

Interim Report

For the six months ended
30 September 2022



CEO statement

Assura has continued to demonstrate its reliable, long-term value creation with another period of strong performance. We are delivering on our strategic priorities, with the completion of a £73 million portfolio disposal, made great progress against our development pipeline, including moving on site with our first net zero carbon scheme, and advanced our asset enhancement activities.

This focussed operational activity has flowed through into strong financial results. We have delivered a 15% increase in net rental income which, alongside carefully controlled operating costs and fixed-rate debt facilities, has flowed through to a 13% increase in EPRA earnings per share.

The macro-economic backdrop is currently unhelpful and higher interest rates are putting downward pressure on property asset valuations. Meanwhile, construction cost inflation continues to delay start dates for new developments given the pressure on rent negotiations. As a result, we expect our investment activity to be lower in the second half of the year.

Ultimately, Assura is a business that is built for the long-term. We exist to facilitate our customers, GPs and the NHS, in delivering health services for the patients and communities they serve. Demand in our sector, from patients for health services and from health providers for high quality, sustainable buildings, is not linked to the economic cycle. We manage our balance sheet in a conservative manner, with long-term, fixed rate debt facilities. Property valuations in our sector are historically more stable than other sectors, reflecting the security and quality of our tenant covenant. We deliver a predictable, growing income stream which supports our progressive dividend policy.

All of these factors mean we believe we are well-placed to meet these short-term challenges, and to deliver for our stakeholders over the long-term.

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 11.5 years and a strong financial position (demonstrated by our A- credit rating from Fitch Ratings Ltd).

We have consistently demonstrated an ability to identify and secure new opportunities to improve our portfolio, building on our market-leading capabilities to manage, invest in and develop outstanding spaces for health services in our communities. We have invested £141 million in the period on additions, at a yield on cost of 5%, with 13 assets acquired, a further three under co-investment arrangements and completed six developments. At the same time, we have recycled capital through the disposal of 61 assets for £73 million.



Assura today has a high-quality portfolio of 603 properties, which has been carefully assembled over the course of our 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, undertake physical extensions and improve energy efficiency. In the first six months, the team completed 190 rent reviews, seven lease re-gears and seven new tenancies for our vacant space. Our total contracted rental income stands at £1.77 billion and our weighted average unexpired lease term at 11.5 years.

The combination of these elements has enabled us to continue our strong track record of growth. Our portfolio has increased by 5% in six months to £2,879 billion and our passing rent roll is now £139.3 million. Our EPRA earnings have increased by 20% to £49.0 million which translates to an EPRA EPS of 1.7 pence per share. Taking into account the valuation movement, which moved out 4 basis points or £19 million, our IFRS net profit is £30.9 million or 1.0 pence per share.

Finally, the resilience of our income and the growth we have delivered is reflected in our dividend payments. During the period, we announced a 5% increase in the quarterly dividend payment to 0.78 pence with effect from the July 2022 payment, equivalent to 3.12 pence per share on an annualised basis.

CEO statement

Assura outlook

Over recent years, our growth has been driven by a blend of external portfolio growth (acquisitions), development activities and internal growth (asset enhancement activity and rent reviews). We have been successful in identifying suitable opportunities in each of these areas, building the pipeline and delivering this into our portfolio.

Given the current macro-economic headwinds, we took the decision in September to pause acquisition activity. In the short-term, we expect growth to come from maximising the returns on our capital deployed, focusing on developments and asset enhancement opportunities as areas in which we can generate most value-add.

We are on site with 13 developments, with a total cost of £154 million that will complete over the next 18 months. The recent challenges in the construction industry, with significant cost inflation and delays in the supply chain, continue to impact us with schemes typically facing a two to three month extension in the build period. In our immediate pipeline, which includes several forward funding opportunities in Ireland, we are carefully balancing the cost of the schemes and the rents negotiated with the NHS.

Having completed five (£2.2 million) in the period, we are on site with six asset enhancement projects (total spend £8.9 million). The nature of each of these projects is different – including a fit out of vacant space and refurbishment of the existing area at West Byfleet, an extension adding consulting rooms at Riverside in Castleford, and a sustainability linked upgrade in Banbury (conversion to air source heat pump) – but crucially responds to the needs of the customer and patients at that particular location. Delivering opportunities such as these helps us serve our customers best, as well as driving the long-term returns from the assets in our portfolio.

Market outlook

The critical need for investment in infrastructure to support the services delivered by the NHS is as pronounced as it has ever been. We have an ageing population, and it is cheaper for the NHS to deliver health services in a primary care setting. 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 staff and holding back progress on tackling the care backlog. The recent restructuring of the NHS into Integrated Care Partnerships should provide a greater opportunity for greater collaboration across health professionals, services and the property estate.

The NHS has put in place ambitious targets to become the world's first net zero carbon health system, but this is yet to filter down into plans for implementation and funding across the existing estate. Our role is to be an expert partner to bridge those gaps and share our learnings, always pushing the bar higher at our buildings, using our unique expertise and financial capacity to deliver for the NHS over the long-term.

Jonathan Murphy
CEO

21 November 2022

CFO review

For the six months ended 30 September 2022

The first six months of the financial year has been another period of strong financial performance for Assura, continuing to deliver against the investment plans we set out alongside the equity and Sustainability Bond issuances last year.

Six of the 17 on site developments at the start of the year have reached completion and the remainder are progressing well. We have acquired 13 properties, disposed of 61 and completed five asset enhancement capital projects.

These additions, together with the rental growth from reviews settled, have resulted in net rental income and EPRA earnings growing 15% and 20% respectively, with EPRA EPS increasing 13%.

At the period end, our balance sheet remains strong – with an LTV of 38%. Cash and undrawn facilities of £284 million are available to fund the on-site development and asset enhancement projects, and selective investment opportunities. We do, however, expect acquisition activity to be significantly reduced whilst market conditions remain uncertain.

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 measures normally in the Glossary, are included where possible.

Portfolio as at 30 September 2022: £2,878.7 million (31 March 2022: £2,751.9 million)

Our business is based on our investment portfolio of 603 completed properties. This has a passing rent roll (current contracted annual rent) of £139.3 million (March 2022: £135.7 million), 81% (March 2022: 82%) of which is underpinned by the NHS. The Weighted Average Unexpired Lease Term ("WAULT") is 11.5 years (March 2022: 11.8 years) and we have total contracted rental income of £1.77 billion (March 2022: £1.81 billion).

At 30 September 2022, our portfolio of completed investment properties was valued at £2,805.2 million including investment property held for sale of £3.0 million (March 2022: £2,750.3 million including investment property held for sale of £76.0 million), which produced a net initial yield ("NIY") of 4.52% (March 2022: 4.48%).



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 4.74% (March 2022: 4.72%). Adjusting this Royal Institution of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 4.76% (March 2022: 4.74%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.45% (March 2022: 4.42%).

	Six months ended 30 Sep 2022 £m	Six months ended 30 Sep 2021 £m
Net rental income	70.0	61.1
Valuation movement	(19.0)	28.1
Total Property Return	51.0	89.2

Reflecting the recent unstable macro-economic backdrop and movement in gilt yields, we recorded a loss on valuation of £19.0 million in the period. This is consequently reflected in our Total Property Return (expressed as a percentage of opening investment property plus additions) which was 1.8% for the six months compared with 3.5% in 2021.

The net valuation loss represents a 0.3% movement on a like-for-like basis.

CFO review

Portfolio additions

We have continued to invest 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:

	Six months ended 30 Sep 2022
Spend during the period	£m
Acquisition of completed medical centres	110.1
Developments/forward funding arrangements	28.3
Capitalised interest	1.2
Investment properties – incremental lettable space	2.9
Investment properties – no incremental lettable space	3.0
Total capital expenditure	145.5

During the first six months we completed 13 acquisitions, six developments received practical completion and three assets were acquired in co-investment arrangements.

These additions were at a combined total cost of £141 million with a combined passing rent of £7.0 million (yield on cost of 5.0%) and a WAULT of 12.0 years.

Investment activity

Our investment team continues to source properties that meet our investment criteria, and prior to the market volatility, had a pipeline in legal hands in excess of £50 million. However, the rise in gilt rates and market uncertainty has led to us pausing our investment activity and we are currently reviewing this pipeline on an asset by asset basis. We would expect our investment activity in the second half of the year to be limited.

During the period, we disposed of 61 properties which no longer met our investment criteria, generating proceeds of £73 million, in line with their book values. We are continually reviewing our portfolio for any indication that properties no longer meet our investment criteria and currently have £3 million of assets held for sale.

Development activity

Of the 17 developments that were on site at March 2022, six have completed in the first half of the year, and a further four are currently expected to complete in the second half of the year.

The development team has continued to have success in converting schemes from the pipeline to live schemes meaning 13 are on site at September 2022.

Of the 13, six are in-house developments and seven are under forward funding agreements. These have a combined development cost of £154 million of which £65 million had been spent at the half year date.

In addition to on site developments, we have an immediate pipeline of 10 properties (estimated cost £83 million, which we would normally expect to be on site within 12 months) and an extended pipeline of 30 properties (estimated cost £286 million, appointed exclusive partner and awaiting NHS approval).

The rise in gilt rates and market uncertainty means we are currently reviewing this pipeline on an asset by asset basis.

During the first six months of the year, we recorded a revaluation gain of £3.6 million in respect of investment property under construction (September 2021: £1.1 million).

Live developments and forward funding arrangements

	Forward fund/ in house	Estimated completion date	Estimated development costs	Costs to date	Size
Bournville	In house	Q2 23	£2.6m	£0.8m	618 sq.m
Brighton	FF	Q1 24	£4.9m	£1.9m	948 sq.m
Cardiff	In house	Q4 22	£3.2m	£3.0m	691 sq.m
Cramlington	In house	Q1 24	£25.4m	£7.0m	6,500 sq.m
Fareham	In house	Q1 24	£5.2m	£1.3m	950 sq.m
Guildford	FF	Q4 23	£30.8m	£5.7m	2,818 sq.m
Kelsall	FF	Q4 22	£3.0m	£2.8m	700 sq.m
Kettering	FF	Q2 23	£21.6m	£8.1m	3,500 sq.m
Kings Lynn	FF	Q2 24	£10.1m	£0.4m	1,702 sq.m
Southampton	In house	Q2 23	£7.0m	£3.7m	1,385 sq.m
Wallsend	In house	Q4 22	£10.4m	£9.5m	2,794 sq.m
West Midlands Ambulance Hub	FF	Q4 22	£23.5m	£18.8m	7,081 sq.m
Wolverhampton	FF	Q3 23	£5.9m	£2.4m	1,325 sq.m
Total			£153.6m	£65.4m	

CFO review

Portfolio management

In the first half, our rent roll grew by £3.6 million (2.7%) to £139.3 million, with £1.5 million of this growth from rent reviews.

We successfully concluded 190 rent reviews during the six months (2021: 144) to generate a weighted average annual rent increase of 4.5% (year to March 2022: 1.9%) on those properties. These 190 reviews covered £19.4 million or 14% of our rent roll at the start of the year and the absolute increase of £1.5 million is a 7.7% increase on this rent. Our portfolio benefits from a 37% weighting in fixed, Retail Price Index ("RPI") and other uplifts which generated an average uplift of 5.6% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.5% 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 is £1.77 billion (March 2022: £1.81 billion). 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").

We delivered seven lease re-gears in the six months covering £1.1 million of current annual rent and adding 11.0 years to the WAULT for those particular leases (September 2021: five re-gears, £0.2 million of rent). We have also agreed terms on a pipeline of 35 re-gears covering £6.4 million of rent roll and these are currently in legal hands.

We have completed five asset enhancement capital projects in the six months (total spend £2.2 million) and are currently on site with a further six (total spend of £8.9 million). These schemes increase the WAULT on those properties by 13.5 years and improve the sustainability performance of those buildings. In addition, we have a further 18 asset enhancement projects we hope to complete in the next two years with estimated spend of £10.5 million and additional annual rent of £0.8 million.

Our EPRA Vacancy Rate was 1.1% (March 2022: 1.2%).

Our current contracted annual rent roll is £139.3 million and, on a proforma basis, would increase to in excess of £150 million once on site developments, asset enhancement projects and rent reviews are completed.

Administrative expenses

Administrative expenses in the period were £6.6 million (2021: £6.3 million).

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 12.5% and 11.6% respectively (2021: 13.1% and 12.1% respectively).

We also measure our operating efficiency as the proportion of administrative costs (as per the income statement) to the average gross investment property value (average of opening and closing balance sheet amounts). This ratio during the period was 0.23% (2021: 0.25%).

CFO review

Financing

Our balance sheet and financing position remains strong. We have cash reserves and committed undrawn facilities totalling £284 million, and our long-term, drawn facilities have fixed rates in place.

Growth during the period has been primarily funded by cash reserves, in addition to the capital recycled from the 61 properties disposed in the six months.

Financing statistics	30 Sep 2022	31 Mar 2022
Net debt (Note 11)	£1,092.2m	£1,006.4m
Weighted average debt maturity	7.5 yrs	8.0 yrs
Weighted average interest rate	2.30%	2.30%
% of debt at fixed/capped rates	100%	100%
EBITDA to net interest cover	4.5x	4.1x
LTV (Note 11)	38%	36%

Our LTV ratio currently stands at 38% and will increase in the short term as we utilise cash to fund the pipeline of acquisitions, development and asset enhancement opportunities. Our policy allows us to reach the range of 40%–50% should the need arise.

As at 30 September 2022, 100% of our debt facilities are at fixed interest rates, although this will change as and when we draw on the revolving credit facility which is at a variable rate.

The weighted average debt maturity is 7.5 years, and our longest dated facilities (the Social and Sustainability bonds which mature in 2030 and 2033 respectively) are at our lowest rates (1.5% and 1.625% respectively).

Net finance costs presented through EPRA earnings in the year amounted to £14.0 million (2021: £13.6 million).

IFRS profit before tax

IFRS profit before tax for the period was £30.9 million (2021: £69.3 million).

This has reduced compared with the prior year due to revaluation movements – which were positive in the prior year.

EPRA earnings

	Six months ended 30 Sep 2022 £m	Six months ended 30 Sep 2021 £m
Net rental income	70.0	61.1
Administrative expenses	(6.6)	(6.3)
Net finance costs	(14.0)	(13.6)
Share-based payments & tax	(0.4)	(0.3)
EPRA earnings	49.0	40.9

The movement in EPRA earnings can be summarised as follows:

	£m
Six months ended 30 Sep 2021	40.9
Net rental income	8.9
Administrative & other expenses	(0.4)
Net finance costs	(0.4)
Six months ended 30 Sep 2022	49.0

EPRA earnings has grown 19.8% to £49.0 million in the six months to 30 September 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 1.0 pence (2021: 2.6 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 1.7 pence (2021: 1.5 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 has no impact on the basic figures, as illustrated in the table below:

EPS measure (Note 7)	Basic	Diluted
Profit for six months	1.0p	1.0p
EPRA	1.7p	1.7p

CFO review

Dividends

Total dividends settled in the six months to 30 September 2022 were £44.8 million or 1.5 pence per share (2021: 1.45 pence per share). £1.3 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. Both the April and July dividends paid were PIDs. The October 2022 dividend has subsequently been paid as a PID and future dividends will be a mix of PID and normal dividends as required.

Cash flow movements

	Six months ended 30 Sep 2022 £m	Six months ended 30 Sep 2021 £m
Opening cash	243.5	46.6
Net cash flow from operations	32.9	35.1
Dividends paid	(41.1)	(36.3)
Investment:		
Property & other acquisitions	(121.3)	(85.0)
Development expenditure	(28.3)	(28.1)
Sale of properties	73.3	15.1
Financing:		
Net borrowings movement	-	294.2
Closing cash	159.0	241.6

Net cash flow from operations differs from EPRA earnings due to movements in working capital balances primarily finance costs where annual bond repayments fall in the first half of the year.

The investment activity in the period has been funded from cash reserves and the disposals during the period.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 Mar 2022 (Note 8)	1,789.0	60.7
EPRA earnings	49.0	1.7
Capital (revaluations and capital gains)	(18.1)	(0.6)
Dividends	(44.9)	(1.5)
Other	6.9	(0.1)
Diluted EPRA NTA at 30 Sep 2022 (Note 8)	1,781.9	60.2

Our Total Accounting Return per share (dividends plus movement in EPRA net tangible assets as a proportion of opening EPRA net tangible assets) for the six months ended 30 September 2022 is 1.7% of which 1.5 pence per share (2.5%) has been distributed to shareholders and (0.5) pence per share (0.8%) is the movement on EPRA NTA.

Jayne Cottam

CFO

21 November 2022

EPRA performance measures

The calculations below are in accordance with the EPRA Best Practice Recommendations dated February 2022, and in line with the calculations provided in our accounts for the March 2022 year end.

	6 months ended 30 Sep 2022	6 months ended 30 Sep 2021
EPRA EPS (p)	1.7	1.5
EPRA Cost Ratio (including direct vacancy costs (%))	12.5	13.1
EPRA Cost Ratio (excluding direct vacancy costs (%))	11.6	12.1

	Sep 2022	Mar 2022
EPRA NRV (p)	66.4	66.7
EPRA NTA (p)	60.2	60.7
EPRA NDV (p)	70.4	62.7
EPRA NIY (%)	4.45	4.42
EPRA LTV	39%	37%
EPRA "topped-up" NIY (%)	4.46	4.43
EPRA Vacancy Rate (%)	1.1	1.2

Portfolio analysis

By capital value

	Number of properties	Total value £m	Total value %
>£10m	57	973.3	35
£5–10m	115	775.1	27
£1–5m	395	1,031.2	37
<£1m	36	25.6	1
	603	2,805.2	100

By region

	Number of properties	Total value £m	Total value %
South	248	1,072.3	38
North	183	947.7	34
Midlands	104	503.3	18
Scotland & NI	25	145.3	5
Wales	43	136.6	5
	603	2,805.2	100

By tenant covenant

	Total rent roll £m	Total rent roll %
GPs	84.0	60
NHS Body	29.7	21
Pharmacy	10.7	8
Private providers	7.6	6
Other	7.3	5
	139.3	100

Additional statements

Principal risks and uncertainties

The factors identified by the Board as having the potential to affect the Group's operating results, financial control and/or the trading price of its shares were set out in detail in the Annual Report for the year ended 31 March 2022. These risks include strategic items outside the control of the Group (such as political risk or new entrants to the market), financial risks (relating to financing available to the Group) and operational risks (relating to internal matters and how assets are managed).

The Directors have reconsidered the principal risks and uncertainties facing the Group. Whilst the macro-economic backdrop has changed with gilt rates rising, the business continues to be managed from a long-term perspective. The impact of rising gilt rates is likely to impact the available rate for new borrowing or refinancing, and yield movements are expected across the real estate sector which may impact property valuations. However, the Directors consider the Group to be well-positioned, having operated the balance sheet in a conservative manner over recent years.

Going concern

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements.

The Group's properties are substantially let (1% vacancy) with the majority of rent paid or reimbursed by the NHS and they benefit from a weighted average lease length on the portfolio of 11.5 years. The Group has facilities from a variety of lenders, in addition to the unsecured listed bonds, and has remained in compliance with all covenants throughout the period. At the period end, the cash balance is £159.0 million and the Group has a £125 million revolving credit facility ("RCF") which is currently undrawn. The next maturity date on debt facilities is the RCF in November 2024.

In making the assessment the Directors have reviewed the Group's financial forecasts which cover a period of 18 months to 31 March 2024. The forecasts factor in committed cash flows of the Group (including the committed elements of the acquisition and development pipelines) and funding available for this based on current resources.

Covenant compliance is assessed throughout the forecast period and reverse stress tests are completed to estimate by how much valuations and rental income would need to fall for covenants to be breached. The directors consider the fall in valuations of reverse stress test to be implausible as this includes assumptions, which are more extreme than previously experienced economic events. As at the period end, considerable headroom exists on all covenants.

There have been no material changes in assumptions in the forecast from the basis adopted in making the assessment at the previous year end. In reaching our conclusion, management have referenced the ongoing situation in Ukraine and the current macroeconomic background.

The forecasts prepared show that borrowing facilities are adequate and the business can operate within these facilities to meet its obligations as they fall due for the foreseeable future.

Directors' responsibilities statement

The Board confirms to the best of their knowledge:

- that the Interim Condensed Consolidated Financial Statements for the six months to 30 September 2022 have been prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority;
- that the Interim Report comprising the CFO review and the principal risks and uncertainties includes a fair review of the information required by 4.2.7R of the Disclosure and Transparency Rules ("DTR", indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The above Directors' responsibilities statement was approved by the Board on 21 November 2022.

Jonathan Murphy

CEO

21 November 2022

Jayne Cottam

CFO

Interim condensed consolidated income statement

For the six months ended 30 September 2022

		Six months ended 30 Sep 2022 Unaudited			Six months ended 30 Sep 2021 Unaudited		
	Note	EPRA £m	Capital and non- EPRA £m	Total £m	EPRA £m	Capital and non- EPRA £m	Total £m
Gross rental and related income		72.9	2.9	75.8	63.9	2.4	66.3
Property operating expenses		(2.9)	(2.9)	(5.8)	(2.8)	(2.4)	(5.2)
Net rental income		70.0	–	70.0	61.1	–	61.1
Administrative expenses		(6.6)	–	(6.6)	(6.3)	–	(6.3)
Revaluation (loss)/gain – property	9	–	(19.0)	(19.0)	–	28.1	28.1
Share-based payment charge		(0.4)	–	(0.4)	(0.4)	–	(0.4)
(Loss)/gain on sale of property		–	(0.1)	(0.1)	–	(0.4)	(0.4)
Finance income		0.4	–	0.4	–	–	–
Finance costs	5	(14.4)	–	(14.4)	(13.6)	–	(13.6)
Gain on investments		–	0.6	0.6	–	–	–
Foreign exchange gain		–	0.4	0.4	–	–	–
Profit before taxation		49.0	(18.1)	30.9	40.8	28.5	69.3
Taxation	6	–	–	–	0.1	–	0.1
Profit for the period attributable to equity holders of the parent		49.0	(18.1)	30.9	40.9	28.5	69.4
EPS - basic & diluted	7			1.0p			2.6p
EPRA EPS - basic & diluted	7	1.7p			1.5p		

There were no items of other comprehensive income or expense and therefore the profit for the period also represents the Group's total comprehensive income. All income derives from continuing operations.

Interim condensed consolidated balance sheet

As at 30 September 2022

		30 Sep 2022	31 Mar 2022
	Note	Unaudited £m	Audited £m
Non-current assets			
Investment property	9	2,878.7	2,751.9
Property work in progress		14.7	15.2
Property, plant and equipment		0.5	0.5
Investments		19.2	3.8
Deferred tax asset		0.6	0.6
		2,913.7	2,772.0
Current assets			
Cash, cash equivalents and restricted cash		159.0	243.5
Trade and other receivables		28.4	28.6
Property assets held for sale	9	3.4	76.4
		190.8	348.5
Total assets		3,104.5	3,120.5
Current liabilities			
Trade and other payables		35.8	44.9
Head lease liabilities		0.3	0.1
Deferred revenue	10	29.8	30.1
		65.9	75.1
Non-current liabilities			
Borrowings	11	1,245.4	1,244.4
Head lease liabilities		5.5	5.4
Deferred revenue	10	5.2	6.0
		1,256.1	1,255.8
Total liabilities		1,322.0	1,330.9
Net assets		1,782.5	1,789.6
Capital and reserves			
Share capital	12	295.9	294.8
Share premium		924.0	918.5
Merger reserve		231.2	231.2
Reserves		331.4	345.1
Total equity		1,782.5	1,789.6
NAV per Ordinary Share	– basic	8	60.2p
	– diluted	8	60.7p
EPRA NTA per Ordinary Share	– basic	8	60.2p
	– diluted	8	60.7p

The Interim Condensed Consolidated Financial Statements were approved at a meeting of the Board of Directors held on 21 November 2022 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

Interim condensed consolidated statement of changes in equity

For the six months ended 30 September 2022

	Note	Share capital £m	Share premium £m	Merger reserve £m	Reserves £m	Total equity £m
1 April 2021		267.2	763.1	231.2	269.2	1,530.7
Profit attributable to equity holders		–	–	–	69.4	69.4
Total comprehensive income		–	–	–	69.4	69.4
Issue of Ordinary Shares	12	0.1	0.4	–	–	0.5
Dividend	12, 13	0.3	2.2	–	(38.8)	(36.3)
Employee share-based incentives		0.1	–	–	0.2	0.3
30 September 2021 (unaudited)		267.7	765.7	231.2	300.0	1,564.6
Profit attributable to equity holders		–	–	–	86.5	86.5
Total comprehensive income		–	–	–	86.5	86.5
Issue of Ordinary Shares	12	26.8	155.3	–	–	182.1
Issue costs	12	–	(4.7)	–	–	(4.7)
Dividend	12, 13	0.3	2.2	–	(41.6)	(39.1)
Employee share-based incentives		–	–	–	0.2	0.2
31 March 2022 (audited)		294.8	918.5	231.2	345.1	1,789.6
Profit attributable to equity holders		–	–	–	30.9	30.9
Total comprehensive income		–	–	–	30.9	30.9
Issue of Ordinary Shares	12	0.8	4.4	–	–	5.2
Dividend	12, 13	0.2	1.1	–	(44.8)	(43.5)
Employee share-based incentives		0.1	–	–	0.2	0.3
30 September 2022 (unaudited)		295.9	924.0	231.2	331.4	1,782.5

Interim condensed consolidated statement of cash flow

For the six months ended 30 September 2022

	Six months ended 30 Sep 2022 Unaudited £m	Six months ended 30 Sep 2021 Unaudited £m
Operating activities		
Rent received	68.5	66.8
Interest paid and similar charges	(23.7)	(18.3)
Fees received	0.7	0.7
Interest received	0.4	–
Cash paid to suppliers and employees	(13.0)	(14.1)
Net cash inflow from operating activities	32.9	35.1
Investing activities		
Purchase of investment property	(106.4)	(84.2)
Development expenditure	(28.3)	(28.1)
Proceeds from sale of property	73.3	15.1
Other investments and property, plant and equipment	(14.9)	(0.8)
Net cash outflow from investing activities	(76.3)	(98.0)
Financing activities		
Dividends paid	(41.1)	(36.3)
Long-term loans drawn down	–	295.9
Loan issue costs	–	(1.7)
Net cash (outflow) / inflow from financing activities	(41.1)	257.9
(Decrease) / increase in cash, cash equivalents and restricted cash	(84.5)	195.0
Opening cash, cash equivalents and restricted cash	243.5	46.6
Closing cash, cash equivalents and restricted cash	159.0	241.6

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

1. Corporate information

The Interim Condensed Consolidated Financial Statements of the Group for the six months ended 30 September 2022 were authorised for issue in accordance with a resolution of the Directors on 21 November 2022.

Assura plc ("Assura") is a public limited company, limited by shares, incorporated and domiciled in England and Wales, and the Company's Ordinary 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 6 for further details. Copies of this statement are available from the website at www.assurapl.com.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 September 2022 have been prepared in accordance with UK adopted International Accounting Standard 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the UK's Financial Conduct Authority. These accounts cover the six-month accounting period from 1 April 2022 to 30 September 2022 with comparatives for the six-month accounting period from 1 April 2021 to 30 September 2021, or 31 March 2022 for balance sheet amounts.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Report, and should be read in conjunction with those in the Group's Annual Report as at 31 March 2022 which were prepared in accordance with UK-adopted international accounting standards.

The accounts are prepared on a going concern basis (see page 11 for further narrative) and presented in pounds sterling rounded to the nearest 0.1 million unless specified otherwise.

3. Accounts

The results for the six months to 30 September 2022 and to 30 September 2021 are unaudited. The interim accounts do not constitute statutory accounts. The financial information for the year ended 31 March 2022 does not constitute the Company's statutory accounts for that year, but is derived from those accounts. Statutory accounts for the year ended 31 March 2022 have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

4. New standards, interpretations and amendments thereof, adopted by the Group

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are the same as those followed in the preparation of the Group's Annual Report for the year ended 31 March 2022.

The Group is not expecting any other new and proposed changes in accounting standards to have a material impact on reported numbers in future periods.

5. Finance costs

	Six months ended 30 Sep 2022 £m	Six months ended 30 Sep 2021 £m
Interest payable	14.9	13.8
Interest capitalised on developments	(1.2)	(0.8)
Amortisation of loan issue costs	0.7	0.6
Total finance costs	14.4	13.6

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

6. Taxation on profit on ordinary activities

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 the properties 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%). An increase in the main rate of corporation tax from 19% to 25%, effective from April 2023, was substantively enacted on 24 May 2021.

Any Group tax charge/(credit) relates to its non-property income. As the Group has sufficient brought forward 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 period, the Group paid a PID within the April and July 2022 interim dividend. Future dividends will be a mix of PID and normal dividends as required. To remain as a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activities and the balance of business. The Group remains compliant at 30 September 2022.

7. Earnings per Ordinary Share

	Earnings 2022 £m	EPRA earnings 2022 £m	Earnings 2021 £m	EPRA earnings 2021 £m
Profit for the period from continuing operations	30.9	30.9	69.4	69.4
Revaluation & fair value adjustments		18.0		(28.1)
Loss / (profit) on sale of property		0.1		(0.4)
EPRA earnings		49.0		40.9
EPS – basic & diluted	1.0p		2.6p	
EPRA EPS – basic & diluted		1.7p		1.5p
		30 Sep 2022	30 Sep 2021	
Weighted average number of shares in issue		2,956,938,876	2,675,927,670	
Potential dilutive impact of share options		1,220,518	1,284,588	
Diluted weighted average number of shares in issue		2,958,159,394	2,677,212,258	

The current estimated number of potentially dilutive shares relates to nil-cost options under the share-based payment arrangements and is 1.2 million (Sep-21: 1.3 million; Mar-22: 1.2 million).

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

8. NAV per Ordinary Share

30 Sep 2022					
£m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		1,782.5	1,782.5	1,782.5	1,782.5
Deferred tax			(0.6)	(0.6)	–
Fair value of debt			–	–	301.1
Real estate transfer tax			183.5	–	–
EPRA adjusted NAV			1,965.4	1,781.9	2,083.6
per Ordinary Share	– basic	60.2p	66.4p	60.2p	70.4p
	– diluted	60.2p	66.4p	60.2p	70.4p

31 Mar 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 NAV			1,968.3	1,789.0	1,849.0
per Ordinary Share	– basic	60.7p	66.8p	60.7p	62.7p
	– diluted	60.7p	66.7p	60.7p	62.7p

	30 Sep 2022	31 Mar 2022
Number of shares in issue	2,959,198,708	2,948,359,637
Potential dilutive impact of share options (Note 7)	1,220,518	1,225,519
Diluted number of shares in issue	2,960,419,226	2,949,585,156

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated February 2022.

Mark to market adjustments represent fair value and have been provided by the counterparty as appropriate or by reference to the quoted fair value of financial instruments.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

9. Property assets

Properties are stated at fair value as at 30 September 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.

Property assets comprises investment property and investment property under construction ("IPUC").

	30 Sep 2022			31 Mar 2022		
	Investment property £m	IPUC £m	Total £m	Investment property £m	IPUC £m	Total £m
Opening market value	2,677.3	69.1	2,746.4	2,404.3	43.5	2,447.8
Additions:						
– acquisitions	110.1	–	110.1	233.5	–	233.5
– improvements	5.9	–	5.9	8.5	–	8.5
	116.0	–	116.0	242.0	–	242.0
Development costs	–	28.3	28.3	–	62.1	62.1
Transfers	33.1	(33.1)	–	42.1	(42.1)	–
Transfer to assets held for sale	–	–	–	(76.0)	–	(76.0)
Capitalised interest	–	1.2	1.2	–	1.6	1.6
Disposals	(0.4)	–	(0.4)	(0.5)	–	(0.5)
Foreign exchange gain	0.4	–	0.4	–	–	–
Unrealised (deficit) / surplus on revaluation	(22.6)	3.6	(19.0)	65.4	4.0	69.4
Closing market value	2,803.8	69.1	2,872.9	2,677.3	69.1	2,746.4
Add head lease liabilities recognised separately	5.8	–	5.8	5.5	–	5.5
Closing fair value of investment property	2,809.6	69.1	2,878.7	2,682.8	69.1	2,751.9

	30 Sep 2022 £m	31 Mar 2022 £m
Market value of investment property as estimated by valuer	2,802.2	2,674.3
Add IPUC	69.1	69.1
Add capitalised lease premiums and rental payments	1.6	3.0
Add head lease liabilities recognised separately	5.8	5.5
Fair value for financial reporting purposes	2,878.7	2,751.9
Completed investment property held for sale	3.0	76.0
Land held for sale	0.4	0.4
Total property assets	2,882.1	2,828.3

	30 Sep 2022 £m	31 Mar 2022 £m
Investment property	2,802.2	2,674.3
Investment property held for sale	3.0	76.0
Total completed investment property	2,805.2	2,750.3

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

9. Property assets (continued)

	30 Sep 2022 £m
Assets held for sale at 1 April 2022	76.4
Disposals during the period	(73.0)
Assets held for sale at 30 September 2022	3.4

As at 30 September 2022, 5 assets are held as available for sale (31 March 2022: 63 assets). These properties are either being actively marketed for sale or have a negotiated sale agreed which is currently in legal hands.

Fair value hierarchy

The fair value measurement hierarchy for all investment property and investment property under construction ("IPUC") as at 30 September 2022 was Level 3 – significant unobservable inputs (March 2021: Level 3). There were no transfers between Level 1, 2 or 3 during the half year.

The key unobservable inputs in the property valuation are the net initial yield, equivalent yield and the ERV. A decrease in either the net initial yield or the equivalent yield applied to a property would increase the market value. An increase in the ERV of a property would increase the market value. The analysis for unobservable inputs disclosed within Note 9 of the Annual Report and Accounts for the year ended 31 March 2022 continues to apply to the portfolio as at 30 September 2022.

10. Deferred revenue

	30 Sep 2022 £m	31 Mar 2022 £m
Arising from rental income received in advance	29.2	29.5
Arising from pharmacy lease premiums received in advance	5.8	6.6
	35.0	36.1
Current	29.8	30.1
Non-current	5.2	6.0
	35.0	36.1

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

11. Borrowings

	30 Sep 2022 £m	31 Mar 2022 £m
At beginning of the period/year	1,244.4	948.7
Amount issued or drawn down in period/year	–	315.9
Amount repaid in period/year	–	(20.0)
Loan issue costs	(0.1)	(2.1)
Amortisation of loan issue costs	1.1	1.9
At the end of the period/year	1,245.4	1,244.4

The Group has the following bank facilities:

- 10-year senior unsecured bond of £300 million at a fixed interest rate of 3.0% 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 30 September 2022, the facility was undrawn (31 March 2022: undrawn).
- 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 in October 2016. An additional £107 million of notes were issued in two series, £47 million drawn in August 2019 and £60 million drawn in October 2019. The notes have maturities of 10 and 15 years respectively and a weighted average interest rate fixed at 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 privately placed notes in two tranches with maturities of eight and 10 years drawn in 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 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 period.

	30 Sep 2022 £m	31 Mar 2022 £m
Net debt and LTV		
Investment property	2,809.6	2,682.8
Investment property under construction	69.1	69.1
Held for sale	3.4	76.4
Total property	2,882.1	2,828.3
Loans	1,245.4	1,244.4
Head lease liabilities	5.8	5.5
Cash	(159.0)	(243.5)
Net debt	1,092.2	1,006.4
LTV	38%	36%

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

12. Share capital

	Number of shares 30 Sep 2022	Share capital 30 Sep 2022 £m	Number of shares 31 Mar 2022	Share capital 31 Mar 2022 £m
Ordinary Shares of 10 pence each issued and fully paid				
At 1 April	2,948,359,637	294.8	2,671,853,938	267.2
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
Issued 7 April 2022	3,331,539	0.3	-	-
Issued 13 April 2022 – scrip	317,384	-	-	-
Issued 27 April 2022	4,556,283	0.5	-	-
Issued 13 July 2022	974,245	0.1	-	-
Issued 13 July 2022 – scrip	1,659,620	0.2	-	-
Total at 30 September/31 March	2,959,198,708	295.9	2,948,359,637	294.8
Own shares held	-	-	-	-
Total share capital	2,959,198,708	295.9	2,948,359,637	294.8

The Ordinary Shares issued in April 2021, July 2021, October 2021, January 2022, April 2022 and July 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 six months to 30 September 2022, this increased share capital by £0.2 million and share premium by £1.1 million.

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 £182.1 million which has been allocated appropriately between share capital (£26.8 million) and share premium (£155.3 million). Issue costs totalling £4.7 million were incurred and have been allocated against share premium.

The Ordinary Shares issued on 9 April 2021, 26 October 2021, 7 April 2022 and 27 April 2022 were issued as part consideration for the acquisition of medical centres. In the six months to 30 September 2022, this increased share capital by £0.8 million and share premium by £4.4 million.

The Ordinary Shares issued in July 2021 and July 2022 relate to employee share awards under the Performance Share Plan.

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2022

13. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	Six months ended 30 September 2022 £m	Six months ended 30 September 2021 £m
14 April 2021	0.71	2,671,853,938	–	19.0
14 July 2021	0.74	2,675,547,484	–	19.8
13 April 2022	0.74	2,948,359,637	21.8	–
13 July 2022	0.78	2,956,564,843	23.0	–
			44.8	38.8

A dividend of 0.78 pence per share was paid to shareholders on 12 October 2022.

14. Commitments

At the period end the Group had 13 committed developments on site (31 March 2022: 17) with a contracted total expenditure of £153.6 million (31 March 2022: £166.4 million) of which £65.4 million (31 March 2022: £65.2 million) had been expended. The remaining commitment is therefore £88.2 million (31 March 2022: £101.2 million).

In addition, the Group is on site with six asset enhancement capital projects (31 March 2022: seven) with a contracted total expenditure of £8.9 million (31 March 2022: £7.4 million) of which £2.3 million (31 March 2022: £1.0 million) had been expended. The remaining commitment is therefore £6.6 million (31 March 2022: £6.4 million).

Independent review report to Assura plc

For the six months ended 30 September 2022

Conclusion

We have been engaged by the Group to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 which comprises the Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Balance Sheet, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flow and the related Notes 1 to 14. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Leeds

21 November 2022

Glossary and calculations

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 £63.0 million, calculated as net rental income (£70.0 million) less administrative expenses (£6.6 million) and share-based payment charge (£0.4 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.

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 7.

EPRA EPS is EPRA earnings, calculated on a per share basis. See Note 7.

EPRA Loan to Value ("EPRA LTV") is debt divided by the market value of property, differing from our usual LTV by the inclusion of net current payables or receivables and the proportionate share of co-investment arrangements.

EPRA NAV is IFRS NAV adjusted to reflect certain assets at fair value and exclude long-term items not expected to crystallise. This has now been replaced by EPRA NTA. See Note 8.

EPRA Net Disposal Value ("EPRA NDV") is the balance sheet net assets adjusted to reflect the fair value of debt and derivatives. See Note 8.

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 8.

EPRA Net Tangible Assets ("EPRA NTA") is the balance sheet net assets excluding deferred taxation. See Note 8.

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.

EPRA Vacancy Rate is the ERV of vacant space divided by the ERV of the whole portfolio.

Equivalent Yield is a weighted average of the Net Initial Yield and Reversionary Yield and represents the return a property will produce based upon the timing of the income received. The true equivalent yield assumes rents are received quarterly in advance. The nominal equivalent assumes rents are received annually in arrears.

Estimated Rental Value ("ERV") is the external valuers' opinion as to the open market rent which, on the date of valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

IFRS is International Financial Reporting Standards as adopted by the UK.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £14.0 million, EBITDA is £63.0 million, giving interest cover of 4.5 times.

KPI is a Key Performance Indicator.

Like-for-like represents amounts calculated relative to properties owned at the previous year end and start of the current period.

Loan to Value ("LTV") is the ratio of net debt to the total value of property assets. See Note 11.

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 11.

Glossary and calculations (cont.)

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 0.23%. This is calculated as administrative expense of £6.6 million divided by the average property balance of £2,816 million (opening £2,752 million plus closing £2,879 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 September 2022 the rent roll was £139.3 million (March 2021: £135.7 million) and the growth in the six months was £3.6 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 8) for the period plus the dividends paid, divided by the opening EPRA NTA. Opening EPRA NTA (i.e. at 31 March 2022) was 60.7 pence per share, closing EPRA NTA was 60.2 pence per share, and dividends paid total 1.52 pence per share giving a return of 1.7% in the six months.

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 September 2022, the total contracted rental income was £1.77 billion (March 2022: £1.81 billion).

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 period to September 2022, the calculation is net rental income of £70.0 million less revaluation loss of £19.0 million giving a return of £51.0 million, divided by £2,887.7 million (opening investment property £2,674.3 million and IPUC £69.1 million plus additions of £116.0 million and development costs of £28.3 million). This gives a Total Property Return in the six months of 1.8%.

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 2022 was 66.9 pence, at 30 September 2022 it was 53.6 pence, and dividends paid during the period were 1.52 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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