23 May 2022

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Life Science REIT plc

(the "Company", "Life Science REIT" or , together with its subsidiaries, the "Group")

AUDITED RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2021
AND NOTICE OF AGM

Successful deployment of £350 million IPO proceeds to create an exciting portfolio of life science properties in Oxford, Cambridge and London

Life Science REIT (AIM: LABS), the real estate investment trust focused on UK life science properties, today announces its audited preliminary results for the period ended 31 December 2021.

Highlights

- Shares admitted to trading on AIM on 19 November 2021 following an oversubscribed initial public offering ("IPO") raising gross proceeds of £350 million
- Five high quality acquisitions in Oxford, Cambridge and London completed before the period end
- Portfolio valued at £192.2 million at 31 December 2021, including a revaluation gain of £14.5 million
- Net asset value of £350.6 million or 100.2 pence per share at the period end, 31 December 2021

Financial highlights[1]

Period from 1 August 2021 to 31 December 2021	**2021**
Revenue	**£0.5m**
Operating loss before gains on investment properties	**£(0.3)m**
IFRS profit before tax	**£7.7m**
IFRS earnings per share	**2.2p**
EPRA loss per share[1]	**(0.1)p**

As at	**31 December 2021**
Portfolio valuation	**£192.2m**
IFRS net asset value	**£350.6m**
IFRS net asset value per share	**100.2p**
EPRA net tangible assets per share[1]	**100.2p**

Operational highlights[2]

As at	31 December 2021
Contracted rent	£9.3m
Passing rent	£9.1m
WAULT[3] to expiry	6.6 years
WAULT[3] to first break	4.1 years
EPRA net initial yield	4.4%
Occupancy	81.0%

Post period end highlights

- All of the Group's IPO proceeds successfully deployed following two further transactions in the current year, further diversifying the Group's portfolio

  - In May 2022, the Group acquired Oxford Technology Park ("OTP"), a 20-acre science and technology park which, once fully developed, will comprise up to 450,000 sq ft of mixed-use life science space and amenity assets. OTP was acquired for a purchase price of £120.3m (less the existing debt facility of £34.0m) and up to £62.7m of forward funding to complete the park's build-out

  - In May 2022, the Group acquired 7-11 Herbrand Street, an iconic Art Deco building in London's Knowledge Quarter, the area that includes Bloomsbury, King's Cross and St Pancras. The purchase price of £85.0 million, excluding acquisition costs, was satisfied entirely in cash and reflects a net initial yield of 4.42% based on the underlying net passing rent of £59.85 per square foot

- In March 2022, the Group entered into a debt financing facility (the "Debt Facility") of £150 million with HSBC UK Bank PLC, comprising a £75 million three year term loan facility and an equally sized revolving credit facility. The first drawdown of £64 million was made in May 2022

- The Company intends to declare its first dividend later this year for the period from admission to AIM to 30 June 2022 and thereafter adopt a progressive dividend policy, with dividends paid semi-annually

- In May 2022, Richard Howell, the Chief Financial Officer of Primary Health Properties plc, was appointed to the Board as an independent non-executive Director

- Team at Ironstone Asset Management, the Investment Adviser, expanded with the appointment of six new professionals in asset management, finance and research roles

Claire Boyle, Chair of Life Science REIT, commented:

"In the six months following the Company's IPO in November last year, we have successfully deployed the £350 million raised at IPO in a highly attractive blend of seven exciting projects in the golden triangle of life science innovation in Oxford, Cambridge and London. These projects are diversified by location, asset size and development stage and comprise immediately income producing assets through to new build and conversion opportunities. Life science property is a highly attractive asset class, and the potential to add value through active asset management means that we are confident of making further progress in the year ahead."

Simon Farnsworth, Managing Director of the Investment Adviser, Ironstone Asset Management Limited, added:

"The Group's seven acquisitions since IPO last year represent an excellent platform for the growth of the Company, which now has prominent and diverse assets in each of the key life science centres of Oxford, Cambridge and London. In addition to progressing the management and development of these assets, we are continuing to progress the Group's acquisition pipeline and are excited by the quality of assets that we have identified and are actively reviewing."

Analyst meeting

An online meeting for analysts will be held at 9.30am this morning, 23 May 2022. The meeting will be hosted by Simon Farnsworth, Managing Director, and David Lewis, Director of Operations and Finance, at Ironstone

Asset Management, the Company's Investment Adviser. For further details, please contact LifeSciencereit@buchanan.uk.com.

Notes

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. Certain other APMs may not be directly comparable with other companies' adjusted measures and are not intended to be a substitute for, or superior to, any IFRS measures of performance. EPRA EPS is set out in note 10. EPRA NTA is set out in note 18. A glossary of terms is shown at the end of this report.

2. All references to contracted rent, passing rent, ERV, WAULT, NIY, net reversionary yield ("NRY"), occupancy and capital expenditure in this report relate only to the investment portfolio of completed assets.

3. Weighted average unexpired lease term.

Notice of Annual General Meeting

The Notice of the Annual General Meeting of the Company ("Notice of AGM") to be held on Friday 24 June 2022 is now available on the Company's website, https://lifesciencereit.co.uk. The Notice of AGM and the Annual Report will be posted shortly to those shareholders who have opted to receive physical communications from the Company.

FOR FURTHER INFORMATION, PLEASE CONTACT:

Ironstone Asset Management – Investment Adviser Simon Farnsworth	via Buchanan below
Panmure Gordon – Nominated Adviser and Joint Corporate Broker Atholl Tweedie / Sapna Shah / Philip Shields / Chloe Ponsonby	+44 20 7886 2500
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Notes to editors

Life Science REIT plc is a property business focused solely on the UK's growing life science sector, specifically targeting opportunities in the "Golden Triangle" research and development hubs of Oxford, Cambridge and London St Pancras. The Company's intention is to become the property provider of choice for life science companies in the UK, whilst enabling shareholders to gain exposure to a specific growth sector.

The objective of the Company's investment policy is focused on capital growth, whilst also providing a growing level of income, by investing primarily in a diversified portfolio of properties that are leased, or intended to be leased, to tenants operating in the life science sector in the UK.

Life Science REIT joined the AIM market of the London Stock Exchange on 19 November 2021, having raised £350 million in its IPO. Its shares trade under the ticker LABS.

Further information is available at https://lifesciencereit.co.uk

CHAIR'S STATEMENT

I am delighted to report to you for the first time as Chair of Life Science REIT plc. Our aim is to build a diversified portfolio of income-producing operational assets and exciting development opportunities, targeted at occupiers in the life science sector. In our short time as a public company we have made excellent progress, as I explain below.

The market we operate in is highly attractive. Life science discovery and innovation is accelerating, in the face of soaring healthcare costs, ageing populations, significant advances in technology such as genomics, and the industry's response to the Covid-19 pandemic. The resulting investment in research and development is creating new jobs and companies and fuelling the demand for suitable real estate. However, the supply of space is very constrained, particularly in our target locations in the Golden Triangle of Oxford, Cambridge and London Knowledge Quarter. This is leading to rising rents and falling yields, supporting our ability to create value for shareholders and our other stakeholders.

A successful IPO

The Company's shares were admitted to trading on AIM on 19 November 2021. The IPO was oversubscribed, enabling us to raise £350 million, which was at the top end of the range. It was pleasing to see strong support from different types of shareholders, including institutions, retail investors and wealth managers. This breadth reflects the attractions of the market and our strategy for addressing it.

A strategy for value creation

Delivering on our promises is extremely important to us and the Investment Adviser has moved rapidly to implement our strategy since the IPO, completing five of the six deals in our pipeline by 31 December 2021. At the period end we had therefore deployed £177.7 million, being just over half the IPO proceeds, with the acquired assets covering all three points of the Golden Triangle.

Since the period end, we have invested a further £205 million in acquiring Oxford Technology Park and 7-11 Herbrand Street in Bloomsbury, London (London Knowledge Quarter). With the completion of these transactions we are delighted to have attained our target of full deployment within six months of the IPO date.

The assets we have acquired have already seen meaningful valuation uplifts, as a result of agreeing the acquisitions off-market and in advance of the IPO, further progress with lettings and some yield shift due to the strength of investment demand. The assets also have significant potential for further value creation through asset management, with the opportunities ranging from leasing vacant space through to repositioning the Cambourne Business Park for life science occupiers. As we invest in the assets, we will also look to enhance their sustainability, to ensure they meet both occupier and regulatory requirements.

Development, including forward funding, is an important element of our strategy. In a relatively immature market, it will be necessary to create new space to meet the level of occupier demand we see in the Golden Triangle. Development also offers enhanced yields compared with acquiring standing assets.

A strong financial position

At the period end, the IFRS net asset value was 100.2 pence per share, reflecting a valuation uplift of £14.5 million, less the costs of the IPO and acquisitions. The Group had a cash balance of £166.0 million at the same date, giving us the resources to continue to execute our strategy.

In March 2022, we put our first debt financing in place by agreeing a £150 million facility with HSBC. Our approach is to have a prudent level of gearing for the asset class and to achieve a low cost of funds, while maintaining flexibility. Over the longer term, we expect that a loan to value ("LTV") ratio of 30-40% will be optimal.

A progressive dividend policy
As we outlined at the time of the IPO, we are targeting a yield of 4% based on the issue price of 100 pence per share, for the period from admission to 31 December 2022, rising to 5% in future years. We expect to declare the first dividend for the period from admission to 30 June 2022. Thereafter, we intend to adopt a progressive dividend policy, with dividends paid semi-annually.

A skilled and experienced Investment Adviser
Our Investment Adviser, Ironstone Asset Management, has worked tirelessly on our behalf in preparation for the IPO and in implementing our strategy in the period since. The Board has an excellent relationship with Ironstone and we have open and appropriately challenging discussions. The Investment Adviser's team is well respected in the industry and the Group is benefiting from its wide-ranging contacts, which are helping us to source acquisitions off-market. We were pleased to note the recent additions of a highly experienced Director of Asset Management, a Senior Asset Manager, a General Counsel, a Head of Financial Planning and Reporting and an Investment Analyst to the Ironstone team.

A rigorous focus on environmental, social and governance ("ESG") matters
We recognise the importance of being a responsible and sustainable business. By providing the real estate our occupiers need, we can enable scientific activity that has the potential to improve quality of life and the health of living organisms worldwide, while also supporting the wellbeing of the people who work in our buildings and helping our occupiers to attract and retain the best talent.

Protecting the environment is also critical. While our occupiers are primarily responsible for the environmental impacts arising from operating our buildings, we will collaborate with them and invest to reduce these impacts.

As we develop new facilities, we will look to create assets with a low embodied carbon footprint, green building certifications and high operating energy efficiencies.

Strong governance is fundamental to achieving our strategic aims and creating value for our stakeholders. Since 31 December 2021 we have further strengthened the Board with the appointment of Richard Howell, who joined us an independent Non-Executive Director on 3 May 2022. As part of a planned succession process, Richard Howell will replace Sally Ann Forsyth in the role of Chair of the Audit & Risk Committee after completing his initial induction process later in the year. Sally Ann Forsyth, who has held the role of Chair of the Audit and Risk Committee on an interim basis, has become the Board's lead on sustainability, while Michael Taylor has taken over as Chair of the Management Engagement Committee.

Outlook
We have made rapid progress with delivering our strategy and the Investment Adviser has identified a highly attractive pipeline of further acquisition opportunities, which supports our growth objectives. We remain highly focused on the quality of opportunities and the Investment Adviser will continue to exercise strict discipline in selecting investment assets for us. The attractions of the asset class and the potential to add value through active asset management mean we are confident of making further progress in the year ahead.

Claire Boyle
Chair

20 May 2022

OBJECTIVES AND STRATEGY

Our investment objective is to provide shareholders with an attractive level of total return, with a focus on capital growth, while also providing a growing level of income.

Our objectives

We aim to achieve:

- A net asset value total return in excess of 10% per annum
- A dividend yield of 4% for the period from admission to 31 December 2022, based on the issue price of 100 pence per share

Our strategy

To achieve our objectives, we are implementing the strategy set out below:

Investment strategy	We will predominantly buy properties where we can add value through active asset management. We aim to construct a portfolio diversified by property type and by occupier, and may acquire individual buildings, groups of buildings or entire science parks. We primarily target life science clusters in the Golden Triangle of Oxford, Cambridge and London Knowledge Quarter, and may consider selective opportunities in other emerging clusters around the UK. We will address the demand-supply imbalance for life science space by forward-funding developments of new facilities and acquiring land to develop into new life science hubs.	**Progress** • Completed the acquisition of five assets, deploying approximately £177.7 million of the IPO proceeds by the period end • The assets acquired are in all three points of the Golden Triangle and offer numerous opportunities for value creation through active asset management • Since the end of the period, we have invested a further £205 million in acquiring Oxford Technology Park and 7-11 Herbrand Street in Bloomsbury, London.
Asset management strategy	**Creating innovative space attractive to talent** We invest in our properties to enhance their appeal to life science occupiers and increase 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, for example by increasing their energy efficiency, and engaging with occupiers to identify mutual wellbeing or sustainability agendas.	**Progress** • Identified asset management opportunities as part of our acquisition due diligence and created business cases and execution plans • The Investment Adviser has recruited a Director of Asset Management and Senior Asset Manager, to lead our asset management activities • The Investment Adviser has held meetings with occupiers to develop relationships and enhance understanding of their businesses
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 LTV 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** • Raised gross proceeds of £350 million through our oversubscribed IPO • Since the period end, agreed £150 million debt facility with HSBC

KEY PERFORMANCE INDICATORS

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

As most of these KPIs do not produce a meaningful result for the period to 31 December 2021, we will report against them for the first time in 2022.

OCCUPANCY

Description	Relevance to our strategy	Performance
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.	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.	At 31 December 2021, occupancy across the portfolio was 81%.

EPRA NTA (PER SHARE)

Description	Relevance to our strategy	Performance
This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.	Shows our ability to acquire well and to increase capital values through active asset management.	At 31 December 2021, the EPRA NTA was 100.2 pence per share.

LIKE-FOR-LIKE RENTAL INCOME GROWTH

Description	Relevance to our strategy	Performance
The increase 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.	Shows our ability to identify and acquire attractive properties and grow average rents over time.	Not applicable for the period. To be reported for the year ended 31 December 2023.

RENTAL INCREASES AGREED VERSUS VALUER'S ERV

Description	Relevance to our strategy	Performance
The difference between the rent achieved on new lettings and renewals and the ERV assessed by the external valuer, expressed as a percentage above the ERV at the start of the period.	Shows our ability to achieve superior rental growth through asset management and the attractiveness of our assets to potential occupiers.	Not applicable for the period. To be reported for the year ended 31 December 2022.

LIKE-FOR-LIKE VALUATION INCREASE

Description	Relevance to our strategy	Performance
The increase 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.	Shows our ability to acquire the right quality of assets at attractive valuations, add value through asset management and drive increased capital values by capturing rental growth.	Not applicable for the period. To be reported for the year ended 31 December 2022.

TOTAL EPRA COST RATIO

Description	Relevance to our strategy	Performance
Total EPRA cost ratio including direct vacancy costs but excluding one-off costs. The total EPRA cost ratio is the sum of property expenses and administration expenses, as a percentage of gross rental income.	Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.	Not applicable for the period. To be reported for the year ended 31 December 2022.

DIVIDENDS (PENCE PER SHARE)

Description	Relevance to our strategy	Performance
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.	Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins dividend payments to shareholders.	Not applicable for the period. To be reported for the year ended 31 December 2022.

LOAN TO VALUE RATIO

Description	Relevance to our strategy	Performance

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.	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.	Not applicable for the period. To be reported for the year ended 31 December 2022.

INVESTMENT ADVISER'S REPORT

"This was an excellent initial period for the Group. Following the successful IPO, the Group were able to complete the majority of the acquisitions in our pipeline before the period end, putting us on track to invest the IPO proceeds in full within the six-month target."

Ironstone Asset Management Limited
Investment Adviser

We have also put in place the foundations that will support the Group's growth, including beginning to embed the necessary processes in the business and adding skilled and experienced people to our team. Since the period end, we have completed the acquisitions of Herbrand Street and Oxford Technology Park and agreed a new £150 million debt facility with HSBC, which will enable us to enhance returns through a prudent level of gearing.

Implementing the investment strategy
The Company announced five acquisitions during December 2021. The properties acquired offer a range of value creation opportunities through asset management, which are detailed in the asset management section below.

Rolling Stock Yard
Rolling Stock Yard comprises 54,600 sq ft of high-quality office and laboratory space. The purchase price was £77.0 million, reflecting a NIY of 4.4%.

The nine-storey building is in the vibrant development area north of King's Cross and St Pancras stations and had occupancy of 76% on acquisition, having already attracted major life science companies, including Gyroscope Therapeutics. The Company will benefit from an 18-month rental guarantee on the vacant space. The WAULT on acquisition was seven years and the property generates contracted rent of £3.5 million, including the guarantees.

Rolling Stock Yard was completed in March 2020 and has ratings of BREEAM Excellent and EPC A. It therefore meets the Company's sustainability objectives.

The Merrifield Centre
This asset comprises 12,600 sq ft of laboratory and office space, in the heart of the Cambridge science and technology hub. The purchase price was £4.8 million, reflecting a NIY of 5.9%.

The Merrifield Centre is in a mixed-use commercial area with strong transport links, just to the east of Cambridge city centre. On acquisition, the property was fully let to two occupiers working in drug discovery, generating £0.3 million of contracted rent per annum, and the lease had an unexpired term of ten years.

Lumen House, Harwell
Lumen House comprises more than 17,600 sq ft of office space on the prestigious Harwell Science and Innovation Campus, near Oxford. The asset was acquired on a long leasehold of more than 950 years for £7.1 million, representing a net initial yield of 4.4% after acquisition costs.

The property is 100% let to a single occupier and currently generates a contracted rent of £0.3 million. The lease expires in the first half of 2023.

Cambourne Business Park, Cambourne, near Cambridge

The Company completed two transactions at Cambourne Business Park, through which it acquired 232,600 sq ft of laboratory and office space across six adjoining buildings, representing all of the commercial properties on the park. Cambourne is approximately eight miles west of Cambridge and benefits from strong transport links and a vibrant business environment.

In the first transaction, the Company acquired more than 100,000 sq ft of office and med tech space, for £38.7 million at a NIY of 5.6%. Occupancy on acquisition was more than 83%, with a 24-month rental guarantee on the unoccupied space. The occupiers include a major European med tech company. The property currently has a contracted rent roll of £2.3 million, including guarantees, and a WAULT to expiry of 6.1 years.

The second transaction added more than 130,000 sq ft of office space to the Company’s holdings, for a purchase price of £50.1 million, reflecting a NIY of 5.5%. On acquisition, occupancy was 77%, with a rental guarantee for 18 months on the unoccupied space. The property currently generates c.£2.9 million of contracted rent per annum, including guarantees, and has a WAULT to expiry of 7.1 years. The buildings are let to a variety of occupiers.

The portfolio

As a result of the acquisitions during the period, at 31 December 2021 the Company’s portfolio was as follows:

Asset	Purchase price[1]		Valuation						Contracted Rent			
	£m	£ per sq ft	£m	£ per sq ft	Area SF	Occupancy %	WAULT Years to break	WAULT Years to expiry	£m p.a.	£per sq ft	NIY %	NRY %
Rolling Stock Yard	77.0	1,410	86.8	1,589	54,600	76%	4.5	7.5	3.5	63.7	4.0%	4.0%
The Merrifield Centre	4.8	381	5.3	417	12,600	100%	5.0	10.0	0.3	23.0	5.2%	5.2%
The Lumen House	7.1	401	7.6	430	17,600	100%	—	1.4	0.3	18.8	4.1%	6.5%
Cambourne Business Park	88.8	382	92.6	398	232,600	80%	3.9	6.6	5.2	22.3	5.2%	5.8%
Total	**177.7**	**560**	**192.2**	**605**	**317,400**	**81%**	**4.1**	**6.6**	**9.3**	**29.3**	**4.6%**	**5.0%**

1. Exclusive of acquisition costs

The contracted rent roll at the same date was £9.3 million, compared with the portfolio’s estimated rental value of £10.1 million. Overall occupancy at the period end was 81%.

All of the assets are within the Golden Triangle. The portfolio primarily comprises office and hybrid (office and laboratory) space. The charts below show the split of assets by location and type, based on their valuation at 31 December 2021.

Split by location

Cambridge | 51%
London | 45%
Oxford | 4%

Split by use
Office | 31%
Hybrid | 66%
Lab | 3%

The pipeline
At the period end, there was one asset remaining in the pipeline identified at IPO, which has since been acquired – see Post period end events below. We have also identified further opportunities, which align with the Company's investment policy and objectives.

All of these potential investments are within the Golden Triangle and include both income producing assets, which offer the potential for value creation through active asset management, as well as forward funding and development opportunities.

Implementing the asset management strategy
Our acquisition due diligence process includes identifying the potential for us to add value through active asset management. This includes creating a business plan for each asset, including forecast cash flows and capital expenditure requirements. Our current asset management initiatives are set out below. We anticipate investing approximately £1 million on capital expenditure in the next 12 months but we have the flexibility to accelerate our planned spending if the opportunity arises.

Cambourne Business Park
At Cambourne, we have identified the opportunity to reposition the business park as a single entity, as we look to turn it into the premier science park to the west of Cambridge. We are undertaking a feasibility study for converting some existing vacant space into laboratories, which will generate a premium level of rent. In addition, we are working with a consultant on rebranding the park and liaising with South Cambridgeshire District Council, which owns the third phase of the park, to understand its intentions for the surrounding land and the wider Cambourne environment.

Our asset management plans include enhancing the environmental performance of the buildings, as part of a rolling refurbishment programme. This may include installing more energy efficient systems, alongside electric vehicle charging points and photovoltaic panels.

As we progress our plans, we will engage closely with the current occupiers, which include some life science-focused businesses. Regus is also an occupier and its tenants include life science businesses with the potential to grow and require their own space in future.

There are two outstanding rent reviews at Cambourne, which we are looking to conclude. There are no other rent reviews due until mid-2023.

Rolling Stock Yard
The opportunity at Rolling Stock Yard is to secure life science occupiers for the two vacant floors. The strength of demand in the location is demonstrated by the lettings to date, which include Gyroscope and a second life sciences organisation which is currently fitting out its space. Many potential occupiers are looking for 'plug and play' laboratory space, so we are assessing the potential for enabling the vacant space as laboratories. We are also creating new marketing material, aimed at a life science audience.

Lumen House
At Lumen House, the current lease expires in the second quarter of 2023. We are in discussions with the occupier to understand its intentions. If the tenant vacates, we have the opportunity to reposition the asset for life science use, including a potential extension to the building. If the occupier wishes to renew, there is significant reversionary potential, with net market rents being around 40% higher than the current contracted rent.

Financial review

Financial performance

The acquired assets generated total revenue of £0.5 million in the period to 31 December 2021.

Operating 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. After these costs, the Company recorded an operating loss before gains and losses on the investment portfolio of £0.3 million.

The unrealised gain on investment properties was £8.0 million, which was primarily made up of a £14.5 million gain on revaluation at the period end, less £6.4 million of acquisition costs incurred in the period.

The profit for the period was therefore £7.7 million. The IFRS earnings per share was 2.2 pence. EPRA loss per share was 0.1 pence.

Valuation and net asset value

The portfolio was independently valued by CBRE as at 31 December 2021, in accordance with the internationally accepted RICS Valuation – Professional Standards (the "Red Book").

The portfolio valuation was £192.2 million, representing a £14.5 million uplift against the £177.7 million aggregate purchase price of the portfolio, excluding acquisition costs. The EPRA NIY was 4.4%.

As a result of the valuation, the IFRS NAV and EPRA NTA were both 100.2 pence per share at the period end. The difference between the net asset value and the issue price at IPO of 100 pence per share reflects the costs associated with the IPO (2.0 pence per share) and the IFRS profit per share incurred in the period, as described above.

Equity financing

On 19 November 2021, the Company announced that it had raised gross proceeds of £350 million, through a placing, offer for subscription and intermediaries offer of 350 million shares at 100 pence per share. The shares were admitted to trading on AIM on 19 November 2021.

Debt financing

The Company had no debt facilities in place during the period. Since the end of the period, we have agreed a £150 million debt facility with HSBC – see Post Period end events below.

Resourcing for growth

We are expanding our team to ensure we have the skills and capacity required to successfully implement the Company's strategy. In January 2022, we appointed Ian Harris as Director of Asset Management and Matthew Barker as Senior Asset Manager. Both are qualified chartered surveyors, with Ian having over 30 years' experience in the UK real estate market and Matthew having ten years' experience. Their appointments will enable us to extract the value inherent in the assets the Group acquires. In addition, we have appointed Stephanie Adams as our General Counsel. She is a solicitor with over three decades of experience in the sector.

Looking ahead, we intend to add to our finance function and to recruit an analyst with a background in life sciences, to enhance our knowledge of the market.

Post period end events

Since the end of the year, the Company has:

- agreed a £150 million debt facility with HSBC, comprising a £75 million three-year term loan and a £75 million revolving credit facility. 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 Company additional financial resources to deliver its strategy and the flexibility to add new properties to the security pool, to reach the Company's optimal gearing target as it acquires new assets;

- on 6 May 2022, the Company acquired 100% of the issued share capital of Herbrand Properties Limited, a British Virgin Islands domiciled entity, that holds the freehold to 7-11 Herbrand Street, for consideration of £85 million. An iconic Art Deco building in London's Knowledge Quarter, the area that includes Bloomsbury, King's Cross and St Pancras. The entire building is currently let to Thought Machine, one of the UK's leading fintech companies, until October 2026 at an all-inclusive rent of c. £7.4 million per annum.
- on 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited and its two subsidiaries, Oxford Technology Park Limited and Oxford Technology Park Investments Limited, for consideration of £120.3 million. The asset consists of two complete multi-let office/lab buildings, an on-site hotel and a forward-funded development site; and
- on 12 April 2022, the Share Premium Account of £339,339,197 was cancelled in accordance with the provisions of the Companies Act 2006 and transferred to a Capital Reduction Reserve, in order to create distributable reserves.

Compliance with the Investment Policy

The Company's Investment Policy is set out in full in the Annual Report. The key elements of the policy are summarised below. We complied with the policy throughout the period.

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 occupiers operating in, or providing a benefit to, the life science sector.	Yes. All the properties are either leased or intended to be leased to life science organisations.
Examples of the assets the Company 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 Company can acquire individual buildings, a group of buildings across a single science park or the entirety of a science park.	Yes. We acquired both individual assets and groups of buildings.
The Company will typically invest in income-producing assets, consistent with providing capital growth and growing income.	Yes. All the assets we acquired were income-producing 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.	We did not undertake any development activities in the period.
The maximum exposure to developments or land without a forward-funding arrangement is 15% of gross asset value ("GAV").	Not applicable[1].
No individual building will represent more than 35% of GAV, reducing to 25% of GAV by 31 December 2023.	Not applicable[1].
The Company will target a portfolio with no one occupier accounting for more than 20% of gross contracted rents at the time of purchase.	Not applicable[1].
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.	Not applicable[1].
No more than 10% of GAV will be invested in properties that are not life science properties.	Not applicable[1].
The Company will not invest more than 10% of GAV in other alternative investment funds or closed-ended investment companies.	Not applicable[1].

1. These investment restrictions apply once the net IPO proceeds are fully invested and debt is drawn down at an initial LTV of 40%, and were therefore not applicable for the period from admission to 31 December 2021.

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

Ironstone Asset Management Limited
Investment Adviser

20 May 2022

PRINCIPAL RISKS AND UNCERTAINTIES

The Board has overall responsibility for risk management and internal controls, and the Audit and Risk Committee reviews the framework and effectiveness of risk management on its behalf.

The Board has established procedures to identify and manage risk, to oversee the internal control framework and to determine the nature and extent of the principal risks the company is willing to take to achieve its strategic objectives. Key activities are outsourced to the Investment Manager, Investment Adviser, Administrator and other third parties, and we rely on their systems and controls.

Risk framework
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.

Our Risk Management Framework 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.

Risk management is embedded through our strategy and decision-making processes. The Board has overall responsibility for risk management, and regularly considers risk during its review of business activities.

The Investment Adviser regularly reviews and updates the risk register, and this is reported to 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 Audit and Risk Committee reviews the risk register at each meeting, with particular focus on the principal risks, emerging risks, and any significant changes to existing risks, and provides updates to the Board.

The Audit and Risk Committee is also responsible for monitoring our risk management processes and approving relevant disclosures. It has specific 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.

We have a clear delegated authority matrix, supported by appropriate 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.

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

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

We have no appetite for risk relating to compliance with regulatory and environmental requirements, or the safety and welfare of our properties' occupiers, those working on the Company's behalf, and the wider community in which the Company works. We will accept a reasonable level of risk in relation to business activities focused on enhancing revenues and 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 of a balanced asset portfolio, being selective in our acquisition decisions, and following a clear investment appraisal process; and
- generating profit and cash 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 risk

As a relatively new business, we are refining our approach to ESG risk, which includes climate-related risks. The most material ESG risks to the business are already incorporated within our overarching risk register, and we have specifically included climate change as a principal risk, which has short, medium and long-term implications for the business.

Key updates and briefings on ESG matters, including regulatory developments and climate-related risks, are provided on a regular basis to the Board.

Principal risks

The Board confirms that it has performed a robust assessment of the Group's principal and emerging risks, with consideration of the long term. Overall, the Group has operated within its risk appetite since its admission to AIM.

The Board's view is that its overarching risk is that investment objectives and performance become unattractive to investors, leading to a widening discount 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 and the assessment of exposure to each risk.

BUSINESS RISKS

Risk	Description	Current risk management strategy
1 **Unable to identify assets/sites for acquisition, or unable to acquire at commercially appropriate prices** **Current exposure:** 9 out of 25	This could lead to us losing investment opportunities or potential occupiers to competitors. The risk could be driven by aggressive competitors in the market, insufficient suitable available assets in the market, or acquisition prices that make it difficult for us to generate sufficient returns.	Our Investment Adviser has an experienced management team, who are well known in the market. They are further supported by external property management specialists, who have extensive expertise in the life sciences market. Our strategy includes the acquisition of both existing facilities and sites planned for development, which offers flexibility and a wider range of acquisition options. The Board receives regular reports relating to the acquisition pipeline.
2 **Poor performance of the Investment Adviser or other key third party provider** **Current exposure:** 9 out of 25	As we operate an outsourced model, we depend on the performance of our third-party service providers. Poor delivery from key providers could result in reduced portfolio returns, regulatory compliance failure, and could have a financial impact on investors.	Our governance framework is designed to ensure that the Board is involved with key decisions that are material to the success of the business. All third-party providers are contracted, with clear terms of service and the REIT's expectations clarified. We have contracted with organisations which are recognised as experts in their fields. In particular, the Board and Investment Adviser work closely together, with regular Board meetings and reporting, and ongoing contact in between the formal meetings. The Investment Adviser is strengthening its

<table>
<tr><td></td><td></td><td>team, which is dedicated to Life Science REIT,
to provide appropriate levels of resilience in the service provided.

There is also oversight and review of activities between the principal third-party providers, 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 onward reporting to the Board.

The Management Engagement Committee is a committee of the Board, with agreed terms of reference, and is responsible for reviewing the performance of third-party providers on a
regular basis.</td></tr>
<tr><td>3
Impact of climate change

Current exposure:
6 out of 25</td><td>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.

Potential impacts include:
higher costs for goods and services, such as utilities, insurances, logistics and building supplies;
changes in construction standards and processes dictating the use of more expensive methods or materials;
an increasing regulatory burden, as governments use regulation to drive change;
supply chain challenges, with potential delays and shortages in supply;
increasingly severe and/or frequent adverse weather events, e.g. flooding or storms causing disruption or damage to properties; and
a reduction in capital values for properties with poor energy efficiency ratings, or where external influences such as Clean Air Zones impact on the attractiveness of assets to occupiers.</td><td>We take our responsibilities seriously and aim to develop a portfolio and associated working practices which will enable us to minimise our impact on the environment, while delivering our growth strategy for investors.

Further details are included in the ESG section, but in summary they include:
all new developments will have a BREEAM 'Excellent' or 'Very Good' rating;
there is a detailed environmental assessment of all potential acquisitions, as part of the due diligence process;
in this first year, we will be obtaining EPC+ reports on all buildings to understand the position, and to identify any appropriate remedial works that are needed;
the Investment Adviser has a Sustainability Director who will be working with specialist external advisers to provide us with a clear action plan; and
leases will 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 on the EPC rating.</td></tr>
<tr><td>4
Poor returns on portfolio

Current exposure:
6 out of 25</td><td>The risk of a poor yield on the property portfolio because of reduced property valuations, reduced rental income or significant increases in the cost of capital.

Portfolio returns could also be impacted by void rates and associated costs which are higher than anticipated. This could be</td><td>Through our Investment Adviser, we have a matrix approach to the management of this risk:
property values – our property pipeline management and acquisition protocol are designed to ensure that we acquire</td></tr>
</table>

	because of unexpected lease terminations, vacant properties taking longer to let than forecast, or delays in lettings where significant works are needed to fit out facilities.	appropriate, high-quality assets, in locations and of a design which will be attractive to potential occupiers. Where we develop sites, our planning and design processes, using the expertise of our Investment Adviser, will ensure that sites and buildings are high-quality, fit for purpose, and fulfil the requirements of occupiers across the range of life sciences activities. Investment decisions are approved by the AIFM and our Depositary, and the Board approves any significant decisions; • our Board members' expertise and experience within life science enables us to develop assets that will meet the specific requirements of the sector, and which will make us a landlord of choice; • the property managers are experts in their field and are contracted to ensure that our properties are managed and maintained appropriately, with good cost management. There is detailed oversight from the Investment Adviser's asset managers at a property level; • we use detailed financial modelling to evaluate property and tenancy options, including potential void rates and costs, and to inform our decisions. There is a clear authority matrix, designed to ensure that appropriate scrutiny is given to decisions at each level; • rent collection responsibilities and processes are clearly defined, with the property managers and the Investment Adviser's asset managers monitoring collection performance at an asset level, and the Investment Adviser's Director of Operations and Finance and Link ensuring collections are banked and accounted for completely and correctly; • our approach to managing void rates includes having quality occupiers with good cover, appropriate lease lengths, and quality properties which are attractive to occupiers and potential occupiers; and • our occupier take-on process incorporates both financial and qualitative assessments of the occupiers and their activities. Where appropriate, we will seek rent guarantees or deposits. We also consider lease lengths and the need for specialist fit out, as part of our consideration and agreement of tenancy costs.

		The Board receives regular reports, including performance against key portfolio management metrics. The Board also receives reports from the Investment Adviser covering compliance with the Treasury Policy, which has been put in place to address counterparty risk. The Treasury Policy sets out how funding and financing can be agreed, ensuring that there is appropriate review and challenge of any financing arrangements and associated risks.
5 **Inappropriate acquisition, breach of investment strategy** **Current exposure:** 3 out of 25	If the REIT was to acquire assets or take on occupiers which were not in line with our investment strategy and objectives, this could have a detrimental effect on our portfolio values, finances or reputation, and could also increase risk for occupiers, particularly in multi-tenanted properties.	We have agreed our investment strategy, with processes and controls put in place to ensure that acquisitions meet our requirements. Our acquisition protocol requires robust due diligence processes for all key areas of consideration, including portfolio mix, property type and quality, legal issues, environmental requirements, sector, and quality of occupier. Where it is appropriate, external expertise is obtained, for example on environmental issues. All potential acquisitions are considered against the investment strategy by the Investment Adviser and approved by G10, the AIFM. Significant acquisition decisions must also be approved by the Board. The Board is also informed of all acquisitions, through the normal Board reporting process. The Investment Adviser and property managers provide us with expert knowledge of the properties and geographical locations which are best suited to the life science market, and we manage and make decisions 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, again ensuring that our portfolio is managed in accordance with the stated investment strategy.

FINANCIAL RISKS

Risk	Description	Current risk management strategy
6 **Interest Rate Changes** **Current exposure:** 16 out of 25	Adverse movements in interest rates could impact on our earnings and cashflows, and in the longer term could impact on property valuations. The likelihood of changes in interest rates is considered to be high.	The Investment Advisor monitors the debt position and our cash flow forecasts continuously. We have a detailed Treasury Policy in place to set the parameters for financing and loan transactions. Acquisition and disposal decisions include scenario testing for the impact on interest rate changes.

		In March 2022, we entered into a £150 million debt facility with HSBC, £75 million of which is a three year Term Facility and £75 million Revolving Credit Facility at an agreed rate, linked to SONIA, to provide gearing in line with our stated investment policy.
7 **Breach of loan covenants or the prospectus borrowing policy** **Current exposure:** 6 out of 25	We set out our expected and maximum LTV ratios in the prospectus, and have a loan to value ratio agreed within the bank financing facility put in place since the period end. Breach of either of these ratios, or the terms and conditions of the funding facility, could have a serious impact on the delivery of our objectives, through funding 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 LTV ratio nor any specific requirements of the funding facility are breached. The Investment Adviser's Director of Operations and Finance and his team use comprehensive financial modelling 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 any significant acquisitions will be 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. There is a quarterly bank sign-off process by the Investment Adviser's Director of Operations and Finance, and formal quarterly review of the position by the AIFM.
8 **Inability to attract investment, equity or debt funding** **Current exposure:** 6 out of 25	Should funding for the life science sector generally decrease, this could have an impact on our ability to grow the business. We may be unable to attract new investors, or increased investment from existing shareholders, which may impact on our ability to grow and perform, and on delivery of our objectives. .	Following our successful IPO, the Investment Adviser has enhanced its experienced team to support the delivery of the business and growth going forwards. Our performance since listing is positive, with a number of attractive assets acquired, and a clear acquisition strategy for the future. We have regular input from our Investment Adviser and Nominated Adviser, and through them have good relationships with the banking sector and other potential investors. Our Board members have extensive experience working within and for the life science sector, and are building our reputation in the market, through their knowledge of the requirements and needs of the potential tenancy population. Our reputation for providing quality, well-managed and suitable assets, in the right locations, will be key to the mitigation of this risk

COMPLIANCE RISKS

Risk	Description	Current risk management strategy
9 **REIT status lost** **Current exposure:**	If we do not comply with the REIT framework, we could lose our status as a REIT, resulting in a significant impact on our shareholders.	We have a comprehensive governance framework, with clearly allocated responsibilities set out in the matters reserved for the Board, terms of reference for

5 out of 25	Board Committees, and documented contracts with the Investment Adviser and other key service providers. We seek external advice on governance and compliance with rules, including from our Nominated Adviser and our AIFM. The Nominated Adviser advises us on our responsibilities under the AIM Rules. The position against key requirements of the REIT legislation is reviewed by the Investment Adviser each month and by Link quarterly, and is reported to the Board. Cash and earnings cover for dividends is continuously monitored.

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, 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 held £166 million of unrestricted cash and no external debt at the end of the period. Therefore, there were no requirements to comply with loan covenants or perform sensitivity analysis during the period, to test any decrease in valuations and rental income that would result in a breach of the LTV, or interest cover covenants. Since the end of the financial period, a £150 million debt facility with HSBC has been arranged and drawn on and hence these covenants will be tested for the first time for the quarter ended 30 June 2022. As at 20 May 2022, 100% of rents invoiced in December 2021 in relation to the quarter to March 2022 had been received.

As part of the going concern assessment, and taking the above into consideration, 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 13 month period to May 2023, allowing a reasonable level of accuracy given the acquisitions made to date and expected deployment of future capital as well as the expected utilisation of the debt facility.

The principal risks 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, and which is 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, including deferring potential acquisitions at the Board's discretion if required. The key sensitivities applied to the model are a downturn in economic outlook, decreased rental income, increased interest rates and restricted availability of finance.

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

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

20 May 2022

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. 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 give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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 required by the AIM Rules and (where applicable) 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

20 May 2022

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company's statutory accounts for the period ended 31 December 2021 but is derived from those accounts. Statutory accounts for the period ended 31 December 2021 will be delivered to the Registrar of Companies in due course. The Auditor has reviewed those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditor's report can be found in the Company's full Annual Report and Financial Statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	Period from 1 August 2021 to 31 December 2021 £'000	Period from 27 July 2021 to 31 July 2021 £'000
Continuing operations			
Revenue	3	**532**	-
Gross profit		**532**	-
Administration expenses	4	**(834)**	-
Operating loss before gains on investment properties		**(302)**	-
Fair value gains on investment properties	11	**8,036**	-
Operating profit		**7,734**	-
Finance income	7	**7**	-
Profit before tax		**7,741**	-
Taxation	8	**—**	-
Profit after tax for the period and total comprehensive income attributable to equity holders		**7,741**	-
Profit per share (basic and diluted) (pence)	10	**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 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £'000	As at 31 July 2021 £'000
Assets			-
Non-current assets			-
Investment property	11	**192,170**	-
		192,170	-
Current assets			
Trade and other receivables	13	**3,268**	-
Cash and cash equivalents	12	**165,962**	-
		169,230	-
Total assets		**361,400**	-
Liabilities			
Current liabilities			
Other payables and accrued expenses	14	**(10,820)**	-
Total liabilities		**(10,820)**	-
Net assets		**350,580**	-

Equity			
Share capital	15	**3,500**	**-**
Share premium	16	**339,339**	**-**
Retained earnings	17	**7,741**	**-**
Total equity		**350,580**	**-**
Number of shares in issue (thousands)		**350,000**	**-**
Net asset value per share (basic and diluted) (pence)	18	**100.2**	**-**

These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 20 May 2022 and signed on its behalf by:

Claire Boyle
Company number: 13532483

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD FROM 1 AUGUST 2021 31 DECEMBER 2021

	Notes	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at 1 August 2021		**—**	**—**	**—**	**—**
Total comprehensive profit		**—**	**—**	**7,741**	**7,741**
Ordinary shares issued	15, 16	**3,500**	**346,500**	**—**	**350,000**
Share issue costs	16	**—**	**(7,161)**	**—**	**(7,161)**
Dividends paid		**—**	**—**	**—**	**—**
Balance at 31 December 2021		**3,500**	**339,339**	**7,741**	**350,580**

The accompanying notes form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Notes	**Period ended 31 December 2021 £'000**	**Period ended 31 July 2021 £'000**
Cash flows from operating activities			
Operating profit		**7,734**	**-**
Adjustments to reconcile profit for the period to net cash flows:			
Gains from change in fair value of investment properties	11	**(8,036)**	**-**
Adjustment for non-cash items		**(82)**	**-**
Operating cash flows before movements in working capital		**(384)**	**-**
Increase in other receivables and prepayments		**(3,169)**	**-**
Increase in other payables and accrued expenses		**7,091**	**-**
Net cash flow generated from operating activities		**3,538**	**-**
Cash flows from investing activities			
Acquisition of investment properties		**(181,524)**	**-**
Interest received	7	**7**	**-**
Net cash used in investing activities		**(181,517)**	**-**
Cash flows from financing activities			**-**
Proceeds from issue of ordinary shares	15,16	**350,000**	**-**
Share issuance costs paid		**(6,059)**	**-**
Net cash flow generated from financing activities		**343,941**	**-**
Net increase in cash and cash equivalents		**165,962**	**-**
Cash and cash equivalents at start of the period		**—**	**-**
Cash and cash equivalents at end of the period	12	**165,962**	**-**

The accompanying notes form an integral part of these Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

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. The registered office of the Company is located at Beaufort House, 51 New North Road, Exeter EX4 4EP.

The Group's consolidated Financial Statements for the period ended 31 December 2021 comprise the results of the Company and its subsidiaries (together constituting the "Group") and were approved by the Board and authorised for issue on 20 May 2022. The nature of the Group's operations and its principal activities are set out in the strategic report.

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 prior period financial statements of the company to 31 July 2021 only contained balances relating to trade receivables and share capital, therefore comparative disclosures have not been shown in the notes to the financial statements.

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. A range of scenarios have been applied. The Directors are satisfied that the Group has the resources to continue in business for the foreseeable future, for a period of not less than 12 months from the date of this report. 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.

2.1 New standards and interpretations effective in the current period
All relevant standards have been adopted with immediate effect.

2.2 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 2022 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. The amendments are not expected to have a significant impact on the preparation of the financial statements.

Amendments to IFRS 3 Business Combinations – gives clarification on the recognition of contingent liabilities at acquisition and clarifies that contingent assets should not be recognised at the acquisition date. The amendments are not expected to have a significant impact on the preparation of the Financial Statements.

2.3 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 2020 (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. See notes 11 and 19 for further details.

2.4 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 Group and its subsidiaries as at 31 December 2021. 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.

3. Revenue

	Period ended 31 December 2021 £'000
Rental income	**428**
Rental income straight line adjustment	**82**
Other income	**22**
Total	**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.

4. Property operating and administration expenses

	Period ended 31 December 2021 £'000
Investment Adviser fees	**455**
Audit fees (see note 6)	**130**
Directors' remuneration	**32**
Other administration expenses	**217**
Administration expenses	**834**
Total	**834**

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.

Further information on the calculation of the Investment Adviser fees is set out in note 23.

5. Directors' remuneration

	Period ended 31 December 2021 £'000
Claire Boyle	**12**
Sally Ann Forsyth	**10**
Michael Taylor	**8**
Employers' National Insurance contributions	**2**
Total	**32**

A summary of the Directors' emoluments, including the disclosures required by the Companies Act 2006, is set out in the Directors' remuneration report. The Group had no employees in the period.

6. Auditor's remuneration

	Period ended 31 December 2021 £'000
Audit fee	**130**
Total	**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:

	Period ended 31 December 2021 £'000
Group period-end Annual Report and Financial Statements	130
Subsidiary accounts	—
Total	**130**

Non-audit fees payable to the Group's Auditor comprised of the following:

	Period ended 31 December 2021 £'000
Services provided as reporting accountant on equity raise	171
Total	**171**

The Audit and Risk Committee has considered the independence and objectivity of the Auditor and has conducted a review of non-audit 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 by the provision of such non-audit services.

7. Finance income

	Period ended 31 December 2021 £'000
Income from cash and short-term deposits	7
Total	**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. Taxation

Corporation tax has arisen as follows:

	Period ended 31 December 2021 £'000
Corporation tax on residual income	—
Total	**—**

Reconciliation of tax charge to profit before tax:

	Period ended 31 December 2021 £'000
Profit before tax	7,741
Corporation tax at 19.0%	1,471
Change in value of investment properties	(1,527)
Tax-exempt property rental business	56
Total	**—**

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.

Deferred tax on losses have not been recognised as the Group is not expecting to have sufficient taxable income to recover this. The cumulative tax losses carried forward is £56,000.

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.

9. 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 12 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 are as follows:

	As at 31 December 2021 £'000
Within one year	**6,397**
Between one and five years	**27,194**
More than five years	**21,080**
Total	**54,671**

10. 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.

	Period ended 31 December 2021 £'000
IFRS earnings	**7,741**
EPRA earnings adjustments:	
Fair value gain on investment properties	**(8,036)**
EPRA earnings	**(295)**

	Period ended 31 December 2021 Pence
Basic IFRS EPS	**2.2**
Diluted IFRS EPS	**2.2**
EPRA EPS	**(0.1)**
Adjusted EPS	**(0.1)**

	Period ended 31 December 2021 Number of shares
Weighted average number of shares in issue (thousands)	**350,000**

11. UK investment property

	Total investment property £'000
Market value of acquisitions in the period	177,650
Acquisition costs	6,402
Fair value gain on investment property	8,036
Rent incentives	82
Fair value at 31 December 2021	**192,170**

Accounting policy
Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment property are 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 are 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.

Subsequent to initial recognition, investment property is stated at fair value (see note 19). 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.

12. Cash and cash equivalents

	31 December 2021 £'000
Cash	21,962
Cash equivalents	144,000
Total	**165,962**

Cash equivalents includes £144,000,000 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.

13. Trade and other receivables

	31 December 2021 £'000
Escrow account	1,279
VAT receivable	897
Rent receivable	630
Other receivables	352
Payments in advance of property acquisition	100
Prepayments	10
Total	**3,268**

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 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. There have not been any credit losses in the period.

14. Other liabilities – other payables and accrued expenses, provisions and deferred income

	31 December 2021 £'000
Deferred income	**4,937**
Capital expenses payable	**2,628**
Share issue costs payable	**1,101**
Administration expenses payable	**766**
Tenant deposits payable to property manager	**633**
Other expenses payable	**650**
Property operating expenses payable	**92**
PAYE liability	**13**
Total other payables and accrued expenses	**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.

15. 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 2021 £'000
Authorised, issued and fully paid:		
Shares issued	**350,000,000**	**3,500**
Balance at the end of the period	**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, to one vote 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.

On 19 November 2021, the Company raised gross proceeds of £350.0 million through an IPO. The one opening share was subsequently cancelled on the issue of the 350,000,000 shares.

Accounting policy

Share capital is the nominal amount of the Company's Ordinary Shares in issue.

16. Share premium

Share premium comprises the following amounts:

	31 December 2021 £'000
Opening balance - 1 August 2021	**—**
Shares issued	**346,500**
Share issue costs	**(7,161)**
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, that is capable of being applied in any manner in which the Company's profits available for distribution are able lawfully to be applied.

17. Retained earnings
Retained loss comprise the following cumulative amounts:

	31 December 2021 £'000
Total unrealised gain on investment properties	**8,036**
Total realised loss	**(295)**
Retained earnings	**7,741**

Accounting policy
Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains on the revaluation of investment properties contained within this reserve are not distributable until any gains crystallise on the sale of the investment property.

As at 31 December 2021, the Company had distributable reserves available of £nil.

18. 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 Life Science REIT's operating activities.

	31 December 2021 £'000
IFRS net assets attributable to ordinary shareholders	**350,580**
IFRS net assets for calculation of NAV	**350,580**
EPRA NTA	**350,580**

	31 December 2021 Pence
IFRS basic and diluted NAV per share (pence)	**100.2**
EPRA NTA per share (pence)	**100.2**

	31 December 2021 Number of shares
Number of shares in issue (thousands)	**350,000**

19. 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.

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 fixed 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.

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 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.

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 2021	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**£192,170**	**Income capitalisation**	**ERV**	**£44,025 – £1,536,581 per annum**
			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 2021	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 5%	**31,963**	**(42,684)**
Change in net equivalent yields of 25 basis points	**(37,655)**	**30,232**

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 gain of £8,036,000 and are presented in the consolidated statement of comprehensive income in line item 'fair value gains 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.

20. 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 £192.2m 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% of the gross contracted rents of the Company at the time of purchase;
- 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 exposure to credit risk:

	31 December 2021 £'000
Cash and cash equivalents	**165,962**
Trade and other receivables[1]	**2,361**
Total	**168,323**

1. Excludes prepayments and VAT receivable.

Interest rate risk

Management have considered the risks but not deemed material for the business as the Group's exposure to interest rate risk as at 31 December 2021 was minimal.

Foreign exchange rate risk
Management have considered the risks but not deemed material for the business as the Group's exposure to foreign exchange rate risk as at 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:

	2021		
	Fair value hierarchy	**Carrying value £'000**	**Fair value £'000**
Held at amortised cost			
Cash and cash equivalents	**n/a**	**165,962**	**165,962**
Trade and other receivables[1]	**n/a**	**2,361**	**2,361**
Other payables and accrued expenses[2]	**n/a**	**(5,883)**	**(5,883)**

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 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**
Total	**5,883**	**—**	**—**	**—**	**—**	**5,883**

1. Excludes deferred income.

21. Subsidiaries

Company	Country of incorporation and operation	Number and class of share held by the Group	Group holding
Ironstone Life Science Holdings Limited	UK	1,000 ordinary shares	100%
Ironstone Life Science Cambourne Two Limited[1,2]	UK	1 ordinary share	100%
Ironstone Life Science Cambourne Limited[1,2]	UK	1 ordinary share	100%
Ironstone Life Science Oxford Limited[1,2]	UK	1 ordinary share	100%
Ironstone Life Science RSY Limited[1,2]	UK	1 ordinary share	100%
Ironstone Life Science Merrifield Limited[1,2]	UK	1 ordinary share	100%
Ironstone LS Cambourne One Limited[1,2]	Jersey	3,599.80 ordinary shares	100%
Deepdale Investment Holdings Limited[1,2]	BVI	400 A ordinary shares 100 B ordinary shares	100%
Merrifield Centre Limited[1,2]	UK	21,786,493 ordinary shares	100%

1. Indirect subsidiaries.
2. All subsidiary entities are registered at Radius House, 51 Clarendon Road, Watford, WD17 1HP.

The principal activity of all the subsidiaries relates to property investment.

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.

The above subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual financial statements by virtue of Section 479A of the Act.

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.

22. 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;
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but be subject to a maximum 55% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%; and
- following the period end a £150 million debt facility has been agreed and £64m has been drawn as at 20 May 2022.

23. 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 £32,456 and at 31 December 2021, a balance of £2,000 was outstanding relating to employer NI. Further information is given in note 5 and in the Directors' remuneration report.

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 Investment Manager and the Board of Directors.

For its services to the Company, the AIFM receives an annual fee at the rate of 1.1% of the NAV of the Company up to £500 million, then 0.9% of the Company NAV once the Company NAV exceeds £500 million, then at a lower rate of 0.75% of the Company NAV once the Company NAV exceeds £1 billion. Refer to the Directors' report for further information.

During the period, the Group incurred £454,903 in respect of investment advisory fees. As at 31 December 2021, £454,903 was outstanding.

24. Ultimate controlling party
It is the view of the Directors that there is no ultimate controlling party.

25. Post balance sheet events
Debt Facility
On 29 March 2022, a direct subsidiary of the Company, Ironstone Life Science Holdings Limited entered into a £150 million Single Currency Term and Revolving Facility Agreement ("Debt Facility") with HSBC UK Bank plc., comprising a £75 million three year term loan facility and an equally sized revolving credit facility. This Debt Facility has an interest rate in respect of drawn amounts of 225 basis points over SONIA and £64 million has been drawn as at the date of this report.

Share Premium Account Cancellation
On 12 April 2022, the Share Premium Account of £339,339,197 was cancelled in accordance with the provisions of the Companies Act 2006 in order to create distributable reserves, the Capital Reduction Reserve, that is capable of being applied in any manner in which the Company's profits available for distribution are able lawfully to be applied.

Herbrand Street Acquisition
On 6 May 2022, the Company, through a newly formed wholly owned indirect subsidiary, Ironstone Life Science Herbrand Limited, acquired 100% of the issued share capital of Herbrand Properties Limited, a British Virgin Islands domiciled entity, that holds the freehold to 7-11 Herbrand Street in Bloomsbury, London, for consideration of £85 million.

Oxford Technology Park Acquisition
On 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited and its two subsidiaries, Oxford Technology Park Limited and Oxford Technology Park Investments Limited, for consideration of £120.3 million, consisting of two complete multi-let office/labs buildings, an on-site hotel and a forward funded development site.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Notes	31 December 2021 £'000	31 July 2021 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	28	1	-
Receivables	30	177,827	-
		177,828	-
Current assets			
Cash and cash equivalents	29	165,962	-
Trade and other receivables	30	299	-
		166,191	-
Total assets		344,019	-
Liabilities			
Current liabilities			
Other payables and accrued expenses	31	(1,943)	-
Total liabilities		(1,943)	-
Net assets		342,076	-
Equity			
Share capital		3,500	-
Share premium		339,339	-
Retained earnings		(763)	-

Total equity	342,076	-
Number of shares in issue (thousands)	350,000	-
Net asset value per share (basic and diluted) (pence)	**97.8**	**-**

The Company reported a loss for the period ended 31 December 2021 of £763,000.
These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 20 May 2022 and signed on its behalf by:

Claire Boyle
Company number: 13532483

The accompanying notes form an integral part of these Company Financial Statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance at start of period	—	—	—	—
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**

The accompanying notes form an integral part of these Financial Statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

26. 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 Beaufort House, 51 New North Road, Exeter EX4 4EP. The Company's shares are admitted to trading on AIM, a market operated by the London Stock Exchange.

27. 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.

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.

28. Investment in subsidiary companies

	31 December 2021 £'000
Investment in subsidiary companies	
Total carrying value	1
Total	1

Investment in subsidiary companies	
Ironstone Life Science Holdings Limited	1
Total	**1**

See note 21 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 21.
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.

29. Cash and cash equivalents

	31 December 2021 £'000
Cash equivalents	144,000
Cash	21,962
Total	**165,962**

30. Trade and other receivables

A. Receivables: non-current assets

	31 December 2021 £'000
Amounts due from subsidiary companies	177,827
Total	**177,827**

Loans due from subsidiary companies are unsecured, interest free and repayable on demand.

B. Receivables: non-current assets

	31 December 2021 £'000
Prepayments and other receivables	229
Total	**229**

31. Other payables and accrued expenses

	31 December 2021 £'000
Administration expenses payable	1,390
Other expenses payable	387
Insurance payable	166
Total	**1,943**

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2021

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	2021
EPRA EPS (pence)	Table 2	**(0.1)**
EPRA cost ratio (including direct vacancy cost)	Table 6	**1.64**
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**1.64**
EPRA NDV per share (pence)	Table 3	**100.2**
EPRA NRV per share (pence)	Table 3	**103.9**
EPRA NTA per share (pence)	Table 3	**100.2**
EPRA NIY	Table 4	**4.4%**
EPRA 'topped-up' net initial yield	Table 4	**4.5%**
EPRA vacancy rate	Table 5	**19.1%**

Table 2: EPRA income statement

	Notes	Period ended 31 December 2021 £'000
Revenue	3	**532**
Less: dilapidation income		**—**
Less: insurance recharged		**—**
Rental income		**532**
Property operating expenses		**—**
Gross profit		**532**
Administration expenses	4	**(834)**
Adjusted operating profit before interest and tax		**(302)**
Finance income	7	**7**
Finance expenses		**—**
Adjusted profit before tax		**(295)**
Tax on adjusted profit		**—**
Adjusted earnings		**(295)**
Weighted average number of shares in issue (thousands)	10	**350,000**
Adjusted EPS (pence)	10	**(0.1)**

	Notes	Period ended 31 December 2021 £'000
Adjusted earnings		**(295)**
EPRA earnings		**(295)**
Weighted average number of shares in issue (thousands)	10	**350,000**
EPRA EPS (pence)	10	**(0.1)**

EPRA 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 current payments are supported by earnings.

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 2021	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties[1]	11	**192,170**	**192,170**	**192,170**
Net cash[2]	12	**165,962**	**165,962**	**165,962**
Other net liabilities		**(7,552)**	**(7,552)**	**(7,552)**
IFRS NAV	Page 75	**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)	10	**350,000**	**350,000**	**350,000**
NAV per share (pence)	10	**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 £nil net of cash of £165,962,000.
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 2021 £'000
Total properties per external valuers' report	11	**192,170**
Less development property and land		**—**
Net valuation of completed properties		**192,170**
Add estimated purchasers' costs[1]		**13,068**
Gross valuation of completed properties including estimated purchasers' costs (A)		**205,238**
Gross passing rents[2] (annualised)		**9,124**
Less irrecoverable property costs[2]		**(179)**
Net annualised rents (B)		**8,945**
Add notional rent on expiry of rent-free periods or other lease incentives[3]		**291**
'Topped-up' net annualised rents (C)		**9,236**
EPRA NIY (B/A)		**4.4%**
EPRA 'topped-up' net initial yield (C/A)		**4.5%**

1. Estimated purchasers' costs estimated at 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 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 2021 £'000
Annualised ERV of vacant premises (D)	**1,937**
Annualised ERV for the investment portfolio (E)	**10,129**
EPRA vacancy rate (D/E)	**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.

Table 6: Total cost ratio/EPRA cost ratio

	Notes	Period ended 31 December 2021 £'000
Property operating expenses		**—**
Add back insurance recharged		**—**
Net property operating expenses		**—**
Administration expenses	4	**834**
Less ground rents[1]		**—**
Total cost including direct vacancy cost (F)		**834**
Direct vacancy cost		**—**
Total cost excluding direct vacancy cost (G)		**834**
Rental income[2]		**510**
Less ground rents paid		**—**
Gross rental income (H)	3	**510**
Less direct vacancy cost		**—**
Net rental income		**510**
Total cost ratio including direct vacancy cost (F/H)		**1.64**
Total cost ratio excluding direct vacancy cost (G/H)		**1.64**

	Period ended 31 December 2021 £'000
Total cost including direct vacancy cost (F)	**834**
Cost of postponed equity raise	**—**
EPRA total cost (I)	**834**
Direct vacancy cost	**—**
EPRA total cost excluding direct vacancy cost (J)	**834**
EPRA cost ratio including direct vacancy cost (I/H)	**1.64**
EPRA cost ratio excluding direct vacancy cost (J/H)	**1.64**

1. Ground rent expenses included within administration expenses such as depreciation of head lease assets.
2. Prior period rental income includes dilapidation income for the purposes of the total cost ratio and EPRA cost ratio calculations.

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 period ended 31 December 2021.

Table 7: Lease data

As at 31 December 2021	Year 1 £'000	Year 2 £'000	Years 3-5 £'000	Year 5+ £'000	Head rents payable £'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 6.6 years and to break is 4.1 years.

Table 8: Capital expenditure

	Notes	Period ended 31 December 2021 £'000
Acquisitions[1]	11	**184,052**
Development spend[2]		**—-**
Completed investment properties:[3]		
No incremental lettable space – like-for-like portfolio		**—**
No incremental lettable space – other		**—**
Tenant incentives		**—**
Total capital expenditure		**184,052**
Conversion from accruals to cash basis		**(2,528)**
Total capital expenditure on a cash basis		**181,524**

1. Acquisitions include £181.5 million completed investment property and £nil development property and land.
2. Expenditure on development property and land.
3. Expenditure on completed investment properties.

Table 9: Like-for-like net rental income

	Notes	Period ended 31 December 2021 £'000
Like-for-like net rental income		**—**
Other[1]		**—**
Adjusted like-for-like net rental income		**—**
Development lettings		**—**
Properties acquired	3	**531**
Properties sold		**—**
Rental income		**531**
Dilapidation income		**—**
Insurance recharge		**—**
Revenue		**531**

1. Includes rent surrender premiums, back rent and other items.

PROPERTY PORTFOLIO
AS AT 31 DECEMBER 2021

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	54,600
Cambourne Business Park	Cambridge	CB23 6DW	232,600

SHAREHOLDER INFORMATION

The Company was incorporated on 27 July 2021. This Annual Report and Financial Statements covers the period from 1 August 2021 to 31 December 2021.

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.

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 will seek 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 the study of living organisms. This encompasses the study of the breadth of life processes, 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 will 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 will retain 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 will typically invest in income-producing assets. The Company will focus 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 will be 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 will be 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.

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 will invest in and actively manage its assets with the objective of reducing and diversifying 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% of the gross contracted rents of the Company at the time of purchase;

- 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.

The investment restrictions detailed above will apply once the net proceeds are fully invested and debt drawn down at an initial LTV of 40%.

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 will be calculated immediately following investment and non-compliance resulting from changes in the price or value of assets following investment will not be considered as a breach of the investment restriction.

Gearing
The level of gearing will be on a prudent basis for the asset class, and seek 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 an 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 will be 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 conduct its affairs so as to enable it to qualify and remain qualified as a REIT for the purpose of Part 12 of the CTA 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 AIM.

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 of the annual report. 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

23 May 2022
Announcement of final results

24 June 2022
Annual General Meeting

30 June 2022
Half-year end

22 September 2022
Announcement of half-yearly results

October 2022
Proposed payment of first interim dividend

31 December 2022
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

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

AIM
A market operated by the London Stock Exchange

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

Effective occupancy
Total open market rental value of the units leased divided by total open market rental value excluding assets under development, units undergoing refurbishment and units under offer to let

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 growth
The growth 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 NNNAV /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 (only applicable to previous financial periods)

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 liability, including tax exposure not reflected in the statement of financial position, 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

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

FCA
Financial Conduct Authority

GAV
Gross asset value

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 year

IFRS NAV per share
IFRS net asset value divided by the number of shares outstanding at the balance sheet date

Investment portfolio
Completed buildings excluding development property and land

Interest cover
Adjusted operating profit before gains on investment properties, interest and tax divided by the underlying net interest expense

IPO
Initial public offering

Like-for-like rental income growth
The increase 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 increase
The increase 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

Loan to value ratio ("LTV")
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments

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

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

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

RPI
Retail price index

SONIA
Sterling Overnight Index Average

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

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

ENDS

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on this announcement (or any other website) is incorporated into, or forms part of, this announcement.