LIFE SCIENCE REIT

Creating space for science

Annual Report and Financial Statements 2021

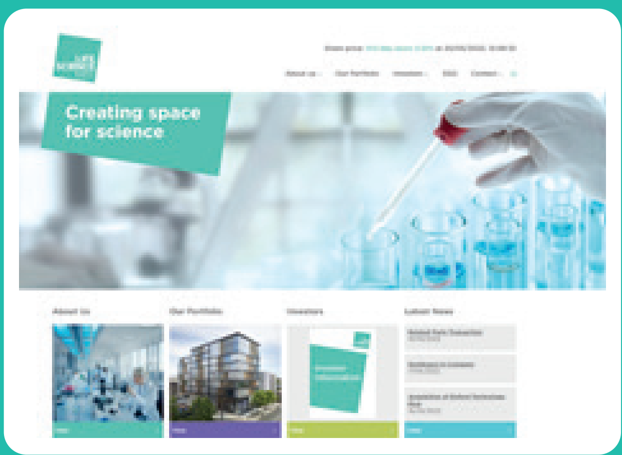
Life Science REIT plc is the UK's first listed property business focused solely on the growing life science sector.

We specifically target opportunities in the 'Golden Triangle' research and development hubs of Oxford, Cambridge and London Knowledge Quarter.

We aim to generate capital growth, while 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.

Our shares were admitted to trading on AIM on 19 November 2021, under the ticker LABS.

Find us online
www.lifesciencereit.co.uk



Our vision:

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

Our culture:

- Open and collegiate
- Purpose driven
- Appropriately challenging
- Combines freshness and experience
- Innovation

Read more on page 52

Our strategy:

- INVESTMENT
- ASSET MANAGEMENT
- FINANCIAL

Read more on pages 14 and 15

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Rolling Stock Yard,
London Knowledge Quarter

Read more on pages 18 and 19

Cambourne Business Park,
near Cambridge

Read more on pages 20 and 21

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FINANCIAL AND OPERATIONAL HIGHLIGHTS[1]

We have made rapid progress with implementing the strategy set out at IPO, acquiring the majority of the investments in our pipeline by the period end.

Financial highlights

Period to 31 December 2021

REVENUE	PROFIT BEFORE TAX
£0.5m	£7.7m
PROFIT PER SHARE	EPRA LOSS PER SHARE
2.2p	(0.1)p

As at 31 December 2021

PORTFOLIO VALUATION	IFRS NET ASSET VALUE ("NAV")
£192.2m	£350.6m
IFRS NAV PER SHARE	EPRA NET TANGIBLE ASSETS PER SHARE
100.2p	100.2p

Operational highlights

Period to 31 December 2021

CONTRACTED RENT ROLL	WEIGHTED AVERAGE UNEXPIRED LEASE TERM TO EXPIRY	OCCUPANCY
£9.3m	6.6 years	81%
ESTIMATED RENTAL VALUE ("ERV")	WEIGHTED AVERAGE UNEXPIRED LEASE TERM TO FIRST BREAK	EPRA NET INITIAL YIELD
£10.1m	4.1 years	4.4%

- Shares admitted to trading on AIM on 19 November 2021, with the oversubscribed initial public offering ("IPO") raising gross proceeds of £350 million
- Begun to deploy the IPO proceeds rapidly, acquiring five of the six assets in our initial pipeline for total consideration of £177.7 million before acquisition costs, at an average net initial yield of 4.9%
- Assets acquired are all in the 'Golden Triangle' of Oxford, Cambridge and London Knowledge Quarter
- Portfolio valued at £192.2 million at 31 December 2021, including a revaluation gain of £14.5 million, demonstrating our ability to create value through our off-market acquisition strategy
- Significant reversionary potential in the portfolio, with an ERV of £10.1 million against the contracted rent roll of £9.3 million
- Net asset value of £350.6 million or 100.2 pence per share at the period end, primarily reflecting the revaluation gain of £14.5 million, IPO costs of £7.2 million and acquisition costs capitalised of £6.4 million

Post period end events

- Agreed a £150 million debt facility with HSBC, comprising a £75 million three-year term loan and a £75 million revolving credit facility
- Completed the cancellation of the share premium account of £339.3 million, to create distributable reserves
- Acquired Oxford Technology Park, comprising two complete multi-let office/lab buildings, an on-site hotel and a forward-funded development site, for £120.3 million
- Acquired 7-11 Herbrand Street, London, for £85.0 million
- Appointment of additional Director

AT A GLANCE

At the period end, our portfolio contained four assets in key locations within the Golden Triangle.

Rolling Stock Yard, London Knowledge Quarter

Area:	54,600 sq ft
Type:	Laboratory and office
Contracted rent[2]:	£3.5 million
Acquisition date:	December 2021
Purchase price:	£77.0 million

Lumen House, Harwell (near Oxford)

Area:	17,600 sq ft
Type:	Office
Contracted rent[2]:	£0.3 million
Acquisition date:	November 2021
Purchase price:	£7.1 million

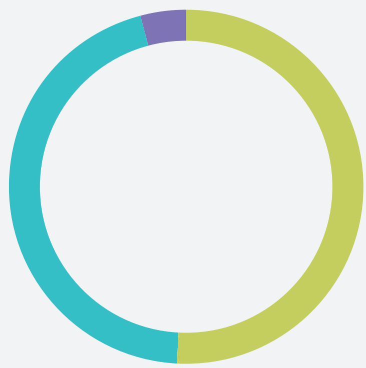
Merrifield Centre, Cambridge

Area:	12,600 sq ft
Type:	Laboratory and office
Contracted rent[2]:	£0.3 million
Acquisition date:	November 2021
Purchase price:	£4.8 million

Cambourne Business Park[3], (near Cambridge)

Area:	232,600 sq ft
Type:	Laboratory and office
Contracted rent[2]:	£5.2 million
Acquisition date:	December 2021
Purchase price:	£88.8 million

Split by location[4]



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

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 Practice Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of key real estate specific performance measures, however these are not intended as a substitute for IFRS measures. Please see unaudited supplementary notes on pages 101 to 105 for further details on APMs.
2. Contracted rent is stated after rental guarantees
3. We acquired our holdings at Cambourne through two separate acquisitions.
4. Split by acquisition value.

INVESTMENT CASE

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

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

Strong and growing demand for life science facilities

The UK is at the forefront of life science in Europe, with four of the top ten global research universities, 6,300 businesses and 250,000 jobs. There is significant private and public investment into the sector, which has been further stimulated by the Covid-19 pandemic. The resulting growth of existing business and emergence of new companies is contributing to strong and growing demand for suitable life science facilities. The market is relatively immature, with Oxford and Cambridge having c.5 million sq ft of purpose-built laboratory stock at H1 2021 and London having only c.100,000 sq ft. In comparison, Boston and San Francisco had c.30 million sq ft and c.28 million sq ft respectively.

Constrained supply is driving rental growth and yield compression

While demand is rising, existing life science real estate in the UK is typically at or beyond capacity, not suitable or in the wrong locations, resulting in a significant shortage of suitable and available space. This unfulfilled demand is driving rental growth and yield compression. There is a significant opportunity for us to create new space through forward-funding developments, change of use and developing new life science hubs.
Our focus is on the Golden Triangle of Oxford, Cambridge and London Knowledge Quarter. In the Oxford-Cambridge Arc alone, an estimated 15-20 million sq ft of new office and laboratory space will be required over the next 20 years.

Highly experienced management with a proven track record

Our Investment Adviser, Ironstone Asset Management ("Ironstone"), has a highly experienced team of senior real estate professionals, who have been active in building, operating and growing companies in the UK real estate market for more than three decades. The Investment Adviser's excellent relationships with potential vendors, agents, banks, financial institutions and others gives us the ability to source investment opportunities off-market, in a highly competitive environment.

Focus on sustainability

We are committed to integrating sustainable practices into all aspects of our business. This includes benefiting our occupiers and society more generally, by providing space that enables scientific activity to improve health and quality of life. We also have a rigorous focus on minimising the environmental footprint of our assets and supporting the wellbeing of our occupiers' employees through high-quality workplaces. Ensuring each building is a great place to work also helps our occupiers meet the challenge of attracting and retaining top talent.

A pipeline for further growth

We have identified a significant pipeline of attractive investment opportunities, with potential for us to add value through active asset management. We expect to deliver further portfolio and income growth over the coming years, supporting our total return and dividend targets (see page 14).

CHAIR'S STATEMENT

> THE ASSETS WE HAVE ACQUIRED HAVE ALREADY SEEN MEANINGFUL VALUATION UPLIFTS AND HAVE SIGNIFICANT POTENTIAL FOR FURTHER VALUE CREATION THROUGH ASSET MANAGEMENT.

CLAIRE BOYLE
Chair

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.

CHAIR'S STATEMENT CONTINUED

A strategy for value creation continued

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 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, as discussed further on page 26.

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 and 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 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

MARKET OVERVIEW

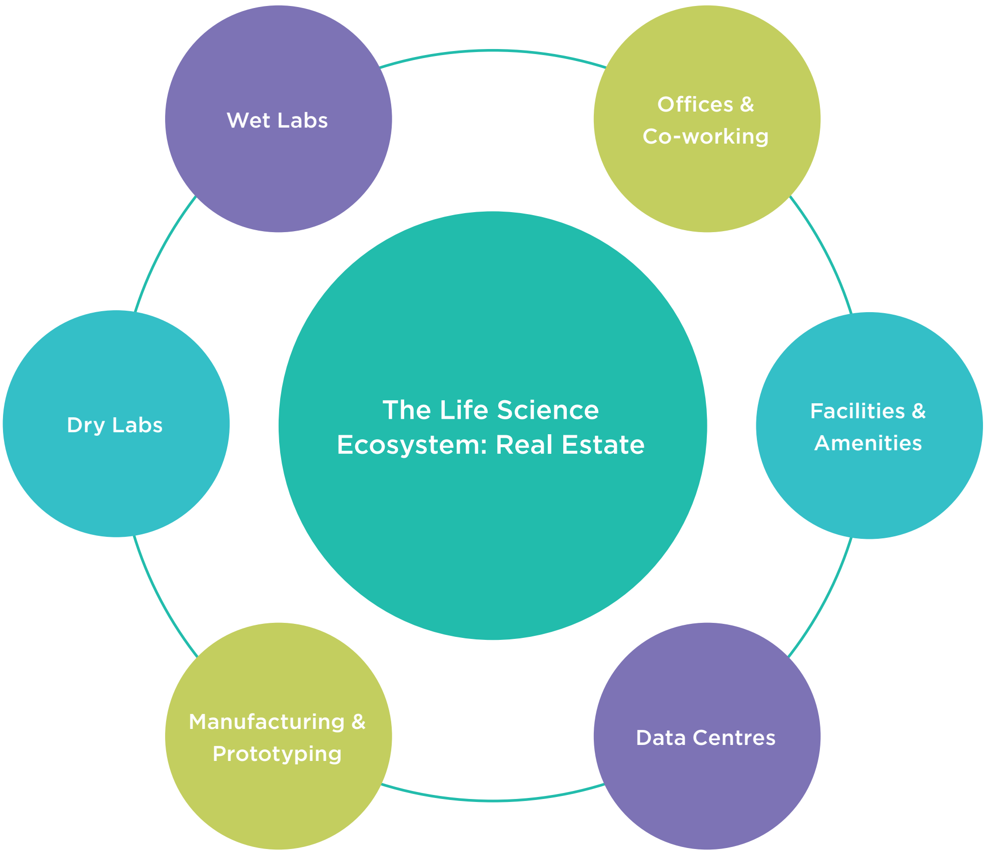
We operate in a highly attractive market, characterised by strong and growing occupier demand and a chronic shortage of vacant space in key locations, contributing to rising rents and yield compression.

The types of life science real estate

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

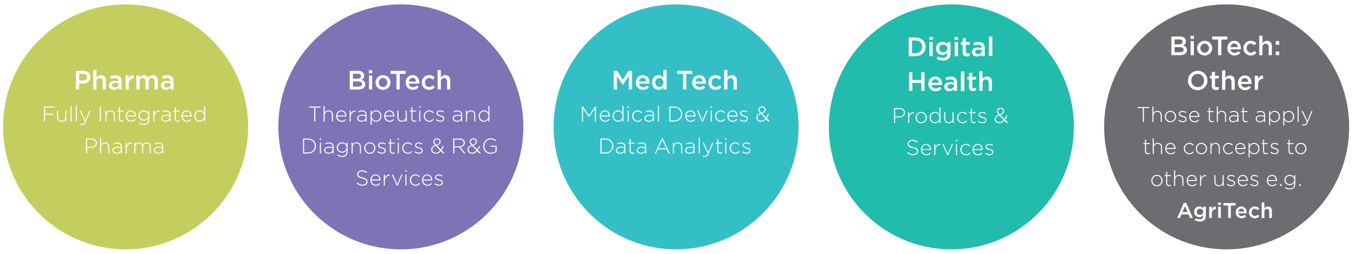
- 'wet' laboratories, where drugs, chemicals and other types of biological matter can be analysed and tested;
- 'dry' laboratories, which focus on applied or computational mathematical analyses;
- offices, incubator space and co-working;
- manufacturing and prototyping facilities;
- facilities and amenities; and
- data centres.

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



Life science has powerful long-term growth drivers

The diagram below summarises the range of activities that make up the life science sector:



The UK is the largest life science market in Europe by number of companies, with over 6,330 businesses generating revenue of nearly £89 billion in 2020 and employing over 268,000 people. All of the world's top 25 biopharma and top 30 med tech companies operate in the UK. Life science has the potential to create approximately 133,000 jobs in the UK over the next ten years, with the majority in med tech (68%), followed by biopharma (32%).

Investment in the sector is supported by powerful trends, such as:

- ageing populations requiring continuous development of preventive treatments, prescription drugs and innovations in all areas of life science, and the development of advanced medical devices;
- the continued convergence of scientific breakthroughs such as cell therapy, gene therapy and artificial intelligence; and
- the focus on life science from governments, investors and wider society, as a result of the Covid-19 pandemic. Covid-19 has accelerated the adoption of online healthcare services, stimulated demand for digital health solutions and encouraged companies to reshore manufacturing, to ensure their supply chains are resilient.

Venture capital ("VC") investment is crucial in the life science sector and the UK has attracted 37% (€16.3 billion) of the all the VC funding in European life science in the last five years. Savills estimates that every €1 billion of VC investment creates 46,000 square metres of occupier demand for life science space.

Investment by major companies is also important for demand for life science space. In addition to established players such as GSK and AstraZeneca, the UK has received significant attention from firms hoping to springboard their operations into Europe, attracted by the knowledge economy and pool of skilled labour. For UK-headquartered life science companies, the level of all types of corporate investment amounted to £51 billion in 2020 and 2021. This is 75% higher than the £29 billion invested in the preceding two-years. In 2021, the total Venture Capital invested in life sciences in the UK was £5.8 billion, more than double that of the previous year.

The UK Government also has targets and initiatives to stimulate the sector. For example, its £200 million Life Sciences Investment Programme will deliver around £600 million in long-term capital. The Government has also committed to new sovereign partnerships, including the UK-UAE Sovereign Investment Partnership, through which Mubadala has made an £800 million commitment to investment in the UK life science sector.

MARKET OVERVIEW CONTINUED

Clusters are key to progress in life science

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

In the UK, the established clusters include the Golden Triangle of Oxford, Cambridge and London Knowledge Quarter, which is our primary focus for investment, and there are emerging clusters in cities such as Birmingham, Newcastle, Edinburgh and Manchester. These clusters are stimulated by world-leading universities and teaching hospitals, with the UK having four of the top ten research universities globally. In addition to providing access to talent and innovation, universities generate spin-out and start-up companies, further reinforcing the clustering pattern.

A significant demand-supply imbalance

The desire for life science businesses to locate in these clusters results in significant demand and a chronic shortage of suitable facilities. Despite the prominence of the UK's life science sector, there is far less purpose-built laboratory space than in comparable centres internationally.

Purpose-built commercial laboratory space: an international comparison

Cluster	Purpose-built commercial laboratory space[1]	Population[1]
San Francisco, USA	28.1 million sq ft	883,305
Greater Boston, USA	30.0 million sq ft	4,875,390
Cambridge, UK	3.25 million sq ft	143,653
Oxford, UK	1.2 million sq ft	154,300
London, UK	<100,000 sq ft	8,850,000
Manchester, UK	360,000 sq ft	553,230

1. Approximate figures. Source: Savills research, 2021.

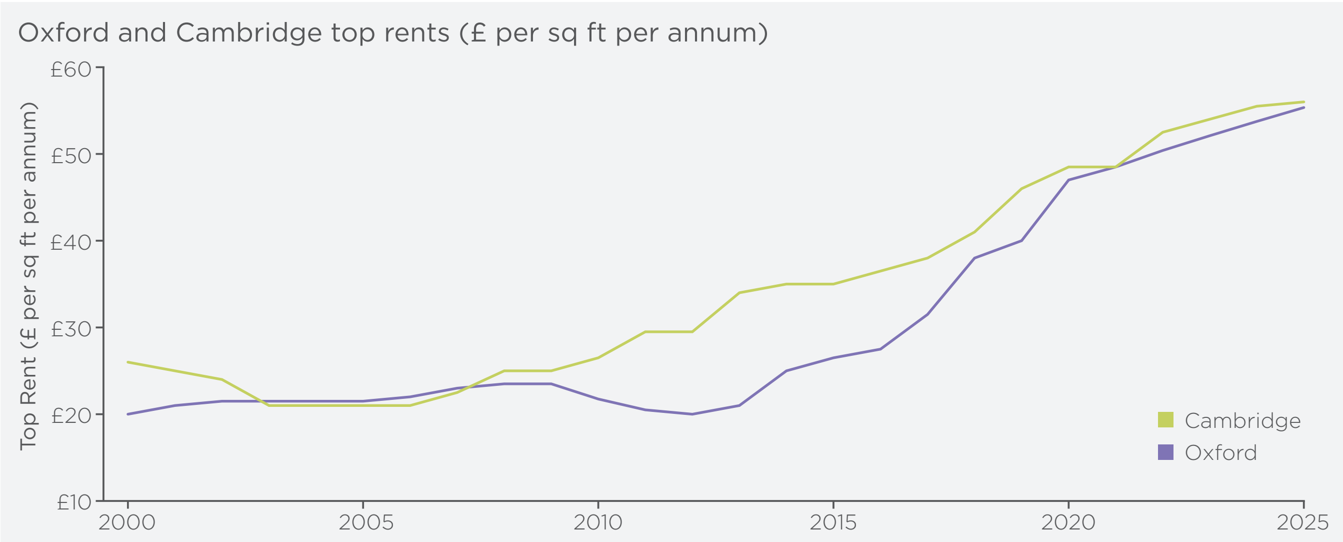
This results in low vacancy rates, with no purpose-built laboratory space currently available in Oxford or Cambridge and only around 82,000 sq ft available in London.

Cambourne Business Park

The industry consensus is that more supply will have to be delivered. It is forecast that over the next 20 years, 15-20 million sq ft of additional office and laboratory space will be needed in the Oxford-Cambridge Arc. In London, there is a potential long-term pipeline of 16.2 million sq ft of laboratory space. These conditions present opportunities for us to create new space through development and through repurposing existing buildings. Much of the new space that does come to market is either pre-let or let shortly after completion.

The demand-supply imbalance is driving up rents

The competition for space in the right locations has driven up rents significantly in Oxford, Cambridge and London. Over the last ten years, prime rents have increased by 75% in Cambridge and 130% in Oxford. In London, prime rents are up by 113% in King's Cross/Euston, 63% in Paddington and 55% in West London. Looking forward, rents in the Golden Triangle are expected to increase by 5% or more per annum.



BUSINESS MODEL

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

RESOURCES AND RELATIONSHIPS

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

Physical assets

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

Skilled and experienced people

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

Specialist knowledge

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

Relationships

Ironstone's strong relationships in the sector, including with vendors, agents and other key market participants, helps us to source acquisitions off-market.

Financial assets

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

OUR VALUE CREATION MODEL

Identify investment opportunities

The Investment Adviser identifies opportunities that align with our investment objectives and strategy (see page 107). We predominantly acquire income-producing assets which diversify our portfolio, for example by location and occupier, and provide value-add opportunities. The Investment Adviser's knowledge and relationships are key sources of competitive advantage for us.

For development opportunities, we will seek to mitigate risk through forward funding or similar arrangements. For any speculative development, we will mitigate risk through using best-in-class advisers, fixed price construction contracts and achieving pre-lets where commercially practical.

Complete due diligence and purchase

When suitable investment opportunities arise, the Investment Adviser carries out thorough due diligence, including physically inspecting the asset. The Investment Adviser has a comprehensive due diligence questionnaire, including sustainability criteria, and we obtain reports on factors such as energy performance certificate ("EPC") ratings and any actions required to improve them.

The Investment Adviser then negotiates terms with the vendor, after which the transaction is subject to approval by the Investment Adviser's investment committee, the Alternative Investment Fund Manager ("AIFM") and, for large transactions (greater than 20% of GAV), the Board.

Add value through asset management

Through the Investment Adviser, we look to build close relationships with our occupiers, so we understand their businesses and their evolving property requirements, which in turn supports our asset management activities. These can include concluding rent reviews, letting vacant space and lease renewals, as well as targeted investments to enhance an asset's attractiveness to life science occupiers and improve sustainability performance (see the asset management strategy on page 25). Our acquisition due diligence identifies value creation opportunities, along with an associated business case and execution plan.

Monitor investments

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

Hold or divest

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

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

THE VALUE WE CREATE

Economic value

We believe that investment performance comes from consistent rental income, growing in real terms. Life science occupiers are typically less exposed than other sectors to the economic outlook or political events, leading to consistent demand and strong rental growth prospects. By carefully selecting investments and implementing our asset management plans, we will benefit from rising rents and capital values, leading to attractive dividends and total returns for shareholders.

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

Social value

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

Through our sustainability agenda (see page 28), we have a clear focus on protecting the environment and providing spaces that benefit the wellbeing of the people who work in them.

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. The types of property we will consider are described on page 22.

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.

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. See pages 28 to 30 for more on our approach to ESG.

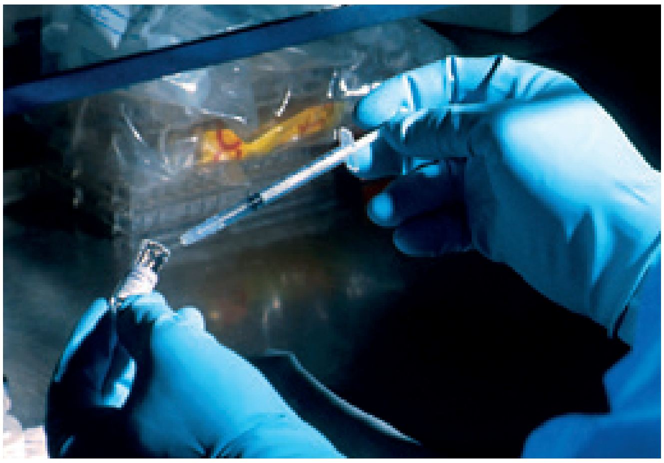
FINANCING STRATEGY

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.

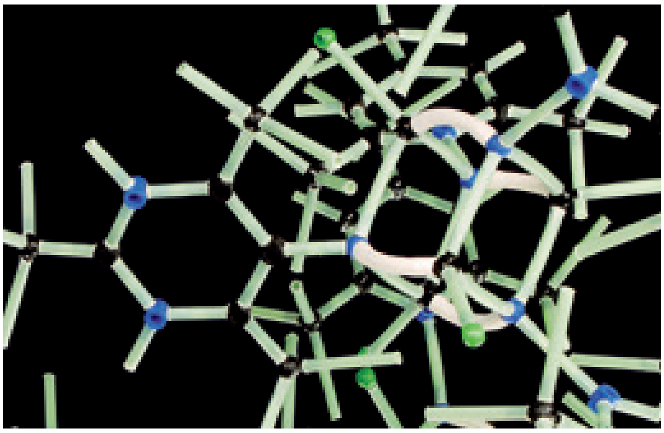
Progress

- Completed the acquisition of five assets, deploying £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.



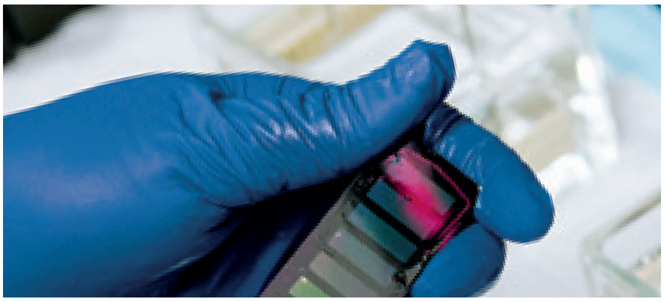
Progress

- Identified asset management opportunities as part of our acquisition due diligence and created business cases and execution plans (see page 25 for more details)
- 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



Progress

- Raised gross proceeds of £350 million through our oversubscribed IPO
- Since the period end, agreed £150 million debt facility with HSBC (see page 96)



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
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.

Relevance to our strategy
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.

Performance
Not applicable for the period. To be reported for the year ended 31 December 2022.

TOTAL EPRA COST RATIO

Description
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.

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

Performance
Not applicable for the period. To be reported for the year ended 31 December 2022.

DIVIDENDS (PENCE PER SHARE)

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

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

Performance
Not applicable for the period. To be reported for the year ended 31 December 2022.

Information on our dividend policy can be found on page 14.

LOAN TO VALUE RATIO

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

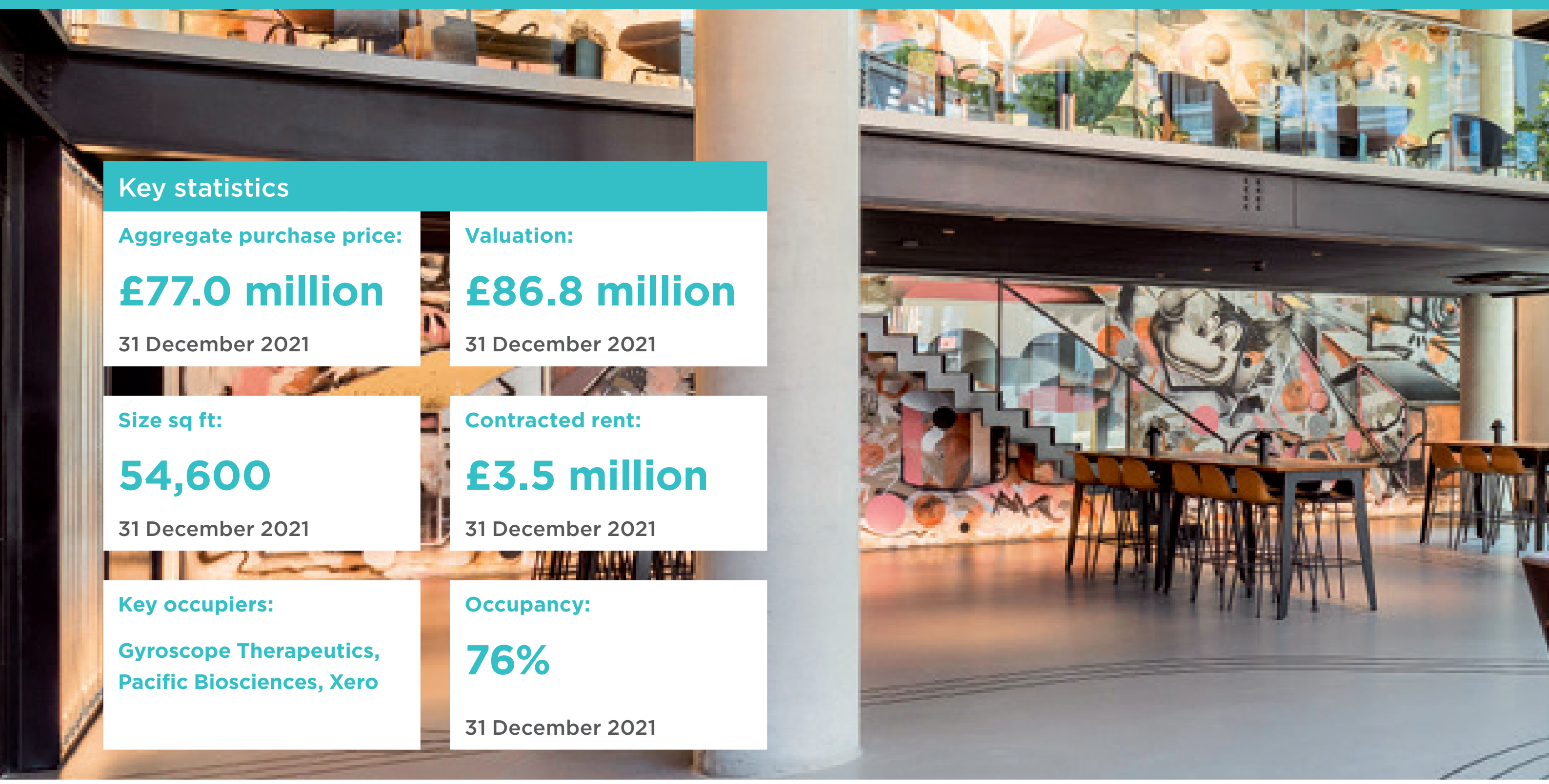
Relevance to our strategy
Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.

Performance
Not applicable for the period. To be reported for the year ended 31 December 2022.

STRATEGY IN ACTION

Rolling Stock Yard

London Knowledge Quarter



Key statistics

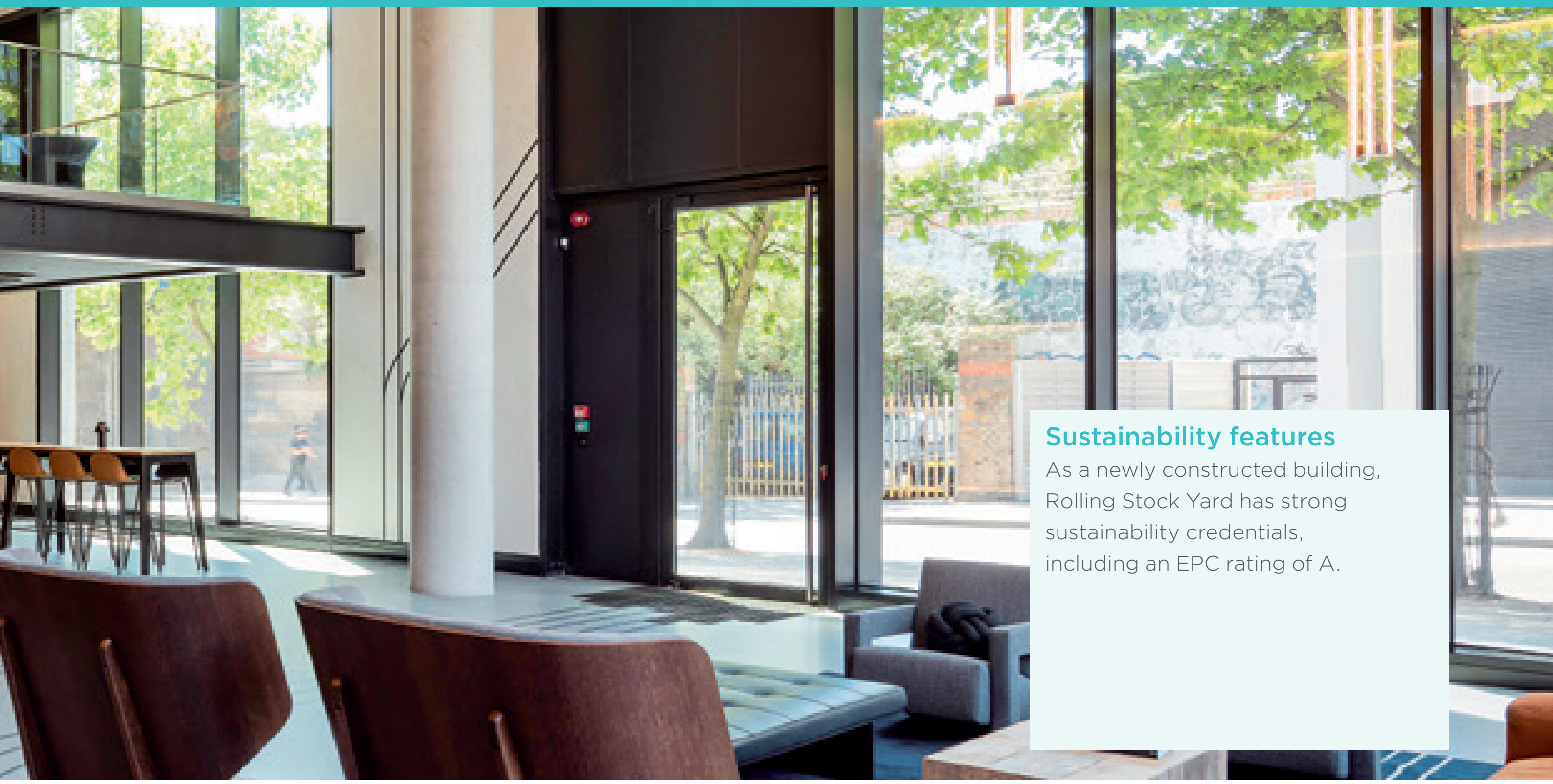
Aggregate purchase price: **£77.0 million** 31 December 2021	**Valuation:** **£86.8 million** 31 December 2021
Size sq ft: **54,600** 31 December 2021	**Contracted rent:** **£3.5 million** 31 December 2021
Key occupiers: **Gyroscope Therapeutics, Pacific Biosciences, Xero**	**Occupancy:** **76%** 31 December 2021

What is it?

Rolling Stock Yard is a premium, nine-storey office and laboratory building near London's St Pancras station, totalling nearly 55,000 sq ft. It is close to the new Moorfields Hospital site and is within the vibrant development area north of King's Cross and St Pancras stations. Construction was completed in March 2020.

Why did we buy it?

The asset is in a key location within the Golden Triangle, with numerous life science and other technology organisations nearby. On acquisition, 76% of the space was let to Gyroscope and Xero, with a further floor under offer to Pacific Biosciences. Other life science occupiers have shown interest in leasing the vacant space, which has an 18-month rental guarantee.



Sustainability features

As a newly constructed building, Rolling Stock Yard has strong sustainability credentials, including an EPC rating of A.

What is the future?

We intend to lease the vacant space and see the opportunity to drive the rental tone higher by creating additional laboratory space and a life science hub within the building.

STRATEGY IN ACTION

Cambourne Business Park

near Cambridge

Key statistics

Aggregate purchase price:
£88.8 million
31 December 2021

Valuation:
£92.6 million
31 December 2021

Size sq ft:
232,600
31 December 2021

Contracted rent:
£5.2 million
31 December 2021

Key occupiers:
Zeiss, MTK Wireless Limited, U Blox

Occupancy:
80%
31 December 2021

What is it?

Cambourne is a business park located eight miles to the west of Cambridge. We have acquired six buildings at Cambourne Business Park totalling more than 230,000 sq ft, representing all the commercial property on the park. These buildings contain a mix of office and laboratory space.

Why did we buy it?

Cambourne Business Park is well located in the Golden Triangle, as part of the cluster of science and technology parks that have evolved from the innovative scientific research output of the University of Cambridge. The existing occupiers include a major European med tech company. Cambourne Business Park offers significant potential for value creation through asset management (see below).

Sustainability features

The buildings at Cambourne Business Park currently have EPC ratings of C and D. Our asset management activities will include sustainability enhancements such as renewable energy generation through installing photovoltaic panels, as well as electric vehicle charging points and LED lighting.

What is the future?

Our asset management plan includes rebranding the park, with the aim of positioning it as the premier science park to the west of Cambridge. Occupancy on acquisition was 80% and we will lease up the vacant space and drive the rental tone higher. As currently let space becomes vacant, we intend to refurbish and re-let it. We will also explore creating additional laboratory space within the buildings.

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

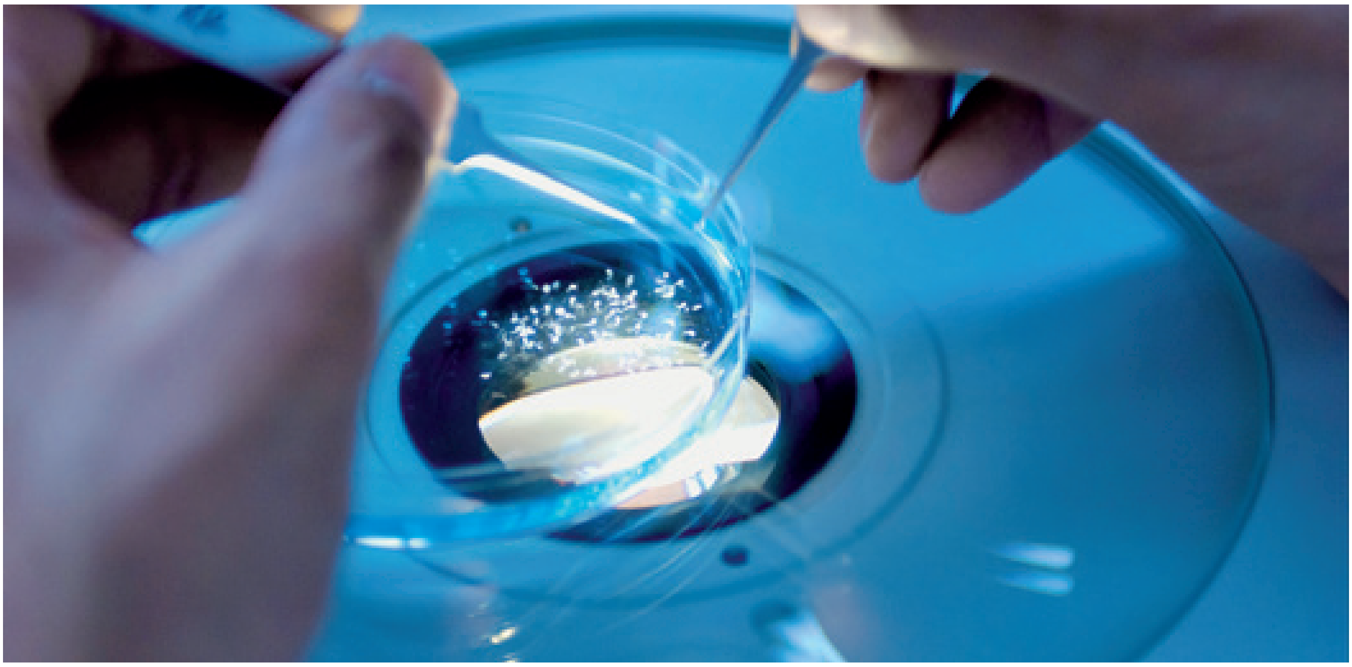
The Company announced five acquisitions during December 2021. The properties acquired offer a range of value creation opportunities through asset management, which are detailed in the asset management section below.

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.

INVESTMENT ADVISER'S REPORT CONTINUED

The portfolio

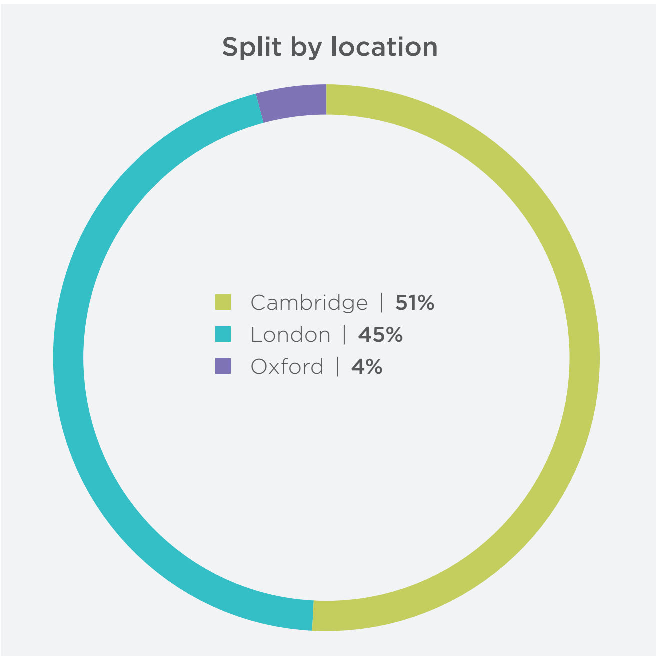
As a result of the acquisitions during the period, at 31 December 2021 the Company's portfolio was as follows:

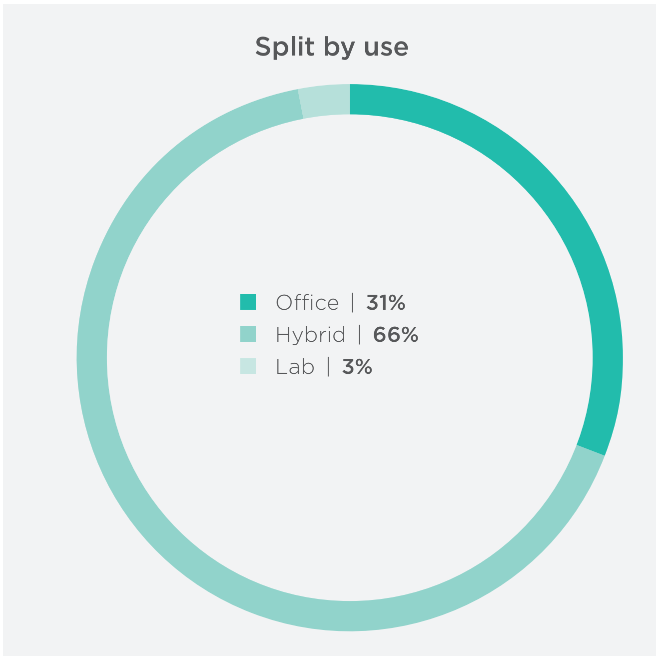
	Purchase price[1]		Valuation						Contracted Rent			
Asset	£m	£ per sq ft	£m	£ per sq ft	Area SF	Occupancy %	WAULT years to break	WAULT years to expiry	£m p.a.	£ per sq ft	NIY %	NRY %
Rolling Stock Yard	77.0	1,410	86.8	1,589	54,600	76	4.5	7.5	3.5	63.7	4.0	4.0
The Merrifield Centre	4.8	381	5.3	417	12,600	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.





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.

Cambourne Business Park

INVESTMENT ADVISER'S REPORT CONTINUED

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 on pages 107 and 108. 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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

"WE HAVE AN OPPORTUNITY TO MAKE A POSITIVE CONTRIBUTION TO ALL OF OUR STAKEHOLDERS, BY ENSURING WE GROW AND MANAGE OUR PORTFOLIO SUSTAINABLY."

SALLY ANN FORSYTH
Non-Executive Director and Chair of the Audit & Risk Committee

Our sustainability strategy

We are committed to sustainability and to integrating responsible business into everything we do. This will enable us to build a resilient portfolio and ensure we take a forward-looking approach in all aspects of our operations, from acquisitions through to recycling assets. As part of this, we have developed a high-level strategy, which sets out the social, environmental and governance areas we intend to address. This strategy, which is set out over the following pages, has been approved by the Board, and the Board will also monitor its implementation. To support this, the Board has appointed Sally Ann Forsyth as its sustainability lead.

In 2022, the Investment Adviser will engage a specialist consultant to help it develop a sustainability action plan aligned to our strategy and industry. This will include a materiality assessment, to ensure we are focusing on the areas that are most important to us and our stakeholders, as well as measurable targets, to allow us to gauge our progress. The plan will follow industry best practice guidance and will enable us to link our ESG activities to broader sustainability objectives, such as the UN Sustainable Development Goals.

Our approach to social issues

Life science facilities are fundamental to enabling scientists to solve global problems, such as disease, feeding a growing population, combating pollution and keeping ageing populations healthy.

Collaboration and engagement are central to the life science sector. This is reflected in life science companies and related organisations clustering in key locations, resulting in the creation of 'Genius Loci' (see page 10). To support this way of working, we are committed to creating innovative hubs that enable life science businesses to engage with one another and to building environments that are conducive to solving global problems.

Our approach includes strong occupier and industry engagement, to ensure we stay abreast of what life science organisations need from their real estate. Through our asset management and development strategies, we will also look to create environments that offer attractive common areas and facilities, which will help our occupiers to attract the talent we need, as well as hyper-flexible space for fast-growth businesses. For example, our asset management plans at Cambourne include breakout and communal areas in buildings, as well as places to meet and hold events. At Cambourne there are substantial plans under consideration to reflect our strategy, from improving energy efficiency to renewable energy sources and upgrading amenities through to building refurbishments.

Our approach to the environment

Buildings are a key contributor to carbon emissions. The environmental performance of our assets is therefore an important focus for us and our stakeholders. Occupiers often have their own sustainability agendas, requiring them to reduce their emissions, and also want to benefit from the cost reductions associated with energy efficiency. The UK Government has also prioritised energy efficiency by setting stringent energy efficient standards such as minimum EPC ratings (see below), as well as phasing out fossil-fuel heating systems and introducing zero carbon build standards, which will contribute to the UK's target of being net zero carbon by 2050.

As our occupiers have day-to-day operational control of our assets, they are responsible for the quantity of energy used and the associated emissions. We therefore need to work closely with them on environmental initiatives. At multi-let sites where we pay the utility bills and then recharge the costs to occupiers through the service charge, we will aim to adopt green tariffs.

To reduce our portfolio's impact on the environment, our asset management approach includes:

- energy efficiency programmes, which will involve understanding the baseline energy consumption and then identifying ways to reduce consumption, cost and waste, helping occupiers to increase their productivity and efficiency, employing renewable sources of energy where possible, and endeavouring to futureproof our assets;
- occupier engagement, through which we consult with occupiers to identify mutual wellbeing or sustainability agendas;
- refurbishing and developing to comply with environmental building standards such as BREEAM, create sustainable spaces which are well-let, and reduce emissions and running costs; and
- incorporating a green lease clause wherever possible in new leases.

More information on our current asset management initiatives can be found in the Investment Adviser's report on page 22.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS CONTINUED

EPC ratings

The Minimum Energy Efficiency Standards ("MEES") have been in force since 2018. Unless a commercial property qualifies for one of a limited number of exemptions, MEES means that:

- a new lease cannot be granted on a commercial property with an EPC rating below E; and
- from 1 April 2023, an existing lease on a commercial property cannot continue where the property is rated below E.

The Government intends to bring in further stipulations and it is likely to mean that (again with a limited number of exemptions):

- from 1 April 2025, landlords will be required to undertake work on a commercial property with an EPC rating below C, to ensure it reaches at least C by 1 April 2027;
- from 1 April 2028, landlords will be required to undertake work on a commercial property with an EPC rating below B, to ensure it reaches at least B by 1 April 2030; and
- from 1 April 2030, a minimum standard of B will apply.

As part of our due diligence on potential acquisitions, we obtain reports on every asset to identify actions we could take to improve EPC ratings where necessary. Our current target is for our assets to have an EPC rating of C or above. Rolling Stock Yard and Lumen House already meet this standard. At the Merrifield Centre, the occupier is planning a substantial fit-out of the property, which we expect to result in an improved EPC rating. At Cambourne, the EPC ratings range from D to C across the different buildings. We intend to address ratings below C as part of our rolling refurbishment programme at this asset (see page 21).

Greenhouse gas emissions

During the period under review, the Group did not meet the criteria for reporting greenhouse gas emissions. However, our intention is to report on these emissions in our 2022 Annual Report.

Our approach to governance

Strong corporate governance is essential for successfully delivering our strategy, while taking account of our stakeholders' needs. We have therefore put in place an experienced Board and management team, supported by best-in-class consultants, to provide clear direction and judgement. We have also created a strong corporate governance framework within both the Company and the Investment Adviser. This is underpinned by our other service providers, including G10 as AIFM and Link Company Matters Limited as Company Secretary. More information on our governance arrangements can be found on pages 44 to 69.

Since the IPO, the Investment Adviser has worked to embed necessary processes and performance monitoring and added to the team responsible for the day-to-day running of our business, through the recruitment of highly experienced asset managers and a general counsel (see page 26).

Our intention is to broaden our current comprehensive governance to include policies on the environment and code of conduct.

During 2022, our intention is to put in place a policy framework, covering key areas such as the environment, anti-bribery and corruption, and modern slavery. This will be part of our work to develop our sustainability action plan with our specialist consultants, as discussed above.

Strong governance also requires a commitment to transparent reporting. We will review relevant standards and benchmarks, such as the European Public Real Estate Association's Sustainability Best Practice Recommendations Guidelines and the Global Real Estate Sustainability Benchmark, to assess which is most appropriate for reporting on our progress and achievements.

STAKEHOLDER ENGAGEMENT

Our stakeholders have a key role in enabling us to fulfil our objectives.

While the short time between admission and the period end limited our ability to interact with our stakeholders, we intend to engage regularly during 2022, ensuring the Board can take full account of stakeholders' needs and views in its decision-making.

OCCUPIERS

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

Stakeholder interests

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

How we engage

- The Investment Adviser is responsible for building and maintaining relationships with current and potential occupiers, and for reporting to the Board on occupier issues
- Since the period end, the Investment Adviser's newly recruited asset management team has conducted site visits and met key decision-makers at various occupiers, to learn about their businesses and space requirements
- The property managers also engage with occupiers at an operational level

SHAREHOLDERS

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

Stakeholder interests

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

How we engage

- The senior team at the Investment Adviser takes the lead in our investor relations programme and will offer meetings to major shareholders and potential investors after the announcement of our financial results, as well as responding to requests for meetings at other times
- The Investment Adviser and our corporate broker provide feedback to the Board following investor meetings
- We also engage through a range of other channels, including regular news flow, the Company's website, the Annual Report and the Annual General Meeting ("AGM")

STAKEHOLDER ENGAGEMENT CONTINUED

SERVICE PROVIDERS

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

Stakeholder interests

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

How we engage

- The Board regularly engages with the Investment Adviser, both formally and informally, with representatives of the Investment Adviser attending Board and Committee meetings by invitation
- The Investment Adviser is primarily responsible for day-to-day interaction with our other service providers and keeps the Board informed as necessary
- The Management Engagement Committee oversees and reviews service provider performance on the Board's behalf (see page 60)

LENDERS

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

Stakeholder interests

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

How we engage

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

Other stakeholders

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

SECTION 172(1) STATEMENT

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

During the short time from admission to the period end, the Directors were not required to take any key decisions, other than to approve the purchase of Rolling Stock Yard, which was already in the pipeline at IPO. We will report more fully against the matters below in our 2022 Annual Report.

MATTER	RESPONSE
a) The likely consequence of any decision in the long term.	Our intention is to be long-term holders of our assets and we therefore look to acquire or develop assets that will appeal to occupiers for many years to come. Our asset management activities also seek to futureproof our assets, for example by enhancing their sustainability performance. While generating income is an important consideration for us, we will not compromise on our investment criteria by acquiring weaker assets to increase income in the short term.
b) The interests of the Company's employees.	As an externally managed company, we do not have any employees, so this matter is not applicable.
c) The need to foster the Company's business relationships with suppliers, customers and others.	Our relationships with our occupiers are central to our business model. The Investment Adviser has a strong focus on building and maintaining these relationships and is supported by the property managers. For more information on engagement, see page 31. Relationships with our service providers are also key and are discussed on page 32. Since the year end, we have appointed Michael Taylor as chair of the Management Engagement Committee, which is responsible for overseeing relationships with our key service providers.
d) The impact of the Company's operations on the community and environment.	As the day-to-day operators of our assets, our occupiers have primary responsibility for any community impacts. Our assets support our occupiers' ability to create jobs, benefiting local communities. More broadly, we aim to offer real estate that provides the right environment for our occupiers to solve some of the world's pressing issues – see page 29 for more on our social impact. Working with our occupiers to reduce the environmental impact of our assets, as well as developing or refurbishing to high environmental standards, is central to our ESG strategy, as set out on page 29. In 2022, we appointed Sally Ann Forsyth as the Director to lead our approach to sustainability.
e) The desirability of the Company maintaining a reputation for high standards of business conduct.	A reputation for high standards of conduct is important to us. We need occupiers to be willing to sign multi-year leases with us and require long-term sources of debt and equity capital to fund our strategy. During 2022, we will be developing policies in key areas, such as anti-bribery and corruption and modern slavery, to underpin our approach to ethical business.
f) The need to act fairly between members of the Company.	The Company has a fully independent Board and no shareholder or group of shareholders has direct influence over the Board's decisions. The principals of the Investment Adviser own shares in the Company valued at approximately £2 million, which also aligns their interests with those of shareholders as a whole.

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 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 and other third parties, and we rely on their systems and controls.

Risk framework

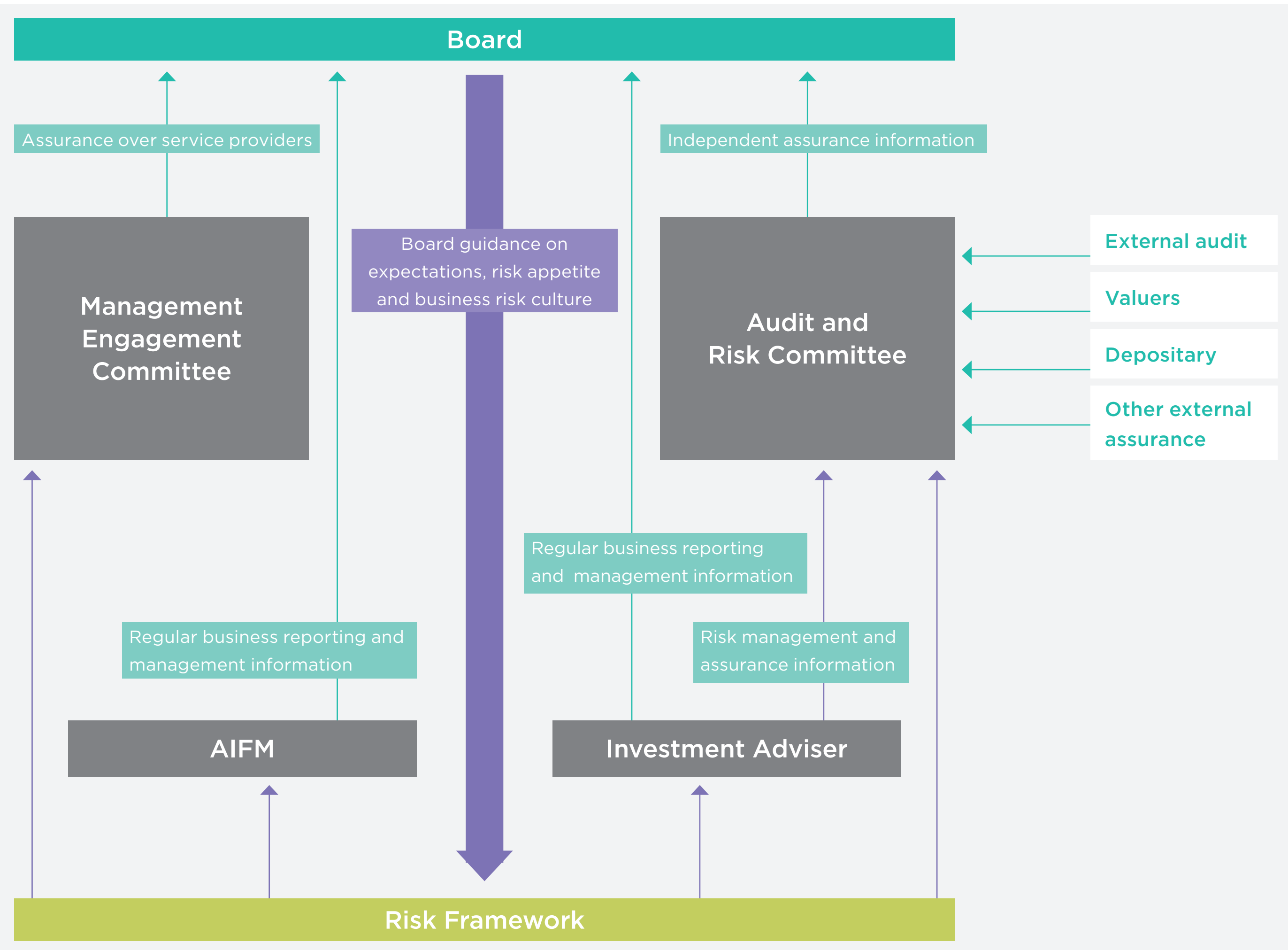
To be successful in the long term, our decision-making must be informed by a clear understanding of our business risks and opportunities, and our appetite for those risks.

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.

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

BUSINESS RISKS

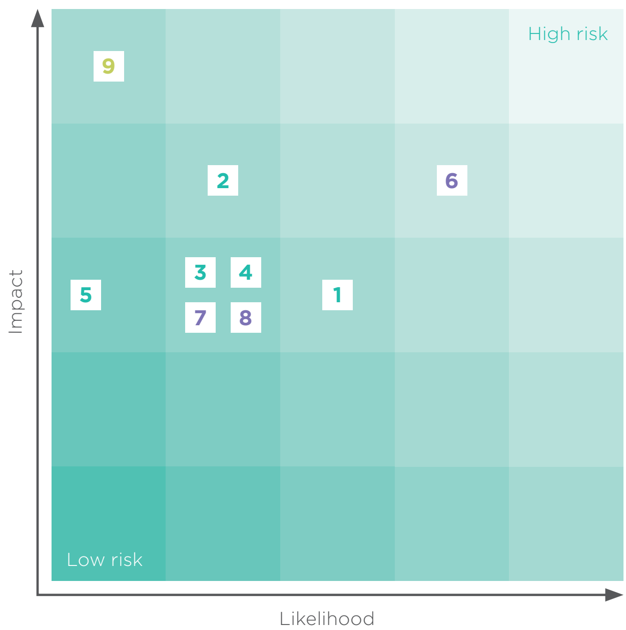
1. Unable to identify assets/sites for acquisition, or unable to acquire at commercially appropriate prices
2. Poor performance of the Investment Adviser, or other key third party service provider
3. Impact of climate change
4. Poor returns on portfolio
5. Inappropriate acquisition, breach of investment strategy

FINANCIAL RISKS

6. Interest rate rises
7. Breach of loan covenants or the prospectus borrowing policy
8. Inability to attract investment, equity or debt funding

COMPLIANCE RISKS

9. REIT status lost



PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Principal risks

The Board confirms that it has performed a robust assessment of the Group's principal and emerging risks, 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 / 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 SERVICE PROVIDER Current exposure: 9 / 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 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.

BUSINESS RISKS

Risk

3 IMPACT OF CLIMATE CHANGE

Current exposure:

6 ... 25

Description

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.

Information on our ESG plans is included on pages 28 to 30.

Current risk management strategy

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.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

BUSINESS RISKS CONTINUED

Risk

4 POOR RETURNS ON PORTFOLIO

Current exposure:

6 25

Description

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 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.

Current risk management strategy

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 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.

BUSINESS RISKS

Risk	Description	Current risk management strategy
5 INAPPROPRIATE ACQUISITION, BREACH OF INVESTMENT STRATEGY Current exposure: 3 … 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.

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

FINANCIAL RISKS

Risk	Description	Current risk management strategy
6 INTEREST RATE CHANGES Current exposure: 16 / 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 Adviser 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 / 25	We set out our expected and maximum LTV ratios in the prospectus, and have a LTV 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.

FINANCIAL RISKS

Risk	Description	Current risk management strategy
8 INABILITY TO ATTRACT INVESTMENT, EQUITY OR DEBT FUNDING Current exposure: 6 / 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: 5 / 25	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 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 detailed on pages 34 to 41 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 period of their assessment.

On behalf of the Board

Claire Boyle
Chair

20 May 2022

CHAIR'S INTRODUCTION TO GOVERNANCE

"

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

CLAIRE BOYLE
Chair and Non-Executive Director

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

As a company whose shares are admitted to trading on the AIM market of London Stock Exchange plc, Life Science REIT plc (the "Company") is not required to comply with a particular corporate governance code. However, it is required to provide details of the corporate governance code it has decided to apply and state how it will comply with that code.

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

The Company complies with the AIC Code (save as set out in the statement on page 50) which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

Although the period between admission and 31 December 2021 was short, we made good progress with our governance agenda. This included reviewing all the acquisitions made in the period and approving the purchase of Rolling Stock Yard, which was above the size threshold for Board approval. We have also begun to set agendas for the Board for the year ahead and organised the Board Committees.

In addition, we started the process of recruiting a fourth independent Non-Executive Director, which concluded on 3 May 2022 with the appointment of Richard Howell. We are delighted to welcome Richard to the Board as an Independent Non-Executive Director. His expertise gained as CFO of Primary Health Properties plc, the FTSE-250 REIT, together with his extensive experience in the commercial property sector, will be hugely valuable to the Company.

As part of a planned succession process, the Board anticipates that Richard will replace Sally Ann Forsyth in the role of Chair of the Audit & Risk Committee following his initial induction process. In respect to the future rotation of Chair of the Audit and Risk Committee, Sally Ann was appointed on 3 May 2022 as Sustainability Lead, reflecting the importance we and our stakeholders place on ESG matters. Michael Taylor now chairs the Management Engagement Committee, leaving me to focus on leading the Board.

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

The Board's priorities for 2022 include supporting and overseeing the Investment Adviser in the continued successful implementation of our strategy, as we invest the funds we have raised and ensure the pipeline of new opportunities remains full. We will also continue to embed the Company's corporate governance framework and further develop the Board's relationships with our other service providers. As an externally managed business, our service providers play an important part in our governance arrangements and we will work with the Investment Adviser to ensure they continue to function effectively.

Claire Boyle
Chair

20 May 2022

BOARD OF DIRECTORS

Membership of the Board was unchanged from the Initial Public Offering to the period end. All the Directors are non-executive, and all are independent of the Investment Adviser.

Claire Boyle
Chair of the Board of Directors

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

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

Claire has a degree in Natural Sciences from Durham University.

Dr Sally Ann Forsyth OBE
Non-Executive Director and Chair of the Audit & Risk Committee

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

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

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

Key to Committees Audit and Risk Committee Management Engagement Committee

Michael Taylor

Non-Executive Director and Chair of the Management Engagement Committee

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

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

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

Michael has a degree in Economics from UEA.

Richard Howell

Non-Executive Director

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

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

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

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

INVESTMENT ADVISER

The Board has appointed Ironstone Asset Management Limited to provide day-to-day investment advisory and asset management services to the Company. Please see pages 22 to 27 for the Investment Adviser's report.

Stephen Barrow
Chair (Non-Executive Director)

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

Simon Farnsworth
Managing Director

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

Ian Harris
Director of Asset Management

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

Simon Hope
Vice-Chair (Non-Executive Director)

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

David Lewis
Director of Operations and Finance

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

CORPORATE GOVERNANCE STATEMENT

This report explains the key features of the Company's governance structure and forms part of the Directors' report on page 66.

Statement of compliance

As a company whose shares are admitted to trading on the AIM market of London Stock Exchange plc, Life Science REIT plc (the "Company") is not required to comply with a particular corporate governance code. However, it is required to provide details of the corporate governance code it has decided to apply and state how it will comply with that code.

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

The Company complies with the AIC Code (save as indicated below and elsewhere within this report) which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

The UK Corporate Governance Code includes provisions relating to:

- the appointment of a senior independent director;
- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

The Directors of the Company (the "Board") does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions. The AIC Code also includes a provision relating to the appointment of a senior independent director. The Board considers that, due to the size of the Board, this provision is not appropriate to the position of the Company.

In accordance with the AIC Code, the Company has established an Audit and Risk Committee and a Management Engagement Committee. However, the Board will not have a separate nomination committee or remuneration committee; these functions will be fulfilled by the entire Board.

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

Board of Directors

Under the leadership of the Chair, the Board of Directors is collectively responsible for the long-term sustainable success of the Company, generating value for shareholders and contributing to wider society. It establishes the purpose, values and strategic aims of the Company and satisfies itself that these and its culture are aligned. The Board ensures that the necessary resources are in place for the Company to meet its objectives and fulfil its obligations to shareholders within a framework of high standards of corporate governance and effective internal controls. The Directors are responsible for the determination of the Company's investment policy and strategy and have the overall responsibility for the Company's activities, including the control and supervision of the AIFM and Investment Adviser.

The Board consists entirely of Non-Executive Directors, with no individual having unfettered powers of decision. The Directors possess a wide range of relevant business and financial expertise and brief biographies, including details of their significant commitments, can be found on pages 46 and 47. The Directors consider that they commit sufficient time to the Company's affairs.

Each Director has been appointed for an initial three-year term, subject to re-election at each AGM (see page 53). The Board has not stipulated a maximum term of any directorship, except that, subject to ensuring business continuity, all Non-Executive Directors will remain on the Board for a maximum period of nine years in accordance with Provision 13 of the AIC Code.

None of the Directors has a service contract. Letters of appointment set out the terms of their appointment and copies are available on request from the Company Secretary at **LABS_CoSec@Linkgroup.co.uk** and will be available at the AGM. The Directors are not entitled to any compensation for loss of office.

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

Chair and Senior Independent Director

The Chair, Claire Boyle, is deemed by her fellow independent Board members to have been independent on appointment and to have no conflicting relationships. She considers herself to have sufficient time to commit to the Company's affairs.

The Board has not appointed a Senior Independent Non-Executive Director ("SID") as of the date of this report, which does not comply with Provision 14 of the AIC Code. This has been deemed appropriate in respect to the Board's current size and composition. The Directors will still annually meet without the Chair present. The Board will review whether the appointment of a SID would be appropriate at annual intervals.

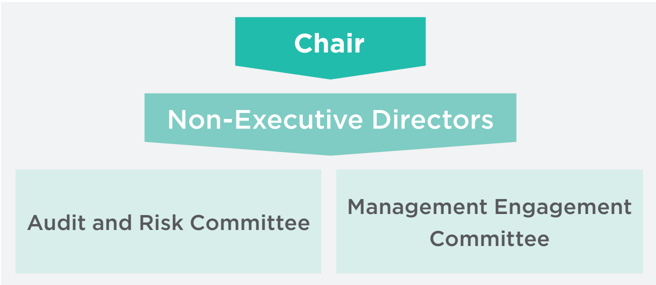
The role and responsibilities of the Chair are clearly defined and set out in writing, a copy of which is available on the Company's website at **www.lifesciencereit.co.uk**.

Structure of the Board

	Board	Audit and Risk Committee	Management Engagement Committee	Independent/ Non-independent	Gender
Claire Boyle[1]	✓	✓	✓	Independent	Female
Dr Sally Ann Forsyth OBE[2]	✓	✓	✓	Independent	Female
Michael Taylor[3]	✓	✓	✓	Independent	Male
Richard Howell[4]	✓	✓	✓	Independent	Male

1. Chair of the Board and Chair of the Management Engagement Committee during the period.
2. Chair of the Audit and Risk Committee.
3. Chair of the Management Engagement Committee with effect from 11 March 2022.
4. Appointed on 3 May 2022.

CORPORATE GOVERNANCE STATEMENT CONTINUED



Purpose and culture

The Company's purpose is to own and manage life sciences real estate in economically vibrant urban areas across the UK, providing the space its tenants need for their businesses to thrive. Further information about the purpose of the Company can be found in the strategic report at page 4.

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

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

Nomination Committee

The Company does not comply with Provision 22 of the AIC Code, which states that there should be a Nomination Committee established to lead the process for appointments to the Board, ensure plans are in place for orderly succession to the Board and oversee the development of a diverse pipeline for succession. Instead, given the size of the Board and at this early stage of the Company's development, it is thought more appropriate for the duties of a Nomination Committee to be conducted by the Board itself, and items which would typically be considered by a Nomination Committee are presented and discussed at Board meetings.

Recruitment and succession planning activities

In the absence of a Nomination Committee, the Board leads the process for appointments of new Directors to the Board and its Committees, ensures plans are in place for orderly succession and oversees the development of a diverse pipeline for succession. Furthermore, the Board is responsible for ensuring that there is a formal, rigorous and transparent procedure for the appointment of new Directors to the Board, including a review of other significant commitments Directors may have.

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

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

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

Following a consideration of the desired background and expertise of the new Director in order to complement the skills already on the Board as stated above, a shortlist of potential candidates was then provided by Odgers Berndtson. The Directors met with a number of these candidates, following which Richard Howell was appointed to the Board on 3 May 2022. The Board anticipates that Richard Howell will assume the role of Chair of the Audit and Risk Committee following the date of this report and following his initial induction process. An RNS announcement to the London Stock Exchange will be made following his appointment as Chair of the Audit and Risk Committee later in 2022. Please see page 47 for Richard Howell's biography.

The Board will hold a strategy session later in 2022 at which the Board anticipates that a skills matrix will be created and discussed to identify current strengths and areas of weakness for the Board to consider during its ongoing succession planning activities.

Diversity and Inclusion

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

The Board is mindful of the current FCA proposals to incorporate the diversity recommendations from the Parker and Hampton-Alexander reviews into the Listing Rules on a 'comply or explain' basis which will apply to financial years commencing 1 April 2022. Once finalised, although the Company is admitted to AIM, these proposals will be taken into consideration in respect of the recruitment of all new Directors of the Company. The Company will report its compliance against this new requirement in the annual report for the year ending 31 December 2022.

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

Tenure

As discussed on page 51, all Directors are put forward for re-election at each AGM of the Company, including the Chair of the Board. In accordance with the AIC Code, neither the Chair nor any other director, will have a tenure which goes beyond the nine-year threshold.

Engaging with our stakeholders

Details of how we engaged with our key stakeholders during the period ended 31 December 2021 are set out in the strategic report on pages 31 to 32.

Board operation

There were no scheduled Board or Committee meetings during the period ended 31 December 2021, however the Directors met on one occasion for an ad hoc Board meeting to approve the acquisition of Rolling Stock Yard in accordance with the Company's investment policy, given that the acquisition was over 20% of the Company's Gross Asset Value at the time of purchase. This asset is discussed further on pages 18 to 19.

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board operation continued

The table below sets out the Directors' attendance at both regular and ad hoc Board and Committee meetings[1] during the period ended 31 December 2021, against the number of meetings each Board member was eligible to attend:

	Board	Audit and Risk Committee	Management Engagement Committee
Claire Boyle	1/1	0/0	0/0
Sally Ann Forsyth	1/1	0/0	0/0
Michael Taylor	1/1	0/0	0/0
Richard Howell[2]	0/0	0/0	0/0

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

The Board has formal arrangements for the Directors, in the furtherance of their duties, to take independent professional advice at the Company's expense. The Company has also taken out a Directors' and Officers' liability insurance policy and is referred to on page 69.

Board evaluation

The Directors acknowledge the need for, and look forward to, conducting Board evaluations at regular intervals. This will enable them to continually monitor and improve the Board's performance. The Board's first Board evaluation will take place in Q4 of 2022 and will involve an internal performance evaluation by way of questionnaires completed by the Non-Executive Directors and evaluated independently of the Board. The scope of the questionnaire is designed to cover all aspects of the Board's operation, including the management of meetings, the strengths and independence of the Board and the Chair, individual Directors and the performance of its Committees, each Director's perspective on the Board's future priorities, training requirements, and the way the Board works as a team. No Director, including the Chair of the Board of Directors, will appraise their own performance.

An externally facilitated evaluation will occur at least every three years, in accordance with the AIC Code. In the absence of a Senior Independent Director, the Board evaluation processes will incorporate specific consideration of the effectiveness of the Chair.

Independence of Directors

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

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

Election/re-election of Directors

Under the Company's Articles of Association, Directors are required to stand for election at the first AGM after their appointment and each AGM thereafter for re-election. Each Director will therefore stand for election at the forthcoming AGM. The Board considers that both during the period ended 31 December 2021 and from the end of the period to 20 May 2022, being the latest practicable date of this report, each Director has performed effectively and demonstrated excellent commitment to their role at this early and important stage of the Company's development. It therefore believes that it is in the best interests of shareholders that each Director is elected at the AGM.

Board responsibilities and relationship with the Investment Adviser

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

- approving the Company's investment and business strategy;
- approving the gearing policy;
- overseeing cash management;
- approving the Annual and Half-yearly Reports and Financial Statements and accounting policies, prospectuses, circulars and other shareholder communications;

- approving acquisitions and disposals which are within the investment policy but have a value of 20% or more of the GAV of the Company's portfolio, and any acquisitions or disposals outside the investment policy;
- raising new capital and approving major financing facilities;
- approving the valuation of the Group's portfolio;
- approving and recommending dividends;
- approving Board appointments and removals;
- appointing or removing the Company's external Auditor following the recommendation of the Audit and Risk Committee;
- appointing or removing the AIFM, Investment Adviser, Depositary, Auditor, Company Secretary and other service providers following the recommendation of the Management Engagement Committee; and
- ensuring a satisfactory dialogue with shareholders and other key stakeholders.

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

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

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

Key Board activities during the period

In consideration that the duration between the Initial Public Offering and the period end was only six weeks, there have been no key activities to report that were undertaken during the period ending 31 December 2021, excluding the Board's consideration and approval of the acquisition of Rolling Stock Yard as discussed on page 45.

At each quarterly Board meeting a report from both the AIFM and the Investment Adviser is reviewed, which includes relevant matters to highlight since the previous meeting and details of portfolio activity, the pipeline and health and safety matters. The Board receives and reviews a quarterly share register analysis, as well as a report from the Company Secretary including regulatory and governance updates.

Conflicts of interest

The Articles of Association permit the Board to consider and, if it deems fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the Group's interests. The Board has a formal system to consider such conflicts, with the Directors who have no interest in the matter deciding whether to authorise the conflict and any conditions to attach to such authorisation. Any such conflicted Director would not be present during Board discussions regarding the conflicting matter to ensure that the debate remains unbiased and objective. A register of potential conflicts of interests is maintained by the Company Secretary and presented to the meeting for information at each Board meeting. As of 20 May 2022, being the latest practicable date of this report, no such conflicts were identified.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board Committees

The Board has two Committees: the Audit and Risk Committee and the Management Engagement Committee. Given the Board's size, it is not yet appropriate for the Company to have separate Nomination or Remuneration committees and the Board deals with the functions that these committees would normally carry out.

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

Audit and Risk Committee

The members of the Audit and Risk Committee during the period comprised Sally Ann Forsyth (Chair), Claire Boyle and Michael Taylor. The members of the Audit and Risk Committee consider that they collectively have the requisite skills and experience to fulfil the Audit and Risk Committee's responsibilities and competence relevant to the REIT sector. Dr Sally Ann Forsyth OBE is a qualified accountant with recent audit experience in the real estate investor and developer industry.

A report from the Chair of the Audit and Risk Committee is set out on pages 61 to 63.

Management Engagement Committee

The Management Engagement Committee during the period comprised of Claire Boyle (Chair), Sally Ann Forsyth and Michael Taylor, all of whom are independent Non-Executive Directors. The Chair of the Board was also the Chair of the Committee.

As discussed on page 45, following the period end, Claire Boyle stepped down as Chair of the Management Engagement Committee and was replaced by Michael Taylor with effect from 11 March 2022.

A report from the Chair of the Management Engagement Committee is set out on pages 59 and 60.

Company Secretary

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

How governance supports the delivery of the Company's strategy

As noted on page 44, the approval of the strategy and overseeing its implementation is one of the Board's core responsibilities. Set out below are the Board's activities in respect of each element of the strategy set out on page 14 of this report. In addition, it is expected that during the period ending 31 December 2022 the Board will hold a strategy day, which is a key event allowing the Board to examine its strategic priorities and the market context for them. More information can be found in the Chair's statement on pages 44 and 45.

Strategy	Board governance role
Investment strategy 1	Overseeing the selection of acquisitions, against the backdrop of current market and economic conditions. Approving acquisitions which are within the investment policy but have a value of 20% or more of the Company's GAV. Approving any acquisitions outside the investment policy.
Asset management strategy 2	Overseeing the portfolio. Overseeing the Investment Adviser's asset management activities. Approving disposals of 20% or more of the GAV of the Company's portfolio. Approving any disposals outside the investment policy.
Financial strategy 3	Approving any changes to the Group's capital structure. Approving the Group's gearing policy, dividend policy and treasury policy.

Internal controls

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

Internal control systems are designed to manage, but not to eliminate, the risk of failure of the Company to meet its business objectives, and as such, only provide reasonable but not absolute assurance against material misstatement or loss. The Company has identified the following internal controls:

- the Company has a clearly defined organisational structure;
- the Company has policies and procedures for internal controls of key matters;
- an annual budgeting process is in place;
- detailed quarterly reporting occurs;
- the Directors intend to implement a whistleblowing policy where any concerns are reported directly to the Chair of the Board to deal with any issues should they arise;
- the Directors have considered the Bribery Act and will implement an Anti Bribery and Corruption Policy in 2022;
- at least annually the Board conducts a review of the effectiveness of the Company's internal controls, covering all material controls;
- the Directors actively respond to any external audit recommendations on internal control deficiencies and demonstrate how they are actioned. A follow-up process is in place for actions arising from audits and the risk management process, which ensures that actions are implemented effectively;
- a delegated authority matrix has been developed to cover key commercial and financial activities, investment and disposal transactions, and management of disputes or legal challenges; and
- the Directors have documented key controls which mitigate risk of inaccurate reporting.

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

Risk management

The Company has a Risk Management Framework, which is approved by the Board and subject to annual review (as a minimum) by the Audit and Risk Committee. A detailed risk register has been compiled, identifying key risks and mitigations, and evaluating the exposure for each risk, using a standardised evaluation matrix. The Investment Adviser regularly reviews the risk register, and it is provided to the Audit and Risk Committee for discussion at each meeting. The framework is included on page 34 of the strategic report.

Internal audit

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

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

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

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

External audit scope

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Segregation of duties and authorisation limits

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

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

- the payments themselves are made by the Administrator of the Company, based upon the approvals received from the Investment Adviser, with a primary authorised signatory and secondary authorised signatories;
- each payment or transaction is signed off by one signatory, up to a total of £50,000. Payments or transactions above this figure require authorisation by two signatories and to be in line with the Company's delegated authority matrix and acquisition/disposal protocols (as applicable) as approved by the Board; and
- the Administrator has a clearly defined set of processes in place to manage payment risks. It produces an ISAE 3402 controls report to the Investment Adviser, providing assurance over the adequacy and operation of key controls.

Insider information and Market Abuse Regulation

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

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

Whistleblowing

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

Principal and emerging risks

The principal and emerging risks that the Board has identified are set out on pages 34 to 41.

Shareholder relations

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

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

For more information on the Company's approach to stakeholder engagement please see the inner back cover of the strategic report.

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

MANAGEMENT ENGAGEMENT COMMITTEE REPORT

"

ENSURING EXCELLENT SUPPORT AND PERFORMANCE BY SERVICE PROVIDERS IS CRITICAL FOR THE COMPANY'S OPERATION, AS AN EXTERNALLY MANAGED REAL ESTATE INVESTMENT TRUST.

"

MICHAEL TAYLOR
Chair of the Management Engagement Committee

Committee members:

Name	Attendance
Michael Taylor (Chair)	0/0
Claire Boyle	0/0
Sally Ann Forsyth	0/0
Richard Howell[1]	0/0

1. With effect from 3 May 2022.

The Committee did not meet during the period ended 31 December 2021, in respect of the Company having been admitted to trading on the AIM segment of the London Stock Exchange on 19 November 2021. Following admission, the Directors' focus was on operationally critical elements at the early stages of the Company's development. Due to the short period between admission and the period end, a meeting of the Management Engagement Committee was unable to occur. For the activities of the Investment Adviser during the period, please see page 22.

The Committee held its first meeting on 11 March 2022, where it was recommended to the Board that I would take up the responsibility of Chair of the Management Engagement Committee, succeeding my colleague Claire Boyle in the role. The Board approved and deemed my appointment as Chair of the Management Engagement Committee as appropriate given my commercial background where I have experience of managing a range of service providers and I look forward to putting this into practice in the interests of our shareholders.

MANAGEMENT ENGAGEMENT COMMITTEE REPORT CONTINUED

Role of the Management Engagement Committee

The Committee's primary responsibilities are to:

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

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

Activities

The Committee's activities over the period ended 31 December 2022 will be reported in the next Annual Report of the Company. The Committee is to meet at least once a year. On the agenda for the meetings of the Committee in the next year are:

- considering the performance of the Investment Adviser against its obligations under the Investment Advisory Agreement during the year. The Committee will make a recommendation regarding the continuing appointment of the Investment Adviser if deemed appropriate. In reaching its recommendation to the Board, the Committee's deliberations will include consideration of the basis of the investment management fee and the execution of the Company's investment strategy by the Investment Adviser during the year;
- reviewing the ongoing performance and the continuing appointment of the Company's other key service providers, including the Company Secretary, Administrator and AIFM. The Committee recognises that ensuring excellent support and performance by service providers is critical for the Company's continuing operation as an externally managed Real Estate Investment Trust, and a thorough review process is essential; and
- reviewing the systems put in place by the Investment Adviser, Administrator and Depositary to meet legal and regulatory requirements, particularly the UK AIFM Regime, and ensuring that these remain adequate and fit for purpose.

Michael Taylor
Chair of the Management Engagement Committee

20 May 2022

AUDIT AND RISK COMMITTEE REPORT

"

THE AUDIT AND RISK COMMITTEE PLAYS A KEY ROLE IN THE COMPANY'S CORPORATE GOVERNANCE FRAMEWORK, ENSURING WE HAVE ROBUST REPORTING AND CONTROLS.

DR SALLY ANN FORSYTH OBE
Chair of the Audit and Risk Committee

Committee members:

Name	Attendance
Sally Ann Forsyth (Chair)	0/0
Claire Boyle	0/0
Michael Taylor	0/0
Richard Howell[1]	0/0

1. With effect from 3 May 2022.

Introduction and composition of the Committee

The Committee is chaired by Sally Ann Forsyth, who is a qualified management accountant (CGMA) with recent and relevant financial experience. Given the size of the Board, it is considered both proportionate and practical for all Directors to be members. The Chair of the Board is also a member of the Audit and Risk Committee, as permitted by the AIC Code. This is considered appropriate given Claire Boyle's diverse background within investment trusts and her recent and relevant financial experience, having chaired audit committees herself. All members of the Committee are considered independent Non-Executive Directors by the Board on appointment. The Committee, as a whole, has competence relevant to the sector in which the Company operates. For more information on the individual background of each Committee member, please see pages 46 to 47 to view their biographies.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

Role of the Audit and Risk Committee

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

The Committee's primary responsibilities are to:

- consider the appointment, compensation, terms of engagement of, independence and objectivity, resignation or dismissal of the external Auditor;
- meet and discuss with the external Auditor the nature and scope of the audit, the findings from the audit, including accounting and internal controls;
- review the independence of the Auditor and provide recommendations to the Board with regard to audit engagement terms;
- review the Company's financial statements, annual accounts and accompanying reports to shareholders and announcements relating to financial information;
- review the Company's internal financial controls, the policies and overall process for identifying and assessing business risks;
- review the business risk register at each meeting;
- review, on an annual basis, whether there should be an internal audit function;
- review the procedures for whistleblowing, detecting fraud and prevention of bribery of the outsourced service providers; and
- produce an annual report of the Committee's activities to be included in the Annual Report.

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

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

Activities

The Committee did not meet during the period but has met twice following the period end. At the meetings, the Committee has:

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

Following the period end, the Committee has reviewed and updated, where appropriate, the corporate risk register. This will be completed at least half-yearly, in conjunction with the Investment Adviser and AIFM. During the period, the addition of new risks to the register and, more recently, minor changes to the principal risks which demonstrated the strength of the business, are described on pages 34 to 41.

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

The Committee monitors and reviews the effectiveness of the external audit process for the Annual Report, including a detailed review of the audit plan and the audit results report. This review takes into account the experience and tenure of the audit partner and team, the nature and level of services provided, and confirmation that the Auditor has complied with independence standards. Any concerns with the effectiveness of the external audit process would be reported to the Board. No concerns were raised in respect of the period ended 31 December 2021.

Significant issues

The Committee did not identify or consider any significant issues in relation to the Group's financial statements for the period.

The Committee agreed that the Annual Report, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Internal controls

Please see page 57 for an overview of the internal controls of the Company.

Audit fees and non-audit services

An audit fee of £130,000 has been agreed in respect of the audit for the period ended 31 December 2021 for auditing the Annual Report and consolidated financial statements. None of the accounts of the Company's subsidiaries for the period required an audit.

The Committee reviews the scope and nature of all proposed non-audit services before engagement, to safeguard auditor independence and objectivity. During the period, the Auditor provided the following non-audit services:

- reporting accountant services totalling £126,000; and
- tax advisory services totalling £45,000. Tax advisory services were concluded on 21 October 2021 at the issuance date of the REIT feasibility report.

The Committee notes that the level of non-audit fees paid is significantly higher than the statutory audit fees for the period. However, the engagement of Deloitte LLP for these services was considered to be appropriate and cost effective for the Company during the initial public offering process and did not, in the Committee's view, compromise the Auditor's independence in any way.

Total fees for the period ended 31 December 2021, in consideration of both the audit fee and non-audit services, were £301,000. Further information on the fees paid to the Auditor is set out in note 6 to the financial statements on page 85.

Auditor independence and objectivity

The Committee has considered the Auditor's independence and objectivity and reviewed the non-audit services which the Auditor provided during the period. The Committee is required to pre-approve all non-audit services prior to any work commencing and considers the safeguards in place to maintain their independence, such as the use of separate teams to mitigate the risk of any self-review, are effective. The Committee also receives an annual assurance from the Auditor that its independence is not compromised by the provision of such non-audit services.

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

Deloitte LLP has been the Auditor to the Company since its launch in November 2021. The Committee will regularly consider the need to put the audit out to tender, the Auditor's fees and independence, and the matters raised during each audit.

Appointment of the Auditor

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

Dr Sally Ann Forsyth OBE

Chair of the Audit and Risk Committee

20 May 2022

DIRECTORS' REMUNERATION REPORT

The Board has prepared this report in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. As a company admitted to AIM, Life Science REIT plc is not required to put the Directors' remuneration report or Directors' remuneration policy to shareholders for approval but has decided to do so voluntarily in order to allow shareholder input on the Company's remuneration arrangements. Two ordinary resolutions to approve the Directors' remuneration report and the Director's remuneration policy will therefore be put to shareholders at the forthcoming AGM.

Statement from the Chair

Given the size of the Board, it is not considered appropriate for the Company to have a separate remuneration committee and the functions of this committee are therefore carried out by the Board as a whole. The Board consists entirely of Non-Executive Directors and the Company has no employees. We have not, therefore, reported on those aspects of remuneration that relate to Executive Directors.

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

Directors' fees are set at a level of £55,000 per annum for the Chair and £40,000 per annum for the independent Non-Executive Directors. The Chair of the Audit and Risk Committee will receive an additional £5,000 per annum. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties. The Board will review the Directors' fees at annual intervals.

Directors' remuneration policy

A resolution to approve the Directors' remuneration policy is proposed and to be passed at the Company's first AGM on 24 June 2022. As a binding vote on the policy is necessary every three years, an ordinary resolution to approve the policy will next be put to shareholders at the 2025 AGM. The Board does not propose to make any changes to the existing remuneration policy, which is set out below.

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

The Company Secretary provides a comparison of the Directors' remuneration with other investment trusts of similar size and/or mandate. This comparison, together with consideration of any change in Non-Executive Directors' responsibilities, is used to review annually whether any change in remuneration is appropriate.

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

Remuneration report

Directors' fees received for the period

The Directors who served in the year to 31 December 2021 received the following emoluments (gross of any tax or National Insurance contributions):

	Period ended 31 December 2021	
	Fees £'000	Total £'000
Claire Boyle	12	12
Sally Ann Forsyth	10	10
Michael Taylor	8	8
Total	**30**	**30**

Directors' beneficial and family interests

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

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

	Number of shares
Claire Boyle	30,000
Sally Ann Forsyth	20,000
Michael Taylor	20,000
Richard Howell[1]	–

1. Appointed as a Director on 3 May 2022.

There have been no changes to these holdings between 31 December 2021 and the date of this report.

On behalf of the Board

Claire Boyle
Chair

20 May 2022

DIRECTORS' REPORT

The Directors present the Annual Report and Financial Statements of Life Science REIT plc (the "Company") (registered number 13532483) for the period ended 31 December 2021. The corporate governance report forms part of this Directors' report and can be found at page 50. Please refer to the Chair's statement on page 5 and the Investment Adviser's report on pages 22 to 27 for information about future developments and important events that have occurred since the period end.

Status of Life Science REIT plc

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

Investment portfolio

A comprehensive analysis of the property portfolio can be found at page 24 and a summary of the valuation of the property portfolio can be found at page 88.

The investment policy can be found at page 107.

Directors

Biographies of each Director appointed to the Company can be found at pages 46 and 47.

Directors' authority to purchase own shares

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

The Company will seek the authority to make market purchases of up to 10% of the issued ordinary share capital at the 2022 AGM via resolution 13 as included in the Notice of Meeting.

Current share capital

As at 31 December 2021 and the date of the report, there were 350,000,000 ordinary shares of £0.01 in issue, none of which were held in treasury. The share capital comprises one class of ordinary shares.

Results and dividends

A summary of the Company's performance during the period and the outlook for the coming year is set out in the strategic report on page 2.

In respect of the Company's recent admission to AIM and the establishment of its operations over the period, no final dividend is proposed. This is in line with the Company's obligation as a REIT to distribute 90% of the Company's aggregate UK property rental business profits as calculated for tax purposes that the Company receives during the period. As the Company did not make a UK property rental business profit during the period, the Company is not required to make a distribution in relation to the period. The Directors anticipate that the Company will be in a position to declare an interim dividend at the time of the Half-yearly Report, which is due to be published in September 2022, for payment in the final quarter of 2022. Any further updates on the Company's position in respect of the payment of an interim dividend will be communicated to shareholders via an RIS announcement and clarified in the Half-yearly Report.

The Company's dividend policy can be found at page 14 of the strategic report.

Substantial shareholdings

As at 31 December 2021, the following shareholders had notified the Company of their shareholdings under their DTR 5 obligations:

Shareholder	Ordinary shares held[1]	Percentage of voting rights (%)
Investec Wealth & Investment Limited	**38,675,185**	**11.05**
Sarasin and Partners LLP	**35,000,000**	**10.00**
Hazelview Investments Inc.	**21,600,000**	**6.17**
London and Amsterdam Trust	**20,800,000**	**5.94**
Cerno Capital Partners LLP	**20,080,000**	**5.74**
Schroders PLC	**17,945,000**	**5.13**

1. As at date of notification to the Company.

Interests disclosed to the Company occurring between the period end and 20 May 2022, being the latest practicable date:

Shareholder	Ordinary shares held[1]	Percentage of voting rights (%)
Investec Wealth & Investment Limited	42,000,846	12.00
Sarasin and Partners LLP	34,999,856	10.00
Cerno Capital Partners LLP	17,293,200	4.94
Connor Broadley Limited	7,915,250	2.26
Hazelview Investments Inc.	24,895,482	7.11

1. As at date of notification to the Company.

Powers of the Board of Directors

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

Management arrangements

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

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

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

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

DIRECTORS' REPORT CONTINUED

Management arrangements continued

The AIFM has, and shall maintain, the necessary expertise and resource to supervise the delegated tasks effectively. The Investment Adviser receives an annual advisory fee (payable quarterly in arrears) of 1.1% of net asset value up to £500 million; 0.9% of net asset value in excess of £500 million and up to £1 billion; and 0.75% of net asset value in excess of £1 billion, exclusive of VAT. No performance fee or acquisition fee is payable.

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

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

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

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

Continuing appointment of the Investment Adviser

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

NMPI

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

Related party transactions

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

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

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

Post balance sheet events

Disclosures relating to post balance sheet events can be found in the notes to the accounts on page 96.

Directors' indemnities and Directors' and Officers' liability insurance

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

The Directors were covered throughout the period from admission to AIM on 19 November 2021 to 31 December 2021.

Greenhouse gas emissions

During the period under review, the Group did not meet the criteria for reporting greenhouse gas emissions. The Company and its advisers are working towards a comprehensive sustainability strategy and an action plan will be put into place during 2022. Please see page 29 of the strategic report for our approach to the environment.

Auditor

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

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

Financial risk management

Please see note 20 to the financial statements on page 92 for information on financial risk management objectives and policies in relation to the Company's market risk, interest risk, credit risk and liquidity risk.

The Company's approach to hedging is included in the investment policy on page 14.

R&D activities

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

Donations

The Company and its subsidiaries made no political or charitable donations during the period to organisations either within or outside of the UK.

Annual General Meeting

The Company's first AGM will be held on 24 June 2022. The Notice of the AGM will be circulated to shareholders separately.

For and on behalf of the Board

Link Company Matters Limited

Company Secretary

20 May 2022

Company number: 13532483

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

The Directors are responsible for preparing the Annual Report and United Kingdom adopted Financial Statements in accordance with applicable UK law and in compliance with the requirements of the Companies Act 2006. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. 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

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

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Life Science REIT PLC (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB");
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated and parent company statements of financial position;
- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 31.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law, United Kingdom adopted international accounting standards and IFRS as issued by the IASB. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework".

2. Basis for opinion

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

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

3. Summary of our audit approach

Key audit matters	The key audit matter that we identified in the current period was: • valuation of investment properties measured at Fair value through Profit or Loss ("FVTPL").
Materiality	The materiality that we used for the group financial statements in the current period was £3,391,000 which was determined based on 1% of total equity (net asset value).
Scoping	We have performed full scope audit procedures on all components which account for 100% of the Group's revenue, profit before tax and net assets.

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF LIFE SCIENCE REIT PLC

4. Conclusions relating to going concern

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

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

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

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

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

5. Key audit matters

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

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

5.1. Valuation of investment properties measured at Fair Value Through Profit or Loss ("FVTPL")

Key audit matter description	The Group's investment properties totalled £192.2m. The Group measures the investment properties at ("FVTPL") in accordance with IAS 40, and are classified as Level 3 in the fair value hierarchy in accordance with IFRS 13. The Group's accounting policy for the investment properties is specified in Note 11 of the financial statements. The valuation of the Group's investment properties as explained in Note 19 of the financial statements involves significant judgement and assumptions for example applying capitalisation yields to current and future rental streams that could materially affect the financial statements. Therefore we identified the valuation of investment properties as a key audit matter. Management appoints an external valuer to perform the valuations in accordance with the appropriate sections of the RICS Red Book and in line with the requirements of IAS 40 Investment Properties. The valuer has issued a valuation report on the entire property portfolio as at the period-end. The property portfolio is valued on the basis of up to date tenancy information supplied by management and publicly available market information. In determining the fair value, the external valuers make a number of key estimates and assumptions, in particular assumptions in relation to market comparable yields and estimates in relation to increases or decreases in future rental income. These estimates and assumptions require input from management, whilst others are subject to market forces and will change over time. Manipulation of these accounting estimates could result in material misstatements, and therefore we identified a potential fraud risk in this key audit matter.

How the scope of our audit responded to the key audit matter	In response to the above risk, we: • obtained an understanding and tested the relevant controls over investment property valuations. • involved our valuation specialists to assist us in independently challenging the appropriateness of the inputs and assumptions used in the valuation methodology (including yield and estimated rental values) for the properties; • tested the accuracy and completeness of data provided by management to the Group's valuer; • assessed other available market information to identify any contradictory evidence to assumptions made; • assessed the competence, capability independence and objectivity of the Group's valuer by assessing whether the valuers are RICS approved and that there are no conditions or specific assumptions in the letter of engagement; and • assessed the adequacy and completeness of disclosures presented in the financial statements.
Key observations	Based on the work performed we concluded that the valuation of investment properties measured at FVTPL is appropriate.

6. Our application of materiality

6.1. Materiality

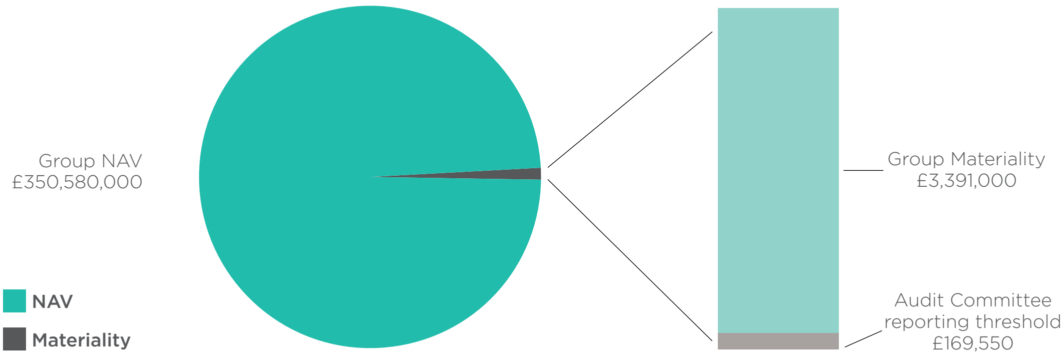
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our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

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

	Group financial statements	Parent company financial statements
Materiality	£3.4 million	£3.4 million
Basis for determining materiality	1% of the Group's total equity (net assets value).	1% of the Company's total equity (net assets value) (capped at 99% of the Group Materiality).
Rationale for the benchmark applied	We determined materiality based on total equity (net assets value), which is deemed appropriate due to the nature of the Group's business. Investors are most likely to focus on the performance of their investment and the returns on the investments and this is represented by the net assets value of the Group.	We determined materiality based on total equity (net assets value), which is deemed appropriate due to the nature of the Company's business. Further, it does not generate any revenue in its own capacity, as this is done through the investee companies that are owned by it. Investors are most likely to focus on the returns on the investments and this is represented by the net assets value of the Company.

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

6. Our application of materiality continued



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

	Group financial statements	Parent company financial statements
Performance materiality	70% of Group materiality	70% of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: a. the quality of the control environment, b. the status of the entity as an AIM listed entity, c. this being the first period of audit since the listing of the entity.	

6.3. Error reporting threshold
We agreed with the board of directors that we would report to the Board all audit differences in excess of £169,550, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

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

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

7.3. Our consideration of climate-related risks
In planning our audit, we made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements.

Management concluded that there was no material impact on the financial statements as disclosed on page 37 of the annual report. We used our knowledge of the Group to evaluate management's assessment. We particularly considered how climate change risks would impact management's investment strategies including their ability to use these assets to generate income in the future and any potential costs of ensuring their investments meet climate related guidelines. This is particularly in relation to Government energy efficiency requirements for leased properties.

We also considered the consistency of the disclosures in relation to climate change made in the other information within the Annual Report with the financial statements and our knowledge from our audit.

8. Other information

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

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

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

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

We have nothing to report in this regard.

9. Responsibilities of Directors

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

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

10. Auditor's responsibilities for the audit of the financial statements

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

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

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

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

INDEPENDENT AUDITOR'S REPORT CONTINUED

TO THE MEMBERS OF LIFE SCIENCE REIT PLC

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

11.1. Identifying and assessing potential risks related to irregularities

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

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

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

- valuation of investment properties measured at Fair Value Through Profit or Loss ("FVTPL").

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

We also obtained an understanding of the legal and regulatory framework that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act 2006 and the REIT conditions.

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

11.2. Audit response to risks identified

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

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

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

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

Report on other legal and regulatory requirements.

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

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

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

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

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

13.1. Adequacy of explanations received and accounting records

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

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

We have nothing to report in respect of these matters.

13.2 Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

20 May 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 DECEMBER 2021

Continuing operations	Notes	**Period from 1 August 2021 to 31 December 2021 £'000**	Period from 27 July 2021 to 31 July 2021 £'000
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 on pages 82 to 96 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 on pages 82 to 96 form an integral part of these Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED FROM 1 AUGUST 2021 TO 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 on pages 82 to 96 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 on pages 82 to 96 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 on pages 2 to 43.

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. See page 42 for full details of the going concern assessment.

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 Advisor 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 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.

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

2. Basis of preparation continued
2.4 Summary of significant accounting policies continued
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.

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

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 DECEMBER 2021

11. UK investment property continued

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.

Accounting policy

Share capital is the nominal amount of the Company's ordinary shares in issue. The one opening share was subsequently cancelled on issue of the 350,000,000 shares.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE PERIOD ENDED 31 DECEMBER 2021

19. Fair value continued

Sensitivity analysis to significant changes in unobservable inputs within the valuation of investment properties

The following table analyses:

- the fair value measurements at the end of the reporting period;
- a description of the valuation techniques applied;
- the inputs used in the fair value measurement, including the ranges of rent charged to different units within the same building; and
- for Level 3 fair value measurements, quantitative information about significant unobservable inputs used in the fair value measurement.

31 December 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 £192.2 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.

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

20. Financial risk management objectives and policies continued

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[2]	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.

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

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 on pages 64 to 65.

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 pages 67 and 68 of 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	229	—
		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 on pages 99 to 102 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 on pages 99 to 102 form an integral part of these Company 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 laid out on pages 82 to 84.

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**

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

28. Investment in subsidiary companies continued

	31 December 2021 £'000
Investments in subsidiary companies	
Ironstone Life Science Holdings Limited	1
	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: 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)

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE PERIOD ENDED 31 DECEMBER 2021

	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.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE PERIOD ENDED 31 DECEMBER 2021

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.

SHAREHOLDER INFORMATION CONTINUED

It is anticipated that properties will be held for the long term. However, the Company may undertake opportunistic disposals of properties considered to be in the best interests of shareholders. The Company 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. 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

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 NAV / EPRA NDV / EPRA NRV / EPRA NTA per share
The EPRA net asset value measures figures divided by the number of shares outstanding at the balance sheet date

EPRA net asset value ("EPRA NAV")
The value of net assets, adjusted to include properties and other investment interests at fair value and to exclude items not expected to be realised in a long-term property business, such as the fair value of any financial derivatives and deferred taxes on property valuation surpluses (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

GLOSSARY CONTINUED

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

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

CONTACT DETAILS OF THE ADVISERS

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