18 May 2021

Assura plc

Delivering continued growth

Assura plc ("Assura"), the leading primary care property investor and developer, today announces its annual results for the year ended 31 March 2021.

Jonathan Murphy, CEO, said:

“Over the year we continued to build on our market-leading position, delivering a strong financial performance, a record number of new developments in local communities and significant progress on our social impact strategy, SixBySix.

“With an ageing population and challenges exacerbated by COVID-19, NHS services are under intense pressure. Well-designed and located community healthcare spaces that meet the ever-changing requirements of GPs and their patients will play an essential role in reducing this pressure on hospitals and the wider health service. With our largest ever development pipeline and deep understanding of the NHS, we are well-placed to continue delivering such space and to support it through key emerging trends including digitalisation, the integration of healthcare systems and mental health support.

The NHS is seeking to become the world’s first net zero carbon health system and we have set tough targets for ourselves, as we believe our contribution to improving health in communities must reach far beyond our buildings.

“After another successful year, we look forward with confidence to progressing our strategy and continuing to deliver value for our shareholders and wider stakeholders.”

Strong growth and resilient cash flows bolster our position as NHS partner of choice

- Passing rent roll up 12% to £121.7 million (March 2020: £108.9 million)
- WAULT increased to 11.9 years (March 2020: 11.7 years)
- Profit before tax up 37% to £108.3 million (2020: £78.9 million), EPS 4.1 pence per share (2020: 3.1 pence per share)
- Adjusted EPRA earnings up 12% to £75.4 million (2020: £67.5 million), adjusted EPRA EPS of 2.8 pence per share (2020: 2.8 pence per share)
- Portfolio increased 15% to £2,453 million as at 31 March 2021 (March 2020: £2,139 million)
- Portfolio Net Initial Yield (“NIY”) at 4.58% (March 2020: 4.68%)
- Rent collections continue to be in line with normal patterns
- Eighth consecutive year of dividend growth – 4.2% increase in quarterly dividend to 0.74 pence per share with effect from the July 2021 payment

Continuing to deliver critical new capacity for community healthcare

- Growing portfolio of 609 high-quality properties (March 2020: 576), serving 5.9 million people across the UK
- Record number of developments (12) completed in the year (March 2020: 4); a further 16 on site at a total cost of £72 million
- Market-leading development capability further strengthened by acquisition of Apollo in February 2021
- Completed 50 acquisitions for consideration of £230 million; 29 disposals with proceeds of £26 million
- Four asset enhancement projects completed (£1.2 million spend), four more on site (£2.7 million spend)
- 31 lease re-gears (£2.8 million existing rent roll) and 320 rent reviews completed (1.2% uplift on OMR reviews)
- Total contracted rental income increased to £1.57 billion (March 2020: £1.43 billion)
- Pipelines: immediate developments totalling £111 million; acquisitions at £46 million in legal hands; asset enhancement capital projects of £15 million
- 39 lease re-gears covering £5.0 million of existing rent roll in the current pipeline

Sustainability and social impact at the heart of all decision-making

- Continued to closely support our partners and patients through the crisis - utilising vacant space and adapting existing premises such as for longer-term social distancing and hybrid care for physical and virtual consultations
- End the year with close to one in ten of our buildings as designated vaccine hubs, helping with local planning

- A good start to our SixbySix social impact strategy ambition to benefit six million people from improvements to and through our healthcare buildings by 2026 – over 275,000 people benefited in year one
- Assura Community Fund launched in May 2020 with a £2.5 million contribution; more than £800,000 already distributed to health-improving projects around our buildings
- All development completions rated BREEAM Very Good or Excellent and met EPC targets of B and above
- Two development projects identified as our first net zero pilots; aiming to be on site within 12 months
- Enhanced focus on 'patient-centric' design, with partnerships at Dimensions and Dementia UK
- Launched Share Incentive Plan to allow all staff to benefit from the company's success with 82% uptake
- First UK real estate Social Bond issued in accordance with our Social Finance Framework

Strong and diverse financial position

- As at 31 March 2021 gross debt stood at £957 million on a fully unsecured basis
- Undrawn facilities of £225 million and cash of £46.6 million
- Issued £10-year £300 million Social Bond with coupon of 1.5% in September 2020
- Gross proceeds of £185 million from equity raise in April 2020
- LTV of 37% at 31 March 2021 and weighted average interest rate of 2.47%
- A- (stable outlook) rating from Fitch Ratings Ltd reaffirmed in January 2021

Summary results

Financial performance	**March 2021**	**March 2020**	**Change**
Net rental income	£112.0m	£103.7m	8.0%
Profit before tax	£108.3m	£78.9m	37.3%
IFRS earnings per share	4.1p	3.1p	32.3%
EPRA earnings per share	2.7p	2.8p	(3.6%)
Adjusted EPRA earnings per share	2.8p	2.8p	-
Dividend per share	2.82p	2.75p	2.5%
Property valuation and performance	**March 2021**	**March 2020**	**Change**
Investment property	£2,453m	£2,139m	14.7%
Diluted EPRA NTA per share	57.2p	53.9p	6.1%
Rent roll	£121.7m	£108.9m	11.8%
Financing	**March 2021**	**March 2020**	**Change**
Loan to Value ("LTV") ratio	37%	38%	(1)ppt
Undrawn facilities and cash	£272m	£238m	14.3%
Weighted average cost of debt	2.47%	3.03%	(56)bps

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:

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A presentation followed by live Q&A will be streamed at the link below at 8.00am BST.

Webcast link: https://webcasting.brrmedia.co.uk/broadcast/6075561c0386285386cc7bef

This announcement contains inside information as defined in Article 7 of the EU Market Abuse Regulation No 596/2014 and has been announced in accordance with the Company's obligations under Article 17 of that Regulation.

Notes to Editors

Assura plc, a constituent of the FTSE 250 and the EPRA* indices, is a UK REIT and long-term investor in and developer of primary care property. The company, headquartered in Warrington, works with GPs, health professionals and the NHS to create outstanding spaces for health services in our communities. At 31 March 2021, Assura's property portfolio was valued at £2,453 million.

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,

If I asked you to think of a word to describe the response of society and business to the last twelve months, one of these may well be high on your list: Innovative. Collaborative. Genuine. Passionate.

All of these are ways of working which the Assura team chose as our guiding values many years ago, and which have been at the heart of our approach to the quickly-changing external environment, our business and the unique pressures on both our people and those working in our buildings this year. Our continued solid progress, financial strength at a time of unprecedented economic shocks, strong investment pipeline and the quality of our service to those working in and using our buildings are testament to how we have delivered in a year like no other.

It's been a year of innovation: while the NHS pivoted people, systems and places to cope with the virus' peaks and to maintain essential care, we kept our buildings and the skills of our team at the NHS's disposal. We end the year with close to one in ten of our buildings as designated vaccine hubs, and we have worked to support our customers in their needs to equip buildings for longer-term social distancing and hybrid care across both physical and virtual consultations. In the year when the NHS announced its goal of becoming the world's first net carbon zero health system, we advanced our plans to create the first primary care centre to achieve net carbon zero for both construction and operation. We have identified test locations and our research and development activity is well underway.

It's been a year for deep collaboration: we've worked with our customers, suppliers and wider partners to understand the longer-term impacts of the pandemic and the inequalities it has further exposed for the NHS's estate and for the future of care. We're building a picture of how our already ground-breaking surgery of the future vision must evolve for health services which want to build back greener and fairer, using the lived experiences from the frontline this year and the realities of emerging integrated care systems. We're about to start on-site tests of our assessment tool for designing primary care environments which are truly inclusive and welcoming for everyone: ensuring that our spaces are doing everything they can to help people with disabilities and conditions such as autism, dementia and anxiety to access health services when they need to.

It's been a year where doing the right thing by people has been the lens through which we've made our decisions: our reputation for 'being genuine' is important to us. As a microcosm of society, our team has faced into the personal and professional challenges of the last year and we've worked hard to support them emotionally, technically, socially and financially. The team sought to make a real difference for tens of thousands of people in the communities around our buildings across the country through the Assura Community Fund, focusing its early grants on projects addressing the health impacts of loneliness, isolation, financial pressures and the widening inequalities of those already facing disadvantage. We remain passionate about the role of community space for health and wellbeing, whether within or through our developments and existing buildings, with some exciting schemes getting underway.

Underpinning all these things has been our financial strength. Assura delivered a sector first with its social bond and social finance framework – helping investors focus their investment on work which fits with their social goals. I want to thank our many shareholders for their support of the values of our business and for the values they bring to us.

This year sees Jenefer Greenwood step down from the Assura Board after nine years of incredible service – our thanks and best wishes to her cannot go far enough. In turn, we welcome Emma Cariaga, Noel Gordon and Sam Barrell to the team as Non-Executive Directors. Each brings with them unique experiences from the worlds of property, the NHS and technology – I very much look forward to their new energy and insights within the non-executive team.

Looking ahead, as health and care systems begin to move beyond the pandemic, begin to address the diagnostic and treatment backlogs and formally launch integrated care systems, we will continue to step up: providing the outstanding spaces that will be needed to deliver excellent care and access to it for everyone.

Ed Smith CBE
Non-Executive Chairman

17 May 2021

CEO statement

In preparing for our annual results presentation this year, we asked a few members of our team – Luke, who started working with us as an apprentice in our IT team only a few months ago, and Lisa, a senior portfolio manager who's been with us for almost four years now – to answer some questions about how they reflect on the last year. While I think we'd all agree wholeheartedly with their description of the last 12 months as 'like no other', what also came through was their sense of pride at having been part of a business playing its small part to help the NHS – taking care of the local medical centres which needed to be safe and open to patients, offering support to those which have become vaccination centres and keeping new-build schemes on track to create essential new local capacity for the NHS.

Just like every team in every business all over the world over the last 12 months, for every person in our organisation there is an individual story of working through the pandemic. I couldn't be prouder of how our whole team has adapted to support our customers over the last year.

Our approach has been to put our team first and we've seen the true benefit of this in the sustained, high level of service.

Inevitably we have had some challenges and suffered some lost productivity – disruption from adapting to remote working, site visits not able to be completed, delays in construction, the lost benefits of collaborations between customers and the team on future solutions, all of which are inevitably harder to undertake remotely.

Despite this, the team has excelled in delivering enhancement to our portfolio. Over the year we completed £230 million of acquisitions, completed 12 developments (more than in any other year in our history) and moved a further 13 on site, and our asset enhancements continued to deliver with 31 lease re-gears all of which contributed to an increase in both our total contracted rent roll and WAULT.

This growth has only been possible thanks to the continued support from our investors with £185 million raised from our equity investors in April and £300 million from the successful launch of our debut Social Bond in September.

Of course, the launch of the Social Bond was only possible due to the strength of our social impact strategy, SixBySix, which we launched in May 2020. The six core pledges are all designed to maximise our positive impact on society and the environment.

During the year, we started the implementation of our pledges and plans. We've completed our assessment of the EPC ratings of our portfolio and know what we need to do to achieve an average rating of a B. We've identified two development projects which will be our first net zero carbon pilots and we hope to be on site with these within 12 months. And the Assura Community Fund has been able to support more than 115 projects all over the country following its launch with an initial contribution of £2.5 million in 2020.

There is a long way to go to deliver the ambitious social impact targets we have set ourselves. The big questions around patient experiences and health inequalities beyond the pandemic and the NHS's big goal of becoming the world's first net zero carbon health system have got us deepening our thinking about how we want our work to contribute. The team has embraced the challenge and I look forward to reporting to you the positive achievements over the coming months and years.

Financial and operational performance

Assura's business and our ability to continue to deliver on our purpose to create outstanding spaces for health services in our communities is built on the reliability and resilience of our long-term, secure cash flows. These are supported by a weighted average unexpired lease term of 11.9 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 50 acquisitions for a total consideration of £230 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 £450 million of new developments and improvements to existing properties over 18 years. We have had a record year with 12 development completions and a further 13 schemes moving on site. In addition, our development capability was further strengthened in February 2021 when we completed the acquisition of the development pipeline and team of Apollo Capital Projects Development Ltd ("Apollo"), one of the leading developers in primary care across the country. Their experienced team and strong pipeline are a welcome addition to the Assura proposition as we move forward.

Assura has a high-quality portfolio of 609 properties, which has been meticulously assembled over the course of our 18-year history. This is an essential part of our growth strategy as we carefully review every asset for opportunities to enhance its lifetime cash flows and impact on the community. Reflecting the importance of this activity, we have now set total contracted rental income as a key strategic KPI. This metric is a combination of our passing rent roll and lease length, 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 320 rent reviews, 31 lease re-gears and 15 new tenancies for our vacant space. This has enabled us to increase both our total contracted rental income to £1.57 billion and our weighted average unexpired lease term which stands at 11.9 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 15% to £2,453 billion and our passing rent roll is up 12% to £121 million. Our adjusted EPRA earnings have increased by 12% to £75.4 million which translates to an adjusted EPRA EPS of 2.8 pence per share. Taking into account the positive valuation movements, our net profit is £108.2 million or 4.2 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 4% increase in the quarterly dividend payment to 0.74 pence with effect from the July 2021 payment, our eighth consecutive year of increased dividend.

Assura outlook

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

We enter the new financial year with a strong immediate pipeline. In development, we are on site at 16 schemes with a gross development spend of £72 million, an immediate pipeline of £111 million of development opportunities that are expected to commence within the next 12 months, and an extended pipeline of £222 million of further opportunities where Assura is the exclusive partner. Acquisition opportunities in legal hands total £46 million and we have £15 million of asset enhancement capital projects in the immediate pipeline.

We are also exploring exciting opportunities in new areas, all supporting delivery of community-based services away from hospitals. Our development pipeline includes a multi-use facility for the Northumbria Healthcare NHS Foundation Trust in Cramlington (which will be our largest development to date), a state-of-the-art facility for an Ambulance Trust in the West Midlands and we have acquired a site in Greater Manchester let to a local mental health trust.

We are also pleased to report that we have signed a strategic partnership with a national provider of primary care at scale. This is an exciting emerging area for us with the full scale of our offering – management, investment and development – supporting the growth prospect of the provider and providing attractive investment opportunities for our portfolio.

We remain well funded to support our future growth plans. We currently have cash and undrawn committed facilities totalling £272 million having completed well-supported equity and debt raises during the previous 12 months. This financial strength further underpins our future growth prospects.

Market outlook

As we head into a summer which we all hope will bring an end to many of the pandemic's restrictions, attention must turn to the NHS's future needs and to how the response to COVID-19 should change the sorts of spaces we need for healthcare in local communities. Demographics remain the same, with a growing, ageing population in the UK requiring care. But this is one of the groups with the greatest reliance on primary care, and research by Age UK suggests that many older people with long-term conditions have been struggling to manage given the more limited access to services during the pandemic, with worsening symptoms, reduced ability to complete day-to-day activities and an increase in pain. While remote consulting is here to stay, it does not work for all patients or every clinical scenario. Healthwatch has warned about the dangers of older people being left behind, so the primary care spaces of the future must be fit for a sophisticated marriage of remote and face-to-face care.

Waiting times for non-urgent procedures grew exponentially last year as the system pivoted to cope with the pandemic, and will take years to clear. The wider health, social and economic impacts of this, such as the mental health challenges of living with long-term pain, are lurking. But it is clear that local access to diagnostic services will be crucial in reducing waiting lists and their ripple effects for wider health and society. The Government remains committed to the expansion of access to primary care and to a broader range of professionals there; as Integrated Care Systems become formally part of the landscape in the coming year, the role of primary care as the gateway to wider health services is at their heart.

All of those changes notwithstanding, the primary care and community health estate remains doggedly unfit for purpose. Many of these gateway buildings to the NHS are too old, too small, don't meet accessibility requirements and – as our YouGov research with healthcare professionals found this year - have not provided the flexibility needed during the pandemic and beyond to a future with hybrid care routes. A recovery built on new housing and infrastructure must include the healthcare provision to care for new communities, and equality of access to healthcare is as much about the NHS's places, spaces and technology as it is the design of local systems and pathways. The NHS's net zero ambition – to become the world's first healthcare system to achieve this – will require a shift like we have never seen before across its vast estate.

Assura's role beyond the pandemic is as a trusted partner to help the NHS on all of these fronts, particularly on the social and environmental tests which have been laid bare over the last year. Over a time of global uncertainty, Assura has shown that it has the financial strength, innovation and skills to rise to the challenge.

Jonathan Murphy
CEO

17 May 2021

CFO Review

We are delighted to have received continued, strong support from our debt and equity holders during the year; raising £185 million of equity in April 2020, extending our RCF to November 2024 and successfully launching our debut £300 million Social Bond in September 2020.

Our deployment of these proceeds has been ahead of our initial expectations, with strong acquisition and development activity.

Whilst our asset enhancement activity has been a little slower than initially intended due to the NHS rightly concentrating on their heroic pandemic response and vaccine roll out, we continue to report positive performance on lease regears and rent reviews.

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 current period we have disclosed an adjusted EPRA earnings measure. This has been 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 can continue to understand the underlying, recurring earnings of the property rental business.

Portfolio as at 31 March 2021 £2,453.3 million (2020: £2,139.0 million)

Our business is based on our investment portfolio of 609 properties (2020: 576).

This has a passing rent roll of £121.7 million (2020: £108.9 million), 84% of which is underpinned by the NHS. The WAULT is 11.9 years and we have a total contracted rent roll of £1.57 billion (2020: £1.43 billion).

At 31 March 2021 our portfolio of completed investment properties was valued at a total of £2,414.7 million, including investment properties held for sale of £14.3 million (2020: £2,093.6 million and £20.3 million), which produced a net initial yield (“NIY”) of 4.58% (2020: 4.68%). 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 4.81% (2020: 4.94%). Adjusting this Royal Institution of Chartered Surveyors (“RICS”) standard measure to reflect the advanced payment of rents, the true equivalent yield is 4.83% (2020: 4.96%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.55% (2020: 4.69%).

	2021 **£m**	2020 £m
Net rental income	**112.0**	103.7
Valuation movement	**41.6**	9.7
Total Property Return	**153.6**	113.4

Expressed as a percentage of opening investment property plus additions, Total Property Return for the year was 6.3% (2020: 5.3%). This can be split as 4.6% from net rental income (2020: 4.9%) and 1.7% from valuation movement (2020: 0.4%).

Our annualised Total Return over the five years to 31 December 2020 as calculated by MSCI was 8.1% compared with the MSCI All Healthcare Benchmark of 8.2% over the same period.

The net valuation gain in the year of £41.6 million reflects a 2.1% uplift on a like-for-like basis net of movements relating to properties acquired in the period. The valuation gain is split equally between our asset enhancement activities (due to both lease regears and rent review uplifts) and the 13 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 0.845% and 1.22% respectively at 31 March 2021 (2020: 0.35% and 0.59% respectively).

Investment and development activity

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:

	2021 **£m**
Acquisition of completed medical centres	**228.9**
Developments/forward funding arrangements	**56.9**
Capital interest	**1.9**
Investment properties – no incremental lettable space	**4.6**
Total capital expenditure	**292.3**

We have completed 50 acquisitions and 12 developments during the year.

These additions were at a combined total cost of £298.6 million with a combined passing rent of £13.3 million (yield on cost of 4.4%) and a WAULT of 18.8 years.

We continue to source properties that meet our investment criteria for future acquisition. The acquisition pipeline stands at £46 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 29 properties where we believed there was lower growth prospects than the rest of our portfolio, generating proceeds of £26.2 million at a premium over book value of £0.9 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 £14.3 million of investment properties held for sale.

Of the 15 developments that were on site at March 2020, 12 have completed in the year and the remainder are due to complete during the remainder of 2021.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with 13 schemes moving on site during the year meaning that 16 are on site at March 2021.

Of the 16 developments on site at 31 March 2021, nine are under forward funding agreements and seven are in-house developments. These have a combined development cost of £72 million of which we had spent £37 million as at the year end.

Our already strong in-house development capabilities have been further boosted by the acquisition of the pipeline and team of primary care development Apollo in February 2021. The acquisition added four experienced development surveyors to our team (which now stands at 11) and an initial £50 million to our immediate and extended pipelines.

In addition to the 16 developments currently on site and including the addition of the Apollo figures, we have an immediate pipeline of 17 properties (estimated cost £111 million, which we would hope to be on site within 12 months) and an extended pipeline of 37 properties (estimated cost £222 million, appointed exclusive partner and awaiting NHS approval).

We recorded a revaluation gain of £4.9 million in respect of investment property under construction (2020: £1.3 million).

Live developments and forward funding arrangements

	Estimated completion date	Development costs	Costs to date	Size
Beaconsfield	Q1 22	£6.2m	£4.0m	1,668 sq.m
Brighton	Q1 23	£4.7m	£1.9m	948 sq.m
Broadway	Q3 21	£3.6m	£3.5m	1,027 sq.m
Calne	Q2 22	£3.7m	£0.3m	813 sq.m
Hackbridge	Q3 21	£1.6m	£0.2m	565 sq.m
Hemel Hempstead	Q1 22	£5.1m	£2.8m	997 sq.m
Kelsall	Q4 21	£2.9m	£0.7m	700 sq.m
Leeds	Q3 21	£3.0m	£1.5m	680 sq.m
London Colney	Q3 21	£4.0m	£2.8m	680 sq.m
Newcastle	Q3 21	£3.8m	£1.6m	1,212 sq.m
Portsmouth	Q1 22	£4.8m	£1.8m	968 sq.m
Preston	Q3 21	£12.9m	£6.3m	1,894 sq.m
Stourport	Q4 21	£5.6m	£2.7m	1,950 sq.m
Sutton	Q1 22	£3.2m	£1.4m	664 sq.m
Timperley	Q2 21	£2.1m	£0.2m	424 sq.m
Ware	Q2 21	£5.3m	£4.9m	1,191 sq.m

Portfolio management

Our rent roll grew by £12.8 million during the year to £121.7 million.

The growth came from acquisitions (£10.2 million), development completions (£3.1 million) and portfolio management activity including rent reviews (£1.1 million), offset by the rent relating to disposals (£1.6 million).

During the year we successfully concluded 320 rent reviews (2020: 296 reviews) to generate a weighted average annual rent increase of 1.5% (2020: 1.8%) on those properties, which is a figure that includes 74 reviews we chose not to instigate in the year. These 320 reviews covered £36.6 million or 34% of our rent roll at the start of the year and, on a like-for-like basis, the absolute increase of £1.5 million is a 4.2% increase on this rent. Our portfolio benefits from a 33% weighting in fixed, RPI and other uplifts which generated an average uplift of 2.0% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.2% (2020: 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 £1.43 billion at March 2020 to £1.57 billion at March 2021, 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 31 re-gears in the period, covering £2.8 million of rent roll and adding 15.5 years to the WAULT for those particular leases (2020: 32 re-gears, £2.9 million of rent). We also have terms agreed on a pipeline of 39 re-gears covering a further £5.0 million of rent roll and these are currently in legal hands.

We have secured 15 new tenancies with an annual rent roll of £0.4 million and a pipeline in legal hands of six new tenancies (rent £0.3 million). Our EPRA Vacancy Rate at March 2021 is 1.3% (2020: 1.6%).

We completed four asset enhancement capital projects during the year (spend £1.2 million) and are currently on site with a further four projects with a total capital spend of £2.7 million. In total we have a pipeline of 19 asset enhancement capital projects we hope to complete in the next two years. These have an estimated capital spend of £15 million, additional rent of £0.9 million and improve the WAULT on those properties.

Our current rent roll is £121.7 million and, on a proforma basis (i.e. assuming relevant figures are added to the rent roll as it stands), would increase to approximately £145 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 15.5% and 14.5% respectively (2020: 12.6% and 11.5%).

These ratios would reduce to 13.4% and 12.3% respectively excluding the impact of the one-off contribution of £2.5 million to the Assura Community Fund which was announced as part of the equity raise in April 2020.

Making a further adjustment to exclude the direct and indirect costs of the development team, the EPRA Cost Ratio (including direct vacancy costs) for the year is 11.9% (2020: 11.1%). All direct development team costs are taken to the income statement as opposed to being capitalised within the cost of investment property under construction.

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% (2020: 0.48%) and administrative costs stood at £11.0 million (2020: £9.9 million) excluding the £2.5 million contribution to the Assura Community Fund.

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 April 2020 we completed an equity placing for £185 million.

In May 2020 we extended the term on our RCF to November 2024. In October 2020 we took the option to reduce the facility from £300 million to £225 million.

In September 2020 we successfully launched a £300 million, 10-year Social Bond which priced at a fixed interest rate of 1.5%. This was launched alongside our Social 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.

In October 2020 we repaid in full our sole remaining secured debt instrument, the £110 million 4.75% secured bond which was due to mature in December 2021. The early repayment cost of £6.4 million has been presented through the income statement as Capital and Non-EPRA.

Financing statistics	**2021**	2020
Net debt (Note 11)	**£906.6m**	£828.6m
Weighted average debt maturity	**8.0 years**	6.8 years
Weighted average interest rate	**2.47%**	3.03%
% of debt at fixed/capped rates	**100%**	91%
EBITDA to net interest cover	**3.9x**	3.6x
Net debt to EBITDA	**9.3x**	8.9x
LTV (Note 11)	**37%**	38%

Our LTV ratio currently stands at 37% 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 2021, 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 2021, we had undrawn facilities and cash totalling £271.6 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 £25.2 million (2020: £26.1 million), having increased due to our additional borrowings funding the growth in our portfolio.

Profit before tax

Profit before tax for the period was £108.3 million (2020: £78.9 million). As can be seen below, adjusted EPRA earnings have increased compared with the prior year and we have also recorded an increased valuation gain following our positive asset enhancement activities and valuation yield movement.

EPRA earnings

	2021 £m	2020 £m
Net rental income	**112.0**	103.7
Administrative expenses	**(13.5)**	(9.9)
Net finance costs	**(25.2)**	(26.1)
Share-based payments and taxation	**(0.5)**	(0.2)
EPRA earnings	**72.8**	67.5
Add back one-off Assura Community Fund contribution	**2.5**	–
Adjusted EPRA earnings (exc. one-off donation)	**75.3**	67.5

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

	£m
Year ended 31 March 2020	67.5
Net rental income	8.3
Administrative expenses	(1.1)
Net finance costs	1.0
Share-based payments	(0.3)
Year ended 31 March 2021	**75.4**

Adjusted EPRA earnings has grown 11.5% to £75.4 million in the year to 31 March 2021 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 4.2 pence (2020: 3.3 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 2.7 pence (2020: 2.8 pence). Excluding the £2.5 million Assura Community Fund contribution, adjusted EPRA EPS was 2.8 pence (2020: 2.8 pence).

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 1.6 million new shares expected to be issued. The dilution is not material as illustrated in the following table:

EPS measure (pence)	Basic	Diluted
Profit for year	4.2	4.2
EPRA	2.7	2.7
Adjusted EPRA (exc. one-off donation)	2.8	2.8

Dividends

Total dividends settled in the year to 31 March 2021 were £73.6 million or 2.82 pence per share (2020: 2.76 pence per share). £11.7 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 2020 and October 2020 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:

	2021 £m	2020 £m
Opening cash	**18.5**	18.3
Net cash flow from operations	**77.4**	66.3
Dividends paid	**(61.9)**	(56.6)
Investment:		
Property and other acquisitions	**(236.8)**	(132.6)
Development expenditure	**(56.9)**	(53.7)
Sale of properties	**26.2**	20.1
Financing:		
Net proceeds from equity issuance	**181.7**	–
Net borrowings movement	**98.4**	156.7
Closing cash	**46.6**	18.5

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 by the proceeds from the April 2020 equity raise and the September 2020 Social Bond issuance.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 March 2020 (Note 5)	1,301.9	53.9
EPRA earnings	72.8	2.7
Capital (revaluations and capital gains)	42.5	1.5
Dividends	(73.6)	(2.8)
Equity issuance	185.2	1.9
Other	1.6	0.0
Diluted EPRA NTA at 31 March 2021 (Note 5)	**1,530.2**	**57.2**

Our Total Accounting Return per share for the year ended 31 March 2021 is 11.4% of which 2.82 pence per share (5.2%) has been distributed to shareholders and 3.3 pence per share (6.2%) is the movement on EPRA NTA.

Jayne Cottam
CFO
17 May 2021

EPRA performance measures

The calculations below are in accordance with the EPRA Best Practice Recommendations published October 2019.

Summary table

	2021	2020
EPRA EPS (p)	**2.7**	2.8
EPRA Cost Ratio (including direct vacancy costs) (%)	**15.5**	12.6
EPRA Cost Ratio (excluding direct vacancy costs) (%)	**14.5**	11.5

	2021	2020
EPRA NRV (p)	**63.2**	59.6
EPRA NTA (p)	**57.2**	53.9
EPRA NDV (p)	**56.0**	52.6
EPRA NIY (%)	**4.55**	4.69
EPRA “topped-up” NIY (%)	**4.56**	4.73
EPRA Vacancy Rate (%)	**1.3**	1.6

Consolidated income statement
For the year ended 31 March 2021

	Note	**2021** EPRA £m	**2021** Capital and non-EPRA £m	**2021** Total £m	2020 EPRA £m	2020 Capital and non-EPRA £m	2020 Total £m
Gross rental and related income		**117.0**	**3.8**	**120.8**	107.8	3.7	111.5
Property operating expenses		**(5.0)**	**(3.8)**	**(8.8)**	(4.1)	(3.7)	(7.8)
Net rental income	2	**112.0**	**–**	**112.0**	103.7	–	103.7
Administrative expenses		**(13.5)**	**–**	**(13.5)**	(9.9)	–	(9.9)
Revaluation gains	6	**–**	**41.6**	**41.6**	–	9.7	9.7
Gain on sale of property	6	**–**	**0.9**	**0.9**	–	1.7	1.7
Share-based payment charge		**(0.5)**	**–**	**(0.5)**	(0.2)	–	(0.2)
Finance income		**0.2**	**–**	**0.2**	–	–	–
Finance costs	3	**(25.3)**	**(7.1)**	**(32.4)**	(26.1)	–	(26.1)
Profit before taxation		**72.9**	**35.4**	**108.3**	67.5	11.4	78.9
Taxation		**–**	**–**	**–**	–	–	–
Profit for the year attributable to equity holders of the parent		**72.9**	**35.4**	**108.3**	67.5	11.4	78.9

		Note	**2021** EPRA	**2021** Capital and non-EPRA	**2021** Total	2020 EPRA	2020 Capital and non-EPRA	2020 Total
EPS	– basic & diluted	4			**4.1p**			3.3p
EPRA EPS	– basic & diluted	4	**2.7p**			2.8p		

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 2021

	Note	2021 £m	2020 £m
Non-current assets			
Investment property	6	**2,453.3**	2,139.0
Property work in progress		**13.6**	11.1
Property, plant and equipment		**0.3**	0.2
Investments		**0.7**	0.2
Deferred tax asset		**0.5**	0.5
		2,468.4	2,151.0
Current assets			
Cash, cash equivalents and restricted cash		**46.6**	18.5
Trade and other receivables		**27.4**	19.1
Property assets held for sale	6	**14.7**	20.7
		88.7	58.3
Total assets		**2,557.1**	2,209.3
Current liabilities			
Trade and other payables		**40.7**	32.2
Borrowings	8	–	11.0
Head lease liabilities		**0.1**	0.1
Deferred revenue	7	**25.4**	22.8
		66.2	66.1
Non-current liabilities			
Borrowings	8	**948.7**	830.5
Head lease liabilities		**5.4**	5.5
Deferred revenue	7	**6.1**	4.8
		960.2	840.8
Total liabilities		**1,026.4**	906.9
Net assets		**1,530.7**	1,302.4
Capital and reserves			
Share capital	9	**267.2**	241.3
Share premium		**763.1**	595.5
Merger reserve	9	**231.2**	231.2
Retained earnings		**269.2**	234.4
Total equity		**1,530.7**	1,302.4

		Note	2021	2020
NAV per Ordinary Share	**– basic**	5	**57.3p**	54.0p
	– diluted	5	**57.3p**	53.9p
EPRA NTA per Ordinary Share	**– basic**	5	**57.3p**	54.0p
	– diluted	5	**57.2p**	53.9p

The financial statements were approved at a meeting of the Board of Directors held on 17 May 2021 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

Consolidated statement of changes in equity
For the year ended 31 March 2021

	Note	Share capital £m	Share premium £m	Merger reserve £m	Retained earnings £m	Total equity £m
1 April 2019		239.8	587.4	231.2	221.5	1,279.9
Profit attributable to equity holders		–	–	–	78.9	78.9
Total comprehensive income		–	–	–	78.9	78.9
Dividends	10	1.5	8.1	–	(66.2)	(56.6)
Employee share-based incentives		–	–	–	0.2	0.2
31 March 2020		241.3	595.5	231.2	234.4	1,302.4
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	10	**–**	**(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**

Consolidated cash flow statement
For the year ended 31 March 2021

	Note	2021 £m	2020 £m
Operating activities			
Rent received		**117.2**	104.6
Interest paid and similar charges		**(24.6)**	(23.7)
Fees received		**1.1**	0.9
Interest received		**0.2**	–
Cash paid to suppliers and employees		**(16.5)**	(15.5)
Net cash inflow from operating activities		**77.4**	66.3
Investing activities			
Purchase of investment property		**(236.1)**	(132.4)
Development expenditure		**(56.9)**	(53.7)
Proceeds from sale of property		**26.2**	20.1
Other investments and property, plant and equipment		**(0.7)**	(0.2)
Net cash outflow from investing activities		**(267.5)**	(166.2)
Financing activities			
Issue of Ordinary Shares	9	**186.0**	–
Issue costs paid on issuance of Ordinary Shares	9	**(4.3)**	–
Dividends paid		**(61.9)**	(56.6)
Repayment of loan/borrowings	8	**(190.0)**	–
Long-term loans drawn down	8	**298.1**	157.0
Early repayment costs	8	**(6.4)**	–
Interest on head lease liabilities		**(0.1)**	(0.1)
Loan issue costs	8	**(3.2)**	(0.2)
Net cash inflow from financing activities		**218.2**	100.1
Increase in cash, cash equivalents and restricted cash		**28.1**	0.2
Opening cash, cash equivalents and restricted cash		**18.5**	18.3
Closing cash, cash equivalents and restricted cash		**46.6**	18.5

Notes to the accounts
For the year ended 31 March 2021

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 2021 and 31 March 2020, and as such, does not contain all information required to be disclosed in the financial statements prepared in accordance with International Financial Reporting 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.

The Directors consider that the Group has, at the time of approving the Group financial statements, adequate resources to continue in operational existence for the foreseeable future and have therefore continued to adopt the going concern basis in preparing the preliminary consolidated financial information. In reaching this conclusion, the Directors have considered the specific impact in respect of Brexit and COVID-19, neither or which, in themselves, are considered significant risks to the business based on the current position.

The Annual Report will be posted to Shareholders on or before 31 July 2021.

The Preliminary Announcement was approved by the Board of Directors on 17 May 2021.

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

2. Net rental income

	2021 £m	2020 £m
Rental revenue	**115.9**	106.9
Service charge income	**3.8**	3.7
Other related income	**1.1**	0.9
Gross rental and related income	**120.8**	111.5

	2021 £m	2020 £m
Gross rental and related income	**120.8**	111.5
Direct property expenses	**(5.0)**	(4.1)
Service charge expenses	**(3.8)**	(3.7)
Net rental income	**112.0**	103.7

3. Finance costs

	2021 £m	2020 £m
Interest payable	**25.8**	25.6
Interest capitalised on developments	**(1.8)**	(1.0)
Amortisation of loan issue costs	**1.2**	1.4
Interest on head lease liability	**0.1**	0.1
Total finance costs	**25.3**	26.1
Write-off of loan issue costs	**0.7**	–
Early repayment costs	**6.4**	–
Total finance costs	**32.4**	26.1

Interest was capitalised on property developments at the appropriate cost of finance at commencement. During the year this ranged from 4% to 5% (2020: 4% to 5%).

Loan costs written off related to facilities terminated prior to their maturity, and early repayment costs were amounts paid in the year to terminate the secured bond due 2021.

4. Earnings per Ordinary Share

	Earnings 2021 £m	**EPRA earnings 2021 £m**	Earnings 2020 £m	EPRA earnings 2020 £m
Profit for the year	**108.3**	**108.3**	78.9	78.9
Revaluation gains		**(41.6)**		(9.7)
Gain on sale of property		**(0.9)**		(1.7)
Loan early repayment cost		**7.1**		–
EPRA earnings		**72.9**		67.5
Additional Company-specific adjustment				
Add back: One-off Assura Community Fund contribution		**2.5**		–
Adjusted EPRA earnings (exc. Community Fund contribution)		**75.4**		67.5
EPS – basic & diluted	**4.1p**		3.3p	
EPRA EPS – basic & diluted		**2.7p**		2.8p
Adjusted EPRA EPS (exc. Community Fund contribution)		**2.8p**		2.8p

5. NAV per Ordinary Share

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 NAV			**1,689.0**	**1,530.2**	**1,496.1**
NTA per Ordinary Share	- basic	**57.3p**		**57.3p**	
	- diluted	**57.3p**		**57.2p**	
NRV per Ordinary Share	- basic		**63.2p**		
	- diluted		**63.2p**		
NDV per Ordinary Share	- basic				**56.0p**
	- diluted				**56.0p**

2020 £m		IFRS	EPRA NRV	EPRA NTA	EPRA NDV
IFRS net assets		**1,302.4**	**1,302.4**	**1,302.4**	**1,302.4**
Deferred tax			**(0.5)**	**(0.5)**	–
Fair value of debt			**–**	–	**(30.9)**
Real estate transfer tax			**137.5**	–	–
EPRA adjusted			**1,439.4**	**1,301.9**	**1,271.5**
NTA per Ordinary Share	- basic	**54.0p**		**54.0p**	
	- diluted	**53.9p**		**53.9p**	
NRV per Ordinary Share	- basic		**59.6p**		
	- diluted		**59.6p**		
NDV per Ordinary Share	- basic				**52.6p**
	- diluted				**52.6p**

	2021	2020
Number of shares in issue	**2,671,863,938**	2,413,241,827
Potential dilutive impact of share options	**1,637,671**	2,506,034
Diluted number of shares in issue	**2,673,491,609**	2,415,747,861

The EPRA measures set out above are in accordance with the Best Practices Recommendations of the European Public Real Estate Association dated October 2019.

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, which has been determined for the Group by Savills Commercial Limited and Jones Lang LaSalle as at 31 March 2021. 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 2021 £m	**IPUC 2021 £m**	**Total 2021 £m**	Investment 2020 £m	IPUC 2020 £m	Total 2020 £m
Opening market value	**2,075.9**	**57.5**	**2,133.4**	1,952.9	23.0	1,975.9
Additions:						
– acquisitions	**228.9**	**–**	**228.9**	119.4	–	119.4
– improvements	**4.6**	**–**	**4.6**	1.7	–	1.7
	233.5	**–**	**233.5**	121.1	–	121.1
Development costs	**–**	**56.9**	**56.9**	–	47.3	47.3
Transfers	**77.7**	**(77.7)**	**–**	15.1	(15.1)	–
Transfer to assets held for sale	**(14.3)**	**–**	**(14.3)**	(18.9)	–	(18.9)
Capitalised interest	**–**	**1.9**	**1.9**	–	1.0	1.0
Disposals	**(5.2)**	**–**	**(5.2)**	(2.7)	–	(2.7)
Unrealised surplus on revaluation	**36.7**	**4.9**	**41.6**	8.4	1.3	9.7
Closing market value	**2,404.3**	**43.5**	**2,447.8**	2,075.9	57.5	2,133.4
Add head lease liabilities recognised separately	**5.5**	**–**	**5.5**	5.6	–	5.6
Closing fair value of investment property	**2,409.8**	**43.5**	**2,453.3**	2,081.5	57.5	2,139.0

	2021 £m	2020 £m
Market value of investment property as estimated by valuer	**2400.4**	2,073.3
Add IPUC	**43.5**	57.5
Add capitalised lease premiums and rental payments	**3.9**	2.6
Add head lease obligations recognised separately	**5.5**	5.6
Fair value for financial reporting purposes	**2,453.3**	2,139.0
Completed investment property held for sale	**14.3**	20.3
Land held for sale	**0.4**	0.4
Total property assets	**2,468.0**	2,159.7

	2021 £m	2020 £m
Investment property	**2,400.4**	2,073.3
Investment property held for sale	**14.3**	20.3
Total completed investment property	**2,414.7**	2,093.6

	2021 £m
Assets held for sale at 1 April 2020	**20.7**
Disposals during the year	**(20.3)**
Net transfers from investment property	**14.3**
Assets held for sale at 31 March 2021	**14.7**

At March 2021, 11 assets are held as available for sale (2020: 24 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 2021 was Level 3 – Significant unobservable inputs (2020: 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 can 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 95% of the portfolio by value, the net initial yield ranges from 3.4% to 8.1% (2020: 3.6% to 8.3%) and the equivalent yield ranges from 3.8% to 8.1% (2020: 3.9% to 8.3%). 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 3.80% to 4.65%. Higher yields (range 5.15% to 8.00%) 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 £132 million (2020: £111.8 million) impact on the investment property valuation.

The ERV ranges from £100 to £427 per sq.m (2020: £100 to £427 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 1% increase in the ERV would have approximately a £24.2 million (2020: £21.0 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

	2021 £m	2020 £m
Arising from rental received in advance	**24.9**	22.3
Arising from pharmacy lease premiums received in advance	**6.6**	5.3
	31.5	27.6
Current	**25.4**	22.8
Non-current	**6.1**	4.8
	31.5	27.6

8. Borrowings

	2021 £m	2020 £m
At 1 April	**841.5**	683.3
Amount drawn down in year	**298.1**	157.0
Amount repaid in year	**(190.0)**	–
Loan issue costs	**(3.2)**	(0.2)
Amortisation of loan issue costs	**1.6**	1.4
Write-off of loan issue costs	**0.7**	–
At 31 March	**948.7**	841.5
Due within one year	**–**	11.0
Due after more than one year	**948.7**	830.5
At 31 March	**948.7**	841.5

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 and 10-year senior unsecured Social Bond of £300 million at a fixed interest rate of 1.5% maturing September 2030. The Social Bond was launched in accordance with Assura's Social Finance Framework 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 on the bond market, the coupon and quantum of the facility are set to round figures with the proceeds adjusted based on market rates on the day of pricing.

2. Five-year club revolving credit facility with Barclays, HSBC, NatWest and Santander for £225 million on an unsecured basis at an initial margin of 1.60% above LIBOR, 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 2021, the facility was undrawn (2020: £80 million drawn).

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.

In October 2020, the Group repaid in full the £110 million 10-year senior secured bond that was due to mature in December 2021. The loan carried an interest rate of 4.75% and an early termination fee of £6.4 million was paid.

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 £8.3 million.

9. Share capital

	Number of shares 2021	**Share capital 2021 £m**	Number of shares 2020	Share capital 2020 £m
Ordinary Shares issued and fully paid				
At 1 April	**2,413,241,827**	**241.3**	2,398,371,795	239.8
Issued 17 April 2019 – scrip	**–**	**–**	3,707,485	0.4
Issued 17 July 2019 – scrip	**–**	**–**	3,664,995	0.4
Issued 9 August 2019	**–**	**–**	323,781	–
Issued 16 October 2019 – scrip	**–**	**–**	4,478,732	0.4
Issued 15 January 2020 – scrip	**–**	**–**	2,695,039	0.3
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**	**–**	–	–
At 31 March	**2,671,853,938**	**267.2**	2,413,241,827	241.3
Own shares held	**–**	**–**	–	–
Total share capital	**2,671,853,938**	**267.2**	2,413,241,829	241.3

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 2019, July 2019, October 2019, January 2020, April 2020, July 2020, October 2020 and January 2021 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 2021 this increased share capital by £1.6 million and share premium by £10.1 million (2020: £1.5 million and £8.1 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.

On 4 November 2020, 1,199,598 Ordinary Shares were issued as part consideration for the acquisition of a medical centre, which further increased share capital and share premium.

The Ordinary Shares issued in August 2019, July 2020, September 2020 and February 2021 relate to employee share awards under the Performance Share Plan. Full details of amounts paid to Executive Directors can be found in the Directors' Remuneration Report.

The merger reserve relates to the capital restructuring in January 2015 whereby Assura plc replaced Assura Group Limited as the top company in the Group and was accounted for under merger accounting principles.

10. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	**2020 £m**	2019 £m
17 April 2019	0.685	2,398,371,795	**–**	16.4
17 July 2019	0.685	2,402,079,280	**–**	16.5
16 October 2019	0.685	2,406,068,056	**–**	16.5
15 January 2020	0.697	2,410,546,788	**–**	16.8
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**	–
			73.6	66.3

The April dividend for 2021/22 of 0.71 pence per share was paid on 14 April 2021 and the July dividend for 2021/22 of 0.74 pence per share is currently planned to be paid on 14 July 2021 with a record date of 11 June 2021.

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 October 2019, April 2020, October 2020 and April 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 monitors capital structure with reference to LTV, which is calculated as net debt divided by total property. The LTV percentage on this basis is 37% at 31 March 2021 (31 March 2020: 38%)

	2021 £m	2020 £m
Investment property	**2,409.8**	2,081.5
Investment property under construction	**43.5**	57.5
Held for sale	**14.7**	20.7
Total property	**2,468.0**	2,159.7

	2021 £m	2020 £m
Borrowings	**948.7**	841.5
Head lease liabilities	**5.5**	5.6
Cash	**(46.6)**	(18.5)
Net debt	**907.6**	828.6
LTV	**37%**	38%

12. Commitments

At the year end the Group had 16 (2020: 15) committed developments which were all on site with a contracted total expenditure of £72.5 million (2020: £80.5 million) of which £36.6 million (2020: £50.3 million) had been expended.

The Group is committed to invest up to £5 million in PropTech investor PI Labs III LP. £0.7 million had been invested as at 31 March 2021. The first £3 million can be drawn on demand to cover investments the fund makes in qualifying, selected PropTech businesses. The remaining £2 million may only be drawn in tranches of £1 million when total investment in the fund exceeds £40 million and £50 million respectively.

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 £98.0 million, calculated as net rental income (£112.0 million) less administrative expenses (£13.5 million) and share-based payment charge (£0.5 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. See Note 5.

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 £25.1 million, EBITDA is £98.0 million, giving interest cover of 3.9 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 (before one-off charitable donation of £2.5 million) to the average gross investment property value. This ratio during the period equated to 0.48%. This is calculated as administrative expense of £11.0 million (£13.5 million less the £2.5 million donation) divided by the average property balance of £2,296 million (opening £2,139 million plus closing £2,453 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 2021 the rent roll was £121.7 million (March 2020: £108.9 million) and the growth in the year was £12.8 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 2020) was 53.9 pence per share, closing EPRA NTA was 57.2 pence per share, and dividends paid total 2.82 pence per share giving a return of 11.4% 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 2021, the total contracted rental income was £1.57 billion (March 2020: £1.43 billion) and the growth in the year was £142 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 2021, the calculation is net rental income of £112.0 million plus revaluation of £41.6 million giving a return of £153.6 million, divided by £2,420.9 million (opening investment property £2,066.7 million and IPUC £57.5 million plus additions of £233.2 million and development costs of £56.9 million). This gives a Total Property Return in the year of 6.3%.

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 2020 was 83.5 pence, at 31 March 2021 it was 72.1 pence, and dividends paid during the period were 2.82 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.