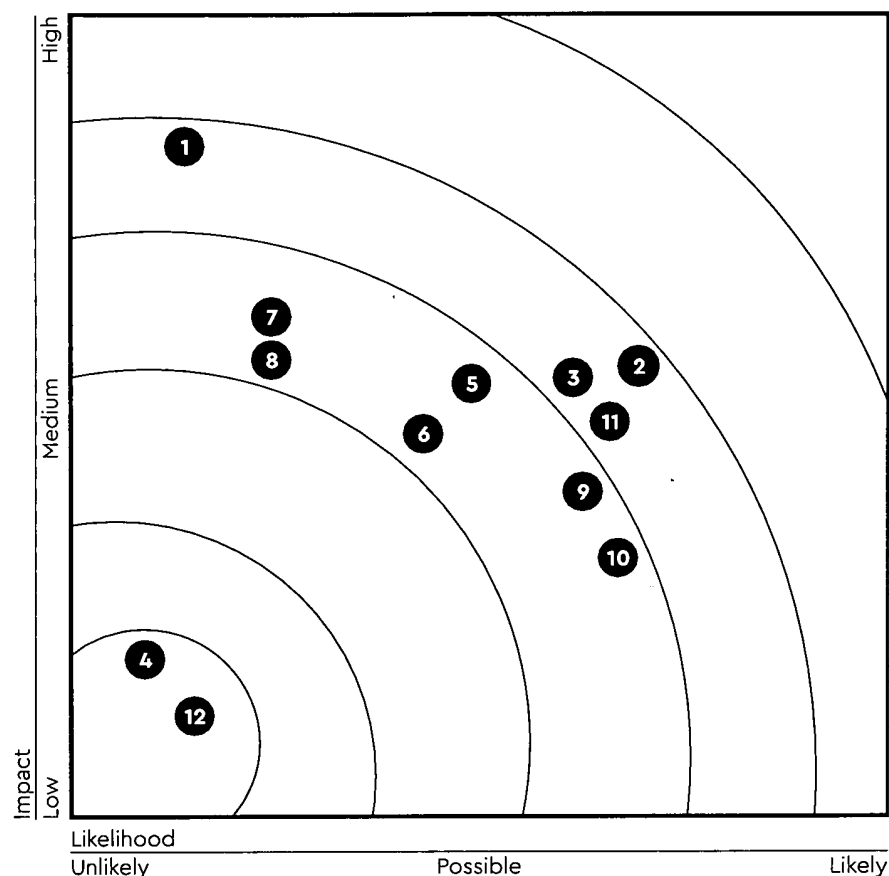
The Board has established a clear risk management framework that defines responsibilities for risk management across the Group. The framework provides an effective process for the identification, assessment, monitoring, and reporting of risk, with a strategic top-down approach to risk management and 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 2022 and to the date of approval of this report.

Top-down Strategic Risk Management

BOARD AND AUDIT COMMITTEE	
Sets strategic objectives and the Group's risk appetite to optimise delivery of Group strategy, whilst reviewing external environment to assess emerging risk.	Oversees management of risk management and internal control systems and assesses their effectiveness. Reports principal risks.
EXECUTIVE COMMITTEE	
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.	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.
RISK COMMITTEE	
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.	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.
BUSINESS UNITS AND ALL EMPLOYEES	
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.	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.

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 the principal risks is unchanged from last year.

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

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.

A new risk was identified of building obsolescence as a result of sustainability requirements and risk rating of development programmes (previously called development overspend) and staff dependency marginally increased.

- 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 Building obsolescence - digital risks
- 8 Building obsolescence - sustainability
- 9 Development programmes
- 10 Staff dependency
- 11 Lack of rental growth
- 12 Occupier default

STRATEGIC RISKS

1 Changes to Government policy

Risk

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.

Avoid

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 and the CBI.

Trap

The Board monitors changes in government policy and management reports to the Board at every meeting.

Mitigate

Active engagement with Government, where appropriate.

Building relationships with key contacts responsible for NHS property at a strategic level.

Comment

There continues to be significant support for sustainable healthcare infrastructure. The COVID-19 pandemic and consequent lengthening waiting lists in the NHS has only further highlighted the shortage of appropriate health services in a community setting, in quality, fit-for-purpose premises. Proposed revisions to the NHS premises costs directions shows no material change to the system of GPs rent reimbursement; government mood music on the idea of giving GP's the option of becoming NHS contractors do not signal any negative change to third-party premises ownership.

Gross risk rating

➔ M

Net risk rating

➔ M

Risk owner

CEO and Head of Public Affairs

Link to TCFD

Risk monitored

2 Competitor threat

Risk

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.

Avoid

We maintain our specialist knowledge, team structure and strong brand recognition with GPs, and focus heavily on customer care.

Trap

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.

Mitigate

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 continued to strengthen our development pipeline and team.

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

Risk owner

CEO

Link to TCFD

No link

3 Reduction in investor demand

Risk

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
- ESG expectations

Avoid

We are open in communicating our strategy to investors and maintain an LTV range which is acceptable to the market.

Trap

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.

Mitigate

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.

Gross risk rating

➔ M

Net risk rating

➔ M

Risk owner

CEO and CFO

Link to TCFD

Risk monitored

4 Failure to communicate strategy

Risk

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.

Avoid

Strategic priorities are clearly articulated in corporate communications and the Group's performance is transparently reported.

We communicate regularly with investors and analysts.

Trap

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.

Mitigate

Investor communication, particularly through face-to-face meetings, remains a key priority.

Comment

143 meetings have been held during the year with investors via a range of mediums - including a capital markets webinar, property tours and one to one meetings.

Gross risk rating

➔ L

Net risk rating

➔ L

Risk owner

CEO and CFO

Link to TCFD

No link

STRATEGIC 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.

This 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 and geopolitical turmoil due to the war in Ukraine have meant that capital markets are more volatile. However, we maintain our strong cash flows and A- rating from Fitch Ratings Ltd and during the year our oversubscribed Sustainability Bond raised £300 million at a coupon of 1.625% and £185 million was raised from the equity market. As at the year end net debt stood at £1,006 million with undrawn facilities of £125 million and cash of £243.5 million.

Gross risk rating

➔ M

Net risk rating

➔ L

Risk owner
CFO

Link to TCFD
No link

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 three 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 36% and this provides covenant headroom. The Group has recently disposed of 11 assets which were considered to have lower growth prospects.

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

➔ M

Net risk rating

➔ L

Risk owner
CFO

Link to TCFD
No link

7 Building obsolescence – Digital risks

Risk
The shift in service delivery towards more digital consultations could reduce overall demand for medical centre buildings and could increase the risk of our buildings being no longer fit for purpose if we fail to implement latest standards and guidance or equip them for remote consultations.

Avoid
We work closely with our GPs to keep our buildings up to current standards and provide adaptable solutions for healthcare access.

Trap
We carefully monitor the latest standards and digital solutions.

Mitigate
We seek to future proof our new developments for digital readiness, for example through provision of remote consultation rooms where clinicians can contact patients remotely in a confidential manner. We are also mitigating through a structured approach to understanding the market and developing our strategic response to digital health.

Comment
Our surgery of the future concept embraces digital health solutions which we consider on each new development. We see digital health as an opportunity for our business and there will be opportunities to work with our partners on digital first projects in FY22/23 to create some innovative virtual and physical solutions.

Gross risk rating

➔ M

Net risk rating

➔ L

Risk owner
Head of Property Management and Investment

Link to TCFD
No link

8 Building obsolescence – Sustainability

Risk
Increasing requirements for energy efficiency/carbon reduction could reduce the value of buildings if we fail to achieve net zero carbon aspirations for the estate.

Avoid
We work closely with our GPs and other partners to keep our buildings up to current standards. Sustainability forms a key metric in the investment appraisal process and EPC ratings of all buildings are closely monitored.

Trap
We carefully monitor the latest standards.

A Net Zero Carbon Design Guide will be used to guide all new developments and a roadmap has been developed to ensure the portfolio achieves the EPC Band B target.

Mitigate
Working closely with professional advisers, we are continually monitoring the estate for compliance with EPC Band B by 2026 as well as implementing best practice into new development projects.

Comment
Our surgery of the future concept embraces sustainability which we consider on each new development.

Gross risk rating

N M

Net risk rating

N L

Risk owner
Head of Property Management and Investment

Link to TCFD
Risk monitored

OPERATIONAL RISKS

9 Development programmes

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 continued to strengthen its development pipeline and 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 and contractor financial health is closely monitored throughout development projects.

Mitigate

We remain confident in our ability to manage this risk through our experienced team of development surveyors and professional advisers. Internal cost reviews have been enhanced and we continue to 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 increased during the year as the number of developments on site has increased. COVID-19 and Brexit have contributed to contractor workforce shortages leading to wage inflation and COVID-19 and the war in Ukraine has resulted in material supply chain issues.

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.

Gross risk rating

➔ M

Net risk rating

⬆ M

Risk owner

Head of Property Management and Investment

Link to TCFD

Risk monitored

10 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.

Succession plans are in place for each department.

Long-term incentive plans span three-year periods to encourage retention of staff.

Trap

Succession 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

Continual review of culture and offer beyond pay and benefits and engagement of the team in various ways to understand views and feedback.

Comment

The average number of employees in the year was 83 (2021: 77).

Several members of staff are currently working towards professional qualifications.

As the world emerges from the pandemic we have worked hard to support employees changing needs and to address changing expectations in the job market.

Gross risk rating

⬆ M

Net risk rating

⬆ M

Risk owner

Head of HR

Link to TCFD

Opportunity

11 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 an occupier right to trigger a downward rent review.

Mitigate

For new developments, the Group targets initial rents that create positive open market rental evidence for the region. Open market rent reviews are either upwards-only or have a landlord-only trigger. Where considered advantageous, the Group will look to agree index-linked rent reviews as an alternative to open market reviews.

Specialist internal and external team in place to focus on maximising growth opportunities.

Comment

The commission-driven agreements with our team of designated rent review agents and internal improvements to the rent review process with better data capture and analysis continues to drive rental growth. In addition the internal property team has recently been restructured with the implementation of specialist roles to focus on driving value through the rent review process.

Gross risk rating

➔ M

Net risk rating

➔ M

Risk owner

Head of Property Management and Investment

Link to TCFD

Opportunity

12 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 independent 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.

We undertake financial due diligence on independent providers prior to granting a lease or making an acquisition.

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 and independent providers during the term of the lease.

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 on our independent occupiers and as part of the acquisition due diligence and during the term of the lease.

Comment

Approximately 33% of leases have fixed uplifts or are linked to RPI.

Less than 5% of leases have occupier ability to trigger a downward rent review.

We are aware of increased inflationary pressures on our tenants and we have increased focus on tenant profile reviews in response. 82% of our rent is directly or indirectly reimbursed by the NHS.

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

➔ L

Net risk rating

➔ L

Risk owner

Head of Property Management and Investment

Link to TCFD

No link

COMPLIANCE STATEMENTS

Viability statement

In accordance with provision C.2.2 of the UK Corporate Governance Code 2014, the Board has conducted a review of the Company's current position and principal risks to assess the Company's longer-term viability.

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

The business model (see pages 48 to 50) and strategic priorities (see page 36) 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 74 to 79, as well as historical performance, in developing sensitivities that have been applied in aggregate to financial forecasts covering the five-year assessment period.

Specific scenarios modelled	Link to principal risks
Prolonged downturn in property valuations (75bps 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

This assessment has not assumed any significant changes to Government policy with respect to NHS estates strategy or the GP reimbursement model, or any specific implications as a result of Brexit or the current COVID-19 outbreak, all of which we consider to have a low likelihood (Government policy) or low potential impact (Brexit and COVID-19).

In respect of climate change, the Group modelling includes capital expenditure improvements to our current portfolio in line with our current environmental targets (i.e. to achieve EPC B).

In addition, it has been assumed that debt facilities can be refinanced as required in normal market lending conditions. For prudence, we have assumed that the interest rates achieved are in excess of what we have achieved in the current year.

Company forecasts are prepared using a comprehensive financial model which projects the income statement, balance sheet, cash flows and key performance indicators (including covenant compliance) 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.

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

The forecasts prepared (including application of the specific scenarios detailed above in aggregate) showed that the business remained viable throughout the forecast period. In addition, a reverse stress test was completed to consider by how much valuations would need to fall (35%) and how much rental income would need to be removed (62%) for covenants to be breached.

Based on this consideration of principal risks and the forecasting exercise completed, the Board has a reasonable expectation that the Company 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 22 to 27. 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 £243.5 million at 31 March 2022 (2021: £46.6 million), the Group has undrawn facilities of £125 million at the balance sheet date, with commitments as at year end of £101.2 million (see Note 23).

The Group has borrowing facilities from a number of financial institutions and the public debt markets, none of which are repayable before November 2024.

The Group's primary care property developments in progress are all substantially pre-let and operate with fixed price construction contracts where possible.

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 11.8 years. They are diverse both geographically and by lot size and therefore represent excellent security.

The Group's financial forecasts (including the financial models prepared in relation to the viability statement) 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 including climate change, as appropriate.

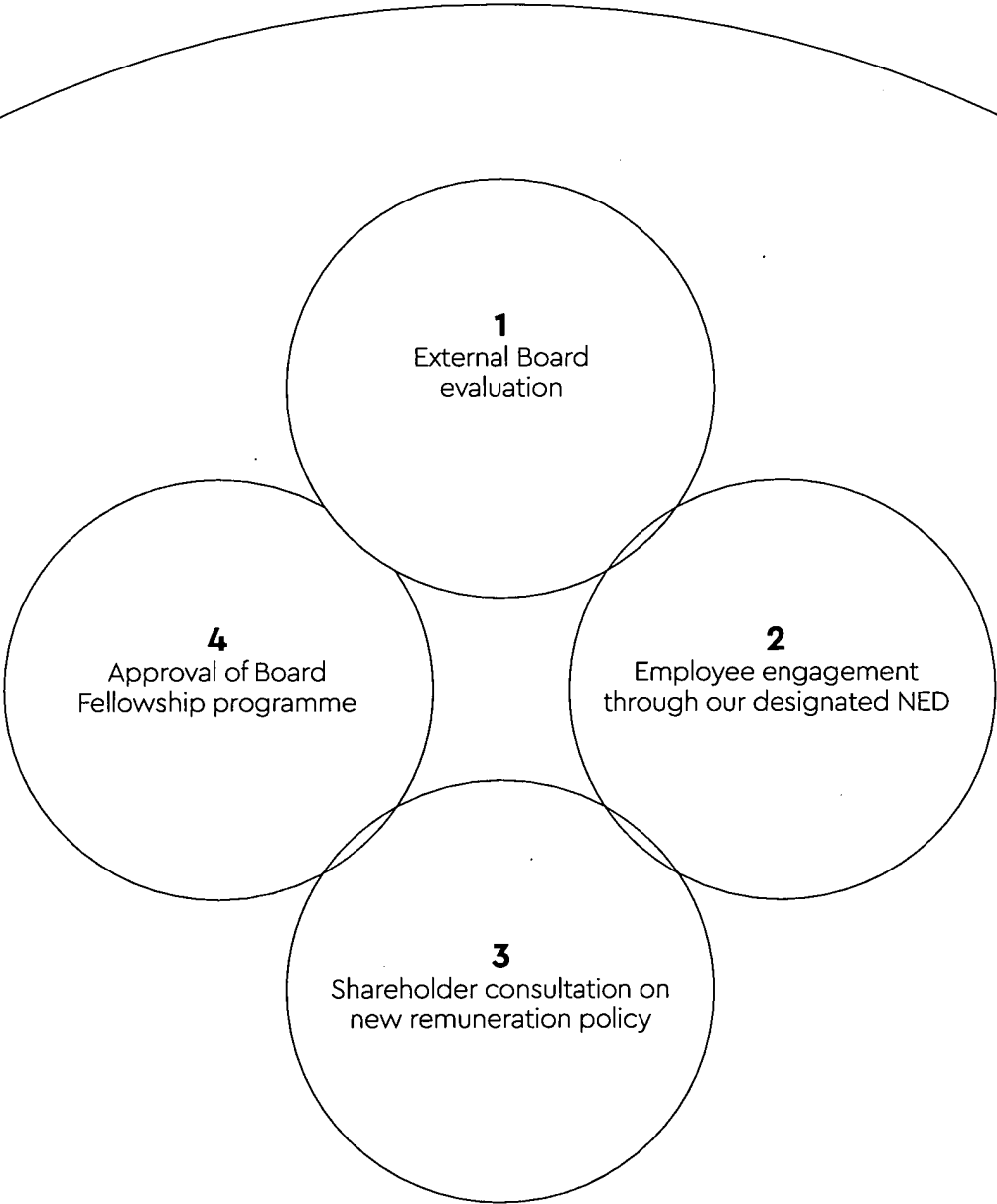
Accordingly, the Board considers it appropriate that the financial statements have been prepared on a going concern basis of accounting and there are no material uncertainties regarding the Company's ability to continue to prepare them over the period to 31 May 2023.

GOVERNANCE AT A GLANCE

KEY BOARD DECISIONS

The major decisions taken by the Board and its Committees during the year included:

- Approval of social impact and sustainability strategy
- Launch of first Sustainability Bond and successful equity raise
- Mid-term review of our five-year plan
- Supporting staff returning to the office and improving hybrid working
- Refinement of company purpose
- First acquisition in Ireland
- Approval of scale development projects for NHS Trusts (West Midlands, Cramlington)
- Review of strategic decision-making framework



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")

In accordance with the Listing Rules, I am very pleased to confirm that throughout the year ended 31 March 2022, the Company was compliant with all the relevant provisions as set out in the Code save for:

- Code Provision 38 – the pension contribution rate for the current Executive Directors is currently higher than the rate applicable to the majority of the wider workforce (currently 6%). We recognise that this is an important matter of principle for investors and therefore the Remuneration Committee has agreed that the pension rate for the Directors will be aligned with that of the majority of the wider workforce by the end of December 2022, consistent with the guidance issued by the Investment Association. This has been formalised in the new Directors' Remuneration Policy, for which shareholder support is sought at the AGM.
- Code Provision 36 – during the year under review, we did not have post-employment shareholding requirements in place, in recognition of the investor alignment through other aspects of the Directors' Remuneration Policy. However, as promised last year, such requirements are being introduced as part of the new Policy and will apply from the date of its approval at the AGM.

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

Leadership

The Board is collectively responsible for the effective leadership and long-term success of the Group.

We held two strategy days with ExCo specifically considering progress against our strategy, potential challenges facing the business model and how to evolve our strategy to target attractive markets with customer-focused products and a strategic framework for decision-making.

The Board believes that its legacy should be as a dynamic partner to the NHS and a leading social impact business, playing a key role in modernising and improving community healthcare infrastructure whilst delivering consistent long-term shareholder returns.

Culture

Our purpose has evolved and is now captured in the revised language that "We Build for health". Read more about what this means on pages 2 to 13.

Our strong culture supports our purpose and strategy 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.

Board collaboration is supported by informal board dinners where Board members share their expertise and experience, and the wider market perspective is gained from external speakers. The Board members also collaborate and share their expertise and experience with the wider business through mentoring individual members of ExCo. ExCo also attended the most recent board dinner in Warrington to engage in the discussions and hear firsthand from the external speaker on the wider NHS agenda.

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.

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 are linked to a strategy to support the clear social purpose of Assura's business.

Employee and other stakeholder engagement

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. You can read more on their interaction on page 93.

When COVID-19 restrictions were relaxed, the Board were delighted to commence face-to-face Board meetings holding every other board meeting at the head office in Warrington where they "walk the floor" and engage with employees, particularly those who joined during lockdown. In addition, employees will get direct feedback from the Board when they present Board papers and accompany them on site visits. The Board specifically engages with ExCo at the strategy days and through mentoring.

The Board factors stakeholders into all our decisions and management regularly updates the Board on the implementation of our strategy with a particular focus on stakeholders and the risks and opportunities which have arisen in the year in relation to these groups.

Performance evaluation

The Board Review carried out by Weva Ltd in 2022 highlighted the current strengths of the Board and made several recommendations as to how the Board could further enhance its effectiveness as part of its approach to continuous improvement. Weva Ltd also provides development support to ExCo when required.

The Board has continued to make progress in all areas; it has demonstrated particular strength in creating a collaborative, productive Board climate and successfully onboarding three new NEDs despite the difficulties of remote working. The Board has also proved its capability in terms of effective oversight and assurance of strategy delivery, together with the strategic perspective necessary to support long-term, purpose-led growth.

The Board has adopted all the review's recommendations and will take action during 2022-23 to address them. Particular areas of focus include:

- Continued development of the Board as a team including: regular Board dinners and strategy days; a refresh of the Board's purpose and legacy; clarity on the Board's role in supporting a culture that will enable delivery of the Company's purpose and strategy.
- Gaining assurance that the Company culture supports the purpose and strategy and that staff are actively engaged in the discussion to embed desired behaviours.
- Gaining assurance that the Board and ExCo have the capability required to deliver the strategy; ensure formal succession plans reflect this.
- A review of the stakeholder map, materiality assessment and engagement strategy to align with the purpose and strategy, and to enhance the Board's collective understanding of Assura's outside world.

Remuneration

We received over 97% of votes in favour of our Remuneration Report at the 2021 AGM and I am grateful to shareholders for the level of engagement and support during the year, particularly on the new Remuneration Policy.

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 86 to 87, which enable them to challenge, motivate and support the business.

We have updated our skills matrix for Sam, Emma and Noel's appointment in May 2021 and this shows our breadth of experience and strengths, for example, in NHS strategy and technology, capital markets, governance, investor relations, strategy, finance and risk, leadership, people and change management, business development as well as social purpose and ethical focus.

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.

Diversity

The Board is committed to ensuring that the Group is free from discrimination and equitable to all employees.

We came 19th for Women on Boards and in Leadership for FTSE 250 companies and 6th for Women on Boards and in Leadership in the FTSE 350 Real Estate Sector Rankings in the FTSE Women Leaders Review, the successor phase to the Hampton-Alexander Review. With 50% female representation on our main Board, this shows our commitment to gender diversity throughout the organisation.

The Board aspires to greater diversity throughout the Group and we have built on the results of last year's cross-team survey on diversity and inclusion in our recruitment and training strategies for the business. We have also concluded the Mission INCLUDE mentoring programme as both mentors and mentees for peers in other businesses and committed to becoming a Disability Confident employer.

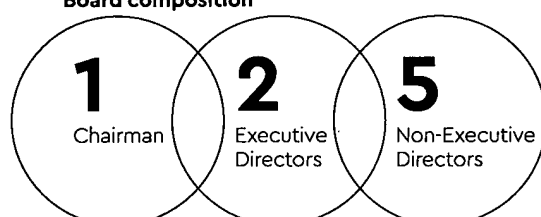
We are working with Warren and Partners to build the pipeline of ethnically diverse Board talent and are in the process of inviting an ethnically diverse Board fellow who would benefit from corporate experience to sit on the Board pro bono (save for expenses) for one year to gain firsthand experience of a FTSE 250 Board and receive mentoring from myself. They will receive full Board papers and be encouraged to take an active part in Board discussions with the aim of going on to secure a permanent FTSE 250 Board appointment at Assura or elsewhere at the conclusion of their fellowship.

Ed Smith, CBE

Non-Executive Chairman
23 May 2022

GOVERNANCE IN NUMBERS

Board composition



Meetings per year



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.

Operational Excellence Committee

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

Social Impact and Sustainability Steering Committee

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

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

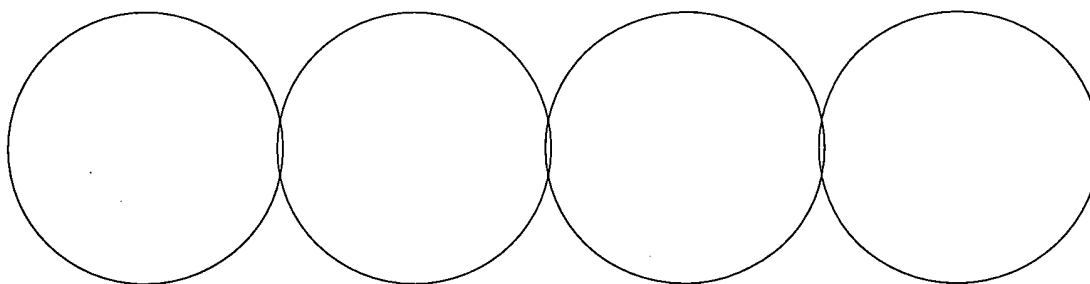
- Acting as Chair of the Board if the Chairman is conflicted.
- If necessary, acting as a conduit to the Board for communicating shareholder concerns.
- Ensuring the Chairman is provided with effective feedback on performance.
- Serving as an intermediary for other Directors when necessary.

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

BOARD



Board tenure (in current role)

4

0–4 years
(67%)

4

4+ years
(33%)

Board gender balance

4

Female

4

Male

Executive Committee gender balance

4

Female

4

Male

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 including as former Chair of NHS Improvement and Deputy Chair of NHS England.

Ed's skills include strategy and operational excellence as he was the former Global Assurance Chief Operating Officer and Strategy Chairman of PricewaterhouseCoopers ("PwC"), with broad experience in finance and accounting, capital markets and customer focus.

Ed is currently Non-Executive Director at Saxton Bampfylde.

Jonathan Murphy
CEO

Appointed
February 2017

Skills and experience

Jonathan joined Assura in 2013 as Finance Director and became CEO in 2017, bringing with him broad experience in finance and accounting, corporate finance, capital markets and real estate investment having previously worked as finance director for the fund management business of Brooks Macdonald and Braemar Group plc, and in commercial and strategic roles at Spirit Group and Vodafone.

Jonathan is a Non-Executive Director for the British Property Federation and chairs their Healthcare Committee, sits on the Advisory Board of EPRA and is Chair of the North West Business Leadership Team.

Jayne Cottam
CFO

Appointed
September 2017

Skills and experience

Jayne 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.

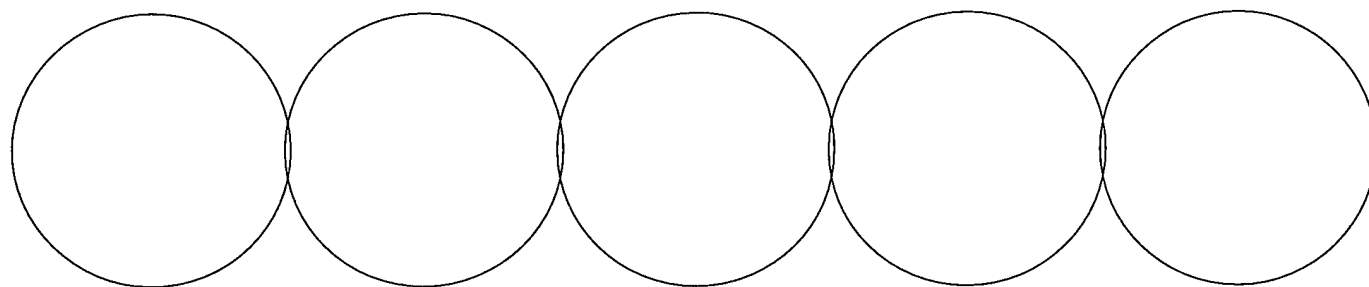
Jonathan Davies
Senior Non-Executive
Director

Appointed
June 2018

Skills and experience

Jonathan is Deputy Chief Executive and Chief Financial Officer of SSP Group plc and has extensive experience of finance, mergers and acquisitions and corporate governance. Jonathan took SSP private in 2006, listed it on the London Stock Exchange in 2014 and has undertaken numerous debt and equity raises since then.

His skills in strategy, commercial and financial management were built in his earlier roles with Unilever plc, OC&C and Safeway plc. Jonathan chairs our Audit Committee and is our Senior Independent Director.



Emma Cariaga
Non-Executive Director

Appointed
May 2021

Skills and experience

Emma is the Joint Head of Canada Water, one of the largest regeneration schemes in London, and Head of Residential with British Land where she also sits on their Executive Committee. Her 20 years of experience in the property sector span residential, retail, commercial and leisure with previous roles at Landsec, Barratt Homes and Crest Nicholson.

Emma was previously on the Board of Thames Valley Housing Association where she chaired the Investment Committee, and is currently a non-executive with TEDI-London – a higher education provider for engineering.

Louise Fowler
Non-Executive Director

Appointed
June 2019

Skills and experience

Louise's customer, marketing and digital experience is drawn from her time as a senior executive in regulated services industries. She spent the first part of her executive career in travel and tourism working for British Airways and was CEO of Brymon Airways before moving into roles with Barclays, the Co-operative Group, First Direct and the Post Office.

Now an independent consultant advising consumer brands such as M&S, Barclays, Costa Coffee and ITV, Louise also serves as a Non-Executive Director on the boards of a number of publicly listed businesses. She is honorary professor of Marketing at Lancaster University Business School and chairs our Remuneration Committee.

Noel Gordon
Non-Executive Director

Appointed
May 2021

Skills and experience

Having led significant restructuring programmes to enable banks to adopt new digital channels, Noël brought that experience to NHS England and NHS Digital, reshaping their approach to digital change and new models for healthcare delivery.

Noel's former board roles include, Chair of NHS Digital, Chair of Healthcare UK and Non-Executive Director on the Board of NHS England.

Noel is a Non-Executive Director of Bestway Panacea Holdings.

Dr Sam Barrell CBE
Non-Executive Director

Appointed
May 2021

Skills and experience

Sam is the Chief Operating Officer of the Francis Crick Institute – a world-leading biomedical research organisation which she joined from a career in the NHS as a noted healthcare leader. Sam was CEO of the Taunton and Somerset NHS Foundation Trust and before that, established and led the South Devon and Torbay CCG. Earlier in her career, as a practising GP, she led the formation of a practice based commissioning consortium.

Sam was a National Advisory Council Member of the King's Fund, an active Mentor for the NHS Innovator Accelerator Programme and was awarded the CBE in 2014 for services to healthcare.

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 as a corporate lawyer for more than 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 chairs our Risk Committee and is a member of the Executive Committee.

Time commitments and independence

Other directorships of the Board members are set out on pages 86 to 87. 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. However, Jonathan Murphy has recently been appointed as chair of the North West Business Leadership Team.

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 2022 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	6	2
Financial accounting, reporting or corporate finance	3	2
Property development, investment or real estate management	3	2
Governance and compliance	6	2
Social impact, people or charities	4	2
Health and safety, risk management or internal controls	4	2
Investor relations and engagement	2	2
Prior remuneration committee experience and or experience in remuneration	3	2

Committee meeting attendance	Board	Audit	Nom	Rem
Ed Smith	7/7	4/4	2/2	7/7
Jonathan Murphy	7/7	4/4	2/2	7/7
Jayne Cottam	7/7	4/4	2/2	7/7
Jonathan Davies	7/7	4/4	2/2	7/7
Louise Fowler	7/7	4/4	2/2	7/7
Emma Cariaga	7/7	4/4	2/2	7/7
Noel Gordon	6/7	3/4	1/2	6/7
Sam Barrell	7/7	4/4	2/2	7/7
Jenefer Greenwood*	2/2	1/1	0/0	2/2

* Prior to retirement at the 2021 AGM.

Raising Finance – Sustainability and fairness to investors

The Company announced the successful placing of new ordinary shares representing approximately 10 per cent of the Company's existing issued share capital in November. The Company consulted with a number of its major shareholders prior to the Placing and respected the principles of pre-emption through the allocation process insofar as possible.

The Company values its retail investor base and the Board took the decision to allow retail investors to subscribe in the offer via the PrimaryBid platform noting that no commission is charged to investors using PrimaryBid. The Board was pleased by the strong support received from new and existing shareholders, including retail shareholders via the PrimaryBid offer.

The net proceeds of the placing are to be used to fund the Company's current short-term pipeline of acquisition opportunities; onsite developments; and asset enhancement capital projects.

Our social impact strategy, SixBySix, aims to maximise our contribution to society and minimise our impact on the environment.

In June 2021 we announced the launch of our first Sustainability Bond in an amount of £300 million with a tenor of 12 years, following a series of UK fixed income investor meetings which generated strong institutional demand.

The Sustainability Bond is the first issued under the Assura Sustainable Finance Framework and the proceeds of which are to be used to fund or refinance eligible green and social projects, specifically the acquisition, development or refurbishment of publicly accessible primary care and community healthcare centres with green building certification as appropriate.

Making the right strategic decisions – Ramsay Day Surgery, Kettering

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

In May 2020 the Board approved the development funding agreement for the construction of the new day surgery and sterile services unit in Kettering for Ramsay Healthcare UK, building on the successful delivery of several projects for Ramsay by the same developer using the same design team.

The Board affirmed the commitment to be a long-term funding partner to the developer in order to open dialogue with Ramsay and provide an opportunity to work with the developer to include primary care within their other development sites.

Ramsay Healthcare UK has a network of 34 acute hospitals and day procedure centres providing a comprehensive range of clinical specialties to private and self-insured patients as well as to patients referred by the NHS. Ramsay also operates a diagnostic imaging service and provides neurological services through its three neurorehabilitation facilities. It is the largest independent provider of NHS elective services in the UK and targets approximately 70-80% of patient capacity via the NHS.

During the pandemic, Ramsay looked after over 500,000 NHS patients, treating the highest volume of NHS patients in the independent sector, with over 20 NHS services hosted in Ramsay facilities and 210 Ramsay team members supporting NHS teams in local trusts.

The rationale behind the Kettering project was that Ramsay's existing hospital at Woodlands was working at capacity and struggling to meet local demand. Advancement in surgical procedures enable more activity to be undertaken without in-patient stays. The Kettering Day Surgery Unit would provide additional capacity for high volume day case elective surgery to be undertaken in an efficient manner and so would be of great benefit to the local patient community in providing an essential health service to 750,000 people and to the local NHS trusts, one of which requires additional capacity and support during a redevelopment of their existing site.

The building will be constructed to EPC B. However, there is a willingness from both Ramsay and the developer to improve environmental performance at this and future sites and as a result of further discussion a 57kWp solar panel array has been incorporated into the Kettering design during the construction phase. This will reduce CO₂ emissions by over 27,000kg per annum. In addition the developer is committed to delivering the next scheme at BREEAM Excellent.

The developer and their preferred contractor also recognised the importance of social impact in developments and were open to training, mentoring and apprenticeship opportunities as well as community activities around the site.

Construction on the Kettering facility commenced in January 2022 and is progressing well with completion anticipated in Q2 of 2023.

500,000+

During the pandemic, Ramsay looked after over 500,000 NHS patients.



Q&A

"Our new team members are complimentary about how they have been made welcome and inducted remotely."

Louise Fowler

Non-Executive Director



1. Do you think the Voice feel they add value?

Yes I think they do. They tell me that the Voice is making a big difference and getting good engagement from colleagues. They felt there is an open and trusting culture and they are able to raise concerns with ExCo, and to share with colleagues, the actions that are taken as a result. I am very grateful to them, and their colleagues, for what they are doing and agree that they are making a big difference.



2. How has hybrid working addressed both employee and business needs?

The Voice tell me that overall, it's seen as working well and the flexibility is valued. Earlier in the year there was a sense that some people are often in the office whilst there are others who seldom come in but there was an understanding that there may be good reason for this, especially with the COVID-19 situation at that time. As the work from home guidance changed, staff were encouraged to spend at least two days in the office to benefit from face-to-face collaboration and this has helped with team morale. The business is working to address practical issues such as noise and facilitating hybrid teams meetings.



3. There have been a number of new starters in lockdown. Has the induction process been different?

Our new team members are complimentary about how they have been made welcome and inducted remotely. However, they are feeling "new again" when they come into the office and are embarrassed that there are people they don't know or haven't met. There may be a time, next year, to find a way to introduce people to each other more widely and share what everyone does.



4. What issues have been raised in the year and how has the business responded?

The Voice tell me that colleagues have welcomed the new finance system and improvements in facilities management. There is a new intranet which it is hoped will store all important information in one place. Staff are getting used to hybrid working and grateful for the help with work from home equipment and upgrading to peoples' Wi-Fi.



5. Have there been any disappointments?

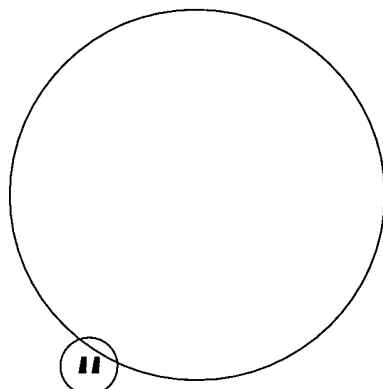
Staff were disappointed that they could not take part in the equity raise but appreciate that this was due to confidentiality and regulations and a large number of staff participate in the Assura Share Incentive Plan.



6. What other improvements would staff welcome?

Staff would like more frequent and better clarity on how the business is doing overall and better ongoing communications between teams about general workload and larger projects. They tell us we can always do better at communicating how performance-related pay is calculated, and relates to business outcomes.

NOMINATIONS COMMITTEE REPORT



The Board believes that a diverse workforce and management team improve the performance and culture of the organisation.

Ed Smith CBE
Non-Executive Chairman

Committee members	Attendance*
Ed Smith CBE (Committee Chair)	2/2
Jenefer Greenwood OBE	0/0
Jonathan Davies	2/2
Louise Fowler	2/2
Dr Sam Barrell CBE	2/2

* Out of the maximum possible meetings.

Additional attendees*

- Orla Ball – Company Secretary
- Jonathan Murphy – CEO
- Emma Cariaga
- Noel Gordon

* As appropriate.

Meetings in the year:

2



Terms of Reference

<https://www.assurapl.com/investorrelations/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, maintains 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

Emma Cariaga, Sam Barrell and Noel Gordon were appointed in May 2021 and their contribution to the Board has been exceptional. I would personally like to thank them for embracing their roles and for the support and oversight they have provided during the year, particularly in mentoring members of ExCo.

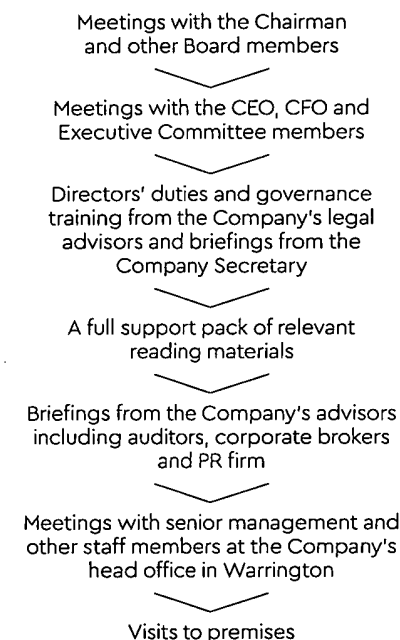
Remuneration Chair and designated Non-Executive Director for employee representation

Louise Fowler took over from Jenefer Greenwood as chair of the Remuneration Committee at the AGM but also retained her role as designated Non-Executive Director for employee representation. See page 92 for an overview of her discussions with the Voice during the year.

Induction of new Non-Executive Directors

Emma, Noel and Sam undertook 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:



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. A formal succession planning exercise is undertaken biannually and seeks to identify training needs, high potential employees and risks to the organisation across a 3-year horizon. External consultants are engaged to provide executive coaching and 360 feedback where appropriate. Internal secondment opportunities are also available. This overarching approach dovetails with the quarterly business planning activity which seeks to set targets which enhance business performance and people management and development approaches.

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. We are working with Warren and Partners to build the pipeline of ethnically diverse Board talent and are in the process of inviting an ethnically diverse Board fellow who would benefit from corporate experience to sit on the Board pro bono (save for expenses) for one year to gain firsthand experience of a FTSE 250 Board and receive mentoring from myself. They will receive all Board papers and be fully involved in Board discussions with the aim of going on to secure a permanent FTSE 250 board appointment at Assura or elsewhere at the conclusion of their fellowship.

Female representation on the Board remains at 50% and the Group came 19th for Women on Boards and in Leadership for FTSE 250 companies and 6th for Women on Boards and in Leadership in the FTSE 350 Real Estate Sector Rankings in the FTSE Women Leaders Review, the successor phase to the Hampton-Alexander Review.

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 activities to promote equality and diversity can be found on pages 61 but in summary this year we have:

- taken part in the Mission include programme as mentors or mentees for peers in other businesses;
- received presentations on topics including social mobility and the changing EDI landscape;
- carried out an equality and diversity survey (84% response rate), which informed our priority areas of gender equality and leadership;
- joined the Social Mobility Pledge, committing to improve our outreach, access and recruitment practices aimed at levelling the playing field for people from disadvantaged backgrounds or circumstances;

- achieved Disability Confident Committed Level 1 employer, implementing appropriate policies particularly with respect to recruitment;
- taken on four interns and five work experience students at various points during the year and provided a permanent position to an intern from the 2020 cohort; and
- continued to work with local schools and universities in the region.

In the coming year, we intend to:

- work with our supply chain to develop apprenticeship opportunities focused on people from black, Asian or minority ethnic communities;
- monitor supplier compliance with EDI standards and developing an allyship education programme focusing on disability, ethnicity and sexual orientation; and
- take on two more apprentices; employ two graduates; and extend our internship and work experience programmes.

Internal Board evaluation

The externally facilitated Board review in 2022 was again carried out by Weva Ltd – a specialist board and leadership consultancy which is also engaged in individual and team coaching work for ExCo.

The review followed the Board effectiveness framework ("the Framework") already in use by the Board. The Framework is regularly reviewed by the Board as part of the internal Board evaluation process and is used as the basis for annual self-evaluation by the Board. This allows the Board to identify any required changes in focus or priority and to agree future actions for Board effectiveness.

Strengths highlighted by the Board review

Overall strengths

The Chair provides strong leadership and creates a positive, constructive climate on the Board. This has allowed the three new NEDs to onboard smoothly, despite the restrictions of remote working. The collaborative climate also allows the enlarged Board to benefit increasingly from its diversity of experience and perspective.

The Board is highly engaged and enthusiastic in its support of Assura's purpose and is ambitious in its approach to operationalising the purpose through implementation of its strategy.

The Board's motivating clarity is providing the necessary support, challenge and oversight for ExCo to secure long-term, purpose-led growth.

Outside world

The Board is consciously building a common understanding of Assura's outside world, for example through inviting external speakers to Board dinners and through holding regular Board strategy days to explore new insights and ideas. This has helped the Board think widely about Assura's outside world and the opportunities arising from the NHS reconfiguration.

Creating the future

The Board has appropriately supported work on the strategy and focused ExCo to prioritise investment decisions in line with Assura's purpose.

The Board has also ensured that it effectively oversees strategy delivery to ensure traction in the right areas.

Board team effectiveness

The strong relationship between the Chair and CEO has continued to support a healthy and collaborative climate on the Board.

The Board has maintained a healthy relationship with ExCo where support is appreciated and challenge welcomed; this has been supported by the newly established mentor relationships between NEDs and ExCo members.

The Board demonstrates quality, collective, decision-making for example around capital raises in 2021 and major investment decisions.

Nurturing identity

The Board has worked hard to support staff welfare and engagement through the COVID-19 pandemic and The Voice staff group has proved a valuable channel for staff views.

Managing the present

The Board provides effective operational leadership: monitoring and steering performance against the current strategy with appropriate, effective risk management and assurance frameworks in place.

Recommended actions from the Board review
Outside world

It is appropriate to review the existing stakeholder map, materiality assessment and engagement strategy in light of the strategy. This will include a competitor map and a 'power map' to support strategic advocacy.

Establishing two-way feedback with ExCo on stakeholder interactions will enhance the Board and ExCo shared understanding of Assura's outside world.

Creating the future

The Board capability map is being refreshed against the strategy to include the three new NEDs and to confirm the Board has the capabilities it needs to oversee strategy delivery.

The Board has commissioned a similar capability map for ExCo to ensure that it has the capabilities it needs to deliver the strategy. The Board has also asked for NomCo to confirm formal succession plans for the Chair and SID, and for CEO and CFO as part of business risk management.

Board team effectiveness

The Board will continue to invest in itself as a team now that meetings in person are possible – the recent Board dinners have been a successful element of this and relationships will continue to be built through 1:1s and Board strategy days.

More formally, a review of the Board's existing purpose and legacy in the context of Assura's purpose and strategy will provide clarity for all Board members.

The Board will also review its existing self-evaluation process to ensure it is simple to use and encourages reflection and action around the Board's continuous improvement.

Nurturing Identity

The Board has sought appropriate assurance from ExCo that the company culture will support the purpose and strategy. The Board will also seek assurance that the culture required to deliver the strategy is clearly articulated and staff actively engaged in the discussion to embed desired behaviours.

As part of the discussion on Board purpose, the Board will consider its role in supporting a culture that will enable delivery of the strategy. This role will include actively nurturing the culture through conscious role modelling of Assura's values and behaviours.

Managing the Present

The Board is working with ExCo to finalise an update of the KPI pack and ensure alignment to the strategy.

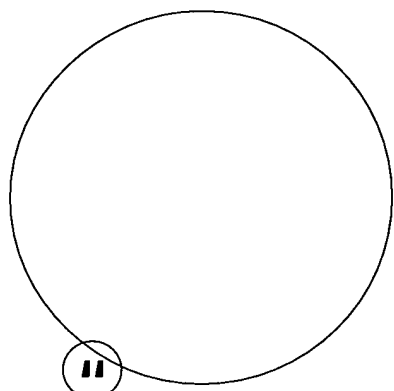
The risk assurance process will also be reviewed to ensure a formalised risk assessment process and documentation is in place in the context of the strategy.

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
23 May 2022

AUDIT COMMITTEE REPORT



The culture of the business promotes a good discussion of the risks faced and controls in place.

Jonathan Davies
Chair of the Audit Committee

Committee members	Attendance*
Jonathan Davies (Committee Chair)	4/4
Emma Cariaga	4/4
Louise Fowler	4/4
Noel Gordon	3/4
Jenefer Greenwood OBE	1/1

* Out of the maximum possible meetings.

Additional attendees*

- Deloitte LLP (auditor until May 2021)
- EY LLP (auditor from May 2021)
- CBRE, Cushman & Wakefield and Jones Lang LaSalle as valuers
- KPMG LLP as internal auditor
- Ed Smith, CBE – Non-executive Chairman
- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- David Purcell – Investor Relations Director
- Owen Roach – Finance Director

* As appropriate.

Meetings in the year:

4



Terms of Reference

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

Dear shareholder

In my third year as Chair of the Audit Committee ("the Committee") I have pleasure in setting out below the formal report on its activities for the year ended 31 March 2022.

During the year, the Committee comprised myself and three other Non-Executive Directors, with Jenefer Greenwood joining for the one meeting before her retirement as Director. I confirm 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 2021

- Reviewed the external portfolio valuations for the financial year ended 31 March 2021
- 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
- Reviewed the viability and going concern statements and assumptions
- Reviewed the external auditor's performance, the use of Deloitte for non-audit work and auditor independence
- Considered the recommended appointments of EY LLP as auditor and CBRE, Cushman & Wakefield and JLL as property valuers

November 2021

- 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

February 2022

- 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
- Received an update on progress with TCFD compliance and disclosures
- Reviewed cyber risk processes and actions
- Approved the treasury counterparties
- Reviewed accounting for the disposal of Virgin Care investment
- 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 2022

- 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 IT projects and cyber risk
- Approved the draft viability statement and assumptions used in modelling
- Received an update on cyber risk

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.

Subsequent to the year end, the March 2022 annual report and accounts were reviewed at the May 2022 Audit Committee meeting along with accounting papers in respect of going concern, viability and our joint venture with Modality, and including a review of the report from EY in their first year as auditor.

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. Following the tender of the valuation work during the year, the three external valuers, CBRE, Cushman & Wakefield and JLL, presented and discussed their findings with the Committee. EY separately discuss the valuations and the assumptions they are based on with the valuers.

- 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 is on page 80.
- 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 2022 report and appears on page 80. The Committee reviewed and challenged the various assumptions adopted by management in the exercise, including the period covered by the viability statement. The Committee continues to consider a five-year period to be the most appropriate timespan in this regard and believes other assumptions and sensitivities applied are also appropriate.
- Revenue recognition – the Committee considers this risk to be appropriately addressed by the control environment in place, and upgrades to the accounting system in the current year have added further automation to the calculations in this area.

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 EY.

During the year this included the following:

- Consideration of the appropriate accounting and disclosures around the disposal of the investment in VirginCare, concluding that the disclosures are reasonable.
- Consideration of the current work completed by management in respect of TCFD, including appropriateness of the disclosures. The Committee concluded that the work completed by management is proportionate, was appropriately included within the existing risk management systems, and the disclosures accurately reflect the Group's risks and opportunities in this area.

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 financial reporting and controls to provide effective assessment and management of risk as set out on page 84. 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 the impact of developments in Ukraine. The Committee has not identified any significant failings or material weakness in these control systems during the year. The risk report is set out in full on pages 74 to 79.

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 situation in Ukraine in respect of cyber risk), 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 controls over data integrity, acquisition process and the finance system upgrade. 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 are in the process of being implemented. The Committee has agreed that the processes to be reviewed this calendar year are data integrity, technology roadmap and purchase to pay.

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. In the year ended 31 March 2022, the previous auditor (Deloitte) provided non-audit non-statutory services in the form of a comfort letter on the Sustainability Bond issuance and the newly appointed auditor (EY) completed the review of the interim report, both of these services being closely related to assurance.

The Committee is satisfied that the Company 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.

Effectiveness of external audit process

Following the completion of a competitive audit tender in the prior year, the year ended 31 March 2022 is the first audit completed by EY, who have replaced Deloitte as external auditor. The Committee would like to thank Deloitte for their services over the past 10 years.

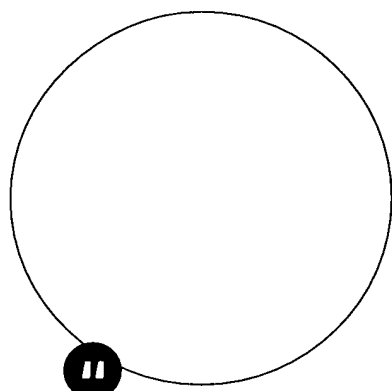
The Committee assessed the effectiveness of the external audit process, initially reviewing and challenging the audit planning memorandum prepared by EY and then monitoring fulfilment of this plan. The Committee received regular feedback from management on the service provided by EY, reviewed at an Audit Committee and concluded that the external audit was carried out efficiently and effectively with objective, independent challenge, although we note the late change in the results announcement date for the additional time requested by EY to complete internal review procedures.

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
23 May 2022

DIRECTORS' REMUNERATION REPORT



We received some extremely useful feedback from investors on our new policy.

Louise Fowler
Chair of the Remuneration Committee

Committee members	Attendance*
Louise Fowler (Committee Chair)	7/7
Ed Smith CBE	7/7
Jonathan Davies	7/7
Dr Sam Barrell CBE	7/7
Jenefer Greenwood OBE	2/2

* Out of the maximum possible meetings.

Additional attendees*

- Jonathan Murphy – CEO
- Jayne Cottam – CFO
- Orla Ball – Company Secretary
- Emma Cariaga – Non-Executive Director
- Noel Gordon – Non-Executive Director
- Korn Ferry

* As appropriate.

Meetings in the year:

7



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 2022. This is the first report since I took over as Chair of the Remuneration Committee following the AGM in July 2021.

This report is split into three parts:

- This **Annual Statement** – in which I explain the work of the Remuneration Committee during 2021/22 and the key decisions taken during the year;
- The new **Directors' Remuneration Policy** – which sets the overall parameters for the remuneration of the Directors; 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 2021/22 and information on how we intend to implement the Remuneration Policy for 2022/23.

At the AGM to be held on 6 July 2022, you will be asked to approve the new Remuneration Policy by way of a binding resolution. As normal, there will be a separate advisory resolution covering this Annual Statement and the Annual Report on Remuneration.

Remuneration for 2021/22

For the year under review the Remuneration Committee applied the Remuneration Policy approved by shareholders at the 2019 AGM. As disclosed in last year's Directors' Remuneration Report, the Committee agreed salary increases for both of the Executive Directors with effect from 1 April 2021 up to the limit set out in the Policy. This was done to ensure appropriate levels of salary for a team which had demonstrated exceptional leadership and performance over a challenging period, and to follow through on our previously stated intention to move the Directors' salaries closer to the market rate. Major shareholders were supportive of our approach, both in feedback provided during engagement and when voting on remuneration at last year's AGM. The Committee was pleased to receive a 97% vote in favour of the Directors' Remuneration Report resolution at the meeting.

As normal, we continued to operate the annual bonus scheme and the Performance Share Plan ("PSP") during 2021/22. Early in the financial year we granted an award under the PSP which will vest following an assessment of performance to the end of the 2023/24 financial year. As disclosed last year, the performance targets for this award are based on a mixture of EPRA EPS, TSR and ESG metrics.

After the end of the year, the Committee considered the extent to which the performance targets had been met for the PSP award granted in 2019. This award was based equally on TSR and EPRA EPS performance, measured over a three-year period, with full vesting requiring a very challenging 15% per annum growth in both TSR and EPS over the period. The overall level of vesting for the award was 28.7%, reflecting TSR performance around the middle of the range and EPS growth at just above threshold.

Jonathan Murphy has decided to donate the proceeds of the sale of 10% of his vested shares to the Assura Community Fund ("ACF"). The Committee supports his decision to make this donation and has exercised its discretion to permit these shares to be sold for this purpose. Other than those required to be sold to pay tax at the point of vesting, the remaining shares remain subject to the standard two-year post-vesting holding period for PSP awards. Jayne Cottam's vested shares are also subject to this holding period.

The Committee also reviewed performance against the annual bonus targets which were set for 2021/22. A total of 70% of the bonus was based on financial targets linked to total accounting return, EPRA earnings and growth in contracted rent roll. The final 30% was based on non-financial targets, both personal objectives and key strategic and operational goals linked in part to Assura's social impact strategy. Full details of the specific targets are disclosed in the Annual Report on Remuneration. The overall bonus outcome for the year was 54% of maximum for Jonathan Murphy and 56% of maximum for Jayne Cottam. There was a strong level of performance on total accounting return. On EPRA earnings and against the non-financial measures, there was good performance, although not all targets and objectives were met. Threshold performance was not achieved for the contracted rent roll metric.

The above remuneration outcomes are consistent with the overall performance of the Company during the year. With the exception of disapplying the post-vesting holding period for a portion of the CEO's vested PSP award, as explained above, no discretion was exercised by the Committee in respect of the level of bonus payout or PSP vesting for 2021/22.

A new Directors' Remuneration Policy

Ahead of the requirement to seek shareholder approval for a new Remuneration Policy at this year's AGM, the Remuneration Committee spent a considerable amount of time during the financial year reviewing the existing Policy and its operation. We considered how best the Policy should evolve over the next three-year period to align with Assura's strategy and growth

expectations, to provide fair levels of remuneration for the Executive Directors (subject to the satisfaction of stretching performance conditions), and to meet the evolving governance expectations of shareholders.

Our overall conclusion was that the broad shape of the existing Policy should be retained by continuing to offer a package based on fixed remuneration, an annual incentive scheme and annual grants of shares under the PSP. Pay for performance remains a key principle for Assura.

We also reflected on the growth and development of the business since the existing Policy was approved in 2019, and the ongoing contribution of Jonathan Murphy and Jayne Cottam to Assura's success. We agreed that the new Policy needed to be capable of providing levels of remuneration which fairly reflected the leadership and performance of the management team, and that we should continue to make inroads into narrowing the gap between their remuneration and that of the broader market. This is not because we feel we need to match market median levels of reward; Assura has never taken this approach, and we do not propose to start now. We do, however, believe that as Jonathan and Jayne are now very well established in their roles, and as they continue to progress and perform, there is no reason why their pay should not be brought closer to market levels. In taking stock of comparator pay, we considered benchmarking data for FTSE Real Estate companies of a similar size to Assura, supplemented with information on pay across the market more broadly. To be clear, the Committee does not set Directors' pay by an undue focus on benchmarking data; it is instead used as one reference point as context for our decisions.

As additional reference points, we also considered the broader stakeholder experience of recent years, wider workforce remuneration issues and developments in corporate governance.

Following our review, we developed a set of proposals for a new Remuneration Policy on which we sought the views of major shareholders and the leading proxy advisory and investor representative bodies in a consultation exercise undertaken in late 2021 and early 2022. We received some extremely useful feedback. Some investors were very supportive of the direction of travel, while others raised questions and concerns on specific points. Following this engagement, we agreed to make some modifications to our original proposals to take into account comments made.

The new Policy we are presenting to shareholders for approval includes the following key changes:

- **Basic salary.** The overall annual approach to setting salary, and the factors taken into account when considering any increase, remain unchanged. We are, however, removing the wording in the Policy which limits any annual increase to a maximum of 7% above the general workforce increase. This aligns the Policy with typical market practice, where such a limit is not normally specified. Salary increases to Directors will usually be in line with the wider workforce average, although we have agreed a higher increase for the CFO for 2022/23, for the reasons set out in the relevant section below.
- **Pension.** In line with the commitment made in last year's Directors' Remuneration Report, the new Policy specifies that the pension contribution rate for the Executive Directors will be aligned with the rate for the majority of the wider workforce with effect from 1 January 2023. In practice, this means that their current pension of 13.5% of salary will reduce to 6%.
- **Annual bonus.** The bonus scheme will continue to operate in a similar way to previous years, but we are making three key changes. First, the individual maximum opportunity is being increased from 125% to 150% of salary for the CEO, and from 100% to 135% of salary for the CFO. We recognise these are significant increases. The purpose is to help focus the management team on continuing to drive performance over each year of the next three-year period as Assura seeks to take advantage of multiple acquisition and development opportunities. There is real potential for a step change in performance, which we hope to incentivise and encourage. Appropriate stretch will be built in to the bonus targets each year corresponding to the higher level of potential reward. For 2022/23, as discussed below, we are putting a slightly greater weighting on financial performance and reducing the total number of non-financial objectives that will be assessed.

The increase in the bonus potential also takes into account the fact that salary levels are below median against the market. Putting greater emphasis on the performance-related bonus is considered to link more closely to shareholder interests than bringing salaries up to market median levels. The new bonus limits are in line with the market median for the CEO and below median for the CFO.

The second bonus change is that the amount payable for achieving on-target performance is being reduced to 50% of the maximum award level. This is consistent with investor expectations.

The third change is to the deferral arrangements. Under the current Policy, bonus deferral only applies in certain circumstances (i.e. where the shareholding guidelines have not been met, or for any bonus above 100% of basic salary). The new Policy makes it clear that one-third of any bonus will be deferred into equity, to be held for a minimum of two years. This results in a more consistent approach to deferral between both Executive Directors and ensures that alongside the higher maximum bonus opportunity there is an appropriate level of equity investment.

- **Performance Share Plan.** The PSP will remain broadly unchanged: we are not increasing the annual grant size or the overall structure of PSP awards. Performance will continue to be tested over three years, with an additional two-year post-vesting holding period.

One change we are making is that the amount which vests for threshold performance has been increased from 10% to 25% of the maximum award. This is now aligned with conventional market practice, and thus helps us in offering a competitive remuneration package.

- **Corporate governance enhancements.** We are making three changes to bring the Policy fully into line with good practice. First, and in line with the commitment we made last year, the new Policy introduces post-employment shareholding guidelines for the Executive Directors. These will apply for a minimum period of two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure. Any shares purchased by the Directors will be excluded from these arrangements, as will any shares vesting prior to the date of shareholder approval of the new Policy.

Second, we are clarifying that the Remuneration Committee has the full discretion to adjust the formulaic outcomes of incentive schemes when considered appropriate. Third, we have updated the malus and clawback provisions in the incentive schemes to ensure that they reflect current good practice, principally through the inclusion of additional "trigger events" which may lead the Committee to invoke the provisions.

Taken together, we believe that these changes will mean we have a Remuneration Policy which is fit for purpose for the next three years.

Implementation of the Remuneration Policy for 2022/23

Assuming shareholders approve the new Policy, we intend to implement it as follows.

The basic salary for Jonathan Murphy will rise by 5% to £489,605, consistent with the average increase for the wider workforce. For Jayne Cottam, we have agreed a higher increase of 8.8% to take her salary to £285,000 for the year ahead. This is the first phase of a proposed two-stage increase to move her salary to £300,000, before any additional cost of living increases. The Remuneration Committee (and the Board more widely) believes that this level of base pay more fairly reflects Jayne's contribution, performance and continued development in the CFO role. Jayne was appointed as CFO in 2017 on a salary of £180,000, a very low rate compared to the wider market but reflective of Assura being Jayne's first plc CFO role. Instead of fixing the salary at the market rate from the date of appointment, the Committee determined to apply increases as Jayne developed in the role and demonstrated a strong level of performance. Given Jayne's contribution and development, her salary has increased in stages over recent years – but it remains below lower quartile when compared with the salaries paid to CFOs of similarly-sized listed real estate companies. (The data reviewed by the Committee showed a lower quartile sector benchmark of £312,000 and a median of £348,000.) We have no intention of matching market median, but the Committee feels that an increase to £300,000 is warranted in the interests of paying a fair amount to a CFO who is now very well established in role, and in the interests of retaining Jayne's talents for the longer term. Our initial plan was to apply the £300,000 salary for 2022/23, but we agreed the two-stage approach following comments received from some shareholders and advisory bodies during the consultation process on the new Remuneration Policy. The second stage of the increase will apply from 1 April 2023 and will be subject to the Committee reconfirming its appropriateness in 12 months' time. The Committee will also consider any additional cost of living increase as deemed appropriate at that time, and as awarded to the wider workforce.

These increases and the resulting salary are not considered excessive given the positioning against the market. We do appreciate that the increase for 2022/23 is beyond that awarded to the wider workforce but in this specific case we believe it to be entirely justified for the reasons set out above.

Pension provision for the Executive Directors will reduce from 13.5% of salary to 6% with effect from 1 January 2023, in line with the new Remuneration Policy.

The annual bonus scheme will operate with a maximum opportunity of 150% of basic salary for the CEO and 135% for the CFO. In the case of the CFO, we are aware that, coupled with the salary increase set out above, this leads to a significant increase in potential remuneration. The Committee is comfortable that this is wholly appropriate given the role played by the CFO and the need to offer a level of pay which is more fairly reflective of her contribution and responsibilities.

The financial performance metrics used in previous years – EPRA earnings, contracted rent roll and total accounting return – will remain unchanged, although each will have an equal weighting of 25%. This results in a small increase (from 70% to 75%) of the total bonus which is payable for the achievement of financial performance conditions, and a corresponding reduction in the non-financial element. For the coming year, this puts greater emphasis on certain of our key financial performance indicators and, as noted above, appropriate stretch has been built in to the targets to reflect the higher level of potential bonus. We have also taken the opportunity to revise our approach to assessing non-financial performance: the number of objectives have been reduced, and there will be clear, tangible outcomes expected for each objective. Full details of the performance targets for all elements of the bonus scheme will be disclosed in next year's Directors' Remuneration Report.

The PSP award to be granted this year will again be over shares with a face value of 150% of basic salary. The performance conditions will be similar to those used in recent years. One-third of the award will depend on EPRA EPS growth, which remains a key measure of our long-term financial performance. A further third will be based on TSR, a measure of particular importance for shareholders. For the EPS element, we have decided that vesting will occur on a range of between 5% per annum

growth (for threshold payout) to 10% per annum growth (for maximum). For TSR, the range will be between 5% and 12.5%. In both cases, the maximum target is lower than the 15% we have used for prior grants. While we have high ambitions for the business, there is a real concern that 15% annual growth is an unrealistically stretching target, and not reflective of internal or external expectations of performance. For example, consensus estimates of EPS over the next few years suggest the market is expecting annual growth of c. 6–7%. With this in mind, and in order to offer an incentive which is challenging but achievable, the Committee believes that lower maximum targets for both EPS and TSR are appropriate. We will review the range ahead of next year's grant and may apply different targets, depending on the business circumstances at the time.

The final third of the PSP award will again relate to ESG, reflecting the centrality of the SixBySix social impact strategy to Assura's business and investment case. One half of the ESG portion of the award will require further progress in the proportion of the portfolio receiving an EPC performance rating of B or higher. The other half will be a fully disclosed, quantifiable new metric which assesses the extent to which in-house development schemes meet the best practice standards set in our new Net Zero Carbon Design Guide (which will be published Summer 2022). An ultimate goal of the business – as set out in one of the SixBySix pledges – is for all developments to be net zero, but this will take some time to achieve given the long-term nature of the process of design and construction. The new metric rewards management for ensuring that net zero design is central to as many new developments as possible over the coming period. This is an important indication of Assura's commitment to sustainability and for making a step change in design and construction over a relatively short space of time. Full details of the specific performance targets are set out in the Annual Report on Remuneration.

The Committee continues to believe that a PSP award based on a mixture of financial, market and ESG measures provides a suitably balanced approach for assessing different strands of performance over the next three-year period.

UK Corporate Governance Code

The Committee is mindful of the principles and provisions of the UK Corporate Governance Code. We believe that our approach to remuneration is fully compliant with the principles set out in the Code, given the clear link between incentives and the delivery of long-term strategy. The Remuneration Policy and its implementation remain consistent with the six factors set out in Provision 40 of the Code:

- **Clarity** – our Policy is well understood by the management team and has been clearly articulated to our shareholders, proxy advisers and investor representative bodies. Full disclosure of the Policy and its implementation is provided in this Directors' Remuneration Report;
- **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. Although there are multiple performance metrics used in the annual bonus scheme and PSP, all are linked to strategic objectives and are clearly understood internally;
- **Risk** – our Remuneration Policy is designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded. This is done through (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), (iii) the Committee's ability to override the formulaic outcome of incentive schemes, and (iv) the malus/clawback provisions in place;
- **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 the business performs against targets that directly underpin the delivery of 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.

The Code quite rightly places an emphasis on the importance of engaging with key stakeholders on remuneration issues.

As noted above, I consulted with major shareholders during the year on the terms of the new Directors' Remuneration Policy and our implementation plans for 2022/23. The feedback received from investors on our proposals was very helpful, and we made some modifications to our original plans in response. The Committee will continue to engage with shareholders where appropriate as we implement the Policy over the next three-year period.

In my additional role as the designated Non-Executive Director for engagement with the workforce, I have also had discussions with The Voice, the body which includes a representative sample of Assura colleagues. This engagement covered a wide variety of topics. In relation to executive remuneration, I explained the recent decisions taken by the Committee and the rationale for the new Remuneration Policy. Among other things this included explaining the context within which Directors' remuneration is set and the need to ensure that the packages on offer to the most senior executives within the business are suitably reflective of their responsibilities of leading a company the size of Assura.

In line with the Code, the Committee considers Directors' pay in the context of wider workforce remuneration, and also reviews pay policies across the organisation as a whole. We remain of the view that the approach for Directors is appropriate in the context of the wider employee perspective. Although the CFO has received an exceptional salary increase for 2022/23, as explained above, this is for reasons specific to her role. For the year ahead, and in recognition of rising inflation, the average salary increase across the workforce is 5.0%.

All permanent employees continue to participate in an annual bonus scheme which pays out subject to performance conditions based on a mix of financial and personal targets. There is also a comprehensive – and competitive – benefits package for all employees. While it is not considered appropriate to roll out participation in the PSP throughout the organisation, equity is provided to certain senior staff in the form of restricted shares and we encourage colleagues to participate in the all-employee Share Incentive Plan ("SIP"), which was launched last year. An additional award of free shares was made to all eligible employees during the financial year under review.

The Code recommends that we consider the appropriateness of Directors' remuneration using internal and external measures such as pay ratios. In this report, we are again voluntarily reporting the ratio of the CEO's pay to the remuneration of employees more broadly, in line with best practice and the expectations of investors. The ratio is set out on page 121, alongside the supporting detail as required by the relevant regulations. There has been a small reduction in the ratio this year, primarily reflecting lower total remuneration for the CEO when compared with the prior year. A key explanatory factor behind the ratio is that the CEO's pay includes amounts relating to his participation in the annual bonus and PSP, and his incentive opportunities are the highest in the organisation, reflective of his position and standard practice. As noted above, annual bonuses are standard throughout the Company and while PSP participation is relatively limited, other equity-related reward is provided. The Committee is comfortable that remuneration for the CEO is appropriate in the context of pay levels across the Company as a whole.

We were not compliant with two areas of the Code during 2021/22, namely the requirement for pension provision for Directors to be aligned with that for the wider workforce, and for a policy on post-employment shareholding requirements to be established. As explained above, these matters have been addressed as part of the new Directors' Remuneration Policy and as such these issues have fallen away.

Concluding remarks

2021/22 has been a busy year for the Committee, particularly given the work undertaken in developing the new Remuneration Policy. We hope you will agree that the new Policy will help ensure that executive remuneration is fully aligned with the business objectives for the coming years, is consistent with the expectations of shareholders and is appropriately retentive, competitive and incentivising. We look forward to your support at the AGM for the new Policy and for the separate advisory report on remuneration. Ahead of this, I would be delighted to receive any feedback or comments you may have on our approach during 2021/22 and our plans for 2022/23. I can be contacted via the Company Secretary.

Louise Fowler

Chair of the Remuneration Committee
23 May 2022

REMUNERATION AT A GLANCE

What our Executive Directors earned during 2021/22

The following table provides a summary single total figure of remuneration for 2021/22. Further details are set out in the Annual Report on Remuneration.

£000	Salary	Pensions	Benefits	Bonus	LTIs	Other	Total
Jonathan Murphy	466	63	15	315	194	3	1,055
Jayne Cottam	262	35	14	147	109	3	570

How our Executive Directors will be paid in 2022/23

A summary of how the Committee intends to operate the new Remuneration Policy for 2022/23 is as follows:

Component	Jonathan Murphy	Jayne Cottam
Basic salary	£489,605 (Increased by 5% from 1 April 2022)	£285,000 (Increased by 8.8% from 1 April 2022)
Pension allowance (% of salary)	13.5% (until 31 December 2022); 6% (from 1 January 2023)	
Annual bonus (% of salary)	150%	135%
Annual bonus deferral	One-third of any bonus payable must be invested into Assura shares which must be held for a minimum of two years	
Annual bonus metrics	25% total accounting return, 25% EPRA earnings, 25% total contracted rent roll, 25% key non-financial/strategic 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%
Post-employment shareholding guidelines	Apply for a minimum of two years at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure	

Remuneration Scenarios for 2022/23

The charts on page 112 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

Introduction

The Directors' Remuneration Policy sets the framework for the remuneration of the Chairman, Executive Directors and Non-Executive Directors. It has been prepared in line with the relevant legislation for UK companies. The Policy will be presented to shareholders for approval by way of a binding vote at the AGM scheduled to take place on 6 July 2022. Subject to shareholder approval, the Policy will formally apply from the date of the AGM although in practice its provisions will apply from the start of the 2021/22 financial year on 1 April 2022. The current intention is that the Policy will remain in place for three years.

Payments to Directors and payments for loss of office can only be made if they are consistent with the terms of the approved Remuneration Policy. The Committee will be required to seek shareholder approval for an amendment to the Policy if it wishes to make a payment to Directors which is not envisaged by the approved Policy.

Development of the Remuneration Policy

The Policy replaces the Policy approved by shareholders at the AGM in 2019. In developing the new Policy, the Remuneration Committee undertook a detailed review of the 2019 Policy and considered Assura's strategic development, market trends and changes in corporate governance best practice and investor expectations. The Committee reviewed benchmarking data prepared by its external advisers to assess the level of Executive Director remuneration relative to the wider market.

As part of the review, the Committee considered various potential changes to the 2019 Policy and developed a set of proposals which were the subject of a consultation exercise with major shareholders in late 2021 and early 2022. In light of the feedback received, the Committee agree to make a number of amendments to its initial proposals before finalising the Policy for which shareholder approval will be sought at the AGM.

Conflicts of interest are managed through the operation of existing Board and Committee governance procedures. The Remuneration 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 appoints external advisers to provide independent advice on the Policy and its implementation.

Overview of Remuneration Policy

The Policy is designed to align with Assura's values and behaviours, to encourage a strong performance culture and to be aligned with the interests of shareholders and other stakeholders.

The Policy has been designed with the following principles in mind:

- To reflect a remuneration structure which supports the Company's strong performance culture and the key objective of creating long-term shareholder value;
- To provide a fair level of reward to help enable Assura to retain and recruit Executive Directors with the capability to lead the Company on its ambitious growth path;
- To reflect principles of best practice; and
- To be transparent and easily understood both internally and externally.

Changes to the Remuneration Policy

While the overall shape of the new Remuneration Policy is similar to the Policy approved by shareholders in 2019, a number of changes have been made following the Committee's review. The main changes are as follows:

- The Policy no longer specifies that the maximum basic salary increase for individuals recruited or promoted to the Board is limited to 7% above the general workforce increase. This provision is no longer considered necessary, and removing it will align the Policy with common market practice.
- On pensions, the Policy confirms the position set out in last year's Directors' Remuneration Report, namely that the contribution rate for the Executive Directors will fall from 13.5% of basic salary to the rate payable to the wider workforce (currently 6%) by the end of December 2022. Any new Executive Director will be appointed on the wider workforce rate. These changes bring this aspect of the Policy into line with the UK Corporate Governance Code and the expectations of investors on this matter.
- The maximum annual bonus opportunity under the Policy has been increased from 125% to 150% of basic salary. The limit applicable to the CEO will be 150% of salary (previously 125%) and the limit for the CFO will be 135% of salary (previously 100%). These increases will help to focus the management team on continuing to drive the performance of the business over the coming years as Assura seeks to take advantage of multiple acquisition and development opportunities. They also help narrow the pay gap with the wider market in a situation where the Directors' basic salaries are at below-median levels (and below lower quartile in the case of the CFO). The Committee has a

preference for increasing the performance-related elements of remuneration rather than focusing solely on basic pay.

- The proportion of the annual bonus which is paid for on-target performance has been reduced to 50% of the maximum opportunity, to align with investor expectations.
- The Policy specifies that one-third of any bonus payable must be invested into Assura shares which must be held for a minimum of two years. This simplifies the current arrangements, whereby the extent of bonus deferral depends on the extent to which shareholding guidelines have been met and the size of the bonus. The new framework is market standard and aligns the approach for both Executive Directors.
- Under the Performance Share Plan (PSP), the amount which vests for meeting threshold performance targets has been increased from 10% of the award to 25%. This is consistent with conventional market practice for schemes of this nature.
- We have clarified that the two-year post-vesting holding period which applies to PSP awards made to Directors will continue to apply to those who leave employment with Assura. This brings the Policy into line with investor guidance on this matter.
- In line with the commitment made in last year's Directors' Remuneration Report, we have introduced post-employment shareholding guidelines for the Executive Directors. These will apply for a minimum period of two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure or (2) the actual shareholding at the point of departure.
- The malus and clawback provisions in the Policy have been extended to reflect developments in market practice since the 2019 Policy was approved.
- The Policy clarifies that the Remuneration Committee has the full discretion to adjust the formulaic outcomes of incentive schemes if considered appropriate. This is in line with the UK Corporate Governance Code and standard market practice.
- The Policy table for the Executive Directors has been extended to include reference to the all-employee Share Incentive Plan (SIP), introduced during the 2020/21 financial year.

In addition, a number of minor changes to the wording of the Policy have been made to clarify meaning and reflect standard practice.

POLICY TABLE FOR EXECUTIVE DIRECTORS

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Fixed remuneration			
Basic 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 Company's strategy.	<p>An Executive Director's basic salary is considered by the Committee on appointment and then reviewed periodically or when an individual changes position or responsibility.</p> <p>Any changes normally take effect from 1 April each year.</p> <p>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, reviews objective research on relevant peer comparators.</p> <p>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:</p> <ul style="list-style-type: none"> - individual performance and experience; - pay and conditions for employees across the Group; - the general performance of the Company; and - the economic environment. <p>No recovery provisions apply to basic salary.</p>	<p>Any increase in salary for Executive Directors will normally be in line with the annual average increase for the wider workforce, although a different approach may be taken if considered appropriate.</p> <p>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 general workforce increase.</p>	None.
Benefits The Company provides benefits in line with market practice.	<p>Executive Directors may receive a benefit package which includes:</p> <ul style="list-style-type: none"> - health insurance; - death in service benefits; - company car allowance; and - other benefits as provided from time to time. <p>Benefits are reviewed periodically to ensure that they remain market competitive.</p> <p>Any reasonable business-related expenses may be reimbursed (and any tax thereon met if deemed to be a taxable benefit).</p> <p>Benefits payments are not included in salary for the purposes of calculating the level of participation in incentive arrangements.</p> <p>No recovery provisions apply to benefits.</p>	<p>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.</p>	None.

DIRECTORS' REMUNERATION POLICY
CONTINUED

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.	<p>Executive Directors may receive pension contributions to personal pension arrangements or a cash supplement.</p> <p>Pension-related payments are not included for the purposes of calculating the level of participation in incentive arrangements.</p> <p>No recovery provisions apply.</p>	<p>Until 31 December 2022, the maximum employer's pension contribution is 13.5% of basic salary for the current Executive Directors. With effect from 1 January 2023, this reduces to the contribution rate payable to the wider workforce (currently 6%).</p> <p>For any new Executive Director appointments to the Board, pension provision will be aligned with the contribution rate payable to the wider workforce.</p>	<p>None.</p>
Performance-based variable remuneration			
Bonus Incentivises the achievement of a range of key performance targets that are key to the success of the Company.	<p>Awards may be made annually based on the achievement of performance targets.</p> <p>Two-thirds of any bonus is payable in cash. The remaining third must be invested in shares which must be held for a minimum period of two years. If a Director voluntarily donates a portion of his or her bonus to the Assura Community Fund, these deferral requirements apply to bonuses net of any such donations.</p> <p>Bonus payments are not pensionable, but are subject to malus and clawback provisions.</p>	<p>The maximum annual bonus for Executive Directors is 150% of salary. At threshold performance 0% of maximum can be earned. At on-target performance, 50% of maximum can be earned.</p> <p>The CEO has a maximum bonus opportunity of 150% of salary and an on-target level of 75% of salary.</p> <p>The CFO has a maximum bonus opportunity of 135% of salary and an on-target level of 67.5% of salary.</p>	<p>Performance is measured over one financial year.</p> <p>Performance measures are set annually based on a number of financial and strategic measures which may include (but are not limited to) for example:</p> <ul style="list-style-type: none"> – delivering specific added value activities; – delivering financial goals; – improving operational performance; and – developing the performance capability of the team. <p>The Committee will determine the weighting between specific metrics each year. In any specific year there will always be a majority weighting on financial measures.</p> <p>The Committee has the discretion to vary the performance targets depending on economic conditions and Company-specific circumstances that may occur during the year.</p> <p>At the end of each financial year the Committee takes into account the Company's financial performance and achievement against the key short-term objectives established at the beginning of the year. The Committee has the discretion to adjust the bonus outcome where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p>

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment	Strategic report
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").	<p>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.</p> <p>Executive Directors are then required to hold their vested shares for a further two years (other than shares which are required to be sold to pay tax due at the point of vesting, or shares which are sold for the purposes of making a donation to the Assura Community Fund).</p> <p>In exceptional circumstances, vested awards may also be settled in cash.</p> <p>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.</p> <p>Malus and clawback provisions apply to PSP awards.</p>	<p>The PSP allows for awards over shares with a maximum value of 150% of basic salary per financial year.</p>	<p>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).</p> <p>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.</p> <p>No more than 25% of awards vest for attaining the threshold level of performance conditions.</p> <p>In addition, while performance measures and targets used in the PSP will generally remain unaltered once set, 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.</p> <p>The Committee has the discretion to adjust the outcome of vesting where it believes this is appropriate, including (but not limited to) where the outcome is not reflective of the underlying performance of the business or the experience of the Company's shareholders, employees or other stakeholders.</p>	Governance
				Financial statements
				Additional information

DIRECTORS' REMUNERATION POLICY
CONTINUED

Objective and link to strategy	Operation	Maximum opportunity	Performance measurement and assessment
Other			
All-employee Share Incentive Plan (SIP) Provides employees with the opportunity to participate in a tax-advantaged share plan and increases the level of alignment with shareholders.	Awards under the SIP may be offered annually to all eligible employees, including Executive Directors. Participants can receive awards of free shares and also benefit from additional matching shares in the event of their voluntary investment in additional shares.	Executive Directors can participate in the SIP subject to the limits prescribed under the applicable legislation governing this type of plan.	N/A
Shareholding requirement To ensure alignment between Executive Directors and shareholders' interests over a long-term time horizon.	The Committee operates shareholding guidelines to encourage long-term share ownership by the Executive Directors. Other than shares required to be sold to pay tax due at the point of vesting or PSP shares sold for the purposes of making a donation to the Assura Community Fund, 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.	The minimum shareholding which should be built up by an Executive Director is equivalent to 200% of basic salary. Where an Executive Director participated in the former Value Creation Plan, the requirement is 300% of salary. Executive Directors must also maintain a minimum level of shareholding for a period of at least two years following cessation of employment, at the lower of (1) the shareholding requirement in place prior to departure and (2) the actual shareholding at the point of departure. Any shares purchased by the Executive Director are excluded from these arrangements, as are any shares which vest prior to the date on which this Remuneration Policy is approved by shareholders.	N/A

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 are 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 financial measures used for the annual bonus plan in 2022/23 – EPRA earnings, contracted rent roll and total accounting return – are linked to key performance indicators which are monitored closely by the Board. The non-financial objectives include a number of strategic and personal targets which are aligned to the immediate priorities of the business.

The performance measures used in the PSP are selected to ensure that the Executive Directors are encouraged to deliver the Company's key long-term strategic goals and receive an appropriate level of reward. This helps ensure a clear and transparent alignment of interests between executives and shareholders and the generation of sustainable long-term returns. The performance measures used for the PSP award to be granted in 2022/23 are based on EPRA EPS (a key financial metric for the business), TSR (an indicator of the value created for shareholders) and metrics linked to ESG and sustainability (integral parts of Assura's SixBySix social impact strategy).

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 the relevant plan rules approved by shareholders. This includes (but is not limited to) the choice of participants, the size of awards in any year (subject to the relevant limits in the Policy table), the determination of good or bad leavers and the treatment of outstanding awards in the event of a change of control (subject to the provisions of the Policy). 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.

Malus and clawback

The Committee retains the power to reduce the annual bonus or the potential vesting of unvested 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;
- there has been an error or the use of inaccurate information in assessing the extent to which any performance condition was satisfied;
- there has been a material error in determining whether an award should be made, or the size and nature of the award;
- there are circumstances warranting the summary dismissal of an individual;
- an award holder has participated in or is responsible for conduct which resulted in significant losses, or the Company has evidence of the award holder's fraud, gross misconduct or dishonesty;
- an award holder has acted in a manner which has brought the Group into disrepute;
- an award holder was a good leaver by reason of retirement, but becomes employed in an executive role with another company; or
- there is a material failure of risk management or other corporate failure or occurrence of an event which is a serious health and safety event.

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 will take into account the various components of remuneration as set out in the Policy table above.

Where an existing employee is promoted to the Board, the Policy set out in the Policy table will apply from the date of promotion but there would be no retrospective application of the Policy in relation to existing incentive awards or remuneration arrangements. Accordingly, prevailing elements of the remuneration package for an existing employee would be honoured and would form part of the ongoing remuneration of the employee. These would be disclosed to shareholders in the following year's Annual Report on Remuneration.

DIRECTORS' REMUNERATION POLICY
CONTINUED

The table below summarises our key policies with respect to recruitment remuneration:

Element	Policy
Fixed remuneration	<p>The salary level, benefits and pension entitlement will be set taking into account a number of factors including market practice, the individual's experience and responsibilities and the policies for salary, benefits and pensions for existing Executive Directors as set out in the Policy table. Pension provision for any new Executive Director will be aligned with the wider workforce contribution rate.</p> <p>In certain circumstances the Committee may choose to recruit Executive Directors on a salary below the market rate with a view to providing above average increases until an appropriate salary positioning is achieved, subject to performance, experience and the individual proving themselves in the role.</p>
Performance-based variable remuneration	<p>A new Executive Director will be eligible to participate in the annual bonus plan and the PSP as set out in the Policy table.</p> <p>The maximum annual variable remuneration that an Executive Director can receive is 300% of basic salary (i.e. the annual bonus plan maximum of 150% of basic salary plus the long-term incentive maximum of 150%).</p>
Share buyouts/ replacement awards	<p>The Committee's policy is not to provide buyouts as a matter of course. However, should the Committee determine that the individual circumstances of a recruitment justify the provision of a buyout, the value of any incentives that will be forfeited on cessation of a new Executive Director's previous employment will be calculated taking into account the following:</p> <ul style="list-style-type: none"> - the proportion of the performance period completed on the date of the individual's cessation of employment; - the performance conditions attached to the vesting of these incentives and the likelihood of them being satisfied; - any other terms and conditions having a material effect on their value. <p>The Committee will then determine the value of the forfeited incentives and may then grant an award up to the estimated equivalent value under the Company's existing incentive plans. To the extent that it was not possible or practical to provide the buyout within the terms of the Company's existing incentive plans, a bespoke arrangement would be used to grant up to the estimated equivalent value, for example as permitted under Listing Rule 9.4.2 (2).</p>
Relocation policy	<p>In instances where the new Executive Director is required to relocate, the Company may provide compensation to reflect the cost of relocation, at the discretion of the Remuneration Committee. The level of any relocation package will be assessed on a case-by-case basis but will take into consideration any incremental cost of living differences and/or housing and schooling costs.</p>

Approach to service contracts and cessation of employment

Both of the Executive Directors have 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. The service contracts are available for viewing at the Company's registered office.

The service contract for any new Executive Director would be expected to include a similar notice period. No Director will be appointed with a notice period that exceeds 12 months' notice.

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.

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.

The table below sets out, for each element of remuneration, the Company's policy on payment for loss of office in respect of Executive Directors and any additional discretion available to the Committee.

Element	Cessation of employment	Change of control
Fixed remuneration	<p>There will be no compensation for normal resignation or in the event of termination by the Company due to gross misconduct. In other circumstances, Executive Directors will be entitled to receive a payment in lieu of notice.</p> <p>Salary, benefits and pension contribution/salary supplement will normally be paid over the notice period. The Company has discretion to make a lump sum payment on termination for the salary, value of benefits and pension amounts payable during the notice period. In all cases the Company will seek to mitigate any payments due.</p>	No special provisions.
Annual bonus plan	<p>Where an Executive Director's employment is terminated after the end of a performance year but before the payment is made, the individual may be eligible for an annual bonus award for that performance year subject to an assessment of performance achieved over the period.</p> <p>Where an Executive Director's employment is terminated during a performance year and provided the individual is a "good leaver", a pro-rata annual bonus award for the period worked in that performance year may be payable at the Remuneration Committee's discretion subject to an assessment of performance achieved over the period. No award will be made in the event of gross misconduct or other "bad leaver" circumstances.</p>	<p>On a change of control triggering the termination of the Executive Director's contract, the Remuneration Committee's determination of the extent to which the performance targets have been satisfied will determine the annual bonus which is earned.</p> <p>The Committee will take into account such other factors as it considers relevant in relation to the bonus plan payment for the year in which the change of control occurs.</p> <p>This excludes a reorganisation or reconstruction of the Company where ownership does not materially change.</p>
Performance Share Plan The treatment of awards granted under the PSP will be governed by the plan rules, as approved by shareholders.	<p>Normally, on termination of employment before the end of the performance period, awards lapse in full. However, in good leaver situations (e.g. death, injury, ill-health, disability, retirement with the agreement of the employer, sale of business/subsidiary, or otherwise at the Committee's discretion), awards will not lapse but will instead continue and will vest at the normal vesting date or (if the Committee so decides in exceptional circumstances) on cessation of employment, subject in both cases to satisfaction of the performance conditions and a pro-rata reduction as the Committee determines to reflect the shortened length of service. In addition, to reflect standard practice, the Committee can waive pro-rating in its discretion. For leavers, awards granted following approval of this Remuneration Policy will remain subject to any post-vesting holding period although the Committee can exercise discretion to waive this requirement if deemed appropriate in the specific circumstances.</p>	<p>On a change of control (takeover, reconstruction, amalgamation, winding up or demerger), unvested awards will vest subject to the application of the performance conditions and subject to time pro-rating. The Committee retains a standard discretion to vary/waive time pro-rating on a takeover if this is deemed appropriate in the circumstances. There will be compulsory rollover of awards on an internal reconstruction.</p>

DIRECTORS' REMUNERATION POLICY

CONTINUED

Remuneration for other employees

The Remuneration Committee takes into account the pay and conditions of other employees of Assura when setting the Remuneration Policy for Directors and making decisions on the implementation of the Policy. The Company has a relatively small number of employees and there are some obvious differences between Executive Director pay and the arrangements for other colleagues. However, there is a strong focus on performance and on remuneration structures which are aligned with the specific needs of the business.

Although the levels of remuneration of the Executive Directors are higher than those of other employees, reflecting their specific roles and responsibilities, the Committee is comfortable that in general there is an appropriate level of alignment between their remuneration and the pay for other employees in the Company. Fixed remuneration is structured in a broadly similar way, and further alignment will be achieved as the level of pension provision for the Directors reduces to the workforce contribution rate after 31 December 2022. The Committee is satisfied that Assura offers an appropriately competitive benefits package for employees.

All permanent staff are eligible to participate in annual bonus arrangements, with bonus targets linked to a mix of financial and personal objectives. Equity incentives (in the form of awards of restricted shares) are limited to more senior members of staff, reflecting standard practice. However, all permanent employees are eligible to participate in the Share Incentive Plan (launched in 2020/21), and there has been a good level of take-up to date.

Although the Committee takes into account the pay and conditions of other employees, the Company did not directly consult with employees on the terms of the new Directors' Remuneration Policy. However, the Chair of the Committee maintains regular contact with employees in her role as the designated Non-Executive Director for workforce engagement. During the year she discussed executive remuneration and the work of the Remuneration Committee with The Voice, Assura's representative group of colleagues.

Consideration of shareholder views

The Committee takes the views of shareholders seriously and these views are taken into account in shaping the Directors' Remuneration Policy and its implementation. Shareholder views are considered when evaluating and setting remuneration strategy and the Committee has a long-standing practice of consulting with major shareholders prior to any significant changes to the Policy. During the year under review, the Committee engaged with shareholders on the proposals for the revised Remuneration Policy and its implementation and, in response to comments received, made a number of changes to the proposed approach.

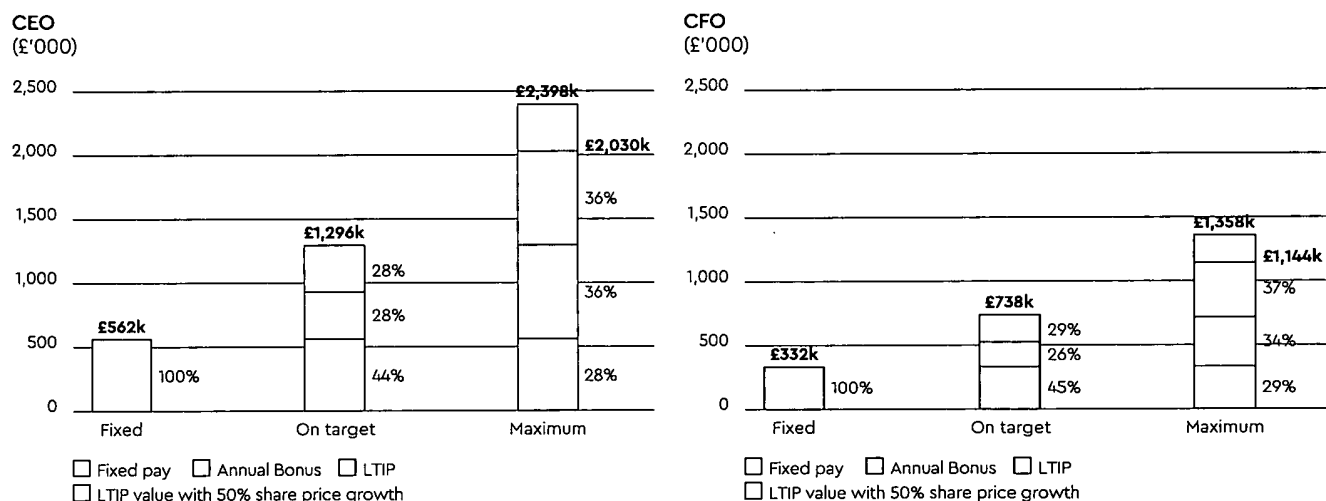
The Committee will continue to engage with major shareholders as required during the lifetime of the Policy.

External appointments

The Company's policy is to permit an Executive Director to serve as a Non-Executive Director elsewhere when this does not conflict with the individual's duties to the Company, and where an Executive Director takes such a role they may be entitled to retain any fees which they earn from that appointment.

Illustrations of application of the Remuneration Policy

The composition and total value of the Executive Directors' remuneration package for the financial year 2022/23 at minimum, on-target and maximum performance scenarios are set out in the charts below:



Assumptions used in determining the level of payout under given scenarios are as follows:

- **Minimum** – Basic salary at 1 April 2022, estimated 2022/23 benefits and pension (or cash allowance) calculated at 13.5% of salary for the period to 31 December 2022 and 6% of salary for the period from 1 January 2023.
- **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 67.5% 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 150% of salary for Jonathan Murphy and 135% 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.

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.	Fees will take account of fee levels of comparable listed real estate companies and other companies of comparable size and complexity.	None.
	The Board Chairman is paid a fee reflective of the responsibilities of the role.	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).	
	Other 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. The Company may also settle any tax incurred in relation to business expenses that are deemed taxable.		

The Company's practice is to appoint the Non-Executive Directors, including the Chairman, under letters of appointment, terminable by either party on three months' notice. Their appointment is usually for a term of three years subject to annual re-election by the shareholders at the Company's AGM.

The letters of appointment for the current Non-Executive Directors are available for inspection at the Company's registered office. The dates of the letters of appointment are October 2017 for Ed Smith, June 2018 for Jonathan Davies, June 2019 for Louise Fowler and May 2021 for Emma Cariaga, Noel Gordon and Sam Barrell.

Any new Non-Executive Director would be recruited on the terms set out in the Policy table above.

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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 2022. 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 2022 AGM.

Consideration by the Committee of matters relating to Directors' remuneration

The members of the Committee during 2021/22 were Jenefer Greenwood (Committee Chair and a member of the Committee until 6 July 2021), Louise Fowler (Committee Chair from 6 July 2021), Ed Smith, Jonathan Davies and (with effect from 1 May 2021) Sam Barrell. 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; 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 policies and packages for other senior members of staff and of the overall approach to remuneration across the Company as a whole. The written Terms of Reference of the Committee are available on the Company's website and from the Company on request.

The Committee held 7 meetings during the year. Its activities during and relating to the financial year 2021/22 included:

- Review of the Directors' Remuneration Policy and consultation with major shareholders on proposals for amendments to the Policy and its implementation for 2022/23
- 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 pay levels and incentives for the Executive Committee
- Preparing this report

Advisors to the Committee

Korn Ferry continued to serve as independent advisors to the Remuneration Committee during 2021/22, having been appointed with effect from 1 January 2020.

Korn Ferry is a member of the Remuneration Consultants Group and, as such, voluntarily operates 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 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 for services provided to the Committee during the year were £63,433 (ex VAT). Fees were determined based on the scope and nature of the projects undertaken for the Committee. Korn Ferry also provided separate pay benchmarking data services to Assura during 2021/22.

During the year under review, Committee meetings were also attended by Jonathan Murphy (CEO), Jayne Cottam (CFO) and Orla Ball (Head of Legal and Company Secretary). No Director was present when his or her own remuneration was discussed.

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:

£'000	Year	Salary	Pensions	Taxable benefits	Bonus ¹	Long-term incentives ^{2,3}	Other ⁴	Total	Total fixed	Total variable
Jonathan Murphy	2021/22	466	63	15	315	194	3	1,055	544	511
	2020/21	416	56	15	430	271	2	1,190	487	703
Jayne Cottam	2021/22	262	35	14	147	109	3	570	311	258
	2020/21	234	32	13	181	137	2	599	279	320

1. In respect of 2021/22 payments, for Jayne Cottam a portion of bonus is deferred, as explained on page 116.
2. The long-term incentive value for 2021/22 reflects the outturn for the 2019 PSP which vests in 2022 at 28.7%. The vesting share price has been estimated at 65.35 pence, based on the three-month average share price ended 31 March 2022. Further details are set out below. The long-term incentive value for 2020/21 has been restated to reflect the value of the shares (inclusive of dividend equivalents) at the time of vesting, 3 July 2021. The share price on this date was 74.2 pence.
3. £3,950 and £2,220 of the 2021/22 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.
4. This relates to the value of free shares and matching shares awarded under the terms of the Share Incentive Plan, which was introduced during 2020/21.

Total pension entitlements

The Executive Directors received payments in lieu of pension contributions equivalent to 13.5% of salary for 2021/22.

Benefits

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

2021/22 annual bonus plan outcome

The bonus scheme for 2021/22 incorporated similar measures as used in the prior year. 80% of the bonus scheme was based on a mixture of financial and business targets, with 10% of this depending on strategic and operational goals specific to each Executive Director. The remaining 20% was based on personal objectives. The table below includes details of the specific targets and the extent to which they were achieved.

For 2021/22 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%	5.4%	8.7%	11.2%	100%
EPRA earnings	25%	£82.5m	£92.2m	£86.2m	60%
Growth in total contracted rent roll ¹	25%	£315.7m	£442.8m	£292m	0%
Strategic and operational goals	10%		See below		
Personal objectives					
Individual targets	20%		See below		

1. The growth in total contracted rent roll is measured on the basis of the gross increase, which was £292 million. On a net basis, the total contracted rent roll increased £240 million compared with March 2021, factoring in the passage of time on existing leases.

Strategic and operational goals (10% of the total bonus)

For this element of the bonus scheme, each Executive Director had objectives linked to a specific area of strategic and/or operational importance for the year under review.

For Jonathan Murphy, this element of the bonus was based on the successful delivery of the strategic plan as agreed by the Board. Various success indicators were set for this metric, including: identification and prioritisation of new opportunities, with timelines for delivery; the continued development of core capabilities to support growth opportunities; strong delivery of the year three targets for the strategic plan and evidence of momentum towards multi-year targets; and significant employee engagement and understanding of the strategic plan.

The Committee assessed Jonathan's performance against these objectives after the year end and agreed that a bonus of 80% was payable. In reaching this conclusion, the Committee determined that there had been a good level of progress against the strategic plan, as evidenced in the disclosures in the Strategic Report. In particular, the Committee took into account the following key achievements:

- First acquisition made in Ireland with potential significant extension scheme for acquired asset. A pipeline of opportunities for acquisitions and forward funding of new developments has been identified. Good engagement with the HSE and positive reception to Assura entering the Irish market
- Strategic plan moving forward, with clear alignment to Assura's we BUILD for health purpose
- Mental health strategy progressing well, with 7 units acquired for £48 million. Further opportunities being appraised
- Several flagship schemes have been secured in the year, which extend Assura's activities and boost our development expertise and reach. These include the West Midlands Ambulance Hub, the Northumbria Health and Care Academy, Coldharbour works in Brixton (let to King's College Hospital NHS Foundation Trust) and the Genesis Cancer Care Diagnostics and Treatment Centre on the site of the Royal Surrey NHS Foundation Trust.

For Jayne Cottam, this element of the bonus was based on continuing to embed operational excellence within the business. Success indicators for this metric included: creation and development of internal KPIs to measure and track financial and non-financial successes of initiatives; ensuring the successful upgrade of the finance system; and improving the targets for the success of operational excellence.

The Committee assessed Jayne's performance against these objectives and agreed that a bonus of 80% was payable. In reaching this conclusion, the Committee determined that there had been excellent progress in some areas and good progress in others. In particular, the Committee took into account the following key achievements:

- Successful delivery of the finance system upgrade. This has improved efficiencies across the finance function and has enabled the finance team to work in a streamlined way either from home or in the office and improvements to our processes have meant that the month end close has been reduced
- Improvements in management information and integration of key data across the business, now being embraced by the whole team
- Operational excellence committee established, delivering key improvements across the business, driving efficiencies and improving data flows
- Technology roadmap and review in progress with new projects underway to start in 2022/23.

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: in-year delivery of the SixBySix social impact strategy; the development of a digital offering to support Assura's core property solutions; continuing to demonstrate effective leadership of the Group; and further development of the Executive Committee into a high-performing team. For Jayne Cottam, the objectives were linked to: the creation of a three-year data strategy with a focus on data management and reporting; supporting the effective delivery of SixBySix, including a focus on sustainable financing and increased targeting of ESG investors; and the further development of a high-performing finance team. For both Jonathan and Jayne, success indicators were identified for each objective to help determine the extent of achievement.

ANNUAL REPORT ON REMUNERATION CONTINUED

The Committee assessed Jonathan's performance against his objectives after the year end and agreed that a bonus of 85% was payable. In reaching this conclusion, the Committee determined that, overall, Jonathan had continued to perform very strongly and had successfully achieved many of the objectives set. In particular, the Committee took into account the following key achievements:

- Development of the we BUILD for health purpose and clear understanding from colleagues of the principles behind the approach
- Strong communication across the business of Assura's overall strategy and business goals, with excellent internal engagement on the business-critical social impact and sustainability strategies
- External recognition of Assura's market-leading approach to social impact, with the company shortlisted for the EG and Property Week Social Impact Awards
- Development of Net Zero Carbon Design Guide and detailed plans put in place for two trial schemes, with net zero design now set to become a standard approach for the business
- Commencement of trials with three investee companies from PiLabs
- Review of Executive Committee membership and responsibilities, with changes made to further enhance effectiveness and ensure Assura has the best leadership structure in place for future success.

The Committee also assessed Jayne's performance and agreed that a bonus of 95% was payable. In reaching this conclusion, the Committee determined that the year had been an exceptionally successful one for Jayne. In particular, the Committee took into account the following key achievements:

- Driven increased acceptance and awareness across the business that successful data management and reporting is critical for future success and will continue to be prioritised
- Power BI successfully implemented in property team, enabling easy access to full portfolio analysis and with new asset planning tools; foundations laid for successful rollout across other parts of the business
- Materially increased timeliness of details of properties being available on internal systems
- Launch of £300m Sustainability Bond to supplement social bond launched in prior year, placing Assura at the forefront of sustainable investing in the fixed income space
- Further development of ESG IR strategy, with outreach across a broader investor base, and increasing recognition of the benefits of Assura as a key ESG investment
- Ongoing development of quality finance team and evolution of roles and responsibilities for key individuals to ensure continued success.

In total, the bonus payable to Jonathan Murphy in light of his performance against both the Group and personal objectives was equivalent to 54% of the maximum payable (68% of his basic salary). This resulted in a bonus award of £314,746, payable in cash.

The bonus payable to Jayne Cottam in light of her performance against both the Group and personal objectives was equivalent to 56% of the maximum payable (56% of her basic salary). This resulted in a bonus award of £146,758, 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 2022

The LTIP value included in the single figure relates to the awards granted to Jonathan Murphy and Jayne Cottam in July 2019. These awards will vest in July 2022 based on the achievement of TSR and EPRA EPS performance measured to 31 March 2022.

Under the TSR performance target (50% of awards), which uses a sliding scale, 10% 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 2022:

Performance target	Threshold TSR	Maximum TSR	Actual TSR	Vesting % (max 100%)
TSR (50% of awards)	5% p.a.	15% p.a.	9.05% p.a.	46.5%

Under the EPRA EPS performance target (50% of awards), which uses a sliding scale, 10% of this part of an award vests for EPRA EPS growth of 5% p.a. increasing pro-rata to full vesting for EPRA EPS growth of 15% p.a., measured over the three years to 31 March 2022:

Performance target	Threshold EPS growth	Maximum EPS growth	Actual EPS growth	Vesting % (max 100%)
EPRA EPS (50% of awards)	5% p.a.	15% p.a.	5.10% p.a.	10.9%

As a result of TSR (46.5% of awards vest) and EPRA EPS (10.9% of awards vest) performance, the total vesting percentage is 28.7% and the gross value of LTIP share awards expected to vest in 2022 is as follows:

	Share price as 31 March 2022 ¹	Proportion to vest	Shares to vest	Dividend equivalents ²	Total shares to vest	Total £
Jonathan Murphy	65.35p	28.7%	266,346	30,262	296,608	193,833
Jayne Cottam	65.35p	28.7%	149,693	17,008	166,701	108,939

1. The share price is based on a three-month average to 31 March 2022.

2. Additional shares awarded in respect of dividend equivalents accrued over the vesting period. This represents the position as at 31 March 2022. 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.

Scheme interests awarded during the year (PSP)

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	6 July 2021	150% of salary	699,435	31 March 2024
Jayne Cottam	6 July 2021	150% of salary	393,101	31 March 2024

1. The awards made on 6 July 2021 were granted using the average mid-market share price on the three dealing days prior to the date of grant (74.48 pence). The awards were granted as nil-cost options and the exercise price is nil.

Details of the outstanding PSP awards are:

Executive	Date of grant	Awards outstanding at 01/04/21	Awards granted during the year	Awards vested during the year ¹	Awards lapsed during the year	Interests outstanding at 31/03/22	Normal vesting/ exercise date
Jonathan Murphy	3 July 2018	951,897	–	322,883 ²	629,014	–	From 3 July 2021
	2 July 2019	927,714	–	–	–	927,714	From 2 July 2022
	7 July 2020	764,145	–	–	–	764,145	From 7 July 2023
	6 July 2021	–	939,091	–	–	939,091	From 6 July 2024
Jayne Cottam	3 July 2018	481,165	–	163,211	317,954	–	From 3 July 2021
	2 July 2019	521,398	–	–	–	521,398	From 2 July 2022
	7 July 2020	429,469	–	–	–	429,469	From 7 July 2023
	6 July 2021	–	527,793	–	–	527,793	From 6 July 2024

1. Excludes additional shares awarded in respect of dividend equivalents accrued over the vesting period.

2. Jonathan Murphy sold 36,540 of the shares which vested to make a contribution to the Assura Community Fund.

Outstanding PSP awards vest based on performance against 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. The performance targets in place for the 2019 awards are summarised on the previous pages.

For the 2020 PSP awards, the following targets apply:

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vests)	EPRA EPS growth	Vesting schedule (% of the EPS part which vests)
< 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 these awards is split into two halves. For the first half, vesting will depend on the proportion of buildings receiving an EPC rating of B or higher, 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 second half, vesting will depend on the Remuneration Committee's assessment of the success of Assura's social impact strategy, with the Committee judging 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.

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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.

As explained in last year's Directors' Remuneration Report, for the 2021 PSP awards the Remuneration Committee applied the same approach as for the 2020 awards, i.e. with one-third based on TSR, one-third on EPRA EPS and one-third on ESG measures (with one half of the ESG element again based on EPC and the other half on a broader assessment of Assura's social impact strategy). The specific TSR and EPRA EPS targets are the same as those which apply to the 2020 awards, as set out above. The ESG measures are similar to those in place for the 2020 awards, albeit with a slightly different set of targets for the EPC element, as set out below.

Proportion of portfolio receiving an EPC rating of B or higher by 31 March 2024	Vesting schedule (% of the EPC element which vests)
< 45%	0%
45%	10%
Between 45% and 65%	Pro-rata between 10% and 50%
65%	50%
Between 65% and 100%	Pro-rata between 50% and 100%
100%	100%

The rationale for the different EPC targets for the 2021 awards was set out in last year's Directors' Remuneration Report.

The approach for assessing performance against the wider social impact strategy for the 2021 PSP awards is the same as that in place for the 2020 PSP awards, as explained above.

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 ¹	Total fees	Total fixed	Total variable
Ed Smith	2021/22	158.1	–	158.1	158.1	–
	2020/21	155.8	–	155.8	155.8	–
Jenefer Greenwood ²	2021/22	10.8	2.4	13.3	13.3	–
	2020/21	40.1	9.1	49.2	49.2	–
Jonathan Davies	2021/22	40.7	18.4	59.1	59.1	–
	2020/21	40.1	18.1	58.2	58.2	–
Louise Fowler ³	2021/22	40.7	6.8	47.5	47.5	–
	2020/21	40.1	–	40.1	40.1	–
Sam Barrell ⁴	2021/22	37.3	–	37.3	37.3	–
	2020/21	–	–	–	–	–
Emma Cariaga ⁴	2021/22	37.3	–	37.3	37.3	–
	2020/21	–	–	–	–	–
Noel Gordon ⁴	2021/22	37.3	–	37.3	37.3	–
	2020/21	–	–	–	–	–

1. Additional fees represent Senior Independent Director and Chair of Board Committee fees.

2. Jenefer Greenwood stepped down from the Board on 6 July 2021.

3. Louise Fowler was appointed as Chair of the Remuneration Committee with effect from 6 July 2021.

4. Sam Barrell, Emma Cariaga and Noel Gordon were appointed to the Board on 1 May 2021.

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.

Shareholding and other interests at 31 March 2022

Director	Shares required to be held (% of salary)	Number of shares required to hold ¹	Number of beneficially owned shares ²	SIP shares	Shareholding requirement met?	Total number of scheme interests ³
Jonathan Murphy	300%	2,090,987	2,604,870	5,917	Yes	2,630,950
Jayne Cottam	200%	783,459	428,553	5,917	No	1,478,660
Ed Smith	-	-	100,026	-	n/a	-
Jonathan Davies	-	-	213,360	-	n/a	-
Louise Fowler	-	-	14,706	-	n/a	-
Sam Barrell	-	-	29,411	-	n/a	-
Emma Cariaga	-	-	-	-	n/a	-
Noel Gordon	-	-	-	-	n/a	-

1. Shareholding requirement calculation is based on the share price at the end of the year (66.9 pence at 31 March 2022).

2. Beneficial interests include shares held directly or indirectly by connected persons.

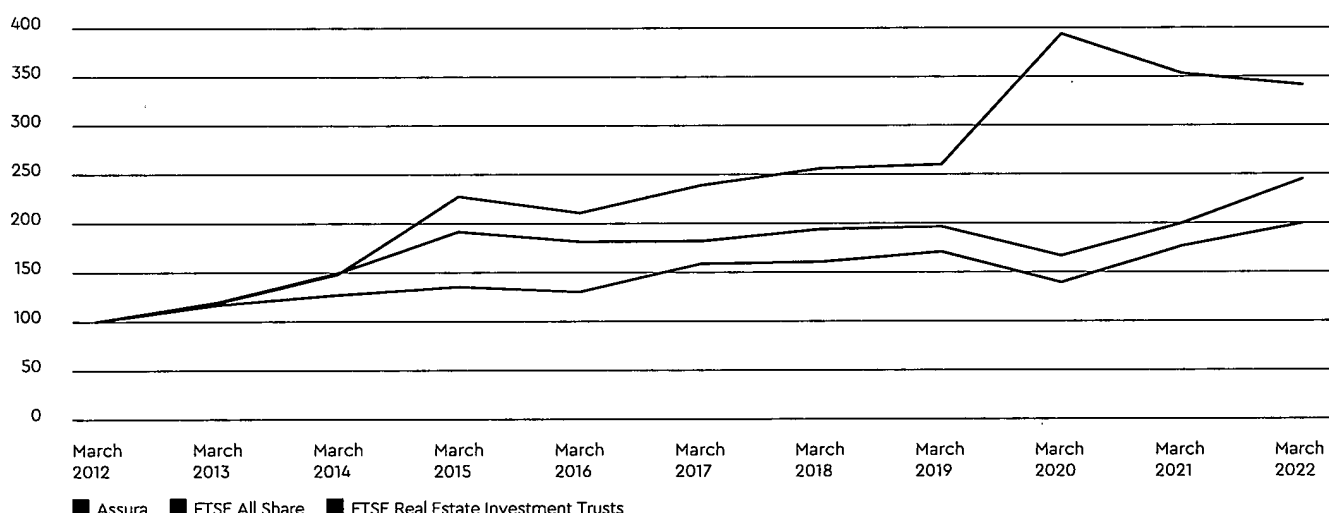
3. This relates to unvested PSP awards (see also the table on page 117).

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.

Subsequent to the year end, Ed Smith, Sam Barrell and Louise Fowler have acquired 877 shares, 322 shares and 161 shares respectively through their participation in the Company's scrip dividend alternative. Jonathan Murphy and Jayne Cottam have each acquired an additional 1,053 shares through their participation in the Share Incentive Plan.

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. Assura is a member of both of these indices and therefore these are viewed as appropriate comparators for the purpose of the regulations.



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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)
2021/22	Jonathan Murphy	1,055	54	29
2020/21	Jonathan Murphy	1,190	83	34
2019/20	Jonathan Murphy	1,155	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 ¹	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	–

1. Both Graham Roberts' and Jonathan Murphy's remuneration details have been included as they both served as CEO during the year.

2. 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.

Percentage change in Directors' remuneration

The table below compares the percentage change in pay of all Directors (including salary and fees, taxable benefits and annual bonus) with the average percentage change for employees, as required by the reporting regulations:

Director	2021/22 vs 2020/21			2020/21 vs 2019/20		
	Salary/fees % change	Taxable benefits % change	Bonus % change	Salary/fees % change	Taxable benefits % change	Bonus % change
Executive Directors						
Jonathan Murphy	12.1%	1.5%	(26.8)%	5.3%	0.44%	84.5%
Jayne Cottam	12.1%	2.5%	(18.7)%	5.3%	0.38%	79.8%
Non-Executive Directors						
Ed Smith	1.5%	–	–	1.8%	–	–
Jenefer Greenwood	(73.1)%	–	–	1.8%	–	–
Jonathan Davies	1.5%	–	–	10.4%	–	–
Louise Fowler	18.4%	–	–	22.3%	–	–
Sam Barrell ¹	–	–	–	–	–	–
Emma Cariaga ¹	–	–	–	–	–	–
Noel Gordon ¹	–	–	–	–	–	–
Employees						
Average per employee – parent company ²	–	–	–	–	–	–
Average per employee – group	4.26%	1.42%	(17.01)%	4.3%	1.7%	5.5%

1. No comparative information provided for these Directors because they were appointed during 2021/22.

2. No employees (other than Directors) are directly employed by Assura plc.

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 again decided to do so as a matter of good practice.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021/22	Option A	39:1	19:1	12:1
Total pay and benefits		£27,053	£55,207	£85,387
Salary		£24,000	£40,600	£63,266
2020/21	Option A	45:1	22:1	15:1
2019/20	Option B	35:1	21:1	15:1

1. The calculations of the pay for the employees at the different levels have been calculated as at 31 March 2022 for the 2021/22 figures, as at 31 March 2021 for the 2020/21 figures and as at 31 March 2020 for the 2019/20 figures. Where relevant, full-time equivalent employee pay was calculated by applying a proportionate increase to the pay and benefits of part-time employees.

Option A was chosen for the pay ratio calculation for 2021/22 and 2020/21 as it ensures that the most accurate and up-to-date employee pay information has been used. Option B was chosen for 2019/20 to ensure that the calculation was undertaken in the most efficient manner possible at the time. 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 in 2021/22, 2020/21 and 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.

There has been a small reduction to the median pay ratio for 2021/22 when compared with 2020/21. This reflects the single total figure for the CEO for 2021/22 being lower than the prior year, resulting from a lower annual bonus payout and level of PSP vesting, as explained earlier in this report. There has also been a small increase in the total pay and benefits of the employee identified at the median level of the organisation in 2021/22 compared with 2020/21. The Committee is comfortable that the median pay ratio for 2021/22 is consistent with Assura's wider pay, reward and progression policies. These policies have not materially changed during the year under review. The pay ratio continues to reflect the differentials between the CEO's pay and others within the organisation, both in terms of salary and the other components of remuneration, with a significant proportion of his total pay for the year again comprising the outcomes of performance-related pay. Although the vast majority of other colleagues participate in a bonus scheme, the level of award for the CEO is the highest in the organisation, reflecting the responsibilities of the role. In addition, 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	2021/22 £m	2020/21 £m	% change
Overall spend on pay for employees, including Executive Directors	7.6	6.5	16.9%
Distributions to shareholders by way of dividends	80.4	73.6	9.2%

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 remuneration resolutions at recent AGMs:

AGM resolution	Votes for	%	Votes against	%	Votes withheld
Remuneration Policy (2019 AGM)	1,615,726,915	89.43	190,877,698	10.57	151,645
Annual Report on Remuneration (2021 AGM)	2,075,806,854	97.36	56,304,860	2.64	42,778

STATEMENT OF IMPLEMENTATION OF REMUNERATION POLICY FOR 2022/23

Executive Directors

Salary

As explained in the Annual Statement from the Chair of the Remuneration Committee, the Committee has agreed to increase the salaries of the Executive Directors with effect from 1 April 2022. The increase for Jonathan Murphy is in line with the average increase for the wider workforce. The increase for Jayne Cottam is the first stage of a proposed two-stage increase to move her salary to £300,000, before any additional cost of living increases. The full rationale for this is set out in the Annual Statement from the Chair of the Committee.

The salaries with effect from 1 April 2022 are set out below:

Executive Director	1 Apr 2021 salary £	1 Apr 2022 salary £	% change
Jonathan Murphy	466,290	489,605	5.0%
Jayne Cottam	262,067	285,000	8.8%

Pension and benefits

Until 31 December 2022, Jonathan Murphy and Jayne Cottam will continue to receive payments in lieu of pension contributions equivalent to 13.5% of basic salary. After this date, and in line with the new Directors' Remuneration Policy, their contributions will reduce to the level of pension contribution for the wider workforce (currently 6% of salary). Benefits will be provided in line with the Remuneration Policy.

Annual bonus

The maximum bonus opportunity for 2022/23 will be 150% of salary for Jonathan Murphy and 135% of salary for Jayne Cottam. Payment for on-target performance will be 50% of the maximum bonus, i.e. 75% of salary for Jonathan and 67.5% of salary for Jayne.

The performance objectives under the annual bonus plan for 2022/23 will continue to relate to measures which are critical to Assura's strategy and will include a mixture of financial and non-financial goals. The three financial metrics are the same as those in place for previous years, namely total accounting return, EPRA earnings and contracted rent roll. Each of these metrics will be weighted at 25%, resulting in an increase (to 75%) in the total proportion of the bonus subject to financial measures. The remaining 25% will be based on key non-financial metrics linked to specific ESG and strategic priorities for the business for the coming year. These targets have been structured differently than in previous years, with a greater focus on the achievement of specific quantitative targets and with clear, tangible outcomes expected for each measure.

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 at the start of the financial year. For all bonus metrics, full details of the actual targets, performance achieved and awards made will be published in next year's report.

In line with the new Directors' Remuneration Policy, any bonus payable for 2022/23 will be subject to deferral requirements such that a minimum of one-third of any bonus must be invested in shares which must be held for a period of at least two years.

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 TSR, EPRA EPS and key ESG performance targets are satisfied over the three-year period to 31 March 2025. These three measures are equally weighted, with the ESG component further separated into two different elements. As explained in the Annual Statement from the Chair of the Remuneration Committee, some changes have been made to the specific targets for this year's grant. In addition, and in line with the new Directors' Remuneration Policy, the amount vesting for threshold performance will be set at 25%, in line with common market practice.

33% of awards		33% of awards	
Absolute average annual compound TSR	Vesting schedule (% of the TSR part which vests)	EPRA EPS growth	Vesting schedule (% of the EPS part which vests)
< 5% p.a.	0%	< 5% p.a.	0%
5% p.a.	25%	5% p.a.	25%
Between 5% and 12.5% p.a.	Pro-rata between 25% and 100%	Between 5% and 10% p.a.	Pro-rata between 25% and 100%
12.5% p.a. or more	100%	10% p.a. or more	100%

The final 33% of these awards, relating to ESG, is split into two halves. For the first half, vesting will again depend on the proportion of buildings receiving an EPC rating of B or higher, as set out below. These targets reflect our expectation that a higher proportion of the overall portfolio will have an EPC rating of B or above by the end of March 2025 than March 2024. We have therefore increased the targets beyond those set for the PSP award granted in 2021.

Proportion of portfolio receiving an EPC rating of B or higher by 31 March 2025	Vesting schedule (% of the EPC element which vests)
< 50%	0%
50%	25%
Between 50% and 70%	Pro-rata between 25% and 50%
70%	50%
Between 70% and 100%	Pro-rata between 50% and 100%
100%	100%

For the second half of the ESG component, vesting will be based on the extent to which Assura is making progress with net zero developments, as set out below. This is a new metric which reflects the priority Assura is attaching to net zero carbon developments, as set out in the SixBySix social impact strategy. Our ultimate goal is for all developments to be net zero, but this will take some time to achieve given the long-term nature of the process of design and construction. The metric has been structured as follows:

Proportion of in-house development schemes commencing in the year to 31 March 2025 which have been designed to hit Best Practice as defined in Assura's Net Zero Carbon Design Guide	Vesting schedule (% of the Net Zero element which vests)
< 50%	0%
50%	25%
Between 50% and 75%	Pro-rata between 25% and 100%
75%	100%

The Net Zero Carbon Design Guide will shortly be available on Assura's website. "Best Practice" as outlined in the Guide is defined as follows:

Best Practice as defined in the NZC Design Guide	RIBA 2030 Climate Challenge target
Upfront carbon (A1-A5)	475 kg CO ₂ e/sqm
Embodied carbon	750 kg CO ₂ e/sqm
Operational energy	55 kWhr/sqm/yr

As indicated above, we are aiming for consistency with the RIBA Climate Challenge target, albeit we are targeting achievement in 2025 rather than 2030. To give an additional indication of the challenge involved in meeting these targets, the design for the Polegate development in East Sussex (where we have been testing net zero options) currently incorporates upfront carbon of 600 kg CO₂e/sqm, embodied carbon of 780 kg CO₂e/sqm and operational energy of 50 kWhr/sqm/yr. Bringing the majority of new developments to a level well beyond this by 2025 is considered by the Committee to represent an appropriately stretching target for this element of the PSP.

At the end of the performance period we will also disclose the extent to which the performance targets were met and the resulting level of vesting. 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 2022:

Non-Executive Director	2021/22 £'000	2022/23 £'000	% change
Chairman fee	158.1	166.0	5.0
Non-Executive Director base fee	40.7	42.7	5.0
Additional fee for chairing of Audit and Remuneration Committee	9.2	9.7	5.0
Additional fee for Senior Independent Director	9.2	9.7	5.0

The 5% increase in the fees is in line with the salary increases for the Executive Directors and the average increase for the wider workforce.

By order of the Board

Louise Fowler

Chair of the Remuneration Committee
23 May 2022

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 2022. The Corporate Governance Statement set out on page 82 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 165.

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 22 to 27, which are incorporated in this report by reference.

Future developments

Details of future developments are discussed on page 24 in the CFO Review.

Going concern

The Company's going concern statement is on page 80.

Long-term viability statement

The Company's viability statement is on page 80.

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 two of the four dividends paid during the year being paid as ordinary dividends. The April 2021 and October 2021 dividend were both paid as a PID. Details of the Group's dividend policy can be found in the CFO review on page 25.

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 specific payment terms are not agreed, the Group endeavours to adhere to the suppliers' standard payment terms.

As at 31 March 2022, the average number of days taken by the Group to pay its suppliers was 10 days (2021: 20 days). Further details of how the Group manages and monitors relationships with suppliers, and our supplier policies can be found on page 62.

Donations

In the year to 31 March 2022, Assura donated £190,000 to charities (2021: £2,608,700), with all activity through the Assura Community Fund which is administered by the Cheshire Community Foundation, and no contributions were made for political purposes (2021: nil). More details of our chosen charities can be found on our website and pages 56 to 59.

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 and the Share Incentive Plan.

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 60 to 61 and in the Corporate Governance section on pages 92 to 93.

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 61.

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 2022, there were 2,948,359,637 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 317,384 Ordinary Shares via scrip in respect of the April 2022 dividend paid and a further 7,887,822 Ordinary Shares as part consideration for the acquisition of a medical centre. As at 23 May 2022, the number of Ordinary Shares in issue is 2,956,564,843.

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 2021 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 2022, the EBT held 444,253 Ordinary Shares (2021: 213,319) related to restricted share awards under the PSP. 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 23 May 2022, the Company had been notified of the following interests in accordance with Disclosure Guidance and Transparency rules 5:

Name of shareholder	31 March 2022 Percentage of Ordinary Shares	23 May 2022 Percentage of Ordinary Shares
Blackrock, Inc.	10.11	10.64
abrdn plc	5.42	<5
Resolution Capital Limited	5.37	5.07
Schroders plc	n/a	5.47

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.

GHG emissions and energy usage

Details of greenhouse gas emissions from employee and head office activities can be found on page 70. The annual quantity of energy consumed from activities for which the company is responsible is 240,209 kWh (2021: 324,140 kWh). This is the energy consumed by employees either through our head office activities or through homeworking.

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 appoint EY as auditor for the year ending 31 March 2023.

Amendments to the Articles of Association

The Articles can only be amended, or new Articles adapted, by a resolution passed by shareholders in a 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

The AGM will be held on 6 July 2022. The principal meeting location will be confirmed in the AGM notice.

Provisions have been made for investors to observe the AGM and ask questions via the Investor Meet Company platform for which investors can register at this link (<https://www.investormeetcompany.com/assura-plc/register-investor>). Shortly after the meeting, the Company will publish on its website the result of the AGM.

Both the Directors' Report on pages 124 and 125 and the Strategic Report on pages 1 to 80 were approved by the Board and signed on its behalf.

Orla Ball

Company Secretary
23 May 2022

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 accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU. The Directors have also chosen to prepare the Parent Company financial statements under IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 pursuant to Regulation (EC) No 1606/2002 as it applies in 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
23 May 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC

Opinion

In our opinion:

- Assura plc's Group financial statements and Parent Company financial statements (the financial statements) give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2022 and of the Group's and the Parent Company's profit for the year then ended;
- the financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Assura plc (the "Parent Company") and its subsidiaries (the "Group") for the year ended 31 March 2022 which comprise:

Group	Parent Company
Consolidated Income Statement for the year ended 31 March 2022	Company Income Statement for the year ended 31 March 2022
Consolidated Balance Sheet as at 31 March 2022	Company Balance Sheet as at 31 March 2022
Consolidated Statement of Changes in Equity for the year ended 31 March 2022	Company Statement of Changes in Equity for the year ended 31 March 2022
Consolidated Cash Flow Statement for the year ended 31 March 2022	Company Cash Flow Statement for the year ended 31 March 2022
Related Notes 1 to 24 to the financial statements, including a summary of significant accounting policies	Related Notes A to G to the financial statements including a summary of significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

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

Independence

We are independent of the Group and Parent in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- We obtained management's going concern assessment including the cash forecast and covenant calculations for the going concern period through to 31 May 2023 and tested these for arithmetical accuracy;
- We challenged the appropriateness of the key assumptions in management's forecasts including growth in rental income by comparing this to historical rental growth. We also considered whether there could be any material impact of climate change in the going concern period;
- We obtained the additional scenarios prepared by management including the extreme downside scenario, which included suspending planned bond/equity raises;
- We assessed the plausibility of management's downside scenarios by corroborating the key assumptions to third party data for indicators of contradictory evidence, for example, valuation reports, main competitors' performance records, and industry and company-specific impacts of external factors such as of COVID-19, cyber-attacks, climate change, Brexit, and the conflict in Ukraine;
- We applied further sensitivities where appropriate to stress test the liquidity of the Group over the going concern period including performing a reverse stress test to identify and understand what factors would lead to the group breaching the financial covenants during the going concern period. Reverse stress testing showed that performance would need to reduce in excess of independently forecast worst case scenarios in order to breach financial covenants;
- We obtained the agreement for all borrowings and reviewed the nature of the facilities, repayment terms, covenants and attached conditions. We assessed their continued availability to the Group throughout the going concern period and checked completeness of covenants identified by management;
- We reperformed the covenant calculations using management's forecasts and evaluated whether the covenants would be met during the going concern period, considering the assessment of our chartered surveyors of the likelihood of future falls in property values which may result in future breaches of loan to value covenants;
- We considered the quantum and timing of mitigating factors and discretionary expenditure available to management, the most significant of which relates to the reduction of spend on acquisition of properties. We assessed the extent to which these are within their control;
- We read board minutes from meetings held during the year to identify any other matters that may impact the going concern assessment;
- We reviewed the disclosures in the financial statements in relation to going concern in order to assess the appropriateness of the disclosures and conformity with reporting standards.

Our key observations

- The Group has a cash balance of £243.5m, undrawn RCF of £125.0m and total borrowings of £1,257.0m as at 31 March 2022. There is significant available liquidity via the RCF and expected cash generated from contracted rentals will enable the Group to continue to meet its liabilities as they fall due through the going concern period.
- The Group has significant headroom on covenants and the likelihood of breaching the covenants during the going concern period is considered remote due to the Group's strong balance sheet position, and the high degree of predictability in rental income due to contractual arrangements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period through to 31 May 2023.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	<ul style="list-style-type: none"> - We performed an audit of the complete financial information of 18 components and audit procedures on specific balances for a further 43 components. - The components where we performed full or specific audit procedures accounted for 100% of adjusted profit, 100% of revenue and 96% of total assets.
Key audit matters	<ul style="list-style-type: none"> - Valuation of completed investment property. - Revenue recognition on rental income.
Materiality	- Overall Group materiality of £31.17m which represents 1% of total assets.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the Group financial statements, of the 101 reporting components of the Group, we selected 61 components covering entities within the United Kingdom, which represent the principal business units within the Group.

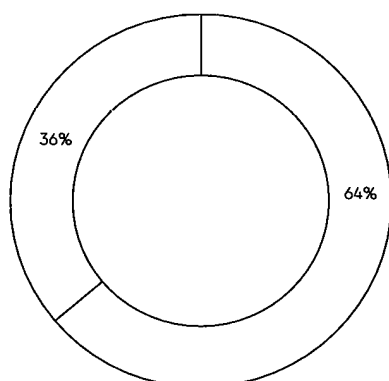
Of the 61 components selected, we performed an audit of the complete financial information of 18 components ("full scope components") which were selected based on their size or risk characteristics. For the remaining 43 components ("specific scope components"), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 100% (2021: 100%) of the Group's adjusted profit, 100% (2021: 100%) of the Group's revenue and 96% (2021: 100%) of the Group's total assets. For the current year, the full scope components contributed 64% (2021: 100%) of the Group's adjusted profit, 83% (2021: 100%) of the Group's revenue and 88% (2021: 100%) of the Group's total assets. The specific scope components contributed 36% (2021: 0%) of the Group's adjusted profit, 17% (2021: 0%) of the Group's revenue and 8% (2021: 0%) of the Group's total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group.

Of the remaining 40 components that together represent 4% of the Group's total assets, none are individually greater than 3% of the Group's total assets. For these components, we performed other procedures, including review of Group wide entity level controls over these components, including the level of CEO, CFO and other Group management oversight, analytical review procedures over these components and enquiry of management about unusual transactions in these components to respond to any potential risks of material misstatement to the Group financial statements.

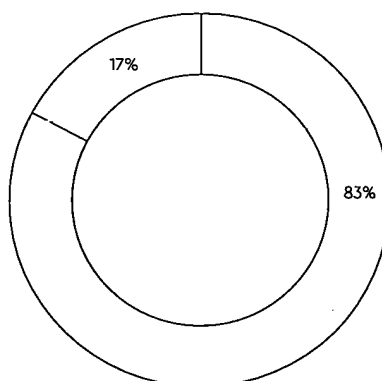
The charts below illustrate the coverage obtained from the work performed by our audit teams.

Adjusted profit



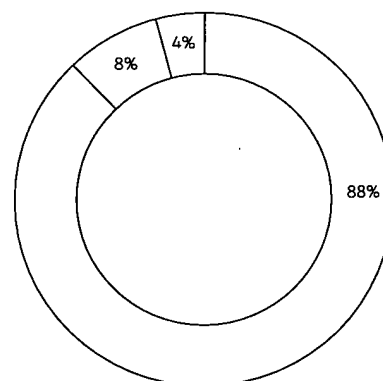
- Full scope components
- Specific scope components

Revenue



- Full scope components
- Specific scope components

Total assets



- Full scope components
- Specific scope components
- Other procedures

Changes from the prior year

The predecessor auditor performed full scope procedures over all components within the Group. We have scoped the Group audit based on materiality, resulting in the scoping and coverage presented above.

Involvement with component teams

All audit work performed for the purposes of the audit was undertaken by the Group audit team.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact Assura plc. The Group has determined that the most significant future impacts from climate change on its operations will be meeting regulatory requirements for minimum energy efficiency, the risk to buildings from climate-related events such as flooding and temperature rise affecting water supply temperature, and the risk of failure to appropriately address climate-related expectations of stakeholders which could result in lower investor demand. These are explained on pages 72 to 73 in the required Task Force for Climate related Financial Disclosures and on pages 74 to 79 in the principal risks and uncertainties, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in Note 2 of the Consolidated Financial Statements (pages 138 to 140), management considered the impact of climate change when preparing the Group Financial Statements. The Group did not identify any climate risk that would impact the carrying values of the Group's assets or have any other impact on the financial statements.

Our audit effort in considering climate change was focused on ensuring that the effects of material climate risks disclosed on pages 72 to 73 have been appropriately considered in the preparation of the Group Financial Statements, particularly in the valuation of investment properties. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, 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 our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
<p>Valuation of investment property (£2,667.3m, PY comparative £2,404.3m)</p> <p><i>Refer to the Audit Committee Report (page 97); Accounting policies (pages 138 to 140); and Note 9 of the Consolidated Financial Statements (page 145 to 146)</i></p>	<ul style="list-style-type: none"> - We obtained the valuation reports for the investment property portfolio directly from the third party valuers and agreed these to the general ledger. - We walked through the Group's controls over data used in the valuation of the property portfolio and management's review of the valuations. - We engaged our internal valuations specialists to support the following audit procedures: <ul style="list-style-type: none"> • Meeting with the external valuers, CBRE, JLL and Cushman Wakefield ("CW"), to understand the methodology used and the key basis for assumptions applied such as the NIY and the WAULT. We assessed the competence of the valuers and reviewed the engagement agreements with these specialists. • Assisting the audit team in determining criteria (such as yield) to categorise the full investment property portfolio into low risk, high risk and significant risk assets. This was then used by the audit team to calculate an expected range for the year-end valuation of low and high-risk assets based on market data. We also disaggregated the high-risk assets by region and calculated an expected range for the valuation of these assets based on market data specific to each region. • The audit team applied various criteria to identify assets with the potential to be significant risk assets. These were then investigated further by the audit team, with those determined to be significant risk assets provided to the EY valuations specialists who independently determined an expected range for each of these properties. • Providing expected yields ranges for each property. This was utilised in our analytics tool to compare an expected value by property to the actual value at the year end and the audit team investigated outliers which did not match our expectation. - We tested a sample of input data provided by the group to CBRE, CW & JLL since this forms the basis of the portfolio valuation. This included agreeing a sample of input data back to underlying lease information such as lease agreements and subsequent rent review documentation. We verified that this information had been provided to the valuers and management had not overridden the property values provided by the third-party valuers. - We tested a sample of additions and disposals in the year and also tested a sample of transfers into Investment Property to completion certificate. We also tested a sample of Assets Held for Sale at year-end, checking that they met the criteria to be disclosed as such. 	<p>We concluded that the valuation of investment properties is reasonably stated.</p>
<p>Revenue recognition on rental income (£126.5m, PY comparative £112.0m)</p> <p><i>Refer to the Audit Committee Report (page 97); Accounting policies (page pages 138 to 140); and Note 3 of the Consolidated Financial Statements (page 141)</i></p>	<ul style="list-style-type: none"> - We performed data analytics over the whole population of leases in the Group's portfolio. This involved: <ul style="list-style-type: none"> • Using the data held in Assura's property management system to set an expectation of rental income for every lease in every property. • Setting a tolerance threshold to assess whether rental income is in line with expectations. • Analysing and comparing our expectation to actual rental income recognised in the general ledger. • Investigating differences between expectation and actual rental income that exceed our tolerance threshold. • Testing a sample of input data provided by agreeing a sample of input data from the system back to underlying lease information. - We reviewed manual journals posted to revenue, including those relating to back rent, and corroborated a sample of journals to supporting documentation. - We performed substantive analytical review procedures over deferred income. This included taking into consideration the number of tenants year on year and calculating an average deferred income per tenant to be used as the base for our expectation for the current year. - We tested a sample of deferred income balances to supporting documentation such as lease agreements and invoices and performed a recalculation of the deferred income balance. This included a focus on manual correction journals where we corroborated the transaction amount through to supporting documentation and recalculated the net deferred income amount for that property. - We performed analytical review procedures over accrued income. This included disaggregating the balance by property and comparing the balance year on year then investigating any significant/unusual movements. - We agreed a sample of input data from the Property Management system back to underlying lease information such as lease agreements and subsequent rent reviews to address the completeness and accuracy of the data utilised in our substantive analytical procedures. - We performed cut-off testing over trade debtors around the balance sheet date to check transactions were recorded in the correct period. - We tested a sample of accrued income balances to supporting documentation (such as lease agreement) and performed a recalculation of the balance. 	<p>We concluded that revenue on rental income has been appropriately recognised in accordance with the requirements of IFRS 15.</p>
<p>Market expectations and revenue profit-based targets may place pressure on Management to distort revenue recognition. This may result in overstatement or deferral of revenues to assist in meeting current or future targets or expectations, through the use of manual topside journals or the incorrect treatment of accrued and/or deferred income.</p>		

The predecessor auditor did not include a key audit matter in relation to revenue recognition on rental income. In the current year, this risk has been identified as a key audit matter following the change in auditor.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole. We determined that an asset-based measure would be the most appropriate basis for determining overall materiality given that the key users of the Group's financial statements are primarily focused on the valuation of the Group's assets. Based on this, we determined that it is appropriate to set the overall materiality for the Group at £31.17 million (2021: £30.6 million), which is 1% of total assets (2021: 2% of net assets). We apply overall materiality to all balances relating to investment properties, properties under development, loans & borrowings and equity.

We have determined that for other account balances not related to investment properties, properties under development, loans and borrowings or equity, a misstatement of less than overall materiality for the financial statements as a whole could influence the economic decisions of users. We believe that it is most appropriate to use a profit-based measure as profit is also a focus of users of the financial statements. We have determined that materiality for these areas should be based upon 5% of adjusted profit (2021: 5% of EPRA earnings), being £4.33m (2021: £3.3m).

We determined materiality for the Parent Company to be £28.86 million (2021: £1.64 million), which is 2% of equity (2021: 2% of net assets, capped at 50% of lower level Group materiality).

During the course of our audit, we reassessed initial materiality with the only change in the final materiality from our original assessment at planning being to reflect the actual reported performance of the group in the year. This resulted in an overall materiality of £31.17m compared with our initial assessment at the planning stage of £30.75m and a specific materiality of £4.33m compared with our initial assessment at the planning stage of £4.25m. Materiality for the Parent Company was also reassessed, resulting in materiality of £28.86m compared with our initial assessment at the planning stage of £28.67m.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 50% (2021: 70%) of our planning materiality, namely £15.59m (2021: £21.42m) for overall materiality and £2.17m (£2.31m) for specific materiality. We have set performance materiality at this percentage due this being our first year as auditor of Assura plc.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, the range of performance materiality allocated to components was £0.43m to £1.30m (2021: £0.01m to £1.8m).

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.6m (2021: £1.5m), as well as audit differences in excess of £0.2m (2021: £0.2m) that relate to our specific testing of the other account balances not related to investment properties, properties under development, loans and borrowings or equity. These thresholds are set at 5% of planning materiality. We also agreed to report differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASSURA PLC

CONTINUED

Other information

The other information comprises the information included in the annual report set out on pages 1 to 80, including the Strategic Report and Governance section, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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 and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Corporate Governance Statement

We have reviewed the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and Company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 80;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 80;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out on page 80;
- Directors' statement on fair, balanced and understandable set out on page 126;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 74 to 79;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 98; and
- The section describing the work of the Audit Committee set out on page 97.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 126, 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 and 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, UK Companies Act, Listing Rules), REIT, EPRA and tax legislation.
- We understood how Assura plc is complying with those frameworks by making enquiries of management, those charged with governance, internal audit, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Committee and attendance at all meetings of the Audit Committee.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by meeting with individuals from various parts of the business to understand where it considered there was a susceptibility to fraud. We considered the programmes and controls that the Group has established to address the risks identified, or that otherwise prevent, deter or detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition and investment properties detailed above and the testing of journals, and were designed to provide reasonable assurance that the financial statements were free from material fraud and error.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations that could give rise to a material misstatement in the financial statements. Our procedures involved journal entry testing, with a focus on consolidation journals and journals indicating large or unusual transactions based on our understanding of the group; enquiries of Group management, those charged with governance, legal counsel, and internal audit; and testing as described above. In addition, we completed procedures to conclude on the compliance of the disclosures in the Annual Report and Accounts with the requirements of the relevant accounting standards, UK legislation and the UK Corporate Governance Code 2018.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit Committee we were appointed by the Company to audit the financial statements for the year ending 31 March 2022 and subsequent financial periods
- The period of total uninterrupted engagement including previous renewals and reappointments is 1 year, covering the year ending 31 March 2022.
- The audit opinion is consistent with the additional report to the Audit Committee.

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.

Jamie Dixon (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester
23 May 2022

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2022

	Note	2022			2021		
		EPRA £m	Capital and non-EPRA £m	Total £m	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		132.2	4.7	136.9	117.0	3.8	120.8
Property operating expenses		(5.7)	(4.7)	(10.4)	(5.0)	(3.8)	(8.8)
Net rental income	3	126.5	-	126.5	112.0	-	112.0
Administrative expenses	4	(11.7)	-	(11.7)	(13.5)	-	(13.5)
Revaluation gains	9	-	69.4	69.4	-	41.6	41.6
Gain on sale of property		-	0.3	0.3	-	0.9	0.9
Share-based payment charge	19	(0.7)	-	(0.7)	(0.5)	-	(0.5)
Finance income		0.4	-	0.4	0.2	-	0.2
Finance costs	5	(28.4)	-	(28.4)	(25.3)	(7.1)	(32.4)
Profit before taxation		86.1	69.7	155.8	72.9	35.4	108.3
Taxation	21	0.1	-	0.1	-	-	-
Profit for the year attributable to equity holders of the parent		86.2	69.7	155.9	72.9	35.4	108.3
EPS - basic & diluted	6			5.6p			4.1p
EPRA EPS - basic & diluted	6	3.1p			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 2022

	Note	2022 £m	2021 £m
Non-current assets			
Investment property	9	2,751.9	2,453.3
Property work in progress		15.2	13.6
Property, plant and equipment	10	0.5	0.3
Investments	8	3.8	0.7
Deferred tax asset	21	0.6	0.5
		2,772.0	2,468.4
Current assets			
Cash, cash equivalents and restricted cash	11	243.5	46.6
Trade and other receivables	12	28.6	27.4
Property assets held for sale	9	76.4	14.7
		348.5	88.7
Total assets		3,120.5	2,557.1
Current liabilities			
Trade and other payables	13	44.9	40.7
Head lease liabilities	14	0.1	0.1
Deferred revenue	15	30.1	25.4
		75.1	66.2
Non-current liabilities			
Borrowings	16	1,244.4	948.7
Head lease liabilities	14	5.4	5.4
Deferred revenue	15	6.0	6.1
		1,255.8	960.2
Total liabilities		1,330.9	1,026.4
Net assets		1,789.6	1,530.7
Capital and reserves			
Share capital	17	294.8	267.2
Share premium		918.5	763.1
Merger reserve	17	231.2	231.2
Retained earnings		345.1	269.2
Total equity		1,789.6	1,530.7
NAV per Ordinary Share			
- basic	7	60.7p	57.3p
- diluted	7	60.7p	57.3p
EPRA NTA per Ordinary Share			
- basic	7	60.7p	57.3p
- diluted	7	60.7p	57.2p

The financial statements were approved at a meeting of the Board of Directors held on 23 May 2022 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2020		241.3	595.5	231.2	234.4	1,302.4
Profit attributable to equity holders		-	-	-	108.3	108.3
Total comprehensive income		-	-	-	108.3	108.3
Issue of Ordinary Shares	17	24.2	161.8	-	-	186.0
Issue costs	17	-	(4.3)	-	-	(4.3)
Dividends	18	1.6	10.1	-	(73.6)	(61.9)
Employee share-based incentives		0.1	-	-	0.1	0.2
31 March 2021		267.2	763.1	231.2	269.2	1,530.7
Profit attributable to equity holders		-	-	-	155.9	155.9
Total comprehensive income		-	-	-	155.9	155.9
Issue of Ordinary Shares	17	26.9	155.7	-	-	182.6
Issue costs	17	-	(4.7)	-	-	(4.7)
Dividends	18	0.6	4.4	-	(80.4)	(75.4)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2022		294.8	918.5	231.2	345.1	1,789.6

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Operating activities			
Rent received		139.3	117.2
Interest paid and similar charges		(25.0)	(24.6)
Fees received		1.4	1.1
Interest received		0.4	0.2
Cash paid to suppliers and employees		(21.5)	(16.5)
Net cash inflow from operating activities	20	94.6	77.4
Investing activities			
Purchase of investment property		(241.8)	(236.1)
Development expenditure		(63.7)	(56.9)
Proceeds from sale of property		15.1	26.2
Other investments and property, plant and equipment		(3.5)	(0.7)
Net cash outflow from investing activities		(293.9)	(267.5)
Financing activities			
Issue of Ordinary Shares	17	182.6	186.0
Issue costs paid on issuance of Ordinary Shares	17	(4.7)	(4.3)
Dividends paid		(75.4)	(61.9)
Repayment of loan/borrowings	16	(20.0)	(190.0)
Long-term loans drawn down	16	315.9	298.1
Early repayment costs	16	-	(6.4)
Interest on head lease liabilities		(0.1)	(0.1)
Loan issue costs	16	(2.1)	(3.2)
Net cash inflow from financing activities		396.2	218.2
Increase in cash, cash equivalents and restricted cash		196.9	28.1
Opening cash, cash equivalents and restricted cash		46.6	18.5
Closing cash, cash equivalents and restricted cash	11	243.5	46.6

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I Governance

I Financial statements

I Additional information

NOTES TO THE ACCOUNTS

For the year ended 31 March 2022

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 been prepared in accordance with UK-adopted international accounting standards (IFRS).

In concluding that the going concern basis of preparation is appropriate for the period to 31 May 2023, the Board of Directors have had reference to financial forecasts (including a number of sensitivities and scenarios) showing that borrowing facilities are adequate, the Group can operate within these facilities and meets its obligations when they fall due. All investment in the financial forecasts is at management's discretion, with the exception of committed development spend (see Note 23). The Group has adequate headroom in its banking covenants and has been in compliance throughout the previous 12 months. In reaching its conclusion, the Directors have considered the specific impact of Brexit, COVID-19 and climate change, concluding that none of these are significant risks to the Group based on the current position.

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.

In preparing the financial statements, management has considered the impact of climate change, taking into account the relevant disclosures in the Strategic Report, including those made in accordance with TCFD, and considered the impact of the issues identified to be appropriately built into the financial statements (albeit the impact is currently considered immaterial to the carrying value of the Group's assets).

Standards affecting the financial statements

There are no new standards or amendments that became effective for the Company in the year ended 31 March 2022.

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 IAS 1 regarding the classification of Liabilities as Current or Non-Current (1 January 2023)
- Annual improvements to IFRS Standards 2018–2020 (1 January 2022)
- Amendments to IFRS 3 Business Combinations reference to the Conceptual Framework (1 January 2022)

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. The valuation is most subjective to the inputs of net initial yield, equivalent yield and Estimated Rental Value ("ERV"), which are considered by the Group to be the assumptions with the highest risk of causing a material movement in the next financial year. Note 9 includes details and sensitivities of these outputs.

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.

2. Significant accounting policies continued

Basis of consolidation

Subsidiaries, associates and joint ventures

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 and joint ventures are accounted for using the equity method, initially recognised at cost and adjusted for post-acquisition changes in the Group's share of the net assets. Losses of the joint venture in excess of the Group's interest are not recognised. 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 recognised dividend income when the rights to receive payment have been established (normally when declared and paid).

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date.

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 the scheme becomes legally committed (i.e. agreement for lease in place and NHS approval is received). 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.

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.

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 are recorded at transaction value and trade payables are recorded at invoice value (including VAT where applicable). 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 provide additional useful information on performance and trends to shareholders, in particular where EPRA measures are used to aid comparability between real estate companies. 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. See Notes 6 and 7 for EPRA measures and the Glossary for a description of key terms.

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, and the Glossary for description of key terms.

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

	2022 £m	2021 £m
Rental revenue	130.8	115.9
Service charge income	4.7	3.8
Other related income	1.4	1.1
Gross rental and related income	136.9	120.8
	2022 £m	2021 £m
Gross rental and related income	136.9	120.8
Direct property expenses	(5.7)	(5.0)
Service charge expenses	(4.7)	(3.8)
Net rental income	126.5	112.0

During the year, £0.2m of rental revenue was generated from operations in Ireland (2021: nil).

4. Administrative expenses

	Note	2022 £m	2021 £m
Wages and salaries		5.4	4.7
Social security costs		0.8	0.7
		6.2	5.4
Auditor's remuneration	4(a)	0.5	0.4
Directors' remuneration and fees		2.0	1.8
Assura Community Fund contribution		–	2.5
Other administrative expenses		3.0	3.4
		11.7	13.5

The Group operates a defined contribution pension scheme, available to all employees. The Group contribution to the scheme during the year was £363,700 (2021: £315,100), which represents the total expense recognised through the income statement. As at 31 March 2022, contributions of £37,500 (2021: £33,300) due in respect of the reporting period had not been paid over to the plan but were all paid in April 2022.

The average number of employees in the year was 83 (2021: 77).

Full disclosure of Directors' emoluments, as required by the Companies Act 2006, can be found in the Remuneration Report on pages 99 to 123.

	2022 £m	2021 £m
Key management staff (Executive Committee)		
Salaries, pension holiday pay, payments in lieu of notice and bonus	3.1	3.0
Cost of employee share-based incentives (including related social security costs)	0.6	0.2
Social security costs	0.5	0.5
	4.2	3.7

(a) Auditor's remuneration

	2022 £m	2021 £m
Fees payable to auditor for audit of Company's annual accounts	0.2	0.2
Fees payable to auditor for audit of Company's subsidiaries	0.1	0.1
Total audit fees	0.3	0.3
Other assurance services (total non-audit fees to auditor) – half year review and bond comfort letters	0.1	0.1
	0.4	0.4

The Group changed auditor with effective from 1 April 2021, £0.1m was paid to the previous auditor in the current year relating to non-audit services.

5. Finance costs

	2022 £m	2021 £m
Interest payable	28.0	25.8
Interest capitalised on developments	(1.6)	(1.8)
Amortisation of loan issue costs	1.9	1.2
Interest on head lease liability	0.1	0.1
Total finance costs – presented through EPRA earnings	28.4	25.3
Write-off of loan issue costs	–	0.7
Early repayment costs	–	6.4
Total finance costs	28.4	32.4

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2021: 4% to 5%).

6. Earnings per Ordinary Share

	Earnings 2022 £m	EPRA earnings 2022 £m	Earnings 2021 £m	EPRA earnings 2021 £m
Profit for the year	155.9	155.9	108.3	108.3
Revaluation gains		(69.4)		(41.6)
Gain on sale of property		(0.3)		(0.9)
Loan early repayment cost		–		7.1
EPRA earnings		86.2		72.9
Additional Company-specific adjustment				
Add back: One-off Assura Community Fund contribution		–		2.5
Adjusted EPRA earnings (exc. Community Fund contribution)		86.2		75.4
EPS – basic & diluted	5.6p		4.1p	
EPRA EPS – basic & diluted		3.1p		2.7p
Adjusted EPRA EPS (exc. Community Fund contribution)		3.1p		2.8p
			2022	2021
Weighted average number of shares in issue		2,780,731,947	2,658,746,619	
Potential dilutive impact of share options		1,225,519	1,637,671	
Diluted weighted average number of shares in issue		2,781,957,466	2,660,384,290	

The current number of potentially dilutive shares relates to nil-cost options under the share-based payment arrangements and is 1.2 million (2021: 1.6 million).

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated October 2019.

7. NAV per Ordinary Share

2022 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		1,789.6	1,789.6	1,789.6	1,789.6
Deferred tax			(0.6)	(0.6)	-
Fair value of debt			-	-	59.4
Real estate transfer tax			179.3	-	-
EPRA adjusted			1,968.3	1,789.0	1,849.0
NTA per Ordinary Share	- basic	60.7p		60.7p	
	- diluted	60.7p		60.7p	
NRV per Ordinary Share	- basic		66.8p		
	- diluted		66.7p		
NDV per Ordinary Share	- basic				62.7p
	- diluted				62.7p
2021 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		1,530.7	1,530.7	1,530.7	1,530.7
Deferred tax			(0.5)	(0.5)	-
Fair value of debt			-	-	(34.6)
Real estate transfer tax			158.8	-	-
EPRA adjusted			1,689.0	1,530.2	1,496.1
NTA per Ordinary Share	- basic	57.3p		57.3p	
	- diluted	57.3p		57.2p	
NRV per Ordinary Share	- basic		63.2p		
	- diluted		63.2p		
NDV per Ordinary Share	- basic				56.0p
	- diluted				56.0p
		2022		2021	
Number of shares in issue		2,948,359,637		2,671,853,938	
Potential dilutive impact of share options		1,225,519		1,637,671	
Diluted number of shares in issue		2,949,585,156		2,673,491,609	

For definitions of the above EPRA NAV metrics, see page 163.

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*	BHE (Heartlands) Ltd*	Park Medical Services Ltd*
Assura (SC2) Ltd*	BHE (St James) Ltd*	PCC Investments (IE) Ltd (Ireland)*
Assura Aspire Ltd*	Bicester HC Developments Ltd*	PH Investments (No 2) Limited
Assura Aspire UK Ltd*	Community Ventures Windmill Ltd*	Pentagon HS Ltd*
Assura Development Hub Ltd*	Donnington Healthcare Ltd*	Prime Hereford Hub Ltd*
Assura GHC Ltd*	Haven Health (Portsmouth) Ltd*	Primeoak Investments Ltd*
Assura HC Ltd*	Haven Health (Shirley) Ltd*	Prospect Medical (Malvern) Ltd*
Assura HC UK Ltd*	Lakeland Health Village Ltd (Northern Ireland)*	Shotfield Development Business Partnership Ltd*
Assura Health Investments Ltd*	Malmesbury Medical Enterprise Ltd*	SJM Developments Ltd*
Assura Medical Centres Ltd*	Medical Properties Limited*	Spark Property Investments Ltd*
Assura PCP UK Ltd*	Meridian Medical Services Ltd*	Sunfair Properties Ltd*
Assura Primary Care Properties Ltd*	Metro MRH Ltd*	Surgery Developments Ltd*
Assura Properties Ltd*	Metro MRI Ltd*	Trinity Medical Properties Ltd*
Assura Properties UK Ltd*	Metro MRM Ltd*	Upton Community Health Care Ltd*
Assura Trellech Ltd*	Newton Healthcare Ltd*	
Holding or dormant companies		
Apollo Capital Projects Development Ltd*	Assura P3 Ltd*	GP Premises Ltd*
Assura (AHI) Ltd*	Assura P4 Ltd*	Holywell House Ltd*
Assura Banbury Ltd*	Assura P5 Ltd*	Mapleoak Investments Ltd*
Assura Beeston Ltd*	Assura P6 Ltd*	Oakcastle Investments (XXI) Ltd*
Assura CS Ltd*	Assura Property Management Ltd*	PCD Pembrokeshire Ltd*
Assura CVSK Ltd*	Assura Services Ltd*	PCI Management Ltd*
Assura Financing plc*	Broadfield Surgery Ltd*	Primary Care Properties (Manchester) Ltd*
Assura Group Ltd (Guernsey)	Cheltenham Family Health Care Centre Ltd*	Ridge Medical Ltd*
Assura Haven Health Ltd*	Community Ventures Hartlepool Ltd*	The 3P Development Ltd*
Assura IH Ltd	Community Ventures Hartlepool Midco Ltd*	Upton Medical Ltd*
Assura Investments Ltd*	Crescent Exchange Solutions Holdings Limited*	Whitton Limited (Jersey)*
Assura Management Services Ltd*	Destra Windmill Ltd*	Whitton Property Limited*
Assura P1 Ltd*	General Practice Investment Corporation Ltd*	Xantaris Investments (March) Ltd*
Assura P2 Ltd*	GP Premises Holdings Ltd*	Xantaris Investments (XXI) Ltd*

* Indicates subsidiary owned by intermediate subsidiary of Assura plc.

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 company registered in Guernsey has a registered address of PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The Jersey company's registered address is 2nd Floor, Gaspe House, 66-72 Esplanade, St Helier, Jersey. The company registered in Ireland has a registered address of 5th Floor Beaux Lane House, Mercer Street Lower, Dublin 2, Ireland and the company registered in Northern Ireland has a registered address of 42 Queen Street, Belfast, Northern Ireland, BT1 6HL. Taking into consideration the facts of each transaction, acquisitions of companies completed during the years ended 31 March 2022 and 31 March 2021 have been accounted for as asset purchases as opposed to business combinations.

(a) Joint ventures

The Group has a 50% interest in and joint control of Theia Investments LLP, a joint venture with Modality Partnership. The LLP is registered in England (the registered address is The Brew House, Greenalls Avenue, Warrington WA4 6HL). There was no profit or loss for the year ended 31 March 2022. The carrying amount of interests in joint ventures was £3.1 million (2021: n/a).

(b) Investments

During the year ended 31 March 2020, 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). £0.7 million had been invested as at 31 March 2022 (2021: £0.7 million). This investment has initially been recorded at cost and will subsequently be recorded at fair value through the income statement. At 31 March 2022, the Group owns less than 10% (2021: 30%) and the Directors believe the cost is equal to the fair value.

During the year, the Group disposed of its remaining interest in Virgin Healthcare Holdings Limited which comprised 0.7% equity holding (2021 book value: £nil) and loan note receivable (2021 book value: £nil) for consideration of £1. As the investment had been written down to nil book value in prior years, no profit or loss on disposal has been recognised in the current period.

9. Property assets

Investment property and investment property under construction ("IPUC").

Properties are stated at fair value as at 31 March 2022. The fair value has been determined by the Group's external valuers CBRE, Cushman & Wakefield and Jones Lang LaSalle. 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 2022 £m	IPUC 2022 £m	Total 2022 £m	Investment 2021 £m	IPUC 2021 £m	Total 2021 £m
Opening market value	2,404.3	43.5	2,447.8	2,075.9	57.5	2,133.4
Additions:						
- acquisitions	233.5	-	233.5	228.9	-	228.9
- improvements	8.5	-	8.5	4.6	-	4.6
	242.0	-	242.0	233.5	-	233.5
Development costs	-	62.1	62.1	-	56.9	56.9
Transfers	42.1	(42.1)	-	77.7	(77.7)	-
Transfer to assets held for sale	(76.0)	-	(76.0)	(14.3)	-	(14.3)
Capitalised interest	-	1.6	1.6	-	1.9	1.9
Disposals	(0.5)	-	(0.5)	(5.2)	-	(5.2)
Unrealised surplus on revaluation	65.4	4.0	69.4	36.7	4.9	41.6
Closing market value	2,677.3	69.1	2,746.4	2,404.3	43.5	2,447.8
Add head lease liabilities recognised separately	5.5	-	5.5	5.5	-	5.5
Closing fair value of investment property	2,682.8	69.1	2,751.9	2,409.8	43.5	2,453.3

	2022 £m	2021 £m
Market value of investment property as estimated by valuer	2,674.3	2,400.4
Add IPUC	69.1	43.5
Add capitalised lease premiums and rental payments	3.0	3.9
Add head lease liabilities recognised separately	5.5	5.5
Fair value for financial reporting purposes	2,751.9	2,453.3
Completed investment property held for sale	76.0	14.3
Land held for sale	0.4	0.4
Total property assets	2,828.3	2,468.0

	2022 £m	2021 £m
Investment property	2,674.3	2,400.4
Investment property held for sale	76.0	14.3
Total completed investment property	2,750.3	2,414.7

	2022 £m
Assets held for sale at 1 April 2021	14.7
Disposals during the year	(14.3)
Net transfers from investment property	76.0
Assets held for sale at 31 March 2022	76.4

At March 2022, 63 assets are held as available for sale (2021: 11 assets). These properties are either being actively marketed for sale or have a negotiated sale agreed which is currently in legal hands.

NOTES TO THE ACCOUNTS CONTINUED

For the year ended 31 March 2022

9. Property assets continued

Fair value hierarchy

The fair value measurement hierarchy for all investment property and IPUC as at 31 March 2022 was Level 3 – Significant unobservable inputs (2021: 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”.

Unobservable inputs

The key unobservable inputs in the property valuation are the net initial yield, 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).

In respect of 93% of the portfolio by value, the net initial yield ranges from 3.5% to 8.7% (2021: 3.4% to 8.1%) and the equivalent yield ranges from 3.3% to 8.5% (2021: 3.8% to 8.1%). A decrease in the net initial or equivalent yield applied to a property would increase the market value. Factors that affect the 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 3.5% to 4.5%. Higher yields (range 5.0% 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 in either net initial or equivalent yield would have approximately a £153 million (2021: £132 million) impact on the investment property valuation.

The ERV ranges from £100 to £669 per sq.m (2021: £100 to £427 per sq.m), in respect of 100% of the portfolio by value. An increase in the ERV of a property would increase the market value. A 2% increase in the ERV would have approximately a £54.8 million (2021: £48.3 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 £1.7 million (2021: £1.3 million) and accumulated depreciation of £1.2 million (2021: £1.0 million), giving a net book value of £0.5 million (2021: £0.3 million).

There were £0.4 million additions during the year (2021: £0.2 million) and depreciation charged to the income statement was £0.2 million (2021: £0.1 million).

Depreciation is charged on a straight-line basis over the estimated useful economic life of the asset.

11. Cash, cash equivalents and restricted cash

	2022 £m	2021 £m
Cash held in current account	243.4	46.3
Restricted cash	0.1	0.3
	243.5	46.6

Restricted cash arises where there are rent deposits, interest payment guarantees or cash is ring-fenced for committed property development expenditure, which is released to pay contractors' invoices directly.

12. Trade and other receivables

	2022 £m	2021 £m
Trade receivables	14.3	18.4
Accrued income	5.9	5.4
Prepayments	1.4	1.4
Other debtors	7.0	2.2
	28.6	27.4

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 (2021: £nil). As at 31 March 2022 and 31 March 2021, 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
2022	14.3	8.9	0.4	0.4	4.6
2021	18.4	13.7	1.2	0.5	3.0

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

	2022 £m	2021 £m
Trade creditors	2.4	5.2
Other creditors and accruals	40.5	31.9
VAT creditor	2.0	3.6
	44.9	40.7

The maturity of trade and other payables is disclosed in Note 22.

14. Head lease liabilities

	2022 £m	2021 £m
Current	0.1	0.1
Non-current	5.4	5.4
	5.5	5.5

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

	2022 £m	2021 £m
Arising from rental income received in advance	29.5	24.9
Arising from pharmacy lease premiums received in advance	6.6	6.6
	36.1	31.5
Current	30.1	25.4
Non-current	6.0	6.1
	36.1	31.5

16. Borrowings

	2022 £m	2021 £m
At 1 April	948.7	841.5
Amount drawn down in year	315.9	298.1
Amount repaid in year	(20.0)	(190.0)
Loan issue costs	(2.1)	(3.2)
Amortisation of loan issue costs	1.9	1.6
Write-off of loan issue costs	-	0.7
At 31 March	1,244.4	948.7
Due within one year	-	-
Due after more than one year	1,244.4	948.7
At 31 March	1,244.4	948.7

The Group has the following bank facilities:

- 10-year senior unsecured bond of £300 million at a fixed rate of 3% maturing July 2028, 10-year senior unsecured Social Bond of £300 million at a fixed interest rate of 1.5% maturing September 2030 and 12-year senior unsecured Sustainability Bond of £300 million at a fixed rate of 1.625% maturing June 2033. The Social and Sustainability Bonds were launched in accordance with Assura's Social & Sustainable Finance Frameworks respectively to be used for eligible investment in the acquisition, development and refurbishment of publicly accessible primary care and community healthcare centres. The bonds are 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 in 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.
- Five-year club revolving credit facility with Barclays, HSBC, NatWest and Santander for £125 million on an unsecured basis at an initial margin of 1.60% above SONIA subject to LTV and expiring in November 2024. The margin increases based on the LTV of the subsidiaries to which the facility relates, up to 1.95% where the LTV is in excess of 45%. The facility is subject to a historical interest cover requirement of at least 175% and maximum LTV of 60%. As at 31 March 2022, the facility was undrawn (2021: undrawn). The facility was £300 million as at March 2021 and during the year the decision was taken by the Company to reduce the facility to £125 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. 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 10 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.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the year. Debt instruments held at year-end have prepayment options that can be exercised at the sole discretion of the Group. As at the year end no prepayment option has been exercised. Borrowings are stated net of unamortised loan issue costs and unamortised bond pricing adjustments totalling £12.6 million (2021: £8.3 million).

17. Share capital

	Number of shares 2022	Share capital 2022 £m	Number of shares 2021	Share capital 2021 £m
Ordinary Shares issued and fully paid				
At 1 April	2,671,853,938	267.2	2,413,241,827	241.3
Issued 9 April 2020	-	-	240,207,920	24.0
Issued 15 April 2020 – scrip	-	-	6,543,440	0.7
Issued 15 July 2020 – scrip	-	-	1,290,983	0.1
Issued 22 July 2020	-	-	676,549	0.1
Issued 4 September 2020	-	-	213,319	-
Issued 14 October 2020 – scrip	-	-	1,879,606	0.2
Issued 4 November 2020	-	-	1,199,598	0.1
Issued 13 January 2021 – scrip	-	-	6,433,015	0.7
Issued 5 February 2021	-	-	167,681	-
Issued 9 April 2021	682,128	0.1	-	-
Issued 14 April 2021 – scrip	3,011,418	0.3	-	-
Issued 7 July 2021	867,377	0.1	-	-
Issued 14 July 2021 – scrip	501,077	-	-	-
Issued 13 October 2021 – scrip	362,022	-	-	-
Issued 26 October 2021	240,000	0.1	-	-
Issued 11 November 2021	267,554,740	26.7	-	-
Issued 12 January 2022 – scrip	3,286,937	0.3	-	-
Total share capital	2,948,359,637	294.8	2,671,853,938	267.2

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 2020, July 2020, October 2020, January 2021, April 2021, July 2021, October 2021 and January 2022 were issued to shareholders who elected to receive Ordinary Shares in lieu of a cash dividend under the Company scrip dividend alternative. In the year to 31 March 2022 this increased share capital by £0.6 million and share premium by £4.4 million (2021: £1.6 million and £10.1 million respectively).

In April 2020, a total of 240,207,920 new Ordinary Shares were placed at a price of 77 pence per share. The equity raise resulted in gross proceeds of £185.0 million which has been allocated appropriately between share capital (£24.0 million) and share premium (£161.0 million). Issue costs totalling £4.3 million were incurred and have been allocated against share premium.

In November 2021, a total of 267,554,740 new Ordinary Shares were placed at a price of 68 pence per share. The equity raise resulted in gross proceeds of £182.0 million which has been allocated appropriately between share capital (£26.8 million) and share premium (£155.2 million). Issue costs totalling £4.7 million were incurred and have been allocated against share premium.

The Ordinary Shares issued on 4 November 2020, 9 April 2021 and 26 October 2021 were issued as part consideration for the acquisition of medical centres.

The Ordinary Shares issued in July 2020, September 2020, February 2021 and July 2021 relate to employee share awards under the Performance Share Plan. The shares issued on 4 September 2020 (213,319) and a portion of the shares issued on 7 July 2021 (230,934) were issued to the EBT on behalf of employees under the PSP, see Note 19.

The share capital relates to the Group and Company.

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	2022 £m	2021 £m
15 April 2020	0.697	2,413,241,824	–	16.9
15 July 2020	0.71	2,654,993,187	–	18.9
14 October 2020	0.71	2,662,174,038	–	18.9
13 January 2021	0.71	2,665,253,242	–	18.9
14 April 2021	0.71	2,671,853,938	19.0	–
14 July 2021	0.74	2,675,547,484	19.8	–
13 October 2021	0.74	2,676,915,938	19.8	–
12 January 2022	0.74	2,945,072,700	21.8	–
			80.4	73.6

The April dividend for 2022/23 of 0.74 pence per share was paid on 13 April 2022 and the July dividend for 2022/23 of 0.78 pence per share is currently planned to be paid on 13 July 2022 with a record date of 10 June 2022.

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 April 2020, October 2020, April 2021 and October 2021 dividends were PIDs as defined under the REIT regime. Future dividends will be a mix of PID and normal dividends as required.

The dividends paid disclosure relates to both the Group and Company.

19. Share-based payments

As at 31 March 2022 the Group has two long-term incentive schemes in place – the Performance Share Plan ("PSP") and the newly introduced Share Incentive Plan ("SIP").

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.

The SIP is open to all permanent employees that have passed their probationary period and works on the principle of the Group matching voluntary employee contributions deducted from the monthly payroll. This scheme is accounted for as an expense when the shares are granted to the employees, with the fair value based on the share price on the day of grant.

As at 31 March 2022, the Employee Benefit Trust held 444,253 (2021: 213,319) 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 and holding any restricted shares awarded to employees.

Performance Share Plan

During the year, 1,697,818 nil-cost options were awarded to senior management under the PSP. Participants' awards will vest after a three-year period if certain targets relating to TSR, EPS and ESG 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 2021	5,165,952
Options issued during the year	1,697,818
Options exercised during the year	(636,443)
Options lapsed during the year	(1,200,476)
Options outstanding at 31 March 2022	5,026,851

Of the options outstanding at 31 March 2022, 1,922,100 have a performance period ending 31 March 2022, 1,406,933 for the period ending 31 March 2023 and 1,697,818 for the period ending 31 March 2024.

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 Monte Carlo Model, taking into account the terms and conditions upon which awards were granted. The following table lists the key inputs to the models used:

	2022	2021
Expected share price volatility (%)	23	22
Risk free interest rate (%)	0.14	(0.06)
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 2022 was £1,039,344 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 £0.7 million (2021: £0.5 million).

20. Note to the consolidated cash flow statement

	2022 £m	2021 £m
Reconciliation of net profit before taxation to net cash inflow from operating activities:		
Net profit before taxation	155.8	108.3
Adjustments for:		
Increase in debtors	(0.9)	(5.2)
Increase in creditors	8.4	9.5
Revaluation gain	(69.4)	(41.6)
Interest capitalised on developments	(1.6)	(1.9)
Gain on disposal of properties	(0.3)	(0.9)
Depreciation	0.2	0.1
Employee share-based incentive costs	0.5	0.4
Early repayment costs	-	7.1
Amortisation of loan issue costs	1.9	1.6
Net cash inflow from operating activities	94.6	77.4

21. Tax and deferred tax

There were no amounts relating to corporation tax recorded in the income statement during 2022 or 2021. The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2022 £m	2021 £m
Profit before taxation	155.8	108.3
UK income tax at rate of 19% (2021: 19%)	29.6	20.6
Effects of:		
Non-taxable income (including REIT exempt income)	(29.6)	(20.6)
Movement in unrecognised deferred tax	(0.1)	-
	(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 2022/23 (2021/22: 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 April 2021 and October 2021 dividends paid by the Group were PIDs. 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 2022.

The deferred tax asset consists of the following:

	2022 £m	2021 £m
At 1 April	0.5	0.5
Income statement movement	0.1	-
At 31 March	0.6	0.5

21. Tax and deferred tax continued

The amounts of deductible temporary differences and unused tax losses (which have not been recognised) are as follows:

	2022 £m	2021 £m
Tax losses	219.6	212.3
Other timing differences	0.9	0.9
	220.5	213.3

The majority of tax losses carried forward relate to capital losses generated on the disposal of former divisions of the Group.

	2022 £m	2021 £m
Tax losses	55.0	40.3
Other temporary differences	0.3	0.2
	55.3	40.5

An increase in the main rate of corporation tax from 19% to 25%, effective from April 2023, was substantively enacted on 24 May 2021. The deferred tax assets at 31 March 2022 have been re-measured accordingly.

22. 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 £33.9 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 1,350 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 £125 million revolving credit facility is due to mature in November 2024 and the next maturity of the long-term fixed facilities is 2025.

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 11.8 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 receivables 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 2022						
Non-cancellable leases	-	34.0	101.9	525.7	1,147.1	1,808.7
Trade and other receivables	-	28.6	-	-	-	28.6
	-	62.6	101.9	525.7	1,147.1	1,837.3
Receivables as at 31 March 2021						
Non-cancellable leases	-	30.4	91.2	475.2	970.7	1,567.5
Trade and other receivables	-	27.4	-	-	-	27.4
	-	57.8	91.2	475.2	970.7	1,594.9

22. Financial instruments continued

The table below summarises the maturity profile of the Group's financial liabilities, including interest, at 31 March 2022 and 31 March 2021 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 2022						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	7.2	21.5	284.7	1,171.9	1,485.3
Trade and other payables	–	34.4	10.7	0.3	5.0	50.4
Total financial liabilities	–	41.6	32.2	285.0	1,176.9	1,535.7
Payables as at 31 March 2021						
Non-derivative financial liabilities:						
Interest bearing loans and borrowings	–	6.3	18.8	177.2	1,018.3	1,220.6
Trade and other payables	–	32.9	7.8	0.2	5.1	46.0
Total financial liabilities	–	39.2	26.6	177.4	1,023.4	1,266.6

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.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2022 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash, cash equivalents and restricted cash	243.5	–	–	243.5
Liabilities (fixed rate unless stated)				
Long-term loans:				
Private placements	–	(170.0)	(187.0)	(357.0)
Unsecured bonds	–	–	(900.0)	(900.0)
Payments due under finance leases	0.1	0.4	5.0	5.5

Details of the principal amounts, maturities, interest rates and covenants of all debt instruments are provided in Note 16.

The ageing analysis of the financial assets and liabilities excluding trade receivables and payables of the Group at 31 March 2021 was as follows:

	Within 1 year £m	1 to 5 years £m	>5 years £m	Total £m
Floating rate asset				
Cash, cash equivalents and restricted cash	46.6	–	–	46.6
Liabilities (fixed rate unless stated)				
Long-term loans:				
Private placements	–	–	(357.0)	(357.0)
Unsecured bond	–	–	(600.0)	(600.0)
Payments due under finance leases	0.1	0.4	5.0	5.5

22. Financial instruments continued

Sensitivity analysis

The table below shows the book and fair value of financial instruments. As at 31 March 2022, 100% of debt drawn by the Group is subject to fixed interest rates and the only current variable rate facility is the RCF. A 0.25% movement in interest rates (deemed to be a reasonable approximation of possible changes in interest rates) would cause no change to profit (2021: no change to profit), based on the amount of variable rate debt drawn at the period end.

	Book value		Fair value	
	2022 £m	2021 £m	2022 £m	2021 £m
Long-term loans – fair value hierarchy Level 1	900.0	596.9	844.6	627.0
– fair value hierarchy Level 2	357.0	357.0	346.4	364.5
– other	–	–	–	–
Cash, cash equivalents and restricted cash	243.5	46.6	243.5	46.6
Payments due under head leases	5.5	5.5	5.5	5.5

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 36% at 31 March 2022 (31 March 2021: 37%).

	2022 £m	2021 £m
Investment property	2,682.8	2,409.8
Investment property under construction	69.1	43.5
Held for sale	76.4	14.7
Total property	2,828.3	2,468.0
	2022 £m	2021 £m
Borrowings	1,244.4	948.7
Head lease liabilities	5.5	5.5
Cash, cash equivalents and restricted cash	(243.5)	(46.6)
Net debt	1,006.4	907.6
LTV	36%	37%

Financial liabilities, which comprise loans and head lease liabilities in the table above, have increased from £954.2 million to £1,249.9 million as at 31 March 2022. The movement primarily relates to loans drawn (movement reconciled in Note 16) which, combined with the equity raise completed during the year, has been used to fund the growth in the investment property portfolio.

23. Commitments

At the year end the Group had 17 (2021: 16) committed developments which were all on site with a contracted total expenditure of £166.4 million (2021: £72.5 million) of which £65.2 million (2021: £36.6 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, which can be requested on demand to cover investments that the fund makes in qualifying, selected PropTech businesses. £0.7 million had been invested as at 31 March 2022.

24. Related party transactions

Details of transactions during the year and outstanding balances at 31 March 2022 in respect of investments held are detailed in Note 8.

Details of payments to key management personnel are provided in Note 4.

COMPANY INCOME STATEMENT

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Revenue			
Dividends received from subsidiary companies		136.5	70.0
Group management charge		3.6	3.0
Total revenue		140.1	73.0
Administrative expenses		(4.0)	(6.1)
Share-based payment charge		(0.6)	(0.4)
Impairment of investment in subsidiary	B	(77.3)	-
Operating profit		58.2	66.5
Profit before taxation		58.2	66.5
Taxation		-	-
Profit attributable to equity holders		58.2	66.5

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.

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COMPANY BALANCE SHEET



As at 31 March 2022

	Note	2022 £m	2021 £m
Non-current assets			
Investments in subsidiary companies	B	87.5	266.1
Amounts owed by subsidiary companies	C	1,356.5	1,162.8
		1,444.0	1,428.9
Current assets			
Cash and cash equivalents	D	0.2	0.1
Other receivables		0.2	0.3
		0.4	0.4
Current liabilities			
Trade and other payables		(1.6)	(1.5)
Amounts owed to subsidiary companies	E	-	(146.2)
		(1.6)	(147.7)
Net assets		1,442.8	1,281.6
Capital and reserves			
Share capital	17	294.8	267.2
Share premium		918.5	763.1
Merger reserve	B	-	77.3
Retained earnings		229.5	174.0
Total equity		1,442.8	1,281.6

The financial statements were approved at a meeting of the Board of Directors held on 23 May 2022 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

Company registered number: 9349441

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2020		241.3	595.5	77.3	180.8	1,094.9
Profit attributable to equity holders		-	-	-	66.5	66.5
Total comprehensive income		-	-	-	66.5	66.5
Issue of Ordinary Shares	17	24.2	161.8	-	-	186.0
Issue costs	17	-	(4.3)	-	-	(4.3)
Dividends	18	1.6	10.1	-	(73.6)	(61.9)
Employee share-based incentives		0.1	-	-	0.3	0.4
31 March 2021		267.2	763.1	77.3	174.0	1,281.6
Profit attributable to equity holders		-	-	-	58.2	58.2
Total comprehensive income		-	-	-	58.2	58.2
Merger reserve release		-	-	(77.3)	77.3	-
Issue of Ordinary Shares	17	26.9	155.7	-	-	182.6
Issue costs	17	-	(4.7)	-	-	(4.7)
Dividends	18	0.6	4.4	-	(80.4)	(75.4)
Employee share-based incentives		0.1	-	-	0.4	0.5
31 March 2022		294.8	918.5	-	229.5	1,442.8

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COMPANY CASH FLOW STATEMENT

For the year ended 31 March 2022

	Note	2022 £m	2021 £m
Operating activities			
Amounts received from subsidiaries		3.6	3.0
Amounts paid to suppliers and employees		(3.9)	(6.1)
Amounts paid to subsidiaries		(0.1)	(0.8)
Net cash outflow from operating activities		(0.4)	(3.9)
Investing activities			
Dividends received from subsidiaries		55.0	70.0
Amounts paid to subsidiaries		(157.0)	(186.0)
Net cash outflow from investing activities		(102.0)	(116.0)
Financing activities			
Issue of Ordinary Shares		182.6	186.0
Issue costs paid on issuance of Ordinary Shares		(4.7)	(4.3)
Dividends paid		(75.4)	(61.7)
Net cash inflow from financing activities		102.5	120.0
Increase in cash and cash equivalents		0.1	0.1
Cash and cash equivalents at start of period		0.1	-
Cash and cash equivalents at end of period	D	0.2	0.1

NOTES TO THE COMPANY ACCOUNTS

For the year ended 31 March 2022

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, including basis of preparation and accounting policies.

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 99 to 123 and form part of these accounts.

The average number of employees in the Company during the year was 2 (2021: 2).

B. Investments in subsidiary companies

	2022 £m	2021 £m
Cost	87.5	484.2
Provision for diminution in value	-	(218.1)
	87.5	266.1

Details of all subsidiaries as at 31 March 2022 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 year the Company received a dividend of £81.5 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 £77.3 million was recorded. A corresponding amount was transferred from the merger reserve to retained earnings which is considered distributable. In the year, Assura Group Limited was wound up, remaining balances were cleared and distributed (being treated as a return in investment), therefore there is no remaining investment in Assura Group Limited, the share holding is £1.

C. Amounts owed by subsidiary companies – non-current

	2022 £m	2021 £m
Amounts owed by Group undertakings	1,356.5	1,162.8

The above amounts are unsecured, non-interest bearing and repayable upon demand. The amounts have been included as non-current as the Company believes it is more representative as they are not expected to be settled in the normal operating cycle.

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.

D. Cash and cash equivalents

	2022 £m	2021 £m
Cash held in current account	0.2	0.1

E. Amounts owed to subsidiary companies – current

	2022 £m	2021 £m
Amounts owed to Group undertakings	–	(146.2)

Amounts owed to Group undertakings are unsecured, non-interest bearing and repayable on demand.

F. Related party transactions

	Charges received £m	Dividends received £m	Amounts owed by £m	Amounts owed to £m
Group undertakings				
31 March 2022	3.6	136.5	1,356.5	–
31 March 2021	3.0	70.0	1,162.8	(146.2)

The above transactions are with subsidiaries.

G. 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 £1.6 million at 31 March 2022 (31 March 2021: £1.5 million).

There are no differences between the book value of cash and trade payables, nor is there any meaningful interest rate sensitivity.

APPENDIX A

Medical centres valued over £10 million

Building official name	Town	Build date	Sq.m	List size	NHS rent %
10 Hammersmith Broadway	London	1989	691	-	100%
79 Harley Street	Marylebone	2006	1,492	-	n/a
Ashfields Health Centre	Sandbach	2004	1,567	26,912	88%
Aspen Centre	Gloucester	2014	3,481	30,458	83%
Birkenhead Medical Building	Birkenhead	2010	2,636	20,634	92%
Bonnyrigg Medical Centre	Bonnyrigg	2005	4,083	22,327	97%
Buckshaw Treatment Centre	Buckshaw	2021	2,415	-	n/a
Castlebar Primary Care Centre	Castlebar	2016	3,637	-	88%
Centre for Diagnostics, Oncology & Wellbeing	Bristol	2014	1,729	-	n/a
Cheltenham Family Health Centre	Cheltenham	1999	3,732	47,615	87%
Church View Medical Centre	South Kirkby	2013	2,812	15,209	90%
Church View Primary Care Centre	Nantwich	2008	3,271	25,057	89%
Coldharbour Works	London	2021	3,901	-	86%
Crompton Health Centre	Bolton	2007	2,964	12,879	82%
Dean Street	London	2011	1,083	-	84%
Dene Drive Primary Care Centre	Winsford	2007	2,793	25,129	88%
Durham Diagnostic Treatment Centre	Durham	2018	2,069	-	100%
Eagle Bridge Health and Wellbeing Centre	Crewe	2007	6,809	46,988	91%
Fleetwood Health and Wellbeing Centre	Fleetwood	2012	5,204	12,067	92%
Freshney Green Primary Care Centre	Grimsby	2009	6,590	27,384	86%
Frome Medical Centre	Frome	2012	4,062	29,431	79%
Garstang Medical Practice	Garstang	2006	2,480	19,872	98%
Hall Green Health Centre	Birmingham	2003	2,409	28,852	85%
Heysham Primary Care Centre	Heysham	2012	3,127	18,042	93%
Hillside Primary Care Centre	Harlesden	2008	1,945	15,738	100%
Jubilee Health Centre	Shotfield	2012	3,011	29,645	90%
Malmesbury Primary Care Centre	Malmesbury	2008	3,205	16,478	89%
Market Drayton Primary Care Centre	Market Drayton	2005	3,589	17,825	90%
Meddygfa Padarn Surgery	Aberystwyth	2012	3,371	-	80%
Moor Park Medical Centre	Blackpool	2011	4,964	28,313	95%
North Ormesby Health Village	North Ormesby	2005	7,652	20,700	64%
Northgate Health Centre	Bridgnorth	2007	3,588	16,254	89%
One Life Building	Middlesbrough	2005	3,326	10,879	91%
Parkshot Medical Centre	Richmond	2014	1,221	14,675	100%
Priory Health Park	Wells	2003	4,628	19,510	83%
Prospect View Medical Centre	Malvern	2011	2,316	24,708	91%
Rothbury Community Hospital & Medical Centre	Rothbury	2007	1,476	5,994	n/a
Severn Fields Health Village	Shrewsbury	2012	6,003	16,979	95%
South Bar House	Banbury	2009	3,692	34,412	89%
St Annes Health Centre	Lytham St Annes	2009	2,259	18,758	97%
Station Medical Centre	Hereford	2020	2,562	49,578	85%
Stratford Healthcare Centre	Stratford-upon-Avon	2005	5,988	20,094	98%
Sudbury Community Health Centre	Sudbury	2014	2,937	10,842	100%
Tees Valley Treatment Centre	Middlesbrough	2018	4,389	-	n/a
The Duchy	Harrogate	1990	3,978	-	n/a
The Montefiore Medical Centre	Ramsgate	2006	2,339	27,912	85%
The Ridge	Bradford	2008	3,763	23,711	89%
The Surgery @ Wheatbridge	Chesterfield	2008	2,862	15,477	74%
The Wells Medical Practice	Tunbridge Wells	2009	2,758	18,481	91%
Todmorden Medical Centre	Todmorden	2008	4,166	16,180	91%
Turnpike House Medical Centre	Worcester	2006	4,132	29,925	90%
Upton Surgery	Upton	2006	1,685	11,789	94%
Waters Green Medical Centre	Macclesfield	2006	6,018	61,884	93%
Waterside Health Centre	Londonderry	2006	4,458	-	66%
Well Street Surgery	Hackney	2008	1,080	13,970	100%
Centre for Diagnostics, Oncology & Wellbeing	Windsor	2017	1,831	-	n/a

Portfolio statistics

Portfolio statistics	Number	Rent (£m)	WAULT (years)	Total floor area (sq.m)	Value (£m)	<£1m	£1-5m	£5-10m	>£10m
North East	144	30.3	12.5	153,737	595.5	9.9	232.1	172.1	181.4
Midlands	106	23.6	13.1	125,469	495.4	7.3	171.9	167.8	148.4
London	80	18.0	10.9	68,410	399.1	1.5	155.8	79.9	161.9
North West	54	16.9	10.4	84,346	357.6	4.1	64.8	36.9	251.8
South East	117	22.4	10.4	113,315	426.9	8.6	210.0	152.5	55.8
South West	59	11.5	14.9	63,159	229.6	6.7	87.7	49.0	86.2
Wales	56	7.7	9.8	49,376	145.0	6.5	81.0	47.2	10.3
Scotland, Ireland & NI	29	5.3	11.1	34,200	101.2	0.9	37.0	27.1	36.2
	645	135.7	11.8	692,012	2,750.3	45.5	1,040.3	732.5	932.0

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 period this is £114.1 million, calculated as net rental income (£126.5 million) less administrative expenses (£11.7 million) and share-based payment charge (£0.7 million).

European Public Real Estate Association ("EPRA") is the industry body for European REITs. EPRA is a registered trade mark of the European Public Real Estate Association.

EPRA Cost Ratio is administrative and operating costs divided by gross rental income. This is calculated both including and excluding the direct costs of vacant space. See page 27.

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 NAV is IFRS NAV adjusted to adjust certain assets to fair value and exclude long-term items not expected to crystallise. This has now been replaced by EPRA NTA. See Note 7.

EPRA Net Disposal Value ("EPRA NDV") is the balance sheet net assets adjusted to reflect the fair value of debt and derivatives. See Note 7.

EPRA Net Reinstatement Value ("EPRA NRV") is the balance sheet net assets excluding deferred tax and adjusted to add back theoretical purchasers' costs that are deducted from the property valuation. See Note 7.

EPRA Net Tangible Assets ("EPRA NTA") is the balance sheet net assets excluding deferred taxation. See Note 7.

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

EPRA "topped up" NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives. See page 27.

EPRA NNNAV is EPRA NAV adjusted to include the fair value of debt, financial instruments and deferred tax. This has now been replaced by EPRA NDV. See Note 7.

EPRA Vacancy Rate is the ERV of vacant space divided by the ERV of the whole portfolio. See page 27.

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 adopted pursuant to Regulation (EC) 1606/2002 as it applies in the EU.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £28.0 million, EBITDA is £114.1 million, giving interest cover of 4.1 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 0.45%. This is calculated as administrative expenses of £11.7 million divided by the average property balance of £2,603 million (opening £2,453 million plus closing £2,752 million, divided by two).

Primary Care Network ("PCN") is a GP practice working with local community, mental health, social care, pharmacy, hospital and voluntary services to build on existing primary care services and enable greater provision of integrated health services within the community they serve.

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 2022 the rent roll was £135.7 million (March 2021: £121.7 million) and the growth in the year was £14.0 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 NTA (see glossary definition and Note 7) for the period plus the dividends paid, divided by the opening EPRA NTA. Opening EPRA NTA (i.e. at 31 March 2021) was 57.2 pence per share, closing EPRA NTA was 60.7 pence per share, and dividends paid total 2.93 pence per share giving a return of 11.2% in the year.

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 2022, the total contracted rental income was £1.81 billion (March 2021: £1.57 billion) and the growth in the year was £240 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 2022, the calculation is net rental income of £126.5 million plus revaluation of £69.4 million giving a return of £195.9 million, divided by £2,748 million (opening investment property £2,400.4 million and IPUC £43.5 million plus additions of £242.0 million and development costs of £62.1 million). This gives a Total Property Return in the year of 7.1%.

Total Shareholder Return ("TSR") is the combination of dividends paid to shareholders and the net movement in the share price during the period, divided by the opening share price. The share price at 31 March 2021 was 72.1 pence, at 31 March 2022 it was 66.9 pence, and dividends paid during the period were 2.93 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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Corsterphine and Wright,
P&HS architects, IBI Group and
Andy Marshall Photography for
CGI images and photography

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