Case study

Assura Plc

Primary themes

Environmental | Social | Governance ✓

Approach

Direct | Collaborative ✓ | Escalation

Objective

Achieved ✓ | Ongoing | Not met | N/A – interaction

Context

Assura is a UK property investment and development company focused on long-term partnerships in healthcare. The company builds and manages facilities across the UK for both the NHS and the private sector.

The investment case is centred on the company's long-term growth prospects through its position within UK critical infrastructure, its diversified portfolio and attractive income profile.

Summary

UK deal activity was a heightened consideration for our respective investment teams over the period. Market commentary often discussed the combination of (relative) UK valuations, economic sentiment and the rates cycle as drivers of the attractiveness of prime UK assets to overseas companies and private equity.

As investors, we act in the best interests of our clients and selling for an appropriate price is a recognition of this duty. Should we conclude a deal is not optimal for our clients, we have a responsibility to use our levers to extract the best value. However, this is particularly difficult during an M&A situation, especially if an institution is not a part of the largest group of holders. That said, if the circumstances permit, we will seek to exhaust our stewardship tools to represent our clients' interests.

After various negotiations with potential bidders in early 2025, the company announced a preferred bid from a KKR-led private equity consortium. Jupiter was a small investor in this situation and the outcome was seemingly heading towards private equity ownership.

We greeted this development with cynicism. It was clear, through a combination of macro factors (rates cycle, inflation pressures, domestic growth), that dislocations were apparent in the valuation of some UK REITs, with companies trading at steep discounts to their net asset value (NAV).

We also recognised the wider benefits to the market of being able to gain exposure to these assets through the public markets. That does not mean we wanted to keep the company public at all costs, but the situation demanded strategic consideration, and we would need to be adequately compensated should there be a buyout.

This case study highlights our collective engagement, via the Investor Forum, to transmit a resolute and collective voice to the Assura Board, communicating our scrutiny of their decisions and our exertion of influence in challenging the deal's value proposition. Given our small shareholding, this collective course of action was instrumental in our being able to leverage our views with the company.

Engagement objectives

- **Value enhancement:** The prime objective was to derive optimal value from the deal. We did not think the proposal in April 2025 represented fair value for the company.
- **Protecting client interests:** We believe the timing of the deal was opportunistic, which was catalysed by the overall dynamics of the UK REIT sector.
- **Recognising the long-term investment opportunity:** As discussed, our primary focus in these circumstances is to obtain the optimal valuation. However, the Assura situation also reflected our desire to promote a well-functioning system. Healthcare infrastructure is an appealing investment proposition to various stakeholders seeking to support the system and derive an income. The opportunity would not be publicly available if the company became private.

As market participants, we understand the value of public ownership and required assurance that the Board had thoroughly reviewed all alternatives. The Board appeared to be settled in a private equity direction in early 2025. It had the hallmarks of a 'done deal', much to our frustration.

About the engagement

From mid-February to early April 2025, the company made various market announcements concerning approaches and bids from two competing entities i) KKR and Stonepeak and ii) Primary Health Properties plc (PHP).

In early April 2025, the Board announced it had agreed on the KKR bid, which valued the company at £1.6B / 49.4p per share. Interestingly, the Board commented on private ownership being beneficial within the context of Assura's capital-intensive strategy whereby company assets would not have to be sold to access further funds.

We were approached by the Investor Forum in April 2025, and it disclosed that members had raised concerns about the deal which are reflected in the 'Objectives' section of this case study. At this stage, the Forum was evaluating the merits of collective action.

We held discussions with the Forum in mid-April 2025 and independently echoed our concerns. We agreed to join the collective assignment to challenge Assura's Board. We believed there was a compelling rationale for a collective approach, and as small shareholders, this was a valuable and strategic opportunity to leverage our voice. In total, nine members joined this assignment.

Working collectively under the auspices of the Forum was also advantageous from a conduct perspective as we were subject to and protected by its heightened legal procedures to avoid risk of receiving material non-public information. This did not prevent Jupiter contacting other shareholders directly, but takeover situations can be time pressured, and this was an effective way to work collectively, rather than Jupiter establishing, co-ordinating and overseeing independent dialogue with various parties.

On 29 April 2025, the Investor Forum wrote a letter to the Chair signalling the concerns and objectives. The letter also drew attention to the further information that investors felt they would need to take an informed view of the offer. This included:

- Clarity as to the basis of the Board's recommendation of support for the offer, and the valuation assumptions which underpinned this, including further insights into how the Board established fair value for the business, and
- Clarity as to why the Board felt it was in shareholders' best interests to accept the KKR / Stonepeak bid rather than the PHP bid, including details on why it was the better alternative for shareholders.

In mid-May, the Forum held a call with Assura's Chairman and CEO. The company appreciated the dialogue and revealed that our comments were aligned with direct feedback from other shareholders. The company articulated its belief that it had overseen a professional and open process, and it was still open to further bids.

In June 2025, Assura announced that it had reached an agreement with KKR / Stonepeak on a best and final offer. We remained unconvinced. The Forum once again liaised separately with the collective and we were unified in our misgivings over the direction of the deal. The Forum wrote to the company in June 2025, pressing the Board for clarity over the governance process for reaching decisions. The concerns were summarised as follows:

- The Board's approach to the competing bids from KKR / Stonepeak and PHP was viewed as inconsistent. Further, the collective expressed doubts that the Board had adequately assessed the unique and specialised nature of this asset in the public market.
- The Board's assertion that the KKR offer represented the "best possible outcome for shareholders", given the small premium and private structure, was questioned.
- The emphasis that was placed on the announcement of the "execution risk" of PHP's proposal being disproportionate.

In late June 2025, PHP and the company announced the terms of a recommended combination of the two entities. This would be implemented by a share offer to Assura holders of 0.3865 new PHP shares and 12.5p in cash, along with a special dividend. On completion, this represented a value of 53.3p per share which was a 5.8% premium to the KKR / Stonepeak bid.

Over the summer period, the Competition Markets Authority (CMA) announced that it was investigating the PHP-Assura tie-up to determine whether the outcome would result in a substantial lessening of competition. KKR announced that it was continuing to urge the Board to back its bid. On 12 August, PHP disclosed that its revised offer was now unconditional. Assura's Chairman resigned following the news that the PHP bid had become unconditional. Assura was delisted in October 2025 and is part of the PHP Group.

On 29 October 2025, the CMA announced that it had cleared the completed acquisition by PHP of Assura.

Outcome

We were satisfied with the outcome. We received an improved offer for our clients and there was the added benefit that the company formed part of a wider listed group, which is a positive for other market participants.

It is evident that M&A scenarios are complex. There are many variables at play and competing spheres of influence. Therefore, it is unwise to view one party as having a critical bearing over proceedings. This said, the collective intervention galvanised a segment of the company's ownership and communicated a strong message to the Board, questioning the transparency and legitimacy of its decision-making, and the need for a competitive auction. The Board deserves credit for staying true to its word and keeping options open, while it had initially recommended KKR / Stonepeak.

On reflection, this case study highlights the various benefits of tactical collective engagement and escalation to achieve desirable outcomes for clients. In the Assura case, the Investor Forum provided us with a platform to operate efficiently under time constraints during a bid. The outcome also points to an undeniable value proposition for clients. As a small shareholder, it would have been time-consuming, more costly and impractical to conduct this type of engagement and generate the same impact individually. We provided this feedback to the Investor Forum in a review session towards the end of 2025.

Objective achieved: The collective dialogue played a role in holding the Board to account and we were ultimately satisfied with an enhanced valuation and ownership remaining in the public market. The relevant investment strategy continues to hold the allocation of PHP shares.