23 May 2023

Assura plc

Good strategic progress and tenth consecutive year of dividend growth

Assura plc ("Assura"), the leading primary care property investor and developer, today announces its results for the year ended 31 March 2023.

Jonathan Murphy, CEO, said:

“Assura has again demonstrated the strength and reliability of its business model with another year of strategic progress and a strong financial performance, which has enabled us to grow EPRA earnings and deliver our tenth consecutive year of dividend growth.

“Taking a disciplined approach to capital deployment, we grew our net rental income by 9% to £138 million – adding 28 assets to our portfolio during the period through carefully-targeted acquisitions and completed developments, and also recycling capital through £78 million of disposals. We continue to deliver on new opportunities for growth – being on site with three schemes directly with NHS Trusts and having secured our first two forward-funding schemes in Ireland. Furthermore, we remain committed to maintaining the quality of our growing income stream – the majority of which is backed by the NHS – through value-enhancing portfolio management.

“Assura’s long-term growth platform is underpinned by our strong financial position, with a secure balance sheet, recently re-affirmed A- rating from Fitch and a debt book that is fully fixed – at 2.3% and with a weighted average maturity of seven years.

“As we embark on our 20th year of operation, the critical need for investment in primary care infrastructure is as pronounced as ever with hospitals under significant pressure – and it is reassuring this requirement has cross-party political support. Our vital role in relieving pressure on the health system through providing high-quality community healthcare buildings is clear, and our continued growth demonstrates that we remain a well-placed long-term partner for health care providers.

“We remain confident in our strategy, attractive portfolio, pipeline of opportunities, and market-leading capabilities to continue providing compelling long-term returns for shareholders.”

Another year delivering strong growth in EPRA earnings and dividend

- Passing rent roll increased 6% to £143.4 million (March 2022: £135.7 million) with WAULT of 11.2 years
- Net rental income up 9% to £138.0 million (2022: £126.5 million)
- Portfolio value £2,738 million (March 2022: £2,752 million)
- Net Initial Yield (“NIY”) widened 39 basis points to 4.87% (March 2022: 4.48%)
- EPRA earnings up 12% to £96.8 million (2022: £86.2 million) and EPRA EPS of 3.3p (2022: 3.1p)
- IFRS loss before tax £119.2 million (2022: profit of £155.8 million) and EPS (4.0)p (2022: 5.6p), reflecting valuation decline driven by outward yield shift
- Proposed 5% increase in the quarterly dividend to 0.82 pence per share (3.28 pence on an annual basis)

Continuing to deliver critical new capacity for health care in a community setting

- Portfolio of 608 high-quality primary care properties serving 6.3 million people across the UK
- Invested £200 million in additions (yield on cost 4.9%, WAULT 14.5 years): 10 development completions, 18 acquisitions and three assets in co-investment arrangements
- 10 asset enhancement capital projects completed (total spend £5.4 million) and on site with a further 8 (total spend £8.9 million)
- 65 properties disposed of for £78 million at a premium to book value
- Lease re-gears completed on £2.0 million of existing rent roll with a further £8.2 million in the pipeline
- Rent reviews generated a like-for-like increase of 7.2% on rent roll reviewed (weighted average annual rent increase of 3.8%[1])
- Total contracted rental income stands at £1.77 billion (March 2022: £1.81 billion)

Disciplined investment activity with pipeline of attractive opportunities

- On site with 11 developments; total cost of £129 million (March 2022: 17, £166 million) of which £54 million has been spent to date

- Immediate development pipeline of five schemes (total cost £37 million), where we would normally expect to be on site within 12 months notwithstanding delays currently being experienced in construction timetables and start dates
- Pipeline of 17 asset enhancement capital projects (projected spend of £14 million) over the next two years

Good momentum from strategic expansion into emerging opportunities

- Additions include completion of West Midlands Ambulance Hub development and three assets under co-investment arrangements (one with an NHS Trust, and two with a leading provider of primary-care at scale)
- On site development projects include Genesis Cancer Care facility in Guildford, Ramsay day surgery in Kettering and Northumbria Training Academy for local NHS Trust in Cramlington
- Two standing investments in Ireland, one with a significant development opportunity, on site with two forward funding projects and a further three in the immediate pipeline

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

- Moved on site with our first two net zero carbon developments at Fareham and Winchester
- All development completions rated BREEAM Very Good or Excellent and EPC B or above
- Assura Community Fund has deployed over £1.8 million since 2020 to community-health related projects
- Today we publish our Net Zero Carbon Pathway, including science-based energy intensity reduction targets for 2040 with interim targets for 2030 and 2035
- MSCI ESG Rating upgraded to “AA”
- On track for EPC B ratings across our portfolio by March 2026, currently 53% at this level

Strong and sustainable financial position

- Weighted average interest rate unchanged at 2.30% (March 2022: 2.30%); all drawn debt on fixed rate basis
- Weighted average debt maturity of 7 years, no refinancing on drawn debt due until October 2025. Over 50% of drawn debt matures beyond 2030, with our longest maturity debt at our lowest rates
- Cash and undrawn facilities of £243 million
- Net debt of £1,135 million on a fully unsecured basis; LTV 41%, net debt/EBITDA ratio of 9.1x
- A- (stable outlook) rating from Fitch Ratings Ltd reaffirmed in January 2023

Summary results

Financial performance	**March 2023**	**March 2022**	**Change**
Net rental income	£138.0m	£126.5m	9.1%
IFRS (loss)/profit before tax	£(119.2)m	£155.8m	
IFRS (loss)/earnings per share	(4.0)p	5.6p	
EPRA earnings per share	3.3p	3.1p	6.5%
Dividend per share	3.08p	2.93p	5.1%
Property valuation and performance	**March 2023**	**March 2022**	**Change**
Investment property	£2,738m	£2,752m	(0.5)%
Diluted EPRA NTA per share	53.6p	60.7p	(11.7)%
Rent roll	£143.4m	£135.7m	5.7%
Financing	**March 2023**	**March 2022**	**Change**
Net debt to EBITDA	9.1x	8.8x	
Undrawn facilities and cash	£243m	£369m	(34.1)%
Weighted average cost of debt	2.30%	2.30%	No change

[1] Weighted average annual uplift on all settled reviews

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.

For further information, please contact:

Assura plc
Jayne Cottam, CFO
David Purcell, Investor Relations Director

Tel: 01925 945354
Email: Investor@assura.co.uk

FGS Global
Gordon Simpson
James Thompson

Tel: 0207 251 3801
Email: Assura@fgsglobal.com

A presentation for investors and analysts followed by live Q&A will be hosted at the offices of CMS on 23 May 2023 at 9.00am GMT. The event will also be streamed live at the following link, and shortly after the event a full recording will be available.

Webcast link: https://brrmedia.news/AGR_FY

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 over six million patients are served.

A constituent of the FTSE 250 and the EPRA* indices, as at 31 March 2023, Assura's portfolio was valued at £2.7 billion.

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.assuraplc.com

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

Chairman's statement

Dear Shareholder,

This year marks a shared celebration for Assura and the NHS: we will shortly celebrate 20 years of operation, whilst the country will come together to pay tribute to 75 years of the NHS service in July.

Aiming to be a partner of choice to the NHS, we are proud to have supported the health service over our two decades of business – using our expertise in investing, developing and managing high-quality, sustainable premises that allow health professionals to deliver fantastic health services in the communities they serve.

The NHS is an incredible, albeit challenged, service that will have, at some point in time, touched the lives of everyone in this country. In honour of this, it's anniversary will be marked with a series of events to celebrate outstanding stories of health professionals and patients that showcase the best of the NHS as we look to the future.

However, the NHS anniversary also provides time for reflection – about where the NHS currently stands and the challenges ahead to ensure it remains a health service of which we as citizens can be proud and which other nations can admire.

The NHS faces persistent patient backlogs following the pandemic, and an ageing population presents increasing demands on the healthcare system. With a continued drive for hospital services to be moved into a community setting, now more than ever, there is a need for investment in the primary care and related estate to increase the ability of GPs to serve the healthcare needs of patients in the community, resulting in fewer of them needing to go to hospital.

In this report, we celebrate some of our own long-term success stories, in supporting the fantastic work that our NHS is commissioned to do. From examples such as Wide Way Medical Centre in Mitcham, part of our initial portfolio that we have supported with a significant extension in 2018 to help the practice grow and evolve; to Kelsall Medical Centre in Cheshire, which is our 99th and most recent development completion. All properties in our portfolio provide essential settings for the delivery of crucial health services in our communities.

The theme of this report is long-term performance. Assura's strong financial position, excellent portfolio, strategic expansion into growth areas, and supportive market drivers mean we are primed for sustainable growth.

Our execution to date, described in detail by Jonathan in his CEO statement and Jayne in her CFO review, leaves us well-positioned for the future – targeting long-term performance for our customers, communities and our investors.

For these reasons, we are investing in our capabilities now and for the future.

Investing in our credentials to meet our net zero carbon ambitions. In Fareham, we are delivering our first net zero carbon building for the local NHS Trust, which will provide a children's therapy centre for the local area.

Investing in buildings that help the NHS clear the backlog. In Guildford, we are developing for Genesis Care a cancer treatment centre that uses cutting edge technology and will be used under a contract with the local NHS Trust.

Investing in maximising social impact. Around our development in Cramlington, we have worked with the local primary care network to create a bespoke social impact plan to help support the health needs of that community.

Investing in technology to advance the services we provide. We have partnered with Mace Group to advance our facilities management offering, using technology to improve the speed and efficiency of our customer service offering.

Investing in health services for a digital future. In Winchester, we have partnered with the local academic health science network to fund a study of our how innovations and technology could support the practice's goal of becoming a more streamlined and efficient surgery.

All of these initiatives are expanding our offering, making us a more attractive long-term partner for our customers – and the NHS – allowing them to spend more time doing what they do best: provide high-quality health services.

And just like the NHS, we wouldn't be who we are without our people. I have been privileged to work across private and public organisations for much of my career and I'm proud to say of my Assura colleagues that they work tirelessly and with purpose to help us achieve results that deliver for all stakeholders. So to support our colleagues we are also investing in renewed learning and development programmes led by our new Chief People Officer.

I look forward to reporting on our successes in the years to come, as both Assura and the NHS work together to deliver critical new capacity for health services in a community setting.

Ed Smith CBE
Non-Executive Chairman
22 May 2023

CEO statement

Assura is a business built for the long-term. We have again demonstrated this with another successful year of progress and I'm proud of how our team has delivered against our strategy.

We operate in a market that offers a significant opportunity, with substantial investment required in the primary care estate, offering attractive investment characteristics, with long leases and a secure cash flow stream.

Our portfolio has strong fundamentals, having been carefully constructed over the past 20 years through selective acquisitions and completion of 99 development projects. Geographically spread through the UK and now Ireland, it has a long remaining lease term of over 11 years, 81% benefitting from an NHS-backed occupier covenant and occupancy of 99%.

We have a strong financial position, with a secure balance sheet, recently re-affirmed A- rating from Fitch and a debt book that is fully fixed at a rate of 2.3% and with a maturity of seven years. Our longest-dated debt, being our Social and Sustainability Bonds representing approximately 50% of our outstanding debt, also have the lowest rates, at 1.5% and 1.625% respectively.

These characteristics mean we are well positioned for the future. But we are also investing in our capabilities to ensure we remain best-placed to meet the needs of our customers for the long-term. We place a heavy emphasis on social impact and sustainability in everything we do – initiatives such as Design for Everyone, the activities of the Assura Community Fund and the launch of our Net Zero Carbon Pathway demonstrate this. Similarly, partnering with the right suppliers that can help us deliver more social impact, building greater requirements into our tenders, or a better technology-based solution, in our facilities management offering, demonstrates the benefit of working collaboratively for the long term.

Financial and operational performance

Assura's business is built on the reliability and resilience of the long-term, secure cash flows from our high-quality £2.7 billion portfolio of 608 properties and our efficient capital structure.

We strive to grow the rental income generated from our portfolio...

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 with capital discipline. During the year, our net investment was £130 million, adding 28 assets to our portfolio through acquisitions and completed developments, but also recycling capital through the disposal of 65 assets for £78 million. This enabled us to deliver 9% growth in net rental income to £138 million, and our passing rent roll stands at £143.4 million.

...whilst protecting the quality of our cash flows...

An essential part of our growth strategy is the careful review of every asset for opportunities to increase its lifetime cash flows and impact on the community. Our portfolio management team seek to enhance the value of our assets through agreeing rent reviews, completing lease re-gears, letting vacant space and undertaking physical extensions.

This year, the team completed 352 rent reviews, 15 lease re-gears, eight new tenancies for our vacant space, 10 capital projects and 25 sustainability upgrades. Our total contracted rental income, which is a combination of our passing rent roll and lease length, stands at £1.77 million, our weighted average unexpired lease term is 11.2 years and 81% of our income is backed by the NHS or HSE.

...and carefully controlling our balance sheet and cost base...

Despite the decline in valuation in the year, which has resulted in us recording an IFRS loss of £119 million or 4.0 pence per share, our balance sheet remains conservatively positioned with strong debt metrics of net debt to EBITDA, interest cover and LTV. Our investment grade rating of A- was re-affirmed by Fitch Ratings Ltd in January 2023.

All of our drawn debt has fixed interest, at an average of 2.3%, a weighted average maturity of seven years and we have no significant refinancings due in the next five years.

...to deliver earnings growth that supports our dividend policy.

The combination of these elements has enabled us to continue our track record of growth year on year. Our EPRA earnings have increased by 12% to £96.8 million which translates to an EPRA EPS of 3.3 pence per share.

The resilience of our income and the growth we have delivered is reflected in our fully covered dividend payments, which we have now increased for ten consecutive years. Today, we announce a 5% increase in the quarterly dividend payment to 0.82 pence with effect from the July 2023 payment, equivalent to 3.28 pence per share on an annualised basis.

Net zero carbon in focus

Alongside this report, we are launching our Net Zero Carbon Pathway, which sets out the energy consumed in our portfolio, our targets for reducing this and our strategy to achieve this.

To us, this is more than simply ticking an environmental box. The easiest thing for us to do would be calculate our emissions and buy some carbon offsets. However, alongside our social impact ambition, we consider moving toward net zero carbon as being fundamental to our long-term business model and strategy.

Our buildings need to meet the expectations of our customers and all stakeholders. We aim to lead the way in designing buildings that are efficient in their energy consumption and carbon emissions, both embodied in the construction process and day-to-day operational usage, to help the NHS meet its own net zero carbon targets and to reduce the running costs of our buildings.

This means rolling out our Net Zero Carbon Design Guide to the development projects in our pipeline. It means reducing our own direct carbon footprint. But most importantly it means looking at the operational emissions in our existing portfolio and working with our occupiers to reduce energy used – both through occupier engagement initiatives to improve energy consumption behaviours and retrofitting our buildings with appropriate technological improvements.

We do not underestimate the scale of this challenge over the next 17 years to 2040. Our plans will involve investment over time and our priority is ensuring that this investment has a suitable return for investors.

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.

The market to expand our portfolio through acquisition in the UK has been muted over the months since the turmoil in the bond markets in reaction to the mini-budget in September 2022 and remains the case today. Looking ahead we would expect the majority of our growth in the short-term to come from maximising the returns on our existing portfolio, focusing on developments and asset enhancement opportunities as the areas in which we can generate most value-add.

We are on site with 11 developments, with a total cost of £129 million that will complete over the next 18 months. These have a remaining spend of £75 million and are fully funded from available cash.

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. Whilst we are starting to see a slowdown in the pace of tender price cost inflation in our development pipeline, it takes time to flow the increased costs into the negotiations with the District Valuer to set the rent on these schemes. We only move on site when all aspects of a scheme (NHS approval, fixed price construction contract, agreement for lease in place) are agreed in full. We are seeing progress in our areas of strategic expansion – working directly with NHS Trusts, independent providers and stakeholders in Ireland. Each of these areas are closely aligned with our existing portfolio, being buildings that deliver health services in a community setting – aiming to relieve some of the pressure on the NHS system – with a strong underlying occupier covenant.

Our on-site developments include three schemes directly with NHS Trusts (Shirley, Fareham and Cramlington), two schemes with independent providers (Kettering and Guildford) and also our first two forward funding projects in Ireland (Kilbeggan and Ballybay). Similarly, our immediate pipeline of five schemes (total estimated cost of £37 million) contains three schemes in Ireland and one ambulance hub, building on the recent successes we have had in these areas becoming meaningful contributors to our portfolio and cash flow stream.

Having completed 10 asset enhancement projects (£5.4 million) in the period, we are on site with eight more (total spend £8.9 million). The nature of each of these projects is different – for example, 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 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 stronger collaboration across health professionals, services and the property estate.

Assura has a vital role as a partner to health providers to ease the pressures faced by the system. By investing in our capabilities, we are strategically placing ourselves as the partner of choice for the long-term. We are best placed to provide high-quality, sustainable new premises for delivery of health services, to retrofit existing buildings to meet the net zero carbon challenge, partnering with our supply chain to maximise the social value that we create for the communities we operate in and continually evolving our offering through adopting the latest technologies.

Focusing on enhancing our expertise and delivering this into our buildings, both physically and through the customer service we aim to deliver, means that our customers can focus on what they do best – delivering essential health services.

Jonathan Murphy
CEO
22 May 2023

CFO Review

This has very much been a year of two halves from an investment perspective, with a significant change in capital markets and a high inflationary environment impacting external growth activities. We entered the year with a strong pipeline of acquisition, development and asset enhancement activities, which we delivered, mainly in the first quarter. Then, as the market conditions change in the second half of the year, we responded quickly, pausing acquisition activity as interest rates rose sharply.

What has remained consistent is the resilience of our assets in generating high-quality cash flows, highlighting the strength of our business model. Our asset class benefits from increasing demand, long leases and a primarily government-backed occupier base, and so it remains attractive regardless of the political or economic backdrop.

This is then enhanced by our disciplined balance sheet management, with long-term, fixed and sustainable financing in place meaning the growth in rental income can efficiently flow through to EPRA earnings and the dividend we pay.

All of this means we continue to have high confidence in our future prospects and our ability to deliver attractive returns that benefit all of our stakeholders.

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.

Portfolio as at 31 March 2023 £2,738.0 million (2022: £2,751.9 million)

Our business is based on our investment portfolio of 608 properties (2022: 645).

This has a passing rent roll of £143.4 million (2022: £135.7 million), 81% of which is underpinned by the NHS. The WAULT is 11.2 years (2022: 11.6 years) and we have a total contracted rent roll of £1.77 billion (2022: £1.81 billion).

At 31 March 2023 our portfolio of completed investment properties was valued at a total of £2,677.4 million (2022: £2,750.3 million including assets held for sale of £76.0 million), which produced a net initial yield ("NIY") of 4.87% (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 5.09% (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 5.12% (2022: 4.74%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.77% (2022: 4.42%).

	2023 £m	2022 £m
Net rental income	**138.0**	126.5
Valuation movement	**(215.3)**	69.4
Total Property Return	**(77.3)**	195.9

Reflecting the recent unstable macroeconomic backdrop and movement in gilt yields, we, like most real estate companies, recorded a loss on valuation of £215.3 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 (2.6%) for the year (2022: 7.1%).

The net valuation loss represents a 6.4% movement on a like-for-like basis. However, this was offset by the positive actions we have taken in the year to improve the portfolio – with 15 lease regears, 10 capital projects and £2.8 million additional rent from rent reviews settled in the year.

As a comparison, the 10-year and 15-year UK gilts moved significantly in the year, now standing at 3.49% and 3.78% respectively (2022: 1.61% and 1.81% respectively).

Portfolio additions

We have taken a disciplined approach to investment in 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:

	2023 £m
Acquisitions	**129.7**
Completed developments	**70.2**
Additions	**199.9**
Disposals	**(77.8)**
Asset enhancement & sustainability	**15.2**
Net investment	**137.3**

We have completed 18 acquisitions and 10 developments during the year.

These additions were at a combined total cost of £200 million with a combined passing rent of £9.9 million (yield on cost of 4.9%) and a WAULT of 14.5 years.

During the period, we disposed of 65 properties which no longer met our investment criteria, generating proceeds of £78 million, in line with their book values at March 2022, and this cash is now being recycled into the on site pipeline of developments and asset enhancement opportunities. We are continually reviewing our portfolio for any indication that properties no longer meet our investment criteria.

Development activity

We completed 10 developments during the year, adding an initial £2.9 million to our rent roll and creating improved facilities to serve 170,000 patients.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with five schemes moving on site during the year meaning that 11 are on site at 31 March 2023.

Of the 11, seven are under forward funding arrangements (including our first two developments in Ireland) and four are in-house schemes. These have a combined development cost of £129 million, of which we had spent £54.7 million as at the year end.

We continue to source additional schemes for our development pipeline, but the pressures of both rising construction costs and higher costs of finance have led us to proceed with discipline before committing to schemes, ensuring all aspects are fixed before we commence. We have an immediate pipeline of five properties (estimated cost £37 million, which we would hope to be on site within 12 months) and an extended pipeline of 49 properties (estimated cost £446 million, appointed exclusive partner and awaiting NHS approval).

We recorded a revaluation loss of £4.8 million in respect of investment property under construction (2022: gain of £4.0 million) reflecting the valuation movement during the year.

Live developments and forward funding arrangements

	Forward fund/ in house	Principal occupier	Estimated completion date	Total development costs £m	Costs to date £m	Size sq.m
Ballbay	FF	HSE	Q2 24	4.3	0.6	1,695
Brighton	FF	GPs	Q1 24	4.9	2.0	948
Cramlington	In house	NHS Trust	Q1 24	25.3	11.8	6,500
Fareham	In house	NHS Trust	Q2 24	4.9	1.5	950
Guildford	FF	Independent provider	Q4 23	30.8	10.3	2,818
Kettering	FF	Independent provider	Q2 23	21.6	13.3	3,500
Kilbeggan	FF	HSE	Q1 24	5.4	1.7	1,740
Kings Lynn	FF	GPs	Q2 24	10.1	2.8	1,702
Southampton	In house	GPs	Q3 23	7.5	4.3	1,385
Winchester	In house	GPs	Q3 24	8.4	1.9	1,353
Wolverhampton	FF	GPs	Q3 23	5.9	4.5	1,325

Portfolio management

Our rent roll grew by £7.7 million during the year to £143.4 million. The growth came from acquisitions (£6.9 million), development completions (£2.9 million) and portfolio management activity including rent reviews (£2.8 million), offset by the rent relating to disposals (£4.9 million).

During the year we successfully concluded 352 rent reviews (2022: 308 reviews) to generate a weighted average annual rent increase of 3.8% (2022: 1.9%) on those properties, which is a figure that includes 16 reviews we chose not to instigate in the year. These 352 reviews covered £38.7 million or 29% of our rent roll at the start of the year and, on a like-for-like basis, the absolute increase of £2.8 million is a 7.2% increase on this rent. Our portfolio benefits from a 33% weighting in fixed, RPI and other uplifts which generated an average uplift of 5.7% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.5% (2022: 1.4%) during the period.

Our total contracted rental income is a function of the 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 15 lease re-gears in the year covering £2.0 million of current annual rent and adding 13.2 years to the WAULT for those particular leases (2022: 22 re-gears, £1.3 million of rent). We have also agreed terms on a pipeline of 35 re-gears covering £8.2 million of rent roll and these are currently in legal hands.

We have completed 10 capital projects in the year (total spend £5.4 million) and are currently on site with a further eight (total spend of £8.9 million). These schemes increase the WAULT on those properties by 15.6 years and improve the sustainability performance of those buildings. In addition, we have a further 17 asset enhancement projects we hope to complete in the next two years with estimated spend of £14.1 million.

Our EPRA Vacancy Rate was 1.0% (March 2022: 1.2%).

Our current contracted annual rent roll is £143.4 million and, on a proforma basis, would increase to in excess of £159 million once on site developments, asset enhancement projects and rent reviews are completed.

Administrative expenses

Administrative expenses in the year were £13.3 million (2022: £11.7 million).

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 13.5% and 12.3% respectively (2022: 13.1% and 12.1%).

We also measure our operating efficiency as the ratio of administrative costs to the average gross investment property value. This ratio during the period equated to 0.48% (2022: 0.45%).

Financing

Our balance sheet and financing position remains strong. We have cash reserves and committed undrawn facilities totalling £243 million, and our long-term, drawn facilities have fixed rates in place.

Growth during the period, with net investment of £130 million, has been primarily funded by cash reserves, in addition to the capital recycled from the 65 properties disposed in the year.

Financing statistics	**2023**	2022
Net debt (Note 11)	**£1,134.6m**	£1,006.4m
Weighted average debt maturity	**7.0 years**	8.0 years
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
Net debt to EBITDA	**9.1x**	8.8x
LTV (Note 11)	**41%**	36%

Our LTV ratio currently stands at 41% and will increase in the short term as we utilise cash to fund the pipeline of development and asset enhancement opportunities. We generally operate with an LTV in and around 40%, and our policy allows us to reach the range of 40-50% should the need arise.

100% of our drawn 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 7.0 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 £27.3 million (2022: £28.0 million).

IFRS loss before tax

IFRS loss before tax for the period was £119.2 million (2022: profit of £155.8 million).

This has reduced compared with the prior year due to revaluation movements, as described above.

EPRA earnings

	2023 £m	2022 £m
Net rental income	**138.0**	126.5
Administrative expenses	**(13.3)**	(11.7)
Net finance costs	**(27.3)**	(28.0)
Share-based payments and other	**(0.6)**	(0.6)
EPRA earnings	**96.8**	86.2

The movement in EPRA earnings can be summarised as follows:

	£m
Year ended 31 March 2022	86.2
Net rental income	11.5
Administrative expenses	(1.6)
Net finance costs	0.7
Year ended 31 March 2023	**96.8**

EPRA earnings has grown 12.3% to £96.8 million in the year to 31 March 2023 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 an increase in administrative expenses.

Earnings per share

The basic earnings per share ("EPS") on loss for the period was (4.0) pence (2022: 5.6 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 3.3 pence (2022: 3.1 pence).

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 1.1 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 2023 were £91.0 million or 3.08 pence per share (2022: 2.93 pence per share). £2.1 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 EPRA earnings. Three dividends paid during the year were PIDs and one was a normal dividend (non-PID). It is expected that the majority of future dividends will be PIDs.

The table below illustrates our cash flows over the period:

	2023 **£m**	2022 £m
Opening cash	**243.5**	46.6
Net cash flow from operations	**94.1**	94.6
Dividends paid	**(88.9)**	(75.4)
Investment:		
Property and other acquisitions	**(150.3)**	(245.3)
Development expenditure	**(57.9)**	(63.7)
Sale of properties	**77.8**	15.1
Financing:		
Net proceeds from equity issuance	**-**	177.9
Net borrowing movement	**(0.3)**	293.7
Closing cash	**118.0**	243.5

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 from cash reserves and the disposals during the period.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 March 2022 (Note 5)	1,789.0	60.7
EPRA earnings	96.8	3.3
Capital (revaluations and capital gains)	(216.0)	(7.3)
Dividends	(91.0)	(3.1)
Equity issuance	5.1	-
Other	3.0	-
Diluted EPRA NTA at 31 March 2023 (Note 5)	**1,586.9**	**53.6**

Our Total Accounting Return per share for the year ended 31 March 2023 is (6.6)% (2022: 11.2%) of which 3.1 pence per share (5.1%) has been distributed to shareholders, offset by the 7.1 pence per share (11.7%) reduction in EPRA NTA.

Jayne Cottam
CFO
22 May 2023

Consolidated income statement
For the year ended 31 March 2023

		2023			2022		
	Note	**EPRA £m**	**Capital and non-EPRA £m**	**Total £m**	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		**144.4**	**6.0**	**150.4**	132.2	4.7	136.9
Property operating expenses		**(6.4)**	**(6.0)**	**(12.4)**	(5.7)	(4.7)	(10.4)
Net rental income	2	**138.0**	**–**	**138.0**	126.5	–	126.5
Administrative expenses		**(13.3)**	**–**	**(13.3)**	(11.7)	–	(11.7)
Revaluation (deficit)/gain	6	**–**	**(215.3)**	**(215.3)**	–	69.4	69.4
Gain on sale of property		**–**	**0.1**	**0.1**	–	0.3	0.3
Share-based payment charge		**(0.7)**	**–**	**(0.7)**	(0.7)	–	(0.7)
Share of losses from investments		**0.1**	**(0.8)**	**(0.7)**	–	–	–
Finance income		**1.6**	**–**	**1.6**	0.4	–	0.4
Finance costs	3	**(28.9)**	**–**	**(28.9)**	(28.4)	–	(28.4)
(Loss)/profit before taxation		**96.8**	**(216.0)**	**(119.2)**	86.1	69.7	155.8
Taxation		**–**	**–**	**–**	0.1	–	0.1
(Loss)/profit for the year attributable to equity holders of the parent		**96.8**	**(216.0)**	**(119.2)**	86.2	69.7	155.9
Other comprehensive income:							
Exchange gain arising on translation of foreign operations		**–**	**0.4**	**0.4**	–	–	–
Total comprehensive (loss)/income		**96.8**	**(215.6)**	**(118.8)**	**86.2**	**69.7**	**155.9**
EPS – basic & diluted	4			**(4.0)p**			5.6p
EPRA EPS – basic & diluted	4	**3.3p**			3.1p		

All income arises from continuing operations in the UK and Ireland.

Consolidated balance sheet
As at 31 March 2023

	Note	**2023 £m**	2022 £m
Non-current assets			
Investment property	6	**2,738.0**	2,751.9
Property work in progress	6	**13.9**	15.2
Property, plant and equipment		**0.3**	0.5
Investments		**18.3**	3.8
Deferred tax asset		**0.6**	0.6
		2,771.1	2,772.0
Current assets			
Cash, cash equivalents and restricted cash		**118.0**	243.5
Trade and other receivables		**33.1**	28.6
Property assets held for sale		**0.4**	76.4
		151.5	348.5
Total assets		**2,922.6**	3,120.5
Current liabilities			
Trade and other payables		**46.8**	44.9
Head lease liabilities		**0.4**	0.1
Deferred revenue	7	**30.6**	30.1
		77.8	75.1
Non-current liabilities			
Borrowings	8	**1,246.4**	1,244.4
Head lease liabilities		**5.8**	5.4
Deferred revenue	7	**5.1**	6.0
		1,257.3	1,255.8
Total liabilities		**1,335.1**	1,330.9
Net assets		**1,587.5**	1,789.6
Capital and reserves			
Share capital	9	**296.1**	294.8
Share premium		**924.5**	918.5
Merger and other reserve	9	**231.6**	231.2
Retained earnings		**135.3**	345.1
Total equity		**1,587.5**	1,789.6
NAV per Ordinary Share – basic & diluted	5	**53.6p**	60.7p
EPRA NTA per Ordinary Share – basic & diluted	5	**53.6p**	60.7p

The financial statements were approved at a meeting of the Board of Directors held on 22 May 2023 and signed on its behalf by:

Jonathan Murphy CEO

Jayne Cottam CFO

Consolidated statement of changes in equity
For the year ended 31 March 2023

	Note	Share capital £m	Share premium £m	Merger reserve and other £m	Retained earnings £m	Total equity £m
1 April 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
Loss attributable to equity holders		**–**	**–**	**–**	**(119.2)**	**(119.2)**
Other comprehensive income:						
Exchange gain on translation of foreign balances	9	**–**	**–**	**0.4**	**–**	**0.4**
Total comprehensive loss		**–**	**–**	**0.4**	**(119.2)**	**(118.8)**
Issue of Ordinary Shares	9	**0.8**	**4.3**	**–**	**–**	**5.1**
Dividends	10	**0.4**	**1.7**	**–**	**(91.0)**	**(88.9)**
Employee share-based incentives		**0.1**	**–**	**–**	**0.4**	**0.5**
31 March 2023		**296.1**	**924.5**	**231.6**	**135.3**	**1,587.5**

Consolidated cash flow statement
For the year ended 31 March 2023

	Note	**2023 £m**	2022 £m
Operating activities			
Rent received		**138.1**	139.3
Interest paid and similar charges		**(29.0)**	(25.0)
Fees received		**1.4**	1.4
Interest received		**1.6**	0.4
Cash paid to suppliers and employees		**(18.0)**	(21.5)
Net cash inflow from operating activities		**94.1**	94.6
Investing activities			
Purchase of investment property		**(135.1)**	(241.8)
Development expenditure		**(57.9)**	(63.7)
Proceeds from sale of property		**77.8**	15.1
Other investments and property, plant and equipment		**(15.2)**	(3.5)
Net cash outflow from investing activities		**(130.4)**	(293.9)
Financing activities			
Issue of Ordinary Shares	9	**–**	182.6
Issue costs paid on issuance of Ordinary Shares	9	**–**	(4.7)
Dividends paid		**(88.9)**	(75.4)
Repayment of loan/borrowings	8	**–**	(20.0)
Long-term loans drawn down	8	**–**	315.9
Interest on head lease liabilities		**(0.2)**	(0.1)
Loan issue costs	8	**(0.1)**	(2.1)
Net cash (outflow)/inflow from financing activities		**(89.2)**	396.2
(Decrease)/increase in cash, cash equivalents and restricted cash		**(125.5)**	196.9
Opening cash, cash equivalents and restricted cash		**243.5**	46.6
Closing cash, cash equivalents and restricted cash		**118.0**	243.5

Notes to the accounts
For the year ended 31 March 2023

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 2023 and 31 March 2022, 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 2024, the Board of Directors have had reference to financial forecasts (including a number of sensitivities and scenarios) showing that borrowing facilities are adequate, the Group can operate within these facilities and meets its obligations when they fall due. All investment in the financial forecasts is at management's discretion, with the exception of committed development spend (see Note 12). 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, war in Ukraine 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 2023.

The Preliminary Announcement was approved by the Board of Directors on 22 May 2023.

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

2. Net rental income

	2023 £m	2022 £m
Rental revenue	**143.0**	130.8
Service charge income	**6.0**	4.7
Other related income	**1.4**	1.4
Gross rental and related income	**150.4**	136.9
Finance revenue		
Bank and other interest	**1.6**	0.4
Total revenue	**152.0**	137.3

	2023 £m	2022 £m
Gross rental and related income	**150.4**	136.9
Direct property expenses	**(6.4)**	(5.7)
Service charge expenses	**(6.0)**	(4.7)
Net rental income	**138.0**	126.5

During the year, £0.7 million of rental revenue was generated from operations in Ireland (2022: £0.2 million).

3. Finance costs

	2023 £m	2022 £m
Interest payable	**28.9**	28.0
Interest capitalised on developments	**(2.3)**	(1.6)
Amortisation of loan issue costs	**2.1**	1.9
Interest on head lease liability	**0.2**	0.1
Total finance costs	**28.9**	28.4

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2022: 4% to 5%).

4. Earnings per Ordinary Share

	Earnings 2023 £m	**EPRA earnings 2023 £m**	Earnings 2022 £m	EPRA earnings 2022 £m
(Loss)/profit for the year	**(119.2)**	**(119.2)**	155.9	155.9
Revaluation deficit/(gains)		**215.3**		(69.4)
Share of revaluation losses from investments		**0.8**		–
Gain on sale of property		**(0.1)**		(0.3)
EPRA earnings		**96.8**		86.2
EPS – basic & diluted	**(4.0p)**		5.6p	
EPRA EPS – basic & diluted		**3.3p**		3.1p

	2023	2022
Weighted average number of shares in issue	**2,958,384,509**	2,780,731,947
Potential dilutive impact of share options	**1,055,291**	1,225,519
Diluted weighted average number of shares in issue	**2,959,439,800**	2,781,957,466

The current number of potentially dilutive shares relates to nil-cost options under the share-based payment arrangements and is 1.1 million (2022: 1.2 million).

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

5. NAV per Ordinary Share

2023 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		**1,587.5**	**1,587.5**	**1,587.5**	**1,587.5**
Deferred tax			**(0.6)**	**(0.6)**	–
Fair value of debt			**–**	–	**226.5**
Real estate transfer tax			**174.5**	–	–
EPRA adjusted NAV			**1,761.4**	**1,586.9**	**1,814.0**
Per Ordinary Share	- basic	**53.6p**	**59.5p**	**53.6p**	**61.3p**
	- diluted	**53.6p**	**59.5p**	**53.6p**	**61.2p**

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**
Per Ordinary Share	- basic	**60.7p**	**66.8p**	**60.7p**	**62.7p**
	- diluted	**60.7p**	**66.7p**	**60.7p**	**62.7p**

	2023	2022
Number of shares in issue	**2,960,594,138**	2,948,359,637
Potential dilutive impact of share options	**1,055,291**	1,225,519
Diluted number of shares in issue	**2,961,649,429**	2,949,585,156

For definitions of the above EPRA NAV metrics, see 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 2023. 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 2023 £m	**IPUC 2023 £m**	**Total 2023 £m**	Investment 2022 £m	IPUC 2022 £m	Total 2022 £m
Opening market value	**2,682.8**	**69.1**	**2,751.9**	2,409.8	43.5	2,453.3
Additions:						
– acquisitions	**126.5**	**–**	**126.5**	233.5	–	233.5
– improvements	**15.0**	**–**	**15.0**	8.5	–	8.5
	141.5	**–**	**141.5**	242.0	–	242.0
Development costs	**–**	**58.9**	**58.9**	–	62.1	62.1
Transfers	**72.5**	**(72.5)**	**–**	42.1	(42.1)	–
Transfer to assets held for sale	**–**	**–**	**–**	(76.0)	–	(76.0)
Capitalised interest	**–**	**2.3**	**2.3**	–	1.6	1.6
Disposals	**(1.8)**	**–**	**(1.8)**	(0.5)	–	(0.5)
Foreign exchange gain	**0.5**	**–**	**0.5**	–	–	–
Unrealised (deficit)/surplus on revaluation	**(210.5)**	**(4.8)**	**(215.3)**	65.4	4.0	69.4
Closing fair value of investment property	**2,685.0**	**53.0**	**2,738.0**	2,682.8	69.1	2,751.9

Investment property includes a £6.2 million head lease liability (2022: £5.5 million).

	2023 £m	2022 £m
Market value of investment property as estimated by valuer	**2,677.4**	2,674.3
Add IPUC	**53.0**	69.1
Add capitalised lease premiums and rental payments	**1.4**	3.0
Add head lease obligations recognised separately	**6.2**	5.5
Fair value for financial reporting purposes	**2,738.0**	2,751.9
Completed investment property held for sale	–	76.0
Land held for sale	**0.4**	0.4
Total property assets	**2,738.4**	2,828.3

	2023 £m	2022 £m
Investment property	**2,677.4**	2,647.3
Investment property held for sale	–	76.0
Total completed investment property	**2,677.4**	2,750.3

	2023 £m
Assets held for sale at 1 April	**76.4**
Disposals during the year	**(76.0)**
Net transfers from investment property	–
Assets held for sale at 31 March	**0.4**

At March 2023, there is one asset held as available for sale (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 IPUC as at 31 March 2023 was Level 3 – Significant unobservable inputs (2022: 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 96% of the portfolio by value, the net initial yield ranges from 3.5% to 8.5% (2022: 3.5% to 8.7%) and the equivalent yield ranges from 3.8% to 8.5% (2022: 3.3% to 8.5%). 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 3.8% to 4.5%. Higher yields (range 5.5% to 8.5%) 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 £124 million (2022: £153 million) impact on the investment property valuation.

The ERV ranges from £100 to £669 per sq.m (2022: £100 to £669 per sq.m), in respect of 97% 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 £53.2 million (2022: £54.8 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.

Property work in progress

	2023 £m
At 1 April	15.2
Additions during the period	1.8
Transfers	(3.1)
At 31 March	13.9

7. Deferred revenue

	2023 £m	2022 £m
Arising from rental received in advance	**30.1**	29.5
Arising from pharmacy lease premiums received in advance	**5.6**	6.6
	35.7	36.1
Current	**30.6**	30.1
Non-current	**5.1**	6.0
	35.7	36.1

8. Borrowings

	2023 £m	2022 £m
At 1 April	**1,244.4**	948.7
Amount drawn down in year	**–**	315.9
Amount repaid in year	**–**	(20.0)
Loan issue costs	**(0.1)**	(2.1)
Amortisation of loan issue costs	**2.1**	1.9
At 31 March	**1,246.4**	1,244.4
Due within one year	**–**	–
Due after more than one year	**1,246.4**	1,244.4
At 31 March	**1,246.4**	1,244.4

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 2023, the facility was undrawn (2022: undrawn).

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 £10.6 million (2022: £12.6 million).

9. Share capital and other reserves

	Number of shares 2023	**Share capital 2023 £m**	Number of shares 2022	Share capital 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	967.2
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 – scrip	**1,659,620**	**0.2**	–	–
Issued 12 October 2022 – scrip	**52,001**	**–**	–	–
Issued 11 January 2023 – scrip	**1,343,429**	**0.2**	–	–
Total share capital	**2,960,594,138**	**296.1**	2,948,359,637	294.8

There is no difference between the number of Ordinary Shares issued and authorised. At the AGM each year, approval is sought from shareholders giving the Directors the ability to issue Ordinary Shares, up to 10% of the Ordinary Shares in issue at the time of the AGM.

The Ordinary Shares issued in April 2021, July 2021, October 2021, January 2022, April 2022, July 2022, October 2022 and January 2023 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 2023 this increased share capital by £0.4 million and share premium by £1.7 million (2022: £0.6 million and £4.4 million respectively).

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 9 April 2021, 26 October 2021, 7 April 2022 and 27 April 2022 were issued as part consideration for the acquisition of medical centres.

The Ordinary Shares issued in July 2021 and July 2022 relate to employee share awards under the Performance Share Plan. A portion of the shares issued on 7 July 2021 (230,934) and on 13 July 2022 (383,194) were issued to the EBT on behalf of employees under the PSP.

The share capital relates to the Group and Company.

Other reserves

The merger reserve £231.2 million (2022: £231.2 million) 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.

The other reserve relates to the foreign exchange translation reserve £0.4 million (2022: £nil).

10. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	**2023 £m**	2022 £m
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
13 April 2022	0.74	2,951,691,176	**21.8**	–
13 July 2022	0.78	2,957,539,088	**23.0**	–
12 October 2022	0.78	2,959,198,708	**23.1**	–
11 January 2023	0.78	2,959,250,709	**23.1**	–
			91.0	80.4

The April dividend for 2023/24 of 0.78 pence per share was paid on 12 April 2023 and the July dividend for 2023/24 of 0.82 pence per share is currently planned to be paid on 12 July 2023 with a record date of 8 June 2023.

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 2021, October 2021, April 2022, July 2022 and October 2022 dividends were PIDs as defined under the REIT regime. Future dividends will be a mix of PID and normal dividends as required.

The dividends paid disclosure relates to both the Group and Company.

11. Financial instruments

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 41% at 31 March 2023 (31 March 2022: 36%).

	2023 **£m**	2022 £m
Investment property	**2,685.0**	2,682.8
Investment property under construction	**53.0**	69.1
Held for sale	**0.4**	76.4
Total property	**2,738.4**	2,828.3

	2023 **£m**	2022 £m
Borrowings	**1,246.4**	1,244.4
Head lease liabilities	**6.2**	5.5
Cash	**(118.0)**	(243.5)
Net debt	**1,134.6**	1,006.4
LTV	**41%**	36%

12. Commitments

At the year end the Group had 11 (2022: 17) committed developments which were all on site with a contracted total expenditure of £129 million (2022: £166.4 million) of which £54.7 million (2022: £65.2 million) had been expended. The remaining commitment is therefore £74.3 million (2022: £101.2 million).

In addition, the Group is on site with 8 asset enhancement capital projects (2022: seven) with a contracted total expenditure of £8.9 million (2022: £7.4 million) of which £5.0 million (2022: £1.0m million) had been expended. The remaining commitment is therefore £3.9 million (2022: £6.4 million).

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. £1.9 million had been invested as at 31 March 2023.

Glossary

AGM is the Annual General Meeting.

AHSP is air source heat pump.

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.

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 £124.1 million, calculated as net rental income (£138.0 million) plus income from investments (£0.1 million), less administrative expenses (£13.3 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 trademark 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 Loan to Value ("EPRA LTV") is debt dividend by the market value of the property, differing from our usual LTV by the inclusion of net current payables or receivables and the proportionate share of co-investment arrangements.

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. This replaces the previous EPRA NNNAV metric.

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. This replaces the previous EPRA NAV metric.

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. The "topped-up" yield adjusts this for the expiration of rent-free periods and other un-expired lease incentives.

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

Equivalent Yield 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.

EUI is energy usage intensity, being a measure of how much energy is used by a building per square meter.

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

HSE is the Health Service Executive, being the body which provides public health and social care services to everyone living in Ireland.

IFRS is UK-adopted international accounting standards.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £27.3 million, EBITDA is £124.1 million, giving interest cover of 4.5 times.

KPI is a Key Performance Indicator.

kWh is kilowatt-hour, being a unit of energy.

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.

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 0.48%. This is calculated as administrative expenses of £13.3 million divided by the average property balance of £2,745 million (opening £2,752 million plus closing £2,738 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.

PV is photo-voltaic panels, commonly referred to as solar-panels.

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 2023 the rent roll was £143.4 million (March 2022: £135.7 million) and the growth in the year was £7.7 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.

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 2022) was 60.7 pence per share, closing EPRA NTA was 53.6 pence per share, and dividends paid total 3.08 pence per share giving a return of (6.6)% 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 2023, 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 year to March 2023, the calculation is net rental income of £138.0 million plus revaluation of £215.3 million giving a return of £(77.3) million, divided by £2,943.8 million (opening investment property £2,674.3 million and IPUC £69.1 million plus additions of £141.5 million and development costs of £58.9 million). This gives a Total Property Return in the year of 2.6%.

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 31 March 2023 it was 48.9 pence, and dividends paid during the period were 3.08 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.