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For Immediate release

3 March 2010

Assura Group Limited (“Assura” or “the Company”)

Sale of a 75.1 per cent interest in Assura Medical to Virgin Healthcare

The Board of Assura, one of the leading healthcare companies in the UK, announces that it has sold a majority interest in its medical services business to Virgin Healthcare Holdings (“Virgin Healthcare”), a member of the Virgin group of companies (“the Virgin Group” or “Virgin”). Assura will retain a significant minority shareholding in this new partnership and will appoint one Director to the Board of Virgin Healthcare.

Highlights

- Assura has sold a 75.1% stake in its medical services business to Virgin Healthcare
- In addition to retaining a 24.9% stake, Assura has received a £4 million Loan Note
- Virgin will provide further funding to develop the medical services business
- Assura will focus on its core property and pharmacy activities
- This transaction and other cost-cutting measures will enable Assura to resume dividend payments in 2010/11

Richard Burrell, Chief Executive Officer of Assura, commented:

“With its strong brand and financial position, Virgin is the ideal organisation to take Assura Medical’s business to the next stage of its development. Assura will preserve the upside to the business through its 25 per cent stake, whilst focussing its activities on its profitable property and pharmacy businesses, capable of paying attractive dividends.”

Sir Richard Branson, Founder of the Virgin Group, commented:

“Healthcare is a sector that the Virgin Group has been extremely interested in entering for some time but we have always said that the partner and the timing had to be right – with Assura we believe we have found the perfect partner. The Assura Medical business is underpinned by a passion for patients, a strong focus for delivering quality and safe health outcomes and a commitment to work in partnership with those who deliver healthcare. I am excited that Virgin and Assura will continue to develop this business, working alongside our NHS partners, to bring excellent, high-quality services right to the heart of patients’ communities.”

Transaction summary

Pursuant to the agreement, Assura has sold Assura Medical Limited (“Assura Medical”), the company through which Assura operates its GP Provider Organisation (“GPCo”) businesses, to Virgin Healthcare. The consideration for the transaction is £4 million and these proceeds are to be re-invested in the business in return for 24.9 per cent of the ordinary share capital of Virgin Healthcare (prior to the dilution by an equity scheme to incentivise management) and the issue of a loan note with a face value of £4 million (“Loan

Note”). Virgin Healthcare is a newly incorporated company whose only asset upon completion will be its investment in Assura Medical.

Virgin has committed to providing further funding to Assura Medical to promote the future development of the GPCo business. Other than the reinvestment of the £4 million sale proceeds, Assura is not obliged to provide further funding to Assura Medical. The Loan Note does not bear interest but carries a preferential right to repayment out of the profits of Virgin Healthcare. Assura’s liability for warranty claims is limited (in most circumstances) to the value of the Loan Note.

Richard Burrell, Chief Executive of Assura, will join the Board of Virgin Healthcare alongside Patrick McCall and Gaurav Batra from Virgin Group.

The management team of Assura Medical will be led by Bart Johnson and Dr Vivienne McVey, both of whom will remain with the business under Virgin’s ownership. A total of 75 staff will transfer with Assura Medical.

Assura Medical and its GPCo businesses

Assura Medical’s GPCOs are healthcare provider organisations formed in partnership with groups of GPs. In total, the 30 GPCOs represent partnerships with over 1,500 GPs, employ in the region of 150 staff and service more than 3 million patients in England. They provide a range of high quality primary and intermediate community-based NHS services, including outpatient services, diagnostic procedures, day care surgery and GP-led health centres. The services provided aim to give choice to patients, often outside of normal working hours, and have strict quality assurance mechanisms in place.

In the six months to 30 September 2009, Assura Medical incurred a loss before tax of £4.4 million on turnover of £0.1 million (year to 31 March 2009: loss before tax of £7.7 million on turnover of £0.4 million). As at 30 September 2009, the gross assets of Assura Medical were £7 million (31 March 2009: £5.4 million). The net assets of Assura Medical upon completion of the sale to Virgin will be around £13 million. In the six months to 30 September 2009, the total turnover in Assura Medical’s GPCOs was £4.1 million (year to 31 March 2009: £0.9 million).

The Board considers the future of the Assura Medical business is best served in conjunction with a strong partner organisation, like Virgin which has access to long term financial resources and whose brand and significant management, government and operational experience will enable the GPCOs to flourish.

Virgin has an unsurpassed record of providing high quality customer service and the Board considers that the transaction will leave Assura with a meaningful stake in and a seat on the board of a growing business with excellent prospects. The Board believes that the Company’s stake will have considerable value in the future and intends to retain its interest until that value can be realised. Assura Medical and its GPCo partners can now move forward with confidence to roll out further services and accelerate the delivery of improved community-based NHS services to patients. Assura Medical and its GPCOs will continue to trade under the “Assura” brand.

Assura strategy

As at 30 September 2009, the Group’s net asset value per Ordinary Share was 65.4p¹. On the same basis, after adjusting for the disposal but before any allowance for the equity value of the ongoing interest in Assura Medical, or any transaction costs, the Board estimates that the Company’s net asset value per Ordinary Share would be 62.2p per share.

The transaction enables Assura to focus on its core property and pharmacy activities which are not included in the disposal. At 30 September 2009, Assura's property business comprised 117 investment properties, 3 investment properties under construction, and investments in 6 LIFTCos. In addition, at 23 November 2009, Assura had 32 pharmacies trading, 6 of which are owned in joint venture with GP Care, and the majority of which are located within health centres. In the nine months to 31 December 2009, total revenues reached £42.2 million from Assura's property and pharmacy activities. Assura's property assets are top quartile performing, with strong, long-term covenants and more than 85 per cent of its rental income is reimbursed by the NHS. Assura will continue to run these businesses to maximise their value and create secure and long-term rental streams from NHS sources.

Over the last twelve months, the Board has undertaken a range of cost-saving measures to reduce the Company's HQ expenses and improve profitability in all of its businesses. This transaction provides further opportunity for HQ savings, with 30 head office staff included in the total of 75 staff being transferred as part of the sale of Assura Medical. The Board anticipates that in the coming financial year, there will be further opportunity to slim down head office costs to less than 1 per cent of gross assets.

These measures will enable the Company, as soon as possible, to resume the payment of stable and preferably rising dividends, adequately covered by profit and cash flow.

As announced on 15 January 2010, Assura is in preliminary discussions which may or may not lead to an offer being made for the Company and, accordingly, the Company remains in an Offer Period.

Rule 19.11 disclosure

In accordance with Rule 19.11 of the Code, a copy of this Announcement will be published on the Assura website: www.assuragroup.co.uk.

¹ Adjusted diluted net asset value per Ordinary Share (excluding the notional mark to market value of the Company's interest rate swap and own shares held). Diluted net asset value per Ordinary Share at 30 September 2009 was 58.1p.

Ends.

There will be a conference call for analysts at 10.00am this morning. Please contact juliet.edwards@fd.com.

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