LIFE SCIENCE REIT

Creating space for science

Life Science REIT plc

Company number 13532483

Annual Report and Financial Statements 2022

Life Science REIT plc is the UK's first listed property business focused on the growing life science sector.

We target opportunities in the 'Golden Triangle' research and development hubs of Oxford, Cambridge and London's Knowledge Quarter. By investing primarily in a diversified portfolio of properties that are leased, or intended to be leased, to occupiers in the life science sector, we aim to generate capital growth whilst also delivering growing income.

Our shares are traded on the Main Market of the London Stock Exchange, under the ticker LABS.

Our vision:

We intend to become the property provider of choice for life science companies in the UK, giving shareholders exposure to a specific growth sector.

Our culture:

- Open and collegiate
- Purpose driven
- *Appropriately challenging*
- Combining freshness and experience
- Innovative

Our strategy:

- Investment: acquire well-located assets where we can add value
- Asset management: drive value and rents through active management
- Financial: optimise returns through appropriate financing
- Sustainability: committed to class-leading performance on ESG

Find us online
www.lifesciencereit.co.uk

Front cover image
Cambourne Business Park, Cambridge

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FINANCIAL HIGHLIGHTS

We delivered a robust financial performance in 2022, delivering on our IPO targets despite a challenging macroeconomic environment.

Financial highlights[1]
12 months to 31 December 2022

GROSS PROPERTY INCOME	(LOSS)/PROFIT BEFORE TAX	IFRS (LOSS)/EARNINGS PER SHARE
£13.1m Period to 31 December 2021[2]: £0.5m	**£(27.5)m** Period to 31 December 2021[2]: £7.7m	**(7.9)p** Period to 31 December 2021[2]: 2.2p
EPRA EARNINGS/(LOSS) PER SHARE	**ADJUSTED EARNINGS/(LOSS) PER SHARE[3]**	**DIVIDENDS PER SHARE[4]**
0.4p Period to 31 December 2021[2]: (0.1)p	**0.7p** Period to 31 December 2021[2]: (0.1)p	**4.0p** Period to 31 December 2021[2]: n/a

As at 31 December 2022

PORTFOLIO VALUATION	IFRS NET ASSET VALUE ("NAV")	IFRS NAV PER SHARE
£387.6m As at 31 December 2021: £192.2m	**£319.5m** As at 31 December 2021: £350.6m	**91.3p** As at 31 December 2021: 100.2p
EPRA NET TANGIBLE ASSETS	**EPRA NET TANGIBLE ASSETS PER SHARE**	**LOAN TO VALUE[5]**
£315.1m As at 31 December 2021: £350.6m	**90.0p** As at 31 December 2021: 100.2p	**16.8%** As at 31 December 2021: n/a

1. The Group presents EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group. EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. However, these are not intended as a substitute for IFRS measures. Please see the unaudited supplementary notes on pages 142 to 149 for further details on APMs.
2. The comparative period is from 1 August 2021 to 31 December 2021
3. Adjusted EPS excludes exceptional costs associated with the Company's move from AIM to the Main Market of the London Stock Exchange. There were no exceptional items in the period to 31 December 2021.
4. Dividends paid and declared in respect of the year to 31 December 2022, including the second interim dividend of 3.0 pence per share declared on 27 March 2023, and due for payment on 15 May 2023. Dividends paid during the year to 31 December 2022 totalled 1.0 pence per share (period to 31 December 2021: nil)
5. Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments

- IPO proceeds fully invested within six months of IPO, in line with plan
- Completed move from AIM to the Main Market of the London Stock Exchange, effective 1 December 2022
- Paid or declared dividends totalling 4.0 pence per share in respect of the period from Admission to 31 December 2022, meeting the Company's IPO target
- Portfolio valued at £387.6 million as at 31 December 2022 with a revaluation loss of £31.3 million in the year, reflecting a 7.5% reduction on book value. The vast majority of the fall is attributed to the 2022 transactions where acquisitions and purchasers' costs were the main contributor. The remainder was on the like-for-like portfolio where a 29 bps outward yield shift in the year was partly offset by a 4.7% like-for-like growth in ERV reflecting the embedded value in the overall life science sector
- IFRS net asset value of £319.5 million or 91.3 pence per share at the year end, down 8.9% from 31 December 2021
- Agreed £150.0 million debt facility with HSBC, comprising £75.0 million three-year term loan and £75.0 million revolving credit facility, at 225 basis points over SONIA
- Gross debt of £110.8 million at 31 December 2022, including £35.8 million drawn on Oxford Technology Park ("OTP") acquired facility, resulting in a loan to value ("LTV") of 16.8%
- Capped SONIA on the HSBC term loan at 2.0% and an existing SONIA cap acquired on the OTP facility at 0.75%, resulting in interest rate protection at 94.1% of drawn debt at year end
- Cancelled the share premium account of £339.3 million, to create substantial distributable reserves

OPERATIONAL HIGHLIGHTS

We made good progress implementing our strategy, acquiring further attractive assets, driving reversionary values in the existing portfolio and delivering our sustainability strategy.

Operational highlights

As at 31 December 2022[1,2]

CONTRACTED RENT ROLL	ESTIMATED RENTAL VALUE	OCCUPANCY
£13.8m As at 31 December 2021[1,2]: £9.3m	**£17.2m** As at 31 December 2021[1,2]: £10.1m	**82.0%** As at 31 December 2021[1,2]: 80.9%
WEIGHTED AVERAGE UNEXPIRED LEASE TERM ("WAULT") TO EXPIRY	**WAULT TO FIRST BREAK**	**NET REVERSIONARY YIELD**
6.2 years As at 31 December 2021[1,2]: 6.6 years	**4.5 years** As at 31 December 2021[1,2]: 4.1 years	**5.2%** As at 31 December 2021[1,2]: 5.0%

- Acquired:
  - OTP for £120.3 million, comprising two complete multi-let office/lab buildings, an on-site hotel and a forward-funded development site
  - 7-11 Herbrand Street ("Herbrand Street") for £85.0 million, which is fully let as offices until 2026 and has excellent potential for lab conversion
- Made good progress with asset management plans, including developing new space at OTP and starting a project to repurpose empty space at Rolling Stock Yard ("RSY") as 'plug and play' laboratories, the latter of which has now completed
- Portfolio at the year end has good exposure to Oxford, Cambridge and London Knowledge Quarter, and includes income-producing assets and new-build developments
- Contracted rent roll increased from £9.3 million at 31 December 2021 to £13.8 million at 31 December 2022, primarily as a result of the acquisitions
- Significant potential in the investment portfolio, with the estimated rental value ("ERV") of £17.2 million reflecting a reversionary percentage of 8.7% on let space. Like-for-like ERV growth in the year was 4.7%
- WAULT to expiry has reduced by 0.4 years to 6.2 years (31 December 2021: 6.6 years), reflecting acquisitions and the natural reduction of WAULT over time
- Occupancy of 82.0% at the year end (31 December 2021: 80.9%), with the 2022 acquisitions and lease up of OTP driving an improvement on the prior year

1. Investment properties only. Development properties and land have been excluded from the above metrics.
2. The Group presents EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group. EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures. However, these are not intended as a substitute for IFRS measures. Please see the unaudited supplementary notes on pages 142 to 149 for further details on APMs.

Sustainability and corporate governance

- New sustainability strategy developed, combining corporate-level and asset-type specific objectives
- First year of disclosing performance for carbon, energy, waste and water for four of our six assets, in line with EPRA, SECR and TCFD requirements
- Appointed Richard Howell as a Non-Executive Director and subsequently as Senior Independent Director and Chair of the Audit and Risk Committee
- Appointed Sally Ann Forsyth as the Board's Sustainability Lead and Michael Taylor as Chair of the Management Engagement Committee

Post year end highlights

- Completed letting to Oxford Ionics on 4,887 sq ft of space at OTP, at a rent of £28.5 per sq ft
- Completed letting with a life science company backed by Syncona on 7,322 sq ft at Rolling Stock Yard, at a rent of £110.0 per sq ft
- Completed letting to Arcturis Data at OTP on 5,509 sq ft, at a rent of £28.7 per sq ft
- The above lettings progress increases occupancy to 88.6%, a 6.6% uplift on the year end position
- In February 2023 the OTP debt facility was refinanced by drawing down £26.3 million from the Group's existing £150.0 million HSBC facility as well as utilising existing cash resources
- The Board has declared a second interim dividend of 3.0 pence per share in respect of the year ended 31 December 2022, in addition to the 1.0 pence interim ordinary dividend paid on 31 October 2022, and has therefore met the target dividend yield of 4.0% set at IPO. This will be paid as an ordinary dividend on 15 May 2023, with an ex-dividend date of 13 April 2023
- Sustainability Committee formed with Sally Ann Forsyth as Chair

Cambourne Business Park, Cambridge

AT A GLANCE

At the year end, our portfolio contained six assets in key locations within the Golden Triangle.

Asset location by valuation

Cambridge
24.4%

Oxford
33.3%

London
42.3%

1 Rolling Stock Yard London Knowledge Quarter

Area:	53,900 sq ft
Type:	Hybrid
Contracted rent:	£3.5 million
Valuation:	£83.9 million
Acquisition date:	December 2021

3 Oxford Technology Park, Oxford

Investment:	104,300 sq ft
Development:	388,100 sq ft
Total area:	492,400 sq ft
Type:	Hybrid
Contracted rent:	£1.4 million
Investment:	£43.8 million
Development:	£77.6 million
Total valuation:	£121.4 million
Acquisition date:	May 2022

5 Cambourne Business Park, Cambridge

Area:	231,700 sq ft
Type:	Hybrid
Contracted rent:	£4.1 million
Valuation:	£87.2 million
Acquisition date:	December 2021

2 7-11 Herbrand Street London Knowledge Quarter

Area:	68,600 sq ft
Type:	Office
Contracted rent:	£4.0 million
Valuation:	£79.8 million
Acquisition date:	May 2022

4 Lumen House Harwell Campus Oxford

Area:	17,600 sq ft
Type:	Office
Contracted rent:	£0.4 million
Valuation:	£7.8 million
Acquisition date:	November 2021

6 The Merrifield Centre Cambridge

Area:	12,600 sq ft
Type:	Laboratory
Contracted rent:	£0.3 million
Valuation:	£7.5 million
Acquisition date:	November 2021

INVESTMENT CASE

As the first London-listed REIT specialising in life science real estate, we provide investors with a unique opportunity to gain exposure to this exciting sub-sector.

We believe the following factors make our business a compelling proposition.

Strong and growing demand for life science space	The UK is at the forefront of life science in Europe, with four of the top ten global research universities and more than 6,500 businesses. Not only this, but it is first globally on venture capital ("VC") funding per capita, followed by the US. Significant private and public investment is helping to grow existing businesses and create new ones, resulting in strong and growing demand for suitable life science real estate. Even so, the market is relatively immature, with the Golden Triangle of Oxford, Cambridge and London Knowledge Quarter having only a fraction of the purpose-built laboratory stock of comparable locations in the USA. See pages 12 to 17.
Constrained supply has driven rental growth and yield compression	Existing life science real estate in the UK is typically at or beyond capacity, not suitable or in the wrong locations. The resulting significant shortage of space is driving rental growth. There is a significant opportunity for us to create new space through forward-funding developments, change of use and developing new life science hubs. In the Golden Triangle alone, an estimated 15 million sq ft of new space for life science will be required over the next decade. See pages 12 to 17.
Highly experienced management with a proven track record	Our Investment Adviser, Ironstone Asset Management Limited ("Ironstone"), has a highly experienced team of senior professionals, who have built, operated and grown companies in the UK real estate market for more than three decades The Investment Adviser's excellent relationships with potential vendors, agents, banks, financial institutions and others gives us the ability to source investment opportunities off-market, in a highly competitive environment. See pages 76 and 77.
Focus on sustainability	We are integrating sustainable practices into all aspects of our business. We have a rigorous focus on minimising the environmental footprint of our assets, which aligns with our occupiers, and create social value by providing space that enables scientific activity to improve health and quality of life. High-quality workplaces support the wellbeing of our occupiers' employees and help them to meet the challenge of attracting and retaining top talent. See pages 38 to 57.
A strategy for value creation	We have significant potential to create value through active management of our portfolio, including developing new life science facilities, enabling us to drive capital values and increase our rental income. We also see good prospects for further acquisitions of both income-producing assets and forward funding or other development opportunities. We therefore expect to deliver further capital and income growth over the coming years, supporting our total return and dividend targets. See pages 18 and 19.

CHAIR'S STATEMENT

> I AM DELIGHTED TO REPORT THAT WE HAVE DELIVERED ON OUR IPO PROMISES, DEVELOPED OUR SUSTAINABILITY STRATEGY, AND ARE WELL PLACED FOR FURTHER PROGRESS, WITH SIGNIFICANT POTENTIAL FOR VALUE CREATION IN THE PORTFOLIO.

CLAIRE BOYLE
Chair

At the end of the Group's first full year, I am delighted to say that we have delivered on the promises we set out at our IPO in November 2021. We achieved our goal of fully deploying the IPO proceeds within six months, completed our move from AIM to the Main Market and met our dividend target. Our focus now is on executing our business plans for each of the assets, to drive capital values and income growth.

An attractive and resilient market

In my previous reports, I have outlined the significant attractions of our market. There is high occupier demand in the Golden Triangle locations we are targeting, underpinned by long-term structural growth drivers. At the same time, there is very little available space and a limited pipeline of new developments, leading to robust rental growth. The life science sector also has low exposure to consumer spending, helping to insulate it from the broader economic cycle.

These positive attributes proved their worth in the second half of the year, as worsening economic conditions, high interest rates and continued geopolitical uncertainty contributed to a rapid expansion in yields in many real estate sectors. While life science has not been immune, the strong occupational market has helped to limit the impact on asset valuations, with outward yield shifts being partly offset by continued increases in estimated rental values.

Successfully implementing the strategy

In the first half of the year, we acquired OTP, which was the final asset in our initial pipeline, and Herbrand Street in the London Knowledge Quarter, which has excellent potential for conversion to laboratories.

The portfolio offers significant near-term value creation opportunities, including completing the development site at OTP, repositioning Cambourne Business Park and repurposing unlet space at Rolling Stock Yard as 'plug and play' laboratories. We are making good progress with our development programme at OTP, with a further two buildings nearing completion and two more under way. We are in discussions with a wide range of potential occupiers at OTP, including for space that has yet to complete, and have announced new leases with Oxford Ionics and Arcturis Data after the year end. We have also secured what we believe to be a record rent for a lab in London at Rolling Stock Yard, with our refit increasing rents from £65.0 per sq ft to £110.0 per sq ft on the new lab space.

In addition to laboratories and offices, life science businesses are increasingly focused on computing power and our potential occupiers include data centre and quantum computing companies We are also looking at production space within our sites, with demand increasing as companies re-shore manufacturing to ensure supply chain resilience. Increasingly, life science businesses want to have their head office, R&D and production facilities within the UK and often on the same site.

CHAIR'S STATEMENT CONTINUED

Financial performance and dividends

The portfolio was independently valued at £387.6 million at the year end, reflecting a 7.5% reduction on book value. Market factors outlined above in addition to acquisition and purchasers' costs drove this decline. Like-for-like ERVs increased by 4.7%, due to further market rental growth which helped to partially offset the decline in values during the year.

The IFRS net asset value at 31 December 2022 was 91.3 pence per share, an 8.9% reduction on the prior year after accounting for the fall in portfolio valuations and the costs of acquisitions in the year. IFRS earnings per share ("EPS") was a loss of 7.9 pence, while EPRA EPS was 0.4 pence. Adjusted EPS, which excludes the effect of one-off exceptional costs, was 0.7 pence.

At IPO, we set a target dividend yield of 4.0%, based on the issue price of 100 pence per share. After paying an interim ordinary dividend of 1.0 pence per share on 31 October 2022, the Board has declared a second interim dividend of 3.0 pence per share, to give a total for the period from Admission to 31 December 2022 of 4.0 pence, thereby meeting our target. The second interim dividend will be paid as an ordinary dividend on 15 May 2023, with an ex-dividend date of 13 April 2023.

A well-financed business

The business has a robust financial position, with the resources we need to implement our asset management plans and significant headroom in our facilities.

During the year we agreed our first debt financing, a £150.0 million facility with HSBC, split equally between a term loan and a revolving credit facility. At the year end, total net borrowings stood at £65.2 million, giving us a loan to value ("LTV") ratio of 16.8%. On a gross debt basis this was 28.6%; we expect to maintain a LTV of 30%-40% in the longer term.

Given the sharp rise in interest rates in the second half of the year, we were pleased to have put in place hedging that caps the SONIA rate on the term loan at 2.0% until March 2025. We also acquired an existing SONIA cap on the OTP facility at 0.75%. As a result, 94.1% of our drawn debt at the year end was at a capped rate.

Since the year end we have refinanced the OTP debt facility by drawing down £26.3 million from the existing HSBC facility as well as utilising existing cash resources.

Move to the Main Market

At IPO, we said we intended to move from AIM to the Main Market of the London Stock Exchange, which took place on 1 December 2022. The benefits include access to a deeper pool of capital and a broader range of shareholders, which will help us to implement our growth strategy and contribute to increased liquidity in the shares. The move to the Main Market also creates the potential for the Company to be included in a broader range of equity indices in the future, including FTSE's EPRA and UK Index Series, which may further increase demand for the shares and their liquidity. As at 17 March 2023 the Company was included in the FTSE UK All-Share and Small Cap Indices. In addition, as a Main Market company, we now comply with higher governance standards under the Listing Rules, and related regulations and guidance. We therefore see this as an important step in our development.

Sustainability matters

Our approach to value creation includes rigorously managing ESG issues. We incorporate environmental and social characteristics in our business processes and management and already have a strong track-record, including BREEAM-certified buildings and A or B rated energy performance certificates ("EPCs"). We are now challenging ourselves to go further.

In 2022, we measured our carbon baseline, defined our sustainability strategy and undertook a climate risk assessment (see Sustainability section on pages 38 to 57 for further details). We are augmenting our existing suite of management controls, KPIs and tools with wider environmental and social metrics, to ensure we maximise opportunities to collaborate with our occupiers, and that we have a robust risk framework, including climate-related risks, as part of our governance processes and business resilience.

From a governance perspective, we completed our first evaluation of the Board and its Committees, which showed that we are functioning well together (see page 79 for more information). As previously reported, we appointed Richard Howell as a Non-Executive Director in May 2022 and he subsequently became our Senior Independent Director and Chair of the Audit and Risk Committee. This has allowed Sally Ann Forsyth to focus on her role as the Board's Sustainability Lead (and Chair of the Sustainability Committee from 2023), while Michael Taylor has taken over as Chair of the Management Engagement Committee.

Looking forward

Going into 2023, we expect the favourable conditions in the occupational market to continue, supporting our leasing activity as we execute our asset management plans. Our success to date with leasing-up OTP and the substantial rental uplift with the post year end letting at Rolling Stock Yard demonstrate the portfolio's potential to drive further earnings growth and support our asset valuations, by fulfilling the overwhelming demand in the Golden Triangle for specifically designed lab space. We will continue our development programme at OTP, where we are targeting to complete a further 388,100 sq ft of space by mid-2024.

Across the wider investment market, the potential for further valuation declines in the first half of 2023 may create interesting acquisition opportunities for us in the second half of the year.

Growth in the immediate future will be focused around our letting, asset management and development activities. We believe the strong occupier demand and limited supply of space in the life science sector will continue to drive rental growth in the future. In the short term we expect further investment activity to be muted until the economic outlook becomes clearer but will continue to closely monitor the life science investment market for any interesting acquisition opportunities.

Claire Boyle
Chair

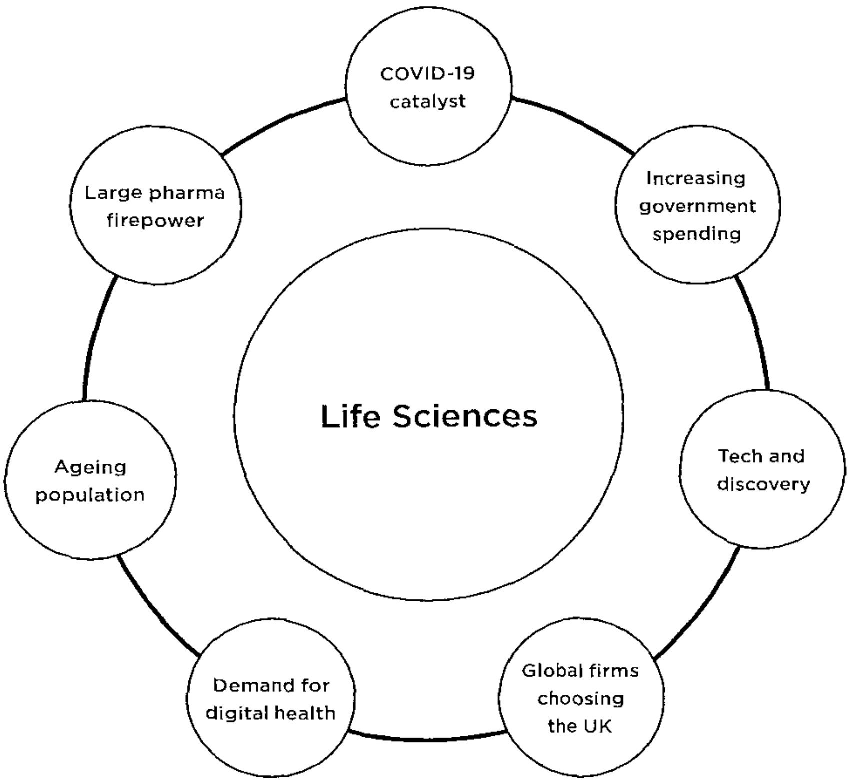
24 March 2023

MARKET OVERVIEW

We operate in a highly attractive market, characterised by a variety of long-term structural drivers, which contribute to unprecedented levels of public and private investment.

Supportive long-term structural drivers

The COVID-19 pandemic has accelerated trends that were already under way, like the increasing use of digital tools, spurring a variety of public-private partnerships at the same time as reminding governments of the importance of the science industry.



Government puts science high on the national agenda

The British government has a set clear mission to ensure the UK is a globally recognised hub for the science industry, one of its key pillars of economic growth. Recent announcements and objectives include:

Plans for largest ever R&D budget: £20.0 billion by 2024-25 (+30.0%)
(March 2022)

Launched a £370m Science and Technology Framework to boost investment in innovation
(March 2023)

Plans to increase total R&D investment to 2.4% of GDP by 2027
(March 2022)

Tax relief offer for companies that spend more than 40% of total expenditure on R&D
(March 2023)

Launch of a £119.0 million fund for overseas research collaborations
(December 2022)

Proposal to set up a fast approval process for the most cutting-edge medicines and devices
(March 2023)

Proposed Plan B in lieu of access to funding through Horizon
(January 2023)

Newly appointed Science, Innovation and Technology Secretary given dedicated seat at the Cabinet
(February 2023)

Creation of new Department for Science, Innovation and Technology ("DSIT")
(February 2023)

■ Proposed

⁝⁝ Actioned

MARKET OVERVIEW CONTINUED

UK life science industry continues to attract substantial venture capital ("VC") investment.

VC funding into UK life science companies reached its second highest point in history at the end of 2022. Whilst funding was lower than the record-breaking year in 2021, investment in 2022 was still 22% higher than 2020.

VC funding in UK life science companies[1]

1. Cushman & Wakefield Q4 2022 Research.

The types of life science real estate

The life science market offers a range of potential building types that we can invest in. These include:

- 'wet' labs, where drugs, chemicals and other types of biological matter can be analysed and tested;
- 'dry' labs, which focus on applied or computational mathematical analyses;
- write-up space, where people document their analysis or come together and work in teams on developing and analysing research;
- offices, incubator space and co-working;
- manufacturing and prototyping facilities;
- facilities and amenities, which support interactions between occupiers and their employees' wellbeing; and
- data centres, to enable the rapidly growing need for computing power and data handling in life sciences.

We can also acquire existing buildings which can be repurposed for life science, or land we can use for developments.

All assets strategically located in the UK's Golden Triangle, a life science hotspot which has shown unprecedented strength.

Life science is driven by like-minded and complementary companies clustering around knowledge hubs, such as major universities and teaching hospitals. This helps them to innovate, share knowledge and benefit from government incentives and business synergies, creating what is known as 'Genius Loci' within these ecosystems.

In the UK, the established clusters include the Golden Triangle of Oxford, Cambridge and the London Knowledge Quarter, which is our primary focus for investment. There are also emerging clusters in Birmingham, Newcastle, Edinburgh and Manchester.

'GENIUS LOCI', A PRIORITY

Most important science cluster in Europe: 6,500 life science businesses in the UK[1]

Global leader on VC funding per capita: Cambridge led the ranking and London and Oxford sat within top five[2]

Lab vacancy rates at all-time lows: 0.2% in Cambridge and 2.6% in Oxford[3]

Supply shortage: 21 million sq ft of new space required in the UK for life science over the next decade[2]

Take-up at record highs: 1.4 million sq ft recorded in the Golden Triangle from life science companies in 2022, the highest in the last five years[2]

Strong lab rental growth forecasts: 4.4% p.a. in Cambridge until 2027[3]

1. UK Government Q4 2022 Research.
2. Savills Q4 2022 Research.
3. Bidwells Q4 2022 Research.

MARKET OVERVIEW CONTINUED

Lab demand exceeds offices for the first time ever

Lab requirements exceeded office requirements for the first time ever across the Oxford to Cambridge Arc ("Arc") in 2022, with 1.9 million sq ft take-up recorded in the Arc from life science companies in 2022, the highest ever recorded.

Unparalleled leasing and rental growth recorded in 2022

The demand for lab space continues to run close to record levels with the ongoing growth of science and tech businesses. For example, Cambridge laboratory requirements stood almost four times ahead of the pre-pandemic level, pushing demand to its highest point since AstraZeneca's 2015 requirement.

In addition, rents rose to new highs with 10%-20% year-on-year growth recorded across the Golden Triangle.

Valuations reducing and yields experiencing an outward shift

In the second half of 2022, high inflation, political uncertainty, the sharp increase in interest rates post the 'mini budget', the prospect of a recession and the ongoing war in Ukraine combined to significantly reduce asset values and expand yields in many sectors of the UK real estate market.

1 Bidwells Q4 2022 Research.

H2 2022 absolute movement in valuation[1]

While life science property has not been immune to these pressures, valuations in the sector have held up well. The valuation of our assets declined by 6.3% in the second half, while industrial, retail and office asset valuations fell by an average of 28.6%, 14.5% and 14.1% respectively. The healthy performance of life science assets reflects the attractive occupational market, rising rents and lack of dependency of life science companies on consumer spending trends.

When it comes to yields, both prime lab and office yields experienced an outward shift following the increase in interest rates throughout 2022; primes yields in Cambridge and Oxford stood at 4.5% and 5.0% for lab and offices respectively.

1. CBRE Monthly Index Q4 2022 Intelligence.
2. The Group's portfolio.

Take-up in the next ten years to notably exceed pipeline

When it comes to the outlook for the life science industry, take-up in the Golden Triangle for the next ten years is expected to exceed the pipeline by c.3 million sq ft. In addition, up to £15.0 billion of live capital is looking for a home in UK life sciences real estate.

Take-up forecast up to 2031 (2022-2031)[1]

Pipeline up to 2030 (2022-2030)[2]

1. Savills Q2 2022 Research.
2. JLL Q4 2022 Intelligence.

BUSINESS MODEL

Our business model is designed to create long-term value for our shareholders and our other key stakeholders.

RESOURCES AND RELATIONSHIPS

Our business model utilises the following tangible and intangible assets to create value:

Physical assets

We are constructing a diversified portfolio of real estate assets for life science occupiers, with a primary focus on the Golden Triangle.

Skilled and experienced people

Our model allows us to benefit from the skills and experience of the Investment Adviser's team, as well as our other professional service providers.

Specialist knowledge

Our exclusive focus on life science real estate makes us attractive to both occupiers and vendors. We draw on the specialist knowledge of the Investment Adviser's team to implement our strategy.

Relationships

Ironstone's strong relationships in the sector, including with vendors, agents and other key market participants, helps us to source acquisitions off-market and to attract new occupiers for our developments and repositioned assets.

Financial assets

We finance the business using shareholders' equity and a prudent level of bank debt, with an LTV target of 30-40% in the long term.

OUR VALUE CREATION MODEL

The Investment Adviser's knowledge and relationships are key sources of competitive advantage for us, when identifying potential investments. See page 20 for our investment strategy.

When developing new assets, we seek to mitigate any development risk through forward funding or similar arrangements. For speculative development, we use best-in-class advisers, fixed-price construction contracts, and seek pre-lets where practical.

ESG

We are supported by sustainability experts and have appointed a head of ESG to embed the newly formed sustainability strategy across future investments and the portfolio.

When suitable investment opportunities arise, the Investment Adviser carries out thorough due diligence, including physically inspecting the asset. The Investment Adviser then negotiates terms with the vendor, after which the transaction is subject to approval by the Investment Adviser's investment committee, the AIFM and, for transactions greater than 20% of gross asset value, the Board.

ESG

Environmental and climate-related due diligence highlight opportunities and risks to be considered during the acquisition process.

THE VALUE WE CREATE

Economic value

By carefully selecting investments and implementing our asset management plans, we benefit from rising rents and support the capital values of our assets, leading to attractive dividends and total returns for shareholders.

As a REIT, we do not pay corporation tax on profits and capital gains from our qualifying property rental business, which supports our ability to pay dividends.

Add value through asset management

Through the Investment Adviser, we build close relationships with our occupiers, so we understand their businesses and property requirements, which supports our asset management. Our acquisition due diligence identifies value creation opportunities, along with an associated business case and execution plan. For information on our asset management strategy, see page 21.

ESG

We drive decarbonisation and social value through our connection with occupiers, understanding environmental performance at asset level and our sustainability strategy.

Our climate impact assessment enables us to form strategies to mitigate risks

Monitor investments

The Investment Adviser reviews each property in the portfolio at least monthly, with a particular focus on tracking occupancy rates, rental values and rent collections. The Investment Adviser also visits each asset at least twice a year. Monitoring the market and building valuation databases ensures we are in a position to take advantage of potential investment and occupier opportunities.

ESG

Our specialist advisers provide regular updates on the rapidly evolving regulatory environment, occupier and other stakeholder expectations for ESG performance

The Sustainability Committee ensures accountability for progress on our sustainability targets.

Hold or divest

We intend to be long-term holders of our assets. This makes us an attractive landlord to life science occupiers who often have high barriers to exiting a building, as the cost of the fit out, the complexity of their equipment and the timing of long-term projects can make moving difficult and expensive.

However, we expect to opportunistically and strategically dispose of selected assets, following which we will typically reinvest the proceeds into new investment opportunities.

ESG

Driving towards decarbonisation, meeting stringent environmental regulations and climate-related issues may result in some assets no longer meeting those high standards

Social value

We create social value in a number of ways, in particular by providing real estate that underpins life science research into globally significant problems. In turn, we support job creation and economic activity in the communities surrounding our assets.

Through our sustainability strategy (see page 44), we have a clear focus on protecting the environment and providing spaces and amenities that benefit the wellbeing of the people who work in them.

OBJECTIVES AND STRATEGY

Our investment objective remains focused on providing shareholders with an attractive level of total return, with a focus on capital growth, whilst also providing a growing level of income.

OUR STRATEGY

To achieve our objectives, we are implementing the strategy set out on the next two pages:

Our objectives

We aim to provide shareholders with an attractive total return, underpinned by secure income.

Total accounting return

Our target is in excess of 10.0% per annum, through a combination of dividends and growth in NAV.

Outcome in 2022

The total accounting return for the year was -9.1% (see page 149).

Plan for 2023

2022 transaction costs and macromarket *conditions drove a revaluation loss in 2022 being* the key contributor to the -9.1% total accounting return. However, we remain committed to targeting a return of at least 10.0% per annum by continuing to implement our strategy set out over the next two pages.

Dividends

Our target for the period from Admission to 31 December 2022 was a total dividend of 4.0 pence per share, representing a yield of 4.0% on the IPO price of 100 pence per share.

Outcome in 2022

We declared total dividends in respect of the period of 4.0 pence per share.

Plan for 2023

Our target dividend for 2023 remains at 4.0 pence per share.

1 INVESTMENT STRATEGY

We aim to construct a portfolio diversified by property type and occupier. We predominantly buy properties where we can add value through active asset management and may acquire individual buildings, groups of buildings or entire science parks (see page 31 for the types of property we consider)

We primarily target the Golden Triangle (see page 6) and may consider opportunities in other emerging clusters around the UK.

We address the demand-supply imbalance for space in our target locations by forward-funding developments and acquiring land to develop.

Progress

- Acquired two assets in the year:
  - Herbrand Street for £85.0 million, which is fully let as offices until 2026 and has excellent potential for lab conversion. See page 30 for more information; and
  - OTP for £120.3 million, comprising two complete multi-let office/lab buildings, an on-site hotel and a forward-funded development site. See page 30 for more information.

2 ASSET MANAGEMENT STRATEGY

We invest in our properties to enhance their appeal to life science occupiers and increase capital values and rents. This may include extensions to buildings, refurbishments, change of use and fitting out space as laboratories. We may use any periods of vacancy (for example on lease expiry) to carry out this investment.

Our strategy also includes enhancing our buildings' sustainability and engaging with occupiers to identify mutual agendas.
See pages 44 and 45 for our sustainability strategy.

Progress

- Made good progress with our programme, including:
  - nearing completion for two buildings at OTP and starting work on two others;
  - developing our plans to rebrand Cambourne Business Park during H1 2023; and
  - starting the refit of vacant space at Rolling Stock Yard as laboratories.
- See sustainability section for strategy progress, pages 44 and 45.
- Since the year end we have agreed two new leases at OTP and secured a record rent of £110.0 per sq ft for London lab space, on part of the repurposed space at Rolling Stock Yard, showcasing the benefits of our asset management.

3 FINANCING STRATEGY

We finance our business using shareholders' equity, along with a prudent level of debt. We may also dispose of assets from time to time, which will generate funds for reinvestment.

In the longer term, we expect to maintain a loan to value ratio of 30%-40%. Our approach to debt financing may include hedging. We also intend to implement a Green Finance framework policy, so we can access applicable schemes offered by financial institutions.

Progress

- Agreed £150.0 million debt facility with HSBC, comprising a term loan and revolving credit facility of £75.0 million each.
- Hedged the interest rate on the term loan by capping the SONIA rate at 2.0%.
- 94.1% of drawn debt was hedged at the year end against rising interest rates.
- In February 2023 the OTP debt facility was refinanced by drawing down £26.3 million from the Group's existing £150.0 million HSBC facility as well as utilising existing cash resources.

Oxford Technology Park
Oxford

Read more on pages 24 to 27

KEY PERFORMANCE INDICATORS

We use the following key performance indicators ("KPIs") to monitor our performance and strategic progress.

OCCUPANCY	LIKE-FOR-LIKE RENTAL INCOME MOVEMENT	LIKE-FOR-LIKE VALUATION MOVEMENT	LIKE-FOR-LIKE CARBON INTENSITY
82.0%	**1.2%**	**(1.8)%**	**n/a**
2021: 80.9%	2021: n/a	2021: n/a	2021: n/a
Description Total open market rental value of the units leased divided by total open market rental value, excluding development property and land, and equivalent to one minus the EPRA vacancy rate.	**Description** The increase/decrease in contracted rent of units owned throughout the period, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment.	**Description** The increase/decrease in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, and net of capital expenditure.	**Description** The like-for-like change in landlord procured energy consumption by area measured in MWh/m².
Relevance to our strategy Shows our ability to retain occupiers at renewal and to let vacant space, balanced with the need for vacancy to carry out asset management initiatives.	**Relevance to our strategy** Shows our ability to identify and acquire attractive properties and grow rents over time.	**Relevance to our strategy** A high-quality portfolio and an active asset management programme will help us to increase asset values in favourable market conditions and will help to support our valuations when market conditions are unfavourable	**Relevance to our strategy** The sustainability strategy targets for decarbonisation will be set in 2023. This will be a key measure of this commitment going forward.
Performance At 31 December 2022, occupancy across the investment portfolio was 82.0% (31 December 2021: 80.9%), with the 2022 acquisitions and lease up of OTP driving an improvement on the prior year.	**Performance** At 31 December 2022, like-for-like rental income was an increase of 1.2%, driven by a rent review that settled in the second half of the year.	**Performance** The portfolio valuation decreased by 1.8% on a like-for-like basis, as a result of the investment market conditions described on pages 16 and 17.	**Performance** Will be reported on from 31 December 2023 when there are two full years of data.
Link to strategy ○	**Link to strategy** ○	**Link to strategy** ● ○	**Link to strategy** ● ○

Link to strategy key: ● Investment strategy ○ Asset management strategy ⁘ Financing strategy

TOTAL COST RATIO

58.9%

2021: 163.5%

Description

EPRA cost ratio including direct vacancy costs but excluding one-off costs.
The EPRA cost ratio is the sum of property expenses and administration expenses, as a percentage of gross rental income.

Relevance to our strategy

Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.

Performance

The total cost ratio was 58.9% for 2022. This ratio is expected to continue to decrease as the buildings at OTP complete and we repurpose assets to lab space.

Link to strategy

○

EPRA NET TANGIBLE ASSETS PER SHARE ("NTAPS")

90.0p

2021: 100.2p

Description

This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Adjustments are also made for the fair value of certain financial derivatives.

Relevance to our strategy

Reflects our ability to add value by acquiring well and through asset management, which in turn increases our resilience during market downturns.

Performance

At 31 December 2022, the EPRA NTA was 90.0 pence per share (31 December 2021: 100.2 pence), driven by 2022 transaction costs and the macroeconomic impact on real estate valuations in the second half of the year.

Link to strategy

● ○ ◌

LOAN TO VALUE RATIO

16.8%

2021: n/a

Description

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.

Relevance to our strategy

Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.

Performance

The LTV at 31 December 2022 was 16.8%. We expect the ratio to be 30%-40% longer term.

Link to strategy

○ ◌

DIVIDENDS (PENCE PER SHARE)

4.0p

2021: n/a

Description

The total amount of dividends paid or declared in respect of the financial year divided by the number of shares in issue in the period.

Relevance to our strategy

Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins dividend payments to shareholders.

Performance

The total dividend in respect of the year was 4.0 pence per share (paid plus declared). This is in line with our target at IPO.

Link to strategy

● ◌

STRATEGY IN ACTION

Creating the next generation of life science buildings

Oxford Technology Park

Key statistics

CBRE valuation: **£121.4m** 31 December 2022	**Occupancy of completed buildings:** **72.5%** 31 December 2022
% complete by area: **21.2%** 31 December 2022	**Costs to complete:** **£58.9m** 31 December 2022
Target contracted rent: **£10.0m**	**Estimated completion:** **H1 2024**
Buildings on completion: **11**	**Total area on completion:** **492,400 sq ft**

“”

We are delighted to have completed the lease on Building 1 which is intended to be a stepping stone whilst we await the delivery of our larger space on the park. Quantum computing will revolutionise life sciences, from enabling design of better catalysts through to moving drug discovery from experimentation in test tubes to real-time simulation on computers Oxford Ionics will be actively targeting life science sector customers as a future revenue source.

Chris Ballance
Oxford Ionics

What is it?

OTP is a 20-acre science and technology park in a key location in the Golden Triangle. It is less than two miles from Oxford University's Begbroke Science Park campus, seven miles north of Oxford city centre and adjacent to Oxford Airport.

On acquisition in May 2022, OTP comprised two completed buildings and a fully let hotel, and a development site for eight further buildings, to give a total of more than 490,000 sq ft of hybrid life science space and amenities, 104,300 sq ft (21.2%) of which was completed. OTP will offer a unique combination of space, with unit sizes ranging from 6,000 to 50,000 sq ft and the flexibility for laboratory, production and office uses. The buildings differ in purpose, with Building 1 for example being a headquarters-style office and Buildings 4a and 4b comprising an 11-unit Innovation Quarter, catering to life science SMEs.

Existing occupiers include The Native Antigen Group, which has signed a ten-year lease at a headline rent of £15.0 per sq ft. It is part of LGC Group, a global leader in life sciences. The hotel is let to Premier Inn until 2045.

Headline rents for remaining and future space are targeted at £20.0 - £25.0 per sq ft for hybrid lettings and £28.5 per sq ft for offices.

What have we done since purchase?

Since acquisition, the development has progressed well. Buildings 4a, 4b, and 5 are due to complete by the end of H1 2023 and buildings 6 and 7 are expected to complete during H2 2023.

A detailed planning application for Buildings 8 to 11 is ready to be submitted and we are expecting to start on-site during 2023.

We are seeing strong occupier interest in both the standing units and those still in development. In the second half, we *agreed a pre-let with Williams Advanced Engineering* ("WAE") on 56,500 sq ft in Building 5, at an initial rent of £18.8 per sq ft, rising to £20.3 per sq ft after 18 months. WAE offers leading-edge technology to companies focusing on green energy and medical engineering.

Since the end of the year, we have completed two leases in Building 1. Arcturis Data on 5,509 sq ft at a rent of £28.7 per sq ft for ten years with a break and rent review after five years and Oxford Ionics on 4,887 sq ft at a rent of £28.5 per sq ft for two years, with a break clause at the end of the first year. This gives Oxford Ionics initial accommodation, while it prepares to occupy larger long-term space on the park. These lettings increased occupancy of the completed space at OTP by 13.8% to 86.3%.

What is the future?

We will continue to progress our development programme at OTP, with the aim of completing the remaining 388,100 sq ft of space by mid-2024. At the same time, we will secure further lettings, with discussions ongoing with a range of potential occupiers. In addition, we are in talks with potential operators to provide high-class amenities on-site, including a café, break-out space, meeting rooms and a gym.

STRATEGY IN ACTION CONTINUED

Bespoke buildings which suit all configurations

Oxford Technology Park

Current development

Development progress as at 24 March 2023

Completed: 1 2 3

Under construction: 4a 4b 5 6 7

Phase 3: 8 9 10 11

oxfordtechnologypark.com

Building 3

Sustainability features

- Amenity space will help stimulate collaboration and knowledge exchange between occupiers
- New units being constructed to a standard that meets MEES EPC rating of A or B, and a target BREEAM certification of Excellent
- Features include:
  - LED fittings with dimmable controls and presence detection
  - Environmentally friendly heating and comfort cooling, with building sealed in excess of Building Regulations
  - Energy monitoring systems and secondary metering
  - Electrical installations, with a capped gas supply
  - Recycling facilities to reduce waste to landfill
  - Sustainable Drainage System ("SuDS") with attenuation
- We intend to install photovoltaic panels on all new buildings, providing renewable energy sources, reducing energy consumption and increasing attractiveness of buildings with the potential to increase rents and valuations
- Supporting sustainable transport via cycle shelters and electric vehicle charging points with future-proofing ductwork for additional provision

EV charger

Building 1

STRATEGY IN ACTION CONTINUED

Realising reversionary rent potential

Rolling Stock Yard

Key statistics at 31 December 2022

CBRE valuation: **£83.9m**	Area: **53,900 sq ft**
Contracted rent: **£3.5m**	Occupancy: **66.7%**
WAULT to expiry: **6.5 years**	NIY/NRY: **3.9%/4.6%**

Sustainability features

- BREEAM Excellent and EPC A ratings
- All existing furniture has been repurposed or reused and new furniture is sustainably sourced, long-lasting, easily repairable and recyclable
- Building has LED lighting throughout
- 110 cycle spaces
- Reception area will offer ethically sourced coffee

“”

We are pleased to lease further space at Rolling Stock Yard and continue our relationship with a cluster which has a number of distinct advantages for early-stage life sciences companies. We place great importance in ensuring that our portfolio companies have access to modern facilities in attractive areas, and we have seen previously with Gyroscope Therapeutics that Rolling Stock Yard has the key ingredients that we believe are essential for success in early-stage biotech.

Michael Kyriakides
Investment Partner at Syncona

What is it?

Rolling Stock Yard is a nine-storey building in the vibrant development area north of King's Cross and St Pancras stations, in the heart of London's Knowledge Quarter. It offers 53,900 sq ft of high-quality office and laboratory space. The building has been constructed to high sustainability standards and was completed in March 2020.

On acquisition, Rolling Stock Yard was 66.7% occupied and had already attracted life science companies as occupiers, including Gyroscope Therapeutics and Pacific Biosciences. The first and second floors were both vacant, giving us the scope to add value through asset management.

What have we done since purchase?

We saw an opportunity to refit the first and second floors to create a combination of office space and 'plug and play' laboratories. The refit began in the second half of 2022 and completed during Q1 2023.

The lab space is highly flexible, with mobile benching and the ability to sub-divide into smaller rooms, and has features such as a changing lobby for cleanliness. The office space includes meeting rooms, break-out areas and other features allowing occupiers to set up rapidly.

The capital cost for the lab refit was around £2.0 million or £158.5 per sq ft.

Since the year end, we have announced a lease with a life science company backed by Syncona on the second floor at £110.0 per sq ft for 7,322 sq ft of space, up from £65.0 per sq ft before the refit. The lease is for five years with a tenant break at year three and increases occupancy at the building to 86.4%.

The reception area provides important communal space but we identified that it needed redesigning to make it a truly attractive place for occupiers to collaborate with each other. The new layout includes a 'Co-Lab' space with lounge seating and a high-end coffee machine, while the mezzanine floor offers a seating area with booths for meetings and work.

What is the future?

We are seeing occupier interest in the vacant first floor and will continue to market it to life science companies.

The redesigned reception area is an ideal space for events and exhibitions, and we hope these will become a regular feature at Rolling Stock Yard.

INVESTMENT ADVISER'S REPORT

"

WE MADE GOOD PROGRESS WITH ALL ASPECTS OF THE GROUP'S STRATEGY, WITH OUR DEVELOPMENT AND ASSET MANAGEMENT ACTIVITIES ADDING TO INCOME AND SUPPORTING CAPITAL VALUES.

"

SIMON FARNSWORTH
Managing Director

Implementing the investment strategy

We continued to implement the Group's investment strategy during the year, with the Group acquiring two further assets for the portfolio.

7-11 Herbrand Street

On 6 May 2022, the Group acquired Herbrand Properties Limited, which owned the freehold to Herbrand Street, for £85.0 million at a net initial yield of 4.4%. The entire building is let until October 2026 to Thought Machine, one of the UK's leading fintech companies, at a contracted rent of £4.0 million per annum.

The asset is in London's Knowledge Quarter, which includes many innovative companies and major academic institutions and healthcare organisations such as University College London, University College Hospital, the Francis Crick Institute and the Oriel project, a future world-leading eye hospital, research and education centre due to open in 2027.

The iconic Art Deco building currently comprises Grade A office space, with a net internal area of around 68,600 sq ft on four floors with a partial basement. It represents an ideal opportunity for development as a major life science asset, with our feasibility study confirming it has great potential for lab conversion, given its substantial floor-to-ceiling heights, structural slab and large, column-free floor plates.

Oxford Technology Park ("OTP")

On 13 May 2022, the Group acquired OTP through the purchase of Oxford Technology Park Holdings Limited and its subsidiaries, for £120 3 million (before rental guarantees and other small adjustments) at a net initial yield on purchase of 4.8%.

The acquisition included OTP's debt of £33.6 million and the Group will provide up to £67.3 million of forward funding to complete the park's build-out, which is continuing to be managed by the developer until practical completion.

More information on OTP can be found in the case study on pages 24 to 27.

Types of real estate in the portfolio

Wet labs

Dry labs

Manufacturing and prototyping facilities

Offices

The portfolio

The Group's portfolio at 31 December 2022 was as follows:

	Valuation				WAULT	WAULT	Contracted rent[1]			
Asset	£m	£ per sq ft	Area sq ft	Occupancy %	to break Years	to expiry Years	£m p.a.	£ PSF	NIY %	NRY %
Cambourne Business Park	87.2	376	231,700[5]	80.1	2.1	5.5	4.1	22.1	4.4	5.8
Rolling Stock Yard	83.9	1,558	53,900[2]	66.7[3]	3.5	6.5	3.5	65.5	3.9	4.6
7-11 Herbrand Street	79.8	1,163	68,600[5]	100.0	—	3.8	4.0	58.5	4.7	5.0
OTP - Investments	43.8	420	104,300	72.5	14.1	15.3	1.4	17.9	3.0	5.1
Lumen House	7.8	446	17,600	100.0	—	0.4	0.4	24.5	5.1	7.0
The Merrifield Centre	7.5	595	12,600	100.0	4.0	9.0	0.3	23.1	3.6	5.5
Investment assets	**310.0**	**634**	**488,700**	**82.0**	**4.5**	**6.2**	**13.8**	**33.1**	**4.2**	**5.2**
OTP – Developments	77.6	200	388,100[4]	—	—	—	—	—	—	4.8[6]
Development assets	**77.6**	**200**	**388,100**	**—**	**—**	**—**	**—**	**—**	**—**	**4.8**
Total	**387.6**	**442**	**876,800**	**82.0**	**4.5**	**6.2**	**13.8**	**33.1**	**4.2**	**4.8**

1. Restated from 31 December 2021 to exclude rental guarantees not held in escrow
2. Restated from 31 December 2021 to exclude the reception area.
3. Restated from 31 December 2021 to be calculated as a percentage of ERV.
4. Full build-out area.
5. Restated in-line with measured survey.
6. Development property only, excludes development land.

The contracted rent roll for the investment assets at the year end was £13.8 million (31 December 2021: £9.3 million), up 48.4%. The portfolio has strong reversionary potential, with the estimated rental value of the investment assets at 31 December 2022 being £17.2 million (31 December 2021: £10.1 million). This is some 24.6% above the contracted rent of the investment assets, with the let area having a reversionary percentage of 8.7%. Our asset management programme aims to unlock this potential income growth over time. Overall occupancy at the year end has improved by 1.1% to 82.0% (31 December 2021: 80.9%) driven by 2022 acquisitions and the lease up of OTP.

Development assets consist of OTP buildings which are currently being constructed and the remaining development land. As the buildings practically complete they will be transferred into investment properties above. The 388,100 sq ft area shown in the table above is the expected area of the development assets once practically complete.

All of the assets are located within the Golden Triangle. The portfolio primarily comprises office and hybrid (office and laboratory) space. The charts on the next page show the split of assets by location and type, based on their valuation, as well as by life science occupier at 31 December 2022.

INVESTMENT ADVISER'S REPORT CONTINUED

The portfolio continued

Asset location by valuation

- London **42.3%**
- Oxford **33.3%**
- Cambridge **24.4%**

Asset type by valuation[1]

- Hybrid & labs **77.4%**
- Office **22.6%**

Life science occupier area by floor type[2]

- Labs (wet & dry) **36.8%**
- Office **29.5%**
- Write-up **26.6%**
- M&P[3] **7.1%**

1. Includes full OTP scheme.
2. 25% of portfolio area (incl vacant space) currently let out to life science occupiers
3. Manufacturing and prototyping.

The table below shows the Group's top ten occupiers at the year end. We expect companies that are not in the life science sector to exit the list in the coming years, as leases expire and we reposition the assets for life science occupiers.

No.	Name	Asset[1]	Contracted rent p.a. (£m)	% of total
1	Thought Machine[3]	HS	4.0	29%
2	Gyroscope	RSY	1.5	11%
3	Carl Zeiss	CBP	1.0	7%
4	Xero (UK)	RSY	0.7	5%
5	Regus	CBP	0.7	5%
6	MTK Wireless	CBP	0.7	5%
7	Premier Inn	OTP	0.7	5%
8	Native Antigen	OTP	0.5	4%
9	Pacific Biosciences	RSY	0.5	4%
10	Janet	LH	0.4	3%
Subtotal – top ten			**10.7**	**78%**
Remaining[2]			3.1	22%
Total			**13.8**	**100%**

1. HS – Herbrand Street; RSY – Rolling Stock Yard, CBP – Cambourne Business Park, OTP – Oxford Technology Park, LH – Lumen House
2. Includes rental guarantees at Rolling Stock Yard provided by the vendor
3. The Group's investment policy limits any one tenant to no more than 30% of the higher of gross contracted rents or the valuer's ERV of the Group's portfolio, including developments under forward-funding agreements. As we build out and lease up OTP, the rent roll will continue to diversify and reduce the proportion of total rents coming from individual tenants

Implementing the asset management strategy

The portfolio presents a range of different opportunities to grow capital values and income, while positioning the assets to meet occupier needs and enhancing their ESG credentials. We made good progress with our asset management plans during the year, in particular with developing new space at OTP and repositioning existing space at other assets to appeal to life science occupiers. As part of our new sustainability strategy, we have developed long-term goals for the Group's assets, *see pages 44 and 45 for more details.*

Cambourne Business Park

The Group acquired Cambourne Business Park with the goal of repositioning it as the premier science park to the west of Cambridge. We progressed our rebranding project during 2022 and intend to relaunch the park under its new brand in H1 2023.

We have made a good start to attracting new occupiers, and *since the year end have 5,000 sq ft under offer to an occupier* who will fit out the space as a dry lab.

In addition, we are working up a scheme to convert around 20,000 sq ft to 'plug and play' laboratory space. This has the potential to increase rents to £40.0-£50.0 per sq ft, compared with the current £23.0 per sq ft, while remaining highly competitive against rents for similar space at other parks around Cambridge.

The EPC rating at Cambourne Business Park was reassessed during the first half of the year, resulting in an improvement from a D to a C rating, in line with our current target for the Group's assets. Our asset management programme will further enhance the site's environmental credentials and EPC rating.

Rolling Stock Yard

Information on our asset management activities at Rolling Stock Yard can be found in the case study on pages 28 and 29.

7-11 Herbrand Street

The lease at Herbrand Street runs until Q4 2026. We continue to engage with the occupier and our base case is that they will stay until expiry. We are working up our plans for repositioning the building for life science use, once the Group can secure vacant possession.

Oxford Technology Park

Information on our asset management activities at OTP can be found in the case study on pages 24 to 27.

Lumen House

During the year, we agreed a rent review on Lumen House, which increased the contracted rent by £0.1 million per annum from February 2022, in excess of our business plan at acquisition.

The current lease at Lumen House expires in the second quarter of 2023. We are working on plans to put forward a comprehensive redevelopment of the asset, to make it a highly attractive proposition for life science occupiers. While we progress these plans, including carrying out a feasibility study and securing planning permission, we are in discussions with the current occupier about a short-term extension to the lease.

The Merrifield Centre

The occupier at the Merrifield Centre has completed a comprehensive refurbishment of the building, including new laboratories, offices and meeting rooms. The Group has contributed to the installation of electric vehicle charging points and the occupier has upgraded the lighting to LEDs. The refurbishment demonstrates the occupier's commitment to the asset and we are expecting a significant improvement to the current EPC rating of D. A new EPC rating will be obtained in H1 2023.

Rolling Stock Yard, London Knowledge Quarter

INVESTMENT ADVISER'S REPORT CONTINUED

Financial review

Comparative figures

The comparative period for this set of results is from 1 August to 31 December 2021. The Group only began to construct its portfolio following the IPO on 19 November 2021, which meant it was in operation for less than six weeks in that period. As a result, it is not meaningful to compare the Group's financial performance in 2022 against the comparative period and the discussion below focuses on 2022 on a standalone basis.

Financial performance

Total gross property income in the year was £13.1 million (2021: £0.5 million). Total revenue, which includes service charge income, was £15.7 million (31 December 2021: £0.5 million).

Property operating expenses including the gross up of service charge expenditure were £4.8 million (2021: £nil), resulting in net rental income of £10.9 million. Property operating expenses are primarily void costs on vacant units, and provisions for doubtful debts, c.50% of which related to historic arrears that were inherited on acquisition.

Administration costs comprise the Investment Adviser's fee, other professional fees, including audit and valuation, the Directors' fees, and a range of other costs such as insurance Administration costs before exceptional one-off costs totalled £5.6 million (2021: £0.8 million).

The Company incurred one-off costs in the year of £1.0 million, in relation to its move from trading on AIM to the Main Market of the London Stock Exchange. There were no one-off costs in the period to 31 December 2021.

The total cost ratio for 2022 was 58.9% (31 December 2021: 163.5%). This ratio is expected to improve with net rental income continuing to grow, as the buildings at OTP practically complete and lease up, and we repurpose our portfolio to laboratory space, realising the reversionary rent potential. Operating profit before the change in fair value of investment properties was £4.4 million (2021: £0.3 million loss).

The unrealised loss on revaluation of investment properties was £31.3 million (2021: £8.0 million gain), see the valuation and net asset value section in this report for a full explanation of the key drivers

The net finance charge for the year was £0.5 million (2021: £nil), which was made up of finance costs of £5.6 million, finance income of £3.3 million, and £1.8 million of interest capitalised, relating to the development of OTP.

As a REIT, the Group is not subject to corporation tax on its property rental business and is estimated to incur a small level of tax on its residual business of £0.1 million. The IFRS loss after tax for the year was therefore £27.6 million (31 December 2021: IFRS profit after tax of £7.7 million). This resulted in an IFRS loss per share of 7.9 pence (31 December 2021: 2.2 pence earnings per share) and EPRA EPS of 0.4 pence (31 December 2021: 0.1 pence loss per share). Adjusted EPS, which is EPRA EPS excluding the impact of exceptional one-off costs, was 0.7 pence (31 December 2021: 0.1 pence loss per share).

Dividends

The Company paid an interim ordinary dividend of 1.0 pence per share on 31 October 2022, in respect of the period from Admission to 30 June 2022.

At IPO, the Company set a target dividend yield of 4.0%, based on the issue price of 100 pence per share. After paying an interim dividend of 1.0 pence per share on 31 October 2022, the Board has declared a second interim dividend of 3.0 pence per share, to give a total for the period from Admission to 31 December 2022 of 4.0 pence, thereby meeting the dividend target. The second interim dividend will be paid as an ordinary dividend on 15 May 2023, with an ex-dividend date of 13 April 2023.

The cash cost of the second interim dividend for the period is £10.5 million. At 31 December 2022, the Group had distributable reserves of £337.1 million, the majority being in the Company following the cancellation of the share premium account in the year.

Valuation and net asset value

The portfolio was independently valued by CBRE as at 31 December 2022, in accordance with the internationally accepted RICS Valuation – Professional Standards (the "Red Book").

The portfolio valuation was £387.6 million (31 December 2021: £192.2 million), a £195 4 million increase since 2021. The increase in the year was driven by acquisitions of £213.4 million and ongoing development and repurposing capital expenditure of £10.2 million. This was partially offset by revaluation losses of £31.3 million (31 December 2021: £8.0 million gain), resulting in a 7.5% reduction on a book value basis. £27.0 million of this loss can be attributed to assets acquired in 2022 whilst the remaining £4.3 million is driven by the remaining portfolio, a 1.8% like-for-like reduction

The key drivers of the £27 0 million revaluation loss were acquisition costs of £16.2 million and full costs being reflected within the valuations in addition to some outward yield shift in H2 2022.

Movement in NTAPS

The like-for-like portfolio £4.3 million loss can be split as follows; £11.6 million is attributable to a year-on-year 29 basis points outward yield shift driven by declining market conditions in H2 2022, offset by £7.3 million primarily due to 4.7% like-for-like ERV growth as we continue to develop our assets.

The let portfolio has a reversionary percentage of 8.7% which will help the portfolio to withstand any further market outward yield shifts as we continue to deliver on our asset management strategy.

As a result of the revaluation loss, the IFRS NAV was 91.3 pence per share, down from 100.2 pence per share at 31 December 2021. The EPRA NTA at the year end was 90.0 pence per share (31 December 2021: 100.2 pence per share).

The chart above reconciles the movement in the NTA per share over the year ("NTAPS"). The portfolio revaluation loss was the largest single contributor to the movement.

Debt financing

In March 2022, the Group agreed a £150.0 million debt facility with HSBC, comprising a £75.0 million three-year term loan and a £75.0 million revolving credit facility ("RCF"). The interest rate on the facility is 225 basis points over SONIA. The facility has market normal covenants on LTV and interest cover. It gives the Group additional financial resources to deliver its strategy and the flexibility to add new properties to the security pool, to reach the Group's optimal gearing target as it acquires new assets.

At 31 December 2022, the Group had drawn £75.0 million against the term loan and £nil against the RCF. In August 2022, the Group secured additional protection against future interest rate rises, by capping the SONIA rate on the £75.0 million term loan at 2.0% until 31 March 2025. The premium for the cap was £2.3 million.

In addition to the HSBC facility, the Group acquired a debt facility as part of the OTP transaction, which had £35.8 million drawn against it at 31 December 2022 and is shown in current liabilities at the year end, as it was due to mature in June 2023.

In February 2023 the OTP debt facility was refinanced by drawing down £26.3 million from the Group's existing £150.0 million HSBC facility as well as utilising existing cash resources.

The facility acquired as part of the OTP transaction also has protection in place, capping SONIA at 0.75% for £29.3 million of the drawn debt. As a result, 94.1% of the Group's drawn debt was hedged at the year end and the average cost of debt was 4.0%.

At the year end, the Group had cash and cash equivalents of £45.6 million (31 December 2021: £166.0 million), with the reduction primarily reflecting the acquisitions made during the year, as well as our work to develop and reposition the assets in the portfolio.

The LTV ratio as 31 December 2022 was 16.8%. On a gross debt basis this was 28.6%; we continue to believe that a range of 30%-40% will be optimal in the longer term.

INVESTMENT ADVISER'S REPORT CONTINUED

Cancellation of the share premium account

On 12 April 2022, the share premium account of £339.3 million was cancelled in accordance with the provisions of the Companies Act 2006 and transferred to a capital reduction reserve, to create distributable reserves.

Resourcing for growth

We have continued to expand our team to ensure we have the skills and capacity to secure the opportunities we see for the Group. During the year, we recruited a Director of Asset Management, a Senior Asset Manager, a General Counsel, strengthened our finance team and employed a research analyst with a background in life sciences, which will enhance our knowledge of the market, help us to identify growth opportunities and inform our due diligence on potential occupiers.

We are committed to employing a gender diverse team, having rolled out training on this subject in 2022. Our gender ratio as at 31 December 2022 was 46% female and 54% male (including consulting staff).

Post period end events

Since the year end, we have:

- completed letting to Oxford Ionics on 4,887 sq ft of space at OTP, at a rent of £28.5 per sq ft;
- completed letting with a life science company backed by Syncona on 7,322 sq ft at Rolling Stock Yard, at a rent of £110.0 per sq ft;
- completed letting to Arcturis Data at OTP on 5,509 sq ft, at a rent of £28.7 per sq ft;
- the above lettings progress increases occupancy of our investment properties to 88.6%, a 6.6% uplift on the year end position;
- the Board has declared a second interim dividend of 3.0 pence per share in respect of the year ended 31 December 2022, in addition to the 1.0 pence interim ordinary dividend paid on 31 October 2022, and has therefore met the target dividend yield of 4.0% set at IPO. This will be paid as an ordinary dividend on 15 May 2023, with an ex-dividend date of 13 April 2023;
- Sustainability Committee formed with Sally Ann Forsyth as Chair; and
- in February 2023 the OTP debt facility was refinanced by drawing down £26.3 million from the Group's existing £150.0 million HSBC facility as well as utilising existing cash resources.

Compliance with the investment policy

The Group's investment policy is set out in full on pages 151 to 153. The key elements of the policy are summarised below. We complied with the policy throughout the year:

POLICY ELEMENT	COMPLIANCE IN THE PERIOD
• Invest in a diversified portfolio of properties across the UK which are typically leased or intended to be leased to tenants operating in, or providing a benefit to, the life science sector ("life science properties").	• Yes. All the properties are in the Golden Triangle and are either leased or intended to be leased to life science organisations.
• Examples of the assets the Group can acquire: wet and dry laboratories, offices, incubators and co-working space, manufacturing and testing facilities, and data centres.	• Yes. The assets acquired were a mix of laboratory and office space.
• The Group can acquire individual buildings, a group of buildings across a single science park or the entirety of a science park. This may include purchasing or developing buildings that are leased or intended to be leased to tenants providing ancillary services to employees of companies operating in, or providing a benefit to, the life science sector.	• Yes. We have acquired both individual assets and a science park.
• The Group will typically invest in income-producing assets, consistent with providing capital growth and growing income.	• Yes. All the assets we acquired were income producing (other than the development at OTP) and offer potential for capital growth and rising income through asset management.
• Any asset management or development opportunities will minimise any development risk, typically through forward funding or similar arrangements.	• Yes. We are forward funding the development programme at OTP and have a fixed-price contract for each building with the developer
• The maximum exposure to developments or land without a forward-funding arrangement is 15% of gross asset value ("GAV").	• Yes. There are no developments or land without a forward-funding arrangement
• No individual building will represent more than 35% of GAV, reducing to 25% of GAV by 31 December 2023.	• Yes, no building exceeds these thresholds.
• The Group targets a portfolio with no one tenant accounting for more than 20%. (but subject to a maximum of 30%.) of the higher of either (i) gross contracted rents or (ii) the valuer's ERV of the Group's portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing.	• One tenant exceeds 20% but remains below the 30% threshold. This percentage is expected to fall as OTP continues to be developed and leased up.
• The aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of GAV, reducing to 30% of GAV by 31 December 2023.	• Yes, 20% of assets are currently in development.
• No more than 10% of GAV will be invested in properties that are not life science properties.	• Yes, more than 90% of assets are currently classified as life science properties.
• The Group will not invest more than 10% of GAV in other alternative investment funds or closed-ended investment companies.	• Yes. The Company has no investments of this type.

Alternative Investment Fund Manager ("AIFM")

G10 Capital Limited ("G10") is the Company's AIFM, for the purposes of the UK AIFM Regime, with Ironstone providing advisory services to both G10 and the Company.

Ironstone Asset Management Limited
Investment Adviser

24 March 2023

SUSTAINABILITY

Ensuring we grow and **manage our portfolio sustainably**

Environmental, social and governance matters
Pages 38 to 57

Oxford Technology Park, Oxford

We are committed to:

Green and healthy certified buildings

Environmental performance certificates ("EPC") ratings of A or B for all new buildings

Robust benchmark data to enable us to build a net zero carbon pathway

Biodiversity net gain

Zero waste to landfill

SUSTAINABILITY CONTINUED

Introduction from our Sustainability Lead and Chair of Sustainability Committee

"

OUR OCCUPIERS' FOCUS IS TO HELP MAKE THE LIVES OF MILLIONS BETTER; OUR MISSION IS TO REDUCE THE ENVIRONMENTAL IMPACT OF THE REAL ESTATE WHILST GIVING OCCUPIERS THE BEST ENVIRONMENT IN WHICH TO THRIVE.

DR SALLY ANN FORSYTH OBE
Sustainability Lead and Chair of Sustainability Committee

The Group is committed to being a class-leading performer on ESG matters. As regulations and stakeholder expectations continue to rapidly advance, we aim to be an early adopter of new best practices and to continue to engage with our occupiers and other stakeholders, to understand and support their evolving sustainability objectives.

In May 2022 I became the Board's Sustainability Lead, with overall responsibility for sustainability. In this role, I regularly meet the Investment Adviser's Head of ESG and have overseen and supported the development of the Company's sustainability strategy during 2022. To define our approach, we have drawn on our engagement with occupiers and the Investment Adviser's team, and a review of peer group practices, as well as taking account of Article 8 of the Sustainable Finance Disclosure Regulation (aspirational for the Group, currently classified as Article 6) and our expectations of future legislation.

The strategy we have developed is multi-faceted, setting out our sustainability objectives at a corporate level, as well as more granular initiatives and targets for our existing assets, and the minimum standards we need to meet for our developments and future acquisitions.

Specifically, we are committed to achieving:

- green and healthy certified buildings;
- environmental performance certificates ("EPC") ratings of A or B for all new buildings;
- robust benchmark data to enable us to build a net zero carbon pathway;
- biodiversity net gain; and
- zero waste to landfill.

You can find more information about our strategy, how we developed it and the targets we have set on the following pages.

We have also established a Sustainability Committee that I chair, which includes members of the Board, the Head of ESG and representatives of the Investment Adviser's asset management and finance teams. The Committee's main remit is to oversee and review the formulation, implementation and effectiveness of the sustainability strategy, as well as to manage climate-related risks and opportunities. We held our first meeting in February 2023.

Having done much preparation work during 2022, we have now entered the implementation phase of our strategy, as we work towards our targets with the support of our third-party experts. In doing so, we will focus on bringing all our stakeholders along with us on the journey.

Sustainability highlights

SCOPES 1 AND 2 GHG EMISSIONS DISCLOSURE

247.1 tonnes CO_2e

WASTE DIVERTED FROM LANDFILL

100%

A-C EPC RATED PROPERTIES IN THE PORTFOLIO

83%

ESG
STAKEHOLDER ENGAGEMENT

See more on page 45

ASSET LEVEL
CLIMATE IMPACT ASSESSMENT

See more on page 48

SUSTAINABILITY
STRATEGY
DEVELOPED

See more on page 42

Since our inception, we have taken our environmental responsibilities seriously. Over the last year we have implemented our core strategy, deploying our capital across a number of assets. As we progress into the next phase we will widen our sustainability ambition, enhancing our assets across a breadth of environmental and social issues.

We recognise the impact of climate change on both society and the built environment, indeed over the year we have seen the impacts first hand with the summer heatwave impacting across the UK.

For the Group this heightens the importance of action, so our priority this year has been to understand the environmental, social and governance issues that are specific to our business, fundamental to our stakeholders and deliver long-term value.

During 2022 we reassessed the EPCs at Cambourne Business Park, which brings our total A-C ratings to a healthy 83%. With the stringent MEES regulations proposed over the coming years, we are well placed to meet the targets of C rated buildings by 2027 and B rated buildings by 2030, seizing the opportunity of green premiums attached to more energy efficient buildings.

EPC ratings by area

SUSTAINABILITY CONTINUED

Sustainability strategy development

Life science facilities are fundamental to enabling life scientists to solve global environmental problems. This includes issues such as disease; feeding the burgeoning population; combatting pollution; and facilitating wellness of ageing populations.

We recognise that collaboration and engagement is central to the life science sector and are committed to creating innovative hubs that enable life science businesses to engage with one another and to build environments that are conducive to solving global problems.

Our vision is to create environmental, social and economic value for our shareholders and wider stakeholders by integrating sustainability into the way we grow and manage our portfolio. The Group is committed to achieving exemplary environmental and social performance across all our operations, and to underpinning our commitment through a robust governance structure.

Sustainability roadmap

Current achievements

2021

The London Plan
- On-site energy reduction of 35% beyond current Building Regulation Part L
- Whole-life carbon assessments required

Q2 2022

SFDR analysis

ESG stakeholder mapping and engagement

Q3 2022

Integrated ESG risks into corporate risk register

Q4 2022

Sustainability strategy developed

Climate impact assessment and TCFD reporting

Annual Report including ESG integration

Key:

The Group's future

The Group's achievements to date

UK Government

In 2022, we partnered with a specialist consultant Square Gain Limited ("Square Gain"), to help develop our sustainability strategy. Our approach included detailed stakeholder mapping and engagement, in addition to a review of current and future regulation, and a peer review. This informed a materiality assessment which was developed into our sustainability strategy in alignment with the Sustainable Finance Disclosure Regulations ("SFDR").

The Group's sustainability strategy incorporates corporate commitments in addition to specific initiatives across our existing portfolio and minimum standards for new acquisitions and new ground-up construction. Specific and measurable targets will be set this coming year so progress towards our long-term goals can be reported.

Future aims

Q1 2023
- EPC A
- BREEAM
- Fitwel
- Asset-by-asset plan

Q4 2023
- Zero waste to landfill
- Supporting local charities
- Biodiversity strategy on all projects
- Net zero pathway for Scope 1 and 2 emissions

2024
- Biodiversity net gain across entire portfolio

2025
- The Future Buildings Standard. No new gas boilers
- Embodied carbon – Part Z (proposed)

2050
- Net zero UK

Date to be determined
- Net zero carbon for direct (Scope 1 and 2) carbon emissions
- Net zero carbon for indirect (Scope 3) carbon emissions

SUSTAINABILITY CONTINUED

Sustainability strategy

Environment

Reducing our impact on the environment, reducing carbon emissions and waste, and enhancing biodiversity.

Long-term goals

- Net zero carbon pathway
- Data driven carbon reduction targets
- BREEAM certifications and 'best-in-class' EPC ratings across our portfolio
- Biodiversity strategy on all projects with external space and achieve biodiversity net gain
- Encourage circular economy
- Zero non-hazardous waste to landfill

Social value

Providing buildings that enhance wellbeing, encourage collaboration and enable a healthy workforce for our occupiers.

Long-term goals

- Providing healthy buildings, using the Fitwel standard as the basis for certified buildings
- Encouraging active travel and providing cyclist facilities
- Partnering with our occupiers on the journey to achieving net zero carbon and a healthy workforce
- Providing space in our buildings to enable occupiers to collaborate
- Supporting and engaging with charitable organisations in the areas in which we work

Governance

Setting the highest standards of corporate governance.

Long-term goals

- Sustainable governance that meets stakeholders expectations
- Oversight of ESG risks and opportunities
- Identifying climate-related risks to influence strategy and investments
- Communication via transparent disclosure and participation in investor benchmarks and indices

Key metrics

- Carbon emissions (CO_2e)
- Energy intensity (kWh)
- Asset carbon intensity
- Water and waste usage
- % of renewable energy procured
- Waste to landfill
- Number of biodiversity plans in place
- Number of building certification

Achievements to date

- First publication of environmental performance data
- Energy disclosures (see ESG disclosures on pages 52 to 57):
  - 247.1 tonnes CO_2e – Scopes 1 and 2 GHG emissions
  - 155.0 MWh of electricity generated from the solar PV panels installed at Cambourne Business Park and consumed on-site
- 100% waste was diverted from landfill
- Rolling Stock Yard and Oxford Technology Park Unit 1 – BREEAM 'Excellent'
- EPC ratings have improved significantly, A-C rated properties are 83% of the portfolio compared to 31% in December 2021

Key metrics

- Number of Fitwel certifications
- Employee satisfaction survey results
- Active transport plans in place
- Number of occupier engagements/collaboration on ESG issues
- Number of suppliers engaged on environmental and social issues

Achievements to date

- ESG stakeholder engagement with our staff, occupiers and Board to identify areas of mutual importance
- The Investment Adviser has sponsored the Cambourne 10km run and committed to a donation of £15,000 to a local charity near OTP
- Cambourne Business Park feasibility study included a local needs analysis

Key metrics

- Number of Sustainability Committee meetings held
- Use of refurbishment, development and acquisition standards
- Board meetings where ESG is specifically discussed
- Progress of mitigation measures for climate-related risks
- Benchmarking and indices results e.g. GRESB, EPRA, MSCI

Achievements to date

- Robust, fully functioning governance which underpins our business and facilitates integrity and transparency
- Formed Sustainability Committee post year end, chaired by Sally Ann Forsyth. Further details are set out on page 85
- Integration of climate-related risks into the risk framework
- A climate impact assessment was undertaken by our specialist consultant, the results of which are set out in the TCFD section below
- First TCFD reporting

SUSTAINABILITY CONTINUED

TCFD reporting

The Group discloses its alignment with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations for the first time this year. The Group is exempt from the disclosure requirement as Listing Rule 9.8.6R(8) explicitly excludes closed-ended investment companies. However, we fully support the recommendations and wish to demonstrate our alignment from the start.

In this report we will share our current response to climate change and detail the considerations that we have made in the past year in assessing the potential impact to our business. The report will show our approach to assessing both the transitional and physical risks that it may pose to our business, along with consideration of the opportunities it will bring.

Some elements of these disclosures are addressed elsewhere in the report and signposting is indicated below.

Compliance statement

The Group has chosen to commit to the TCFD disclosure requirements (even though it is exempt) reporting on nine out of the 11 TCFD requirements. The Group is not compliant with the following recommendations:

Strategy: Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.

Metrics and targets: Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks.

Over the course of 2023 the Group will continue to embed best practice as per the recommendations, with a view to maturing our disclosures. By way of explanation, we are currently not compliant with the two requirements because:

- Climate-related risks and opportunities have been identified, and the financial impact of these risks and opportunities will be calculated in detail during 2023 to inform business strategy and financial planning.
- Scope 1 and 2 GHGs are calculated and disclosed, and the Group has commenced engagement with our occupiers to identify their emissions, which form part of our Scope 3 emissions. This data will be used to inform how we can best support our occupiers to reduce these emissions, for example through the provision of energy efficient buildings that promote active and low-carbon travel.

PILLAR	TCFD RECOMMENDATION	SECTION NAME	PAGE
GOVERNANCE	a. Board oversight b. Management role	Governance Investment Adviser's report	72 30 to 37
STRATEGY	a. Risk identification and assessment process b. Risk management process c. Integration into overall risk management	Risk management	62 to 69
RISK MANAGEMENT	a. Risks and opportunities b. Impact on organisation c. Resilience of strategy	Strategy Governance	20 and 21 72
METRICS AND TARGETS	a. Climate-related metrics b. Scope 1, 2 and 3 GHG emissions c. Climate-related targets	Sustainability	38 to 57

Governance

Board oversight of climate-related risks and opportunities

The Board is responsible for the Group's risk management. The Board reviews risks and opportunities within existing reporting and governance structure and has established a Sustainability Committee. The Audit and Risk Committee reviews the risks at each meeting and provides updates to the Board.

In May 2022, Sally Ann Forsyth was appointed as Sustainability Lead with overall responsibility for the sustainability strategy. Sally Ann and the Investment Adviser's appointed Head of ESG have regular meetings to discuss the three areas of sustainability, E, S and G. A Sustainability Committee has been formed post year end, with members from the Board, the Investment Adviser's Head of ESG, Asset Management and Finance. The Committee will meet twice a year, with the first meeting being held in February 2023.

The Sustainability Committee monitors progress against strategy targets which includes climate-related risk mitigation. This review forms the basis of a paper included in the quarterly Board meetings.

The Board will be given quarterly updates of our progress against our sustainability strategy at Board meetings.

An analysis of the Group's climate-related risks and opportunities has been undertaken, by our specialist adviser, with the results reviewed at Board level, and incorporated into the corporate risk register. All risks and opportunities are reviewed on a quarterly basis by the Investment Adviser and then by the Audit and Risk Committee, which is ultimately responsible for overseeing the climate-related risks and opportunities. *For full details of our Risk Management Framework see page 62.*

The Investment Adviser recommends acquisitions to the Group; during this process environmental due diligence is undertaken focused on flooding risk, geology and EPC of the property. It is our intention to broaden these considerations further so we understand the costs of meeting new regulations such as MEES regulations and planning restrictions. In 2023 we will be producing a sustainability guide as part of the process on acquisitions.

Management's role in assessing and managing risks and opportunities

The Group's Risk Management Framework, which is approved by the Board, sets out how we identify, evaluate and report on our risks. The Investment Adviser has identified climate change as one of our principal risks and it is therefore incorporated into our risk framework (further detail of the Risk Management Framework can be found on page 62). The Investment Adviser reviews and updates the risk register and reports quarterly to the Audit and Risk Committee.

The Investment Adviser's appointed Head of ESG has been working closely with Square Gain to design and implement a challenging and relevant sustainability strategy. A key part of the work undertaken by Square Gain was a climate impact assessment of our assets. The results are shown on page 49. The output from the analysis was reviewed and discussed at the first Investment Adviser risk review meeting of 2023.

Implementation and management of the sustainability strategy is delegated to the Investment Adviser. The Head of ESG ensures that the strategy and targets are communicated to the Investment Adviser's team and meets with the broader team monthly to implement the action plan and drive progress.

The specialist consultant has held a workshop with our Investment Adviser to give an independent review of climate-related risks and opportunities across our business. The results of which fed into the sustainability strategy and the risk register. The Audit and Risk Committee will review these climate-related risks and opportunities to ensure the assessment is accurate and mitigating action is appropriate.

For full details of our Risk Management Framework see page 62.

SUSTAINABILITY CONTINUED

TCFD reporting *continued*

Strategy

Our approach

Over the last year, under the stewardship of our Board, we have identified the climate-related risks and opportunities over the short (present), medium (2030) and long (2050) term, as set out in the section below.

This section will detail firstly our approach to the climate impact assessment and defining material risks and opportunities, secondly the material risks identified, thirdly the impact of these risks and our organisational response, and lastly how we incorporate resilience to climate change into our organisation.

We understand that climate risk is both material risk associated with rapidly changing weather events (physical risk) and the resulting market shifts due to regulatory and policy responses to overcome the impacts (transition risk).

Climate-related risks and opportunities

Climate impact assessment

An assessment analysis has been undertaken across the Group's portfolio, on an asset-by-asset basis, examining 2030 and 2050 time horizons. Both of these time horizons assess the physical climate risks posed by future climate change, and also the risks that arise as we transition towards a net zero carbon economy.

Buildings have long design lifespans and climate-related issues often manifest themselves over the medium and longer term (as stated in TCFD Implementation Guide). The Group's approach incorporates the short-term time horizon as the present, with medium term being 2030 and long term being 2050. Our approach to identifying and managing current climate-related risks and opportunities is as per our risk management process and material climate-related risks are incorporated in our corporate risk register.

Methodology

To take account of the diverse range of climate futures, we incorporate three of the Intergovernmental Panel on Climate Change's ("IPCC") representative concentration pathways ("RCPs") measuring average global warming.

- RCP 2.6: 0.9-2.3°C
- RCP 4.5: 1.7-3.2°C
- RCP 6.0: 2.0-3.7°C

The pathways describe different climate futures, all of which are considered possible depending on the volume of GHGs emitted in the years to come. The climate scenario model used is MAGICC6. MAGICC (Model for the Assessment of Greenhouse Gas Induced Climate Change) is the climate carbon cycle model, which has been continually developed since its inception over 20 years ago.

It is a prime reduced-complexity model, often used by IPCC, for key scientific publications and by a number of integrated *assessment models*.

Using location data for each site our tool shows how the severity of a broad range of climate impacts will change over time, at different levels of global warming, which depend on how rapidly governments cut their GHG emissions.

Defining a 'material' risk or opportunity

The Group defines a 'material' risk or opportunity in line with the likelihood impact thresholds of our Risk Management Framework.

The potential impact of climate change is one of our *principal risks, as we seek to both reduce our impact on* the environment and the impact of climate change on our activities, portfolio and finances.

We have developed a separate climate-related risk register, to help us identify, consider and mitigate both physical and transitional risks.

Key risks included within the climate-related risk register are:

- occupier demand changes seeking more sustainable options;
- decarbonisation pathway;
- *stranded assets;*
- flooding – impacting on occupiers and asset values, and
- inability to access Green Finance options.

Opportunities include:

- occupier demand for sustainable space results in a 'green premium';
- lower cost of capital as market transitions towards green economy; and
- opportunity to acquire discounted 'brown' assets and transform to sustainable asset through re-purposing.

Refer to page 63 in the risk section which shows how we envisage the potential change over time for these risks.

Impact of climate risks and our response

We have completed a climate impact assessment for medium and long-term impacts and have committed to undertake robust climate risk and vulnerability assessments on all our assets, with solutions implemented to reduce material risks.

The Group's plan for transitioning to a low-carbon economy is in formation. Last year, our first full year of operations, was focused on identifying and measuring our Scope 1 and 2 carbon emissions baseline. 2023 is working towards defining how we transition to a low-carbon economy and setting targets to measure progress. Our approach will be through *occupier engagement, developing refurbishment standards* and investigating renewable options.

- **Risk 1:** Occupier demand for sustainable space results in a 'brown discount' to rents at less sustainable assets. To manage this risk, we target BREEAM certification with at least a 'Very Good' rating and EPC rating of at least B (transition risk).
- **Risk 2:** Stranded assets – building inoperability due to significant fluctuation in air temperature, and an inability to meet required operating temperatures. This risk is managed across our acquisition and asset management activities, by undertaking climate risk analysis, to ensure that we can enhance the asset's climate resilience when acquiring new buildings and when undertaking works to refurbish and repurpose the asset to life science use (transition risk).
- **Risk 3:** Flooding and/or building damage due to surface water or river discharge. We have mapped our existing portfolio against flood risks using the Environment Agency database, and also incorporate this as part of our due diligence process when acquiring new buildings. Most assets are classified as having very low risk of flooding (physical risk).
- **Risk 4:** Compliance costs to meet minimum EPC standards. This risk is managed on acquisition via an environmental assessment as part of the due diligence process to ensure that the building has an EPC rating of at least B or we understand the investment to meet the future Minimum Energy Efficiency Standards ("MEES") regulations (transition risk).

Climate impact assessment results

RISK/FACTOR	VULNERABILITY	SCENARIO	IMPACT MEDIUM TERM 2030	IMPACT LONG TERM 2050
Change in precipitation in %	Flooding	RCP 2.6		
		RCP 4.5		
		RCP 6.0		
Change in wind speed in %	Building damage	RCP 2.6		
		RCP 4.5		
		RCP 6.0		
Change in maximum of daily river discharge in %	Building damage	RCP 2.6		
		RCP 4.5		
		RCP 6.0		
Change in daily maximum air temperature in °C	Building inoperability, heat stress	RCP 2.6		
		RCP 4.5		
		RCP 6.0		
Change in daily minimum air temperature in °C	Building inoperability	RCP 2.6		
		RCP 4.5		
		RCP 6.0		

Key

Low impact High impact

SUSTAINABILITY CONTINUED

TCFD reporting continued

Strategy *continued*

- **Risk 5:** Increasing price of carbon offsets. Our strategy is to reduce carbon emissions aligned with the carbon hierarchy, with offsetting as a last resort towards our goal of achieving net zero carbon for our direct emissions (transition risk).
- **Risk 6:** Increased cost of capital as markets transition to a green economy. This risk is managed by our drive to ensure that all portfolio assets are classified as 'green' and our aim to align with the EU Taxonomy wherever possible (transition risk).

Resilience of the Group's strategy

The baseline that we have set over the last year enables us to further understand our assets and our strategies. The impact assessment, climate-related risks and opportunities will be incorporated into the Board and management team's 2023 future strategy day. This in turn will define the Group's strategic direction.

The Group's sustainability strategy takes into consideration different climate-related scenarios, including a 2°C or lower scenario, and uses RCP 2.6, RCP 4.5 and RCP 6.0, to ensure our business operations have resilience in each of these scenarios.

We mitigate physical climate-related risks on an asset-level basis, by assessing each asset in our portfolio against physical climate-related risk, and have identified these risks to be low to medium risk for all assets, against all indicators for RCP 2.6 and RCP 4.5. For RCP 6.0 the risk of building inoperability due to higher maximum temperatures is a more significant risk. We will manage, minimise and mitigate this risk through the incorporation of a sustainability checklist for use as part of our due diligence process when acquiring new assets, including climate-related risk assessment.

We will mitigate our climate impacts by implementing a range of measures, including the use of BREEAM certification, achieving A or B rated EPCs and enhancing biodiversity.

When acquiring new buildings, we also undertake an environmental assessment and climate risk analysis as part of the due diligence process. This helps to ensure that we can enhance the asset's climate resilience when works are undertaken to refurbish and repurpose the asset to life science use.

New leases include clauses designed to assist with delivering our climate change ambitions, for example requiring any building alterations to be of a type and quality that does not impact negatively on the EPC rating.

Risk management

Identifying and assessing climate-related risks

We have updated our risk framework with a new risk category "Climate-related risk - physical and transitional risks to the portfolio and the business, arising from climate change". We have overarching ESG and climate-related risks within the corporate risk register, and have also, in conjunction with our advisers, developed a separate climate-related risk register, covering both physical and transitional risks. The impact of climate change remains identified as one of the top nine principal risks for the Group which are identified by assessing the impact and likelihood of the risk occurring. The same risk assessment principals and terminology are applied to climate risk as to our other types of risks.

Our risk assessment process incorporates an assessment of emerging regulatory requirements, for example MEES (Minimum Energy Efficiency Standards), and how these could impact on our operations. Our assessment has shown that our portfolio is resilient and that these risks are not material at the present time

The Investment Adviser reviews and updates the risk register on a quarterly basis, including both physical and transition climate-related risks, which are assessed on both a business and an asset level. The Head of ESG attends these reviews and provides insights and suggests updates. Furthermore, our specialist consultant will be invited to attend one meeting a year prior to the Audit and Risk Committee update.

For full details of our Risk Management Framework see page 62 and consideration of emerging risks.

Managing climate-related risks

The risk register is presented at each meeting of the Audit and Risk Committee, highlighting any changes in risk, whether emerging, additional or deleted risks, changes to the controls in place, or changes to the evaluation of our exposure to that risk.

The Sustainability Committee will review and update the climate-related risks, as appropriate, prior to each Audit and Risk Committee meeting.

Integrating into the Group's overall risk management

We have established the climate-related risk identification, assessment and management into our core Risk Management Framework; see page 62.

Metrics and targets

The metrics used by the Group to assess climate-related risks and opportunities are aligned with our strategy and risk management process.

We believe that in order to have the positive impact that we aspire to it is essential that we understand our carbon footprint. This baseline allows us to set metrics and targets against which to hold ourselves accountable on our journey to net zero carbon and wider sustainability achievements. As part of our sustainability strategy, 2023 will see us gathering data to inform the target date for achieving net zero carbon.

For a list of externally communicated metrics see page 45.

Scope 1, Scope 2 and Scope 3 GHG emissions, and related risks

The Group is currently focused on robustly measuring Scope 1 and 2 GHG emissions (see the following section EPRA sBPR reporting for disclosure) and related risks, reporting externally at a portfolio level and internally, at a granular detail per asset.

Currently, the Group is responsible for the majority of its occupiers' energy procurement and over 75.7% of the landlord-procured energy was consumed by occupiers.

This will be used to identify opportunities and to establish further targets to reduce total energy use, energy intensity and carbon emissions.

We are conscious that our occupiers' energy use and carbon emissions are significant and form a large part of our Scope 3 emissions. We are committed to supporting our occupiers to minimise these impacts and related risks. We will make best endeavours to collect, collate and measure robust Scope 3 data from our occupiers, although we recognise that this is not likely to ever be 100% accurate.

The Group is committed to engaging with the supply chain to identify, measure and minimise Scope 3 carbon emissions. This engagement will commence in 2023 and will help to establish where we can assist key stakeholders, such as occupiers, to reduce their own carbon emissions.

Targets

The Group uses a suite of targets to manage climate-related risks and opportunities and performance against targets (see page 45 for achievements to date), including:

TARGET	MANAGING RISK
Number of BREEAM certifications with Excellent rating	1 & 2
EPC ratings of A or B across the portfolio and targeting A rated on new construction	1 & 2
Fitwel certification	1 & 2
The use of the Group's sustainable refurbishment principles	1, 2, 3 & 4
Collate data to enable setting targets for GHG emissions, water efficiency, energy intensity and carbon intensity	1 & 2
Zero waste to landfill	1 & 2
Engage with every occupier on ESG at least every year (e.g. energy, carbon, waste, biodiversity and water, wellbeing and vitality)	1 & 2
Biodiversity assessments and achieving net gain on refurbishment and new construction projects	1 & 2

SUSTAINABILITY CONTINUED

EPRA sBPR reporting

The Group recognises that its activities have both direct and indirect environmental and social impacts and is committed to operating in a responsible and sustainable manner. One of the Group's investment objectives is to provide shareholders with an attractive level of total accounting return. The focus is capital growth whilst also providing a growing level of income by investing primarily in a diversified portfolio of UK properties that are leased or intended to be leased to occupiers operating in the life science sector. These key activities are undertaken by the Investment Adviser. The Investment Adviser has responsibility for the day-to-day asset management and implementation of the Group's sustainability strategy. To maintain a high level of transparency of our sustainability impacts, the Group reports against relevant ESG indicators in accordance with the third edition of the European Public Real Estate Association ("EPRA") Sustainability Best Practice Recommendations ("sBPR") and the Streamlined Energy and Carbon Reporting ("SECR") requirements (see pages 52 to 57). Corresponding GHG emissions are calculated in line with the GHG Protocol Corporate Accounting and Reporting Standard and the corresponding Scope 1 and Scope 2 guidance.

For the progress on implementing our sustainability strategy and the detailed management approach of different material sustainability topics, please refer to the Sustainability section of this Annual Report.

The Group's EPRA sBPR response has been split into the following four sections:

Reporting methodology
Environmental performance measures
Social performance measures
Governance performance measures

Reporting methodology

Organisational boundaries

The Group's reporting boundary is based on the principle of operational control, meaning that asset-level performance measures are accounted for where the Group has the authority, via its managing agents, to introduce and implement its operating policies and procedures. Unless otherwise stated, all absolute performance measures relating to electricity, fuels and associated GHG emissions relate to assets where the Group procures utilities for common areas, shared services, lettable areas (including vacant and occupied units) and those properties that are vacant. Assets held by the Group are excluded from the reporting boundary where there is limited or no operational control. Examples of this include instances where occupiers are responsible for their own supply of utilities, heating and waste disposal.

As of 31 December 2022, the Group owned six assets either directly or through 100% owned subsidiaries, all of which were classified as life science real assets located in the UK. Two of the six assets were acquired during the 2022 reporting year. Using the aforementioned principle, four out of six assets fell within the reporting boundary at the end of the reporting period. This represents 95.1% of the Group's total investment in real estate; Merrifield and Lumen House are excluded. The remaining assets are single occupancy assets with no operational control, therefore the Group has no authority to introduce or implement its operating policies and procedures. The Group does not have any partially owned entities that fall within the organisational boundary.

The Group is externally managed and does not occupy any offices for its business activities, nor does it own or lease any vehicles.

Reporting period

Performance measures of absolute and intensity metrics are reported for the year ended 31 December 2022. Performance measures for like-for-like metrics are not reported due to insufficient data for the prior year ending 31 December 2021, given that the Company was incorporated on 27 July 2021, consumptions before the incorporation were considered out of the reporting scope and initial acquisitions being in late 2021.

Data estimation

The Group aims to report as complete and accurate data as feasible and practicable. All data is based on invoices and/or meter readings where available. Estimations have been applied where invoices were not available at the time of publication. Where data was only partially available within the reporting period, we have adopted the following approach for data estimation:

1. estimate consumption data based on the most recent three months of available actual data; or
2. estimate consumption data based on available actual data from the same period in the previous reporting year.

Following this rule of data estimation, the proportions of estimated energy, water and waste data for 2022 were 31.3%, 17.8% and 51.3% respectively. Since the Company was incorporated on 27 July 2021 with most of the assets being acquired in late 2021, environmental performance data for 2021 is largely unavailable. As previously stated, like-for-like comparison of the portfolio is inapplicable. Data availability, quality and accuracy is expected to improve in the next reporting year.

Where data estimation was not feasible, assets with no data *were excluded from the report unless specified otherwise.* Please refer to 'disclosure coverage – number of assets' in the performance measures tables on pages 54 to 57 for information of our environmental data coverage.

GHG emissions calculation

The Group reports Scope 2 GHG emissions using location and market-based methods.

Location-based emissions reflect the average emissions intensity for energy production in a defined local or national region. Scope 1 and 2 GHG emissions were calculated using the UK Government GHG Conversion Factors for Company Reporting for the respective reporting periods.

Market-based Scope 2 GHG emissions were calculated using the European residual mixes factors (versions 2021 and 2022), which are default emission factors representing the untracked or unclaimed energy and emissions, and the zero emissions factor for both Renewable Energy Guarantees of Origin ("REGO") backed electricity supplies and onsite renewable energy generation from solar photovoltaic ("PV") panels. Proportion from renewable sources is based on renewable energy purchases plus renewable electricity generated from onsite solar PVs and directly consumed. Solar PVs are installed at two out of six assets (Cambourne Business Park and Rolling Stock Yard). However, data for Rolling Stock Yard is currently unavailable.

The intensity ratios for energy, water and GHG emissions are expressed as landlord procured utility per net lettable floor area. Only assets which were owned and managed during the full 2022 reporting year, with sufficient data available, were included in the calculation of intensity. Therefore, two assets (Herbrand and OTP) are excluded from intensity calculations.

Segmental analysis of the Group by property type and geography has not been included in the report considering that all assets have the same classification (life science) and are located in the same country (UK).

All environmental and social performance measures data were externally reviewed and checked by Savills UK – Sustainability Team.

Environmental performance measures

In 2022, the Group procured 5,307.4 MWh of energy for use across its assets, of which 64.7% were electricity consumption and 35.3% were gas consumption. The Company is responsible for the majority of its occupiers' energy procurement and over 75.7% of the landlord-procured energy was consumed by occupiers. During the reporting year, 154.5 MWh of electricity was also generated from the solar PV panels installed and consumed on-site. Reported total water consumption of the portfolio in 2022 was 3,438.5 m^3. However, water consumption data was available for only two out of four assets with operational control and cannot fully reflect the actual consumption of the portfolio.

Total Scopes 1 and 2 (location based) GHG emissions for the reporting year was 247.1 tonnes CO_2e, split 16.6% Scope 1 and 83.4% Scope 2. Renewable electricity accounted for 9.2% of the total electricity purchased and generated during the year, resulting in a Scope 2 (market based) GHG emissions of 357.8 tonnes CO_2e.

In 2022, total managed and reported waste was 160.6 tonnes. All waste was diverted from landfill, of which 46.5% was re-used or recycled and 53.5% incinerated for energy recovery.

As previously stated, year-on-year analysis will be reported on from 2023 onwards as we do not have full prior year to compare to due to initial acquisitions being late 2021.

SUSTAINABILITY CONTINUED

EPRA sBPR reporting continued

Environmental performance measures continued

The Group has also focused on developing life science facilities with reduced footprints to enhance the overall sustainability performance of its portfolio. Some examples of carbon saving initiatives that have been implemented in 2022 include LED lighting replacements, installation of PIR sensors and the introduction of new waste streams for recycling.

All of our assets are in full compliance with the latest Minimum Energy Efficiency Standards ("MEES") requirements. Rolling Stock Yard and OTP Building 1 have obtained BREEAM 'Excellent' as built and it is our goal to obtain BREEAM certificates for all new developments.

Greenhouse gas emissions (tCO_2e)

		ABSOLUTE		LIKE-FOR-LIKE		
		2021	**2022**	**2021**	**2022**	**% CHANGE**
Direct emissions GHG-Dir-Abs, GHG-Dir-LfL	Scope 1[1]	0.7	411	Like-for-like metrics are inapplicable due to the lack of data for two complete consecutive reporting years		
Indirect emissions GHG-Dir-Abs, GHG-Dir-LfL	Scope 2 – location based[2]	2.2	206.0			
	Scope 2 – market based[2]	3.6	357.8			
	Scope 3 (landlord procured occupier consumption)	43.3	758.9			
Total direct and indirect	**Scopes 1 and 2[3]**	**2.8**	**247.1**			
	Disclosure coverage – number of assets	2 of 2	4 of 4			
GHG emissions intensity GHG-Int	Scopes 1 and 2, tonnes CO_2e m²	–	0.001			

1. Scope 1: Direct GHG emissions from controlled operations such as combustion in owned boilers.
2. Scope 2: Indirect GHG emissions from the use of purchased electricity, heat or steam.
3. Scope 2. Location-based emissions are used for reporting total emissions and GHG emissions intensity.

Energy consumption (MWh)

EPRA INDICATOR		ABSOLUTE 2021	ABSOLUTE 2022	LIKE-FOR-LIKE 2021	LIKE-FOR-LIKE 2022	% CHANGE
Electricity Elec-Abs, Elec-LfL	Total landlord procured	117.4	3,434.1			
	Landlord procured, consumed by occupiers	107.3	2,369.9			
	Total on-site renewable electricity generated and consumed	0.5	154.5			
	Proportion of procured and on-site generated and consumed electricity from renewable sources[1]	0.5%	9.2%			
Fuels Fuels-Abs, Fuels-LfL	Total landlord procured	126.6	1,873.4			
	Landlord procured, consumed by occupiers	123.0	1,648.1	Like-for-like metrics are inapplicable due to the lack of data for two complete consecutive reporting years		
	Proportion of procured fuels from renewable sources	–	–			
Total energy[2]	**Total landlord procured**	**244.1**	**5,307.4**			
	Landlord procured, consumed by occupiers	230.3	4,017.0			
	Total landlord procured and generated	244.6	5,462.0			
	Proportion estimated	26.0%	31.3%			
	Disclosure coverage - number of assets	2 of 2	4 of 4			
Energy intensity Energy-Int	Landlord procured, MWh/m²	n/a	0.171			

1. Proportion from renewable sources is based on renewable energy purchases and renewable energy generated and consumed on-site. Solar PV panels are *installed at two out of six assets (Cambourne Business Park and Rolling Stock Yard). However, such data was not available for Rolling Stock Yard, therefore only* Cambourne Business Park's data is included in this figure.
2. There are no district heating and cooling systems in place (excluding DH&C-Abs, DH&C-LfL).

Water consumption (m^3)

EPRA INDICATOR		ABSOLUTE 2021	ABSOLUTE 2022	LIKE-FOR-LIKE 2021	LIKE-FOR-LIKE 2022	% CHANGE
Water Water-Abs, Water-LfL	**Total landlord procured**	**397.1**	**3,438.5**			
	Proportion estimated	–	17.8%	Like-for-like metrics are inapplicable due to the lack of data for two complete consecutive reporting years		
	Disclosure coverage - number of assets	2 of 2	2 of 4			
Water intensity Water-Int	*Landlord procured, m³/m²*	*n/a*	0.136			

SUSTAINABILITY CONTINUED

EPRA sBPR reporting continued

Environmental performance measures continued

Waste management (tonnes)

EPRA INDICATOR		ABSOLUTE 2021	ABSOLUTE 2022	LIKE-FOR-LIKE 2021	LIKE-FOR-LIKE 2022	LIKE-FOR-LIKE % CHANGE
Total weight of waste by disposal route Waste-Abs Waste-LfL[1]	Recycled or re-used	1.1	74.6	Like-for-like metrics are inapplicable due to the lack of data for two complete consecutive reporting years		
	Incineration with energy recovery	1.8	85.9			
	Sent to landfill	–	–			
	Total	**2.8**	**160.6**			
	Proportion estimated	33.5%	51.3%			
	Disclosure coverage – number of assets	2 of 2	3 of 4			
Proportion of waste by disposal route Waste-Abs, Waste-LfL	Recycled or re-used	37.5%	46.5%			
	Incineration with energy recovery	62.5%	53.5%			
	Sent to landfill	–	–			

1. Data for the proportion of waste disposed of by disposal route according to type (non-hazardous and hazardous) in tonnes or as a percentage is unavailable.

Building certification

EPRA INDICATOR	RATING	2022 NUMBER OF CERT.[1]	2022 % OF FLOOR AREA
Energy Performance Certification (EPCs) Cert-Tot	A	3	27.4%
	B	1	8.1%
	C	7	49.4%
	D	2	15.1%
	E or below	–	–
	Total	**13**	**100%**

1. Includes EPCs for two units that are not included in the EPRA reporting boundary due to there being no landlord control. These units include Merrifield Centre and Lumen House.

EPRA INDICATOR		2022 NUMBER OF UNITS	2022 % OF FLOOR AREA
BREEAM Certificates Cert-Tot	Outstanding	–	–
	Excellent	2	12.9%
	Very Good	–	–
	Good	–	–
	Others	–	–
	Total	**2**	**12.9%**

Social performance measures

The Group reported on all applicable EPRA sBPR social performance metrics. Being an externally managed company with no employees, this is limited to the Board of Directors' gender diversity, asset health and safety, and community engagement measures.

EPRA INDICATOR			2022
GENDER DIVERSITY[1] DIVERSITY EMP	BOARD OF DIRECTORS	FEMALE	50%
		MALE	50%
Employee metrics: Gender diversity (Diversity-Emp), Gender pay ratio (Diversity-Pay), Employee training and development (Emp-Training), Employee performance appraisals (Emp-Dev), New hires and turnover (Emp-Turnover), Employee health and safety (H&S-Emp)	The Group is an externally managed investment company. All of the Group's day-to-day management and administrative functions are outsourced to third parties. The Company has no employees.		
Asset health and safety assessments H&S-Asset	Proportion of assets		100%
Asset health and safety compliance H&S-Comp	Number of incidents; unresolved within the required timeframe		–
Community engagement, impact assessments and development programmes Comty-Eng	Proportion of assets		–

1. Gender diversity ratio as at 31 December 2022.

Governance performance measures

Governance performance measures relate to the Board. For full background information on our governance performance measures, including a profile of the Board, a description of our nomination procedures, and processes for managing potential conflicts of interest, please see pages 81 to 83.

Non-Executive Director Sally Ann Forsyth has significant experience relating to developing strategies to improve social and environmental impacts in the life science industry. During her role in developing four internationally recognised science clusters, and currently in her role as CEO of Stevenage Bioscience Catalyst, she has experience in implementing sustainability strategies.

EPRA INDICATOR		2022
Composition of the highest governance body Gov-Board	Number of executive Board members	100%
	Number of independent/non-executive Board members	4
	Average tenure on the governance body (months)	12.9
	Number of independent/non-executive Board members with competencies relating to environmental and social topics	1
Process for nominating and selecting the highest governance body Gov-Selec		See corporate governance section, pages 81 to 83
Process for managing conflicts of interest Gov-CoI		See corporate governance section, page 83

OUR STAKEHOLDERS

OCCUPIERS

Meeting the needs of our occupiers is fundamental to our business. They rely on us to provide the space in which they can operate and we in turn rely on them for timely rental payments.

Stakeholder interests

- The suitability of our assets for life science purposes, including proximity to key life science clusters, their sustainability credentials and their attractiveness as a workplace for the talent occupiers need to attract
- Rental levels, lease lengths and terms
- Our knowledge and understanding of their businesses
- Our asset management plans, including sustainability enhancements
- Our financial strength
- Our intentions regarding holding or disposing of the asset they lease from us
- Our sustainability strategy

How we engage

- The Investment Adviser is responsible for building and maintaining relationships with current and potential occupiers, and for reporting to the Board on occupier issues
- The Investment Adviser's asset management team conducts site visits and meets key decision-makers at occupiers, to learn about their businesses and space requirements
- The property managers also engage with occupiers at an operational level
- The Investment Adviser's Head of ESG and specialist consultant engage separately with occupiers, to identify mutual ESG-related targets

Outcomes

- Started to engage with occupiers on ESG and their input informed our materiality assessment and sustainability strategy
- Provided our draft sustainability policy to occupiers and gave verbal support for their decarbonisation actions

SHAREHOLDERS

To continue to grow our business, we need a supportive shareholder base. To keep shareholders well informed, we look to communicate with them regularly and openly, and to provide high-quality corporate reporting.

Stakeholder interests

- Our ability to source accretive investments and add value through asset management, to drive rental income, capital values and our total return
- Our financial and operational performance
- The security of our dividend
- Our approach to environmental, social and governance issues
- The skills and experience of the Board
- The skills and experience of the Investment Adviser and its recruitment to support our growth plans

How we engage

- The senior team at the Investment Adviser takes the lead in our investor relations programme and offers meetings to major shareholders and potential investors after the announcement of our financial results, as well as responding to requests for meetings at other times
- The Investment Adviser and our corporate broker provide feedback to the Board following investor meetings
- We also engage through a range of other channels, including regular news flow, the Group's website, the Annual Report and the Annual General Meeting
- If requested, we hold separate ESG conversations

Outcomes

- Completed our move to the Main Market of the London Stock Exchange
- Delivered 4.0 pence per share dividend (paid and declared)
- Identified shareholder interest in the quickly changing ESG landscape and their desire to understand how we keep up to date and what our plans are
- Engagement with shareholders on ESG is ongoing and we intend to highlight our approach to ESG in greater detail over the next 12 months

SERVICE PROVIDERS

As an externally managed business, we are dependent on our service providers for our day-to-day operations. In particular, the Investment Adviser has a key role in implementing our strategy.

Please see IBC for full details of our service providers.

Stakeholder interests

- *The terms of their engagement*
- Clarity of fees
- Open and two-way communication
- Prompt payment

How we engage

- The Board regularly engages with the Investment Adviser, both formally and informally, with representatives of the Investment Adviser attending Board and Committee meetings by invitation
- The Investment Adviser is primarily responsible for day-to-day interaction with our other service providers and keeps the Board informed as necessary
- The Management Engagement Committee oversees and reviews service provider performance on the Board's behalf (see pages 89 and 90)

Outcomes

- *The Investment Adviser holds calls with external service* providers at least quarterly
- Commitment to prompt payment
- Service providers deliver monthly monitoring reporting to the Investment Adviser

LENDERS

An appropriate amount of gearing is important for generating higher returns. We therefore look to build strong relationships with lenders, who will provide the debt facilities needed to support our business growth.

Stakeholder interests

- *The quality of the security we provide for our loans*
- Our ability to meet our interest payments
- The strength and diversification of our income streams
- Hedging of interest rates where appropriate
- The suitability of our projects for Green Finance

How we engage

- The Investment Adviser is primarily responsible for engaging with lenders and keeps the Board informed as necessary

Outcomes

- *Agreed our initial debt facilities and a cap on the SONIA* rate (see page 125)
- Maintained open communication with lenders
- Regular portfolio updates and covenant compliance reporting provide comfort to lenders
- Ongoing review of hedging arrangements with the lenders and other advisers

Other stakeholders

In addition to the key stakeholders listed above, we have other stakeholders that are important to us. For example, local councils may be significant stakeholders in relation to individual assets, where we may need planning permission for our asset management or development plans.

SECTION 172(1) STATEMENT

Under section 172(1) (a)-(f) of the Companies Act 2006, the Directors are required to take into account the matters set out in the table below, and to promote the success of the Company for the benefit of its members as a whole. In doing so, the Directors must also consider the interests of key stakeholders and the environment in their discussions and decision-making.

Set out below are the matters the Board is required to take into account under section 172(1).

TAKING ACCOUNT OF STAKEHOLDER VIEWS	KEY BOARD DECISIONS
Information on stakeholder engagement, including how the Board is kept informed about stakeholder views, can be found on pages 58 and 59. This engagement is an important input into the Board's decision-making The Directors keep the methods for engaging with stakeholders under review, to ensure they remain effective.	The Board's key decisions during the year included: • approving the acquisitions of Herbrand Street and Oxford Technology Park; • approving the first and second interim dividends in respect of the year, totalling 4.0 pence per share; • approving the Company's move from AIM to the Main Market (see case study below); • appointing Richard Howell as a Non-Executive Director; and • approving the £150.0 million debt facility with HSBC. See pages 78 and 79 for further details

MATTER	RESPONSE
a) The likely consequence of any decision in the long term.	We intend to be long-term holders of our assets and therefore look to acquire or develop assets that will appeal to occupiers for many years to come Our asset management activities also seek to future-proof our assets, for example by enhancing their sustainability performance. While generating income is an important consideration for us, we will not compromise on our investment criteria by acquiring weaker assets to increase income in the short term. During the year, the Board approved the acquisition of Herbrand Street in the knowledge that the building can be readily converted to laboratory use at the end of the current occupier's lease term in Q4 2026, and the location in London's Knowledge Quarter will be very attractive to future life science occupiers (see page 30)
b) The interests of the Company's employees.	As an externally managed company, we do not have any employees, so this matter is not applicable
c) The need to foster the Company's business relationships with suppliers, customers and others.	Our relationships with our occupiers are central to our business model. The Investment Adviser has a strong focus on building and maintaining these relationships and is supported by the property managers. For more information on engagement, see page 58. Relationships with our service providers are also key and are discussed on page 59 During the year, the Board appointed Michael Taylor as Chair of the Management Engagement Committee, which is responsible for overseeing relationships with our key service providers (see pages 89 and 90).
d) The impact of the Company's operations on the community and environment.	As the day-to-day operators of our assets, our occupiers have primary responsibility for any community impacts. Our assets support our occupiers' ability to create jobs, benefiting local communities. More broadly, we aim to offer real estate that provides the right environment for our occupiers to solve some of the world's pressing issues - see pages 44 and 45 for more on our social impact. During the year, the Board appointed Sally Ann Forsyth as the Director to lead our approach to sustainability She has regularly engaged with the Investment Adviser's Head of ESG during the development of our new ESG strategy, as set out on pages 44 and 45.

MATTER	RESPONSE
e) The desirability of the Company maintaining a reputation for high standards of business conduct.	A reputation for high standards of conduct is important to us. We need occupiers to be willing to sign multi-year leases with us and require long-term sources of debt and equity capital to fund our strategy. In 2022, we reviewed all of our policies and procedures in key areas as part of our move to the Main Market, to underpin our approach to ethical business.
f) The need to act fairly between members of the Company.	The Company has a fully independent Board and no shareholder or group of shareholders has direct influence over the Board's decisions. The principals of the Investment Adviser own shares in the Company valued at approximately £2.3 million, which also aligns their interests with those of shareholders as a whole.

CASE STUDY: OUR MOVE FROM AIM TO THE MAIN MARKET

Background

The Company's shares were initially traded on AIM, following our IPO in November 2021. As highlighted in the IPO prospectus, our intention was always to move to the Main Market of the London Stock Exchange within 12 months of the IPO, depending on the successful deployment of the capital raised. Many institutional investors were unable to invest in AIM shares or were only able to take limited positions. Moving the Company's listing to the Main Market has made the shares available to a broader range of investors, as well as providing eligibility for index and tracker funds from inclusion in the FTSE All-Share and Small Cap Indices (effective from 17 March 2023). The new prospectus issued on 1 December 2022 also included a placement and share issuance programme.

Interested stakeholders

Shareholders: Existing and prospective shareholders will benefit from our access to a larger pool of capital to support our growth strategy, and increased liquidity in the shares. The Company will continue to follow the AIC Code of Corporate Governance, which incorporates the parts of the UK Corporate Governance Code relevant to investment companies. We also note that standards of corporate governance are typically higher for Main Market companies than for AIM and our corporate governance has evolved to ensure that we are meeting these standards.

Occupiers: Increased access to capital will enable us to add new assets to the portfolio, progress our development projects to create new lettable space and support our continued investment in our existing portfolio. This will benefit occupiers, who will benefit from greater choice of high-quality lab space to lease from us.

Lenders: Our ability to continue to grow the business and further enhancements to our corporate governance framework will improve our risk rating for lenders.

Service providers: Our service providers will benefit from our continued growth and the opportunity to expand their work with us.

Impact of the decision in the long term

We believe the move to the Main Market will have significant long-term benefits, primarily arising from the increase in growth prospects, a broader shareholder base and greater liquidity in the Company's shares.

PRINCIPAL RISKS AND UNCERTAINTIES

To be successful in the long term, our decision-making must be informed by a clear understanding of our business risks and opportunities, and our appetite for those risks.

Responsibilities

The Board has overall responsibility for managing risk, identifying principal risks that may affect the Group's objectives and determining the nature and extent of risk exposure that the business is willing to take in pursuit of its strategy. The Audit and Risk Committee, on behalf of the Board, oversees the Group's framework for risk management.

Our framework for risk management is approved by the Board. It sets out how we identify, evaluate and report on our current and emerging risks, and incorporates the assessment of the controls and mitigation strategies we have in place for each documented risk. We apply a consistent evaluation framework to the assessment of risks, providing a clear basis for considering threats and opportunities across our activities. Changes to our risk profile, alongside significant and emerging risks, are escalated to and considered by the Audit and Risk Committee.

Our financial and operational performance and reputation are subject to several risks and uncertainties. These risks could, either separately or in combination, have a material impact on our performance, occupiers, third-party service providers, the environment and shareholder returns.

Our approach

Risk management is embedded in our business decision-making processes. The Investment Adviser regularly reviews and updates the corporate risk register, and this is reported to each Audit and Risk Committee meeting, highlighting any emerging, additional or deleted risks, changes to the controls in place or changes to our exposure to that risk. The Audit and Risk Committee reviews the risk register at each meeting, with particular focus on the principal risks and any emerging risks, and provides updates to the Board.

The Audit and Risk Committee also monitors our risk management processes and approves relevant disclosures. It has responsibility for monitoring financial reporting and external audit plans and outputs, as well as providing assurance to the Board in relation to financial, operational and compliance controls, all of which are designed to manage our exposure to risk.

The Board has approved the delegated authority matrix and key policies, which ensure that responsibility for making key decisions such as asset acquisitions and disposals is clearly defined and understood. The authority matrix is designed to ensure that these significant decisions are taken at the appropriate level, taking into account the size and complexity of the transaction, and its significance to our plans. Where appropriate, we support our policies with rigorous guidance and documentation standards, such as our Acquisition Protocol, which provide further assurance that decisions are properly supported.

Risk Management Framework

Risk appetite and awareness

Risk awareness exists through our decision-making processes and is embedded in our systems, policies, leadership, governance and behaviours. We have a primarily outsourced model, so we are reliant on service providers, particularly the Investment Adviser, to make decisions within agreed parameters the Board has approved.

The Investment Adviser has a clear understanding of our appetite for risk, which is determined by the Board and incorporated within the risk framework.

Risk appetite

We have no appetite for risks relating to compliance with regulatory and environmental requirements, or the safety and welfare our occupiers, those working on our behalf, and the wider community in which we work.

Our appetite for risks relating to climate change is low, and we are actively focusing on identifying and mitigating physical and transitional risks for the portfolio.

We will accept a reasonable level of risk in relation to business activities focused on enhancing revenues, portfolio values and increasing financial returns for investors.

We seek to balance our risk position between:

- a strong focus on health, safety and regulatory compliance, with our expectations agreed with service providers and incorporated within contract documents, and monitored through performance reviews by the Management Engagement Committee;
- the acquisition and management of a balanced asset portfolio, being selective in our acquisition decisions, and following a clear investment appraisal process;
- a focus on mitigating climate-related risks and opportunities through our portfolio acquisition decisions, development planning, capital expenditure plans, and occupier management and support activities; and
- generating profit and funds through activities, primarily from our investment and occupier appraisal processes, and by the effective delivery of activities by our third-party service providers.

Environmental, social and governance ("ESG") risk

We have strengthened our approach to managing ESG risk during the year. In particular, we have invested heavily in understanding how we can best mitigate climate-related risks, bringing in specialist support to assist in this area.

We have updated our risk framework to reflect this additional emphasis, with a new risk category "Climate-Related Risk", covering physical and transitional risks to the portfolio and the business, arising from climate change. We have overarching ESG and climate-related risks within the corporate risk register, and have also, in conjunction with our advisers, developed a separate climate-related risk register, covering both physical and transitional risks. This is reviewed by the Investment Adviser and reported to the newly formed Sustainability Committee, which has oversight of the Group's key risks.

Our assessment of the potential change over time for our key climate-related risks is set out below. For further details see page 48.

Key climate-related risks	**2023 2024 2025 2026 2027**	
Occupier demand changes seeking more sustainable options		Whilst our acquisition and development decision processes are designed to incorporate forecasting and responding to changes in occupier demand, some elements of this will be reactive, and this does present a potential increase in risk.
Decarbonisation pathway		Meeting the challenges and targets set in our planned decarbonisation pathway will require innovation and investment, which lead to an increase in risk.
Stranded assets		We consider that our acquisition protocol, and capital investment planning and approval process will effectively mitigate the risk of stranded assets, ie assets that occupiers will not wish to lease.
Flooding – impacting on occupiers and asset values		We do not consider that our current portfolio is at significant risk of flooding and incorporate flood risk consideration in our investment decisions. As our expertise in this area continues to develop we consider that the level of risk will decrease further.
Inability to access Green Finance options		Our ability to access the benefits from green financing options will be linked to the delivery of plans and achievement of targets in areas such as energy efficiency, emissions reduction, and decarbonisation. We are investing in our plans, which are being developed with the support of external specialists, and consider that their delivery will reduce our exposure to this risk.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risks

The Board confirms that it has performed a robust assessment of the Group's principal and emerging risks and considered the long term in doing so. The Investment Adviser and the Audit and Risk Committee regularly review the corporate risk register in detail.

The Board considers its overarching risk to be that investment objectives and performance become unattractive to investors, leading to a widening share price discount to net asset value, which hinders the ability to raise funds and grow.

The Board has identified its principal risks based on that, and those are summarised here, along with the current risk management strategy, the assessment of exposure to each risk, and any change in assessment since our last report.

Changes in risk, emerging risk

There are no additional principal risks, and we have not removed any risks previously considered to be principal. Where the evaluation of the risk has changed, an explanation has been provided in the detailed section below.

During our regular reviews of the corporate risk register during the year, we specifically consider emerging risks. This has led to the addition of a small number of risks to the register, none of which were considered to be principal risks, and their addition was primarily to ensure that mitigations and assurances could be formalised.

The heat map summarises the Group's current principal risk exposures

BUSINESS RISKS

1. Poor returns on the portfolio
2. Inability to identify or secure assets/sites for acquisition
3. Poor performance of the Investment Adviser or other significant third-party provider
4. Inappropriate acquisition, or breach of investment strategy

FINANCIAL RISKS

5. Interest rate changes
6. Inability to attract investment, either equity or debt funding
7. Breach of loan covenants, or prospectus borrowing policy

COMPLIANCE RISKS

8. Loss of REIT status

CLIMATE-RELATED RISKS

9. Impact of climate change

BUSINESS RISKS

	Risk	Mitigations
1 POOR RETURNS ON THE PORTFOLIO Residual exposure: Medium Change: =	Achieving the targeted level of return on our property portfolio over time is fundamental to the success of the business. The risk of a reduced return on the portfolio could be caused by a number of factors, *including:* • reduced property valuations; • reduced rent levels; • an inappropriate balance of property types within the portfolio; • cost of capital increases, particularly as interest rates rise; • higher than anticipated void rates, and bad debts; and • increasing new tenancy costs (shorter leases or significant works required to attract occupiers. In addition to these direct portfolio factors, external macroeconomic challenges reducing investment in the life sciences sector, subsequently reducing property values and rent incomes, and in the medium to longer term this could also impact on the number of potential occupiers looking for property.	Our approach to the management of risk around the portfolio follows three interlinked elements: **Asset value** – we have a robust acquisition and development process, with detailed modelling undertaken to support acquisition decisions, and our *plans to develop and fit out space. Our investment* protocol reflects our delegated authority matrix, ensuring that decisions are made at the right level, and particularly significant decisions are referred to the Board We aim to have a balance between sites developed with occupiers, and the development of sites, particularly with specialist facilities such as lab space, in advance. This mix enables us to both meet potential occupier requirements where these are very specific, and also to attract potential occupiers who are looking for reduced fit out cost and time. This helps to drive rents and reduces void lengths. We also undertake specialist asset opportunity analysis to identify potential target occupiers to approach proactively. **Occupier quality** – our occupier take on process includes ensuring we fully understand occupier requirements and are confident that we can deliver the asset functionality and quality required, and also detailed evaluation of the potential occupiers themselves, to ensure that they have a business model and financial plans that can support the lease and other property costs. Lease rates are flexed to reflect the lease period, and we take rent guarantees and rent deposits if appropriate. **Property management** – our property manager is a market leader in the field, with a depth and breadth of resources across the range of management activities, from rent collection, to asset maintenance and tenancy management, to building and encouraging sustainable and energy efficient operations within our asset base. The property managers work closely with the Investment Adviser's asset managers, and together they provide regular performance review and reports to the Board. Rent collection performance is also monitored by Link, who are responsible for rent collection accounting and maintenance of the debtor ledger.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

BUSINESS RISKS

	Risk	Mitigations
2 INABILITY TO IDENTIFY OR SECURE ASSETS/SITES FOR ACQUISITION Residual exposure: Medium Change: =	There is a risk that we may lose investment opportunities and/or potential occupiers to competitors. This could be driven by aggressive competitors, the overall level of competition in the market, insufficient suitable available assets in the market, or acquisition prices that would make it difficult for us to generate sufficient returns.	There is insufficient space available in the market to meet demand at the moment, and this is a focus area for growth and government initiatives, which gives us confidence that occupiers' need for appropriate space will continue. Our strategy includes acquiring existing facilities, sites planned for new development, and buildings which can be converted to meet the specialist requirements of the sector. Our Investment Adviser has an experienced management team and is supported by external property management specialists, who have extensive expertise in the life sciences market. The Investment Adviser regularly updates the Board on the acquisition pipeline.
3 POOR PERFORMANCE OF THE INVESTMENT ADVISER OR OTHER SIGNIFICANT THIRD-PARTY PROVIDER, INCLUDING INACCURATE OR INCOMPLETE REPORTING Residual exposure: Medium Change: =	We operate an outsourced model and depend on the performance of our third-party service providers, particularly the Investment Adviser, AIFM, Property Manager and Fund Administrator. Poor delivery from key providers could result in poor decisions, reduced portfolio returns or regulatory compliance failures, and could have a financial impact on investors. This risk covers all operational areas of the business: • environmental; • health and safety; • portfolio changes; • portfolio and property management, and • accounting and reporting. We rely on receiving high-quality, accurate and timely information from our service providers, and inaccurate or incomplete information could damage our finances, properties, occupiers and reputation. In particular, inaccurate information could increase our revenue risk, as we depend on third parties to invoice, collect, bank and record revenues.	Our governance framework is designed to ensure that the Board is involved with key decisions that are material to the success of the business. There is an approved delegated authority matrix and matters reserved for the Board are defined. Our service providers are contracted, with clear terms of service and our expectations clarified. We have contracted with organisations which are recognised as experts in their fields. The principal third-party providers oversee and review our activities, with the AIFM reviewing and approving key transactions proposed by the Investment Adviser, and the Investment Adviser monitoring the performance of the property managers. Financial reports and information are prepared by Link and checked by the Investment Adviser's Finance team, prior to reporting to the Board. The Board and Investment Adviser work together, with regular Board meetings and ongoing contact between the formal meetings. The Investment Adviser has strengthened its team during the year, providing additional resilience in the delivery of its services. The Board members are experienced individuals, appointed for their knowledge and their business and commercial acumen. In addition to their performance reviews and variance analysis as part of the normal quarterly Board meetings, they formally review the performance of key third-party service providers through the Management Engagement Committee. The valuation of the portfolio is a key risk area for the Group. The valuation is undertaken by an independent valuer, which provides additional assurance for the Board on the accuracy of key metrics reported by the Investment Adviser.

BUSINESS RISKS

	Risk	*Mitigations*
4 INAPPROPRIATE ACQUISITION, OR BREACH OF INVESTMENT POLICY Residual exposure: ● ○ ○ Low Change: =	Acquiring assets or taking on occupiers which are not in line with our investment policy and objectives could have a detrimental effect on our portfolio values, finances or reputation, and could also increase risk for occupiers, particularly in multi-tenanted properties.	Our investment policy is supported by processes designed to ensure that acquisitions meet our requirements. Our acquisition protocol includes robust due diligence processes and assessment against clear investment criteria, including portfolio mix, property type and quality, legal issues, environmental requirements, sector and quality of occupier. The Investment Adviser considers all potential acquisitions against the investment policy, before approval or referral to the Board for approval, where required by the size of the acquisition. All acquisitions and disposals are also approved by the AIFM. The Board is informed of all acquisitions, whether its approval is required or not. The Investment Adviser and the Property Manager provide us with expert knowledge of the properties and geographical locations which are best suited to the life science market, and decisions are made around the acquisition pipeline accordingly, ensuring that our property portfolio is best suited to the needs of our target occupiers. We also fully assess potential occupiers, ensuring that they are clearly linked to the life science sector and are of suitable financial stability and strength for the lease concerned. These processes are designed to ensure that our portfolio continues to be managed in accordance with the stated investment policy.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FINANCIAL RISKS

	Risk	Mitigations
5 INTEREST RATE CHANGES Residual exposure: High Change: ^	Interest rate rises may impact our ability to utilise funding to execute our strategy, and may also have an impact on the portfolio, as occupiers may have reduced willingness or ability to pay rents sufficient to make properties profitable.	As we are unable to mitigate the potential for interest rate rises, we focus on managing and mitigating the consequences. We have developed a financing strategy, with the use of interest rate caps and hedges considered by the Investment Adviser and the Board, and implemented as agreed.

	Risk	Mitigations
6 INABILITY TO ATTRACT INVESTMENT, EITHER EQUITY OR DEBT FUNDING Residual exposure: High Change: ^	There is a risk that we may be unable to attract new investors or increased investment from existing shareholders, affecting our ability to grow and deliver our strategic objectives This risk has increased over the year, as general economic conditions have deteriorated, and the interest rate risk referred to above may make it more difficult to agree funding at appropriate rates or with appropriate conditions.	Our reputation for providing quality, well-managed and suitable assets, in the right locations, will be key to mitigating this risk. Our performance has been positive, with several attractive assets acquired, and a clear acquisition strategy for the future. We have an experienced Investment Adviser, with a good reputation and excellent market knowledge. Our Board members have extensive experience working within and for the life sciences sector, and are key to our reputation in the market, through their knowledge of the requirements and needs of potential occupiers.
7 BREACH OF LOAN COVENANTS, OR PROSPECTUS BORROWING POLICY Residual exposure: Medium Change: =	We set out our expected and maximum loan to value ratios in the prospectus, and separately have a loan to value ratio agreed within our bank funding facilities. Breach of any of these ratios, or the terms and conditions of the funding facility, could have a serious impact on the delivery of our objectives, through cash shortages or damage to our reputation	The Investment Adviser is responsible for monitoring operations, financial transactions and performance, and reviews the financial position continuously to ensure that neither the loan to value ratio nor any specific requirements of the funding facility are breached The Investment Adviser applies comprehensive financial models to plan cash flows and funding requirements. Cash availability is built into the investment decision-making process. All acquisitions are approved by the AIFM and the Depositary, and all significant acquisitions and capital expenditure plans are approved by the Board. The cash position is reconciled monthly to the records produced by Link, and the bank statements, by the Investment Adviser's Finance team.

COMPLIANCE RISKS

	Risk	Mitigations
8 LOSS OF REIT STATUS Residual exposure: Medium Change: =	Failing to comply with the REIT framework would put our status as a REIT at risk, resulting in a potentially significant impact on our shareholders.	We have a detailed governance framework, with clearly allocated responsibilities set out in the delegated authority matrix, and in contracts with the Investment Adviser and other key service providers. We obtain advice as needed from the AIFM, our brokers and external legal support in relation to governance compliance, FCA and listing rules Our position against the key requirements of the REIT legislation is reviewed by the Investment Adviser each month, by Link quarterly, and is reported to the Board. Cash and earnings cover for dividends is monitored through the comprehensive cash flow forecasting process.

CLIMATE-RELATED RISKS

	Risk	Mitigations
9 IMPACT OF CLIMATE CHANGE Residual exposure: Medium Change: ^	The potential impact of climate change is one of our principal risks, as we seek to both reduce our impact on the environment and the impact of climate change on our activities, portfolio and finances. We have developed a separate climate risk register, to help us identify, consider and mitigate both physical and transitional risks. Key risks documented in that register include: • change in occupiers' requirements, as they seek more sustainable property options; • inability to access green funding, leading to higher financing costs; • the potential for assets to be impacted by extreme weather events such as prolonged extreme heat or flooding, reducing occupiers' willingness to lease properties, property rental values and therefore the value of our portfolio; and • potential cost impacts from our decarbonisation pathway.	We are already seeing the increasing impact of climate change on our environment and we recognise our responsibility to develop a portfolio and associated working practices which will reduce our environmental impact, while enabling us to deliver results for our investors. Further details are included in our TCFD and Sustainability reports (see pages 38 to 57), but a summary of the actions we have taken and planned are: • new developments to be BREEAM 'Excellent' or 'Very Good' rated; • environmental assessment of all potential acquisitions, as part of the acquisition process; • EPC plus reports are part of our standard process for acquisitions, and we are now using them for all buildings where appropriate to provide a baseline position. These reports are used to support our decarbonisation plans; • capital expenditure planning includes consideration of climate-related risk, with appropriate building standards being applied, such as energy efficient lighting and heating, and a reduction in greenhouse gas emissions; • external specialists have been appointed to assist us with developing our sustainability roadmap and route to carbon zero; and • our standard quarterly Board report pack includes ESG and climate-related risk information, to ensure that Board members are fully informed.

GOING CONCERN AND VIABILITY STATEMENT

Going concern

The Board monitors the Group's ability to continue as a going concern. Specifically, at quarterly Board meetings, the Board reviews summaries of the Group's liquidity position and compliance with loan covenants, as well as forecast financial performance and cash flows. Throughout the period, the Board had been meeting frequently, in conjunction with the Investment Adviser, to review cash resources and acquisitions of investment properties.

The Group ended the year with £45.6 million of unrestricted cash and £92.6 million of headroom readily available under its debt facilities. The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, or interest cover covenants. For the HSBC facility, valuations would need to fall by 43.9% or rents by 30.5%, when compared with 31 December 2022, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 24 March 2023, 98.0% of rents invoiced in December 2022 in relation to the quarter to 24 March 2023 were received.

As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure, and minimum dividend distributions under the REIT rules.

Based on this information, and in light of mitigating actions available, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period of at least 12 months from the date of approval of the Annual Report and Financial Statements. The Directors are also not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. They therefore have adopted the going concern basis in the preparation of the Annual Report and Financial Statements.

Assessment of viability

In accordance with the AIC Code of Corporate Governance, the Directors have assessed the Group's prospects over a period greater than the 12 months considered by the going concern provision. The Directors have conducted their assessment over a three-year period to 31 December 2025, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

The principal risks detailed on pages 62 to 69 summarise the matters that could prevent the Group from delivering its strategy. The Board seeks to ensure that risks are kept to a minimum at all times and, where appropriate, the potential impact of such risks is modelled within its viability assessment. The Group's investment portfolio acquired to date delivers the intended investment strategy of a diversified portfolio located within the Golden Triangle of Oxford, Cambridge and London located near major universities, hospitals and public and commercial organisations where there is a shortage of high quality real estate space to support expanding life science businesses. This is expected to lead to low vacancy rates and further rental and capital growth.

The Directors' assessment takes into account forecast cash flows, debt availability, forecast covenant compliance, dividend cover and REIT compliance. The model is then stress tested for severe but plausible scenarios, individually and in aggregate, along with consideration of potential mitigating factors. The key sensitivities applied to the model are a downturn in economic outlook and restricted availability of finance, specifically:

- Increased occupier turnover
- Increased void costs
- Increased interest rates

Taking into account mitigating actions, the results of the sensitivity analysis and stress testing demonstrated that the Group would have sufficient liquidity to meet its ongoing liabilities as they fall due, maintain compliance with banking covenants and maintain compliance with the REIT regime over the period of the assessment.

Furthermore, the Board, in conjunction with the Audit and Risk Committee, carried out a robust assessment of the principal risks and uncertainties facing the Group, including those that would threaten its business model, strategy, future performance, solvency or liquidity over the three-year period. The risk review process provided the Board with assurance that the mitigations and management systems are operating as intended. The Board believes that the Group is well positioned to manage its principal risks and uncertainties and the economic and political environment.

The Board's expectation is further supported by regular briefings provided by the Investment Adviser. These briefings consider market conditions, opportunities, changes in the regulatory landscape and the current economic and political risks and uncertainties. These risks, and other potential risks which may arise, continue to be closely monitored by the Board.

Viability statement

The period over which the Directors consider it is feasible and appropriate to report on the Group's viability is a three year period to December 2025. This period has been selected because it is the period that is used for the Group's medium-term business plan. Underpinning the plan is an assessment of each unit, driving the letting and capital expenditure assumptions. These in turn drive the financing assumptions and other forecast cashflows.

Having considered the forecast cash flows, covenant compliance and the impact of sensitivities in combination, the Directors confirm that, taking account of the Group's current position and the principal risks set out in the strategic report, they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

On behalf of the Board

Claire Boyle
Chair

24 March 2023

Cambourne Business Park, Cambridge

CHAIR'S INTRODUCTION TO GOVERNANCE

"

WE WORKED HARD TO PUT A ROBUST GOVERNANCE FRAMEWORK IN PLACE BEFORE THE IPO AND HAVE MADE FURTHER GOOD PROGRESS WITH OUR GOVERNANCE AGENDA DURING 2022.

"

CLAIRE BOYLE
Chair and Non-Executive Director

The importance of strong governance to a company's success is well established, as it provides a framework within which we can effectively implement our strategy. We worked hard before the IPO to put a robust governance framework in place and have made good progress since Admission. You can find further details in the following pages.

Following shareholder approval, Life Science REIT plc (the "Group") migrated its listing from the AIM market of the London Stock Exchange to the premium segment of the London Stock Exchange on 1 December 2022 and is therefore required to comply with the AIC Code of Corporate Governance (the "AIC Code") published by the Association of Investment Companies and to state how it will comply with that code.

The AIC Code addresses the principles and provisions set out in the UK Corporate Governance Code as published by the Financial Reporting Council (the "UK Code"), as well as setting out additional principles and provisions on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code will provide more relevant information to its shareholders.

During the year ended 31 December 2022, we made good progress with our governance agenda. Highlights included the following: we successfully implemented our succession planning programme with the appointment and induction of Richard Howell as Chair of the Audit and Risk Committee and Senior Independent Director; set up new Board Committees and reorganised existing Director responsibilities accordingly; worked on our ESG and sustainability strategy framework, appointing Sally Ann Forsyth as Sustainability Lead, reflecting the importance we and our stakeholders place on ESG considerations; ensured compliance with the applicable principles and provisions of the AIC Code following Admission to the Main Market; reviewed all the acquisitions made in the year and approved the purchase of assets in the investment pipeline of the Group. We have also set agendas for the Board for the year ahead including a separate strategy day that took place in February 2023.

As part of good governance practice, the Board set up a Nomination Committee and a Remuneration Committee under the chairship of Sally Ann Forsyth and Michael Taylor respectively post the migration of Company's listing to the premium segment of the London Stock Exchange.
A Sustainability Committee has also recently been set up with Sally Ann Forsyth as the Chair, with the first meeting being held in February 2023

The Directors are working well together and we have a collegiate culture, with open discussions and appropriate challenge. We are benefiting from our complementary backgrounds, which include experience in life science real estate, life science organisations, finance and investment trusts. As at the date of this report, 50% of the Board is female and we will continue to consider diversity, including ethnicity, in future appointments.

The Board's priorities for 2023 include supporting and overseeing the Investment Adviser in the continued successful implementation of our strategy. We will also continue to embed the Group's corporate governance framework and further develop the Board's relationships with our other service providers. As an externally managed business, our service providers play an important part in our governance arrangements and the Management Engagement Committee chaired by Michael Taylor works with the Investment Adviser to ensure they continue to function effectively.

Claire Boyle
Chair

24 March 2023

AIC CODE – PRINCIPLES	PAGE
BOARD LEADERSHIP AND PURPOSE	74 to 81
COMPOSITION, SUCCESSION AND EVALUATION	81 to 85
REMUNERATION	94 and 95
DIVISION OF RESPONSIBILITIES	78 to 80
AUDIT, RISK AND INTERNAL CONTROL	87, 91 to 93

BOARD OF DIRECTORS

The Board consists solely of independent Non-Executive Directors. During the year under review, Richard Howell was appointed as a Non-Executive Director of the Company.

Claire Boyle
Chair of the Board of Directors

Appointed: 14 October 2021

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Claire was appointed as a Director of the Company on 14 October 2021. Claire is a non-executive director and chair of the audit committee of Fidelity Special Values Plc and Aberdeen Japan Investment Trust PLC and a non-executive director of The Monks Investment Trust.

She has over 20 years' experience working in financial services and investment management, having qualified as a chartered accountant with Coopers and Lybrand, where she specialised in litigation support and forensic accounting. Claire then spent 13 years working in equity investment management for Robert Fleming Investment Management, American Express Asset Management and latterly Oxburgh Partners, where she was a partner with responsibility for their European Hedge Fund.

Claire has a degree in Natural Sciences from Durham University and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Dr Sally Ann Forsyth OBE
Non-Executive Director and
Chair of the Nomination Committee
and Sustainability Committee

Appointed: 14 October 2021

■ ■ ■ ■ □

Sally Ann was appointed as a Director of the Company on 14 October 2021. Sally Ann is CEO of the Stevenage Bioscience Catalyst and is a pioneer of the life science real estate industry with 16 years of experience in the delivery of outstanding science parks. She has been responsible for the strategy, growth and development of four internationally recognised clusters including Harwell Oxford, Colworth Science Park, Norwich Research Park and most recently Stevenage Bioscience Catalyst, where she is CEO.

She began her career with Unilever where she had lead responsibility for Scientific Strategic Alliances and Open Innovation and gained an insight into the needs of growing companies as part of the founding team of Unilever Ventures. She gained her property experience through Goodman International where she was Director of Science Parks responsible for the development and management of their UK portfolio.

Sally Ann has a PhD in Molecular Biology from the University of Cambridge, a certificate in Real Estate Economics and Finance from LSE and is a qualified management accountant (CGMA). She was awarded an OBE for services to Business and Science in 2021

With effect from 24 June 2022, Richard took on the role of Senior Independent Director of the Company and Chair of the Audit and Risk Committee.

Michael Taylor
Non-Executive Director and
Chair of the Management Engagement Committee and Remuneration Committee

Appointed: 14 October 2021

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Michael was appointed as a Director of the Company on 14 October 2021.

Michael is the Commercial Director for the British Heart Foundation ("BHF") which is the largest funder of life science research into heart and cardio-vascular disease in the UK. Since joining the BHF in 2012 he has overseen significant growth and diversification of their commercial revenues across the extensive retail estate of over 700 retail shops, new online channels and commercial health ventures, with annual revenues now exceeding £200 million p.a.

Prior to joining BHF he spent over 20 years working in senior roles in a wide range of major retailers with significant retail, logistic and office property portfolios, and has been managing director of a number of national retailers including Budgens, Londis and Whittard.

Michael has a degree in Economics from UEA.

Richard Howell
Senior Independent Director and
Chair of the Audit and Risk Committee

Appointed: 3 May 2022

■ ■ ■ ■ □

Richard was appointed as a Director of the Company on 3 May 2022.

Richard is Chief Financial Officer of Primary Health Properties plc, the FTSE 250 REIT and leading investor in flexible, modern primary healthcare accommodation across the UK and Ireland.

Richard is a Chartered Accountant and has over 20 years' experience working with London-listed commercial property companies, gained principally with LondonMetric Property plc and Brixton plc. Richard was part of the senior management team that led the merger of Metric Property Investments plc and London & Stamford Property Plc in 2013 to create LondonMetric Property plc with a combined property portfolio of £1.4 billion.

Richard has extensive finance experience, having previously held senior accounting positions within listed property companies operating across the UK. Whilst working for LondonMetric Property plc and Brixton plc, he has been involved in over £5 billion of property transactions.

Key to Committees:

■ Audit and Risk Committee
■ Management Engagement Committee
■ Nomination Committee
■ Remuneration Committee
□ Sustainability Committee

INVESTMENT ADVISER

The Board has appointed Ironstone Asset Management Limited to provide day-to-day investment advisory and asset management services to the Group.

Stephen Barrow
Chair (Non-Executive Director)

Stephen has over 30 years' experience setting up and managing funds. Starting as an investment analyst at Morgan Grenfell, Stephen managed the £5 billion UK Equity Exempt Fund in the 1990s combined with the role of Head of Global Research. Stephen then set up the successful Global Equity Select strategy at Morgan Grenfell in 2002. Leaving Morgan Grenfell in 2005, Stephen built a successful team at IronBridge International and, as founding CIO, ultimately managed over $7 billion for a range of UK and overseas clients. Since 2012, Stephen has been investing in a range of property vehicles alongside colleague Simon Hope, notably Warehouse REIT. Stephen has an MA in Economic History from the University of St Andrews.

Simon Farnsworth
Managing Director

Simon is an experienced fund manager and chartered surveyor with over 30 years of experience in the UK real estate market. Previously he was a Managing Director of the UK Funds business of CBRE Global Investors and a member of their UK Executive Committee and Investment Committee. Prior to that he was a Business Development Director at GE Capital Real Estate. Latterly, Simon was a founding director of Westmount Real Estate, a boutique real estate investment advisory and asset management business advising on acquisitions, asset management and financing across all UK sectors. He has considerable experience in sourcing, managing and financing across many real estate asset classes along with developments, forward fundings and corporate transactions. He has a BSc in Land Management from the University of Reading.

Ian Harris
Director of Asset Management

Ian is a qualified chartered surveyor with over 30 years' experience in the UK real estate market. His asset management career began at Imry Holdings where he was responsible for the £200 million Halogic Portfolio in joint venture with GE Real Estate. He moved on to become Director of Frame Investments Limited, a privately owned property investment and asset management company specialising in multi-let value-add portfolios in the UK with financial partners including PRICOA and Portfolio Holdings Limited. He was then appointed Director of Asset Management for the Strategic Partners series of UK value-add funds at CBRE Global Investors with assets under management of £1 billion. Subsequently, he went on to co-found Westmount Real Estate Ltd, a boutique investment advisory and asset management business acting for a wide range of domestic and international investors. Ian has a BSc in Land Management from the University of Reading and is a Member of the Royal Institution of Chartered Surveyors.

Please see pages 30 to 37 for the Investment Adviser's report.

Simon Hope
Vice-Chair (Non-Executive Director)

Simon is a Senior Adviser at Savills UK, with over 35 years' tenure at the company. From 2004 to 2021 he was Global Head of Capital Markets specialising in portfolio investment construction, acquisitions and disposals. He was a founding director of the Charities Property Fund which is now £1.5 billion in size. He chaired Grosvenor Hill Ventures until 2007, which was Savills' proprietary trading and investment arm for property. In 2013 he became chairman of Tilstone Partners Limited, which is the investment adviser to Warehouse REIT plc, and is a non-executive director of Warehouse REIT plc, an AIM-quoted real estate investment trust which was launched in 2017 and which has a market cap of more than £650 million. Simon was the executive sponsor of Savills' Life Science practice which incorporates a multi-disciplinary team of over 18 professionals. He studied Estate Management at the Royal Agricultural College, Cirencester and is a RICS Fellow. He also holds an MBA from Reading University.

David Lewis
Finance Director

David has over 30 years' commercial and financial global experience, most recently with Round Hill Capital, a real estate private equity firm. He has held senior executive positions with Campus Living Villages, Balfour Beatty Investments and Lend Lease Infrastructure and was the European CFO of Babcock & Brown, the investment manager who established the now FTSE 250 listed company International Public Partnerships. Previously David was a Technical Director with Ernst & Young in Australia and is a Fellow of the Institute of Chartered Accountants, England & Wales. David has a BSc in Fuel and Energy and Management Studies from the University of Leeds.

CORPORATE GOVERNANCE STATEMENT

This report explains the key features of the Group's governance structure.

Statement of compliance

As highlighted in the Chair's statement on page 9 the Company migrated the listing of its ordinary shares from the AIM market of London Stock Exchange to the premium segment of the London Stock Exchange on 1 December 2022. The UK Listing Rules require listed companies to disclose how they have applied the principles and complied with the provisions of the UK Corporate Governance Code.

The Board has considered the principles and provisions of the AIC Code of Corporate Governance published by the Association of Investment Companies (the "AIC Code"). The AIC Code addresses the provisions set out in the UK Corporate Governance Code as published by the Financial Reporting Council (the "UK Corporate Governance Code"), as well as setting out additional provisions on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code will provide more relevant information to its shareholders.

The Company complies with the AIC Code which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

As an externally managed investment company with no executive directors, employees or internal operations, all of its ongoing management and administration functions are delegated to the Investment Adviser and other service providers, and as such the Board does not consider that the above provisions are relevant to the Company. We have therefore not reported further on these provisions.

In accordance with the AIC Code, the Company established an Audit and Risk Committee and a Management Engagement Committee. Following the migration of the Company's ordinary shares to the premium segment of the London Stock Exchange, the Board agreed to establish separate Nomination and Remuneration Committees under the chairship of Sally Ann Forsyth and Michael Taylor respectively.

The Board undertakes an annual review of its compliance with the principles and recommendations of the AIC Code of Corporate Governance. A copy of the AIC Code, which was last updated in 2019, can be obtained via the AIC website, **www.theaic.co.uk**.

Board of Directors

Under the leadership of the Chair, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society.

Key Board activities during the year

At each quarterly Board meeting a report from both the AIFM and the Investment Adviser is reviewed, which includes relevant matters to highlight since the previous meeting and details of portfolio activity, the pipeline and health and safety matters.

January – March 2022

- External debt facility approved
- Updates from Management Engagement Committee and Audit and Risk Committee Chairs
- Review of investment policy and Matters reserved for Board

April – June 2022

- Acquisition of Herbrand Street approved
- Acquisition of OTP approved
- Approval of Annual Report and Financial Statements for the year ended 31 December 2021
- Approval of policy regarding responsibilities of the Chair
- Annual General Meeting

It establishes the purpose, values and strategic aims of the Group and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Group to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for the determination of the Group's investment policy and strategy and have the overall responsibility for the Group's activities, including the control and supervision of the AIFM and Investment Adviser.

The Board consists entirely of independent Non-Executive Directors. The Directors possess a wide range of relevant business and financial expertise and brief biographies, including details of their significant commitments, can be found on pages 74 and 75. The Directors consider that they are able to commit sufficient time to the Group's affairs.

None of the Directors has a service contract. Letters of appointment set out the terms of their appointment and copies are available on request from the Company Secretary at **LABS_CoSec@Linkgroup.co.uk** and will be available at the AGM. The Directors are not entitled to any compensation for loss of office. Under the Company's Articles and in accordance with the AIC Code, Directors are required to retire at each AGM and seek annual re-election.

The Company has established an induction procedure for new Directors, including the provision of an induction pack containing information about the Group, its processes and procedures. New appointees would also meet the Chair, the wider Board and relevant personnel at Ironstone.

The Board receives and reviews a quarterly share register analysis, as well as a report from the Company Secretary including regulatory and governance updates.

July – September 2022

- Approval of 2022 Interim Report
- Approval of interim 2022 dividend
- Consideration of move to Main Market listing

October – December 2022

- Approved move from AIM to Main Market listing
- Financial year 2023 budget approval
- Review of Directors' performance evaluation for the year ended 31 December 2022

CORPORATE GOVERNANCE STATEMENT CONTINUED

Structure of the Board

	Audit and Risk Committee	Nomination Committee	Remuneration Committee	Sustainability Committee	Management Engagement Committee	Independent/ Non-independent	Gender
Claire Boyle[1]	■	■	■	□	■	Independent	Female
Sally Ann Forsyth[2]	■	■	■	□	■	Independent	Female
Michael Taylor[3]	■	■	■	□	■	Independent	Male
Richard Howell[4]	■	■	■	□	■	Independent	Male

1. Chair of the Board during the year and Chair of the Management Engagement Committee until 11 March 2022
2. Chair of the Nomination Committee with effect from 1 December 2022 and Sustainability Lead during the year. Chair of the Audit and Risk Committee until 24 June 2022.
3. Chair of the Management Engagement Committee with effect from 11 March 2022 and the Remuneration Committee with effect from 1 December 2022.
4. Appointed 3 May 2022. Senior Independent Director and Chair of the Audit and Risk Committee with effect from 24 June 2022.

Chair and Senior Independent Director

The Chair, Claire Boyle, and the Senior Independent Director, Richard Howell, were deemed by their fellow independent Board members to have been independent on appointment and to have no conflicting relationships.

The role and responsibilities of the Chair are outlined below and clearly defined and set out in writing, a copy of which is available on the Group's website at **www.lifesciencereit.co.uk**. The Senior Independent Director acts as a sounding board for the Chair and as an intermediary for other Directors when necessary. He leads the annual appraisal of the Chair's performance, takes responsibility for an orderly succession process and is also available to shareholders to discuss any concerns they may have.

Purpose and culture

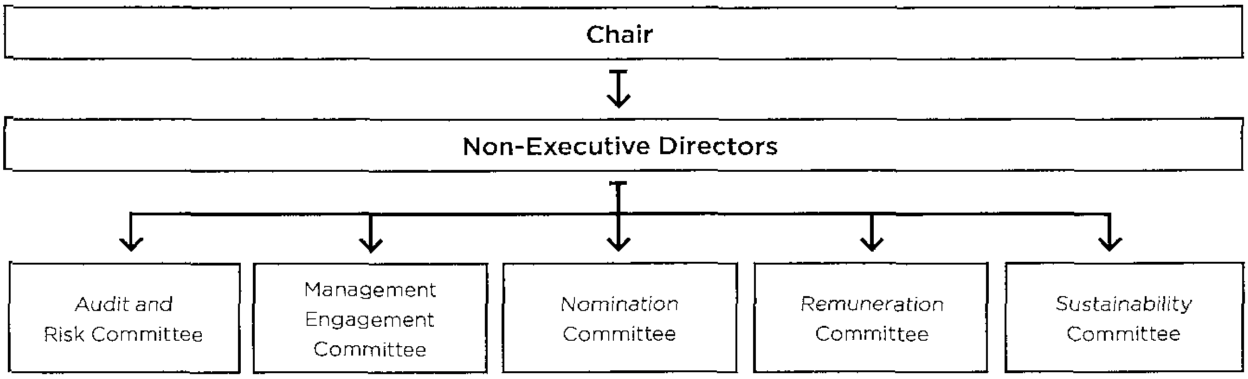
The Group's purpose is to own and manage life sciences real estate across the UK, providing the space its occupiers need for their businesses to thrive. Further information about the purpose of the Group can be found in the strategic report at page 8.

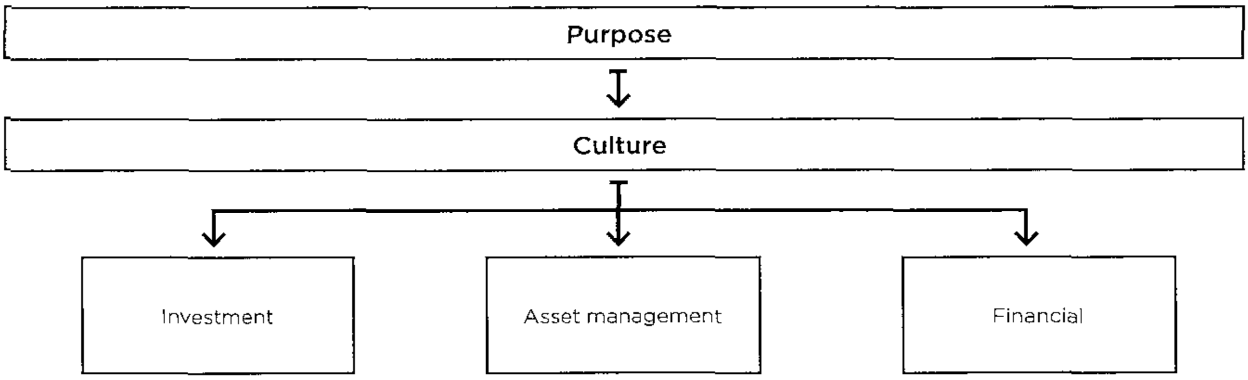
The Chair leads the Board and is responsible for its overall effectiveness in directing the Group. She demonstrates objective judgement, promotes a culture of openness and debate, and facilitates effective contributions by all Directors. In liaison with the Company Secretary, she ensures that the Directors receive accurate, timely and clear information. The Directors are required to act with integrity, lead by example and promote this culture within the Group.

The Board seeks to ensure the alignment of the Group's purpose, values and strategy with the culture of openness, debate and integrity through ongoing dialogue and engagement with the AIFM, Investment Adviser and the Group's other service providers. The culture of the Board will be considered as part of the annual performance evaluation process which is undertaken by each Director. The culture of the Group's service providers is also considered by the Board during the annual review of their performance and while considering their continuing appointment. This includes assessing their approach to significant ethical issues such as modern slavery. The Company's Modern Slavery Statement, reviewed by the Board each year, is available from its website **www.lifesciencereit.co.uk**.

Nomination Committee

As noted on page 85, following the Company's migration of the listing of its ordinary shares to the premium segment of the London Stock Exchange, the Board has established a separate Nomination Committee. The Nomination Committee consists of the whole Board and is chaired by Sally Ann Forsyth. The Committee meets at least annually and terms of reference are in place which include reviewing the Board's size, structure and diversity, succession planning and training. Potential new Directors are identified against the requirements of the Group's business and the need to have a balanced Board. The Company is committed to ensuring that any vacancies arising are filled by the most qualified candidates.





Recruitment and succession planning activities

Prior to establishment of the Nomination Committee, the Board lead the process for appointments of new Directors to the Board and its Committees, and ensured plans were in place for orderly succession and oversaw the development of a diverse pipeline for succession. Furthermore, the Board was responsible for ensuring that there was a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, including a review of other significant commitments Directors may have.

During the year, the Board engaged in a search for a fourth Non-Executive Director with assistance from the executive search firm Odgers Berndtson. The Board confirms that Odgers Berndtson is independent of the Company and each of its Directors as of the date of this report.

The Board identified for this search that any one of the following attributes were important for the successful candidate to be able to contribute to the Board, and would further be considered during the Company's ongoing succession planning:

- recent and relevant financial experience;
- transactional experience in the area of property acquisitions;
- exposure to commercial real estate and/or real estate asset management; and
- board experience from a plc environment.

Following a consideration of the desired background and expertise of the new Director in order to complement the skills already on the Board as stated above, a shortlist of potential candidates was then provided by Odgers Berndtson. The Directors met with a number of these candidates, following which Richard Howell was appointed to the Board on 3 May 2022. Please see page 75 for Richard Howell's biography.

The Nomination Committee will hold its first meeting in 2023, at which the Board plans that a skills matrix will be created and discussed to identify current strengths and areas of weakness for the Board to consider during its ongoing succession planning activities.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Diversity and inclusion

In accordance with the AIC Code, the Board is comprised of a group of individuals who have an appropriate balance of skills and experience to meet the future opportunities and challenges facing the Group. Appointments are made first and foremost on the basis of merit and taking into account the recognised benefits of all types of diversity. The Board ensures that diversity is an important consideration and part of the selection criteria used to assess candidates to achieve a balanced Board.

In April 2022, the FCA announced additional diversity targets for FTSE listed companies on a 'comply or explain' basis, the reporting of which is to be effective for financial accounting periods commencing 1 April 2022 onwards. Whilst this is not applicable to the Company for this year's annual report, the Board supports the introduction of the new rules and the Group will report its compliance against this new requirement in the Annual Report for the year ending 31 December 2023.

The Board is currently comprised of a 50:50 male to female ratio.

Tenure

In accordance with the AIC Code, the Directors are required to retire at the first AGM following their appointment. Thereafter, at each AGM, all Directors, including the Chair of the Board, will seek annual re-election (see page 83). The Board has not stipulated a maximum term of any directorship, except that subject to ensuring business continuity, all Non-Executive Directors will remain on the Board for a maximum period of nine years in accordance with the AIC Code.

Engaging with our stakeholders

Details of how we engaged with our key stakeholders during the year ended 31 December 2022 are set out in the strategic report on pages 58 and 59.

Board operation

The Directors meet at regular Board meetings, held at least four times a year, with additional meetings arranged as necessary. Board members are notified between meetings of any material events including, but not limited to, significant transactions, litigation, mergers and acquisitions, and changes in capital structure. There is regular contact between Board members and the Investment Adviser, in addition to the formal Board meetings.

The table below sets out the Directors' attendance at both regular and ad hoc Board and Committee meetings[1] during the year ended 31 December 2022, against the number of meetings each Board member was eligible to attend:

	Board	Audit and Risk Committee	Management Engagement Committee
Claire Boyle	4/4	4/4	2/2
Sally Ann Forsyth	4/4	4/4	2/2
Michael Taylor	4/4	4/4	2/2
Richard Howell[2]	3/3	3/3	1/1

1. Following the Company's Admission to AIM on 19 November 2021
2. Appointed as a Director on 3 May 2022

The Board has formal arrangements for the Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense. The Company has also taken out a Directors' and Officers' liability insurance policy and is referred to on page 99.

Board and Committee evaluation

Towards the end of 2022 the Board conducted an evaluation of the effectiveness of the Board itself, its Committees, the Chair and the Directors. It is the Board's current intention to arrange an externally facilitated evaluation at least every three years in accordance with the AIC Code.

The 2022 evaluation was an internal performance evaluation by way of questionnaires completed by the Directors. The results were collated and a report detailing the responses was considered by the Board. This process was facilitated by the Company Secretary. The scope of the questionnaire was designed to cover all aspects of the Board's operation, including the management of meetings, the strengths and independence of the Board and the Chair, individual Directors and the performance of its Committees, each Director's perspective on the Board's future priorities, training requirements, and the way the Board works as a team.

The Board concluded that the evaluation demonstrated that the composition of the Board continued to be appropriate and it provided adequate supervision, oversight and challenge.

Independence of Directors

The Board has reviewed the independence of each Director and the Board as a whole. The whole Board is independent of the Investment Adviser and free from any business or other relationships that could materially interfere with the exercise of the Directors' independent judgement.

The Board considers that all Directors are independent of the Investment Adviser in both character and judgement.

Conflicts of interest

The Articles of Association permit the Board to consider and, if it deems fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Group's interests. The Board has a formal system to consider such conflicts, with the Directors who have no interest in the matter deciding whether to authorise the conflict and any conditions to attach to such authorisation. Any such conflicted Director would not be present during Board discussions regarding the conflicting matter to ensure that the debate remains unbiased and objective. A register of potential conflicts of interests is maintained by the Company Secretary and presented to the meeting for information at each Board meeting. As at 24 March 2023, being the latest practicable date of this report, no such conflicts were identified.

Election/re-election of Directors

Under the Company's Articles of Association, Directors are required to stand for election at the first AGM after their appointment and each AGM thereafter for re-election. This is also in accordance with the AIC Code therefore, each Director will stand for election at the forthcoming AGM. The Board considers that both during the year ended 31 December 2022 and from the end of the period to 24 March 2023, being the latest practicable date of this report, each Director has performed effectively and demonstrated excellent commitment to their role at this early and important stage of the Company's development. It therefore believes that it is in the best interests of shareholders that each Director is elected at the AGM.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board responsibilities and relationship with the Investment Adviser

The Board's main roles are to lead the Group and ensure its long-term sustainable success, generating value for shareholders and contributing to wider society, and to approve the Group's purpose, values and strategic objectives and satisfy itself that these and its culture are aligned. The Board annually maintains and reviews its schedule of matters reserved for the Board of Directors which details its specific responsibilities. Its responsibilities include:

- approving the Group's investment and business strategy;
- approving the gearing policy;
- overseeing cash management;
- approving the Annual and Half-yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;
- approving acquisitions and disposals which are within the investment policy but have a value of 20% or more of the GAV of the Group's portfolio, and any acquisitions or disposals outside the investment policy;
- raising new capital and approving major financing facilities;
- approving the valuation of the Group's portfolio;
- approving and recommending dividends;
- approving Board appointments and removals;
- appointing or removing the Group's external Auditor following the recommendation of the Audit and Risk Committee;
- appointing or removing the AIFM, Investment Adviser, Depositary, Auditor, Company Secretary and other service providers following the recommendation of the Management Engagement Committee; and
- ensuring a satisfactory dialogue with shareholders and other key stakeholders.

A copy of the schedule of matters reserved for the Board of Directors is available on the Company's website at **www.lifesciencereit.co.uk**.

The Board has delegated its day-to-day functions to a number of service providers, each engaged under separate legal agreements. In particular, portfolio management and risk management of the Group's assets has been delegated to the AIFM. The Investment Adviser provides recommendations to the AIFM's investment committee. These recommendations cover acquisitions and sales of Group assets (where this would be in line with the Group's objectives and investment policy), and recommendations on where the Group should incur borrowings and give guarantees and securities (subject to certain investment restrictions imposed by the Board and the Board's overall control and supervision). The Board, the AIFM and the Investment Adviser operate in a fully supportive, co-operative and open environment.

At each Board meeting, the Directors follow a formal agenda, which is circulated in advance by the Company Secretary following its approval by the Chair. The Company Secretary and Investment Adviser regularly provide financial information, together with briefing notes and papers in relation to changes in the Group's economic and financial environment, statutory and regulatory changes and corporate governance best practice to the Board. Representatives from the Investment Adviser and the AIFM attend each Board meeting and communicate with the Board between formal meetings.

Board Committees

The Board has five Committees: the Audit and Risk Committee, the Management Engagement Committee, the Nomination Committee, the Remuneration Committee and the Sustainability Committee.

The Committees' terms of reference are available on the Company's website at **www.lifesciencereit.co.uk**.

Audit and Risk Committee

The Audit and Risk Committee comprised Richard Howell (Chair), Sally Ann Forsyth, Claire Boyle and Michael Taylor. The members of the Audit and Risk Committee consider that they collectively have the requisite skills and experience to fulfil the Committee's responsibilities and competence relevant to the REIT sector. Richard Howell is a qualified accountant, as is Claire Boyle.

As part of the planned succession process, Sally Ann Forsyth stepped down as the Chair of the Audit and Risk Committee and was replaced by Richard Howell on 24 June 2022.

Information about the composition, responsibility and activities of the Audit and Risk Committee is set out in the report from the Chair of the Audit and Risk Committee on pages 91 to 93.

Management Engagement Committee

The Management Engagement Committee during the year comprised of Michael Taylor (Chair), Claire Boyle, Sally Ann Forsyth and Richard Howell, all of whom are independent Non-Executive Directors. The Chair of the Board was also the Chair of the Committee until 11 March 2022 when she stepped down and was replaced by Michael Taylor.

A report from the Chair of the Management Engagement Committee is set out on pages 89 and 90.

Nomination Committee

The Nomination Committee was established during the year, following the Company's migration from AIM to the premium segment of the London Stock Exchange on 1 December 2022. Membership consists of the whole Board and the Committee is chaired by Sally Ann Forsyth.

There were no meetings of the Nomination Committee during the year.

Remuneration Committee

The Remuneration Committee was established during the year, following the Company's migration from AIM to the premium segment of the London Stock Exchange. Membership consists of the whole Board and the Committee is chaired by Michael Taylor.

There were no meetings of the Remuneration Committee during the year.

Sustainability Committee

This committee was set up post year end, the first meeting being held in February 2023. The full Board sits on the Committee, with Sally Ann Forsyth being appointed Chair. The Committee will meet a minimum of twice a year to cover the following main duties:

- approval and oversight of the implementation of the sustainability strategy;
- tracking progress and effectiveness of the strategy; and
- review of ESG risks (including climate-related risks and opportunities) to recommend updates to the Audit and Risk Committee as appropriate.

Company Secretary

The Board has direct access to the advice and services of the Company Secretary, Link Company Matters Limited, which is responsible for ensuring that the Board and Committee procedures are followed and that applicable regulations are complied with. The Company Secretary is also responsible to the Board for ensuring timely delivery of information and reports and for ensuring that the Company meets its statutory obligations.

How governance supports the delivery of the Group's strategy

As noted on page 84, the approval of the strategy and overseeing its implementation is one of the Board's core responsibilities. Set out on the next page are the Board's activities in respect of each element of the strategy set out on pages 20 to 21 of this report.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Strategy	Board governance role	Board key activities during the year
Investment strategy 1	Overseeing the selection of acquisitions, against the backdrop of current market and economic conditions. Approving acquisitions which are within the investment policy but have a value of 20% or more of the Group's GAV. Approving any acquisitions outside the investment policy.	Reviewed acquisition pipeline tracker at each quarterly meeting. Reviewed and approved acquisitions of Herbrand Street and OTP in H1 2022. Read more about the acquisitions in the year in the Investment Adviser's report on page 30.
Asset management strategy 2	*Overseeing the portfolio.* Overseeing the Investment Adviser's asset management activities. Approving disposals of 20% or more of the GAV of the Group's portfolio. Approving any disposals outside the investment policy.	Reviewed quarterly portfolio updates from the Investment Adviser, including lease events, capital expenditure works and development updates. Approved the annual budget for the year ended 31 December 2023. *Read more about asset management during* the year in the Investment Adviser's report on page 33.
Financial strategy 3	Approving any changes to the Group's capital structure. Approving the Group's gearing policy, dividend policy and treasury policy.	Approved external debt facility with HSBC in H1 2022. Monitored the Group's debt levels and interest rate hedging. Read more about financing activity during the year in the Investment Adviser's report on page 35.

Internal controls

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness.

Internal control systems are designed to manage, but not to eliminate, the risk of failure of the Group to meet its business objectives, and as such, only provide reasonable but not absolute assurance against material misstatement or loss. The key components designed to provide effective internal control are outlined below:

- the Group has a clearly defined organisational structure;
- the Group has policies and procedures for internal controls of key matters;
- an annual budgeting process is in place;
- detailed quarterly reporting occurs;
- the Directors intend to implement a whistleblowing policy where any concerns are reported directly to the Chair of the Board to deal with any issues should they arise;
- the Directors have considered the Bribery Act and will implement an Anti-Bribery and Corruption Policy in 2023;
- at least annually the Board conducts a review of the effectiveness of the Group's internal controls, covering all material controls;
- the Directors actively respond to any external audit recommendations on internal control deficiencies and demonstrate how they are actioned. A follow-up process is in place for actions arising from audits and the risk management process, which ensures that actions are implemented effectively;
- a delegated authority matrix has been developed to cover key commercial and financial activities, investment and disposal transactions, and management of disputes or legal challenges; and
- the Directors have documented key controls which mitigate risk of inaccurate reporting.

The Audit and Risk Committee undertakes the annual review of the effectiveness of internal controls and reports the results of this to the Board for consideration. The Audit and Risk Committee also receives reports from the Investment Adviser, AIFM and the external Auditor concerning the system of internal control and any material control weaknesses. It may also seek external reviews and advice. Any significant issues identified are to be referred to the Board for consideration. Where any material control deficiencies are identified, remedial actions are agreed and implemented, and the Board updated on its progress.

Risk management

The Group has a Risk Management Framework, which is approved by the Board and subject to annual review (as a minimum) by the Audit and Risk Committee. A detailed risk register has been compiled, identifying key risks and mitigations, and evaluating the exposure for each risk, using a standardised evaluation matrix. The Investment Adviser regularly reviews the risk register, and it is provided to the Audit and Risk Committee for discussion at each meeting. The framework is included on page 62 of the strategic report.

Internal audit

The Group is not considered sufficient in size or complexity to warrant the establishment of an internal audit function. The Audit and Risk Committee reviews the requirement for an internal audit function at least annually. If that threshold has been attained, the Audit and Risk Committee will approach the Board of Directors to request approval for the establishment or outsource of an internal audit function.

Equally, if the Group's Investment Adviser or AIFM determines that it is appropriate to establish an internal audit function, they will approach the Board of Directors for approval to establish, or outsource, an internal audit function.

To gain assurance over the control environment of the Group without an internal audit function, the Group has regular informal contact with the Investment Adviser, will review Board papers which are received in a timely manner, seek information from the external Auditor, review the risk register and progress with any actions arising.

Where relevant, the Board reviews controls reports provided by third-party service providers and receives summaries of those reports from the Investment Adviser.

External audit scope

The Group is subject to an annual audit of its consolidated financial statements and its component entities by its external Auditor, Deloitte LLP. The Group produces its consolidated financial statements in accordance with IFRS.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Segregation of duties and authorisation limits

As occurs with other organisations of its size and which have a similar business, the Group faces challenges in implementing segregation of duties. The Group operates an outsourced model of suppliers and has no direct employees.

The Group has considered the risk around segregation of duties within the processing of payments and transactions and has identified and put in place a delegated authority matrix for acquisitions, disposals, property and occupier related activities and capital expenditure. In addition, the following authorisation controls are in place for the processing of payments:

- the payments themselves are made by the Administrator of the Group, based upon the approvals received from the Investment Adviser, with a primary authorised signatory and secondary authorised signatories;
- each payment or transaction is signed off by one signatory, up to a total of £100,000. Payments or transactions above this figure require authorisation by two signatories and to be in line with the Group's delegated authority matrix and acquisition/disposal protocols (as applicable) as approved by the Board; and
- the Administrator has a clearly defined set of processes in place to manage payment risks. It produces an ISAE 3402 controls report to the Investment Adviser, providing assurance over the adequacy and operation of key controls.

Insider information and Market Abuse Regulation

The Company has an Insider Dealing Policy and a Share Dealing Protocol. The Board and the Investment Adviser are responsible for ensuring that information is properly assessed to ascertain whether it is market sensitive, and advice is sought in complex areas.

The Company Secretary is responsible for ensuring that open and closed periods are recognised and communicated to all PDMRs and insiders of the Company. In accordance with the Share Dealing Protocol, all share dealings for both Directors of the Company and employees of the Investment Adviser must be approved in advance.

Whistleblowing

The Group has no employees, being wholly supported by third-party service providers. However, it has a Whistleblowing Policy setting out the procedures that any third party could follow to raise any concerns. Third-party service providers are expected to comply with all the relevant laws and regulations as a contractual requirement, and adequate whistleblowing procedures are included within that expectation. In particular, the Investment Adviser Whistleblowing Policy offers staff, or others raising concerns, the opportunity to raise them direct with the Chair of the Group.

Principal and emerging risks

The principal and emerging risks that the Board has identified are set out on pages 64 to 69.

Shareholder relations

Communication with shareholders is a high priority for both the Board and the Investment Adviser, and the Directors are available to discuss the Group's progress and performance with shareholders. The Investment Adviser, in conjunction with its joint Corporate Brokers, Panmure Gordon and Jeffries International, are in regular contact with the major institutional investors and regularly report the results of meetings and the views of those shareholders to the Board. The Chair and the other Directors are available to attend these meetings with shareholders if required.

All shareholders are encouraged to attend and vote at the AGM, during which the Chair of the Board, the Chair of each respective Committee, the Board as a whole and representatives of the Investment Adviser will be available to discuss issues affecting the Group and answer any questions. Shareholders wishing to communicate directly with the Board or to lodge a question in advance of the AGM should contact the Company Secretary at the address on the inner back cover. The Company makes sure to always respond to correspondence from its shareholders.

For more information on the Group's approach to stakeholder engagement please see pages 58 and 59 of the strategic report.

The Board and its advisers will prepare the Group's Annual and Half-yearly Reports to present a full and readily understandable review of the Group's performance. Copies will be released through a Regulatory News Service, dispatched to shareholders depending on their communication preference and made available from the Company Secretary or by downloading from the Company's website at **www.lifesciencereit.co.uk**.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

> THE MANAGEMENT ENGAGEMENT COMMITTEE REVIEWS THE PERFORMANCE AND ONGOING APPOINTMENT OF THIRD PARTY SERVICE PROVIDERS TO ENSURE THEY ARE OPERATING IN THE SHAREHOLDERS BEST INTERESTS.

MICHAEL TAYLOR
Chair of the Management Engagement Committee

Committee members:

Name	Attendance
Michael Taylor (Chair)	■ ■
Claire Boyle	■ ■
Sally Ann Forsyth	■ ■
Richard Howell[1]	□ ■

1. With effect from 3 May 2022.

The Committee is comprised of all the Directors of the Company and chaired by Michael Taylor.

The Committee is responsible for evaluating the performance of the Group's key service providers and satisfying itself that the continuation of such service provider appointments are in the best interests of shareholders as a whole.

The Committee reviews the Investment Adviser and AIFM's agreements including the methodology used for calculating fees, to ensure that the terms remain fair and in the best interests of shareholders.

The Committee is required to meet at least once a year and met twice during the year ended 31 December 2022 to perform its duties as detailed in the activities section on the next page.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT CONTINUED

Role of the Management Engagement Committee

The Committee operates within defined terms of reference, which are regularly reviewed and at least on an annual basis, to ensure they remain fit for purpose. The terms of reference are available on the Company's website at **www.lifesciencereit.co.uk**. The Committee's primary responsibilities are to:

- keep under review the performance of all service providers with the exception of the Auditor;
- reasonably satisfy itself that the Investment Management Agreement is fair and that the terms remain competitive;
- satisfy itself that the systems put in place by the AIFM, Investment Adviser, Administrator and Depositary meet legal and regulatory requirements;
- satisfy itself that matters of compliance are under proper review, including access to the Company's AIFM;
- consider whether continued employment of the Investment Adviser is in the interests of shareholders as a whole; and
- produce an annual report of the Committee's activities to be included in the Annual Report.

Activities

The Committee's activities during the year ended 31 December 2022 were as follows:

Investment Adviser and AIFM

The Committee considered the performance of the Investment Adviser and AIFM against their obligations under the Investment Advisory and AIFM Agreements during the year, and whether it was appropriate to recommend the continuing appointments of the Investment Adviser and AIFM to the Board.

In reaching its recommendation to the Board, the Committee's deliberations included consideration of:

- the investment advisory and AIFM fees as detailed on page 98;
- whether the terms of the agreements remained fair, complied with all regulatory requirements, conformed with market and industry practice and were in the best interests of shareholders; and
- the execution of the Group's investment strategy by the Investment Adviser during the year.

Following the review, the Committee agreed that the Investment Adviser and AIFM had performed their duties to a high standard and recommended to the Board that the continuing appointments of the Investment Adviser and AIFM was in the best interests of the shareholders.

Other key service providers

The Committee reviewed the ongoing performance and the continuing appointment of the Group's other key service providers, including the Administrator, Auditor, Corporate Broker, Financial PR & Investor Relations Adviser, Legal Adviser, Property Manager, Registrar, Company Secretary, Depositary, and Valuer. The Committee recognises that ensuring excellent support and performance by service providers is critical for the Group's continuing operation as an externally managed Real Estate Investment Trust.

Michael Taylor
Chair of the Management Engagement Committee
24 March 2023

AUDIT AND RISK COMMITTEE REPORT

> THE AUDIT AND RISK COMMITTEE (THE "COMMITTEE") PLAYS A KEY ROLE IN THE GROUP'S CORPORATE GOVERNANCE FRAMEWORK AND I WAS PLEASED TO BECOME COMMITTEE CHAIR DURING 2022.

RICHARD HOWELL
Chair of the Audit and Risk Committee

Committee members:

Name	Attendance
Richard Howell[1] (Chair)	■ ■ ■
Claire Boyle	■ ■ ■ ■
Michael Taylor	■ ■ ■ ■
Sally Ann Forsyth	■ ■ ■ ■

1 With effect from 3 May 2022.

Introduction and composition of the Committee

The Committee is chaired by Richard Howell, who is a qualified chartered accountant, has a degree in Accounting and Finance from Kingston University, as well as having *recent and relevant financial experience. Given the size of the* Board, it is considered both proportionate and practical for all Directors to be members. The Chair of the Board is also a member of the Audit and Risk Committee, as permitted by the AIC Code. This is considered appropriate given Claire Boyle is a Fellow of the ICAEW, has a diverse background in equity investment, and her recent and relevant financial experience, having chaired audit committees herself. All members of the Committee are considered independent Non-Executive Directors by the Board on appointment.

The Committee as a whole has competence relevant to the sector in which the Group operates. For more information on the individual background of each Committee member, please see pages 74 and 75 to view their biographies.

Role of the Audit and Risk Committee

The Audit and Risk Committee is responsible for the effectiveness of internal control, risk management and auditing processes.

The Committee's primary responsibilities are to:

- consider the appointment, compensation, terms of engagement of, independence and objectivity, resignation or dismissal of the external Auditor;
- meet and discuss with the external Auditor the nature and scope of the audit, the findings from the audit, including accounting and internal controls;
- review the independence of the Auditor and provide recommendations to the Board with regard to audit engagement terms;
- review the Group's financial statements, annual accounts and accompanying reports to shareholders and announcements relating to financial information;
- review the Group's internal financial controls, the policies and overall process for identifying and assessing business risks;
- review the Group's risk register, in particular with regard to the potential impact of principal and emerging risks;

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Role of the Audit and Risk Committee continued

- review, on an annual basis, whether there should be an internal audit function;
- review the procedures for whistleblowing, detecting fraud and prevention of bribery of the outsourced service providers; and
- produce an annual report of the Committee's activities to be included in the Annual Report.

The Committee has direct access to the Group's Auditor, Deloitte LLP, and provides a forum through which the Auditor reports to the Board. Representatives of the Auditor attend Committee meetings at least annually.

The Committee operates within defined terms of reference, which are regularly reviewed and updated as necessary. The terms of reference are available on the Company's website.

Activities

The Committee met four times during the year under review. At the meetings, the Committee has:

- reviewed the internal controls and risk management systems of the Group and its third-party service providers;
- agreed the audit plan with the Auditor, including the principal areas of focus, and agreed the audit fee;
- received and discussed with the Auditor its report on the results of the audit;
- reviewed the Group's interim and annual financial statements and discussed the appropriateness of the accounting policies adopted;
- reviewed the valuation of the Group's investment properties and recommended this to the Board;
- reviewed the performance of the Group's auditors; and
- reviewed the Company's compliance with the AIC Code.

During the year, the Committee has reviewed and updated, where appropriate, the corporate risk register. This will be completed at least half-yearly, in conjunction with the Investment Adviser and AIFM. During the year, the addition of new risks to the register and, more recently, minor changes to the principal risks which demonstrated the strength of the business, are described on pages 62 to 69.

The Committee reviewed the requirement for an internal audit function following the year end and concluded that this would provide minimal added comfort at considerable extra cost to the Group. The Committee receives reports on internal controls and compliance from the Investment Adviser in conjunction with a third-party risk and internal audit adviser and discusses these with the Investment Adviser. This report also covers the internal controls of the Group's other key service providers. No significant matters of concern were identified.

The Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report. This review takes into account the experience and tenure of the audit partner and team, the nature and level of services provided, and confirmation that the Auditor has complied with independence standards. The Committee met with the external auditor twice during the year. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the year ended 31 December 2022.

Fair, balanced and understandable reporting

The Committee reviewed drafts of this Annual Report and Financial Statements to consider whether it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. The Committee also gained assurance that there is a robust process of review and challenge at different levels within the Group to ensure balance and consistency.

Following the consideration of the above matters and its detailed review, the Committee was of the opinion that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Look ahead to 2023

The Committee has agreed several areas of focus, including:

- ensuring continued integrity and balance in the Group's financial reporting;
- to review the documentation and evidence around key procedures and processes;
- monitoring proposals for UK Corporate Governance reform and consider appropriate processes;
- consideration of new and emerging risks; and
- looking at specific implications of the current UK economic downturn on the Group's portfolio value including macro and life science industry specific impacts and assessing resulting financial impacts.

Significant issues

The Committee considered the following key issues in relation to the Group's financial statements during the year:

Valuation of investment property:	The Committee considered and discussed the valuation of the Group's investment properties as at 31 December 2022. The valuer attended the Committee meeting in March 2023 to enable a full discussion of the valuation and underlying assumptions and to enable the Directors to challenge as appropriate.
Maintenance of REIT status:	The UK REIT regime affords the Group a beneficial tax treatment for income and capital gains, provided certain criteria are met. There is a risk that these REIT conditions may not be met and additional tax becomes payable by the Group. The Committee therefore monitored the Group's compliance status and considered each of the requirements for the maintenance of the REIT status throughout the year ended 31 December 2022.
Going concern and long-term viability:	The Committee considered the Group's financial requirements for the next 12 months and concluded that it has sufficient resources to meet its commitments and any outstanding financing covenants. Consequently, the financial statements have been prepared on a going concern basis. The Committee also considered the long-term viability statement within the annual report, for the three year period to 31 December 2025, and the underlying factors and assumptions which contributed to the Committee concluding that three years was an appropriate length of time to *consider the Group's long-term viability.* The Group's going concern and viability statement can be found on pages 70 and 71.

Internal controls

Please see page 87 for an overview of the internal controls of the Group.

Audit fees and non-audit services

An audit fee of £177,000 has been agreed in respect of the audit for the year ended 31 December 2022 (period ended 31 December 2021: £130,000) for auditing the Annual Report and consolidated financial statements.

Total fees for the year ended 31 December 2022, in consideration of both the audit fee and non-audit services, were £177,000 (period ended 31 December 2021: £301,000). Further information on the fees paid to the Auditor is set out *in note 6 to the financial statements on page 118.*

Auditor independence and objectivity

The Committee has considered the Auditor's independence and objectivity and reviewed the non-audit services which the Auditor provided during the year. The Committee is required to pre-approve all non-audit services prior to any work commencing and considers the safeguards in place to maintain their independence, such as the use of separate teams to mitigate the risk of any self-review, are effective.

The Committee also receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services.

The Committee is satisfied that the Auditor's objectivity and independence has not been impaired in the performance of these non-audit services and that the Auditor has fulfilled its obligations to the Group and the Company's shareholders.

Deloitte LLP has been the Auditor since the Company's launch in November 2021. The Committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, and the matters raised during each audit. Siobhan Durcan, the current audit partner, has served for a tenure of one year and will step down as audit partner after they have served for five years.

Re-appointment of the Auditor

The Committee has recommended to the Board the re-appointment of Deloitte LLP as Auditor to the Group. The approval of Deloitte LLP as the Group's Auditor will be put to shareholders as an ordinary resolution at the forthcoming AGM.

Richard Howell

Chair of the Audit and Risk Committee

24 March 2023

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. As the Company has migrated its listing from the AIM market of London Stock Exchange plc to the premium segment of the London Stock Exchange, the Company is required to put the Directors' remuneration report to shareholders for approval in order to allow shareholder input on the Company's remuneration arrangements. An ordinary resolution to approve the Directors' remuneration report will therefore be put to shareholders at the forthcoming AGM.

Statement from the Chair

Following the migration of the Company's ordinary shares from AIM to premium listing of the London Stock Exchange, the Board established a Remuneration Committee chaired by Michael Taylor and comprising all Directors on the Board. The Board consists entirely of Non-Executive Directors and the Group has no employees. We have not, therefore, reported on those aspects of remuneration that relate to Executive Directors. Furthermore, the Company intends to report on Remuneration disclosures in line with the listing rules in its Annual Report for the year ended 31 December 2023.

The Board/Remuneration Committee sets the levels of remuneration for its Non-Executive Directors, including the Chair, and remuneration is considered in reflection of the time commitment and responsibilities of the role. Remuneration for all Non-Executive Directors does not include share options or any other performance-related or variable elements. No Director, including myself in my role as Chair, is involved in setting their own levels of remuneration.

Directors' fees are set at a level of £55,000 per annum for the Chair and £40,000 per annum for the independent Non-Executive Directors. The Chair of the Audit and Risk Committee will receive an additional £5,000 per annum. The Board reviewed the Directors' fees during the year and does not recommend any increase for the year ended 31 December 2023. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.

Directors are not eligible for bonuses, share options or long-term incentive schemes or other performance-related benefits, as the Board does not believe that this is appropriate for Non-Executive Directors. There are no pension arrangements in place for the Directors.

Directors' Remuneration Policy

The Directors' Remuneration Policy (the "Policy"), detailed below, is put to shareholders' vote at least once every three years and in any year if there is to be a change in Policy. In determining the Policy, the Board takes into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the AIC Code. The appropriateness and relevancy of the Policy is reviewed annually, particularly to ensure that the Policy supports the long-term success of the Group. As a binding vote on the Policy is necessary every three years, an ordinary resolution to approve the Policy will next be put to shareholders at the 2025 AGM. The Board does not propose to make any changes to the existing Policy, which is set out below.

The Company has no employees other than its Directors, who are all non-executive and independent of Ironstone Asset Management Limited.

The remuneration of the Directors is determined within the limits set out within the Company's Articles of Association and the total aggregate annual fees payable to the Directors in respect of any financial period shall not exceed £400,000, subject to shareholders' approval at the next AGM.

Remuneration report

Directors' fees received for the year

The Directors who served in the year to 31 December 2022 received the following emoluments (gross of any tax or National Insurance contributions):

	Fees £'000	Year ended 31 December 2022 Total £'000	Fees £'000	Period ended 31 December 2021 Total £'000
Claire Boyle	**55**	**55**	12	12
Sally Ann Forsyth[1]	**42**	**42**	10	10
Michael Taylor	**40**	**40**	8	8
Richard Howell[2]	**29**	**29**	—	—
Total	**166**	**166**	30	30

1. Sally Ann was Chair of the Audit and Risk Committee until 23 June 2022, receiving a pro rata share of the £5,000 per annum fee.
2. *Richard joined the Board as a Director on 3 May 2022, receiving his pro rata share of the £40,000 per annum fee. In addition he became Chair of the Audit and Risk* Committee on 24 June 2022, receiving his pro rata share of the £5,000 per annum fee.

Directors' beneficial and family interests

There is no requirement under the Company's Articles of Association for Directors to hold shares in the Company.

The interests of the Directors and any connected persons in the ordinary shares of the Company are set out below:

	31 December 2022 Number of shares	31 December 2021 Number of shares
Claire Boyle	**30,000**	30,000
Sally Ann Forsyth	**20,342**	20,000
Michael Taylor	**20,000**	20,000
Richard Howell[1]	**30,000**	—

1 Appointed as a Director on 3 May 2022

There have been no changes to these holdings between 31 December 2022 and the date of this report.

On behalf of the Board

Michael Taylor
Chair of the Remuneration Committee

24 March 2023

DIRECTORS' REPORT

The Directors present the Annual Report and Financial Statements of Life Science REIT plc (the "Company") (registered number 13532483) for the year ended 31 December 2022. The corporate governance report forms part of this Directors' report and can be found at page 78. Please refer to the Chair's statement on pages 9 to 11 and the Investment Adviser's report on pages 30 to 37 for information about future developments and important events that have occurred since the year end. For further information on the going concern and longer term viability of the Group please see pages 70 and 71.

Status of Life Science REIT plc

The Company is an investment company, as defined in section 833 of the Companies Act 2006, and qualifies as a UK Real Estate Investment Trust ("REIT") as defined under section 527(2) of the Corporation Tax Act 2010.

Investment portfolio

A comprehensive analysis of the property portfolio can be found at page 31 and a summary of the valuation of the property portfolio can be found in note 13 on page 122.

The investment policy can be found at page 151.

Directors

Biographies of each Director appointed to the Company can be found at pages 74 and 75.

Directors' authority to purchase own shares

The Company did not purchase any of its own shares during the year.

The Company will seek the authority to make market purchases of up to 14.99% of the issued ordinary share capital at the 2023 AGM via resolution 13 as included in the Notice of Meeting.

Current share capital

As at 31 December 2022 and the date of the report, there were 350,000,000 ordinary shares of £0.01 in issue, none of which were held in treasury. The share capital comprises one class of ordinary shares.

Results and dividends

A summary of the Group's performance during the year and the outlook for the coming year is set out in the strategic report on pages 20 and 21.

In respect of the year ended 31 December 2022, a second interim dividend of 3.0 pence (period ended 31 December 2021: nil pence) per ordinary share has been declared, with a payment date of 15 May 2023. This is in line with the Group's obligation as a REIT to distribute 90.0% of the Group's aggregate UK property rental business profits as calculated for tax purposes that the Group receives during the year. The Company paid a first interim dividend of 1.0 pence per ordinary share in respect of the six-month period to 30 June 2022 on 31 October 2022.

The Group's dividend policy can be found at page 20 of the strategic report.

Substantial shareholdings

As at 31 December 2022, the following shareholders had notified the Company of their shareholdings under their DTR 5 obligations:

Shareholder	Ordinary shares held[1]	Percentage of voting rights (%)
Investec Wealth & Investment Limited	**49,605,405**	**14.2**
Sarasin and Partners LLP	**34,981,983**	**10.0**
Schroders PLC	**30,213,720**	**8.6**
Hazelview Investments Inc.	**23,504,655**	**6.7**
Cerno Capital Partners LLP	**17,293,200**	**4.9**
The London and Amsterdam Trust	**15,800,000**	**4.5**

1. As at date of notification to the Company.

Interests disclosed to the Company occurring between the year end and 24 March 2023, being the latest practicable date:

Shareholder	Ordinary shares held[1]	Percentage of voting rights (%)
Connor Broadley Limited	1,046,044	0.3

1. As at date of notification to the Company.

Powers of the Board of Directors

The powers of the Directors are set out in the Articles of Association of the Company at section 104. This section states that the business of the Group shall be managed by the Board, which may exercise all the powers of the Group, whether relating to the management of the business or not, subject to any limitations imposed by legislation, the Articles and/or any directions given by special resolution of the shareholders of the Company.

Management arrangements

The Company and the AIFM have appointed Ironstone as Investment Adviser to the Group.

The Company is an alternative investment fund for the purposes of the UK AIFM Regime and, as such, is required to have an AIFM who is duly authorised to undertake that role. Pursuant to an agreement dated 21 October 2021 (the "Alternative Investment Fund Management Agreement"), the Company appointed G10 Capital Limited as its AIFM. G10 Capital Limited is authorised and regulated by the Financial Conduct Authority with firm reference number 648953.

DIRECTORS' REPORT CONTINUED

The AIFM is responsible for overall portfolio management, risk management and compliance with the Group's investment policy and the requirements of the UK AIFM Regime that apply to the Group. The Investment Adviser is an Appointed Representative of the AIFM. As an Appointed Representative, the Investment Adviser is responsible for working with and advising the Group and the AIFM in respect of sourcing investment opportunities which meet the Group's investment policy.

As an appointed representative, Ironstone is exempt from the requirement to be authorised by the FCA as a pre-requisite to giving investment advice and arranging deals in investments. Ironstone is also responsible for managing the underlying real estate assets within the Group's investment portfolio, which does not constitute a regulated activity.

The AIFM has, and shall maintain, the necessary expertise and resource to supervise the delegated tasks effectively. Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to a fee payable quarterly in arrears calculated at the rate of one quarter of 1.1% per quarter on that part of the NAV up to and including £500 million; one quarter of 0.9% per quarter on that part of the NAV in excess of £500 million and up to £1 billion; and one quarter of 0.75% per quarter on NAV in excess of £1 billion.

The Investment Advisory Agreement is terminable on 24 months' notice in writing by either party and also by the AIFM, with the consent of the Company; such notice not to be given prior to the four-year anniversary of the date of Admission.

The Alternative Investment Fund Management Agreement may be terminated by the Company or the AIFM giving not less than six months' written notice. In addition, it is terminable on 30 days' notice by either party in writing in the event that the other party is found liable for material breach of duty, negligence, wilful default, fraud or a material breach of applicable requirements in connection with the performance of its duties under this Agreement or a material or persistent breach of this Agreement, which is either irremediable or, if capable of remedy, not remedied within 30 days of receipt by the defaulting party of a notice signed on behalf of the non-defaulting party requiring such breach to be rectified.

The Company is also entitled to terminate the agreement with immediate effect in the event that the AIFM ceases to maintain its permission to act as the AIFM or such permission is suspended.

The Group pays to the AIFM, exclusive of VAT, a fixed monthly fee of £3,000 in respect of risk management and portfolio management services, a fixed quarterly fee of £4,000 for the provision of Annex IV AIFM Directive regulatory reporting and other fees for the provision of additional ad hoc services and maintaining the Key Information Documents ("KIDs"). The Group will also reimburse the AIFM for costs and expenses properly incurred by the AIFM in the performance of its obligations under the AIFM Agreement.

Continuing appointment of the Investment Adviser

The Board keeps the performance of the Investment Adviser under continual review. The Management Engagement Committee conducts an annual appraisal of the Investment Adviser's performance and makes a recommendation to the Board about the continuing appointment of the Investment Adviser. It is the opinion of the Directors that the continuing appointment of the Investment Adviser is in the interests of shareholders as a whole. The reasons for this view are that the Investment Adviser executed the investment strategy, at this early stage of the Group's development, according to the Board's expectations and on terms in which the Board is of the view continue to remain commercial and reasonable.

NMPI

On 1 January 2014, certain changes to the FCA rules regarding the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes ("non-mainstream pooled investments", or "NMPIs") came into effect. Since the Company obtained approval as a UK REIT, with effect from Admission to AIM on 19 November 2021, its ordinary shares of nominal value of 0.01 pence each (the "shares") are excluded from these rules and therefore the restrictions relating to NMPIs do not apply to its shares. It is the Board's intention that the Group will continue to conduct its affairs in such a manner that it maintains its approved REIT company status and that, accordingly, the Company's shares will continue to be excluded from the FCA's rules relating to NMPIs and can be recommended by financial advisers to retail investors in accordance with the FCA's rules in relation to NMPI products.

Related party transactions

On 19 May 2022, the Company signed an agreement with Chapel Road Farm Estates Limited, which is a company associated with the Founder and Vice Chairman of Ironstone and therefore a related party of the Company. Chapel Road Farm Estates provided introduction and facilitation services in relation to the acquisitions of the pipeline properties that the Group has acquired since the Company's IPO.

Under the terms of the agreement, the Company incurred a fee and disbursements of £635,593 (excluding VAT). This was a one-off agreement, and the Board anticipates that future investment propositions, and their associated costs, will all be conducted via the Group's Investment Adviser.

The agreement with Chapel Road Farm Estates constituted a related party transaction under AIM Rule 13. Following consultation with the Group's Nominated Adviser (at the time under the AIM listing rules), Panmure Gordon, the Directors considered that the terms of the agreement were fair and reasonable insofar as the Company's shareholders were concerned.

Post balance sheet events

Disclosures relating to post balance sheet events can be found *in note 31 to the financial statements on page 136.*

Directors' indemnities and Directors' and Officers' liability insurance

The Company's agreement to indemnify each Director against any liability incurred in the course of their tenure, to the extent permitted by law, remains in place.

The Directors were covered throughout the year under review.

Greenhouse gas emissions

During the year under review, the Group met the criteria for reporting greenhouse gas emissions as per SECR disclosure requirements (see table on page 54). The Group have developed a sustainability strategy and an action plan for 2023. Please see pages 42 to 45 for our approach and page 54 for greenhouse gas emissions disclosure in our EPRA sBPR reporting.

Auditor

The Directors holding office at the date of this Annual Report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's Auditor is unaware. Each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Deloitte LLP has expressed its willingness to be appointed as Auditor of the Group and resolutions for its appointment and to authorise the Audit and Risk Committee to determine its remuneration will be proposed at the forthcoming AGM.

Financial risk management

Please see note 24 to the financial statements on pages 132 and 133 for information on financial risk management objectives and policies in relation to the Group's market risk, interest risk, credit risk and liquidity risk.

The Group's approach to hedging is included in the investment policy on page 152.

Research and development activities

The Company and its subsidiaries did not carry out any activities in the field of research and development over the year.

Donations

The Company and its subsidiaries made £17,095 (period ended 31 December 2021: £nil) of political or charitable donations during the year to organisations either within or outside of the UK.

Annual General Meeting

The Company's AGM will be held on 25 May 2023. The Notice of the AGM will be circulated to shareholders separately.

For and on behalf of the Board

Link Company Matters Limited

Company Secretary

24 March 2023

Company number: 13532483

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and United Kingdom adopted Financial Statements in accordance with applicable UK law and in compliance with the requirements of the Companies Act 2006. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Directors have chosen to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

Under company law, the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Group for that year. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- state that the Group has complied with IFRS, subject to any material departures disclosed and explained in the financial statements;
- state whether the Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") subject to any material departures disclosed and explained in the Company financial statements; and
- make judgements and estimates that are reasonable and prudent.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation.

They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations, and for ensuring that the Annual Report includes information, where applicable, for the Disclosure Guidance and Transparency Rules of the FCA.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The work carried out by the Auditor does not involve consideration of the maintenance and integrity of this website and, accordingly, the Auditor accepts no responsibility for any changes that have occurred to the financial statements since they were initially presented on the website. Visitors to the website need to be aware that legislation in the UK covering the preparation and dissemination of the financial statements may differ from legislation in their jurisdiction.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS and in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit of the Company (and Group as a whole); and
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company (and Group as a whole), together with a description of the principal risks and uncertainties that it faces.

The Directors consider that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

For and on behalf of the Board

Claire Boyle
Chair

24 March 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LIFE SCIENCE REIT PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Life Science REIT Plc (the 'Company') and its subsidiaries (the 'Group') give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB");
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of profit or loss and other comprehensive income;
- the consolidated and Company statements of financial position;
- the consolidated and Company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 37.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the Group or the Company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF LIFE SCIENCE REIT PLC

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current year was: • Valuation of investment properties measured at Fair Value through Profit or Loss ("FVTPL") Within this report, key audit matters are identified as follows: <> Similar level of risk
Materiality	The materiality that we used for the Group financial statements was £3,195,000 which was determined on the basis of 1% of total equity (net asset value). Further to net assets, we considered EPRA earnings to be critical financial performance measure for the Group and we applied a lower materiality of £74,000 for items affecting EPRA earnings on the basis of 5% of EPRA earnings.
Scoping	We have performed full scope audit procedures on all components which account for 100% of the Group's revenue, profit before tax and net assets.
Significant changes in our approach	We applied a lower materiality of £74,000 for items affecting EPRA performance measures. The Group completed its first full year of business operations and is able to provide key real estate specific performance measures. The Group presented EPRA Best Practices Recommendations as Alternative Performance Measures ("APM") to assist stakeholders in assessing performance alongside the Group's statutory accounts reported under IFRS. We consider it appropriate to apply a lower materiality in order to assess consistency of the EPRA performance measures with the audited financial statements. Other than the lower materiality, there is no other significant change.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of the Group's and Company's ability to continue to adopt the going concern basis of accounting included:

- challenging management's going concern assessment by comparing this against our knowledge of the business, results of our audit testing as well as prevailing macroeconomic conditions;
- assessing a forecast budget for the next 12 months including consideration of the Group's financing arrangements and evaluating management's stress testing and mitigating actions available to the Group; and
- assessing the appropriateness of going concern disclosures included in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Valuation of investment properties measured at FVTPL

Key audit matter description	The Group's investment properties totalled £387.6 million (31 December 2021: £192.2 million). The Group measures the investment properties at FVTPL in accordance with IAS 40 and are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13. The Group's accounting policy for the investment properties is specified in Note 13 of the financial statements. The valuation of the Group's investment properties, as explained in Note 23 of the financial statements, involves significant judgement and assumptions, for example applying capitalisation yields to current and future rental streams that could materially affect the financial statements. Therefore, we identified the valuation of investment properties as a key audit matter. Management appoints an external valuer, CBRE Limited; chartered surveyors, to perform the valuations in accordance with the appropriate sections of the RICS Red Book and in line with the requirements of IAS 40 Investment Properties. The valuer has issued a valuation report on the entire property portfolio as at the year end. The property portfolio is valued on the basis of up-to-date tenancy information supplied by management and publicly available market information. In determining the fair value, the external valuers make a number of key estimates and assumptions, in particular assumptions in relation to market comparable yields and estimates in relation to increases or decreases in future rental income. These estimates and assumptions require input from management, whilst others are subject to market forces and will change over time. Manipulation of these accounting estimates could result in material misstatements, and therefore we identified a potential fraud risk in this key audit matter.
How the scope of our audit responded to the key audit matter	In response to the above key audit matter, we: • obtained an understanding and tested the relevant controls over investment property valuations; • involved our real estate valuation specialists to assist us in independently evaluating the appropriateness of the inputs and assumptions used in the valuation methodology (including yield and estimated rental values) for the properties; • benchmarked valuation assumptions to relevant market evidence including specific property transactions and other external data; • assessed the accuracy and completeness of data provided by management to the Group's valuer; • assessed other available market information to identify any contradictory evidence to assumptions made; • assessed the independence, competence, capabilities and objectivity of the Group's valuer by assessing whether the valuers are RICS approved and that there are no conditions or specific assumptions in the letter of engagement; and • assessed the adequacy and completeness of disclosures presented in the financial statements.
Key observations	Based on the work performed we concluded that the valuation of investment properties measured at FVTPL is appropriate.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF LIFE SCIENCE REIT PLC

6. Our application of materiality
6.1. Materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Materiality	£3,195,000 (2021: £3,391,000).	£3,172,000 (2021: £3,357,000).
Basis for determining materiality	1% (2021: 1%) of the Group's total equity (net asset value).	1% (2021: 1%) of the Company's total equity (net asset value).
Rationale for the benchmark applied	We determined materiality based on total equity (net assets value), which is deemed appropriate due to the nature of the Group's business. Investors are most likely to focus on the performance of their investment and the returns on the investments; this is represented by the net assets value of the Group.	We determined materiality based on total equity (net assets value), which is deemed appropriate due to the nature of the Company's business. Further, it does not generate any revenue in its own capacity, as this is done through the investee companies that are owned by it. Investors are most likely to focus on the returns on the investments and this is represented by the net assets value of the Company.

A lower materiality threshold of £74,000 (31 December 2021: £nil) based on 5% of EPRA earnings has also been used. We consider EPRA Earnings as a critical performance measure for the Group and a measure which is widely used within the Real Estate industry. This has been applied for testing all balances impacting that measure. Refer to pages 142 to 149 for the Group's EPRA performance measures.

6.2. Performance materiality
We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Company financial statements
Performance materiality	70% (2021: 70%) of Group materiality.	70% (2021: 70%) of Company materiality.
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment; we were able to rely on controls on investment property valuation; and b. low level of corrected and uncorrected misstatements identified in the prior year.	

6.3. Error reporting threshold

We agreed with the Audit and Risk Committee ("Committee") that we would report to the Committee all audit differences in excess of £160,000 (31 December 2021: £170,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Audit work to respond to the risks of material misstatement was performed directly by Group audit engagement team. We have performed full scope audit procedures on all components which account for 100% of the Group's revenue, profit before tax and net assets.

7.2. Our consideration of the control environment

We did not take a controls reliance approach on the general IT controls during the audit for the Group due to the simple control environment and financial reporting system. We obtained an understanding and tested the relevant controls over the investment property valuation.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of climate change, including physical and transitional risks and is scenario-based, as explained in the Strategic Report on pages 48 to 50.

As a part of our audit, we have obtained management's climate-related risk assessment and held discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements. Management has assessed that there is currently no material impact arising from climate change on the judgements and estimates determining the valuations within the financial statements.

We performed our own assessment of the potential impact of climate change on the Group's account balances and classes of transaction, and did not identify any reasonably possible risks of material misstatement. Our procedures also included reading disclosures included in the strategic report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF LIFE SCIENCE REIT PLC

8. Other information
The other information comprises the information included in the annual report, other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of Directors
As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our Auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, the Directors and the Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including valuations specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud, and identified the greatest potential for fraud in the following area:

- Valuation of investment properties measured at FVTPL.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, REIT conditions and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the Group's compliance with health and safety matters, including fire safety and fire cladding.

11.2. Audit response to risks identified

As a result of performing the above, we identified valuation of investment properties measured at FVTPL as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to this key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Committee and external legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

INDEPENDENT AUDITOR'S REPORT CONTINUED
TO THE MEMBERS OF LIFE SCIENCE REIT PLC

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the Directors' report.

13. Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 96;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 70 and 71;
- the Directors' statement on fair, balanced and understandable set out on page 92;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 87 and 88;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 87; and
- the section describing the work of the Committee set out on pages 91 to 93.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the Committee, we were appointed by the Board on 11 February 2022 to audit the financial statements for the period ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is two years, covering the periods ended 31 December 2021 and 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Committee

Our audit opinion is consistent with the additional report to the Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.14R, these financial statements form part of the European Single Electronic Format ("ESEF") prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS.

Siobhan Durcan

Siobhan Durcan, BA, ACA, FCCA
For and on behalf of Deloitte LLP
Statutory Auditor
Saint Helier, Jersey

24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

Continuing operations	Notes	Year ended 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
Gross property income	3	**13,124**	532
Service charge income	3	**2,582**	—
Revenue		**15,706**	532
Recoverable service charges	4	**(2,582)**	—
Property operating expenses	4	**(2,187)**	—
Gross profit		**10,937**	532
Administration expenses	4	**(6,565)**	(834)
Operating gains/(losses) before (losses)/gains on investment properties		**4,372**	(302)
Fair value (losses)/gains on investment properties	13	**(31,312)**	8,036
Operating (loss)/profit		**(26,940)**	7,734
Finance income	7	**3,255**	7
Finance expenses	8	**(3,782)**	—
(Loss)/profit before tax		**(27,467)**	7,741
Taxation	9	**(146)**	—
(Loss)/profit after tax for the period and total comprehensive (loss)/ income attributable to equity holders		**(27,613)**	7,741
(Loss)/profit per share (basic and diluted) (pence)	12	**(7.9)**	2.2

All items in the above statement derive from continuing operations. No operations were discontinued during the period.

There is no other comprehensive income and as such a separate statement is not present. The profit after tax is therefore also the total comprehensive profit.

The accompanying notes on pages 114 to 136 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Investment property	13	**387,550**	192,170
Interest rate derivatives	16	**3,871**	—
Trade and other receivables	14	**2,701**	—
		394,122	192,170
Current assets			
Trade and other receivables	14	**7,665**	3,268
Cash and cash equivalents	15	***45,606***	*165,962*
Interest rate derivatives	16	**432**	—
		53,703	169,230
Total assets		**447,825**	361,400
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(74,088)**	—
Other payables and accrued expenses	18	**(3,844)**	—
		(77,932)	—
Current liabilities			
Interest-bearing loans and borrowings	17	**(35,743)**	—
Other payables and accrued expenses	18	**(14,699)**	(10,820)
		(50,442)	(10,820)
Total liabilities		**(128,374)**	(10,820)
Net assets		**319,451**	350,580
Equity			
Share capital	19	**3,500**	3,500
Share premium	20	**—**	339,339
Capital reduction reserve		**335,823**	—
Retained earnings	21	**(19,872)**	7,741
Total equity		**319,451**	350,580
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)	22	**91.3**	100.2

These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 24 March 2023 and signed on its behalf by:

Claire Boyle

Company number: 13532483

The accompanying notes on pages 114 to 136 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022		**3,500**	**339,339**	**—**	**7,741**	**350,580**
Loss for the year and total comprehensive loss		**—**	**—**	**—**	**(27,613)**	**(27,613)**
Ordinary shares issued	19, 20	**—**	**—**	**—**	**—**	**—**
Cancellation of share premium	20	**—**	**(339,323)**	**339,323**	**—**	**—**
Share issue costs	20	**—**	**(16)**	**—**	**—**	**(16)**
Dividends paid	11	**—**	**—**	**(3,500)**	**—**	**(3,500)**
Balance at 31 December 2022		**3,500**	**—**	**335,823**	**(19,872)**	**319,451**

	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2021		—	—	—	—	—
Profit for the year and total comprehensive profit		—	—	—	7,741	7,741
Ordinary shares issued	19, 20	3,500	346,500	—	—	350,000
Share issue costs	20	—	(7,161)	—	—	(7,161)
Dividends paid	11	—	—	—	—	—
Balance at 31 December 2021		3,500	339,339	—	7,741	350,580

The accompanying notes on pages 114 to 136 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Cash flows from operating activities			
Operating profit		**(26,940)**	7,734
Adjustments to reconcile profit for the period to net cash flows:			
Changes in fair value of investment properties	13	**31,312**	(8,036)
Adjustment for non-cash items		**—**	(82)
Operating cash flows before movements in working capital		**4,372**	(384)
Increase in other receivables and prepayments		**(8,144)**	(3,169)
Increase in other payables and accrued expenses		**2,684**	7,091
Net cash flow (used in)/generated from operating activities		**(1,088)**	3,538
Cash flows from investing activities			
Acquisition of investment properties		**(179,414)**	(181,524)
Capital expenditure		**(7,641)**	—
Interest received		**677**	7
Net cash used in investing activities		**(186,378)**	(181,517)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19,20	**—**	350,000
Share issuance costs paid		**(1,118)**	(6,059)
Bank loans drawn down	17	**101,260**	—
Bank loans repaid	17	**(26,260)**	—
Loan interest and other finance expenses paid		**(2,069)**	—
Loan issue costs paid		**(1,203)**	—
Dividends paid in the period		**(3,500)**	—
Net cash flow generated from financing activities		**67,110**	343,941
Net (decrease)/increase in cash and cash equivalents		**(120,356)**	165,962
Cash and cash equivalents at start of the period		**165,962**	—
Cash and cash equivalents at end of the period	15	**45,606**	165,962

The accompanying notes on pages 114 to 136 form an integral part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

Life Science REIT plc (the "Company") is a closed-ended Real Estate Investment Trust ("REIT") incorporated in England and Wales on 27 July 2021. The Company began trading on 19 November 2021 when the Company's shares were admitted to trading on AIM, a market operated by the London Stock Exchange. On 1 December 2022 the Company moved to the Main Market of the London Stock Exchange. The registered office of the Company is located at 65 Gresham Street, London, EC2V 7NQ.

The Group's consolidated Financial Statements for the year ended 31 December 2022 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 24 March 2023. The nature of the Group's operations and its principal activities are set out in the strategic report on pages 2 to 71.

2. Basis of preparation

These Financial Statements are prepared in accordance with United Kingdom adopted International Financial Reporting Standards and in conformity with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The audited Financial Statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

The Company was incorporated on 27 July 2021 and a set of accounts to 31 July 2021 were filed, therefore the five-month period from 1 August 2021 to 31 December 2021 has been presented as the comparative. The Company did not commence trading until 19 November 2021, thus the comparative information may not present a representative comparative.

2.1 Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern. They carefully considered areas of potential financial risk and reviewed cash flow forecasts, evaluating a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure and minimum dividend distributions under the REIT rules. Accordingly, based on this information, and in light of mitigating actions available and the reasonable expectation that the Group refinancing will be available when required, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in business for a period at least 12 months from the date of approval of the Annual Report and Financial Statements (see pages 70 and 71 for full details of the going concern assessment).

Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.2 New standards and interpretations effective in the current period

The following amendments to existing standards that are required for the Group's accounting period beginning on 1 January 2022, have been considered and applied:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41); and
- References to Conceptual Framework (Amendments to IFRS 3).

There was no material effect from the adoption of the above-mentioned amendments to IFRS effective in the period. They have no significant impact to the Group as they are either not relevant to the Group's activities or require accounting which is already consistent with the Group's current accounting policies

2.3 New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2023 or later. The Group is not adopting these standards early. The following are the most relevant to the Group:

- Amendments to IAS 1 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of, or actual events after, the reporting date. The amendments also give clarification to the definition of settlement of a liability;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies the distinction between accounting policies and accounting estimates and also replaces the definition of accounting estimates. Under the new definition, estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"; and
- IFRS 17: Insurance contracts is a new requirement from 1 January 2023 covering insurance and re-insurance contracts and will not be relevant to the Group.

The amendments are not expected to have a significant impact on the preparation of the Financial Statements.

2.4 Significant accounting judgements and estimates

The preparation of these Financial Statements in accordance with IFRS requires the Directors of the Company to make judgements, estimates and assumptions that affect the reported amounts recognised in the Financial Statements. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in the future.

Judgements

In the course of preparing the Financial Statements, the Investment Adviser has made the following judgements in the process of applying the Group's accounting policies which have had a significant effect on the amounts recognised in the Financial Statements.

Business combinations

The Group acquires subsidiaries that own investment properties. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. Management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

All corporate acquisitions made during the period have been treated as asset purchases rather than business combinations because no integrated set of activities was acquired.

Estimates

In the process of applying the Group's accounting policies, the Investment Adviser has made the following estimates which have the most significant risk of material change to the carrying value of assets recognised in the consolidated Financial Statements:

Valuation of property

The valuations of the Group's investment property are at fair value as determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2022 (incorporating the International Valuation Standards) and in accordance with IFRS 13. The key estimates made by the valuer are the ERV and equivalent yields of each investment property.

Onsite developments are valued by applying the 'residual method' of valuation, which is the investment method described above with a deduction for all costs necessary to complete the development, with a further allowance for remaining risk and developers' profit. Properties and land held for future development are valued using the highest and best use method, by adopting the residual method allowing for all associated risks, the investment method, or a value per acre methodology.

See notes 13 and 23 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

2. Basis of preparation continued
2.5 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these Financial Statements are stated in the notes to the Financial Statements.

a) Basis of consolidation
The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 December 2022. Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtained control, and will continue to be consolidated until the date that such control ceases. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In preparing these Financial Statements, intra-group balances, transactions and unrealised gains or losses have been eliminated in full. All subsidiaries have the same year end as the Company. Uniform accounting policies are adopted in the Financial Statements for like transactions and events in similar circumstances.

b) Functional and presentation currency
The overall objective of the Group is to generate returns in Pound Sterling and the Group's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.

All values are rounded to the nearest thousand pounds (£'000), except when otherwise stated.

c) Segmental reporting
The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment and management of premises relating to the life science sector.

d) Derivative financial instruments
Derivative financial instruments, comprising interest rate derivatives for mitigating interest rate risks, are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Group and its counterparties. Premiums payable under such arrangements are initially capitalised into the statement of financial position.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Changes in fair value of interest rate derivatives are recognised within finance expenses in profit or loss in the period in which they occur.

e) Exceptional costs
Items are classified as exceptional by virtue of their size, nature or incidence, where their inclusion would otherwise distort the underlying recurring earnings of the Group. Examples include, but are not limited to, business transformation costs, early redemption costs of financial instruments and tax charges specific to disposals. Exceptional costs are excluded from the Group's adjusted earnings.

3. Revenue

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Rental income	**11,007**	428
Rental income straight-line adjustment	**1,240**	82
Other income	**722**	22
Insurance recharged	**155**	—
Gross property income	**13,124**	532
Service charge income	**2,582**	—
Total	**15,706**	532

Accounting policy

Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease term and is included in gross rental income in the Group statement of comprehensive income. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income. Rental income is invoiced in advance and for all rental income that relates to a future period, this is deferred and appears with current liabilities on the Group statement of financial position.

For leases which contain fixed or minimum uplifts, the rental income arising from such uplifts is recognised on a straight-line basis over the lease term.

Tenant lease incentives are recognised as an adjustment of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease where, at the inception of the lease, the Directors are reasonably certain that the tenant will exercise that option.

Amounts received from occupiers to terminate leases or to compensate for dilapidations are recognised in the Group statement of comprehensive income when the right to receive them arises.

Service charge income is recognised when the related recoverable expenses are incurred. The Group acts as the principal in service charge transactions as it directly controls the delivery of the services at the point at which they are provided to the occupier.

4. Property operating and administration expenses

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Recoverable service charges	**2,582**	—
Rates	**526**	—
Premises expenses[1]	**928**	—
Service charge void costs	**571**	—
Insurance expense	**162**	—
Property operating expenses	**2,187**	—
Investment Adviser fees	**3,787**	455
Other administration expenses	**1,458**	217
Cost associated with moving to Main Market	**957**	—
Directors' remuneration (see note 5)	**186**	32
Audit fees (see note 6)	**177**	130
Administration expenses	**6,565**	834
Total	**11,334**	834

1 Includes doubtful debts provided for as at 31 December 2022 of £0.7 million (31 December 2021: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

4. Property operating and administration expenses *continued*
Accounting policy
All property operating expenses and administration expenses are charged to the consolidated statement of comprehensive income and are accounted for on an accruals basis.

Property expenses are costs incurred by the Group that are not directly recoverable from an occupier, as well as professional fees relating to the letting of our estates.

Further information on the calculation of the Investment Adviser fees is set out in note 28.

5. Directors' remuneration

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Claire Boyle	**55**	12
Sally Ann Forsyth	**42**	10
Michael Taylor	**40**	8
Richard Howell	**29**	—
Employers' National Insurance contributions	**20**	2
Total	**186**	32

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' remuneration report on pages 94 and 95. The Group had no employees in the period.

6. Auditor's remuneration

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Audit fee	**177**	130
Total	**177**	130

The Group reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees are comprised of the following items:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Group Annual Report and Financial Statements	**177**	130
Total	**177**	130

Non-audit fees payable to the Group's Auditor comprised of the following:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Services provided as reporting accountant on equity raise	**—**	171
Total	**—**	171

The Auditor has not undertaken any non-audit services during the year. The Audit and Risk Committee has considered the independence and objectivity of the Auditor and has conducted a review of services which the Auditor has provided during the period under review. The Audit and Risk Committee receives an annual assurance from the Auditor that its independence is not compromised.

7. Finance income

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Change in fair value of interest rate derivatives	**2,047**	—
Income from cash and short-term deposits	**771**	7
Interest receivable from interest rate derivatives	**329**	—
Change in fair value of deferred consideration on interest rate derivatives	**108**	—
Total	**3,255**	7

Accounting policy

Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income.

8. Finance expenses

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Loan interest	**4,961**	—
Loan arrangement fees amortised	**416**	—
Loan expenses	**201**	—
Gross interest costs	**5,578**	—
Capitalisation of finance costs	**(1,796)**	—
Total	**3,782**	—

Accounting policy

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are amortised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings. Finance costs have been capitalised in the period in accordance with the accounting policy detailed in note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

9. Taxation
Corporation tax has arisen as follows:

	Year ended 31 December 2022 £'000	*Period ended 31 December 2021 £'000*
Corporation tax on residual income	**146**	–
Total	**146**	–

Reconciliation of tax charge to profit before tax:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
(Loss)/profit before tax	**(27,467)**	7,741
Corporation tax at 19% (2021: 19.0%)	**(5,219)**	1,471
Change in value of investment properties	**5,949**	(1,527)
Change in value of interest rate derivatives	**(389)**	–
Tax-exempt property rental business	**(195)**	56
Total	**146**	–

The Company served notice to HM Revenue & Customs that the Company, and its Group subsidiaries, qualified as a Real Estate Investment Trust with effect from 30 November 2021. The Group did not have any taxable profits arising prior to this date.

The United Kingdom Government has announced that it intends to increase the main rate of corporation tax from 19% to 25% from April 2023. As the Company is a REIT it is not anticipated that the change in the corporation tax will have a material impact on the Group, however tax charges on any non-property income will increase

Accounting policy
Corporation tax is recognised in the consolidated statement of comprehensive income except where in certain circumstances corporation tax may be recognised in other comprehensive income.

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per the REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period, if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

10. Operating leases
Operating lease commitments – as lessor
The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 22 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2022 are as follows:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Within one year	**12,602**	6,397
Between one and five years	**41,784**	27,194
More than five years	**30,044**	21,080
Total	**84,430**	54,671

11. Dividends

For the year ended 31 December 2022	Pence per share	£'000
First interim dividend for year ended 31 December 2022, paid on 31 October 2022	1.0	3,500
Total	**1.0**	**3,500**
Paid as:		
Property income distribution	—	—
Non-property income distribution	1.0	3,500
Total	**1.0**	**3,500**

No dividends were declared for the period to 31 December 2021.

A second interim dividend of 3.0 pence per share was declared on 27 March 2023 and is due to be paid on 15 May 2023.

Accounting policy

Dividends due to the Company's shareholders are recognised when they become payable.

12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments in issue, basic and diluted EPS are identical.

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
IFRS earnings	**(27,613)**	7,741
EPRA earnings adjustments:		
Fair value losses/(gains) on investment properties	31,312	(8,036)
Changes in fair value of interest rate derivatives and deferred consideration	(2,155)	—
EPRA earnings	**1,544**	(295)
Group-specific earnings adjustments:		
Cost associated with moving to Main Market	957	—
Adjusted earnings	**2,501**	(295)

	Year ended 31 December 2022 Pence	Period ended 31 December 2021 Pence
Basic IFRS EPS	**(7.9)**	2.2
Diluted IFRS EPS	**(7.9)**	2.2
EPRA EPS	**0.4**	(0.1)
Adjusted EPS	**0.7**	(0.1)

	Year ended 31 December 2022 Number of shares	Period ended 31 December 2021 Number of shares
Weighted average number of shares in issue (thousands)	**350,000**	350,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

13. UK investment property

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 January 2022	192,170	—	192,170
Acquisitions in the year	130,971	82,440	213,411
Additional capital expenditure	641	9,565	10,206
Finance costs capitalised	—	1,796	1,796
Fair value losses on investment property	(15,060)	(16,252)	(31,312)
Movement in rent incentives	1,247	32	1,279
Fair value at 31 December 2022	**309,969**	**77,581**	**387,550**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 August 2021	—	—	—
Acquisitions in the year	184,052	—	184,052
Fair value gain on investment property	8,036	—	8,036
Movement in rent incentives	82	—	82
Fair value at 31 December 2021	192,170	—	192,170

Accounting policy

Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment property is recognised upon legal completion of the contract, where costs are reliably measured and future economic benefits that are associated with the property flow to the entity. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met

All corporate acquisitions made during the period have been treated as asset purchases rather than business combinations because no integrated set of activities was acquired.

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed, and they have the potential to be fully income generating Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 December 2022 or the period ended 31 December 2021, however £1,796,000 (2021: £nil) of finance costs have been capitalised in the period to 31 December 2022. Refer to note 17 for more details.

Subsequent to initial recognition, investment property is stated at fair value (see note 23). Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise under IAS 40 Investment Property.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Movements in rent incentives are presented within the total portfolio valuation.

14. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Prepayments and other receivables	**3,531**	362
Amounts due from/(due to) property manager	**2,200**	(5)
Tenant deposits[1]	**2,701**	—
Rent and insurance receivable	**1,133**	635
Escrow account	**470**	1,279
Interest receivable	**331**	—
VAT receivable	**—**	897
Payments in advance of property acquisition	**—**	100
Total	**10,366**	3,268

1. Tenant deposits are reflected as non-current receivables.

Accounting policy

Rent and other receivables are recognised at their original invoiced value and become due based on the terms of the underlying lease or at the date of invoice.

The Group carries out an assessment of expected credit losses at each period end, using the IFRS 9 simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss. The rent and insurance receivable represents gross receivables of £1.9 million (31 December 2021: £0.6 million) and a provision for doubtful debts of £0.8 million (31 December 2021: £nil).

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

15. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash	**10,606**	21,962
Cash equivalents	**35,000**	144,000
Total	**45,606**	165,962

Cash equivalents includes £35.0 million (2021: £144.0 million) of cash held by various banks on short-term deposits.

Accounting policy

Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

16. Interest rate derivatives

	31 December 2022 £'000	31 December 2021 £'000
At the start of the period	—	—
Additional premiums paid and accrued	2,256	—
Changes in fair value of interest rate derivatives	2,047	—
Balance at the end of the period	**4,303**	—

Current	432	—
Non-current	3,871	—
Balance at the end of the period	**4,303**	—

To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group entered into interest rate derivatives.

The instrument entered into in August 2022 has a notional value of £75.0 million at a strike rate of 2.00% and a termination date of 31 March 2025.

On 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited ("OTPHL") including its two subsidiaries, Oxford Technology Park Limited ("OTPL") and Oxford Technology Park Investments Limited ("OTPIL"). OTPL has an existing loan facility and SONIA interest rate cap in place at 0.75% until the loan expiry date for £29.3 million of the drawn facility. This cap is due to expire in June 2023 and is therefore shown in current liabilities.

Accounting policy

Interest rate derivatives are initially recognised at fair value and are subsequently measured at fair value, being the estimated amount that the Group would receive or pay to terminate the agreement at the period end date, taking into account current interest rate expectations and the current credit rating of the Group and its counterparties. Premiums payable under such arrangements are initially capitalised into the statement of financial position.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole. Changes in fair value of interest rate derivatives are recognised within finance expenses in profit or loss in the period in which they occur.

17. Interest-bearing loans and borrowings

Non-current	31 December 2022 £'000	31 December 2021 £'000
At the beginning of the period	—	—
Drawn in the period	101,260	—
Repaid in the period	(26,260)	—
Interest-bearing loans and borrowings	**75,000**	—
Unamortised fees at the beginning of the period	—	—
Loan arrangement fees paid in the period	(1,203)	—
Amortisation charge for the period	291	—
Unamortised loan arrangement fees	**(912)**	—
Loan balance less unamortised loan arrangement fees	**74,088**	—

Current	31 December 2022 £'000	31 December 2021 £'000
At the beginning of the period	—	—
Acquired in the period	33,582	—
Drawn in the period	—	—
Repaid in the period	—	—
Interest and commitment fees incurred in the period	2,251	—
Interest-bearing loans and borrowings	**35,833**	—
Unamortised fees at the beginning of the period	—	—
Loan arrangement fees paid in the period	(215)	—
Amortisation charge for the period	125	—
Unamortised loan arrangement fees	**(90)**	—
Loan balance less unamortised loan arrangement fees	**35,743**	—

On 29 March 2022, a direct subsidiary of the Company, Ironstone Life Science Holdings Limited, entered into a £150.0 million single currency term and revolving facility agreement ("HSBC facility") with HSBC UK Bank plc, comprising a £75.0 million three-year term loan facility and an equally sized revolving credit facility. The HSBC facility has an interest rate in respect of drawn amounts of 225 basis points over SONIA. As at 31 December 2022, the £75.0 million three-year term loan facility was fully drawn and there was £75.0 million available to draw on the revolving facility.

In August 2022, additional protection was secured against potential future interest rate rises through capping the SONIA rate at 2.0% until 31 March 2025 on the full amount of the HSBC term loan at a premium of £2.3 million.

The HSBC facility is secured on Rolling Stock Yard, Cambourne Business Park, 7-11 Herbrand Street, Lumen House and the Merrifield Centre within the portfolio.

On 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited ("OTPHL") including its two subsidiaries, Oxford Technology Park Limited ("OTPL") and Oxford Technology Park Investments Limited ("OTPIL"). OTPL has an existing loan facility with Fairfield REF ECS II GEN No.2 Designated Activity Company ("Fairfield") of £53.4 million, of which £35.8 million is currently drawn. The Fairfield facility has an interest rate in respect of drawn amounts of 712 basis points over SONIA.

There is an existing SONIA interest rate cap in place at 0.75% until the loan expiry date for £29.3 million of the drawn facility.

The Fairfield debt is due to expire in June 2023 and is therefore shown in current liabilities.

The debt facilities include LTV and interest cover covenants that are measured at entity level where the debt facilities have been drawn. The Group is in full compliance with all loan covenants as at 31 December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

17. Interest-bearing loans and borrowings continued

Accounting policy

Loans and borrowings are initially recognised at the proceeds received net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost. Interest on the HSBC facility is charged to the consolidated statement of comprehensive income at the effective interest rate and shown within finance costs. Interest on the Fairfield facility is capitalised as part of the loan principal at the effective interest rate and reflected within finance costs. The effective interest rate is calculated as the daily SONIA rate plus the facility margin. Transaction costs are amortised over the term of the loan.

Where a property is being developed or undergoing major refurbishment, finance costs associated with direct expenditure on the property are capitalised. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use, normally practical completion.

Capitalised finance costs are calculated at the Group's weighted average interest rate.

18. Other liabilities – other payables and accrued expenses, provisions and deferred income

	31 December 2022 £'000	31 December 2021 £'000
Capital expenses payable	**5,481**	2,628
Deferred income	**3,692**	4,937
Administration and other expenses payable	**2,588**	1,429
Loan interest payable	**1,027**	—
Deferred consideration on interest rate caps	**820**	—
VAT payable	**759**	—
Property operating expenses payable	**332**	92
Share issue costs payable	**—**	1,101
Current other payables and accrued expenses	**14,699**	10,820
Tenant deposits payable to tenant	**2,701**	633
Deferred consideration on interest rate caps	**1,143**	—
Non-current other payables and accrued expenses	**3,844**	633
Total other payables and accrued expenses	**18,543**	10,820

Accounting policy

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

Deferred income is rental income invoiced to the tenant but relates to future accounting periods. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

19. Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue.

Ordinary shares of £0.01 each	Number	31 December 2022 £'000	Number	31 December 2021 £'000
Authorised, issued and fully paid:				
Shares issued	350,000,000	3,500	350,000,000	3,500
Balance at the end of the period	**350,000,000**	**3,500**	350,000,000	3,500

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

Accounting policy

Share capital is the nominal amount of the Company's ordinary shares in issue.

20. Share premium

Share premium comprises the following amounts:

	31 December 2022 £'000	31 December 2021 £'000
At the start of the period	**339,339**	–
Shares issued	–	346,500
Share issue costs	(16)	(7,161)
Transfer to capital reduction reserve	(339,323)	–
Share premium	–	339,339

Accounting policy

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares net of direct issue costs.

On 12 April 2022, the share premium account was cancelled in accordance with the provisions of the Companies Act 2006 in order to create distributable reserves, the capital reduction reserve. This is capable of being applied in any manner in which the Company's profits available for distribution are able lawfully to be applied.

21. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 December 2022 £'000	31 December 2021 £'000
Total unrealised (loss)/gain on investment properties	(23,276)	8,036
Total unrealised gain on interest rate derivatives and deferred consideration	2,155	–
Total realised gain/(loss)	1,249	(295)
Retained earnings	**(19,872)**	7,741

Accounting policy

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains/(losses) on the revaluation of investment properties, interest rate derivatives and deferred consideration contained within this reserve are not distributable until any gains crystallise on the sale of the investment property and interest rate caps.

As at 31 December 2022, the Company had distributable reserves available of £337.1 million (2021: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
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22. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company in the statement of financial position by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments in issue, basic and diluted NAV per share are identical.

EPRA net tangible assets ("EPRA NTA") is calculated using property values in line with IFRS, where values are net of real estate transfer tax ("RETT") and other purchasers' costs. EPRA NTA is considered to be the most relevant measure for the Group's operating activities.

	31 December 2022 £'000	31 December 2021 £'000
IFRS net assets attributable to ordinary shareholders	319,451	350,580
IFRS net assets for calculation of NAV	319,451	350,580
Adjustment to net assets:		
Fair value of interest rate derivatives	(4,303)	—
EPRA NTA	315,148	350,580

	31 December 2022 *Pence*	31 December 2021 *Pence*
IFRS basic and diluted NAV per share (pence)	91.3	100.2
EPRA NTA per share (pence)	90.0	100.2

	31 December 2022 Number of shares	31 December 2021 Number of shares
Number of shares in issue (thousands)	350,000	350,000

23. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying values of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The HSBC debt facility has an interest rate of 225 basis points over SONIA in respect of drawn amounts. The Fairfield debt facility has an interest rate in respect of drawn amounts of 712 basis points over SONIA.

The fair value of the interest rate contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial.

Six-monthly valuations of investment property are performed by CBRE, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, on a variable fee basis. The valuations are the ultimate responsibility of the Directors however, who appraise these every six months.

The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation - Professional Standards January 2020 (incorporating the International Valuation Standards).

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

Onsite developments are valued by applying the 'residual method' of valuation, which is the investment method described above with a deduction for all costs necessary to complete the development, with a further allowance for remaining risk and developers' profit. Properties and land held for future development are valued using the highest and best use method, by adopting the residual method allowing for all associated risks, the investment method, or a value per acre methodology.

The following table shows an analysis of the fair values of investment properties recognised in the statement of financial position by level of the fair value hierarchy[1]:

	31 December 2022			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	—	—	**387,550**	**387,550**
Interest rate derivatives	—	**4,303**	—	**4,303**
Deferred consideration on interest rate caps	—	**(1,963)**	—	**(1,963)**
Total	—	**2,340**	**387,550**	**389,890**

	31 December 2021			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investment properties	—	—	192,170	192,170
Total	—	—	192,170	192,170

1. Explanation of the fair value hierarchy:
   - Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
   - Level 2 - use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data, and
   - Level 3 - use of a model with inputs that are not based on observable market data.

   There have been no transfers between Level 1 and Level 2 during either period, nor have there been any transfers in or out of Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

23. Fair value continued
Sensitivity analysis to significant changes in unobservable inputs within the valuation of investment properties

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

31 December 2022	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£309,969	Income capitalisation	ERV	£18.9-£110.0 per sq ft
			Equivalent yield	4.25%-7.00%
Development property	£41,241	Income capitalisation /residual method	ERV	£20.0-£25.0 per sq ft
			Equivalent yield	5.00%-5.05%
Development land	£36,340	Comparable method/residual method	Sales rate per sq ft	£138.6
Total	£387,550			

31 December 2021	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£192,170	Income capitalisation	ERV	£23.0-£67.9 per sq ft
			Equivalent yield	3.81%-7.00%
Total	£192,170			

Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of completed investment property:

As at 31 December 2022 **Completed investment property**	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 10%	**30,997**	**(30,997)**
Change in net equivalent yields of 50 basis points	**(31,177)**	**38,491**

Development property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 10%	**4,124**	**(4,124)**
Change in net equivalent yields of 50 basis points	**(4,632)**	**5,654**

Development land	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in sales rate per sq ft of 10%	**3,634**	**(3,634)**

As at 31 December 2021	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 10%	19,217	(19,217)
Change in net equivalent yields of 50 basis points	(20,207)	25,380

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £31.3 million (31 December 2021: gain of £8.0 million) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains/(losses) on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

The carrying amount of the Group's other assets and liabilities is considered to be the same as their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

24. Financial risk management objectives and policies
The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £387.6 million and to manage this risk, the Group diversifies its portfolio across a number of assets. The Group's investment policy is to invest in UK-located life science assets. The Group will invest and manage its portfolio with an objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no individual building will represent more than 35% of gross asset value, reducing to 25% of gross asset value by 31 December 2023;
- the Company will target a portfolio with no one tenant accounting for more than 20% (but subject to a maximum of 30%) of the higher of either (i) gross contracted rents or (ii) the valuer's ERV of the Company's portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing;
- the aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of gross asset value, reducing to 30% of gross asset value by 31 December 2023. Within this limit, the maximum exposure to developments, as measured by the expected gross development cost, which are not under forward-funded arrangements, will not exceed 15% of gross asset value at the commencement of the relevant development; and
- no more than 10% of gross asset value will be invested in properties that are not life science properties.

Credit risk
Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

All cash deposits are placed with approved counterparties, all of whom have a credit rating of AA- or above. In respect of property investments, in the event of a default by a tenant, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Adviser monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

The following table analyses the Group's maximum exposure to credit risk:

	31 December 2022 £'000	31 December 2021 £'000
Cash and cash equivalents	**45,606**	165,962
Trade and other receivables[1]	**10,027**	2,361
Total	**55,633**	168,323

1 Excludes prepayments and VAT receivable

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group has entered into interest rate derivatives. As at 31 December 2022 there were two interest rate derivatives in place. In August 2022 additional protection was secured against potential future interest rate rises through capping the SONIA rate at 2.0% until 31 March 2025 on the full amount of the HSBC term loan at a premium of £2.3 million. In addition, there is an existing SONIA interest rate cap in place relating to the OTP acquired debt at 0.75% until the loan expiry date of June 2023 for £29.3 million of the drawn facility.

Changes in interest rates may have an impact on consolidated earnings over the longer term. The table below provides indicative sensitivity data.

Effect on profit before tax	2022 Increase in interest rates by 1% £'000	2022 Decrease in interest rates by 1% £'000	2021 Increase in interest rates by 1% £'000	2021 Decrease in interest rates by 1% £'000
Increase/(decrease)	**(1,554)**	**1,545**	—	—

Foreign exchange rate risk

Management have considered the risks but not deemed them material for the business as the Group's exposure to foreign exchange rate risk as at 31 December 2022 and 31 December 2021 was minimal.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

	2022 Fair value hierarchy	2022 Carrying value £'000	2022 Fair value £'000	2021 Fair value hierarchy	2021 Carrying value £'000	2021 Fair value £'000
Held at amortised cost						
Cash and cash equivalents	**n/a**	**45,606**	**45,606**	n/a	165,962	165,962
Trade and other receivables[1]	**n/a**	**10,027**	**10,027**	n/a	2,361	2,361
Other payables and accrued expenses[2]	**n/a**	**(14,851)**	**(14,851)**	n/a	(5,883)	(5,883)
Interest-bearing loans and borrowings	**n/a**	**(109,831)**	**(109,831)**	—	—	—
Held at fair value						
Interest rate derivatives	**n/a**	**4,303**	**4,303**	—	—	—

1. Excludes prepayments.
2. Excludes deferred income

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2022	**Less than three months £'000**	**Three to 12 months £'000**	**One to two years £'000**	**Two to five years £'000**	**More than five years £'000**	**Total £'000**
Other payables and accrued expenses[1]	**10,874**	**2,753**	**739**	**485**	**—**	**14,851**
Interest-bearing loans and borrowings	**973**	**40,475**	**3,947**	**150,951**	**—**	**196,346**
Total	**11,847**	**43,228**	**4,686**	**151,436**	**—**	**211,197**

Year ended 31 December 2021	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Other payables and accrued expenses[1]	5,883	—	—	—	—	5,883
Interest-bearing loans and borrowings	—	—	—	—	—	—
Total	5,883	—	—	—	—	5,883

1. Excludes deferred income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

25. Subsidiaries

Company	Country of incorporation and operation	Company Registration Number	Number and class of share held by the Group	Group holding
Ironstone Life Science Holdings Limited[2]	UK	13390321	1,000 ordinary shares	100%
Ironstone Life Science Harwell Limited[1, 2, 6]	UK	14047959	1 ordinary share	100%
Ironstone Life Science Cambourne Two Limited[1, 2]	UK	13779806	1 ordinary share	100%
Ironstone Life Science Cambourne Limited[1, 2]	UK	13763082	1 ordinary share	100%
Ironstone Life Science Oxford Limited[1, 2]	UK	13467718	1 ordinary share	100%
Ironstone Life Science RSY Limited[1, 2]	UK	13763039	1 ordinary share	100%
Ironstone Life Science Merrifield Limited[1, 2]	UK	13763037	1 ordinary share	100%
Ironstone LS Cambourne One Limited[1, 3, 7]	Jersey	108784	3,599.80 ordinary shares	100%
Deepdale Investment Holdings Limited[1, 4]	BVI	1824411	400 A ordinary shares 100 B ordinary shares	100%
Merrifield Centre Limited[1, 2]	UK	11118349	21,786,493 ordinary shares	100%
Ironstone Life Science Herbrand Limited[1, 2]	UK	14044299	1 ordinary share	100%
Herbrand Properties Limited[1, 5]	BVI	1908435	6,000 ordinary shares	100%
Oxford Technology Park Holdings Limited[2]	UK	12434159	92 ordinary shares	100%
Oxford Technology Park Limited[1, 2]	UK	08483449	100 ordinary shares	100%
Oxford Technology Park Investments Limited[1, 2]	UK	12442240	1 ordinary share	100%

1 Indirect subsidiaries
2 Registered office: Radius House, 51 Clarendon Road, Watford, WD17 1HP.
3 Registered office: 50 La Colomberie, St Helier, Jersey, JE2 4QB.
4. Registered office: Geneva Place, P.O Box 3339, Road Town, Tortola, British Virgin Islands.
5 Registered office: Nerine Chambers, P.O. Box 905, Road Town, Tortola, 1110, British Virgin Islands
6. This entity was dissolved on 7 March 2023
7. This entity was dissolved on 28 February 2023

The principal activity of all the subsidiaries relates to property investment.

The subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act. The Company has provided a guarantee under s479C of the Companies Act 2006 in respect of the financial period ended 31 December 2022 for a number of its subsidiary companies. The guarantee is over all outstanding liabilities to which the subsidiary companies are subject at 31 December 2022 until they are satisfied in full.

The Group consists of a parent company, Life Science REIT plc, incorporated in England and Wales, and a number of subsidiaries held directly by Life Science REIT plc, which operate and are incorporated in the UK, Jersey and the British Virgin Islands.

The Group owns 100% equity shares of all subsidiaries listed above and has the power to appoint and remove the majority of the Board of Directors of those subsidiaries. The relevant activities of the above subsidiaries are determined by the Board of Directors based on the purpose of each company.

Therefore, the Directors concluded that the Group has control over all these entities and all these entities have been consolidated within the consolidated Financial Statements.

A list of all related undertakings included within these consolidated Financial Statements is noted above.

Accounting policy

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured, and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

26. Capital management

The Group's capital is represented by share capital and reserves.

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. The Group's capital policies are as follows:

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but will be subject to a maximum 55% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

The Group is not subject to externally imposed capital requirements.

27. Capital commitments

At 31 December 2022, the Group had contracted capital expenditure of £24.4 million (31 December 2021: £nil)

28. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £186,450 (2021: £32,456) at 31 December 2022, including £20,000 of employers' National Insurance contributions; a balance of £nil (2021: £2,000) was outstanding relating to employer NI. Further information is given in note 5 and in the Directors' remuneration report on pages 94 and 95.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

28. Related party transactions continued
Investment Adviser
The Company is party to an Investment Advisory Agreement with the AIFM and the Investment Adviser, pursuant to which the Investment Adviser has been appointed to provide investment advisory services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction by the AIFM and the Board of Directors.

For its services to the Company, the Investment Adviser is entitled to a fee payable quarterly in arrears calculated at the rate of one quarter of 1.1% per quarter on that part of the NAV up to and including £500 million; one quarter of 0.9% per quarter on that part of the NAV in excess of £500 million and up to £1 billion; and one quarter of 0.75% per quarter on NAV in excess of £1 billion. Refer to page 98 of the Directors' report for further information.

During the year, the Group incurred £3,787,421 (2021: £454,903) in respect of investment advisory fees. As at 31 December 2022, £888,174 (2021: £454,903) was outstanding.

29. Reconciliation of changes in liabilities to cash flows generated from financing activities[1]

	Interest-bearing loans and borrowings current £'000	Interest-bearing loans and borrowings non-current £'000	Total £'000
Balance as at 1 January 2022	—	—	—
Changes from financing cash flows:			
Bank loans drawn down	—	101,260	101,260
Bank loans repaid	—	(26,260)	(26,260)
Loan arrangement fees paid in the year	—	(1,203)	(1,203)
Total changes from financing cash flows	—	73,797	73,797
Loans acquired[2]	33,582	—	33,582
Additional loan arrangement fees in year capitalised	(215)	—	(215)
Additional interest and commitment fees capitalised	2,251	—	2,251
Amortisation charge for the year	125	291	416
Balance as at 31 December 2022	35,743	74,088	109,831

1. Comparative for the period end 31 December 2021 has not been shown as there were no loans in the prior period
2. Acquired as part of the OTP acquisition in the year.

30. Ultimate controlling party
It is the view of the Directors that there is no ultimate controlling party.

31. Post balance sheet events
Refinancing
In February 2023 the OTP Fairfield facility was refinanced by drawing down £26.3 million from its existing £150.0 million HSBC facility as well as utilising existing cash resources.

Dividend
A second interim dividend of 3.0 pence per share in respect of the year ended 31 December 2022 will be paid on 15 May 2023. This will be paid as an ordinary dividend with an ex-dividend date of 13 April 2023.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 £'000	31 December 2021 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	34	**65,138**	1
Receivables	36	**214,505**	177,827
		279,643	177,828
Current assets			
Cash and cash equivalents	35	**39,614**	165,962
Trade and other receivables	36	**1,421**	229
		41,035	166,191
Total assets		**320,678**	344,019
Liabilities			
Current liabilities			
Other payables and accrued expenses	37	**(5,004)**	(1,943)
Total liabilities		**(5,004)**	(1,943)
Net assets		**315,674**	342,076
Equity			
Share capital		**3,500**	3,500
Share premium		**—**	339,339
Capital reduction reserve		**335,823**	—
Retained earnings		**(23,649)**	(763)
Total equity		**315,674**	342,076
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)		**90.2**	97.8

The Company reported a loss for the year ended 31 December 2022 of £22,886,000 (period ended 31 December 2021: £763,000 loss).

These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 24 March 2023 and signed on its behalf by:

Claire Boyle
Company number: 13532483

The accompanying notes on pages 139 to 141 form an integral part of these Company Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 January 2022	**3,500**	**339,339**	**—**	**(763)**	**342,076**
Loss for the year and total comprehensive loss	—	—	—	**(22,886)**	**(22,886)**
Ordinary shares issued	—	—	—	—	—
Share issue costs	—	**(16)**	—	—	**(16)**
Cancellation of share premium	—	**(339,323)**	**339,323**	—	—
Dividends paid	—	—	**(3,500)**	—	**(3,500)**
Balance at 31 December 2022	**3,500**	**—**	**335,823**	**(23,649)**	**315,674**

	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at start of period	—	—	—	—	—
Loss for the year and total comprehensive loss	—	—	—	(763)	(763)
Ordinary shares issued	3,500	346,500	—	—	350,000
Share issue costs	—	(7,161)	—	—	(7,161)
Dividends paid	—	—	—	—	—
Balance at 31 December 2021	3,500	339,339	—	(763)	342,076

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

32. General information
Life Science REIT plc is a closed-ended REIT incorporated in England and Wales on 27 July 2021. The Company began trading on 19 November 2021. The registered office of the Company is located at 65 Gresham Street, London, EC2V 7NQ. The Company's shares were admitted to trading on AIM, a market operated by the London Stock Exchange. On 1 December 2022 the Company moved to the Main Market of the London Stock Exchange.

33. Basis of preparation
These Financial Statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in conformity with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention. The audited Financial Statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

In preparing these Financial Statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these Financial Statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Life Science REIT plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated Financial Statements. These Financial Statements do not include certain disclosures in respect of:

- share-based payments;
- financial instruments; and
- fair value measurement.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The Financial Statements of the Company follow the accounting policies laid out on pages 114 to 116.

The key source of estimation uncertainty relates to the Company's investment in Group companies and is stated in the Company's separate financial statements at cost less impairment losses, if any. Impairment losses are determined with reference to the investment's fair value less estimated selling costs. Fair value is derived from the subsidiaries', and their subsidiaries', net assets at the balance sheet date. Investment properties held by the subsidiary companies are supported by independent valuation. Judgements and assumptions associated with the property values of the investments held by the subsidiary companies are detailed in the Group financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

34. Investment in subsidiary companies

	31 December 2022 £'000	31 December 2021 £'000
Investment in subsidiary companies		
Total carrying value	65,138	1
Total	**65,138**	1

	31 December 2022 £'000	31 December 2021 £'000
Investments in subsidiary companies		
Ironstone Life Science Holdings Limited	1	1
Oxford Technology Park Holdings Limited	65,137	–
	65,138	1

Following a review comparing cost of investments to the underlying net assets of subsidiary companies, an impairment provision has been made of £21.3 million.

See note 25 for full list of subsidiary companies.

Accounting policy

Investments in subsidiary companies are included in the statement of financial position at cost less impairment. For a list of subsidiary companies, see note 25.

35. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash equivalents	4,614	144,000
Cash	35,000	21,962
Total	**39,614**	165,962

Accounting policy

Cash equivalents include cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

36. Trade and other receivables

A. Receivables: non-current assets

	31 December 2022 £'000	31 December 2021 £'000
Amounts due from subsidiary companies	**214,505**	177,827
Total	**214,505**	177,827

Loans due from subsidiary companies are unsecured, interest free and repayable on demand.

B. Receivables: current assets

	31 December 2022 £'000	31 December 2021 £'000
Prepayments and other receivables	**1,421**	229
Total	**1,421**	229

37. Other payables and accrued expenses

	31 December 2022 £'000	31 December 2021 £'000
Capital expenses payable	**2,837**	—
Administration expenses payable	**1,243**	1,390
Other expenses payable	**778**	387
Provision for corporation tax	**146**	—
Insurance payable	—	166
Total	**5,004**	1,943

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

The Group is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed and defined the following performance measures to give transparency, comparability, and relevance of financial reporting across entities which may use different accounting standards. The following measures are calculated in accordance with EPRA guidance. These are not intended as a substitute for IFRS measures.

Table 1: EPRA performance measures summary

	Notes	**Year to 31 December 2022**	Period from 1 August 2021 to 31 December 2021
EPRA earnings (£'000)	Table 2	**1,544**	(295)
EPRA EPS (pence)	Table 2	**0.4**	(0.1)
EPRA cost ratio (including direct vacancy cost)	Table 6	**66.3%**	163.5%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**57.8%**	163.5%

		31 December 2022	31 December 2021
EPRA NDV per share (pence)	Table 3	**91.3**	100.2
EPRA NRV per share (pence)	Table 3	**95.9**	103.9
EPRA NTA per share (pence)	Table 3	**90.0**	100.2
EPRA NIY	Table 4	**3.4%**	4.4%
EPRA 'topped-up' net initial yield	Table 4	**3.6%**	4.5%
EPRA vacancy rate	Table 5	**18.0%**	19.1%
EPRA loan to value	Table 10	**18.9%**	n/a

Table 2: EPRA income statement

	Notes	Year to 31 December 2022	Period from 1 August 2021 to 31 December 2021
Revenue	3	**15,706**	532
Less: insurance recharged	3	**(155)**	—
Less: service charge income	3	**(2,582)**	—
Rental income		**12,969**	532
Property operating expenses (including recoverable service charges)	4	**(4,769)**	—
Insurance recharged	3	**155**	—
Add back: service charge income	4	**2,582**	—
Gross profit		**10,937**	532
Administration expenses	4	**(6,565)**	(834)
Operating profit/(loss) before interest and tax		**4,372**	(302)
Finance income	7	**3,255**	7
Finance expenses	8	**(3,782)**	—
Less change in fair value of interest rate derivatives	7	**(2,155)**	—
Adjusted profit/(loss) before tax		**1,690**	(295)
Tax on adjusted loss	9	**(146)**	—
EPRA earnings		**1,544**	(295)
Company-specific adjustments:			
EPRA earnings		**1,544**	(295)
Cost associated with moving to Main Market	4	**957**	—
Adjusted earnings		**2,501**	(295)
Weighted average number of shares in issue (thousands)	19	**350,000**	350,000
EPRA EPS (pence)	12	**0.4**	(0.1)
Adjusted EPS (pence)	12	**0.7**	—

Adjusted earnings represents earnings from operational activities. It is a key measure of the Group's underlying operational results and an indication of the extent to which dividend payments are supported by earnings.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

Table 3: EPRA balance sheet and net asset value performance measures

EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). A reconciliation of the three new EPRA NAV metrics from IFRS NAV is shown in the table below. Total accounting return will now be calculated based on EPRA NTA.

As at 31 December 2022	Notes	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	13	**387,550**	**387,550**	**387,550**
Net cash/(borrowings)[2]	15, 17	**(65,227)**	**(65,227)**	**(65,227)**
Other net liabilities		**(2,872)**	**(2,872)**	**(2,872)**
IFRS NAV	22	**319,451**	**319,451**	**319,451**
Include: real estate transfer tax[3]		**—**	**20,621**	**—**
Exclude: fair value of interest rate derivatives	16	**—**	**(4,303)**	**(4,303)**
NAV used in per share calculations		**319,451**	**335,769**	**315,148**
Number of shares in issue (thousands)	19	**350,000**	**350,000**	**350,000**
NAV per share (pence)	22	**91.3**	**95.9**	**90.0**

As at 31 December 2021	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties[1]	13	192,170	192,170	192,170
Net cash[2]	15, 17	165,962	165,962	165,962
Other net liabilities		(7,552)	(7,552)	(7,552)
IFRS NAV	22	350,580	350,580	350,580
Include: real estate transfer tax[3]		—	13,068	—
NAV used in per share calculations		350,580	363,648	350,580
Number of shares in issue (thousands)	19	350,000	350,000	350,000
NAV per share (pence)	22	100.2	103.9	100.2

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £110,833,000 net of cash of £45,609,000.
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

EPRA NDV details the full extent of liabilities and resulting shareholder value if Company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax.

EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NRV highlights the value of net assets on a long-term basis and reflects what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included.

Table 4: EPRA net initial yield

	Notes	31 December 2022 £'000	31 December 2021 £'000
Total properties per external valuers' report	13	**387,550**	192,170
Less development property and land	13	**(77,581)**	—
Net valuation of completed properties		**309,969**	192,170
Add estimated purchasers' costs[1]		**20,621**	13,068
Gross valuation of completed properties including estimated purchasers' costs (A)		**330,590**	205,238
Gross passing rents[2] (annualised)		**12,423**	9,124
Less irrecoverable property costs[2]		**(1,104)**	(179)
Net annualised rents (B)		**11,319**	8,945
Add notional rent on expiry of rent-free periods or other lease incentives[3]		**540**	291
'Topped-up' net annualised rents (C)		**11,859**	9,236
EPRA NIY (B/A)		**3.4%**	4.4%
EPRA 'topped-up' net initial yield (C/A)		**3.6%**	4.5%

1. Estimated purchasers' costs estimated at 6.7% (31 December 2021: 6.8%).
2. Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.
3. Adjustment for unexpired lease incentives such as rent-free periods, discounted rent period and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive. Rent-frees expire over a weighted average period of 12 months (31 December 2021: three months).

EPRA NIY represents annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. It is a comparable measure for portfolio valuations designed to make it easier for investors to judge themselves how the valuation of portfolio X compares with portfolio Y.

EPRA 'topped-up' NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

NIY as stated in the Investment Adviser's report calculates net initial yield on topped-up annualised rents but does not deduct non-recoverable property costs.

Table 5: EPRA vacancy rate

	31 December 2022 £'000	31 December 2021 £'000
Annualised ERV of vacant premises (D)	**3,094**	1,937
Annualised ERV for the investment portfolio (E)	**17,181**	10,129
EPRA vacancy rate (D/E)	**18.0%**	19.1%

EPRA vacancy rate represents ERV of vacant space divided by ERV of the completed investment portfolio, excluding development property and land. It is a pure measure of investment property space that is vacant, based on ERV.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

Table 6: Total cost ratio/EPRA cost ratio

	Notes	Year to 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
Property operating expenses (excluding service charge expenses)	4	1,616	—
Service charge expenses	4	3,153	—
Add back: service charge income	3	(2,582)	—
Add back: insurance recharged	3	(155)	—
Net property operating expenses		2,032	—
Administration expenses	4	6,565	834
Deduct: costs associated with move to Main Market	4	(957)	—
Total cost including direct vacancy cost (F)		7,640	834
Direct vacancy cost		(1,104)	—
Total cost excluding direct vacancy cost (G)		6,536	834
Rental income[1]	3	12,969	510
Gross rental income (H)	3	12,969	510
Less direct vacancy cost		(1,104)	—
Net rental income		11,865	510
Total cost ratio including direct vacancy cost (F/H)		58.9%	163.5%
Total cost ratio excluding direct vacancy cost (G/H)		50.4%	163.5%

1 Includes rental income, rental income straight-line adjustment and other income as per note 3

	Notes	Year to 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
Total cost including direct vacancy cost (F)		7,640	834
Add back: costs associated with move to Main Market	4	957	—
EPRA total cost (I)		8,597	834
Direct vacancy cost		(1,104)	—
EPRA total cost excluding direct vacancy cost (J)		7,493	834
EPRA cost ratio including direct vacancy cost (I/H)		66.3%	163.5%
EPRA cost ratio excluding direct vacancy cost (J/H)		57.8%	163 5%

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. They are a key measure to enable meaningful measurement of the changes in the Group's operating costs.

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in the year ended 31 December 2022.

Table 7: Lease data

As at 31 December 2022	Year 1 £'000	Year 2 £'000	Years 3-5 £'000	Year 5+ £'000	Total £'000
Passing rent of leases expiring in:	**524**	—	**6,007**	**5,892**	**12,423**
ERV of leases expiring in:	**809**	—	**6,352**	**6,925**	**14,086**
Passing rent subject to review in:	**1,481**	—	**10,855**	**87**	**12,423**
ERV subject to review in:	**1,827**	—	**12,158**	**101**	**14,086**

As at 31 December 2021	Year 1 £'000	Year 2 £'000	Years 3-5 £'000	Year 5+ £'000	Total £'000
Passing rent of leases expiring in:	—	2,351	1,603	5,170	9,124
ERV of leases expiring in:	—	3,570	1,884	4,675	10,129
Passing rent subject to review in:	428	1,753	3,264	3,679	9,124
ERV subject to review in:	439	2,653	4,081	2,956	10,129

WAULT to expiry is 6.2 years (31 December 2021: 6.6 years) and to break is 4.7 years (31 December 2021: 4.1 years).

Table 8: Capital expenditure

	Notes	Year to *31 December* 2022 £'000	Period from 1 August 2021 to *31 December* 2021 £'000
Acquisitions[1]	13	**213,411**	184,052
Development spend[2]	13	**9,565**	—
Completed investment properties:[3]			
No incremental lettable space – like-for-like portfolio	13	**641**	—
No incremental lettable space – other		—	—
Tenant incentives	13	**1,279**	—
Total capital expenditure		**224,896**	184,052
Debt acquired – OTP[4]	17	**(33,582)**	
Conversion from accruals to cash basis		**(4,259)**	(2,528)
Total capital expenditure on a cash basis	Page 113	**187,055**	181,524

1. Acquisitions include £131.0 million (31 December 2021: £181.5 million) completed investment property and £82.4 million (31 December 2021: £nil) development property and land.
2. Expenditure on development property and land.
3. Expenditure on completed investment properties.
4. On acquisition of OTP in May 2022, £33.6 million of debt was acquired. See note 17 for further details.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2022

Table 9: EPRA like-for-like rental income

	Notes	Year to 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
EPRA like-for-like rental income		—	—
Other[1]		—	—
Adjusted like-for-like rental income		—	—
Development lettings		—	—
Properties acquired in current and prior period	3	12,969	532
Rental income		12,969	532
Service charge income	3	2,582	—
Insurance recharge	3	155	—
Revenue		15,706	532

1. Includes back rent and other items.

Table 10: Loan to value ("LTV") and EPRA LTV

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.
The Group has also opted to present the EPRA LTV which is defined as net borrowings divided by total property market value.

	Notes	31 December 2022 £'000	31 December 2021 £'000
Interest-bearing loans and borrowings[1]	17	110,833	n/a
Cash	15	(45,606)	n/a
Net borrowings (A)		65,227	n/a
Investment property at fair value (B)	13	387,550	n/a
LTV (A/B)		16.8%	n/a

EPRA LTV

	Notes	31 December 2022 £'000	31 December 2021[3] £'000
Interest-bearing loans and borrowings[1]	17	110,833	n/a
Net payables[2]		8,177	n/a
Cash	15	(45,606)	n/a
Net borrowings (A)		73,404	n/a
Investment properties at fair value	13	387,550	n/a
Total property value (B)		387,550	n/a
EPRA LTV (A/B)		18.9%	n/a

1 Excludes unamortised loan arrangement fees asset of £1.0 million (see note 17).
2 Net payables includes trade and other receivables, other payables and accrued expenses. See page 111 for a full breakdown
3 Comparative figures for 31 December 2021 have been excluded as the Group had no interest-bearing loans and borrowings as at this date.

Table 11: Total accounting return

The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period.

	Notes	Year ended 31 December 2022 Pence per share	Period from 1 August 2021 to 31 December 2021 Pence per share
Opening EPRA NTA (A)	22	**100.2**	—
Movement (B)		**(10.2)**	100.2
Closing EPRA NTA	22	**90.0**	100.2
Dividend per share (C)	11	**1.0**	—
Total accounting return (B+C)/A		**(9.1)%**	n/a

Table 12: Interest cover

Adjusted operating profit before gains on investment properties, interest and tax, divided by the underlying net interest expense.

	Notes	Year to 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
Adjusted operating profit/(loss) before gains on investment properties (A)		**5,329**	n/a
Adjusted interest expenses	8	**3,782**	—
Add back: capitalised finance costs	8	**1,796**	—
Less: adjusted interest income	7	**(1,100)**	—
Loan interest (B)		**4,478**	n/a
Interest cover (A/B)		**119.0%**	n/a

Comparative figures for 31 December 2021 have been excluded as the Group had no interest-bearing loans and borrowings at this date.

Table 13: Ongoing charges ratio

Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies.

	Notes	Year to 31 December 2022 £'000	Period from 1 August 2021 to 31 December 2021 £'000
Administration expenses	4	**6,565**	834
Less: cost associated with moving to Main Market	4	**(957)**	—
Annualised ongoing charges (A)		**5,608**	834
Opening NAV as at start of period		**350,580**	—
NAV as at 30 June		**357,461**	—
Closing NAV as at 31 December		**319,451**	350,580
Average undiluted NAV during the period (B)		**342,497**	350,580
Ongoing charges ratio (A/B)		**1.6%**	0.2%

PROPERTY PORTFOLIO
AS AT 31 DECEMBER 2022

Property	Town	Postcode	Area (sq ft)
Lumen House	Oxford	OX11 0SG	17,600
The Merrifield Centre	Cambridge	CB1 3LQ	12,600
Rolling Stock Yard	London	N7 9AS	53,900
Cambourne Business Park	Cambridge	CB23 6DW	231,700
7-11 Herbrand Street	London	WC1N 1EX	68,600
Oxford Technology Park[1]	Oxford	OX5 1GN	492,400

1. Full build-out area. Area practically complete as at 31 December 2022 was 104,300 sq ft.

SHAREHOLDER INFORMATION

The Company was incorporated on 27 July 2021. This Annual Report and Financial Statements covers the period from 1 January 2022 to 31 December 2022.

The Company's ordinary shares were admitted to trading on AIM on 19 November 2021 following IPO and the Group's operations therefore commenced on this date. Following the Company's migration to the premium segment of the London Stock Exchange ("LSE"), its shares were cancelled from AIM on 1 December 2022 and admitted to trading on the premium segment of the LSE.

Capital structure

The Company's share capital consists of ordinary shares of £0.01 each. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each ordinary share held. Shareholders are entitled to receive such dividends as the Directors resolve to pay out of the assets attributable to ordinary shares. Holders of ordinary shares are entitled to participate in the assets of the Company attributable to the ordinary shares in a winding up of the Company. The ordinary shares are not redeemable. As at the date of this report, there were 350,000,000 ordinary shares in issue, none of which are held in treasury.

Investment objective

The Company's investment objective is to provide shareholders with an attractive level of total return. The focus will be capital growth whilst also providing a growing level of income by investing primarily in a diversified portfolio of UK properties that are leased or intended to be leased to tenants operating in the life science sector.

Investment policy

The Company seeks to achieve its investment objective by investing in a diversified portfolio of properties across the UK which are typically leased or intended to be leased to tenants operating in, or providing a benefit to, the life science sector ("life science properties"). Life science is the branch of sciences concerned with all processes affecting living organisms. This encompasses servicing and the study of the breadth of life systems, and the structure and behaviour of living things.

Companies operating in the life science sector include, but are not limited to, those involved in the innovation, development and/or production of assets directly or indirectly for human health purposes. These assets include compounds, products and devices derived and designed for application in numerous fields.

The Company does not limit itself in relation to the types of properties it acquires or develops, but examples may include wet and dry laboratories, offices, incubators and co-working space, manufacturing and testing facilities and data centres. The Company retains flexibility to acquire individual buildings, a group of buildings across a single science park or the entirety of a science park.

This may include purchasing or developing buildings that are leased or intended to be leased to tenants providing ancillary services to employees of companies operating in, or providing a benefit to, the life science sector.

The Company typically invests in income-producing assets. The Company focuses on investing where it believes that the underlying property is consistent with the overarching objective of providing shareholders with capital growth whilst also providing a growing level of income. Investment decisions are based on analysis and due diligence, including, but not limited to, location, tenant profile and demand, rental growth prospects, lease terms and/or asset management/enhancement opportunities.

The Company may acquire properties either directly or through corporate structures (whether onshore or offshore) and also through joint venture or other shared ownership or co-investment arrangements. In circumstances where the Company does not hold a controlling interest in the relevant investment, the Company will seek, through contractual and other arrangements to, inter alia, ensure that each investment is operated and managed in a manner that is consistent with the Company's investment policy.

Any asset management or development opportunities that the Company pursues are conducted in such a way as to minimise any development risk, typically through the use of forward funding or similar arrangements. Asset management opportunities may include, but are not limited to, refurbishing or extending existing assets or where the Company may seek to maximise or change alternative use values of existing operational assets. The Company may from time to time invest in development opportunities without a forward-funding arrangement including pre-developed land or land where planning permission may be required, subject to a restriction that maximum exposure to these developments will not exceed 15% of gross asset value.

SHAREHOLDER INFORMATION CONTINUED

Investment policy continued

It is anticipated that properties will be held for the long term. However, the Company may undertake opportunistic disposals of properties considered to be in the best interests of shareholders.

The Company invests in and actively manages its assets with the objective of reducing and diversifying risk and, in doing so, maintains the following investment restrictions:

- no individual building will represent more than 35% of gross asset value, reducing to 25% of gross asset value by 31 December 2023;
- the Company targets a portfolio with no one tenant accounting for more than 20% (but subject to a maximum of 30%) of the higher of either (i) gross contracted rents or (ii) the valuer's ERV of the Company's portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing;
- the aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of gross asset value, reducing to 30% of gross asset value by 31 December 2023. Within this limit, the maximum exposure to developments, as measured by the expected gross development cost, which are not under forward-funded arrangements, will not exceed 15% of gross asset value at the commencement of the relevant development; and
- no more than 10% of gross asset value will be invested in properties that are not life science properties.

In addition, the Company will not invest more than 10% of gross asset value in other alternative investment funds or closed-ended investment companies.

Compliance with the above restrictions is calculated immediately following investment and non-compliance resulting from changes in the price or value of assets following investment is not considered as a breach of the investment restriction.

The Company defines: (i) "gross asset value" as "the value of the assets of the Company and its subsidiaries from time to time, determined in accordance with the accounting policies adopted by the Company"; (ii) "gross contracted rents" as "the total rent receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed under the leases contracted on the Company's portfolio of properties"; and (iii) "ERV" as "the estimated annual open market rental value of lettable space".

Gearing

The level of gearing is on a prudent basis for the asset class, and seeks to achieve a low cost of funds, whilst maintaining flexibility in the underlying security requirements and the structure of the Company. It is envisaged that a gross loan to value ("LTV") ratio of between 30% and 40% would be the optimal capital structure for the Company over the longer term. However, in order to finance value-enhancing opportunities, the Company may temporarily incur additional gearing, subject to a maximum LTV ratio of 55% at the time of an arrangement.

Debt is secured at asset level and potentially at Company or special purpose vehicle level, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, debt type and maturity profiles.

Use of derivatives

The Company may utilise derivatives for efficient portfolio management only. In particular, the Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the gearing limits as part of the Company's portfolio management.

Cash management policy

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds ("cash and cash equivalents").

There is no restriction on the amount of cash and cash equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash and cash equivalents position.

REIT status

The Company intends to continue conducting its affairs so as to enable it to remain qualified as the principal company of a REIT group for the purpose of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder).

Changes to, and breach of, the investment policy

Any material change to the Company's investment policy set out above will require the prior approval of shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

Share dealing and share prices
Shares can be traded through your usual stockbroker. The Company's shares are admitted to trading on the LSE.

Share register enquiries
The register for the ordinary shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. You can also email **enquiries@linkgroup.co.uk**. Changes of address and mandate details can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: Link Group, Shareholder Services, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Electronic communications from the Company
Shareholders have the opportunity to be notified by email when the Company's Annual Report, Half-yearly Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on the inner back cover. Please have your investor code to hand.

Share capital and net asset value information
Ordinary 1p shares	350,000,000
SEDOL Number	BP5X4Q2
ISIN	GB00BP5X4Q29

Sources of further information
Copies of the Company's Annual and Half-yearly Reports are available from the Company Secretary, who can be contacted at **LABS_CoSec@Linkgroup.co.uk** and, together with stock exchange announcements and further information on the Company, are also available on the Company's website, **www.lifesciencereit.co.uk**.

Association of Investment Companies
The Company is a member of the AIC.

Financial calendar
27 March 2023
Announcement of final results

15 May 2023
Proposed payment of second interim 2022 dividend

25 May 2023
Annual General Meeting

30 June 2023
Half-year end

September 2023
Announcement of half-yearly results

31 December 2023
Year end

GLOSSARY

Adjusted earnings per share ("Adjusted EPS")
EPRA EPS adjusted to exclude one-off costs, divided by the weighted average number of shares in issue during the period

Admission
The admission of Life Science REIT plc onto the AIM of the London Stock Exchange on 19 November 2021

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIM
A market operated by the London Stock Exchange

BREEAM
Building research establishment environmental assessment method

Company
Life Science REIT plc

Contracted rent
Gross annual rental income currently receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date less any ground rents payable under head leases

Development property and land
Whole or a material part of an estate identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating

EPC
Energy performance certificate

EPRA
The European Public Real Estate Association, the industry body for European REITs

EPRA cost ratio
The sum of property expenses and administration expenses as a percentage of gross rental income calculated both including and excluding direct vacancy cost

EPRA earnings
IFRS profit after tax excluding movements relating to changes in fair value of investment properties, gains/losses on property disposals, changes in fair value of financial instruments and the related tax effects

EPRA earnings per share ("EPRA EPS")
A measure of EPS on EPRA earnings designed to present underlying earnings from core operating activities based on the weighted average number of shares in issue during the period

EPRA guidelines
The EPRA Best Practices Recommendations Guidelines October 2019

EPRA like-for-like rental income
The increase/decrease in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes development property and land in either year and properties acquired or disposed of in either year

EPRA NAV/EPRA NDV/EPRA NRV/EPRA NTA per share
The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net asset value ("EPRA NAV")
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses

EPRA net disposal value ("EPRA NDV")
The net asset value measure detailing the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their value or liability, net of any resulting tax

EPRA net initial yield ("EPRA NIY")
The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA net reinstatement value ("EPRA NRV")
The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets ("EPRA NTA")
The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Adjustments are also made for the fair value of certain financial derivatives

EPRA sBPR
European public real estate association sustainable best practice recommendations

EPRA 'topped-up' net initial yield
The annualised passing rent generated by the portfolio, topped up for contracted uplifts, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA vacancy rate
Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS
Earnings per share

Equivalent yield
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

ERV
The estimated annual open market rental value of lettable space as assessed by the external valuer

EU taxonomy
A classification system that aims to provide a clear definition of what should be considered as 'sustainable' economic activity

FCA
Financial Conduct Authority

Fitwell
A real estate certification that measures a building against seven health impact categories

GAV
Gross asset value

GHG
Greenhouse gas

GRESB
Global real estate sustainability benchmark

Group
Life Science REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS earnings per share ("EPS")
IFRS earnings after tax for the year divided by the weighted *average number of shares in issue during the period*

IFRS NAV per share
IFRS net asset value divided by the number of shares outstanding at the balance sheet date

Interest cover
Adjusted operating profit before gains on investment properties, interest and tax divided by the underlying net interest expense

Investment portfolio
Completed buildings excluding development property and land

IPO
Initial public offering

Like-for-like rental income movement
The increase/decrease in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment

Like-for-like valuation movement
The increase/decrease in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, net of capital expenditure

GLOSSARY CONTINUED

Loan to value ratio ("LTV")
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments

Main Market
The premium segment of the London Stock Exchange's Main Market

MEES legislation
Minimum Energy Efficiency Standards Legislation

NAV
Net asset value

Net initial yield ("NIY")
Contracted rent at the balance sheet date, expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

Net rental income
Gross annual rental income receivable after deduction of ground rents and other net property outgoings including void costs and net service charge expenses

Net reversionary yield ("NRY")
The anticipated yield to which the net initial yield will rise (or fall) once the rent reaches the ERV

Occupancy
Total open market rental value of the units leased divided by total open market rental value excluding development property and land, equivalent to one minus the EPRA vacancy rate

Ongoing charges ratio
Ongoing charges ratio represents the costs of running the Group as a percentage of IFRS NAV as prescribed by the Association of Investment Companies

Passing rent
Gross annual rental income currently receivable on a property as at the balance sheet date less any ground rents payable under head leases

Property income distribution ("PID")
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax-exempt shareholders). REITs also pay out normal dividends called non-PIDs

RCF
Revolving credit facility

Real Estate Investment Trust ("REIT")
A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

Scope 1 and 2 emissions
GHGs released directly and indirectly from the Group e.g. company offices, company vehicles and energy purchased by the Group

Scope 3 emissions
All other GHGs released indirectly by the Group, upstream and downstream of the Group's business

SECR
Streamlined energy and carbon reporting

SFDR
Sustainable Finance Disclosure Regulation

SONIA
Sterling Overnight Index Average

Task Force on Climate-related Financial Disclosures ("TCFD")
An organisation established with the goal of developing a set of voluntary climate-related financial risk disclosures to be adopted by companies to inform investors and the public about the risks they face relating to climate change

Total accounting return
The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period

Total cost ratio
EPRA cost ratio excluding one-off costs calculated both including and excluding vacant property costs

UK AIFM Regime
The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

CONTACT DETAILS OF THE ADVISERS

Alternative Investment Fund Manager
G10 Capital Limited
(part of IQ-EQ)
4th Floor, 3 More London Riverside
London SE1 2AQ

Investment Adviser
Ironstone Asset Management Limited
Registered office
First Floor Radius House
51 Clarendon Road
Watford
Hertfordshire WD17 1HP

London office
55 Wells Street
London W1T 3PT

Investor enquiries: investments@lifesciencereit.co.uk

Company website
www.lifesciencereit.co.uk

Administrator
Link Alternative Fund Administrators Limited
(trading as Link Asset Services)
Broadwalk House, Southernhay West
Exeter EX1 1TS

Auditor
Deloitte LLP
Gaspe House, 66-72 Esplanade
St Helier, Jersey
Channel Islands JE4 8WA

Joint Corporate Broker and Financial Adviser
Panmure Gordon (UK) Limited
New Change
London EC4M 9AF

Joint Corporate Broker and Financial Adviser
Jefferies International Limited
100 Bishopsgate
London EC2N 4JL

Financial PR and IR Adviser
Buchanan Communications Limited
107 Cheapside
London EC2V 6DN

Legal Adviser
Gowling WLG (UK) LLP
4 More London Riverside
London SE1 2AU

Property Manager
Savills plc
33 Margaret Street
London W1G 0JD

Registrar
Link Asset Services
Shareholder Services Department
10th Floor, Central Square
29 Wellington Street
Leeds LS1 4DL

Email: enquiries@linkgroup.co.uk

Website: www.linkgroup.com

Company Secretary and registered office
Link Company Matters Limited
6th Floor, 65 Gresham Street
London EC2V 7NQ

Email: LABS_CoSec@Linkgroup.co.uk

Depositary
Crestbridge Property Partnerships Limited
8 Sackville Street
London W1S 3DG

Valuer
CBRE Limited
St Martins Court
10 Paternoster Row
London EC4M 7HP

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www.lyonsbennett.com

LIFE SCIENCE REIT

Life Science REIT plc
investments@lifesciencereit.co.uk
contact@lifesciencereit.co.uk
020 3102 9465

www.lifesciencereit.co.uk