Interim Report

For the six months ended 30 September 2020

CEO statement

In a unprecedented first half of the year, in which the whole team has worked remotely, I'm pleased to report another period of strong delivery and progress for Assura.

At the start of the period our shareholders supported a £185 million equity raise, which we launched to fund our pipeline of development and acquisition opportunities. Following this investment activity in the first half, in spite of the pandemic, we have delivered ahead of our expectations and have continued to identify attractive opportunities to replenish our pipeline for further growth.

With this strong investment activity, we also looked to the debt markets in September, to launch our £300 million debut Social Bond. Again, we were delighted with the support we received from our debt providers which reflects positively on the SixBySix social impact strategy that we launched in the period. This included a £2.5 million initial contribution to the Assura Community Fund, which we have established to support charities, voluntary organisations and community groups across the UK around Assura's healthcare buildings, to support healthier communities for then public benefit.

Financial and operational performance

Assura's business and our ability 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. Even in these most challenging of circumstances, we have retained our normal patterns of cash collection – supported by a weighted average unexpired lease term ('WAULT') 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 and to respond to the NHS's fast-evolving needs, serving the medical teams and patients using our buildings through our unique management, investment and development capabilities.

In the first half of the year, the investment team continued their strong track record of investing in new properties, adding 20 to our portfolio for total consideration of £80 million, delivering in excess of the £67 million pipeline we had in place at March 2020.

Similarly, having grown the number of schemes on site over the past two years, our development team is now seeing an increased level of schemes reach completion adding new rent-generating assets to the portfolio. Of the 15 on site at year end, six (total cost £38 million) have reached completion in the first half (including the UK's first certified Dementia-Friendly medical centre in Cinderford) and we expect a similar level in the second half based on current planned completion dates.

We have maintained the number of schemes on site with six schemes starting in the first half. These will provide thousands of patients in Leeds, Colney, Preston, Stourport, Kelsall and Beaconsfield with new high quality premises that will house primary care, support and many ancillary services that these communities need. In total we are currently on site with 15 schemes that will serve 220,000 patients.

The portfolio management team have continued to generate momentum in asset enhancement activity. In the first half we completed 13 regears (existing rent roll £1.1 million) adding 17 years to the WAULT on those properties, completing one asset enhancement project at Eastfield Medical Centre in Scarborough and with three more (total capital spend £1.2 million) on site and scheduled to complete in the current financial year.

Despite some rent reviews taking longer due to COVID-19 delaying processes across statutory entities, we have also successfully achieved a 1.7% weighted annual uplift on the 129 reviews completed in the period.

All of these activities have enabled us to increase our total contracted rental income to £1.47 billion (March 2020: £1.43 billion) and increase our WAULT to 11.9 years (March 2020: 11.7 years).

Our portfolio has increased 6% in the six months to £2.3 billion and our passing rent roll is up 4% to £113.3 million. Our adjusted EPRA earnings, excluding the one-off impact of the £2.5 million donation to the Assura Community Fund, have increased 9% to £35.8 million, remaining flat at 1.4 pence on a per share basis. Taking into account the positive portfolio valuation movement in the period, our net profit is £43.8 million or 1.7 pence per share.

In May, we announced a 1.9% increase in the quarterly dividend payment to 0.71 pence per share with effect from the July 2020 payment.

Assura outlook

We continue to use our market knowledge and long-established relationships to source new opportunities across both investment and development, while also continually reviewing our existing portfolio for value enhancement initiatives.

In development, we are on site at 15 sites with a gross development spend of £77 million, an immediate pipeline of £65 million of development opportunities that are expected to commence within the next 12 months, and an extended pipeline of £207 million of further opportunities where Assura is the exclusive partner. We have £14 million of asset enhancement capital projects in the immediate pipeline with acquisition opportunities in legal hands totalling £90 million.

We have made good early steps against our SixBySix ambition – that by 2026 six million people will have benefitted from improvements to and through our healthcare buildings – launching the Assura Community Fund with a £2.5 million initial contribution and making exciting plans for our other pledges. I'm delighted that our positive social impact was recognised in the debt markets in September when we successfully launched our debut £300 million Social Bond. I look forward to updating you on our further progress on this over the coming months and years.

Market outlook

At the year end, which came during the first COVID-19 lockdown, we talked about how healthcare provision in the UK had been transformed over a very short period of time with the NHS responding quickly to the challenging requirements of dealing with the pandemic. The resilience and adaptability of the GPs and wider primary care teams using our buildings, as they have continued to meet patients' needs through a combination of remote and physical appointments, has been remarkable. However, their workload has only increased in this period and the anticipated backlog of non-COVID-19 treatments continues to build. Further support will be required.

In this period we have been working not just with professionals using our buildings but also with organisations such as the National Association of Primary Care, the Patients Association and Dimensions. This will help to ensure that we are supporting the NHS as it evolves the relationship between remote and face-to-face provision in primary care and deepens cooperation between primary and acute care, as providers look to shift more services away from hospitals and into a community setting.

This is further supported by the NHS increasingly moving to Integrated Care Systems, where all participants in a local health system work together. We are actively responding to this trend by working much more closely with scale primary care providers, local authorities and NHS Trusts as we look to ensure we provide the quality health spaces in the community that the system so badly needs.

It is essential that there is further funding for this crucial investment in healthcare infrastructure, in order to increase the capacity that is needed to support these trends. In its submission to the Spending Review this autumn, the British Medical Association called for at least £1bn of urgent capital investment in GP premises. This would create extra capacity for the additional staff needed to deliver the commitment of increasing access to general practice, as well as ongoing COVID-19 funding to increase premises capacity directly in dealing with the pandemic.

To conclude, Assura remains well placed, with the financial strength, innovative wherewithal and necessary skills to help support the needs of the NHS. We continue to look forward to the future with confidence in our prospects.

Jonathan Murphy
CEO
16 November 2020

CFO review

For the six months ended 30 September 2020

As I said in our year end results in May, our business has remained resilient through the current challenging times. Rent collections have remained in line with our normal patterns, and we have agreed payment plans where appropriate with a small number of pharmacy and ancillary service tenants for quarter rent due at March and June. Agreed rent concessions total less than £0.1 million.

We are also delighted to have received continued support from our equity shareholders and our external debt providers. We completed a £185 million equity raise in April to invest in our pipeline of developments and acquisition opportunities, extended our RCF to November 2024, and successfully launched a 10 year £300 million Social Bond in September.

This leaves us well placed to continue to deliver our pipeline of opportunities.

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 compatibility 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 cash flows of the property rental business.

Portfolio as at 30 September 2020: £2,259.4 million (31 March 2020: £2,139.0 million)

Our business is based on our investment portfolio of 576 completed properties. This has a passing rent roll (current contracted annual rent) of £113.3 million (March 2020: £108.9 million), 84% (March 2020: 85%) of which is underpinned by the NHS. The Weighted Average Unexpired Lease Term ("WAULT") is 11.9 years (March 2020: 11.7 years) and we have total contracted rental income of £1.47 billion (March 2020: £1.43 billion).

At 30 September 2020, our portfolio of completed investment properties was valued at £2,201.2 million (March 2020: £2,093.6 million including investment property held for sale of £20.3 million), which produced a net initial yield ("NIY") of 4.68% (March 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 4.88% (March 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 4.91% (March 2020: 4.96%).

Our EPRA NIY, based on our passing rent roll and latest annual direct property costs, was 4.60% (March 2020: 4.69%).

	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Net rental income	**54.4**	50.6
Valuation movement	**9.6**	1.9
Total Property Return	**64.0**	52.5

Expressed as a percentage of opening investment property plus additions, Total Property Return for the six months was 2.9% compared with 2.6% in 2019.

The net valuation gain in the six months of £9.6 million represents a modest 0.5% uplift on a like-for-like basis net of movements relating to properties acquired in the period. The valuation gain is reflective of our successful asset enhancement activity, recognising an 8% uplift on properties with a lease regear, and 2% on properties with a rent review increase.

The NIY on our assets continues to represent a substantial premium over both the 10-year and 15-year UK gilts which traded at 0.23% and 0.47% respectively at 30 September 2020, having continued to reduce from 0.35% and 0.59% respectively at 31 March 2020.

Investment and development activity

We have continued to invest during the period, with this expenditure split between investments in completed properties, developments, forward funding projects, extensions and fit-out costs enabling vacant space to be let as follows:

Spend during the period	Six months ended 30 Sep 2020 £m
Acquisition of completed medical centres	79.2
Developments/forward funding arrangements	30.5
Like-for-like portfolio (improvements)	1.8
Total capital expenditure	**111.5**

We have completed 20 acquisitions and six developments during the first six months.

These additions were at a combined total cost of £118 million with a combined passing rent of £5.5 million (yield on cost of 4.6%) and a WAULT of 19.9 years.

We continue to source properties that meet our investment criteria for future acquisition. As at the half year, the acquisition pipeline stands at £90 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 period, we disposed of 26 properties where we believed there was lower growth prospects than the rest of the portfolio, generating proceeds of £23 million at a premium over book value of £0.9 million. We are continually reviewing our portfolio for any indication that properties no longer meet our investment criteria.

Of the 15 developments that were on site at March 2020, six have completed in the first half of the year, and a further six are currently expected to complete in the second half of the year.

The development team has continued to have success in converting schemes from the pipeline to live schemes, with six schemes moving on site in the first half, meaning 15 are on site at September 2020.

Of the 15 developments on site at 30 September 2020, eight are in-house developments and seven are under forward funding agreements. These have a combined development cost of £77 million of which £42 million had been spent at the half year date.

In addition to the 15 developments currently on site, we have an immediate pipeline of 15 properties (estimated cost £65 million) which we would hope to be on site within 12 months. This takes the total immediate development pipeline to £142 million, which includes an increasing proportion that is directly sourced and developed by our in-house team, as opposed to forward funded.

During the first six months of the year, we recorded a revaluation gain of £2.0 million in respect of investment property under construction (September 2019: £0.4 million).

Live developments and forward funding arrangements

	Estimated completion date	Development costs	Costs to date	Size
Beaconsfield	Q4 21	£6.2m	£2.9m	1,668 sqm
Bournville	Q2 21	£4.5m	£4.0m	2,380 sqm
Broadway	Q3 21	£3.6m	£1.9m	1,027 sqm
Canterbury	Q1 21	£3.7m	£3.3m	1,053 sqm
Hereford	Q4 20	£9.2m	£7.6m	2,247 sqm
Kelsall	Q4 21	£2.9m	£0.5m	700 sqm
Launceston	Q1 21	£4.0m	£3.4m	1,267 sqm
Leeds	Q3 21	£3.0m	£1.2m	680 sqm
London Colney	Q3 21	£4.0m	£1.2m	680 sqm
Newtown	Q4 20	£4.7m	£4.4m	1,317 sqm
Preston	Q3 21	£12.9m	£1.6m	1,894 sqm
Stourport	Q4 21	£5.6m	£1.5m	1,950 sqm
Timperley	Q1 21	£2.1m	£0.2m	424 sqm
Tonbridge	Q4 20	£5.6m	£5.3m	1,405 sqm
Ware	Q2 21	£5.3m	£2.9m	1,191 sqm
Total		**£77.3m**	**£41.9m**	

Portfolio management

In the first half, our rent roll grew by £4.4 million (4%) to £113.3 million. £0.5 million of this growth was from rent reviews.

We successfully concluded 129 rent reviews during the six months to generate a weighted average annual rent increase of 1.65% (year to March 2020: 1.79%) on those properties, which is a figure that includes 22 reviews we chose not to instigate in the period. These 129 reviews covered £15.0 million or 14% of our rent roll at the start of the year and the absolute increase of £0.5 million is a 4% increase on this rent. Our portfolio benefits from a 31% weighting in fixed, Retail Price Index ("RPI") and other uplifts which generated an average uplift of 2.02% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 1.22% during the period.

Our renewed focus on asset enhancement has resulted in us increasing the number of successfully concluded lease events in the period and developing a strong pipeline of asset enhancement opportunities.

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 £1.47 billion at September 2020, 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").

We delivered 13 lease re-gears in the six months covering £1.1 million of current rent and adding 17 years to the WAULT for those particular leases (September 2019: 13 re-gears, £0.9 million of rent). We have a further 42 re-gears (rent £5.5 million) in legal hands.

We completed one capital asset enhancement capital project during the six months, at Eastfield Medical Centre in Scarborough. In addition, we are on site with three schemes which are due to complete in the second half of the year, with total spend of £1.2 million and adding £0.1 million to rent roll and an additional 20 years to the leases on those properties. We currently have a pipeline of 19 asset enhancement projects we hope to complete in the next two years with estimated spend of £14 million and additional rent of £1.0 million.

Our EPRA Vacancy Rate was 1.6% (March 2020: 1.6%).

Our current contracted annual rent roll is £113.3 million and, on a proforma basis, would increase to in excess of £138 million once the pipelines for acquisitions, developments, rent reviews and asset enhancements are completed.

Administrative expenses

The Group analyses cost performance by reference to our EPRA Cost Ratios (including and excluding direct vacancy costs) which were 17.0% and 15.8% respectively (2019: 12.8% and 11.6% respectively).

These ratios would reduce to 12.5% and 11.4% 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 costs of the development team, the EPRA Cost Ratio for the six months is 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 proportion of administrative costs (as per the income statement) to the average gross investment property value (average of opening and closing balance sheet amounts). This ratio during the period was 0.23% (2019: 0.24%) and administrative costs stood at £5.1 million (2019: £4.9 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 we completed an equity placing for £185 million.

In May we extended the term on our RCF to November 2024. The facility is £300 million and subsequent to the period end we have taken the option to reduce the facility to £225 million.

In September 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 used for investment in eligible acquisitions, developments and refurbishment of publicly accessible primary care and community healthcare centres.

Subsequent to the period end, we have also repaid in full our sole remaining secured debt instrument, the £110 million 4.75% secured bond which was due to mature in December 2021.

Financing statistics	30 Sep 2020	31 Mar 2020
Net debt (Note 11)	£741.9m	£828.6m
Weighted average debt maturity	7.7 yrs	6.8 yrs
Weighted average interest rate	2.68%	3.03%
% of debt at fixed/capped rates	100%	91%
EBITDA to net interest cover	3.5x	3.6x
LTV (Note 11)	33%	38%

Our LTV ratio currently stands at 33% and will increase in the short term as we utilise cash to fund the pipeline of acquisitions, development and asset enhancement opportunities. Our policy allows us to reach the range of 40%–50% should the need arise.

As at 30 September 2020, 100% of our debt facilities are at fixed interest rates, although this will change as we draw on the revolving credit facility which is at a variable rate. The weighted average debt maturity is 7.7 years.

Net finance costs presented through EPRA earnings in the year amounted to £13.2 million (2019: £12.7 million).

IFRS profit before tax

IFRS profit before tax for the period was £43.8 million (2019: £36.4 million). As can be seen below, EPRA earnings have increased compared with the prior year and we have also recorded an increased valuation gain following our positive asset enhancement activities.

EPRA earnings

	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Net rental income	54.4	50.6
Administrative expenses	(7.6)	(4.9)
Net finance costs	(13.2)	(12.7)
Share-based payments	(0.3)	(0.1)
EPRA earnings	**33.3**	**32.9**
Add back one off Assura Community Fund contribution	2.5	-
Adjusted EPRA earnings (exc. one off donation)	**35.8**	**32.9**

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

	£m
Six months ended 30 Sep 2019	32.9
Net rental income	3.8
Administrative expenses	(0.2)
Net finance costs	(0.5)
Share-based payments	(0.2)
Six months ended 30 Sep 2020	**35.8**

Adjusted EPRA earnings has grown 8.8% to £35.8 million in the six months to 30 September 2020, reflecting the property acquisitions and developments completed as well as the impact of our asset management activity with rent reviews and new lettings. This has been offset by increases in administrative expenses and financing costs.

Earnings per share

The basic earnings per share ("EPS") on profit for the period was 1.7 pence (2019: 1.5 pence).

EPRA EPS, which excludes the net impact of valuation movements and gains on disposal, was 1.3 pence (2019: 1.4 pence). Excluding the £2.5 million Assura Community Fund contribution, adjusted EPRA EPS remained flat at 1.4 pence.

Based on calculations completed in accordance with IAS 33, share-based payment schemes are currently expected to be dilutive to EPS, with 1.9 million new shares expected to be issued. The dilution has no impact on the basic figures, as illustrated in the table below:

EPS measure (Note 7)	Basic	Diluted
Profit for six months	1.7p	1.7p
EPRA	1.3p	1.3p
Adjusted EPRA (exc. one off donation)	1.4p	1.4p

Dividends

Total dividends settled in the six months to 30 September 2020 were £35.7 million or 1.4 pence per share (2019: 1.4 pence per share). £5.5 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. The April dividend paid was a PID whilst the July dividend paid was a normal dividend (non-PID), as a result of brought forward tax losses and available capital allowances. The October 2020 dividend has subsequently been paid as a PID and future dividends will be a mix of PID and normal dividends as required.

Cash flow movements

	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Opening cash	**18.5**	18.3
Net cash flow from operations	**28.0**	24.2
Dividends paid	**(30.2)**	(28.4)
Investment:		
Property & other acquisitions	**(84.2)**	(45.4)
Development expenditure	**(30.6)**	(27.5)
Sale of properties	**23.0**	18.5
Financing:		
Net proceeds from equity issuance	**180.8**	-
Net borrowings movement	**215.8**	66.9
Closing cash	**321.1**	26.6

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

The investment activity in the period has been funded by the proceeds from the April 2020 equity raise, whilst the cash balance at the period end is due to the proceeds from the Social Bond having been received just before the period end.

Diluted EPRA NTA movement

	£m	Pence per share
Diluted EPRA NTA at 31 Mar 2020 (Note 8)	**1,301.9**	53.9
EPRA earnings	**33.3**	1.3
Capital (revaluations and capital gains)	**10.7**	0.4
Dividends	**(35.7)**	(1.4)
Equity issuance	**180.8**	1.8
Other	**5.4**	0.2
Diluted EPRA NTA at 30 Sep 2020 (Note 8)	**1,496.4**	**56.2**

Our Total Accounting Return per share (dividends plus movement in EPRA net tangible assets as a proportion of opening EPRA net tangible assets) for the six months ended 30 September 2020 is 6.9% of which 1.4 pence per share (2.6%) has been distributed to shareholders and 2.3 pence per share (4.3%) is the movement on EPRA NTA.

Jayne Cottam
CFO
16 November 2020

EPRA performance measures

The calculations below are in accordance with the EPRA Best Practice Recommendations dated October 2019, and in line with the calculations provided in our accounts for the March 2020 year end.

	6 months ended 30-Sep-20	6 months ended 30-Sep-19
EPRA EPS (p)	1.3	1.4
EPRA Cost Ratio (including direct vacancy costs (%)	17.0	12.8
EPRA Cost Ratio (excluding direct vacancy costs (%)	15.8	11.6

	Sep 2020	Mar 2020
EPRA NRV (p)	61.6	59.6
EPRA NTA (p)	56.2	53.9
EPRA NDV (p)	53.9	52.6
EPRA NIY (%)	4.60	4.69
EPRA “topped-up” NIY (%)	4.61	4.73
EPRA Vacancy Rate (%)	1.6	1.6

In addition, we present the following measures on an adjusted basis, to remove the impact of the one-off £2.5 million contribution to the Assura Community Fund.

	6 months ended 30-Sep-20	6 months ended 30-Sep-19
Adjusted EPRA EPS (p)	1.4	1.4
Adjusted EPRA Cost Ratio (including direct vacancy costs (%)	12.5	12.8
Adjusted EPRA Cost Ratio (excluding direct vacancy costs (%)	11.4	11.6

New EPRA measures for net asset value

The October 2019 updated EPRA measures included three new metrics in respect of net asset value:

- EPRA Net Reinstatement Value (“EPRA NRV”) which assumes that entities never sell assets and aims to represent the value required to rebuild the entity.
- EPRA Net Tangible Assets (“EPRA NTA”) which assumes that entities buy and sell assets, thereby crystallising certain levels of unavoidable deferred tax.
- EPRA Net Disposal Value (“EPRA NDV”) which represents the shareholders’ value under a disposal scenario, where deferred tax, financial instruments and certain other adjustments are calculated to the full extent of their liability, net of any resulting tax.

For Assura, EPRA NTA is the same as the previous EPRA NAV, EPRA NDV is almost the same as the previous EPRA NNNAV and EPRA NRV is a new number adding back assumed purchasers’ costs to the property value. The table below illustrates the reconciliation of the numbers under the new and previous measures.

	New measures			Previous measures	
£m	EPRA NRV	EPRA NTA	EPRA NDV	EPRA NAV	EPRA NNNAV
NAV per financial statements	1,496.9	1,496.9	1,496.9	1,496.9	1,496.9
Deferred tax	(0.5)	(0.5)	-	(0.5)	(0.5)
Fair value of debt	-	-	(60.7)	-	(60.7)
Real estate transfer tax	144.8	-	-	-	-
EPRA adjusted NAV	1,641.2	1,496.4	1,436.2	1,496.4	1,435.7
Diluted number of shares	2,664,127,627	2,664,127,627	2,664,127,627	2,664,127,627	2,664,127,627
Diluted EPRA measure per share	61.6p	56.2p	53.9p	56.2p	53.9p

Portfolio analysis by capital value

	Number of properties	Total value £m	Total value %
>£10m	42	659.1	30
£5–10m	83	546.8	25
£1–5m	373	944.1	43
<£1m	78	51.2	2
	576	**2,201.2**	**100**

Portfolio analysis by region

	Number of properties	Total value £m	Total value %
North	182	819.9	37
South	222	773.3	35
Midlands	90	409.8	19
Wales	58	139.6	6
Scotland & NI	24	58.6	3
	576	**2,201.2**	**100**

Portfolio analysis by tenant covenant

	Total rent roll £m	Total rent roll %
GPs	76.6	68
NHS Body	18.6	16
Pharmacy	9.0	8
Other	9.1	8
	113.3	**100**

Interim condensed consolidated income statement

For the six months ended 30 September 2020

	Note	Six months ended 30 September 2020 Unaudited			Six months ended 30 September 2019 Unaudited		
	Note	EPRA £m	Capital and non-EPRA £m	Total £m	EPRA £m	Capital and non-EPRA £m	Total £m
Gross rental and related income		**56.8**	**1.9**	**58.7**	52.7	2.0	54.7
Property operating expenses		**(2.4)**	**(1.9)**	**(4.3)**	(2.1)	(2.0)	(4.1)
Net rental income		**54.4**	**–**	**54.4**	50.6	–	50.6
Administrative expenses		**(7.6)**	**–**	**(7.6)**	(4.9)	–	(4.9)
Revaluation gain – property	9	**–**	**9.6**	**9.6**	–	1.9	1.9
Share-based payment charge		**(0.3)**	**–**	**(0.3)**	(0.1)	–	(0.1)
Gain on sale of property		**–**	**0.9**	**0.9**	–	1.6	1.6
Finance income		**0.1**	**–**	**0.1**	–	–	–
Finance costs	5	**(13.3)**	**–**	**(13.3)**	(12.7)	–	(12.7)
Profit before taxation		**33.3**	**10.5**	**43.8**	32.9	3.5	36.4
Taxation	6	**–**	**–**	**–**	–	–	–
Profit for the period attributable to equity holders of the parent		**33.3**	**10.5**	**43.8**	32.9	3.5	36.4
EPS – basic & diluted	7			**1.7p**			1.5p
EPRA EPS – basic & diluted	7	**1.3p**			1.4p		

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

Interim condensed consolidated balance sheet

As at 30 September 2020

		Note	30 September 2020 Unaudited £m	31 March 2020 Audited £m
Non-current assets				
Investment property		9	**2,259.4**	2,139.0
Property work in progress			**12.6**	11.1
Property, plant and equipment			**0.2**	0.2
Investments			**0.3**	0.2
Deferred tax asset			**0.5**	0.5
			2,273.0	2,151.0
Current assets				
Cash, cash equivalents and restricted cash			**321.1**	18.5
Trade and other receivables			**22.7**	19.1
Property assets held for sale		9	**0.4**	20.7
			344.2	58.3
Total assets			**2,617.2**	2,209.3
Current liabilities				
Trade and other payables			**29.4**	32.2
Borrowings		11	**11.0**	11.0
Head lease liabilities			**0.1**	0.1
Deferred revenue		10	**23.6**	22.8
			64.1	66.1
Non-current liabilities				
Borrowings		11	**1,046.4**	830.5
Head lease liabilities			**5.5**	5.5
Deferred revenue		10	**4.3**	4.8
			1,056.2	840.8
Total liabilities			**1,120.3**	906.9
Net assets			**1,496.9**	1,302.4
Capital and reserves				
Share capital		12	**266.2**	241.3
Share premium			**757.0**	595.5
Merger reserve			**231.2**	231.2
Reserves			**242.5**	234.4
Total equity			**1,496.9**	1,302.4
NAV per Ordinary Share	– basic	8	**56.2p**	54.0p
	– diluted	8	**56.2p**	53.9p
EPRA NTA per Ordinary Share	– basic	8	**56.2p**	54.0p
	– diluted	8	**56.2p**	53.9p

The Interim Condensed Consolidated Financial Statements were approved at a meeting of the Board of Directors held on 16 November 2020 and signed on its behalf by:

Jonathan Murphy
CEO

Jayne Cottam
CFO

Interim condensed consolidated statement of changes in equity

For the six months ended 30 September 2020

	Note	Share capital £m	Share premium £m	Merger reserve £m	Reserves £m	Total equity £m
1 April 2019		239.8	587.4	231.2	221.5	1,279.9
Profit attributable to equity holders		–	–	–	36.4	36.4
Total comprehensive income		–	–	–	36.4	36.4
Dividend	12, 14	0.8	3.7	–	(32.8)	(28.3)
Employee share-based incentives		–	–	–	(0.1)	(0.1)
30 September 2019 (Unaudited)		240.6	591.1	231.2	225.0	1,287.9
Profit attributable to equity holders		–	–	–	42.5	42.5
Total comprehensive income		–	–	–	42.5	42.5
Dividend	12, 14	0.7	4.4	–	(33.4)	(28.3)
Employee share-based incentives		–	–	–	0.3	0.3
31 March 2020 (Audited)		241.3	595.5	231.2	234.4	1,302.4
Profit attributable to equity holders		–	–	–	43.8	43.8
Total comprehensive income		–	–	–	43.8	43.8
Issue of Ordinary Shares	12	24.0	161.0	–	–	185.0
Issue costs	12	–	(4.2)	–	–	(4.2)
Dividend	12, 14	0.8	4.7	–	(35.7)	(30.2)
Employee share-based incentives		0.1	–	–	–	0.1
30 September 2020 (Unaudited)		266.2	757.0	231.2	242.5	1,496.9

Interim condensed consolidated statement of cash flow

For the six months ended 30 September 2020

	Six months ended 30 September 2020 Unaudited £m	Six months ended 30 September 2019 Unaudited £m
Operating activities		
Rent received	**56.3**	50.8
Interest paid and similar charges	**(16.2)**	(16.7)
Fees received	**0.7**	0.4
Interest received	**0.1**	–
Cash paid to suppliers and employees	**(12.9)**	(10.3)
Net cash inflow from operating activities	**28.0**	24.2
Investing activities		
Purchase of investment property	**(83.8)**	(45.4)
Development expenditure	**(30.6)**	(27.5)
Proceeds from sale of property	**23.0**	18.5
Other investments and property, plant and equipment	**(0.4)**	–
Net cash outflow from investing activities	**(91.8)**	(54.4)
Financing activities		
Issue of Ordinary Shares	**185.0**	–
Issue costs paid on issuance of Ordinary Shares	**(4.2)**	–
Dividends paid	**(30.2)**	(28.4)
Repayment of loans	**(80.0)**	(30.0)
Long-term loans drawn down	**298.1**	97.0
Loan issue costs	**(2.3)**	(0.1)
Net cash inflow from financing activities	**366.4**	38.5
Increase in cash, cash equivalents and restricted cash	**302.6**	8.3
Opening cash, cash equivalents and restricted cash	**18.5**	18.3
Closing cash, cash equivalents and restricted cash	**321.1**	26.6

Notes to the interim condensed consolidated financial statements

For the six months ended 30 September 2020

1. Corporate information

The Interim Condensed Consolidated Financial Statements of the Group for the six months ended 30 September 2020 were authorised for issue in accordance with a resolution of the Directors on 16 November 2020.

Assura plc ("Assura") is a public limited company, limited by shares, incorporated and domiciled in England and Wales, and the Company's Ordinary Shares are publicly traded on the main market of the London Stock Exchange.

With effect from 1 April 2013, the Group has elected to be treated as a UK REIT. See Note 6 for further details.

Copies of this statement are available from the website at www.assuraplc.com.

2. Basis of preparation

The Interim Condensed Consolidated Financial Statements for the six months ended 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting. These accounts cover the six-month accounting period from 1 April 2020 to 30 September 2020 with comparatives for the six-month accounting period from 1 April 2019 to 30 September 2019, or 31 March 2020 for balance sheet amounts.

The Interim Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Report, and should be read in conjunction with those in the Group's Annual Report as at 31 March 2020 which are prepared in accordance with IFRSs as adopted by the European Union ("EU").

The accounts are prepared on a going concern basis (see page 22 for further narrative) and presented in pounds sterling rounded to the nearest 0.1 million unless specified otherwise.

3. Accounts

The results for the six months to 30 September 2020 and to 30 September 2019 are unaudited. The interim accounts do not constitute statutory accounts. The financial information for the year ended 31 March 2020 does not constitute the Company's statutory accounts for that year, but is derived from those accounts. Statutory accounts have been delivered to the Registrar of Companies. The auditor reported on those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Financial Statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 March 2020.

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

5. Finance costs

	Six months ended 30 Sep 2020 £m	Six months ended 30 Sep 2019 £m
Interest payable	**13.5**	12.4
Interest capitalised on developments	**(1.1)**	(0.3)
Amortisation of loan issue costs	**0.9**	0.6
Total finance costs	**13.3**	12.7

6. Taxation on profit on ordinary activities

The Group elected to be treated as a UK REIT with effect from 1 April 2013. The UK REIT rules exempt the profits of the Group's property rental business from corporation tax. Gains on properties are also exempt from tax, provided the properties are not held for trading or sold in the three years post completion of development. The Group will otherwise be subject to corporation tax at 19% in 2020/21 (2019/20: 19%).

Any Group tax charge/(credit) relates to its non-property income. As the Group has sufficient brought forward losses, no tax is due in relation to the current or prior period.

As a REIT, the Group is required to pay Property Income Distributions ("PIDs") equal to at least 90% of the Group's rental profit calculated by reference to tax rules rather than accounting standards. During the period, the Group paid a PID within the April 2020 interim dividend. Future dividends will be a mix of PID and normal dividends as required. To remain as a UK REIT there are a number of conditions to be met in respect of the principal company of the Group, the Group's qualifying activities and the balance of business. The Group remains compliant at 30 September 2020.

7. Earnings per Ordinary Share

	Earnings 2020 £m	EPRA earnings 2020 £m	Earnings 2019 £m	EPRA earnings 2019 £m
Profit for the period from continuing operations	**43.8**	**43.8**	36.4	36.4
Revaluation & fair value adjustments		**(9.6)**		(1.9)
Profit on sale of property		**(0.9)**		(1.6)
EPRA earnings		**33.3**		32.9
Additional Company adjustment				
Add back: One off Assura Community Fund contribution		**2.5**		–
Adjusted EPRA earnings (exc. Community Fund contribution)		**35.8**		32.9
Weighted average number of shares in issue – basic	**2,649,839,615**	**2,649,839,615**	2,402,405,484	2,402,405,484
Potential dilutive impact of share options	**1,953,589**	**1,953,589**	1,058,252	1,058,252
Weighted average number of shares in issue – diluted	**2,651,793,204**	**2,651,793,204**	2,403,463,736	2,403,463,736
EPS – basic & diluted	**1.7p**		1.5p	
EPRA EPS – basic & diluted		**1.3p**		1.4p
Adjusted EPRA EPS (exc. Community Fund) – basic & diluted		**1.4p**		1.4p

The current estimated number of shares over which nil-cost options may be issued to participants is 1.9 million.

8. NAV per Ordinary Share

30 September 2020 **£m**	**IFRS**	**EPRA NRV**	**EPRA NTA**	**EPRA NDV**
IFRS net assets	**1,496.9**	**1,496.9**	**1,496.9**	**1,496.9**
Deferred tax		(0.5)	(0.5)	–
Fair value of debt		–	–	(60.7)
Real estate transfer tax		144.8	–	–
EPRA adjusted NAV		**1,641.2**	**1,496.4**	**1,436.2**
NAV per Ordinary Share – basic & diluted	**56.2p**	**61.6p**	**56.2p**	**53.9p**

31 March 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 NAV			**1,439.4**	**1,301.9**	**1,271.5**
NAV per Ordinary Share	– basic	**54.0p**	**59.6p**	**54.0p**	**52.6p**
	– diluted	**53.9p**	**59.6p**	**53.9p**	**52.6p**

	30 September 2020	31 March 2020
Number of shares in issue	**2,662,174,038**	2,413,241,827
Potential dilutive impact of share options (Note 7)	**1,953,589**	2,506,034
Diluted number of shares in issue	**2,664,127,627**	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 represent fair value and have been provided by the counterparty as appropriate or by reference to the quoted fair value of financial instruments.

9. Property assets

Investment properties are stated at fair value, which has been determined for the Group by Savills Commercial Limited and Jones Lang LaSalle as at 30 September 2020. The properties have been valued individually and on the basis of open market value in accordance with RICS Valuation – Professional Standards 2020 ("the Red Book").

	30 September 2020			31 March 2020		
	Investment property	**IPUC**	**Total**	Investment property	IPUC	Total
	£m	**£m**	**£m**	£m	£m	£m
Opening market value	**2,075.9**	**57.5**	**2,133.4**	1,952.9	23.0	1,975.9
Additions:						
– acquisitions	**79.2**	**–**	**79.2**	119.4	–	119.4
– improvements	**1.8**	**–**	**1.8**	1.7	–	1.7
	81.0	**–**	**81.0**	121.1	–	121.1
Development costs	**–**	**30.5**	**30.5**	–	47.3	47.3
Transfers	**40.6**	**(40.6)**	**–**	15.1	(15.1)	–
Transfer to assets held for sale	**–**	**–**	**–**	(18.9)	–	(18.9)
Capitalised interest	**–**	**1.1**	**1.1**	–	1.0	1.0
Disposals	**(1.8)**	**–**	**(1.8)**	(2.7)	–	(2.7)
Unrealised surplus on revaluation	**7.6**	**2.0**	**9.6**	8.4	1.3	9.7
Closing market value	**2,203.3**	**50.5**	**2,253.8**	2,075.9	57.5	2,133.4
Add head lease liabilities recognised separately	**5.6**	**–**	**5.6**	5.6	–	5.6
Closing fair value of investment property	**2,208.9**	**50.5**	**2,259.4**	2,081.5	57.5	2,139.0

	30 September 2020	31 March 2020
	£m	£m
Market value of investment property as estimated by valuer	**2,201.2**	2,073.3
Add IPUC	**50.5**	57.5
Add capitalised lease premiums and rental payments	**2.1**	2.6
Add head lease liabilities recognised separately	**5.6**	5.6
Fair value for financial reporting purposes	**2,259.4**	2,139.0
Completed investment property held for sale	**–**	20.3
Land held for sale	**0.4**	0.4
Total property assets	**2,259.8**	2,159.7

	30 September 2020	31 March 2020
	£m	£m
Investment property	**2,201.2**	2,073.3
Investment property held for sale	**–**	20.3
Total completed investment property	**2,201.2**	2,093.6

9. Property assets (continued)

	30 September 2020 £m
Assets held for sale at 1 April 2020	**20.7**
Disposals during the period	**(20.3)**
Assets held for sale at 30 September 2020	**0.4**

As at 30 September 2020, 1 asset is held as available for sale (31 March 2020: 24 assets).

Fair value hierarchy

The fair value measurement hierarchy for all investment property and investment property under construction ("IPUC") as at 30 September 2020 was Level 3 – significant unobservable inputs (March 2020: Level 3). There were no transfers between Level 1, 2 or 3 during the half year.

The key unobservable inputs in the property valuation are the equivalent yield and the ERV. A decrease in the equivalent yield applied to a property would increase the market value. An increase in the ERV of a property would increase the market value. The analysis for unobservable inputs disclosed within Note 9 of the Annual Report and Accounts for the year ended 31 March 2020 continues to apply to the portfolio as at 30 September 2020.

10. Deferred revenue

	30 September 2020 £m	31 March 2020 £m
Arising from rental received in advance	**23.0**	22.3
Arising from pharmacy lease premiums received in advance	**4.9**	5.3
	27.9	27.6
Current	**23.6**	22.8
Non-current	**4.3**	4.8
	27.9	27.6

11. Borrowings

	30 September 2020	31 March 2020
	£m	£m
At beginning of the period/year	**841.5**	683.3
Amount issued or drawn down in period/year	**298.1**	157.0
Amount repaid in period/year	**(80.0)**	–
Loan issue costs	**(3.1)**	(0.2)
Amortisation of loan issue costs	**0.9**	1.4
At the end of the period/year	**1,057.4**	841.5
Due within one year	**11.0**	11.0
Due after more than one year	**1,046.4**	830.5
At the end of the period/year	**1,057.4**	841.5

The Group has the following bank facilities:

1. 10-year senior unsecured bond of £300 million at a fixed interest rate of 3.0% 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 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 £300 million on an unsecured basis at an initial margin of 1.60% above LIBOR subject to LTV, reducing to £225 million with effect from May 2021 and expiring in November 2024. The margin increases based on the LTV of the subsidiaries to which the facility relates, up to 1.95% where the LTV is in excess of 45%. The facility is subject to a historical interest cover requirement of at least 175% and maximum LTV of 60%. As at 30 September 2020, the facility was undrawn (31 March 2020: £80 million drawn). Subsequent to the period end, Assura gave notice to reduce the facility to £225 million with effect from October 2020.
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 in October 2016. An additional £107 million of notes were issued in two series, £47 million drawn in August 2019 and £60 million drawn in October 2019. The notes have maturities of 10 and 15 years respectively and a weighted average interest rate fixed at 2.30%. The facilities are subject to a historical interest cover requirement of at least 175%, maximum LTV of 60% and a weighted average lease length of seven years.
4. £150 million of privately placed notes in two tranches with maturities of eight and 10 years drawn in October 2017. The weighted average coupon is 3.04%. The facility is subject to a historical cost interest cover requirement of at least 175%, maximum LTV of 60% and weighted average lease length of seven years.
5. 10-year senior secured bond for £110 million at a fixed interest rate of 4.75% maturing in December 2021. The secured bond carries a LTV covenant of 75% (70% at the point of substitution of an investment property or cash) and an interest cover requirement of 1.15 times (1.5 times at the point of substitution). In addition, the bond is subject to a WAULT test of 10 years which, if not met, gives the bondholder the option to request repayment of £5.5 million every six months. The WAULT of the charged properties is below 10 years at 30 September and £11.0 million has therefore been shown as due within one year, at the option of the bondholder. At the date of this report, the option has not been taken up. Subsequent to the period end, the bond has been repaid full.

The Group has been in compliance with all financial covenants on all of the above loans as applicable throughout the period.

	30 September 2020	31 March 2020
Net debt and LTV	£m	£m
Investment property	**2,208.9**	2,081.5
Investment property under construction	**50.5**	57.5
Held for sale	**0.4**	20.7
Total property	**2,259.8**	2,159.7
Loans	**1,057.4**	841.5
Head lease liabilities	**5.6**	5.6
Cash	**(321.1)**	(18.5)
Net debt	**741.9**	828.6
LTV	**33%**	38%

12. Share capital

	Number of shares 30 September 2020	**Share capital 30 September 2020 £m**	Number of shares 31 March 2020	Share capital 31 March 2020 £m
Ordinary Shares of 10 pence each 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 1 September 2020	**213,319**	**–**	–	–
Total at 30 September/31 March	**2,662,174,038**	**266.2**	2,413,241,827	241.3
Own shares held	**–**	**–**	–	–
Total share capital	**2,662,174,038**	**266.2**	2,413,241,827	241.3

The Ordinary Shares issued in April 2019, July 2019, October 2019, January 2020, April 2020 and July 2020 were issued to shareholders who elected to receive Ordinary Shares in lieu of a cash dividend under the Company scrip dividend alternative. In the six months to 30 September 2020, this increased share capital by £0.8 million and share premium by £4.7 million.

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 £4.2 million were incurred and have been allocated against share premium.

The Ordinary Shares issued in August 2019, July 2020 and September 2020 relate to employee share awards under the Performance Share Plan.

13. Commitments

At the period end the Group had 15 committed developments on site (31 March 2020: 15) with a contracted total expenditure of £77.3 million (31 March 2020: £80.5 million) of which £41.9 million (31 March 2020: £50.3 million) had been expended. The remaining commitment is therefore £35.4 million (31 March 2020: £30.2 million).

14. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	**Six months ended 30 September 2020 £m**	Six months ended 30 September 2019 £m
17 April 2019	0.685	2,398,371,795	**–**	15.6
17 July 2019	0.685	2,402,079,280	**–**	15.6
15 April 2020	0.697	2,419,785,264	**16.8**	–
15 July 2020	0.71	2,659,993,187	**18.9**	–
			35.7	31.2

A dividend of 0.71 pence per share was paid to shareholders on 14 October 2020.

15. Post balance sheet events

Subsequent to 30 September 2020, the revolving credit facility has been reduced to £225 million (at the request of Assura) and the £110 million secured bond due 2021 has been repaid in full.

Additional statements

Principal risks and uncertainties

The factors identified by the Board as having the potential to affect the Group's operating results, financial control and/or the trading price of its shares were set out in detail in the Annual Report for the year ended 31 March 2020. These risks include strategic items outside the control of the Group (such as political risk or new entrants to the market), financial risks (relating to financing available to the Group) and operational risks (relating to internal matters and how assets are managed).

The Directors have reconsidered the principal risks and uncertainties facing the Group. Accordingly, the Directors do not consider that the principal risks and uncertainties have changed significantly since the publication of the Annual Report for the year ended 31 March 2020.

With respect to both COVID-19 and Brexit, the Board continues to monitor the situation but as disclosed in the Annual Report, does not consider either COVID-19 or Brexit, in themselves, to constitute a significant risk to the business.

Going concern

The Directors continue to adopt the going concern basis of accounting in preparing the financial statements. The Group's properties are substantially let with the majority of rent paid or reimbursed by the NHS and they benefit from a weighted average lease length on the portfolio of 11.9 years. The Group has facilities from a variety of lenders, in addition to the secured and unsecured bonds, and has remained in compliance with all covenants throughout the period. In making the assessment, and having considered the continuing economic uncertainty, the Directors have reviewed the Group's financial forecasts which cover a period of 18 months beyond the balance sheet date, showing that borrowing facilities are adequate and the business can operate within these facilities and meet its obligations when they fall due for the foreseeable future. There have been no material changes in assumptions in the forecast from the basis adopted in making the assessment at the previous year end.

Directors' responsibilities statement

The Board confirms to the best of their knowledge:

- that the Interim Condensed Consolidated Financial Statements for the six months to 30 September 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;
- that the Interim Report comprising the CFO review and the principal risks and uncertainties includes a fair review of the information required by 4.2.7R of the Disclosure and Transparency Rules ("DTR", indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and
- the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The above Directors' responsibilities statement was approved by the Board on 16 November 2020.

Jonathan Murphy
CEO
16 November 2020

Jayne Cottam
CFO

Independent review report to Assura plc

For the six months ended 30 September 2020

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 which comprise the Interim Condensed Consolidated Income Statement, the Interim Condensed Consolidated Balance Sheet, the Interim Condensed Consolidated Statement of Changes in Equity, the Interim Condensed Consolidated Statement of Cash Flow and the related Notes 1 to 15. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of report

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Deloitte LLP – Statutory Auditor
Manchester, UK
16 November 2020

Glossary and calculations

AGM is the Annual General Meeting.

Average Debt Maturity is each tranche of Group debt multiplied by the remaining period to its maturity and the result divided by total Group debt in issue at the year end.

Average Interest Rate is the Group loan interest and derivative costs per annum at the year end, divided by total Group debt in issue at the year end.

British Property Federation ("BPF") is the membership organisation, the voice, of the real estate industry.

Building Research Establishment Environmental Assessment Method ("BREEAM") assess the sustainability of buildings against a range of criteria.

Clinical Commissioning Groups ("CCGs") are the groups of GPs and other healthcare professionals responsible for commissioning primary and secondary healthcare services in their locality.

Code or New Code is the UK Corporate Governance Code 2018, a full copy of which can be found on the website of the Financial Reporting Council.

Company is Assura plc.

Direct Property Costs comprise cost of repairs and maintenance, void costs, other direct irrecoverable property expenses and rent review fees.

District Valuer ("DV") is the commercial arm of the Valuation Office Agency. It provides professional property advice across the public sector and in respect of primary healthcare represents NHS bodies on matters of valuations, rent reviews and initial rents on new developments.

Earnings per Ordinary Share from Continuing Operations ("EPS") is the profit attributable to equity holders of the parent divided by the weighted average number of shares in issue during the period.

EBITDA is EPRA earnings before tax and net finance costs. In the current period this is £46.5 million, calculated as net rental income (£54.4 million) less administrative expenses (£7.6 million) and share-based payment charge (£0.3 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 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 8.

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 8.

EPRA Cost Ratio is administrative and operating costs divided by gross rental income. This is calculated both including and excluding the direct costs of vacant space.

EPRA earnings is a measure of profit calculated in accordance with EPRA guidelines, designed to give an indication of the operating performance of the business, excluding one off or non-cash items such as revaluation movements and profit or loss on disposal. See Note 7.

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

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

EPRA Net Reinstatement Value ("EPRA NRV") is the balance sheet net assets excluding deferred tax and adjusted to add back theoretical purchasers' costs that are deducted from the property valuation. See Note 8.

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

EPRA NIY is annualised rental income based on cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of property, increased with (estimated) purchasers' costs. **EPRA "topped up" NIY** incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods or other unexpired lease incentives.

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

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

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

GMS is General Medical Services.

Gross Rental Income is the gross accounting rent receivable.

Group is Assura plc and its subsidiaries.

IFRS is International Financial Reporting Standards as adopted by the European Union.

Interest Cover is the number of times net interest payable is covered by EBITDA. In the current period net interest payable is £13.2 million, EBITDA is £46.5 million, giving interest cover of 3.5 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. As at 30 September 2020, this is £741.9 million being borrowings of £1,057.4 million plus head lease liabilities of £5.6 million, net of cash totalling £321.1 million.

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 0.23%. This is calculated as administrative expense of £5.1 million (£7.6 million less the £2.5 million donation) divided by the average property balance of £2,199 million (opening £2,139 million plus closing £2,259 million, divided by two).

Primary Care Property is the property occupied by health services providers who act as the principal point of consultation for patients such as GP practices, dental practices, community pharmacies and high street optometrists.

Property Income Distribution ("PID") is the required distribution of income as dividends under the REIT regime. It is calculated as 90% of exempted net income.

PSP is Performance Share Plan.

Real Estate Investment Trust ("REIT") is a listed property company which qualifies for and has elected into a tax regime which exempts qualifying UK profits, arising from property rental income and gains on investment property disposals, from corporation tax, but requires the distribution of a PID.

Rent Reviews take place at intervals agreed in the lease (typically every three years) and their purpose is usually to adjust the rent to the current market level at the review date.

Rent Roll is the passing rent (i.e. at a point in time) being the total of all the contracted rents reserved under the leases, on an annual basis. At September 2020 the rent roll was £113.3 million (March 2020: £108.9 million) and the growth in the six months was £4.4 million.

Retail Price Index ("RPI") is an official measure of the general level of inflation as reflected in the retail price of a basket of goods and services such as energy, food, petrol, housing, household goods, travelling fares, etc. RPI is commonly computed on a monthly and annual basis.

Reversionary Yield is the anticipated yield which the initial yield will rise to once the rent reaches the ERV and when the property is fully let. It is calculated by dividing the ERV by the valuation.

RPI Linked Leases are those leases which have rent reviews which are linked to changes in the RPI.

Total Accounting Return is the overall return generated by the Group including the impact of debt. It is calculated as the movement on EPRA NTA (see glossary definition and Note 8) for the period plus the dividends paid, divided by the opening EPRA NTA. Opening EPRA NTA (i.e. at 31 March 2020) was 53.9 pence per share, closing EPRA NTA was 56.2 pence per share, and dividends paid total 1.41 pence per share giving a return of 6.9% in the six months.

Total Contracted Rent Roll or Total Contracted Rental Income is the total amount of rent to be received over the remaining term of leases currently contracted. For example, a lease with rent of £100 and a remaining lease term of ten years would have total contracted rental income of £1,000. At September 2020, the total contracted rental income was £1.47 billion (March 2020: £1.43 billion) and the growth in the six months was £43 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 period to September 2020, the calculation is net rental income of £54.4 million plus revaluation of £9.6 million giving a return of £64.0 million, divided by £2,235.5 million (opening investment property £2,066.7 million and IPUC £57.5 million plus additions of £80.7 million and development costs of £30.6 million). This gives a Total Property Return in the six months of 2.9%.

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 30 September 2020 it was 77.2 pence, and dividends paid during the period were 1.41 pence per share.

UK GBC is the UK Green Building Council.

Weighted Average Unexpired Lease Term ("WAULT") is the average lease term remaining to first break, or expiry, across the portfolio weighted by contracted rental income.

Yield on cost is the estimated annual rent of a completed development divided by the total cost of development including site value and finance costs expressed as a percentage return.

Yield shift is a movement (usually expressed in basis points) in the yield of a property asset or like-for-like portfolio over a given period.

Yield compression is a commonly used term for a reduction in yields.

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