

Assura plc

Delivering continued growth

Assura plc ("Assura"), the leading primary care property investor and developer, today announces its results for the year ended 31 March 2022.

Jonathan Murphy, CEO, said:

"Assura has delivered another year of significant progress, maintaining its strong financial performance and making a positive contribution to the local communities in which it operates.

"We have grown our high-quality portfolio to £2.8 billion, progressed our ambitious development pipeline which stands at over £500 million and expanded our offering through working with NHS Trusts, independent providers and making our first investment in Ireland. Supported by our successful bond and equity raises – with accelerated use of proceeds – we have continued to deliver critical new capacity for community healthcare and fulfil the ambitions of our extensive SixBySix social impact strategy.

"With the UK's healthcare estate lacking the critical buildings and facilities to tackle the growing backlog of treatments following the pandemic, we know the development of modern, integrated, and high-quality primary care space is a key enabler in reducing this pressure. This area benefits from cross-party political support and Assura is committed to making a significant contribution – all the while accommodating for key emerging trends, including hybrid GP appointments, the requirement for mental health support, and digitalisation.

"As the NHS seeks to become the world's first net-zero carbon health system, Assura has continued to roll out initiatives to deliver its strong sustainability plans that support all stakeholders over the year.

"Against an uncertain economic backdrop, Assura's steady and reliable business model, strong balance sheet and differentiated market position means it is extremely well positioned to continue growing and delivering shareholder value. We remain confident in Assura's outlook for the coming year and beyond".

Another strong year delivering portfolio, earnings and dividend growth

- Passing rent roll increased 12% to £135.7 million (2021: £121.7 million) with WAULT maintained at 11.8 years
- Profit before tax grew 44% to £155.8 million (2021: £108.3 million) with EPS up 37% at 5.6p (2021: 4.1p)
- EPRA earnings up 14% to £86.2 million (2021: £75.4 million¹) and EPRA EPS of 3.1p (2021: 2.8p¹)
- Portfolio value rose 12% to £2,752 million (2021: £2,453 million) and Net Initial Yield ("NIY") at 4.48% (2021: 4.58%)
- Proposed 5.4% increase in the quarterly dividend to 0.78 pence per share

Continuing to provide critical new capacity for community healthcare

- Growing portfolio of 645 high-quality properties (2021: 609) serving 6.8 million people across the UK
- Added 47 properties at a cost of £271 million (yield on cost 4.6%, WAULT 19 years) and completed four asset enhancement capital projects (£2.7 million)
- Total development pipeline of £522 million² with a further 23 asset enhancement projects (£18 million)
- 11 properties sold for above book value proceeds of £15 million; £76m of assets held for sale
- Lease re-gears completed on £1.3 million existing rent roll with further £6.9 million in the pipeline
- Rent reviews generated weighted average annual rent increase of 1.9%³ (absolute increase of 5.1% on rent roll reviewed)
- Acquisition pipeline of 20 properties at cost of £119 million⁴
- Total contracted rental income increased 15% to £1.81 billion (2021: £1.57 billion)

Strategic expansion into emerging opportunities

- On site developments include scale projects for NHS Trusts and independent providers
- Acquisitions supporting delivery of mental health services in a community setting
- Strategic partnerships with two primary care at scale operators
- First acquisition completed in Ireland and currently exploring several opportunities for developments

We Build for Health; sustainability and social impact at the heart of all decision-making

- Further progress on our SixBySix social impact and sustainability strategy
- Assura Community Fund distributed over £550,000 for health improving projects around our buildings
- EPC improvement programme commenced with 42 existing buildings upgraded to EPC B
- All development completions rated BREEAM Very Good or Excellent and EPC B and above
- Net Zero Carbon Development Design Guide launched and being rolled out into development pipeline
- Sustainability Bond issued under our Sustainable Finance Framework

Strong and diverse financial position

- LTV of 36%, net debt of £1,006 million on a fully unsecured basis
- All drawn debt on fixed rate basis - weighted average interest rate reduced to 2.30% (2021: 2.47%) with weighted average debt maturity unchanged at 8 years
- Issued 12-year £300 million Sustainability Bond with coupon of 1.625%
- Cash and undrawn facilities of £369 million
- A- (stable outlook) rating from Fitch Ratings Ltd reaffirmed in January 2022

Summary results

Financial performance	March 2022	March 2021	Change
Net rental income	£126.5m	£112.0m	12.9%
Profit before tax	£155.8m	£108.3m	43.9%
IFRS earnings per share	5.6p	4.1p	36.6%
EPRA earnings per share ¹	3.1p	2.8p	10.7%
Dividend per share	2.93p	2.82p	3.9%
Property valuation and performance	March 2022	March 2021	Change
Investment property	£2,752m	£2,453m	12.2%
Diluted EPRA NTA per share	60.7p	57.2p	6.1%
Rent roll	£135.7m	£121.7m	11.5%
Financing	March 2022	March 2021	Change
Loan to Value ("LTV") ratio	36%	37%	(1)ppt
Undrawn facilities and cash	£369m	£272m	35.7%
Weighted average cost of debt	2.30%	2.47%	(17)bps

¹ Comparator is Adjusted EPRA earnings per share, adjusted to remove the £2.5 million contribution to the Assura Community Fund in the year to March 2021

² Development pipeline £522 million: £166 million on site, immediate pipeline £158 million, extended pipeline £198 million
Immediate development pipeline: schemes expected to be onsite within 12 months

Extended development pipeline: Assura appointed exclusive development partner, awaiting NHS approval

³ Weighted average annual uplift on all settled reviews

⁴ Acquisition pipeline in legal hands and expected to complete within 3-6 months

Alternative Performance Measures ("APMs")

The highlights page and summary results table above include a number of financial measures to describe the financial performance of the Group, some of which are considered APMs as they are not defined under IFRS. Further details are provided in the CFO Review, notes to the accounts and glossary.

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A presentation for investors and analysts, followed by live Q&A, will be streamed at the link below on 24 May 2022 at 11.00am BST.

Webcast link: <https://webcasting.brrmedia.co.uk/broadcast/625e82ca841dd838fd0be3a3>

In addition, the company will host a presentation with Q&A for retail investors on the Investor Meet Company platform on Thursday 9 June 2022 at 11.30am BST. Investors can sign up to Investor Meet Company for free and add to meet

Assura plc via: <https://www.investormeetcompany.com/assura-plc/register-investor>

Notes to Editors

Assura plc is a national healthcare premises specialist and UK REIT based in Warrington, UK - caring for more than 600 primary healthcare buildings, from which almost seven million patients are served.

A constituent of the FTSE 250 and the EPRA* indices, as at 31 March 2022, Assura's portfolio was valued at £2,752 million.

At Assura, we BUILD for health. Assura builds better spaces for people and places, invests in skills and inspires new ways of working, and unlocks the power of design and innovation to deliver lasting impact for communities – aiming for six million people to have benefitted from improvements to and through its healthcare buildings by 2026. Assura is leading for a sustainable future, targeting net zero carbon across its portfolio by 2040.

Further information is available at www.assurapl.com

*EPRA is a registered trademark of the European Public Real Estate Association.

Chairman's statement

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 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 the annual report.

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

CEO statement

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’.

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 multifaceted 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

CFO Review

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.

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 4). 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
Capital 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).

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

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.

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 11)	£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 11)	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 8.

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	2021
	£m	£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 5)	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 5)	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

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	2	126.5	–	126.5	112.0	–	112.0
Administrative expenses		(11.7)	–	(11.7)	(13.5)	–	(13.5)
Revaluation gains	6	–	69.4	69.4	–	41.6	41.6
Gain on sale of property	6	–	0.3	0.3	–	0.9	0.9
Share-based payment charge		(0.7)	–	(0.7)	(0.5)	–	(0.5)
Finance income		0.4	–	0.4	0.2	–	0.2
Finance costs	3	(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		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	4			5.6p			4.1p
EPRA EPS – basic & diluted	4	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	2021 £m	2020 £m	
Non-current assets				
Investment property	6	2,751.9	2,453.3	
Property work in progress		15.2	13.6	
Property, plant and equipment		0.5	0.3	
Investments		3.8	0.7	
Deferred tax asset		0.6	0.5	
		2,772.0	2,468.4	
Current assets				
Cash, cash equivalents and restricted cash		243.5	46.6	
Trade and other receivables		28.6	27.4	
Property assets held for sale	6	76.4	14.7	
		348.5	88.7	
Total assets		3,120.5	2,557.1	
Current liabilities				
Trade and other payables		44.9	40.7	
Head lease liabilities		0.1	0.1	
Deferred revenue	7	30.1	25.4	
		75.1	66.2	
Non-current liabilities				
Borrowings	8	1,244.4	948.7	
Head lease liabilities		5.4	5.4	
Deferred revenue	7	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	9	294.8	267.2	
Share premium		918.5	763.1	
Merger reserve	9	231.2	231.2	
Retained earnings		345.1	269.2	
Total equity		1,789.6	1,530.7	
NAV per Ordinary Share	– basic	5	60.7p	57.3p
	– diluted	5	60.7p	57.3p
EPRA NTA per Ordinary Share	– basic	5	60.7p	57.3p
	– diluted	5	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	9	24.2	161.8	–	–	186.0
Issue costs	9	–	(4.3)	–	–	(4.3)
Dividends	10	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	9	26.9	155.7	–	–	182.6
Issue costs	9	–	(4.7)	–	–	(4.7)
Dividends	10	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		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	9	182.6	186.0
Issue costs paid on issuance of Ordinary Shares	9	(4.7)	(4.3)
Dividends paid		(75.4)	(61.9)
Repayment of loan/borrowings	8	(20.0)	(190.0)
Long-term loans drawn down	8	315.9	298.1
Early repayment costs		–	(6.4)
Interest on head lease liabilities		(0.1)	(0.1)
Loan issue costs	8	(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		243.5	46.6

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.

Basis of preparation

The financial information set out in this preliminary announcement is derived from but does not constitute the Group's statutory accounts for the years ended 31 March 2022 and 31 March 2021, and as such, does not contain all information required to be disclosed in the financial statements prepared in accordance with UK-adopted international accounting standards (IFRSs). The financial information has been extracted from the Group's audited consolidated statutory accounts. The auditor has reported on those accounts: their reports were unqualified, did not draw attention to any matters by way of emphasis, and did not contain statements under s498(2) or (3) of the Companies Act 2006.

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 showing that borrowing facilities are adequate, the Group can operate within these facilities and meets its obligations when they fall due. 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 Annual Report will be posted to Shareholders on or before 31 July 2022.

The Preliminary Announcement was approved by the Board of Directors on 23 May 2022.

The Announcement and Annual Report can also be accessed on the internet at www.assurapl.com.

2. Net rental income

	2022	2021
	£m	£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	2021
	£m	£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).

3. 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%).

4. 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		–		–
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.

5. 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		57.3p	
NRV per Ordinary Share	- basic		63.2p		
	- diluted		63.2p		
NDV per Ordinary Share	- basic				56.0p
	- diluted				56.0p

	2022	20.1
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 the glossary.

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

6. 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	IPUC	Total	Investment	IPUC	Total
	2022	2022	2022	2021	2021	2021
	£m	£m	£m	£m	£m	£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		2021
				£m		£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 obligations 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		2021
				£m		£m
Investment property				2,647.3		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

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.

7. Deferred revenue

	2022	2021
	£m	£m
Arising from rental 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

8. Borrowings

	2022	2021
	£m	£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:

1. 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.

2. 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.

3. 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.

4. £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).

9. 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.

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.

10. 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 9.

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.

11. LTV

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	(243.5)	(46.6)
Net debt	1,006.4	907.6
LTV	36%	37%

12. 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.

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.

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.

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 4.

EPRA EPS is EPRA earnings, calculated on a per share basis. See Note 4.

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 5.

EPRA Net Disposal Value (“EPRA NDV”) is the balance sheet net assets adjusted to reflect the fair value of debt and derivatives. See Note 5.

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 5.

EPRA Net Tangible Assets (“EPRA NTA”) is the balance sheet net assets excluding deferred taxation. See Note 5.

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 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.

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 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 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.

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 5) 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.