Assura Group Limited

Unaudited Preliminary Results for the Year Ended 31 March 2013

Strong results outperforming the market, driven by management action

- Total property assets of £569 million, up from £549 million
- Adjusted EPRA NAV[1] per share up 6.3% to 38.6 pence (2012: 36.3 pence)
- Valuation uplift of £6.0 million (2012: £1.5 million)
- Net rental income up 9.1% to £33.7 million (2012: £30.9 million)
- Underlying profit from continuing operations up 44% to £10.2 million (2012: £7.1 million)
- Profit for the year of £14.1 million (2012: loss £60.7 million)
- Long weighted average lease length on core portfolio of 15.1 years (2012: 15.8 years)
- Dividend 160% covered[2]. The Board targets a progressive dividend policy as evidenced by the 6% increase in quarterly dividend from April 2013
- Substantial progress made in realising non-core assets. Two-thirds[3] sold or contracts exchanged
- Total Property Return of 7.2%

Assura operates in a large, growing market

- Health spending is non-discretionary, with ever increasing pressure on primary care infrastructure from an ageing and more demanding population
- Tenants are private businesses underwritten by Government, with the majority of rent reimbursed by the NHS
- Two-thirds of GP premises are not suitable for future needs. Regulation of GPs by Care Quality Commission started in 2013, meaning primary healthcare facilities are required to meet their standards
- GPs engaged in commissioning decisions since April 2013

Assura is well positioned to continue outperforming the market

- Deep understanding of GP issues and specialist building requirements; strong relationships with key stakeholders including GPs and communities
- Strong development capability; development is demand-led
- 5 new developments completed for a 7.1% yield on cost. 9 projects on site and a further 40 potential schemes identified with an aggregate value exceeding £100 million
- Converted to REIT status from 1 April 2013, enabling the Group to compete with other tax efficient investors and access a global specialist investor base

[1] Net Asset Value – note 10
[2] Dividend cover calculated on an annual basis and related to underlying profit
[3] Two-thirds of those identified as non-core and held for sale in June 2012

Assura Group Limited

Unaudited Preliminary Results for the Year Ended 31 March 2013

Simon Laffin, Chairman said:

"UK health infrastructure requires major investment, and as the population continues to age this requirement will intensify further. Primary care will play an increasingly important role in meeting the demands placed on the NHS, but at present the majority of GP premises are not suitable for future requirements. Assura, through its experience, strong development programme, low cost structure, and relationships within the GP community, is well placed to deliver this space."

Graham Roberts, Chief Executive said:

"The actions we have taken over the year have delivered strong results. We have focused on delivering rental growth, developing profitably and to customer satisfaction, selling non-core assets and building our development pipeline of opportunities. Our dividend is 1.6x covered by underlying profits and a 6% increase from April 2013 reflects the Board's confidence in the Group and its future."

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Assura Group Limited

Chairman's Statement

Dear Shareholder

This has been the year that Assura has started once again to deliver value to our shareholders by developing, owning and managing primary care properties. We completed the formation of a totally new Board with two appointments, Jenefer Greenwood as a Non-Executive Director, and Jonathan Murphy as Finance Director. This is on top of the appointment of Graham Roberts as Chief Executive Officer right at the start of the financial year.

The turnaround of Assura has been based on a number of steps. Firstly, on appointment as Chairman in September 2011, I led the refinancing, Rights Issue and clear out of a historic derivative, as well as the completion of the refocusing of the business back to a pure primary care property group and the assembling of a 'FTSE 100 quality' Board. The appointment of Graham Roberts in March 2012 has since enabled him to take the business forward; building the strongest management team in the sector, investing in new properties for growth, selling non-core assets, and rebuilding Assura's reputation with investors.

Your Board believes that the primary care property market remains a highly attractive one with excellent risk-adjusted returns. Our business model, with internal management, means that we are, by some way, the lowest cost operator in the sector. It also means that we can capture more of the development opportunity and profits by providing an integrated 'develop, own & manage' service. It also means that as we grow, all of the benefits and scale gains accrue directly to our shareholders, and thence drive a progressive dividend. Everyone at Assura works for the benefit of our shareholders.

Finally we believe in being open and straightforward. We pay dividends out of earnings, not debt nor equity. We fully disclose our key metrics and operate a transparent balance sheet.

The performance of Assura has indeed reflected the success of this strategy, and we continue to lead the sector in delivering long-term property returns. Underlying profits were up 44% to £10.2 million, and EPRA net assets per share were up 6.3%, to 38.6 pence per share. We have also commenced quarterly dividends, already increasing them once and they are currently 1.21 pence per share on an annual basis. Investors have noticed this turnaround, with our share price finishing the year at 35.5 pence, up 16% on last year.

Building the strongest management team in the sector

We have a strong Board, with Jenefer Greenwood now adding extra property expertise from a lifetime in the sector at Grosvenor and The Crown Estate. Jonathan Murphy brings extensive financial control and financing experience. Graham Roberts has shown himself to be a dynamic and inspiring Chief Executive. Andrew Darke, who is our long-serving Property Director, has continued to ensure that we outperform the market in property returns as well as find new investments for the future.

We have only 26 employees in Assura, and I would like to thank each and every one for their hard work and contribution to this business.

Investing for growth and divesting non-core assets

In the year, we invested £22 million in new GP surgeries, as well as maintain a pipeline of £64 million in new planned developments. Developments have contributed £3.5 million development profits, equivalent to 15.3% profit on costs. £6.5 million of non-core assets held for sale at 30 September 2012 have been divested, amounting to 37% of the total identified with a further 34% under contract.

Building Assura's reputation with investors

The company held 80 meetings with investors and attracted several large new institutions to the share register. We converted to REIT status allowing us to invest and divest without distortions caused by historical tax valuations.

Chairman's Statement

We recognise the needs of investors to see sustainable long-term capital and dividend growth. Our principles are;

1. We set the standard for financial transparency. We began this last summer with disclosing a level of additional information on current rent review settlements that is still unmatched by competitors.
2. We only pay dividends out of free cash flow. This gives us the ability to grow the dividend in line with real rental growth and provide the confidence that it is sustainable.
3. We aim to deliver superior returns relative to risk. This year we delivered an 8.7% Total Accounting Return (or £16.7 million value created) from a portfolio which retains 15 years income unexpired and financed with 11 year average debt, all at fixed rate. The inflation proof characteristics of our balance sheet are compelling.

The Board looks forward to another year of progress, as the NHS reorganisation settles down and the overwhelming need for better quality primary care health facilities, funded by private sector capital, continues to reassert itself.

Chief Executive's Statement

I am pleased to be reporting to you on a year of excellent progress, where our focus has been on building the business for the future. We have achieved this whilst delivering an increase in underlying profits to £10.2 million, up 44% and an increase in EPRA net assets of £12.2 million up 6.3%, an increase of 2.3 pence per share to 38.6 pence per share. We commenced quarterly dividends. We will usually review once a year and did so recently with effect from the April payment with an increase of 6%. The current quarterly payment is equivalent to 1.21 pence per share on an annual basis.

Highlights

The REIT conversion in April 2013 was an important milestone for the company. This is an important favourable government-backed tax regime that enables us to compete effectively with other tax efficient investors. It also confirms our commitment to remain property investors.

Our development pipeline continues to add value with a profit of £3.5 million in the year mainly from five completions. We have nine schemes now on site, with eleven new projects in the immediate future including four extensions. The flow of new projects in the market has slowed, as we forecast last year, so this pipeline is a positive reflection on the Assura brand and a credit to our team.

We made progress with selling non-core assets with two thirds of those assets identified for sale now either sold or under contract. The non-core portfolio has already become insignificant in size.

Our re-launched investor communication programme has attracted greater interest in our business from a wider audience.

Market opportunity

There remains a considerable backlog of underinvestment in primary care infrastructure. We estimate in excess of £10 billion and the current NHS infrastructure is under severe pressure as acute hospitals and Accident and Emergency wards bear too much of the burden of ailments that are neither acute nor emergencies.

Our leadership position in providing state of the art primary care premises, adapted to each local community that it serves, means we are ideally placed to exploit this growing demand. The current market is however in somewhat of a hiatus due to the recent NHS reorganisation, which has led to a temporary slowing of the development pipeline over the short term. Market fundamentals nonetheless indicate this should continue to be one of the best performing sectors in the UK real estate market over the medium and long term.

Next steps

Executing our strategy requires continuous improvement from our property team pursuing asset management and development opportunities. We will increase our marketing efforts to ensure we are best placed to capture new projects.

Going forward we will be engaging more fully with the new commissioning bodies giving our input into the strategic thinking about estates planning. This was not adequately dealt with in the Health and Social Care Act 2012 and we have a contribution to make to ensure it gets the priority it deserves. It is clear from recent ministerial and NHS comments that the fundamental structural shift of service provision from hospitals into the community has to become a reality soon. The process of getting there is challenging but the technical and financial wherewithal to provide the right premises exists. Low cost private sector capital is readily available for the NHS.

We are looking to expand even faster. Our internally managed business model is highly scalable, with only marginal additional costs as we add to our portfolio, leaving more for shareholders by way of a progressive dividend. In addition, by developing properties ourselves we consistently achieve 7% yields taking a profit on development, whereas our rivals who buy only developed premises achieve 1% lower yields.

We shall continue to set the standard for transparency. We began this last summer with new additional information on current rent review settlements from industry practice. We will also continue to target superior returns, paying progressive dividends from our secure cash flows.

Market outlook

Over the short term we consider that open market rental growth will remain subdued. In the meantime we benefit from our RPI linked and stepped leases. Capital growth will be modest although there remains a possibility of some favourable yield shift given the yield gap between property yields and the cost of finance.

There are encouraging signs that local area teams in NHS England are beginning to address the backlog of schemes, however this varies on a regional basis. We expect a pick up during the year although the long lead times from approvals to development starts, mean that competition for schemes in the current year will remain intense.

In the medium term, the dynamics of the sector are that healthcare, delivered by primary carers, is both preferred by patients and cheaper for the NHS. This however requires better GP premises, and we stand ready not only to provide the capital, but also the expertise and the ambition, to enable this. These strong market dynamics will, we believe, deliver healthy growth opportunities for Assura.

Assura Group Limited

Business Review

For the year ended 31 March 2013

Overview of strategy

For the period under review the refreshed management team has been focused on the core expertise and knowledge that has been built up over almost ten years experience in the primary care sector. We have established three strategic priorities:

Focused: maintaining strategic focus on a highly attractive market
Customer oriented: adopting broad and flexible approach to our customers
Investor aligned: delivering transparent reporting and returns for investors

Core portfolio £524.4 million[4] (2012: £505.7 million)

Our business is built on our core investment portfolio of 162 medical centres. This has a passing rent roll of £34.1 million (2012: £32.2 million), which provides an excellent base for future shareholder returns with 89% of its income underpinned by the NHS and a weighted average unexpired lease term ("WAULT") of 15.1 years. The portfolio is diversified both geographically and by size.

We have continued to deliver rental growth despite the backdrop of the wider economic uncertainty and have successfully concluded on 118 rent reviews during the year to generate a weighted average annual rent increase of 2.4% (2012: 3.4%) on those properties. Our portfolio benefits from a 20% weighting in fixed and RPI uplifts which generated an average uplift of 3.2% during the year. The majority of our portfolio is subject to open market reviews and these have generated an average uplift of 2% during the year. In common with the wider sector we have experienced a reduction in the rate of growth in open market reviews and we anticipate this trend will continue.

At 31 March 2013 our core portfolio was valued at a total of £524.4 million (2012: £505.7 million), which produced a net initial yield of 5.95% (2012: 5.89%) and a net equivalent yield of 6.15% (2012: 6.11%). Consistent with prior years our valuations have remained largely stable with an increase of 0.5% despite significant movements in the gilt markets.

Being customer oriented is one of our three strategic priorities and this is essential for sustaining and building our development pipeline. We work very hard at developing and maintaining customer relationships and this approach is carried across the range of services we provide both during development and on completion as an asset manager. We have a dedicated team of asset managers that are in regular communication with our customers and we monitor progress through regular customer satisfaction surveys. All asset managers are appraised on their success in a continuous improvement on tenant interaction.

Our approach to development sourcing, which includes direct development, partnering with other developers and sale and leasebacks, means that we are able to meet a wide range of our potential customer's needs. In addition we offer potential customers a long term commitment as development partner, landlord and asset manager. Our flexible approach, long track record and commitment as a long-term owner and asset manager of the sites we develop provides us with a distinctive position in the sector.

We have completed five developments during the year with a valuation at completion of £14.4 million. This has added £0.9 million to our annual rent roll and generated a 7.1% yield on cost and a 15.3% return on cost. We are currently on site with a further 9 developments with an estimated valuation on completion of £34.9 million.

Leading GPs recognise the operational improvements that can be achieved through investing in their premises' infrastructure enabling them to deliver more community-based services. This represents a clear alignment of GPs' interests and the policy developments of the NHS. In this context we are confident that renewed attention will be given to approvals for new primary care centre developments, reversing an observable decline over the last 18 months as the commissioning bodies within the NHS have been reorganised.

[4] Calculated as investment property (£523.6 million), plus investment property held for sale (£0.8 million)

We have a strong track record in identifying opportunities and our focus on our customers will position us well to benefit from the pickup in development activity in due course.

Our asset management team is in constant contact with our GP tenants. This enables us to screen for value enhancing asset management opportunities such as lease extensions and redevelopment opportunities within our existing estate.

During the year we have successfully concluded on the renegotiation of five leases with an annual rent roll of £0.3 million. Negotiations are on-going with a further 12 tenants for new leases with an annual rent roll of some £1.2 million.

The core portfolio contributed to earnings before interest and exceptional items in the year as follows:

	2013 £m	2012 £m
Net rental income	32.1	29.6
Valuation movement	5.4	8.5
Total Property Return	**37.5**	**38.1**

Since the start of the IPD Primary Healthcare index 6 years ago, our Total Return 7.3% over the 6 years compares to the benchmark of 6.8%.

Much of this outperformance derives from the performance of the new additions and our focus on rent reviews.

LIFT £9.0 million loan notes and £2.2 million equity stakes in public-private consortia

We have investments in 7 LIFT companies, comprising loan notes and equity.

Local Improvement Finance Trusts ("LIFTs") are companies held by the public and private sector to develop and own medical centres predominantly let on long term inflation linked leases to NHS Commissioning Boards. The Group receives most of its current returns through its £9.0 million of loan stock. The carrying value of the LIFT investments at 31 March 2013 is £2.2 million, interest received was £1.0 million and our share of the profit in the consortia companies was £0.4 million contributing £1.4 million to underlying profit.

Our strategy is to provide flexible solutions for our customer in addressing their property needs. Further evidence of our flexibility is in our on-going support for LIFT schemes. This is not a material part of our business; we invested £0.7 million this year in Merseycare Development Company to support the £28 million redevelopment of a mental health facility in Walton. Although not significant this is a further way we can support our customer base and assist the NHS as it begins to reshape its estate. LIFT companies have priority for funding developments in their local areas and offer us the opportunity for adding value through development funding.

Non-core: £20.5 million (2012: £26.3 million) (comprising £11.2 million assets held for sale and £9.3 million of investment property)

We have prioritised the disposal of our surplus land and properties during the year and we have made excellent progress in selling 14 non-income producing properties, our former head office in Daresbury and surplus plots of land. These have resulted in proceeds of £8.4 million during the year and a further £1.7 million has been realised post year-end.

The valuation of our non-core portfolio produced a net initial yield of 13.6%.

The non-core portfolio contributed to earnings in the year as follows:

	2013 £m	2012 £m
Net rental income	1.6	1.3
Valuation movement	0.6	(7.0)
Total Property Return	**2.2**	**(5.7)**

The non-core portfolio includes three retail malls (valued at £5.1 million) in hospitals which are held on short leases which expire on average in 16 years. These are challenging retail assets and have high direct property costs due to vacancies. Their valuation yields at 31 March 2013 were initial 16.11% (2012: 15.97%) and equivalent 12.44% (2012: 13.16%).

Other properties within non-core comprise surplus land of £9.7 million (2012: £9.1 million). Following the successful disposals in the year the largest asset available for sale is a plot of land in Scarborough, which is the subject of a conditional sale contract to a national supermarket chain. The land is valued at £6.25 million.

	2013			2012		
	Core £m	Non-Core £m	Total £m	Core £m	Non-Core £m	Total £m
Market value of investment property as estimated by valuer	523.6	9.3	532.9	505.7	14.9	520.6
Add IPUC	14.3	-	14.3	8.4	-	8.4
Add pharmacy lease premiums	7.0	-	7.0	5.7	-	5.7
Add finance lease obligations recognised separately	1.0	2.1	3.1	1.0	2.1	3.1
Fair value for financial reporting purposes	545.9	11.4	557.3	520.8	17.0	537.8
Investment property held for sale	0.8	1.3	2.1	-	-	-
Vacant property held for sale	-	0.2	0.2	-	2.3	2.3
Land held for sale	-	9.7	9.7	-	9.1	9.1
Total property assets held for sale	0.8	11.2	12.0	-	11.4	11.4
Total property assets	**546.7**	**22.6**	**569.3**	**520.8**	**28.4**	**549.2**

Underlying profit

	2013	2012
Net rental income	£m	£m
- Core	32.1	29.6
- Non-Core	1.6	1.3
	33.7	**30.9**
LIFT		
- interest receivable	1.0	0.9
- share of profits	0.4	0.6
	1.4	**1.5**
Administration	(4.9)	(4.5)
Other finance revenue	0.5	0.4
Finance costs	(20.5)	(21.2)
Underlying profit	**10.2**	**7.1**

The movement in underlying profit can be summarised as follows:

	£m
Year ended 31 March 2012	**7.1**
Net rental income	2.8
Administrative expenses	(0.4)
Share of profits of associates	(0.2)
Finance revenue	0.2
Finance costs	0.7
Year ended 31 March 2013	**10.2**

Underlying profit has grown 44% to £10.2 million in the year to 31 March 2013. The majority of this growth has been generated from underlying rental growth and the successful completion of developments. The result for 2013 includes £0.5 million of net underlying profit from rental income net of financing costs that relates to the former head office building in Daresbury, which was sold in December 2012 and therefore will not recur in 2014.

Administrative costs

The Group measures its operating efficiency as the proportion of administrative costs to the average gross investment property value. This ratio during the year was 0.89% (2012: 0.87%) and administrative costs stood at £4.9 million (2012: £4.5 million). In order to maximise the opportunities in the sector the Group is considering further investment in the sales and marketing areas over the coming year.

The management structure of the Group means that it is able to manage increases in the number of properties under management with relatively modest increases in employee numbers. This should enable the Group to reduce the cost ratio as the portfolio expands, to the benefit of overall returns for shareholders.

Taxation

On 1 April 2013 the Company elected to join the REIT regime. Following this date the Group will be free from taxes on rental income and capital gains from investment property disposals. Non-property related income will continue to be subject to corporation tax, though the Group currently has brought forward losses, which should minimise this liability from a cash perspective.

The charge for taxation recorded in the accounts relates to a movement on the deferred tax asset during the year. At the year-end the deferred tax asset was £1.1 million (2012: £1.3 million).

Earnings per share

The adjusted (EPRA) basic and diluted earnings per share from continuing operations for the year was 3.1 pence (2012: 2.5 pence).

Dividends

The Company has adopted a progressive dividend policy, payable on a quarterly payment cycle in line with the timing of its rental receipts.

Total dividends paid in the year to 31 March 2013 were £4.5 million or 0.855 pence per share (2012: 1.25 pence per share). The Board has announced an increase in the quarterly dividend for the year to 31 March 2014 of 6% to 0.3025 pence per share or 1.21 pence per share on an annual basis.

The increase in the quarterly dividend reflects the Board’s confidence in the quality of the assets and in particular the underlying rental growth and the quality and longevity of the underlying tenant covenant. The high level of dividend cover is consistent with the Group’s policy of delivering sustained dividend growth over the medium term.

Cash flow	**2013**	**2012**
	£m	**£m**
Net cash from operations	**12.9**	**13.4**
Cash flows from investing activities:		
Investment acquisitions	(3.6)	(5.1)
Development expenditure	(18.1)	(18.9)
Sale of properties	8.4	2.6
Sale of businesses	3.6	22.3
Other	(0.3)	(0.9)
Cash flows from financing activities:		
Proceeds from share issues	-	33.5
Dividend paid	(4.5)	(5.1)
Net borrowings movement	15.9	(59.3)
Net increase/(decrease) in cash	**14.3**	**(17.5)**

Net cash inflow from operating activities was £12.9 million (2012: £13.4 million), which represents a slight reduction from the prior year following the sale of the Pharmacy and LIFT consulting divisions in 2012. Development expenditure was £18.1 million (2012: £18.9 million) which was largely debt financed with facilities from both Aviva and Santander. Proceeds from the sale of properties were £8.4 million (2012: £2.6 million), which primarily represented the sale of the head office at Daresbury and were used to repay the associated loan with RBS at £4 million. Dividends paid were £4.5 million. Cash and cash equivalents increased by £14.3 million (2012: reduced by £17.5 million).

Balance sheet

At 31 March 2013 the EPRA NAV per share was 38.6 pence per share, an increase of 6.3% compared with the prior year. The growth has predominantly been driven by the continued successful delivery of our development pipeline and the growth in rental values achieved in the year and interest savings. This has been achieved from the activities and expertise of our development and asset management teams rather than a general re-rating of the sector. The cost effective provision of these value-enhancing services ensures the maximum efficiency in the conversion of rental receipts into investor returns.

EPRA NAV movement:

	£m	**Pence per share**
EPRA NAV at 31 March 2012	**192.2**	**36.3**
Underlying profit	10.2	1.9
Capital (revaluations and capital gains)	5.9	1.1
Dividend	(4.5)	(0.9)
Other	0.6	0.2
EPRA NAV at 31 March 2013	**204.4**	**38.6**

Our Total Accounting Return for the year ended 31 March 2013 of 8.7% comprises an income return of 0.855 pence per share (2.4%) that has been distributed to shareholders and a movement on EPRA NAV of 2.3 pence per share (6.3%).

Finance

Financing statistics

	2013	**2012**
Net debt	£359.5m	£357.3m
Weighted average debt maturity	11.3 years	12.3 years
Weighted average interest rate	5.25%	5.26%
% of debt at fixed/capped rates	99%	99%
Interest cover[5]	154%	136%
Loan to value	62%	64%

Lending volumes to commercial property companies remains subdued. In these circumstances we are pleased that our existing lenders remain supportive including funding developments. We believe it is beneficial to broaden the base of lenders into the primary care sector and we are entering into discussions with a range of new possible lenders and investors. The security and longevity of our cash flows means that our assets can comfortably support the current level of borrowings. Over time we will seek to reduce the level of gearing.

The weighted average debt maturity of 11.3 years compares to a weighted average lease length of 14.8 years, which highlights the security of the cash flows of the business. The maturity of the facilities is spread over a significant number of years.

Details of the facilities and their covenants are set out in note 18 to this announcement.

Net finance costs in the year amounted to £19.0 million (2012: £19.9 million) including £1.0 million receivable on LIFT loan notes (2012 £0.9 million). The reduction is attributable to the impact of the settlement of the swap in 2011 and replacing it with lower fixed rate debt from the bond which carries an interest rate of 4.75% and runs to December 2021. These savings of £2.7 million have been affected by a drawdown of new facilities to fund the on-going development pipeline.

[5] Interest cover is the number of times net interest payable is covered by underlying profit before net interest

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Unaudited Consolidated Income Statement

For the year ended 31 March 2013

		2013			2012		
		Underlying	**Capital and other**	**Total**	Underlying	Capital and other	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Continuing operations							
Gross rental and related income	3	**37.1**	**-**	**37.1**	34.1	-	34.1
Property operating expenses	4	**(3.4)**	**-**	**(3.4)**	(3.2)	-	(3.2)
Net rental income		**33.7**	**-**	**33.7**	30.9	-	30.9
Administrative expenses		**(4.9)**	**-**	**(4.9)**	(4.5)	-	(4.5)
Revaluation gains	11	**-**	**6.0**	**6.0**	-	1.5	1.5
(Loss)/gain on sale of property		**-**	**(0.1)**	**(0.1)**	-	0.1	0.1
Share of profits of associates and joint ventures	12	**0.4**	**-**	**0.4**	0.6	3.0	3.6
Share-based payment charge	23	**-**	**(0.6)**	**(0.6)**	-	-	-
Exceptional items	7	**-**	**-**	**-**	-	(20.3)	(20.3)
Finance revenue	5	**1.5**	**-**	**1.5**	1.3	-	1.3
Finance costs	6	**(20.5)**	**-**	**(20.5)**	(21.2)	-	(21.2)
Loss on derivative financial instruments	6	**-**	**(1.2)**	**(1.2)**	-	(54.7)	(54.7)
Profit/(loss) before taxation		**10.2**	**4.1**	**14.3**	7.1	(70.4)	(63.3)
Taxation	8			**(0.2)**			1.0
Profit/(loss) for the year from continuing operations				**14.1**			(62.3)
Discontinued operations							
Profit for the year from discontinued operations				**-**			1.6
Profit/(loss) for the year attributable to equity holders of the parent				**14.1**			(60.7)
Earnings/(loss) per share							
From underlying profit	9	**1.9p**			1.5p		
from continuing operations - basic and diluted	9			**2.7p**			(13.5)p
from continuing operations - adjusted (EPRA) basic and diluted	9			**3.1p**			2.5p
on profit/(loss) for year - basic and diluted	9			**2.7p**			(13.2)p
on profit/(loss) for year - adjusted (EPRA) basic and diluted	9			**3.1p**			2.8p

There were no items of other comprehensive income or expense and therefore the profit/(loss) for the year also reflects the Group's total comprehensive income.

Assura Group Limited

Unaudited Consolidated Balance Sheet

As at 31 March 2013

	Notes	2013 £m	2012 £m
Non-current assets			
Investment property	11	**557.3**	537.8
LIFT investments and associates	12	**11.2**	10.5
Property, plant and equipment		**0.1**	0.2
Deferred tax asset	25	**1.1**	1.3
		569.7	549.8
Current assets			
Cash, cash equivalents and restricted cash	13	**35.7**	21.4
Trade and other receivables	14	**9.6**	13.8
Property assets held for sale	11	**12.0**	11.4
		57.3	46.6
Total assets		**627.0**	596.4
Current liabilities			
Trade and other payables	15	**14.3**	13.0
Borrowings	18	**3.9**	6.9
Derivative financial instruments at fair value	19	**-**	0.2
Deferred revenue	16	**8.2**	7.8
Provisions	17	**0.1**	0.1
		26.5	28.0
Non-current liabilities			
Borrowings	18	**388.2**	368.7
Obligations due under finance leases	15	**3.1**	3.1
Derivative financial instruments at fair value	19	**3.6**	2.3
Deferred revenue	16	**6.6**	5.5
Provisions	17	**0.9**	0.9
		402.4	380.5
Total liabilities		**428.9**	408.5
Net assets		**198.1**	187.9
Capital and reserves			
Share capital	20	**53.0**	53.0
Own shares held	20	**(1.9)**	(1.9)
Share premium		**77.1**	77.1
Reserves		**69.9**	59.7
Total equity		**198.1**	187.9
Basic and diluted net asset value per Ordinary Share	10	**37.4p**	35.5p
Adjusted basic and diluted net asset value per Ordinary Share	10	**38.6p**	36.3p

Assura Group Limited

Unaudited Consolidated Statement of Changes in Equity

For the year ended 31 March 2013

	Share Capital	Own Shares Held	Share Premium	Distributable Reserve	Revaluation Reserve	Retained Earnings	Reserves	Total Equity
	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2011	**41.2**	**(2.0)**	**55.4**	210.6	3.9	(89.0)	**125.5**	**220.1**
Loss attributable to equity holders	**-**	**-**	**-**	-	-	(60.7)	**(60.7)**	**(60.7)**
Total comprehensive income	**-**	**-**	**-**	-	-	(60.7)	**(60.7)**	**(60.7)**
Dividend (note 21)	**-**	**-**	**-**	(5.1)	-	-	**(5.1)**	**(5.1)**
Issue of Ordinary Shares	**11.8**	**-**	**23.5**	-	-	-	**-**	**35.3**
Issue costs	**-**	**-**	**(1.8)**	-	-	-	**-**	**(1.8)**
Sale of own shares held	**-**	**0.1**	**-**	-	-	-	**-**	**0.1**
31 March 2012	**53.0**	**(1.9)**	**77.1**	**205.5**	**3.9**	**(149.7)**	**59.7**	**187.9**
Profit attributable to equity holders	**-**	**-**	**-**	-	-	14.1	**14.1**	**14.1**
Total comprehensive income	**-**	**-**	**-**	-	-	14.1	**14.1**	**14.1**
Transfer/realisation of reserves (note 22)	**-**	**-**	**-**	(205.5)	(3.9)	209.4	**-**	**-**
Dividend (note 21)	-	-	-	-	-	(4.5)	**(4.5)**	**(4.5)**
Cost of employee share-based incentives	-	-	-	-	-	0.6	**0.6**	**0.6**
31 March 2013	**53.0**	**(1.9)**	**77.1**	-	-	69.9	**69.9**	**198.1**

Assura Group Limited

Unaudited Consolidated Cash Flow Statement

For the year ended 31 March 2013

	Note	2013 £m	2012 £m
Operating Activities			
Rent received		**37.7**	36.8
Interest paid and similar charges		**(20.6)**	(20.0)
Fees received		**0.8**	0.8
LIFT and bank interest received		**1.5**	1.6
Cash paid to suppliers and employees		**(6.5)**	(10.8)
Acquisition costs		**-**	(0.3)
LIFT fees received		**-**	2.0
Revenue from pharmacies		**-**	10.2
Purchases by pharmacies		**-**	(6.9)
Net cash inflow from operating activities	**24**	**12.9**	13.4
Investing Activities			
Purchase of investment property		**(3.6)**	(5.1)
Development spend		**(18.1)**	(18.9)
Proceeds from sale of property		**8.4**	2.6
Proceeds from sale of businesses		**3.6**	22.3
Investment in property, plant and equipment		**-**	(0.3)
Proceeds from sale of other fixed assets		-	0.5
Net loans advanced to associated companies		**(0.3)**	(0.5)
Loans advanced to joint ventures		**-**	(0.1)
Subsidiaries acquired		**-**	(0.5)
Net cash outflow from investing activities		**(10.0)**	-
Financing Activities			
Issue of Ordinary Shares		**-**	35.3
Issue costs paid on issuance of Ordinary Shares		**-**	(1.8)
Own shares sold		**-**	0.1
Dividends paid		**(4.5)**	(5.1)
Repayment of loan		**(7.0)**	(146.1)
Long-term loans and bond drawdown		**23.2**	159.0
Swap cash settlement		**(0.1)**	(69.5)
Loan issue costs		**(0.2)**	(2.8)
Net cash inflow/(outflow) from financing activities		**11.4**	(30.9)
Increase/(decrease) in cash and cash equivalents		**14.3**	(17.5)
Opening cash and cash equivalents		**21.4**	38.9
Closing cash and cash equivalents	**13**	**35.7**	21.4

Assura Group Limited

Unaudited Notes to the Accounts

For the year ended 31 March 2013

1. Significant accounting policies

Basis of preparation

The Group's financial statements for the year ended 31 March 2013 will be prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the EU.

Whilst the financial information included in this preliminary announcement has been computed in accordance with IFRS this announcement does not itself contain sufficient information to comply with IFRS. The company expects to publish full financial statements that comply with IFRS by 31 July 2013.

The accounting policies adopted in the preparation of this preliminary results announcement are consistent with those disclosed in the Group’s annual financial statements for the year ended 31 March 2012.

The financial information set out in the announcement does not constitute the company's statutory accounts for the year ended 31 March 2013 or the year ended 31 March 2012. The financial information for the year ended 31 March 2012 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors reported on those accounts; their report was unqualified, did not draw attention to any matters by way of emphasis without qualifying their report and did not contain a statement under s498(2) or (3) Companies Act 2006. The audit of the statutory accounts for the year ended 31 March 2013 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the Directors in this preliminary announcement and will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

This report was approved by the Board of Directors on 28 May 2013.

Standards affecting the financial statements

The following standards and amendments became effective for the Company in the year ended 31 March 2013. The pronouncements either had no material impact on the financial statements or resulted in changes in presentation and disclosure only:

- Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfer of Financial Assets;* effective for periods beginning on or after 1 July 2011.
- Amendments to IAS 12 *Deferred Tax – Recovery of Underlying Assets*; effective for periods beginning on or after 1 January 2012.

Standards in issue not yet effective

The following standards and amendments are in issue as at the date of the approval of these financial statements, but are not yet effective for the Company. The Directors do not expect that the adoption of the standards listed below will have a material impact on the financial statements of the Company in future periods.

- IAS 27 *Separate Financial Statements*; effective for periods beginning on or after 1 January 2013
- IAS 28 *Investments in Associates and Joint Ventures*; effective for periods beginning on or after 1 January 2013.
- IFRS 9 *Financial Instruments;* effective for periods beginning on or after 1 January 2015.
- IFRS 10 *Consolidated Financial Statements;* effective for periods beginning on or after 1 January 2013.
- IFRS 11 *Joint Arrangements;* effective for periods beginning on or after 1 January 2013.
- IFRS 12 *Disclosure of Interests in Other Entities*; effective for periods beginning on or after 1 January 2013.
- IFRS 13 *Fair Value Measurement*; effective for periods beginning on or after 1 January 2013.
- Amendments to IAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*; effective for periods beginning on or after 1 July 2012.
- Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*; effective for periods beginning on or after 1 January 2013.
- Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*; effective for periods beginning on or after 1 January 2014.

1. Significant accounting policies *(continued)*

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 core portfolio of 15.1 years. The Group has facilities from two banks with modest annual amortisation, in addition to the secured bond, 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 2 years 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.

The accounting policies have been applied consistently to the results, other gains and losses, liabilities and cash flows of entities included in the consolidated financial statements. All intragroup balances, transactions, income and expenses are eliminated on consolidation.

Significant judgments and key estimates

The preparation of the financial statements requires management to make judgments, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Property valuations
The key source of estimation and uncertainty relates to the valuation of the property portfolio, where a valuation is obtained twice a year by professionally qualified external valuers. The evidence to support these valuations is primarily based on recent, comparable market transactions on an arms-length basis. However, the assumptions applied are inherently subjective and so are subject to a degree of uncertainty.

Accounting for LIFT investments and associates
Accounting for LIFT investments and associates requires an assessment of the degree of management influence and control that is exercised over the entities. Investments in the LIFT companies are governed by complex shareholder agreements that effectively prevent the Group from exercising control irrespective of the level of shareholding. As a result these are accounted for on the equity basis, which incorporates the Group's share of the net assets of the entities.

Basis of consolidation

Subsidiaries
Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

LIFT investments and associates
LIFT investments and associates are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of the net assets of the entities. The income statement incorporates the Group's share of LIFT investment and associate profits after tax.

Interests in LIFT investments and associates include long term loans receivable, which are held at amortised cost less provision for any impairment.

1. Significant accounting policies *(continued)*

Property portfolio

Properties are externally valued on an open market basis as at the balance sheet date and are recorded at valuation.

Any surplus or deficit arising on revaluing investment properties and investment property under construction ("IPUC") is recognised in the income statement.

All costs associated with the purchase and construction of IPUC are capitalised including attributable interest. Interest is calculated on the expenditure by reference to specific borrowings where relevant and otherwise on the average rate applicable to short-term loans. When IPUC are completed, they are classified as investment properties.

In determining whether leases and related properties represent operating or finance leases, consideration is given to whether the tenant or landlord bears the risks and rewards of ownership.

Leasehold properties that are leased out to tenants under operating leases are classified as investment properties or development properties, as appropriate, and included in the balance sheet at fair value.

Where an investment property is held under a head lease it is initially recognised as an asset as the sum of the premium paid on acquisition and the present value of minimum ground rent payments. The corresponding rent liability to the head leaseholder is included in the balance sheet as a finance lease obligation.

The market value of investment property as estimated by an external valuer is increased for the unamortised pharmacy lease premium held at the balance sheet date.

Net rental income

Rental income is recognised on an accruals basis and recognised on a straight line basis over the lease term. A rent adjustment based on open market estimated rental value is recognised from the rent review date in relation to unsettled rent reviews. Pharmacy lease premiums received from tenants are spread over the lease term, even if the receipts are not received on such a basis. The lease term is the non-cancellable period of the lease.

Property operating expenses are expensed as incurred and property operating expenditure not recovered from tenants through service charges is charged to the income statement.

Gains on sale of properties

Gains on sale of properties are recognised on the completion of contract, and are calculated by reference to the carrying value at the end of the previous reporting period, adjusted for subsequent capital expenditure.

Financial assets and liabilities

Trade receivables and payables are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate.

Other investments are shown at amortised cost and held as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Debt instruments are stated at their net proceeds on issue. Finance charges including premiums payable on settlement or redemption and direct issue costs are spread over the period to redemption at a constant rate on the carrying amount of the liability.

1. Significant accounting policies *(continued)*

Financial Instruments

Where the Group uses derivative financial instruments, in the form of interest rate swaps, to hedge its risks associated with interest rate fluctuations they are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value by reference to market values for similar instruments. The resulting gains or losses are recognised through the income statement.

Cash equivalents are limited to instruments with a maturity of less than three months.

Tax

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not taxable (or tax deductible).

Deferred tax is provided on items that may become taxable at a later date, on the difference between the balance sheet value and tax base value, on an undiscounted basis.

Income statement definitions

Underlying profit represents adjusted EPRA earnings, with further company adjustments to exclude items such as property revaluations and share based payment charges. These adjustments have been made on the basis they are non-cash fair value adjustments, which are not reflective of the underlying performance of the business.

Capital and other represents all other statutory income statement items that are not considered underlying.

Employee costs

Defined contribution pension plans
Obligations for contributions to defined contribution pension plans are charged to the income statement as incurred.

Share-based employee remuneration
Share-based employee remuneration is determined with reference to the fair value of the equity instruments at the date at which they are granted and charged to the income statement over the vesting period on a straight line basis. The fair value of share options is calculated using the Black Scholes option pricing model or the Monte Carlo Model and is dependent on factors including the exercise price, expected volatility, option life and risk-free interest rate. IFRS 2 *Share-based Payment* has been applied to share options granted.

2. Segmental information

The Group's operating segments are Core, LIFT and Non-Core, and are all located in the UK.

The Core segment invests in, manages and develops primary care premises.

LIFT companies develop and invest in medical centres in partnership between the public and private sectors. The Group's investments in LIFT companies are held through associated companies which have financial investments in the underlying LIFT companies. In addition to equity accounted profits, interest is receivable on loans made to the LIFT companies.

The Non-Core segment actively manages the relevant assets to realise maximum value through both income and capital receipts from sales.

2. Segmental information *(continued)*

The discontinued segment in 2012 includes the results of the Pharmacy and LIFT Consultancy divisions and the formerly equity accounted interest in Virgin Healthcare Holdings Limited.

The following table presents revenue, profit and certain assets and liability information regarding the Group's business segments:

Year ended 31 March 2013:	**Core**	**LIFT**	**Non-Core**	**Total Continuing**
	£m	**£m**	**£m**	**£m**
Gross rental income	34.0	-	2.3	**36.3**
Other related income	0.8	-	-	**0.8**
Property operating expenses	(2.7)	-	(0.7)	**(3.4)**
Net rental income	32.1	-	1.6	**33.7**
Administration costs	(4.9)	-	-	**(4.9)**
Share of profits of associates and joint ventures	-	0.4	-	**0.4**
Underlying operating profit	27.2	0.4	1.6	**29.2**
Net finance (cost)/revenue	(19.1)	1.0	(0.9)	**(19.0)**
Underlying profit	**8.1**	**1.4**	**0.7**	10.2
Revaluation gains	5.4	-	0.6	**6.0**
Loss on sale of property	-	-	(0.1)	**(0.1)**
Share based payment charge	(0.6)	-	-	**(0.6)**
Segment result	12.9	1.4	1.2	**15.5**
Revaluation of derivative financial instruments				**(1.2)**
Taxation				**(0.2)**
Profit for the year				**14.1**

Year ended 31 March 2012	Core	LIFT	Non-Core	Continuing	Discontinued	Total
	£m	£m	£m	£m	£m	£m
Gross rental income	30.9	-	2.5	33.4	-	33.4
Other related income	0.7	-	-	0.7	12.1	12.8
Property operating expenses	(2.0)	-	(1.2)	(3.2)	-	(3.2)
Other cost of sales	-	-	-	-	(7.4)	(7.4)
Net rental income	29.6	-	1.3	30.9	4.7	35.6
Administration costs	(4.5)	-	-	(4.5)	(3.5)	(8.0)
Share of profits/(losses) of associates and joint ventures	-	0.7	(0.1)	0.6	(3.1)	(2.5)
Underlying operating profit	25.1	0.7	1.2	27.0	(1.9)	25.1
Net finance (cost)/revenue	(19.8)	0.9	(1.0)	(19.9)	-	(19.9)
Underlying profit	5.3	1.6	0.2	7.1	(1.9)	5.2
Revaluation gains/(losses)	8.5	-	(7.0)	1.5	-	1.5
Gain on sale of property	-	-	0.1	0.1	-	0.1
Release of provision against associates	-	3.1	-	3.1	-	3.1
Revaluation of derivative in associates	-	(0.1)	-	(0.1)	-	(0.1)
Exceptional items (note 7)	(20.3)	-	-	(20.3)	3.1	(17.2)
Segmental result	(6.5)	4.6	(6.7)	(8.6)	1.2	(7.4)
Revaluation of derivative financial instruments				(54.7)	-	(54.7)
Taxation				1.0	0.4	1.4
(Loss)/profit for the year				(62.3)	1.6	(60.7)

2. Segmental information *(continued)*

Assets and Liabilities at 31 March 2013

	Core	**LIFT**	**Non-Core**	**Total**
	£m	**£m**	**£m**	**£m**
Property assets	546.7	-	22.6	**569.3**
LIFT investments and associates	-	11.2	-	**11.2**
Current assets	45.1	-	0.3	**45.4**
Segment assets	591.8	11.2	22.9	**625.9**
Deferred tax asset				**1.1**
Total assets				**627.0**
Segment liabilities				
Current liabilities	(26.3)	-	(0.2)	**(26.5)**
Derivative financial instruments				**(3.6)**
Non-current liabilities				**(398.8)**
Total liabilities				**(428.9)**
Other segmental information				
Capital expenditure:				
Property, plant and equipment	0.1	-	-	0.1
Depreciation	0.1	-	-	0.1

Assets and liabilities at 31 March 2012

	Core	LIFT	Non-Core	Total
	£m	£m	£m	£m
Property assets	520.8	-	28.4	549.2
LIFT investments and associates	-	10.5	-	10.5
Current assets	34.4	-	1.0	35.4
Segment assets	555.2	10.5	29.4	595.1
Deferred tax asset				1.3
Total assets				596.4
Segment liabilities				
Current liabilities	(29.0)	-	(4.3)	(33.3)
Derivative financial instruments				(2.5)
Non-current liabilities				(372.7)
Total liabilities				(408.5)
Other segmental information				
Depreciation	0.1	-	-	0.1

Assura Group Limited

Unaudited Notes to the Accounts

For the year ended 31 March 2013

	Total 2013	Continuing operations	Discontinued operations	Total 2012
	£m	£m	£m	£m
3. Revenue				
Rental revenue – core	**34.0**	30.9	-	30.9
Rental revenue – non-core	**2.3**	2.5	-	2.5
Pharmacy sales	**-**	-	10.0	10.0
LIFT consultancy fees	**-**	-	2.1	2.1
Other related income	**0.8**	0.7	-	0.7
Gross rental and related income	**37.1**	34.1	12.1	46.2
LIFT interest	**1.0**	0.9	-	0.9
Bank and other interest	**0.5**	0.4	-	0.4
	1.5	1.3	-	1.3
Total revenue	**38.6**	35.4	12.1	47.5
4. Property operating expenses				
Property expenses arising				
- from core portfolio	**2.7**	2.0	-	2.0
- from non-core portfolio	**0.7**	1.2	-	1.2
Purchases by pharmacies	**-**	-	6.9	6.9
LIFT consultancy costs	**-**	-	0.5	0.5
	3.4	3.2	7.4	10.6
5. Finance revenue				
LIFT interest	**1.0**	0.9	-	0.9
Bank and other interest	**0.5**	0.4	-	0.4
	1.5	1.3	-	1.3
6. Finance costs				
Interest payable	**20.4**	21.9	-	21.9
Interest capitalised on developments	**(0.4)**	(1.0)	-	(1.0)
Amortisation of loan issue costs	**0.5**	0.3	-	0.3
	20.5	21.2	-	21.2
Change in fair value of interest rate swaps	**1.2**	54.7	-	54.7
	21.7	75.9	-	75.9

Interest was capitalised on property developments at 5% (2012: 5-6%).

7. Exceptional items	**Total 2013**	Continuing operations	Discontinued operations	Total 2012
	£m	£m	£m	£m
Goodwill impairment	**-**	(20.0)	-	(20.0)
Surplus on disposal of pharmacy business	**-**	-	3.4	3.4
Loss on disposal of LIFT consultancy business	**-**	-	(0.3)	(0.3)
Acquisition costs	**-**	(0.3)	-	(0.3)
	-	(20.3)	3.1	(17.2)

Goodwill impairment

Goodwill related to businesses acquired in previous years. Following changes to commissioning arrangements in the NHS and strategic changes implemented by the Board, the Group is now purely an investment property company. In a period when the market for new developments is tighter, the Company has adapted and many current projects have been sourced and built out in partnership with development partners who introduce projects to us. In addition, the volume of deals in the near term entirely derived from in-house development is uncertain. These factors led to the conclusion that the carrying value of goodwill should be fully impaired as at 31 March 2012. This impairment charge was recorded in full in the year to 31 March 2012.

8. Taxation

Consolidated income tax	**2013**	2012
	£m	£m
Current Tax		
Current income tax charge	**-**	-
Deferred Tax		
Relating to origination and reversal of temporary differences	**0.2**	(1.0)
Income tax charge/(credit) reported in consolidated income statement	**0.2**	(1.0)

The differences from the standard rate of tax applied to the profit before tax may be analysed as follows:

	2013	2012
	£m	£m
Profit/(loss) from continuing operations before taxation	**14.3**	(63.3)
Profit from discontinued operations before taxation	**-**	1.2
Net profit/(loss) before taxation	**14.3**	(62.1)
UK income tax at rate of 24% (2012: 26%)	**3.4**	(16.1)
Effects of:		
Capital losses	**-**	(26.8)
Non-taxable income	**(0.9)**	(1.4)
Expenses not deductible for tax purposes	**-**	5.7
Utilisation of losses brought forward	**(1.3)**	(0.7)
Gain on disposal of investments/assets	**-**	(0.9)
Movement in unrecognised deferred tax	**(1.0)**	38.9
Adjustment in respect of prior years	**-**	0.3
	0.2	(1.0)

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 they 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 23% (2013: 24%).

8. Taxation *(continued)*

As a REIT, the Group is required to pay Property Income Distributions equal to at least 90% of the Group's exempted net income. 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.

In his Budget of 20 March 2013, the Chancellor of the Exchequer announced a reduction of the corporation tax rate to 23% from 1 April 2013. Further changes, which are expected to be enacted separately each year, propose to reduce the tax rate to 21% on 1 April 2014 and 20% on 1 April 2015. Neither the 21% rate nor the 20% rate were substantively enacted at the year end and are therefore not reflected in the financial statements.

Based on a closing deferred tax asset of £1.1 million at the balance sheet date, the proposed reduction to 20% would reduce the deferred tax asset by £0.1 million.

9. Earnings/(loss) per Ordinary Share

	Basic & diluted EPS per ordinary share from continuing operations	**Adjusted (EPRA) basic & diluted EPS per ordinary share from continuing operations**	Basic & diluted EPS per ordinary share from continuing operations	Adjusted (EPRA) basic & diluted EPS per ordinary share from continuing operations
	Year ended 31 March 2013 £m	**Year ended 31 March 2013 £m**	Year ended 31 March 2012 £m	Year ended 31 March 2012 £m
Profit/(loss) attributable to equity holders of the parent	**14.1**	**14.1**	(62.3)	(62.3)
Goodwill impairment	**-**	**-**	-	20.0
Revaluation of derivative financial instrument of:				
Parent	**-**	**1.2**	-	54.7
Associates	**-**	**0.7**	-	0.1
Deferred tax	**-**	**0.2**	-	(1.0)
	14.1	**16.2**	(62.3)	11.5
Weighted average number of shares in issue – basic and diluted	**529,548,924**	**529,548,924**	462,801,601	462,801,601
Earnings/(loss) per ordinary share from continuing operations	**2.7p**	**3.1p**	(13.5)p	2.5p
Earnings per ordinary share from discontinued operations	**-**	**-**	0.3p	0.3p
Earnings/(loss) per ordinary share	**2.7p**	**3.1p**	(13.2)p	2.8p

Underlying profit per share of 1.9 pence (2012: 1.5 pence) has been calculated as underlying profit for the year as presented on the income statement of £10.2 million (2012: £7.1 million) divided by the weighted average number of shares in issue of 529,548,924 (2012: 462,801,601).

Share options schemes in operation were not considered dilutive as at the balance sheet date based on calculations completed in accordance with IAS 33 *Earnings per share.*

10. Net asset value per Ordinary Share

	Basic & diluted NAV per ordinary share 2013 £m	**Adjusted basic & diluted NAV per ordinary share 2013 £m**	Basic & diluted NAV per ordinary share 2012 £m	Adjusted basic & diluted NAV per ordinary share 2012 £m
Net assets	**198.1**	**198.1**	187.9	187.9
Own shares held	**-**	**1.9**	-	1.9
Derivative financial instruments of:				
Parent	**-**	**3.6**	-	2.5
Associates	**-**	**1.9**	-	1.2
Deferred tax	**-**	**(1.1)**	-	(1.3)
NAV in accordance with EPRA	**198.1**	**204.4**	187.9	192.2
Number of shares in issue	**529,548,924**	**529,548,924**	529,548,924	529,548,924
Net asset value per share	**37.4p**	**38.6p**	35.5p	36.3p

	Adjusted basic & diluted NAV per ordinary share 2013 £m	Adjusted basic & diluted NAV per ordinary share 2012 £m
EPRA NAV	**204.4**	192.2
Mark to market of derivative financial instrument	**(5.5)**	(3.7)
Mark to market of fixed rate debt	**(48.2)**	(29.6)
EPRA NNNAV	**150.7**	158.9
EPRA NNNAV per share	**28.5p**	30.0p

The EPRA measures set out above are in accordance with the guidance of the European Property Real Estate Association dated August 2011.

11. 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 2013. The properties have been valued individually and on the basis of open market value in accordance with RICS valuation - Professional Standards 2012 (the "Red Book").

Initial yields mainly range from 5.70% to 6.00% (2012: 5.75% and 6.25%) for prime units. For properties with weaker tenants and poorer units, the yields range between 6.50% and 17.00% (2012: 6.25% and 16.00%). The higher yields are in the non-core portfolio.

A 0.25% shift of valuation yield would have approximately a £21.2 million (2012: £20.5 million) impact on the investment property valuation.

	Investment 2013 £m	**IPUC 2013 £m**	**Total 2013 £m**	Investment 2012 £m	IPUC 2012 £m	Total 2012 £m
Opening fair value	**526.3**	**8.4**	**534.7**	463.8	35.0	498.8
Additions:						
- directly acquired	**2.8**	**-**	**2.8**	4.6	-	4.6
- business combination	**-**	**-**	**-**	4.5	-	4.5
- improvements	**0.8**	**-**	**0.8**	0.5	-	0.5
	3.6	**-**	**3.6**	9.6	-	9.6
Development costs	**-**	**18.6**	**18.6**	-	18.8	18.8
Transfers	**15.6**	**(15.6)**	**-**	45.9	(45.9)	-
Transfer from land & buildings	**-**	**-**	**-**	9.2	-	9.2
Transfer (to)/from assets held for sale	**-**	**(0.6)**	**(0.6)**	0.6	(2.2)	(1.6)
Capitalised interest	**-**	**0.4**	**0.4**	-	1.0	1.0
Disposals	**(8.1)**	**(0.4)**	**(8.5)**	(2.1)	(0.5)	(2.6)
Unrealised surplus/(deficit) on revaluation	**2.5**	**3.5**	**6.0**	(0.7)	2.2	1.5
Closing market value	**539.9**	**14.3**	**554.2**	526.3	8.4	534.7
Add finance lease obligations recognised separately	**3.1**	**-**	**3.1**	3.1	-	3.1
Closing fair value of investment property	**543.0**	**14.3**	**557.3**	529.4	8.4	537.8

Investment property occupied by the Pharmacy business prior to disposal in July 2011 were classified as land and buildings.

	2013			2012		
	Core £m	**Non-Core £m**	**Total £m**	Core £m	Non-Core £m	Total £m
Market value of investment property as estimated by valuer	**523.6**	**9.3**	**532.9**	505.7	14.9	520.6
Add IPUC	**14.3**	**-**	**14.3**	8.4	-	8.4
Add pharmacy lease premiums	**7.0**	**-**	**7.0**	5.7	-	5.7
Add finance lease obligations recognised separately	**1.0**	**2.1**	**3.1**	1.0	2.1	3.1
Fair value for financial reporting purposes	**545.9**	**11.4**	**557.3**	520.8	17.0	537.8
Investment property held for sale	**0.8**	**1.3**	**2.1**	-	-	-
Vacant property held for sale	**-**	**0.2**	**0.2**	-	2.3	2.3
Land held for sale	**-**	**9.7**	**9.7**	-	9.1	9.1
Total property assets held for sale	**0.8**	**11.2**	**12.0**	-	11.4	11.4
Total property assets	**546.7**	**22.6**	**569.3**	520.8	28.4	549.2

1 core and 3 non-core property investments and 10 land sites are held as available for sale (2012: 13 non-core property investments and 10 land sites).

12. LIFT investments and joint ventures

The Group has the following investments in associated entities under the LIFT initiative:

Name of Associate	% held	Investment
GBConsortium 1 Limited	35%	Holds 60% of the share capital in the Barnet, Enfield and Haringey, and Liverpool and Sefton LIFT companies
GBConsortium 2 Limited	39%	Holds 60% of the share capital in the Coventry LIFT Company
GB Primary Care Limited	67%	Holds 60% of the share capital in the South East Essex LIFT Company
GB Primary Care (SWH) Limited	71%	Holds 60% of the share capital in the South West Hampshire LIFT Company
Infracare (Midlands) Limited	43%	Holds 60% of the share capital in the Dudley South LIFT Company
Merseycare Development Company 1 Limited	39%	Holds 49% of the share capital in the Merseyside LIFT Company

Infracare (Midlands) Limited has a financial year ended 30 September, all others are 31 March. All of these companies are incorporated in England. Despite in some cases owning levels exceeding 50% these companies are treated as associate entities rather than subsidiaries due to certain restrictions on exercising control in the shareholder agreement. All transfers of funds and distributions from the associated LIFT companies, including non-scheduled loan repayments and dividends, require approval by all shareholders.

In addition, the Group holds an investment in Virgin Healthcare Holdings Limited made up of a 6% equity holding (book value £nil) and a £4 million loan note receivable (book value £nil).

The investments underlying the Group’s interest in its associates can be summarised as follows:

	2013 Group share £m	2012 Group share £m
Equity in LIFT companies:		
Financial investments in medical centres	**84.1**	79.4
Current assets	**7.9**	7.2
Share of gross assets	**92.0**	86.6
Current liabilities	**(5.4)**	(5.6)
Non-current liabilities	**(84.4)**	(79.2)
Share of gross liabilities	**(89.8)**	(84.8)
Share of net assets of LIFT companies	**2.2**	1.8
LIFT loan stock	**9.0**	8.7
Total LIFT interests	**11.2**	10.5
Loan receivable from Virgin Healthcare Holdings Limited	**-**	-
Carrying amount of associates	**11.2**	10.5

The Group’s share of the gross revenue of associates was £13.3 million (2012: £18.1 million).

12. LIFT investments and joint ventures *(continued)*

	Total	Continuing operations	Discontinued operations	Total
	2013	2012	2012	2012
	£m	£m	£m	£m
Associates				
Share of profits of associated LIFT companies	**1.1**	0.7	-	0.7
Release of provision against associates	**-**	3.1	-	3.1
Unrealised loss on revaluation of derivative financial instrument of associated LIFT companies	**(0.7)**	(0.1)	-	(0.1)
Virgin Healthcare Holdings Limited	**-**	-	(3.1)	(3.1)
Share of post-tax profits/(losses) of associates	**0.4**	3.7	(3.1)	0.6
Joint ventures				
AH Scarborough Health Park Limited	**-**	(0.1)	-	(0.1)
Share of post-tax (losses)/profits of joint ventures	**-**	(0.1)	-	(0.1)
Share of profits/(losses) of associates and joint ventures	**0.4**	3.6	(3.1)	0.5

The movement on investments in associates during the year was as follows:	**2013**	2012
	Group	Group
	£m	£m
Opening balance	**10.5**	9.9
Investments disposed of in year	**-**	(0.5)
Net loans advanced	**0.3**	0.5
Share of profits of continuing associates (before derivative movements)	**1.1**	0.7
Share of losses of discontinued activities	**-**	(3.1)
Release of provision against associates	**-**	3.1
Share of derivative movements in continuing associates	**(0.7)**	(0.1)
Closing balance	**11.2**	10.5

Joint ventures

The Group had a 50% interest in a joint venture during the year, AH Scarborough Health Park Limited ("AHSHPL"), a property investment company incorporated in England, which it sold in April 2012 for £1. The joint venture was carried in the balance sheet at nil value and no profit or loss arose on the disposal.

13. Cash, cash equivalents and restricted cash

	2013	2012
	£m	£m
Cash held in current account	**15.6**	12.2
Restricted cash	**20.1**	9.2
	35.7	21.4

Restricted cash arises where there are interest payment guarantees, cash is ring-fenced for committed property development expenditure, which is released to pay contractors invoices directly, or under the terms of security arrangements under the Group's banking facilities or its bond.

14. Trade and other receivables

	2013	2012
	£m	£m
Trade receivables	**2.3**	2.2
Prepayments and accrued income	**1.1**	1.2
Deferred consideration	**-**	2.6
Loan note	**3.0**	1.0
Other debtors	**0.2**	0.8
	6.6	7.8
Loan note due after more than 1 year	**3.0**	6.0
	9.6	13.8

Trade and other receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

The loan note is an interest bearing loan of £6.0 million granted to the purchaser of the pharmacy business upon completion of the sale. Interest is charged on the loan at a rate of 6.5% and is payable quarterly. The loan is repayable in two stage payments. £3.0 million is due by 30 June 2013 with the balance to be settled on 30 June 2014.

The Group's principal customers are invoiced and pay quarterly in advance, usually on the English quarter days. Other debtors are generally on 30-60 days' terms. No bad debt provision was required (2012: £nil).

As at 31 March 2013 and 31 March 2012, the analysis of trade debtors that were past due but not impaired is as follows:

			Past due but not impaired			
	Total	**Neither past due nor impaired**	**>30 days**	**>60 days**	**>90 days**	**>120 days**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
2013	2.3	1.9	0.2	0.1	-	0.1
2012	2.2	1.9	0.1	0.1	-	0.1

The bulk of the Group's income derives from the NHS or is reimbursed by the NHS, hence the risk of default is minimal.

15. Trade and other payables

	2013	2012
	£m	£m
Trade creditors	**2.4**	1.8
Other creditors and accruals	**11.1**	10.2
VAT creditor	**0.8**	0.9
Payments due under finance leases	**-**	0.1
	14.3	13.0

Finance lease arrangements are in respect of investment property held by the Group on leasehold property. The amounts due after more than one year, which total £3.1 million (2012: £3.1 million), have been disclosed in non-current liabilities on the consolidated balance sheet.

The fair value of the Group's lease obligations is approximately equal to their carrying value.

16. Deferred revenue

	2013	2012
	£m	£m
Arising from rental received in advance	**7.8**	7.5
Arising from pharmacy lease premiums received in advance	**7.0**	5.8
	14.8	13.3
Current	**8.2**	7.8
Non-current	**6.6**	5.5
	14.8	13.3

17. Provisions

	2013	2012
	£m	£m
At 1 April	**1.0**	1.3
Utilisation of provision	**-**	(0.3)
At 31 March	**1.0**	1.0
Analysed as:		
Current	**0.1**	0.1
Non-current	**0.9**	0.9
	1.0	1.0

Provisions relate to the onerous property lease on the former Pall Mall office and represent management's best estimate of the Group's liability.

18. Borrowings

	2013	2012
	£m	£m
Secured bank loans		
At 1 April	**375.6**	361.8
Amount issued or drawn down in year	**23.2**	159.0
Amount repaid in year	**(7.0)**	(146.1)
Acquired with acquisition of subsidiaries	**-**	3.4
Loan issue costs	**(0.2)**	(2.8)
Amortisation of loan issue costs	**0.5**	0.3
At 31 March	**392.1**	375.6
Due within one year	**3.9**	6.9
Due after more than one year	**388.2**	368.7
At 31 March	**392.1**	375.6

The Group has the following bank facilities:

1. 10 year senior secured bond for £110m at a fixed interest rate of 4.75% maturing in December 2021. The secured bond carries a loan to value 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).

2. Loans from Aviva with an aggregate balance of £230.5 million at 31 March 2013 (2012: £213.1 million). The Aviva loans are partially amortised by way of quarterly instalments and partially repaid by way of bullet repayments falling due between 2021 and 2041 with a weighted average term of 14.5 years to maturity, £3.9 million is due within a year. These loans are secured by way of charges over specific medical centre investment properties with cross collaterisation between the loans and security. The loans are subject to fixed all in interest rates ranging between 4.11% and 6.66%, and a weighted average of 5.68% and do not have loan to value covenants. Interest cover required varies between 0.90 times to 1.03 times.

3. Loans from Santander with an aggregate balance of £55.2 million at 31 March 2013 (2012: £52.4 million). This comprises a £50 million Investment facility available until November 2016 and carries interest at 1.95% above LIBOR and a £10 million development facility available until November 2014 and carries interest at 2.75% above LIBOR. On practical completion of the development property, the development facility is converted and added to the investment facility. A £50 million interest rate swap at a rate of 2.575% has been taken out to hedge the interest on the existing investment facility. The loan must not exceed 75% of the value of the security, interest cover must be above 1.7 times and debt service cover must be above 1.05 times.

4. Term loan with Royal Bank of Scotland PLC (RBS) secured on the Group's former head office building in Daresbury. The balance on this loan was £nil at 31 March 2013 (2012: £4.0 million) having been repaid in December 2012 when the property was sold. The loan carried interest at 1.2% above LIBOR and the associated SWAP was settled at the same point.

The NAB loan of £120 million was repaid in full in December 2011 along with the associated SWAP.

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

19. Derivative financial instrument at fair value through profit or loss

	Interest rate swap (RBS)	Interest rate swaps (Santander)	Total derivative financial instruments of the Group
	£m	£m	£m
Liability at 1 April 2012	0.2	2.3	2.5
Movement in year	(0.1)	1.3	1.2
Cash settlement	(0.1)	-	(0.1)
Liability at 31 March 2013	-	3.6	3.6

The table above includes the net position of derivative financial instruments at the balance sheet date. These are presented under the following captions on the Consolidated Balance Sheet:

	2013	2012
	£m	£m
Current liabilities	**-**	0.2
Non-current liabilities	**3.6**	2.3
	3.6	2.5

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

At 31 March 2013 and 31 March 2012 and throughout the two year period the financial liabilities measured have been determined and valued as level 2.

During the reporting years ended 31 March 2013 and 31 March 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of the Level 3 fair value measurements.

20. Share capital

Authorised	2013	2013 £m	2012	2012 £m
Ordinary Shares of 10p each	**3,000,000,000**	**300.0**	3,000,000,000	300.0
Preference Shares of 10p each	**20,000,000**	**2.0**	20,000,000	2.0
		302.0		302.0

	Number of Shares 2013	Share Capital 2013	Number of Shares 2012	Share Capital 2012
Ordinary Shares issued and fully paid		**£m**		£m
At 1 April	**529,548,924**	**53.0**	411,871,386	41.2
Issued during the year	**-**	**-**	117,677,538	11.8
At 31 March	**529,548,924**	**53.0**	529,548,924	53.0
Own shares held	**(4,218,219)**	**(1.9)**	(4,218,219)	(1.9)
Total Share Capital	**525,330,705**	**51.1**	525,330,705	51.1

Own shares held comprise shares held by the Employee Benefit Trust (EBT).

In the year to 31 March 2012, £33.5 million (net of expenses) was raised through a 2 for 7 Rights Issue of 117,677,538 new shares at 30.0 pence per share.

21. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of ordinary shares	2013 £m	2012 £m
24/04/2013	**0.3025**	**529,548,924**	**-**	-
23/01/2013	**0.285**	**529,548,924**	**1.5**	-
24/10/2012	**0.285**	**529,548,924**	**1.5**	-
25/07/2012	**0.285**	**529,548,924**	**1.5**	-
26/07/2011	**1.25**	**411,871,386**	**-**	5.1
			4.5	5.1

22. Distribution Reserve

Under Guernsey Law, companies can pay dividends in excess of accounting profit provided they satisfy the solvency test prescribed under Companies (Guernsey) Law 2008. The solvency test considers whether a company is able to pay its debts when they fall due; and whether the value of a company's assets is greater than its liabilities. As a consequence, the Group has deemed it appropriate to merge the distribution reserve and retained earnings as separate reserves are no longer required. Refer to the Consolidated Statement of Changes in Equity for the current period.

23. Share-based payments

As at 31 March 2013, the Group had three long term incentive schemes in place – the Value Creation Plan ("VCP"), the Executive Recruitment Plan ("ERP") and the Long Term Incentive Plan ("LTIP").

The long-term incentive arrangements are structured so as to align the incentives of relevant executives with the long term performance of the business and to motivate and retain key members of staff. To the extent practicable long term incentives are provided through the use of share based (or share-fulfilled) remuneration to provide alignment of objectives with the Group's shareholders. Long-term incentive awards are granted by the Remuneration Committee who review award levels on a case by case basis.

As at 31 March 2013 the Employee Benefit Trust ("EBT") held a total of 4,218,219 (2012: 4,218,219) Ordinary Shares of 10p each in Assura Group Limited. Previous long term incentive plans have lapsed without vesting.

Value Creation Plan
As at 31 March 2013, a total of 791,700 performance units had been granted to employees (including 575,000 units granted to Executive Directors as detailed in the Remuneration Committee Report). No payment has been made for the grant of these awards and the performance units have no value at grant.

Participants have the opportunity to receive 10% of the total value created for shareholders above a threshold price determined at three measurement dates in a five year measurement period. Before any awards vest, which are granted as nil-cost options on conversion of any value created, a minimum level of total shareholder return of 8% per annum compound growth from the base price at each measurement date must be achieved.

Executive Recruitment Plan
During the year, a nil-cost contingent award of 460,002 ordinary shares was made under the ERP. The scheme is in respect of one Executive Director.

Long Term Incentive Plan
The units (equivalent to one ordinary share) outstanding in respect of the LTIP are as follows:

	2013	2012
	Units	Units
Outstanding as at the start of the year	**725,000**	1,580,000
Granted during the year	**-**	750,000
Exercised during the year	**-**	(155,000)
Expired during the year	**(325,000)**	-
Forfeited during the year in respect of leavers	**-**	(1,450,000)
Outstanding as at the end of the year	**400,000**	725,000
Units exercisable at the end of the year	**-**	-

No executive Directors hold shares under the scheme and key management personnel had 400,000 units at 31 March 2013 (2012: 725,000 units). These relate to grants on 29 July 2011 which have a performance period ending on 31 March 2014.

Three distinct performance conditions apply to the units outstanding. 50% of an award will be subject to a performance condition measuring the Group's annual earnings per share growth (excluding revaluation surpluses or deficits arising on investment property) over a three year period ending on 31 March 2014. The remaining 50% of an award will be subject to a performance condition measuring (over the same three year period) the cumulative growth in the Group's annual percentage total primary care property return as calculated by IPD measured against the IPD Primary Healthcare Index. In addition, the vesting conditions further require Total Shareholder Return ("TSR") over the 3 years ending 31 March 2014 to exceed 25%.

23. Share-based payments *(continued)*

All schemes
The fair value of equity settled units granted during 2013 is estimated as at the date of grant using a Monte-Carlo model (2012: Black-Scholes), taking into account the terms and conditions upon which units were granted. The following table lists the inputs to the models used for the year ended 31 March 2013 and the year ended 31 March 2012.

	2013	2012
Dividend yield (%)	**3.5**	-
Expected share price volatility (%)	**20.7**	n/a
Risk-free interest rate (%)	**0.74**	0.78
Expected life of units (years)	**4.5**	2.7

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The fair value of the units granted in the period, is £2,475,000 (2012: £160,400) based on the market price at the date the units were granted. This cost is allocated over the vesting period. The cost allocation for all outstanding units in the period was a charge of £575,000 (2012: charge of £16,000).

For share options outstanding as at 31 March 2013, the weighted average remaining contractual life is 1.98 years (2012: 1.55 years). The weighted average fair value of share options granted during the period was £0.34 (2012: £0.21).

24. Note to the Consolidated Cash Flow Statement

	2013	2012
	£m	£m
Reconciliation of net profit/(loss) before taxation to net cash inflow from operating activities:		
Net profit/(loss) before taxation		
Profit/(loss) from continuing activities	**14.3**	(63.3)
Profit from discontinued activities	**-**	1.2
	14.3	(62.1)
Adjustment for non-cash items:		
Depreciation	**0.1**	0.2
Decrease in debtors	**0.1**	4.2
Increase in creditors	**2.8**	3.1
Decrease in provisions	**-**	(0.3)
Increase in pharmacy inventories	**-**	(0.1)
Revaluation gain	**(6.0)**	(1.5)
Interest capitalised on developments	**(0.4)**	(1.0)
Loss on revaluation of financial instrument	**1.2**	54.7
Loss on disposal of properties	**0.1**	-
Profit on disposal of pharmacy business	**-**	(3.4)
Loss on disposal of LIFT business	**-**	0.3
Profit on disposal of assets	**-**	(0.5)
Goodwill impairment	**-**	20.0
Share of (profits) of associates and joint ventures	**(0.4)**	(3.6)
Impairment of investments - discontinued	**-**	3.1
Employee share-based incentive costs	**0.6**	-
Amortisation of loan issue costs	**0.5**	0.3
Net cash inflow from operating activities	**12.9**	13.4

25. Deferred tax

Deferred tax consists of the following:

	2013	2012
	£m	£m
At 1 April	**1.3**	1.8
Capital allowances in excess of depreciation	**-**	(0.3)
Trading losses carried forward	**(0.2)**	1.3
Disposals	**-**	(1.5)
At 31 March	**1.1**	1.3

The amount of deductible temporary differences and unused tax losses are as follows:

	Consolidated balance sheet	
	2013	2012
	£m	£m
Tax losses	**227.4**	250.7
Other timing differences	**35.2**	(11.9)
Deficit on revaluation of investment properties in the UK	**35.9**	57.7
	298.5	296.5

The majority of tax losses carried forward relate to capital losses generated on the disposal of former divisions of the Group.

The following deferred tax assets have not been recognised due to uncertainties around future recoverability:

The tax effect of these unrecognised assets is as follows:

	Consolidated balance sheet	
	2013	2012
	£m	£m
Tax losses	**52.3**	60.2
Other timing differences	**8.1**	(2.9)
Deficit on revaluation of investment properties in the UK	**8.3**	13.9
	68.7	71.2

26. Commitments

At the year end the Group had 9 (2012: 6) developments on-site with a contracted total expenditure of £33.1 million (2012: £16.2 million) of which £13.9 million (2012: £7.7 million) had been expended.