INTERIM REPORT 2014

HIGHLIGHTS

A period of significant growth

- Completed acquisitions of MP Realty Holdings Group (£107 million) and One Life (£12.3 million)
- Completed £4.2 million development at 6.6% yield on cost with a lease length of 20 years
- 17.2% increase in total rent roll to £49.0 million (March 2014: £41.8 million)
- 21.1% increase in total property assets[1] to £809 million (March 2014: £668 million)

Continued progress since the period end

- Share issue completed on 15 October 2014, raising £175 million net of expenses
- Three further development completions at a 7.3% yield on cost with an average lease length of 23 years
- Acquired Metro portfolio of 11 medical centres on 6 November 2014 for £63.1 million and reached agreement in principle to fund a further four developments for £21 million
- Net loan to value ratio 47% at 24 November 2014 and discussions ongoing with lenders to reduce gross debt

Increase in underlying profit and net asset value

- 24.0% increase in net rental income to £22.2 million (2013: £17.9 million)
- 16.7% increase in underlying profit from continuing operations to £6.3 million (2013: £5.4 million)
- 35.2% increase in profit before tax to £16.5 million (2013: £12.2 million)
- 13.2% increase in adjusted net assets and 4.4% increase in adjusted EPRA NAV[2] per share to 45.3 pence (March 2014: 43.4 pence)

11% increase in dividend announced

- 11% increase in next quarterly dividend to 0.5 pence per share, equivalent to 2.0 pence per share on an annual basis, following the 49% increase announced last year
- Dividend fully covered and progressive dividend policy maintained

Assura is a leading operator in a large, growing market

- Ever increasing demands on health service from an ageing population, rising public expectation and medical advances
- Investment in primary care will be key to addressing this demand, despite the recent slowdown in the rate of approvals for new developments from the NHS
- Sector provides low volatility of returns with low default risk and a link with cost inflation

Assura is well positioned to continue outperforming the market

- Deep understanding of primary care real estate with proven skills in medical investment and development
- Scalable internal management model
- Re-capitalised business has lower gearing profile and capacity for future growth
- Strong development and acquisitions pipeline

[1] Investment property plus property assets held for sale
[2] Net Asset Value – Note 9

CHIEF EXECUTIVE'S REPORT

I am pleased to report a period of significant growth for Assura, where we have delivered on our long-held ambition to increase significantly the scale of the business. In the period under review we have completed £124 million of investments, which was the largest contributor to the £141 million increase in total property assets in the six months to 30 September 2014.

Since the period end we have completed an equity raise of £175 million, net of expenses, that has significantly strengthened the balance sheet and provides us with the scope to increase the scale of the business further. We have a strong pipeline of acquisition and development opportunities and since the completion of the fund raise have already acquired assets with a value of £65 million and committed to forward fund an additional £21 million of developments.

Our sector offers excellent risk adjusted returns with an asset class that provides the longevity and security of cash flows to underpin our progressive dividend policy.

Highlights
We have continued to deliver growth, achieving a 16.7% increase in underlying profits to £6.3 million and 4.4% growth in adjusted EPRA net asset value to 45.3 pence per share at the period-end.

This robust financial performance has enabled us to announce an increase of 11% in our dividend, to 0.5 pence per share on a quarterly basis, whilst keeping the dividend fully covered. The Board remains committed to a progressive dividend policy whereby dividend growth broadly matches underlying rental growth.

We continue to create value through our in-house development expertise, with four schemes completed so far this year (including three that completed post period-end), three schemes on site and a further two to start on site shortly. We are well-placed to deliver more developments when the NHS recommences the approval of new schemes.

Market opportunity
There remains considerable underinvestment in primary care infrastructure in the UK. There has been extensive recent media coverage of the need for extended opening hours and broader service delivery by GPs in the community. The importance of this has been recognised by the Government and primary care premises provision is high on the political and NHS agenda.

The NHS recently announced a five year plan which established challenging financial targets and highlighted the key role that the greater provision of services in the community has to play in achieving this goal. The fundamental structural shift of service provision from hospitals into the community needs to become a reality soon. Our modern premises are the essential foundation for any shift in the provision of medical care into GPs' surgeries and away from the acute hospital sector.

Our leadership position in providing state of the art primary care premises, adapted to each local community in which they operate, means we are ideally placed to serve these changing needs. As we have previously reported, the recent NHS reorganisation has led to a temporary slowing of the development pipeline. The recent announcements by the NHS and the Government on the need for the greater provision of care in the community give us increased confidence that the process for approving new schemes will be unblocked in the not too distant future. We note that a first development has now been approved under the new regime. Once approvals commence there will be the usual time lag between approval and delivery.

Outlook
The recent fund raise has strengthened the Company's financial position and enhanced its ability to take advantage of a fragmented market place and the significant opportunity to support the NHS in its future plans for the increased provision of care in the primary care setting. Against a backdrop of tightening yields across other property sectors, primary care continues to provide strong property fundamentals with good prospects for capital and income growth, and Assura believes its brand, expertise and scale position it well to capitalise on this.

Graham Roberts
Chief Executive
24 November 2014

BUSINESS REVIEW

For the six months ended 30 September 2014

Core portfolio as at 30 September 2014 £766.4 million (March 2014: £626.8 million)

Our business is built on our core investment portfolio of 234 medical centres. This has a passing rent roll of £47.6 million (March 2014: £40.3 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 14.3 years (March 2014: 14.7 years). The portfolio is diversified both geographically and by size.

We have continued to deliver rental growth and have successfully concluded 49 rent reviews during the period to achieve a weighted average annual rent increase of 1.72% (year to March 2014: 0.8%) on those properties. Our portfolio benefits from a 19% weighting in fixed and Retail Price Index ("RPI") uplifts which generated an average annual uplift of 4.46% during the period. The majority of our portfolio is subject to open market reviews and these have generated an average annual uplift of 0.33% during the period. In common with the wider primary healthcare property sector the recent reorganisation in the NHS has led to a delay in the settlement of rent reviews and so the number of reviews settled is significantly down on the prior year.

At 30 September 2014 our core portfolio of completed investment properties was valued at a total of £766.4 million (March 2014: £626.8 million), which produced a net initial yield of 5.71% (March 2014: 5.88%). Taking account of potential lettings of unoccupied space and any uplift to current market rents on review, our valuers assess the net equivalent yield to be 5.87% (March 2014: 6.04%). Adjusting this Royal Institute of Chartered Surveyors ("RICS") standard measure to reflect the advanced payment of rents, the true equivalent yield is 6.10% (March 2014: 6.28%).

We have completed one development during the period with a valuation at completion of £4.2 million, and had five onsite as at 30 September 2014 with an estimated valuation on completion of £23.7 million. Since the period end three developments have completed adding £0.7 million to rent roll.

Our asset management team is in regular contact with our GP tenants. This enables us to screen for opportunities to enhance our GP surgeries and facilitate the provision of additional services by doctors. This also leads to asset management opportunities such as lease extensions and redevelopment opportunities within our existing estate. In the period we have successfully secured new tenants for vacant space across four properties with an annual rent roll of £0.1 million.

The core portfolio contributed to Total Property Return in the period as follows:

	6 months ended 30 September 2014 £m	6 months ended 30 September 2013 £m
Net rental income	**21.7**	17.3
Valuation movement	**13.2**	6.9
Total Property Return	**34.9**	24.2

Non-core portfolio: £11.8 million (March 2014: £16.4 million) (comprising £7.2 million of assets held for sale and £4.6 million of investment property)

We have continued to make progress in disposing of our non-core assets and surplus development land. These have resulted in cash proceeds of £2.5 million during the period.

The valuation of our non-core portfolio produced a net initial yield of 17.50% (March 2014: 16.29%) and an equivalent yield of 12.48% (March 2014: 12.11%).

The non-core portfolio contributed to Total Property Return in the period as follows:

	6 months ended 30 September 2014 £m	6 months ended 30 September 2013 £m
Net rental income	**0.5**	0.6
Valuation movement	**(2.8)**	(0.2)
Total Property Return	**(2.3)**	0.4

The non-core portfolio includes three retail malls (valued at £4.4 million) in hospitals which are held on short leases that expire on average in 15 years.

Other properties within non-core comprise surplus land of £7.2 million (March 2014: £9.5 million). The negative valuation movement primarily relates to the surplus land.

Underlying profit

Net rental income	6 months ended 30 September 2014 £m	6 months ended 30 September 2013 £m
– Core	**21.7**	17.3
– Non-Core	**0.5**	0.6
	22.2	17.9
Administration	**(2.8)**	(2.4)
Finance revenue	**0.1**	0.2
Finance costs	**(13.2)**	(10.3)
Underlying profit	**6.3**	5.4

The movement in underlying profit can be summarised as follows:

	£m
Period ended 30 September 2013	5.4
Net rental income	4.3
Administrative expenses	(0.4)
Finance revenue	(0.1)
Finance costs	(2.9)
Period ended 30 September 2014	**6.3**

Underlying profit has grown 16.7% to £6.3 million in the period to 30 September 2014. This increase reflects the successful integration of the Trinity, MP Realty and One Life portfolios purchased over the past 15 months.

Administrative costs

The Group measures its operating efficiency by reference to the proportion of administrative costs to the average gross investment property value. This ratio during the period was 0.38% (2013: 0.40%) and administrative costs stood at £2.8 million (2013: £2.4 million). The increase in the current period is due to £0.3 million of abortive project costs being written off.

The management structure of the Group means that it is able to manage increases in the number of properties under management with very modest increases in employee numbers.

Dividends

Total dividends paid in the period to 30 September 2014 were £5.0 million or 0.9 pence per share (six months to 30 September 2013: 0.605 pence per share). The Board has announced an increase in the next quarterly dividend for the period to 31 December 2014 of 11% to 0.5 pence per share or 2.0 pence per share calculated on an annualised basis.

The Company retains its progressive dividend policy and future rental growth, acquisitions and developments will continue to support returns to shareholders.

Cash flow	2014 £m	2013 £m
Opening cash	**38.6**	35.7
Net cash from operations	**9.2**	1.6
Cash flows from investing activities:		
Property and business acquisitions	**(15.9)**	(7.8)
Development expenditure	**(8.5)**	(12.9)
Sale of properties	**2.5**	2.8
Sale of businesses	**–**	3.0
Cash flows from financing activities:		
Share issue costs	**(0.2)**	–
Dividend paid	**(5.0)**	(3.2)
Net borrowings movement	**(3.7)**	3.3
Closing cash	**17.0**	22.5

Net cash inflow from operating activities was £9.2 million (2013: £1.6 million), which represents an increase from the prior period as a result of the cash flows from acquisitions completed and movements in balance sheet accruals decreasing amounts paid to suppliers. Investment acquisitions in the period primarily relate to the purchase of the MP Realty and One Life properties, with the MP Realty acquisition in part funded by the issuance of shares to the vendors. Development expenditure was £8.5 million (2013: £12.9 million) which was partly debt financed with facilities from Aviva. Proceeds from the sale of properties were £2.5 million (2013: £2.8 million), following the sale of a small number of properties. Dividends paid were £5.0 million. The closing cash balance was £17.0 million (2013: £22.5 million).

Balance sheet

At 30 September 2014 the EPRA NAV per share was 45.3 pence per share, an increase of 4.4% compared with 31 March 2014. The growth has been achieved from underlying profit and valuation gains.

EPRA NAV movement:

	£m	Pence per share
EPRA NAV at 31 March 2014 (Note 9)	229.6	43.4
Underlying profit	6.3	1.1
Capital (revaluations and capital gains)	10.3	1.9
Dividend	(5.0)	(0.9)
Share issue	18.7	(0.2)
EPRA NAV at 30 September 2014	**259.9**	**45.3**

Our Total Accounting Return per share for the period ended 30 September 2014 is 6.5% of which 0.9 pence per share (2.1%) has been distributed to shareholders and 1.9 pence per share (4.4%) is the movement on EPRA NAV.

The reconciliation between EPRA NAV and EPRA NNNAV is as follows:

	Adjusted NAV per Ordinary Share 30/09/14 £m	Adjusted NAV per Ordinary Share 31/03/14 £m
EPRA NAV	**259.9**	229.6
Mark to market of derivative financial instruments	**(1.5)**	(1.8)
Mark to market of fixed rate debt	**(27.7)**	(5.5)
EPRA NNNAV	**230.7**	222.3
EPRA NNNAV per share	**40.2p**	42.0p

The movement in NNNAV largely reflects the market movement in long-term interest rates in the period to 30 September 2014.

Mark to market adjustments have been estimated by management with reference to external sources, such as interest rates and reports from external advisors, where available.

Finance

Financing statistics	30/09/2014	31/03/2014
Net debt	**£521.3m**	£414.8m
Weighted average debt maturity	**10.9 years**	10.9 years
Weighted average interest rate	**5.31%**	5.28%
Percentage of debt at fixed/capped rates	**99%**	98%
Interest cover[3]	**148%**	150%
Loan to value	**64%**	62%

The weighted average debt maturity of 10.9 years compares with a weighted average lease length over the whole portfolio of 14.1 years, which highlights the security of the cash flows of the business.

Net finance costs in the period amounted to £13.1 million (2013: £10.1 million). The increase reflects the assumption of debt associated with the purchase of the Trinity, MP Realty and One Life properties.

Following the equity raise subsequent to the period-end, discussions are ongoing with lenders to reduce gross debt.

Capital structure

The Board is reviewing the Group's corporate structure and as part of this process is considering whether to replace Assura Group Limited as the parent company of the Group with an English-incorporated public limited company. A final board decision will depend on the outcome of the review and appropriate advice received. Assura Group Limited is domiciled in the UK for tax purposes and so any change will not affect Assura's REIT status.

Post balance sheet events

Subsequent to the interim balance sheet date:

On 15 October 2014 the Company issued 414,252,873 Ordinary Shares at a price of 43.5 pence per share by way of a Firm Placing, Placing and Open Offer, and Offer for Subscription. Gross proceeds of the issue were £180.2 million before expenses, being raised to make further investments into primary care properties and reduce the overall level of borrowings. After expenses, net proceeds were £175.0 million, and this has reduced the Group's net LTV to 47% on a proforma basis, within the Board's targeted medium term range 45% to 55%.

On 3 November 2014, the Group announced it had completed three developments with a combined value of £11.0 million and acquired another property for £1.8 million. The three developments were included in the five onsite at the balance sheet date.

On 4 November 2014, the loans from Santander were settled in full along with the associated interest rate swap.

On 6 November 2014, the Group announced the acquisition of 11 properties through the purchase of the entire share capital of Metro MRI Limited. The gross consideration was estimated at £63.1 million, although this is subject to completion accounts being prepared and finalised. Part of the consideration was satisfied through the issuance at 48.8 pence per share of 18,834,148 Ordinary Shares, bringing the total Ordinary Shares in issue to 1,006,900,141.

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

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

		Six months ended 30 September 2014 Unaudited			Six months ended 30 September 2013 Unaudited		
	Note	Underlying £m	Capital and other £m	Total £m	Underlying £m	Capital and other £m	Total £m
Continuing operations							
Gross rental and related income		**23.6**	**–**	**23.6**	19.0	–	19.0
Property operating expenses		**(1.4)**	**–**	**(1.4)**	(1.1)	–	(1.1)
Net rental income		**22.2**		**22.2**	17.9	–	17.9
Administrative expenses		**(2.8)**	**–**	**(2.8)**	(2.4)	–	(2.4)
Revaluation gains	10	**–**	**10.4**	**10.4**	–	6.7	6.7
(Loss)/gain on sale of property		**–**	**(0.1)**	**(0.1)**	–	0.2	0.2
Share-based payment charge		**–**	**(0.4)**	**(0.4)**	–	(0.4)	(0.4)
Exceptional items	6	**–**	**–**	**–**	–	(0.9)	(0.9)
Finance revenue		**0.1**	**–**	**0.1**	0.2	–	0.2
Finance costs		**(13.2)**	**–**	**(13.2)**	(10.3)	–	(10.3)
Revaluation of derivative financial instruments	17	**–**	**0.3**	**0.3**	–	1.2	1.2
Profit before taxation		**6.3**	**10.2**	**16.5**	5.4	6.8	12.2
Taxation	7			**(0.2)**			(0.4)
Profit for the period from continuing operations				**16.3**			11.8
Discontinued operations							
Profit for the period from discontinued operations				**–**			0.7
Profit for the period attributable to equity holders of the parent				**16.3**			12.5
Earnings per share – basic and diluted							
from underlying profit	8	**1.1p**			1.0p		
from continuing operations – basic and diluted	8			**2.9p**			2.2p
on profit for period – basic and diluted	8			**2.9p**			2.3p

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.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2014

	Notes	30 September 2014 Unaudited £m	31 March 2014 Audited £m
Non-current assets			
Investment property	10	**802.1**	656.7
Investments		**0.5**	0.5
Property, plant and equipment		**0.1**	0.1
Deferred tax asset		**0.5**	0.7
		803.2	658.0
Current assets			
Cash, cash equivalents and restricted cash	11	**17.0**	38.6
Trade and other receivables	12	**5.0**	5.5
Property assets held for sale	10	**7.2**	11.6
		29.2	55.7
Total assets		**832.4**	713.7
Current liabilities			
Trade and other payables	13	**16.9**	14.8
Borrowings	16	**8.4**	5.9
Deferred revenue	14	**11.7**	9.9
Provisions	15	**0.1**	0.1
		37.1	30.7
Non-current liabilities			
Borrowings	16	**526.9**	444.4
Obligations due under finance leases		**3.0**	3.0
Derivative financial instruments at fair value	17	**1.5**	1.8
Deferred revenue	14	**6.6**	6.8
Provisions	15	**0.3**	0.4
		538.3	456.4
Total liabilities		**575.4**	487.1
Net assets		**257.0**	226.6
Capital and reserves			
Share capital	18	**57.4**	53.0
Own shares held		**(1.9)**	(1.9)
Share premium		**91.4**	77.1
Reserves		**110.1**	98.4
Total equity		**257.0**	226.6
Basic and diluted net asset value per Ordinary Share	9	**44.8p**	42.8p
Adjusted (EPRA) basic and diluted net asset value per Ordinary Share	9	**45.3p**	43.4p

The interim condensed consolidated financial statements were approved at a meeting of the Board of Directors held on 24 November 2014 and signed on its behalf by:

Graham Roberts
Chief Executive

Jonathan Murphy
Finance Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital £m	Own shares held £m	Share premium £m	Reserves £m	Total equity £m
1 April 2013	53.0	(1.9)	77.1	69.9	198.1
Profit attributable to equity holders	–	–	–	12.5	12.5
Total comprehensive income	–	–	–	12.5	12.5
Dividend (Note 20)	–	–	–	(3.2)	(3.2)
Cost of employee share-based incentives	–	–	–	0.3	0.3
30 September 2013 (Unaudited)	53.0	(1.9)	77.1	79.5	207.7
Profit attributable to equity holders	–	–	–	22.5	22.5
Total comprehensive income	–	–	–	22.5	22.5
Dividend (Note 20)	–	–	–	(4.0)	(4.0)
Cost of employee share-based incentives	–	–	–	0.4	0.4
31 March 2014 (Audited)	53.0	(1.9)	77.1	98.4	226.6
Profit attributable to equity holders	–	–	–	16.3	16.3
Total comprehensive income	–	–	–	16.3	16.3
Dividend (Note 20)	–	–	–	(5.0)	(5.0)
Issue of Ordinary Shares (Note 18)	4.4	–	14.5	–	18.9
Issue costs	–	–	(0.2)	–	(0.2)
Cost of employee share-based incentives	–	–	–	0.4	0.4
30 September 2014 (Unaudited)	57.4	(1.9)	91.4	110.1	257.0

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2014

	Six months ended 30 September 2014 Unaudited £m	Six months ended 30 September 2013 Unaudited £m
Operating activities		
Rent received	**25.3**	18.5
Interest paid and similar charges	**(13.0)**	(10.3)
Fees received	**0.5**	0.4
LIFT and other interest received	**0.1**	0.8
Cash paid to suppliers and employees	**(3.7)**	(7.8)
Net cash inflow from operating activities	**9.2**	1.6
Investing activities		
Purchase of investment property, net of shares issued and cash acquired	**(15.9)**	(1.2)
Development spend	**(8.5)**	(12.9)
Proceeds from sale of property	**2.5**	2.8
Proceeds from sale of businesses	**–**	3.0
Acquisition of subsidiaries, net of cash acquired	**–**	(6.6)
Net cash outflow from investing activities	**(21.9)**	(14.9)
Financing activities		
Issue costs paid on issuance of Ordinary Shares	**(0.2)**	–
Dividends paid	**(5.0)**	(3.2)
Repayment of loan	**(3.2)**	(2.1)
Long-term loans drawn down	**–**	5.5
Loan issue costs	**(0.5)**	(0.1)
Net cash inflow from financing activities	**(8.9)**	0.1
Decrease in cash and cash equivalents	**(21.6)**	(13.2)
Opening cash and cash equivalents	**38.6**	35.7
Closing cash and cash equivalents	**17.0**	22.5

1. Corporate information

The Interim Condensed Consolidated Accounts of the Group for the six months ended 30 September 2014 were authorised for issue in accordance with a resolution of the Directors on 24 November 2014.

Assura Group Limited ("Assura") is incorporated in Guernsey with its investment objective to achieve capital growth and rising rental income from the ownership and development of a diversified portfolio of primary health care properties. The Company's Ordinary Shares are traded on the London Stock Exchange. The Company is domiciled in England and Wales for taxation purposes and has elected to be treated as a UK Real Estate Investment Trust ("REIT").

2. Basis of preparation

The Interim Condensed Consolidated Accounts for the six months ended 30 September 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting. These accounts cover the six month accounting period from 1 April 2014 to 30 September 2014 with comparatives for the six month accounting period from 1 April 2013 to 30 September 2013, or 31 March 2014 for balance sheet amounts.

The Interim Condensed Consolidated Accounts do not include all the information and disclosures required in the Annual Report, and should be read in conjunction with the Group's Annual Report as at 31 March 2014 which are prepared in accordance with IFRSs as adopted by the European Union.

The accounts are presented in pounds sterling rounded to the nearest 0.1 million unless specified otherwise.

The accounts are prepared on a going concern basis.

3. Accounts

The results for the six months to 30 September 2014 and to 30 September 2013 are unaudited. The interim accounts do not constitute statutory accounts. The balance sheet as at 31 March 2014 has been extracted from the Group's 2014 Annual Report, on which the auditor has reported and the report was unqualified.

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

The accounting policies adopted in the preparation of the Interim Condensed Consolidated Accounts are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 March 2014, except for the adoption of new standards and interpretations as of 1 April 2014, noted below, none of which have a material impact on the financial position or performance of the Group:

– IFRS 10 Consolidated Financial Statements
– IFRS 11 Joint Arrangements
– IFRS 12 Disclosures of Interests in Other Entities
– IAS 27 Separate Financial Statements (2011)
– IAS 28 Investments in Associates and Joint Ventures (2011)
– Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
– Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets
– Amendments to IAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

5. Segmental information

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

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

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

The following tables present revenue, profit and certain assets and liabilities information regarding the Group's business segments:

Six months ended 30 September 2014:

	Core £m	Non-Core £m	Total £m
Gross rental income	**22.3**	**0.8**	**23.1**
Other rental income	**0.5**	**–**	**0.5**
Property operating expenses	**(1.1)**	**(0.3)**	**(1.4)**
Net rental income	**21.7**	**0.5**	**22.2**
Administration costs	**(2.8)**	**–**	**(2.8)**
Underlying operating profit	**18.9**	**0.5**	**19.4**
Net finance cost	**(12.9)**	**(0.2)**	**(13.1)**
Underlying profit	**6.0**	**0.3**	**6.3**
Revaluation gains/(losses)	**13.2**	**(2.8)**	**10.4**
Loss on sale of property	**–**	**(0.1)**	**(0.1)**
Share based payment charge	**(0.4)**	**–**	**(0.4)**
Segmental result	**18.8**	**(2.6)**	**16.2**
Revaluation of derivative financial instrument			**0.3**
Taxation			**(0.2)**
Profit for the period			**16.3**

Six months ended 30 September 2013:

	Core £m	Non-Core £m	Total £m
Gross rental income	17.8	0.8	18.6
Other rental income	0.4	–	0.4
Property operating expenses	(0.9)	(0.2)	(1.1)
Net rental income	17.3	0.6	17.9
Administration costs	(2.4)	–	(2.4)
Underlying operating profit	14.9	0.6	15.5
Net finance cost	(9.8)	(0.3)	(10.1)
Underlying profit	5.1	0.3	5.4
Revaluation gains/(losses)	6.9	(0.2)	6.7
Gain on sale of property	0.2	–	0.2
Exceptional items	(0.9)	–	(0.9)
Share based payment charge	(0.4)	–	(0.4)
Segmental result	10.9	0.1	11.0
Revaluation of derivative financial instrument			1.2
Taxation			(0.4)
Profit for the period from discontinued operations			0.7
Profit for the period			12.5

5. Segmental information (continued)

Assets and liabilities at 30 September 2014:

	Core £m	Non-Core £m	Total £m
Property assets	**795.4**	**13.9**	**809.3**
Current assets	**21.9**	**0.2**	**22.1**
Investments	**–**	**0.5**	**0.5**
Segment assets	**817.3**	**14.6**	**831.9**
Deferred tax asset			**0.5**
Total assets			**832.4**
Segment liabilities			
Current liabilities	**(36.9)**	**(0.2)**	**(37.1)**
Derivative financial instruments			**(1.5)**
Non-current liabilities			**(536.8)**
Total liabilities			**(575.4)**

Assets and liabilities at 31 March 2014:

	Core £m	Non-Core £m	Total £m
Property assets	649.8	18.5	668.3
Current assets	44.1	0.1	44.2
Investments	–	0.5	0.5
Segment assets	693.9	19.1	713.0
Deferred tax asset			0.7
Total assets			713.7
Segment liabilities			
Current liabilities	(30.5)	(0.2)	(30.7)
Derivative financial instruments			(1.8)
Non-current liabilities			(454.6)
Total liabilities			(487.1)

6. Exceptional items

	30 September 2014 £m	30 September 2013 £m
Negative goodwill on acquisition of Trinity	**–**	0.6
Acquisition costs	**–**	(0.4)
Corporate finance fees	**–**	(1.1)
Total	**–**	(0.9)

Acquisition costs and negative goodwill relate to the acquisition of the Trinity portfolio during the previous year.

£1.1 million of corporate finance fees were incurred in considering a takeover approach in the previous year.

7. Taxation on profit on ordinary activities

	30 September 2014 £m	30 September 2013 £m
Tax charged in the income statement		
Deferred tax:		
Origination and reversal of temporary differences	**0.2**	0.4
Total tax charge	**0.2**	0.4

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 21% (2014: 23%).

The Group tax charge relates to its non-property income. As the Group has sufficient brought forward losses no tax is due and so the charge represents the movement in deferred tax.

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.

8. Earnings per Ordinary Share

	Basic & diluted EPS per Ordinary Share Six months ended 30 September 2014 £m	Adjusted (EPRA) EPS per Ordinary Share Six months ended 30 September 2014 £m	Basic & diluted EPS per Ordinary Share Six months ended 30 September 2013 £m	Adjusted (EPRA) EPS per Ordinary Share Six months ended 30 September 2013 £m
Profit for the period from continuing operations	**16.3**	**16.3**	11.8	11.8
Acquisition costs and negative goodwill		**–**		(0.2)
Revaluation gains		**(10.4)**		(6.7)
Revaluation of derivative financial instruments		**(0.3)**		(1.2)
Loss/(gain) on sale of property		**0.1**		(0.2)
Adjusted (EPRA) earnings		**5.7**		3.5
Weighted average number of shares in issue – basic and diluted	**556,155,818**	**556,155,818**	529,548,924	529,548,924
Earnings per Ordinary Share from continuing operations	**2.9p**	**1.0p**	2.2p	0.7p
Earnings per Ordinary Share from discontinued operations	**–**	**–**	0.1p	0.1p
Earnings per Ordinary Share	**2.9p**	**1.0p**	2.3p	0.8p

Underlying profit per share of 1.1 pence (2013: 1.0 pence) has been calculated as underlying profit for the period as presented on the income statement of £6.3 million (2013: £5.4 million) divided by the weighted average number of shares in issue of 556,155,818 (2013: 529,548,924).

There is no difference between basic and diluted earnings and NAV per Ordinary Share as share option schemes in operation were not considered dilutive as at the balance sheet dates based on calculations completed in accordance with IAS 33 Earnings Per Share.

9. Net asset value per Ordinary Share

	NAV per Ordinary Share 30/09/14 £m	Adjusted (EPRA) NAV per Ordinary Share 30/09/14 £m	NAV per Ordinary Share 31/03/14 £m	Adjusted (EPRA) NAV per Ordinary Share 31/03/14 £m
Net assets	**257.0**	**257.0**	226.6	226.6
Own shares held		**1.9**		1.9
Derivative financial instruments		**1.5**		1.8
Deferred tax		**(0.5)**		(0.7)
NAV in accordance with EPRA		**259.9**		229.6
Number of shares in issue	**573,813,120**	**573,813,120**	529,548,924	529,548,924
NAV per Ordinary Share	**44.8p**	**45.3p**	42.8p	43.4p

	Adjusted NAV per Ordinary Share 30/09/14 £m	Adjusted NAV per Ordinary Share 31/03/14 £m
EPRA NAV	**259.9**	229.6
Mark to market of derivative financial instruments	**(1.5)**	(1.8)
Mark to market of fixed rate debt	**(27.7)**	(5.5)
EPRA NNNAV	**230.7**	222.3
EPRA NNNAV per Ordinary Share	**40.2p**	42.0p

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

10. Property assets

Investment property and investment property under construction ("IPUC")

Investment properties are stated at fair value, as determined for the Company by Savills Commercial Limited and Jones Lang LaSalle as at 30 September 2014. The properties have been valued individually and on the basis of open market value in accordance with RICS valuation – Professional Standards 2014 (the "Red Book").

Initial yields mainly range from 5.25% to 5.60% (March 2014: 5.60% and 5.80%) for prime units. For properties with weaker tenants and poorer units, the yields range between 6.25% and 18.90% (March 2014: 6.50% and 18.30%). The higher yields are in the Non-Core portfolio.

	Investment 30/09/14 £m	IPUC 30/09/14 £m	Total 30/09/14 £m	Investment 31/03/14 £m	IPUC 31/03/14 £m	Total 31/03/14 £m
At 1 April	**638.8**	**14.8**	**653.6**	539.9	14.3	554.2
Additions:						
– acquisitions	**123.9**	**0.5**	**124.4**	63.5	–	63.5
– improvements	**–**	**–**	**–**	1.9	–	1.9
	123.9	**0.5**	**124.4**	65.4	–	65.4
Development costs	**–**	**8.5**	**8.5**	–	23.7	23.7
Transfers	**4.2**	**(4.2)**	**–**	24.8	(24.8)	–
Transfer from assets held for sale	**2.1**	**2.3**	**4.4**	0.2	0.2	0.4
Capitalised interest	**–**	**0.3**	**0.3**	–	0.6	0.6
Disposals	**(2.1)**	**(0.5)**	**(2.6)**	(2.6)	(0.5)	(3.1)
Unrealised surplus/(deficit) on revaluation	**11.2**	**(0.8)**	**10.4**	11.1	1.3	12.4
Closing market value	**778.1**	**20.9**	**799.0**	638.8	14.8	653.6
Add finance lease obligations recognised separately	**3.1**	**–**	**3.1**	3.1	–	3.1
Closing fair value of investment property	**781.2**	**20.9**	**802.1**	641.9	14.8	656.7

	Core 30/09/14 £m	Non-Core 30/09/14 £m	Total 30/09/14 £m	Core 31/03/14 £m	Non-Core 31/03/14 £m	Total 31/03/14 £m
Market value of investment property as estimated by external valuer	**766.4**	**4.6**	**771.0**	626.8	4.8	631.6
Add IPUC	**20.9**	**–**	**20.9**	14.8	–	14.8
Add pharmacy lease premiums	**7.1**	**–**	**7.1**	7.2	–	7.2
Add finance lease obligations recognised separately	**1.0**	**2.1**	**3.1**	1.0	2.1	3.1
Fair value for financial reporting purposes	**795.4**	**6.7**	**802.1**	649.8	6.9	656.7
Investment property held for sale	**–**	**–**	**–**	–	2.0	2.0
Vacant property held for sale	**–**	**–**	**–**	–	0.1	0.1
Land held for sale	**–**	**7.2**	**7.2**	–	9.5	9.5
Total property assets held for sale	**–**	**7.2**	**7.2**	–	11.6	11.6
Total property assets	**795.4**	**13.9**	**809.3**	649.8	18.5	668.3

Twelve land sites are held as available for sale (31 March 2014: two non-core property investments and 10 land sites).

11. Cash, cash equivalents and restricted cash

	30/09/14 £m	31/03/14 £m
Cash held in current account	**13.5**	27.6
Restricted cash	**3.5**	11.0
	17.0	38.6

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.

12. Trade and other receivables

	30/09/14 £m	31/03/14 £m
Trade receivables	**3.4**	3.4
Prepayments and accrued income	**1.0**	1.4
Other debtors	**0.6**	0.7
	5.0	5.5

13. Trade and other payables

	30/09/14 £m	31/03/14 £m
Trade creditors	**3.3**	1.6
Other creditors and accruals	**11.8**	11.7
VAT creditor	**1.8**	1.4
Payment due under finance leases	**–**	0.1
	16.9	14.8

14. Deferred revenue

	30/09/14 £m	31/03/14 £m
Arising from rental received in advance	**11.2**	9.5
Arising from pharmacy lease premiums received in advance	**7.1**	7.2
	18.3	16.7
Current	**11.7**	9.9
Non-current	**6.6**	6.8
	18.3	16.7

15. Provisions

	30/09/14 £m	31/03/14 £m
At 1 April	**0.5**	1.0
Released	**–**	(0.5)
Utilisation of provision	**(0.1)**	–
At 30 September 2014/31 March 2014	**0.4**	0.5
Analysed as:		
Current	**0.1**	0.1
Non-current	**0.3**	0.4
	0.4	0.5

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

16. Borrowings

Secured bank loans	30/09/14 £m	31/03/14 £m
At 1 April	**450.3**	392.1
Amount issued or drawn down in period/year	**–**	9.2
Amount repaid in period/year	**(3.2)**	(5.1)
Acquired with acquisition of properties/ subsidiaries	**88.5**	53.7
Amortisation of loan fair value adjustments	**(0.1)**	(0.1)
Loan issue costs	**(0.5)**	–
Amortisation of loan issue costs	**0.3**	0.5
At the end of the period/year	**535.3**	450.3
Due within one year	**8.4**	5.9
Due after more than one year	**526.9**	444.4
At the end of the period/year	**535.3**	450.3

The Group has the following bank facilities:

1. 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 loan to value covenant of 75% and an interest cover requirement of 1.15 times.

2. Loans from Aviva with an aggregate balance of £366.8 million at 30 September 2014 (31 March 2014: £284.5 million), including £85.2 million of loans following the purchase of the MP Realty and One Life properties. 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 13.5 years to maturity, £7.1 million is due within a year. These loans are secured by way of charges over specific medical centre investment properties with cross collateralisation 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 5.64% and do not have loan to value covenants. The loans carry a debt service cover covenant of 1.05 times, calculated across all loans and secured properties.

The principal amount of the debt assumed with the purchase of the MP Realty and One Life properties was £85.5 million. The debt has been recorded on the balance sheet at £88.5 million, which represents the fair value as determined by the Group. This fair value adjustment will be amortised over the remaining term of the debt. As at 30 September 2014, the Group borrowings figure includes an unamortised fair value adjustment of £4.5 million in respect of debt assumed alongside acquisitions and property purchases.

3. Loans from Santander with an aggregate balance of £57.4 million at 30 September 2014 (31 March 2014: £57.4 million). This comprises a £57.4 million investment facility available until November 2016 which carries interest at 1.95% above LIBOR and a £2.6 million development facility available until November 2014 which 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. Five-year club revolving credit facility with RBS and Barclays for £30 million at an initial margin of 1.85% above LIBOR, expiring in May 2019. The facility reduces to £27.5 million and £25 million in years four and five respectively, with the loan to value covenant also reducing from 65% to 60% in these years. The facility is also subject to a historical interest cover requirement of at least 175% and a weighted average lease length of nine years. This facility was undrawn at 30 September 2014.

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

17. Derivative financial instruments at fair value

	Interest rate swap (Santander) £m
Liability at 1 April 2014	1.8
Movement in period	(0.3)
Liability at 30 September 2014	**1.5**

18. Share capital

	Number of shares 30/09/2014	Share capital 30/09/2014 £m	Number of shares 31/03/2014	Share capital 31/03/2014 £m
Ordinary Shares of 10 pence each issued and fully paid				
At 1 April	**529,548,924**	**53.0**	529,548,924	53.0
Ordinary Shares Issued	**44,264,196**	**4.4**	–	–
Total at 30 September/31 March	**573,813,120**	**57.4**	529,548,924	53.0
Own shares held	**(4,064,885)**	**1.9**	(4,064,885)	(1.9)
Total share capital	**569,748,235**	**55.5**	525,484,039	51.1

On 13 June 2014, 44,264,196 Ordinary Shares were issued as part consideration for the acquisition of the MP Realty portfolio. Based on the closing share price on 12 June 2014 of 42.75 pence per Ordinary Share the shares were valued at £18.9 million and this has been allocated accordingly between share capital (£4.4 million) and share premium (£14.5 million). Issue costs totalling £0.2 million were incurred and have been allocated against share premium.

19. Commitments

At the period end the Group had five developments onsite (31 March 2014: five developments) with a contracted total expenditure of £20.9 million (31 March 2014: £21.5 million) of which £17.2 million (31 March 2014: £12.5 million) had been expended.

20. Dividends paid on Ordinary Shares

Payment date	Pence per share	Number of Ordinary Shares	Six months ended 30 September 2014 £m	Six months ended 30 September 2013 £m
23/07/2014	0.45	573,813,120	**2.6**	–
23/04/2014	0.45	529,548,924	**2.4**	–
24/07/2013	0.3025	529,548,924	**–**	1.6
24/04/2013	0.3025	529,548,924	**–**	1.6
			5.0	3.2

A dividend of 0.45 pence per share was paid to shareholders on 5 November 2014.

21. Interim report

Copies of this statement are available from the website at www.assuragroup.co.uk.

22. Post balance sheet events

Subsequent to the interim balance sheet date:

On 15 October 2014, the Company issued 414,252,873 Ordinary Shares at a price of 43.5 pence per share by way of a Firm Placing, Placing and Open Offer, and Offer for Subscription. Gross proceeds of the issue were £180.2 million before expenses, being raised to make further investments into primary care properties and reduce the overall level of borrowings. After expenses, net proceeds were £175.0 million, and this has reduced the Group's net LTV to 47% on a proforma basis, within the Board's targeted medium term range of 45% to 55%.

On 3 November 2014, the Group announced it had completed three developments with a combined value of £11.0 million and acquired another property for £1.8 million. The three developments were included in the five onsite at the balance sheet date.

On 4 November 2014, the loans from Santander were settled in full along with the associated interest rate swap.

On 6 November 2014, the Group announced the acquisition of 11 properties through the purchase of the entire share capital of Metro MRI Limited. The gross consideration was estimated at £63.1 million, although this is subject to completion accounts being prepared and finalised. Part of the consideration was satisfied through the issuance at 48.8 pence per share of 18,834,148 Ordinary Shares, bringing the total Ordinary Shares in issue to 1,006,900,141.

DIRECTORS' RESPONSIBILITIES STATEMENT

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 2014.

An update on certain key risks as they relate to the second half of the year is set out below:

External risk – government policy; there remains a lack of clarity on the future approval mechanism for new developments. This risk is mitigated by the fact that recent policy announcements in the NHS Five Year Forward Plan are very supportive of further investment in the greater provision of healthcare in a primary care setting. We continue to monitor this closely and are actively engaged with both the commissioning bodies and the policy influencers in the NHS to try to minimise any risks from any potential future changes.

Internal risk – execution risk; Following the share issue completed in October 2014, the net proceeds of the share issue of £175 million are intended to be invested in primary care property and in reducing the overall level of debt. There is a risk that there may be insufficient investment opportunities and the negotiations with lenders may not lead to debt being reduced at acceptable costs or achieving the required rates. This risk is mitigated by the fact that a number of investment opportunities already have agreed commercial terms and the discussions with lenders are ongoing.

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 core portfolio of 14.3 years. The Group has facilities from three lenders 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 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, although the Group has successfully completed a share issue generating £175 million net of costs.

Directors' responsibilities statement
The Board confirms to the best of their knowledge:

- that the Interim Condensed Consolidated Accounts for the six months to 30 September 2014 have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union; and
- that the Half Year Management Report comprising the Business Review and the principal risks and uncertainties includes a fair review of the information required by sections 4.2.7R and 4.2.8R of the Disclosure and Transparency Rules.

The above Directors' Responsibilities Statement was approved by the Board on 24 November 2014.

Graham Roberts
Chief Executive
24 November 2014

Jonathan Murphy
Finance Director

INDEPENDENT REVIEW REPORT TO ASSURA GROUP LIMITED

For the six months ended 30 September 2014

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 2014 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 22. 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.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "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.

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 Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, 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 Ireland) 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 2014 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.

Deloitte LLP – Chartered Accountants and Statutory Auditor
Manchester, UK
24 November 2014

CORPORATE INFORMATION

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Legal Advisors:	Addleshaw Goddard LLP 100 Barbirolli Square Manchester M2 3AB
Stockbrokers:	Liberum Capital Limited Ropemaker Place, Level 12 25 Ropemaker Street London EC2Y 9LY Oriel Securities Limited 150 Cheapside London EC2V 6ET
Bankers:	Aviva plc Santander UK plc The Royal Bank of Scotland plc Barclays Bank plc

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