27 March 2023

LEI: 213800RG7JNX7K8F7525

LIFE SCIENCE REIT PLC

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

AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022 AND NOTICE OF AGM

A robust financial and strategic performance in 2022, delivering on targets set at IPO, acquiring attractive assets and driving reversionary values

Life Science REIT (LSE: LABS), the real estate investment trust focused on UK life science properties, today announces its audited preliminary results for the year ended 31 December 2022.

FINANCIAL HIGHLIGHTS[1]

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

12 months to 31 December 2022	**12 months to 31 December 2022**	Period to 31 December 2021[2]
Gross property income	**£13.1m**	£0.5m
(Loss)/profit before tax	**£(27.5)m**	£7.7m
IFRS (loss)/earnings per share	**(7.9)p**	2.2p
EPRA earnings/(loss) per share	**0.4p**	(0.1)p
Adjusted earnings/(loss) per share[3]	**0.7p**	(0.1)p
Dividends per share[4]	**4.0p**	n/a

As at 31 December 2022	**As at 31 December 2022**	As at 31 December 2021
Portfolio valuation	**£387.6m**	£192.2m
IFRS net asset value ("NAV")	**£319.5m**	£350.6m
IFRS NAV per share	**91.3p**	100.2p
EPRA net tangible assets	**£315.1m**	£350.6m
EPRA net tangible assets per share	**90.0p**	100.2p
Loan to value[5]	**16.8%**	n/a

- IPO proceeds fully invested within six months of IPO, in line with plan
- Completed move from AIM to the Main Market of the London Stock Exchange, effective 1 December 2022
- Paid or declared dividends totalling 4.0 pence per share in respect of the period from Admission to 31 December 2022, meeting the Company's IPO target
- Portfolio valued at £387.6m as at 31 December 2022 with a revaluation loss of £31.3 million in the year, reflecting a 7.5% reduction on book value. The vast majority of the fall is attributed to the 2022 transactions where acquisitions and purchasers' costs were the main contributor. The remainder was on

the like-for-like portfolio where a 29 bps outward yield shift in the year was partly offset by a 4.7% like-for-like growth in ERV reflecting the embedded value in the overall life science sector

- IFRS net asset value of £319.5 million or 91.3 pence per share at the year end, down 8.9% from 31 December 2021
- Agreed £150.0 million debt facility with HSBC, comprising £75.0 million three-year term loan and £75.0 million revolving credit facility, at 225 basis points over SONIA
- Gross debt of £110.8 million at 31 December 2022, including £35.8 million drawn on Oxford Technology Park ("OTP") acquired facility, resulting in a loan to value ("LTV") of 16.8%
- Capped SONIA on the HSBC term loan at 2.0% and an existing SONIA cap acquired on the OTP facility at 0.75%, resulting in interest rate protection at 94.1% of drawn debt at year end
- Cancelled the share premium account of £339.3 million, to create substantial distributable reserves

OPERATIONAL HIGHLIGHTS

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

As at 31 December 2022	As at 31 December 2022[1,6]	As at 31 December 2021[1,6]
Contracted rent roll	**£13.8m**	£9.3m
Estimated rental value	**£17.2m**	£10.1m
Occupancy	**82.0%**	80.9%
Weighted average unexpired lease term ("WAULT") to expiry	**6.2 years**	6.6 years
WAULT to first break	**4.5 years**	4.1 years
Net reversionary yield	**5.2%**	5.0%

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

Sustainability and corporate governance

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

Post year end highlights

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

Claire Boyle, Chair of Life Science REIT, commented:

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

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

"The Group continues to benefit from the enduring strong occupier demand and ongoing limited supply of suitable space for life science companies in the Golden Triangle, and we expect this imbalance to continue to drive lettings and rental growth in the future. Our success to date with leasing events and ongoing development activity at Oxford Technology Park and the substantial rental uplift with the post year end letting at Rolling Stock Yard, all clearly demonstrate the portfolio's potential to drive further earnings growth and support our asset valuations. We will continue our development programme at OTP, where we are targeting to complete a further 388,100 sq ft of space by mid-2024."

Analyst meeting

An in-person meeting for analysts will be held at 10:00am this morning, 27 March 2023. The meeting will be hosted by Simon Farnsworth, Managing Director, David Lewis, Finance Director, and Ian Harris, Director of Asset Management at Ironstone Asset Management, the Company's Investment Adviser. For further details, please contact LifeSciencereit@buchanan.uk.com.

A live audiocast of the meeting will be available via at the following link:
https://webcasting.buchanan.uk.com/broadcast/63eb7e5ac09ed3517c0b3233

Following the meeting, a recording of the audiocast will be made available for replay at the Company's website, https://lifesciencereit.co.uk

(1) The Group presents EPRA Best Practices Recommendations as Alternative Performance Measures ("APMs") to assist stakeholders in assessing performance alongside the Group's statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group's performance and are used by research analysts covering the Group. EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group's peers through consistent reporting of

key real estate specific performance measures. However, these are not intended as a substitute for IFRS measures. Please see the unaudited supplementary notes for further details on APMs.

(2) The comparative period is from 1 August 2021 to 31 December 2021.

(3) Adjusted EPS excludes exceptional costs associated with the Company's move from AIM to the Main Market of the London Stock Exchange. There were no exceptional items in the period to 31 December 2021.

(4) Dividends paid and declared in respect of the year to 31 December 2022, including the second interim dividend of 3.0 pence per share declared on 27 March 2023, and due for payment on 15 May 2023. Dividends paid during the year to 31 December 2022 totalled 1.0 pence per share (period to 31 December 2021: nil).

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

(6) Investment properties only. Development properties and land have been excluded from the above metrics.

Notice of Annual General Meeting and availability of the Annual Report

The Notice of the Annual General Meeting of the Company ("Notice of AGM") to be held on 25 May 2023 is now available on the Company's website, https://lifesciencereit.co.uk. The Notice of AGM and the Annual Report will be posted shortly to those shareholders who have opted to receive physical communications from the Company. A copy of the Annual Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into or forms part of this announcement. For the purposes of complying with the Disclosure Guidance and Transparency Rules ("DTRs") and the requirements imposed on the Company through the DTRs, the Annual Report, as will be submitted to the National Storage Mechanism, contains the full text of the Auditors' Report, which is excluded from this announcement.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Notes to editors

Life Science REIT plc is the UK's first listed property business focused on the growing life science sector, specifically targeting opportunities in the 'Golden Triangle' research and development hubs of Oxford, Cambridge and London's Knowledge Quarter. By investing primarily in a diversified portfolio of properties that are leased, or intended to be leased, to occupiers in the life science sector, the Group aims to generate capital growth whilst also delivering growing income.

The Company's shares are traded on the Main Market of the London Stock Exchange, under the ticker LABS.

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

CHAIR'S STATEMENT

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

An attractive and resilient market

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

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

Successfully implementing the strategy

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

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

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

Financial performance and dividends

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

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

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

A well-financed business

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

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

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

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

Move to the Main Market

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

Sustainability matters

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

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

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

Looking forward

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

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

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

Claire Boyle
Chair

24 March 2023

OBJECTIVES AND STRATEGY

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

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

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

Outcome in 2022
The total accounting return for the year was -9.1%.

Plan for 2023
2022 transaction costs and macromarket conditions drove a revaluation loss in 2022 being the key contributor to the -9.1% total accounting return. However, we remain committed to targeting a return of at least 10.0% per annum by continuing to implement our strategy set out below.

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

Outcome in 2022
We declared total dividends in respect of the period of 4.0 pence per share.

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

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

1. Investment strategy	*2. Asset management strategy*	*3. Financing strategy*

We aim to construct a portfolio diversified by property type and occupier. We predominantly buy properties where we can add value through active asset management and may acquire individual buildings, groups of buildings or entire science parks. We primarily target the Golden Triangle and may consider opportunities in other emerging clusters around the UK. We address the demand-supply imbalance for space in our target locations by forward-funding developments and acquiring land to develop.	We invest in our properties to enhance their appeal to life science occupiers and increase capital values and rents. This may include extensions to buildings, refurbishments, change of use and fitting out space as laboratories. We may use any periods of vacancy (for example on lease expiry) to carry out this investment. Our strategy also includes enhancing our buildings' sustainability and engaging with occupiers to identify mutual agendas. See Annual Report for our sustainability strategy.	We finance our business using shareholders' equity, along with a prudent level of debt. We may also dispose of assets from time to time, which will generate funds for reinvestment. In the longer term, we expect to maintain a loan to value ratio of 30%-40%. Our approach to debt financing may include hedging. We also intend to implement a Green Finance framework policy, so we can access applicable schemes offered by financial institutions.
Progress	**Progress**	**Progress**

• Acquired two assets in the year:
  • Herbrand Street for £85.0 million, which is fully let as offices until 2026 and has excellent potential for lab conversion.
  • OTP for £120.3 million, comprising two complete multi-let office/lab buildings, an on-site hotel and a forward-funded development site.
	• Made good progress with our programme, including:
	  • nearing completion for two buildings at OTP and starting work on two others;
	  • developing our plans to rebrand Cambourne Business Park during H1 2023; and
	  • starting the refit of vacant space at Rolling Stock Yard as laboratories.
	• See sustainability section in the Annual Report for strategy progress
	• Since the year end we have agreed two new leases at OTP and secured a record rent of £110.0 per sq ft for London lab space, on part of the repurposed space at Rolling Stock Yard, showcasing the benefits of our asset management.
		• Agreed £150.0 million debt facility with HSBC, comprising a term loan and revolving credit facility of £75.0 million each
		• Hedged the interest rate on the term loan by capping the SONIA rate at 2.0%
		• 94.1% of drawn debt was hedged at the year end against rising interest rates
		• In February 2023 the OTP debt facility was refinanced by drawing down £26.3 million from the Group's existing £150.0 million HSBC facility as well as utilising existing cash resources.

KEY PERFORMANCE INDICATORS

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

Occupancy

82.0% 2021: 80.9%

Description	***Relevance to our strategy***	***Performance***	***Link to strategy***
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 2022, occupancy across the investment portfolio was 82.0% (31 December 2021: 80.9%), with the 2022 acquisitions and lease up of OTP driving an improvement on the prior year.	Asset management strategy

Like-for-like rental income movement

1.2% 2021: n/a

Description	Relevance to our strategy	Performance	Link to strategy
The increase/decrease in contracted rent of units owned throughout the period, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment.	Shows our ability to identify and acquire attractive properties and grow rents over time.	At 31 December 2022, like-for-like rental income was an increase of 1.2%, driven by a rent review that settled in the second half of the year.	Asset management strategy

Like-for-like valuation movement

(1.8)% 2021: n/a

Description	Relevance to our strategy	Performance	Link to strategy
The increase/decrease in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, and net of capital expenditure.	A high-quality portfolio and an active asset management programme will help us to increase asset values in favourable market conditions and will help to support our valuations when market conditions are unfavourable.	The portfolio valuation decreased by 1.8% on a like-for-like basis, as a result of the investment market conditions described in the market overview section of the Annual Report.	Investment, Asset management strategy

Like-for-like carbon intensity

n/a 2021: n/a

Description	Relevance to our strategy	Performance	Link to strategy
The like-for-like change in landlord procured energy consumption by area measured in MWh/m^2.	The sustainability strategy targets for decarbonisation will be set in 2023. This will be a key measure of this commitment going forward.	Will be reported on from 31 December 2023 when there are two full years of data.	Investment, Asset management strategy

Total cost ratio

58.9% 2021: 163.5%

Description	Relevance to our strategy	Performance	Link to strategy
EPRA cost ratio including direct vacancy costs but excluding one-off costs. The EPRA cost ratio is the sum of property expenses and administration expenses, as a percentage of gross rental income.	Shows our ability to effectively control our cost base, which in turn supports dividend payments to shareholders.	The total cost ratio was 58.9% for 2022. This ratio is expected to continue to decrease as the buildings at OTP complete and we repurpose assets to lab space.	Asset management strategy

EPRA net tangible assets per share (“NTAPS”)

90.0p 2021: 100.2p

Description	Relevance to our strategy	Performance	Link to strategy
This net asset value measure assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Adjustments are also made for the fair value of certain financial derivatives.	Reflects our ability to add value by acquiring well and through asset management, which in turn increases our resilience during market downturns.	At 31 December 2022, the EPRA NTA was 90.0 pence per share (31 December 2021: 100.2 pence), driven by 2022 transaction costs and the macroeconomic impact on real estate valuations in the second half of the year.	Investment, Asset management, Financing strategy

Loan to value ratio

16.8% 2021: n/a

Description	Relevance to our strategy	Performance	Link to strategy
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.	Shows our ability to balance the additional portfolio diversification and returns that come from using debt, with the need to manage risk through prudent financing.	The LTV at 31 December 2022 was 16.8%. We expect the ratio to be 30%-40% longer term.	Asset management, Financing strategy

Dividends (pence per share)

4.0p 2021: n/a

Description	Relevance to our strategy	Performance	Link to strategy
The total amount of dividends paid or declared in respect of the financial year divided by the number of shares in issue in the period.	Shows our ability to construct a portfolio that delivers a secure and growing income, which underpins dividend payments to shareholders.	The total dividend in respect of the year was 4.0 pence per share (paid plus declared). This is in line with our target at IPO.	Investment, Financing strategy

INVESTMENT ADVISER'S REPORT

Implementing the investment strategy

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

7-11 Herbrand Street

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

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

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

Oxford Technology Park ("OTP")

On 13 May 2022, the Group acquired OTP through the purchase of Oxford Technology Park Holdings Limited and its subsidiaries, for £120.3 million (before rental guarantees and other small adjustments) at a net initial yield on purchase of 4.8%.

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

The portfolio

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

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

(1) Restated from 31 December 2021 to exclude rental guarantees not held in escrow.

(2) Restated from 31 December 2021 to exclude the reception area.

(3) Restated from 31 December 2021 to be calculated as a percentage of ERV.

(4) Full build-out area.

(5) Restated in-line with measured survey.

(6) Development property only, excludes development land.

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

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

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

Asset location by valuation

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

Asset type by valuation[(1)]

- Hybrid & labs 77.4%
- Office 22.6%

Life science occupier area by floor type[(2)]

- Labs (wet & dry) 36.8%
- Office 29.5%

- Write-up 26.6%
- Manufacturing and prototyping 7.1%

(1) Includes full OTP scheme.

(2) 25% of portfolio area (incl. vacant space) currently let out to life science occupiers.

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

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

(1) HS – Herbrand Street; RSY – Rolling Stock Yard; CBP – Cambourne Business Park; OTP – Oxford Technology Park; LH – Lumen House.

(2) Includes rental guarantees at Rolling Stock Yard provided by the vendor.

(3) The Group's investment policy limits any one tenant to no more than 30% of the higher of gross contracted rents or the valuer's ERV of the Group's portfolio, including developments under forward-funding agreements. As we build out and lease up OTP, the rent roll will continue to diversify and reduce the proportion of total rents coming from individual tenants.

Implementing the asset management strategy

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

Cambourne Business Park

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

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

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

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

Rolling Stock Yard

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

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

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

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

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

We are seeing occupier interest in the vacant first floor and will continue to market it to life science companies. The redesigned reception area is an ideal space for events and exhibitions, and we hope these will become a regular feature at Rolling Stock Yard.

More information can be found in the case study within the Annual Report.

7-11 Herbrand Street

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

Oxford Technology Park

Since acquisition, the development has progressed well. Buildings 4a, 4b, and 5 are due to complete by the end of H1 2023 and buildings 6 and 7 are expected to complete during H2 2023. A detailed planning application for Buildings 8 to 11 is ready to be submitted and we are expecting to start on-site during 2023.

We are seeing strong occupier interest in both the standing units and those still in development. In the second half, we agreed a pre-let with Williams Advanced Engineering ("WAE") on 56,500 sq ft in Building 5, at an initial rent of £18.8 per sq ft, rising to £20.3 per sq ft after 18 months. WAE offers leading-edge technology to companies focusing on green energy and medical engineering. Since the end of the year, we have completed two leases in Building 1. Arcturis Data on 5,509 sq ft at a rent of £28.7 per sq ft for ten years with a break and rent review after five years and Oxford Ionics on 4,887 sq ft at a rent of £28.5 per sq ft for two years, with a break clause at the end of the first year. This gives Oxford Ionics initial accommodation, while it prepares to occupy larger long-term space on the park. These lettings increased occupancy of the completed space at OTP by 13.8% to 86.3%.

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

More information can be found in the case study within the Annual Report.

Lumen House

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

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

The Merrifield Centre

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

FINANCIAL REVIEW

Comparative figures

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

Financial performance

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

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

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

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

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

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

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

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

Dividends

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

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

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

Valuation and net asset value

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

The portfolio valuation was £387.6 million (31 December 2021: £192.2 million), a £195.4 million increase since 2021. The increase in the year was driven by acquisitions of £213.4 million and ongoing development and repurposing capital expenditure of £10.2 million. This was partially offset by revaluation losses of £31.3 million (31 December 2021: £8.0 million gain), resulting in a 7.5% reduction on a book value basis. £27.0 million of this loss can be attributed to assets acquired in 2022 whilst the remaining £4.3 million is driven by the remaining portfolio, a 1.8% like-for-like reduction.

The key drivers of the £27.0 million revaluation loss were acquisition costs of £16.2 million and full purchasers' costs being reflected within the valuations in addition to some outward yield shift in H2 2022.

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

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

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

Debt financing

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

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

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

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

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

At the year end, the Group had cash and cash equivalents of £45.6 million (31 December 2021: £166.0 million), with the reduction primarily reflecting the acquisitions made during the year, as well as our work to develop and reposition the assets in the portfolio.
The LTV ratio as 31 December 2022 was 16.8%. On a gross debt basis this was 28.6%; we continue to believe that a range of 30%-40% will be optimal in the longer term.

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

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

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

Post period end events
Since the year end, we have:

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

Compliance with the investment policy

The Group's investment policy is set out in full in the Annual Report. The key elements of the policy are summarised below. We complied with the policy throughout the year:

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

Alternative Investment Fund Manager ("AIFM")

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

Ironstone Asset Management Limited
Investment Adviser

24 March 2023

PRINCIPAL RISKS AND UNCERTAINTIES

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

Responsibilities

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

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

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

Our approach

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

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

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

Risk appetite and awareness

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

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

Risk appetite

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

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

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

We seek to balance our risk position between:

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

Environmental, social and governance ("ESG") risk

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

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

Our assessment of the potential change over time for our key climate-related risks is set out below. For further details see the Sustainability section in the Annual Report.

Key climate-related risks

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

Principal risks

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

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

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

Changes in risk, emerging risk

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

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

BUSINESS RISKS

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

Residual exposure: medium Change: equal	aggressive competitors, the overall level of competition in the market, insufficient suitable available assets in the market, or acquisition prices that would make it difficult for us to generate sufficient returns.	confidence that occupiers' need for appropriate space will continue. Our strategy includes acquiring existing facilities, sites planned for new development, and buildings which can be converted to meet the specialist requirements of the sector. Our Investment Adviser has an experienced management team and is supported by external property management specialists, who have extensive expertise in the life sciences market. The Investment Adviser regularly updates the Board on the acquisition pipeline.
3. Poor performance of the Investment Adviser or other significant third-party provider, including inaccurate or incomplete reporting Residual exposure: medium Change: equal	We operate an outsourced model and depend on the performance of our third-party service providers, particularly the Investment Adviser, AIFM, Property Manager and Fund Administrator. Poor delivery from key providers could result in poor decisions, reduced portfolio returns or regulatory compliance failures, and could have a financial impact on investors. This risk covers all operational areas of the business: • environmental; • health and safety; • portfolio changes; • portfolio and property management; and • accounting and reporting. We rely on receiving high-quality, accurate and timely information from our service providers, and inaccurate or incomplete information could damage our finances, properties, occupiers and reputation. In particular, inaccurate information could increase our revenue risk, as we depend on third parties to invoice, collect, bank and record revenues.	Our governance framework is designed to ensure that the Board is involved with key decisions that are material to the success of the business. There is an approved delegated authority matrix and matters reserved for the Board are defined. Our service providers are contracted, with clear terms of service and our expectations clarified. We have contracted with organisations which are recognised as experts in their fields. The principal third-party providers oversee and review our activities, with the AIFM reviewing and approving key transactions proposed by the Investment Adviser, and the Investment Adviser monitoring the performance of the property managers. Financial reports and information are prepared by Link and checked by the Investment Adviser's Finance team, prior to reporting to the Board. The Board and Investment Adviser work together, with regular Board meetings and ongoing contact between the formal meetings. The Investment Adviser has strengthened its team during the year, providing additional resilience in the delivery of its services. The Board members are experienced individuals, appointed for their knowledge and their business and commercial acumen. In addition to their performance reviews and variance analysis as part of the normal quarterly Board meetings, they formally review the performance of key third-party service providers through the Management Engagement Committee. The valuation of the portfolio is a key risk area for the Group. The valuation is undertaken by an independent valuer, which provides additional assurance for the Board on the accuracy of key metrics reported by the Investment Adviser.
4. Inappropriate acquisition, or breach of investment policy Residual exposure: low Change: equal	Acquiring assets or taking on occupiers which are not in line with our investment policy and objectives could have a detrimental effect on our portfolio values, finances or reputation, and could also increase risk for occupiers, particularly in multi-tenanted properties.	Our investment policy is supported by processes designed to ensure that acquisitions meet our requirements. Our acquisition protocol includes robust due diligence processes and assessment against clear investment criteria, including portfolio mix, property type and quality, legal issues, environmental requirements, sector and quality of occupier. The Investment Adviser considers all potential acquisitions against the investment policy, before approval or referral to the Board for approval, where required by the size of the acquisition. All acquisitions

		and disposals are also approved by the AIFM. The Board is informed of all acquisitions, whether its approval is required or not. The Investment Adviser and the Property Manager provide us with expert knowledge of the properties and geographical locations which are best suited to the life science market, and decisions are made around the acquisition pipeline accordingly, ensuring that our property portfolio is best suited to the needs of our target occupiers. We also fully assess potential occupiers, ensuring that they are clearly linked to the life science sector and are of suitable financial stability and strength for the lease concerned. These processes are designed to ensure that our portfolio continues to be managed in accordance with the stated investment policy.

FINANCIAL RISKS

	Risk	***Mitigations***
5. Interest rate changes Residual exposure: high Change: increased	Interest rate rises may impact our ability to utilise funding to execute our strategy, and may also have an impact on the portfolio, as occupiers may have reduced willingness or ability to pay rents sufficient to make properties profitable.	As we are unable to mitigate the potential for interest rate rises, we focus on managing and mitigating the consequences. We have developed a financing strategy, with the use of interest rate caps and hedges considered by the Investment Adviser and the Board, and implemented as agreed.
6. Inability to attract investment, either equity or debt funding Residual exposure: high Change: increased	There is a risk that we may be unable to attract new investors or increased investment from existing shareholders, affecting our ability to grow and deliver our strategic objectives. This risk has increased over the year, as general economic conditions have deteriorated, and the interest rate risk referred to above may make it more difficult to agree funding at appropriate rates or with appropriate conditions.	Our reputation for providing quality, well-managed and suitable assets, in the right locations, will be key to mitigating this risk. Our performance has been positive, with several attractive assets acquired, and a clear acquisition strategy for the future. We have an experienced Investment Adviser, with a good reputation and excellent market knowledge. Our Board members have extensive experience working within and for the life sciences sector, and are key to our reputation in the market, through their knowledge of the requirements and needs of potential occupiers.
7. Breach of loan covenants, or prospectus borrowing policy Residual exposure: medium Change: equal	We set out our expected and maximum loan to value ratios in the prospectus, and separately have a loan to value ratio agreed within our bank funding facilities. Breach of any of these ratios, or the terms and conditions of the funding facility, could have a serious impact on the delivery of our objectives, through cash shortages or damage to our reputation.	The Investment Adviser is responsible for monitoring operations, financial transactions and performance, and reviews the financial position continuously to ensure that neither the loan to value ratio nor any specific requirements of the funding facility are breached. The Investment Adviser applies comprehensive financial models to plan cash flows and funding requirements. Cash availability is built into the investment decision-making process. All acquisitions are approved by the AIFM and the Depositary, and all significant acquisitions and capital expenditure plans are approved by the Board. The cash position is reconciled monthly to the records produced by Link, and the bank statements, by the Investment Adviser’s Finance team.

COMPLIANCE RISKS

	Risk	***Mitigations***

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

CLIMATE-RELATED RISKS

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

GOING CONCERN AND VIABILITY STATEMENT

Going concern

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

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

As at 24 March 2023, 98.0% of rents invoiced in December 2022 in relation to the quarter to 24 March 2023 were received.
As part of the going concern assessment, and taking the above into consideration, the Directors reviewed a number of scenarios which included extreme downside sensitivities in relation to rental cash collection, making no acquisitions or discretionary capital expenditure, and minimum dividend distributions under the REIT rules.

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

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

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

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

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

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

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

The Board believes that the Group is well positioned to manage its principal risks and uncertainties and the economic and political environment.

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

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

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

On behalf of the Board

Claire Boyle
Chair

24 March 2023

NON-STATUTORY ACCOUNTS
The financial information set out below does not constitute the Company's statutory accounts for the period ended 31 December 2022 but is derived from those accounts. Statutory accounts for the period ended 31 December 2022 will be delivered to the Registrar of Companies in due course. The Auditor has reviewed those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditor's report can be found in the Company's full Annual Report and Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

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

For and on behalf of the Board

Claire Boyle
Chair

24 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	**31 December 2022 £'000**	31 December 2021 £'000
Assets			
Non-current assets			
Investment property	13	**387,550**	192,170
Interest rate derivatives	16	**3,871**	—
Trade and other receivables	14	**2,701**	—
		394,122	192,170
Current assets			
Trade and other receivables	14	**7,665**	3,268
Cash and cash equivalents	15	**45,606**	165,962
Interest rate derivatives	16	**432**	—
		53,703	169,230
Total assets		**447,825**	361,400
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(74,088)**	—
Other payables and accrued expenses	18	**(3,844)**	—
		(77,932)	—
Current liabilities			
Interest-bearing loans and borrowings	17	**(35,743)**	—
Other payables and accrued expenses	18	**(14,699)**	(10,820)
		(50,442)	(10,820)
Total liabilities		**(128,374)**	(10,820)
Net assets		**319,451**	350,580
Equity			
Share capital	19	**3,500**	3,500

Share premium	20	**—**	339,339
Capital reduction reserve		**335,823**	—
Retained earnings	21	**(19,872)**	7,741
Total equity		**319,451**	350,580
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)	22	**91.3**	100.2

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

Claire Boyle
Company number: 13532483

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

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

FOR THE YEAR ENDED 31 DECEMBER 2021

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	**Year ended 31 December 2022 £'000**	Period ended 31 December 2021 £'000
Cash flows from operating activities			
Operating profit		**(26,940)**	7,734
Adjustments to reconcile profit for the period to net cash flows:			
Changes in fair value of investment properties	13	**31,312**	(8,036)
Adjustment for non-cash items		**—**	(82)
Operating cash flows before movements in working capital		**4,372**	(384)

Increase in other receivables and prepayments		**(8,144)**	(3,169)
Increase in other payables and accrued expenses		**2,684**	7,091
Net cash flow (used in)/generated from operating activities		**(1,088)**	3,538
Cash flows from investing activities			
Acquisition of investment properties		**(179,414)**	(181,524)
Capital expenditure		**(7,641)**	—
Interest received		**677**	7
Net cash used in investing activities		**(186,378)**	(181,517)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	19,20	**—**	350,000
Share issuance costs paid		**(1,118)**	(6,059)
Bank loans drawn down	17	**101,260**	—
Bank loans repaid	17	**(26,260)**	—
Loan interest and other finance expenses paid		**(2,069)**	—
Loan issue costs paid		**(1,203)**	—
Dividends paid in the period		**(3,500)**	—
Net cash flow generated from financing activities		**67,110**	343,941
Net (decrease)/increase in cash and cash equivalents		**(120,356)**	165,962
Cash and cash equivalents at start of the period		**165,962**	—
Cash and cash equivalents at end of the period	15	**45,606**	165,962

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. General information

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

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

2. Basis of preparation

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

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

2.1 Going concern

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

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

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

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

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

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

Amendments to IAS 1 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of, or actual events after, the reporting date. The amendments also give clarification to the definition of settlement of a liability.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies the distinction between accounting policies and accounting estimates and also replaces the definition of accounting estimates. Under the new definition, estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

IFRS 17: Insurance contracts is a new requirement from 1 January 2023 covering insurance and re-insurance contracts and will not be relevant to the Group.

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

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

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

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

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

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

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

Onsite developments are valued by applying the 'residual method' of valuation, which is the investment method described above with a deduction for all costs necessary to complete the development, with a further allowance for remaining risk and developers' profit. Properties and land held for future development are valued using the highest and best use method, by adopting the residual method allowing for all associated risks, the investment method, or a value per acre methodology.
See notes [13] and [21] for further details.

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

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

B) FUNCTIONAL AND PRESENTATION CURRENCY
The overall objective of the Group is to generate returns in Pound Sterling and the Group's performance is evaluated in Pound Sterling. Therefore, the Directors consider Pound Sterling as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and have therefore adopted it as the functional and presentation currency.
All values are rounded to the nearest thousand pounds (£'000), except when otherwise stated.

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

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

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

E) EXCEPTIONAL COSTS

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

3. Revenue

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

Accounting policy

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

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

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

Amounts received from occupiers to terminate leases or to compensate for dilapidations are recognised in the Group statement of comprehensive income when the right to receive them arises.

Service charge income is recognised when the related recoverable expenses are incurred. The Group acts as the principal in service charge transactions as it directly controls the delivery of the services at the point at which they are provided to the occupier.

4. Property operating and administration expenses

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Recoverable service charges	**2,582**	—
Rates	**526**	—
Premises expenses[(1)]	**928**	—
Service charge void costs	**571**	—
Insurance expense	**162**	—
Property operating expenses	**2,187**	—

Investment Adviser fees	**3,787**	455
Other administration expenses	**1,458**	217
Cost associated with moving to Main Market	**957**	—
Directors' remuneration (see note 5)	**186**	32
Audit fees (see note 6)	**177**	130
Administration expenses	**6,565**	834
Total	**11,334**	834

(1) Includes doubtful debts provided for as at 31 December 2022 of £0.7 million (31 December 2021: £nil).

Accounting policy

All property operating expenses and administration expenses are charged to the consolidated statement of comprehensive income and are accounted for on an accruals basis.

Property expenses are costs incurred by the Group that are not directly recoverable from an occupier, as well as professional fees relating to the letting of our estates.

Further information on the calculation of the Investment Adviser fees is set out in note 28.

5. Directors' remuneration

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Claire Boyle	**55**	12
Sally Ann Forsyth	**42**	10
Michael Taylor	**40**	8
Richard Howell	**29**	—
Employers' National Insurance contributions	**20**	2
Total	**186**	32

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

6. Auditor's remuneration

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Audit fee	**177**	130
Total	**177**	130

The Group reviews the scope and nature of all proposed non-audit services before engagement, to ensure that the independence and objectivity of the Auditor are safeguarded. Audit fees are comprised of the following items:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Group Annual Report and Financial Statements	**177**	130
Total	**177**	130

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

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Services provided as reporting accountant on equity raise	**—**	171

Total	**—**	171

The Auditor has not undertaken any non-audit services during the year. The Audit and Risk Committee has considered the independence and objectivity of the Auditor and has conducted a review of services which the Auditor has provided during the period under review. The Audit and Risk Committee receives an annual assurance from the Auditor that its independence is not compromised.

7. Finance income

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Change in fair value of interest rate derivatives	**2,047**	—
Income from cash and short-term deposits	**771**	7
Interest receivable from interest rate derivatives	**329**	—
Change in fair value of deferred consideration on interest rate derivatives	**108**	—
Total	**3,255**	7

Accounting policy

Interest income is recognised on an effective interest rate basis and shown within the Group statement of comprehensive income as finance income.

8. Finance expenses

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Loan interest	**4,961**	—
Loan arrangement fees amortised	**416**	—
Loan expenses	**201**	—
Gross interest costs	**5,578**	—
Capitalisation of finance costs	**(1,796)**	—
Total	**3,782**	—

Accounting policy

Any finance costs that are separately identifiable and directly attributable to an asset which takes a period of time to complete are amortised as part of the cost of the asset. All other finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with bank and other borrowings. Finance costs have been capitalised in the period in accordance with the accounting policy detailed in note 17.

9. Taxation

Corporation tax has arisen as follows:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
Corporation tax on residual income	**146**	—
Total	**146**	—

Reconciliation of tax charge to profit before tax:

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
(Loss)/profit before tax	**(27,467)**	7,741

Corporation tax at 19% (2021: 19.0%)	**(5,219)**	1,471
Change in value of investment properties	**5,949**	(1,527)
Change in value of interest rate derivatives	**(389)**	—
Tax-exempt property rental business	**(195)**	56
Total	**146**	—

The Company served notice to HM Revenue & Customs that the Company, and its Group subsidiaries, qualified as a Real Estate Investment Trust with effect from 30 November 2021. The Group did not have any taxable profits arising prior to this date.

The United Kingdom Government has announced that it intends to increase the main rate of corporation tax from 19% to 25% from April 2023. As the Company is a REIT it is not anticipated that the change in the corporation tax will have a material impact on the Group, however tax charges on any non-property income will increase.

Accounting policy
Corporation tax is recognised in the consolidated statement of comprehensive income except where in certain circumstances corporation tax may be recognised in other comprehensive income.

As a REIT, the Group is exempt from corporation tax on the profits and gains from its property rental business, provided it continues to meet certain conditions as per the REIT regulations.

Non-qualifying profits and gains of the Group continue to be subject to corporation tax. Therefore, current tax is the expected tax payable on the non-qualifying taxable income for the period, if applicable, using tax rates enacted or substantively enacted at the balance sheet date.

10. Operating leases

Operating lease commitments – as lessor
The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 22 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2022 are as follows:

	As at 31 December 2022 £'000	As at 31 December 2021 £'000
Within one year	**12,602**	6,397
Between one and five years	**41,784**	27,194
More than five years	**30,044**	21,080
Total	**84,430**	54,671

11. Dividends

For the year ended 31 December 2022	Pence per share	£'000
First interim dividend for year ended 31 December 2022, paid on 31 October 2022	1.0	3,500
Total	1.0	3,500
Paid as:		
Property income distribution	—	—
Non-property income distribution	1.0	3,500
Total	1.0	3,500

No dividends were declared for the period to 31 December 2021.

A second interim dividend of 3.0 pence per share was declared on 27 March 2023 and is due to be paid on 15 May 2023.

Accounting policy

Dividends due to the Company's shareholders are recognised when they become payable.

12. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the period. As there are no dilutive instruments in issue, basic and diluted EPS are identical.

	Year ended 31 December 2022 £'000	Period ended 31 December 2021 £'000
IFRS earnings	**(27,613)**	7,741
EPRA earnings adjustments:		
Fair value losses/(gains) on investment properties	**31,312**	(8,036)
Changes in fair value of interest rate derivatives and deferred consideration	**(2,155)**	—
EPRA earnings	**1,544**	(295)
Group-specific earnings adjustments:		
Cost associated with moving to Main Market	**957**	—
Adjusted earnings	**2,501**	(295)

	Year ended 31 December 2022 Pence	Period ended 31 December 2021 Pence
Basic IFRS EPS	**(7.9)**	2.2
Diluted IFRS EPS	**(7.9)**	2.2
EPRA EPS	**0.4**	(0.1)
Adjusted EPS	**0.7**	(0.1)

	Year ended 31 December 2022 Number of shares	Period ended 31 December 2021 Number of shares
Weighted average number of shares in issue (thousands)	**350,000**	350,000

13. UK investment property

	Completed investment property £'000	**Development property and land £'000**	**Total investment property £'000**
Investment property valuation brought forward as at 1 January 2022	**192,170**	**—**	**192,170**
Acquisitions in the year	**130,971**	**82 ,440**	**213,411**
Additional capital expenditure	**641**	**9,565**	**10,206**
Finance costs capitalised	**—**	**1,796**	**1,796**
Fair value losses on investment property	**(15,060)**	**(16,252)**	**(31,312)**
Movement in rent incentives	**1,247**	**32**	**1,279**
Fair value at 31 December 2022	**309,969**	**77,581**	**387,550**

	Completed investment property £'000	Development property and land £'000	Total investment property £'000
Investment property valuation brought forward as at 1 August 2021	—	—	—
Acquisitions in the year	184,052	—	184,052
Fair value gain on investment property	8,036	—	8,036
Movement in rent incentives	82	—	82
Fair value at 31 December 2021	192,170	—	192,170

Accounting policy
Investment property comprises property held to earn rental income or for capital appreciation, or both. Investment property is recognised upon legal completion of the contract, where costs are reliably measured and future economic benefits that are associated with the property flow to the entity. Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes and professional fees to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

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

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed, and they have the potential to be fully income generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 December 2022 or the period ended 31 December 2021, however £1,796,000 (2021: £nil) of finance costs have been capitalised in the period to 31 December 2022. Refer to note 17 for more details.

Subsequent to initial recognition, investment property is stated at fair value (see note 23). Gains or losses arising from changes in the fair values are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise under IAS 40 Investment Property.

Investment properties cease to be recognised when they have been disposed of or withdrawn permanently from use and no future economic benefit is expected. Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset.

Movements in rent incentives are presented within the total portfolio valuation.

14. Trade and other receivables

	31 December 2022 £'000	31 December 2021 £'000
Prepayments and other receivables	**3,531**	362
Amounts due from/(due to) property manager	**2,200**	(5)
Tenant deposits[(1)]	**2,701**	—
Rent and insurance receivable	**1,133**	635
Escrow account	**470**	1,279
Interest receivable	**331**	—
VAT receivable	**—**	897
Payments in advance of property acquisition	**—**	100
Total	**10,366**	3,268

(1) Tenant deposits are reflected as non-current receivables.

Accounting policy
Rent and other receivables are recognised at their original invoiced value and become due based on the terms of the underlying lease or at the date of invoice.

The Group carries out an assessment of expected credit losses at each period end, using the IFRS 9 simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss. The rent and insurance receivable represents gross receivables of £1.9 million (31 December 2021: £0.6 million) and a provision for doubtful debts of £0.8 million (31 December 2021: £nil).

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery.

15. Cash and cash equivalents

	31 December 2022 £'000	31 December 2021 £'000
Cash	**10,606**	21,962
Cash equivalents	**35,000**	144,000
Total	**45,606**	165,962

Cash equivalents includes £35.0 million (2021: £144.0 million) of cash held by various banks on short-term deposits.

Accounting policy
Cash and cash equivalents comprise cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

16. Interest rate derivatives

	31 December 2022 £'000	31 December 2021 £'000
At the start of the period	**—**	—
Additional premiums paid and accrued	**2,256**	—
Changes in fair value of interest rate derivatives	**2,047**	—
Balance at the end of the period	**4,303**	—
Current	**432**	—
Non-current	**3,871**	—
Balance at the end of the period	**4,303**	—

To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group entered into interest rate derivatives.

The instrument entered into in August 2022 has a notional value of £75.0 million at a strike rate of 2.00% and a termination date of 31 March 2025.

On 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited ("OTPHL") including its two subsidiaries, Oxford Technology Park Limited ("OTPL") and Oxford Technology Park Investments Limited ("OTPIL"). OTPL has an existing loan facility and SONIA interest rate cap in place at 0.75% until the loan expiry date for £29.3 million of the drawn facility. This cap is due to expire in June 2023 and is therefore shown in current liabilities.

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

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

17. Interest-bearing loans and borrowings

	31 December 2022	31 December 2021
Non-current	**£'000**	£'000

At the beginning of the period	**—**	—
Drawn in the period	**101,260**	—
Repaid in the period	**(26,260)**	—
Interest-bearing loans and borrowings	**75,000**	—
Unamortised fees at the beginning of the period	**—**	—
Loan arrangement fees paid in the period	**(1,203)**	—
Amortisation charge for the period	**291**	—
Unamortised loan arrangement fees	**(912)**	—
Loan balance less unamortised loan arrangement fees	**74,088**	—

Current	**31 December 2022 £'000**	31 December 2021 £'000
At the beginning of the period	**—**	—
Acquired in the period	**33,582**	—
Drawn in the period	**—**	—
Repaid in the period	**—**	—
Interest and commitment fees incurred in the period	**2,251**	—
Interest-bearing loans and borrowings	**35,833**	—
Unamortised fees at the beginning of the period	**—**	—
Loan arrangement fees paid in the period	**(215)**	—
Amortisation charge for the period	**125**	—
Unamortised loan arrangement fees	**(90)**	—
Loan balance less unamortised loan arrangement fees	**35,743**	—

On 29 March 2022, a direct subsidiary of the Company, Ironstone Life Science Holdings Limited, entered into a £150.0 million single currency term and revolving facility agreement ("HSBC facility") with HSBC UK Bank plc, comprising a £75.0 million three-year term loan facility and an equally sized revolving credit facility. The HSBC facility has an interest rate in respect of drawn amounts of 225 basis points over SONIA. As at 31 December 2022, the £75.0 million three-year term loan facility was fully drawn and there was £75.0 million available to draw on the revolving facility.

In August 2022, additional protection was secured against potential future interest rate rises through capping the SONIA rate at 2.0% until 31 March 2025 on the full amount of the HSBC term loan at a premium of £2.3 million.

The HSBC facility is secured on Rolling Stock Yard, Cambourne Business Park, 7-11 Herbrand Street, Lumen House and the Merrifield Centre within the portfolio.

On 13 May 2022, the Company acquired the issued share capital of Oxford Technology Park Holdings Limited ("OTPHL") including its two subsidiaries, Oxford Technology Park Limited ("OTPL") and Oxford Technology Park Investments Limited ("OTPIL"). OTPL has an existing loan facility with Fairfield REF ECS II GEN No.2 Designated Activity Company ("Fairfield") of £53.4 million, of which £35.8 million is currently drawn. The Fairfield facility has an interest rate in respect of drawn amounts of 712 basis points over SONIA.
There is an existing SONIA interest rate cap in place at 0.75% until the loan expiry date for £29.3 million of the drawn facility.
The Fairfield debt is due to expire in June 2023 and is therefore shown in current liabilities.

The debt facilities include LTV and interest cover covenants that are measured at entity level where the debt facilities have been drawn. The Group is in full compliance with all loan covenants as at 31 December 2022.

Accounting policy
Loans and borrowings are initially recognised at the proceeds received net of directly attributable transaction costs. Loans and borrowings are subsequently measured at amortised cost. Interest on the HSBC facility is charged to the consolidated statement of comprehensive income at the effective interest rate and shown within finance costs. Interest on the Fairfield facility is capitalised as part of the loan principal at the effective interest rate and reflected within finance costs. The effective interest rate is calculated as the daily SONIA rate plus the facility margin. Transaction costs are amortised over the term of the loan.

Where a property is being developed or undergoing major refurbishment, finance costs associated with direct expenditure on the property are capitalised. Capitalisation commences when the activities to develop the property start and continues until the property is substantially ready for its intended use, normally practical completion.

Capitalised finance costs are calculated at the Group's weighted average interest rate.

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

	31 December 2022 £'000	31 December 2021 £'000
Capital expenses payable	**5,481**	2,628
Deferred income	**3,692**	4,937
Administration and other expenses payable	**2,588**	1 ,429
Loan interest payable	**1,027**	—
Deferred consideration on interest rate caps	**820**	—
VAT payable	**759**	—
Property operating expenses payable	**332**	92
Share issue costs payable	**—**	1,101
Current other payables and accrued expenses	**14,699**	10,820
Tenant deposits payable to tenant	**2,701**	633
Deferred consideration on interest rate caps	**1,143**	—
Non-current other payables and accrued expenses	**3,844**	633
Total other payables and accrued expenses	**18,543**	10,820

Accounting policy

Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost. Deferred income is rental income invoiced to the tenant but relates to future accounting periods. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

19. Share capital

Share capital is the nominal amount of the Company's ordinary shares in issue.

Ordinary shares of £0.01 each	Number	31 December 2022 £'000	Number	31 December 2021 £'000
Authorised, issued and fully paid:				
Shares issued	**350,000,000**	**3,500**	350,000,000	3,500
Balance at the end of the period	**350,000,000**	**3,500**	350,000,000	3,500

The share capital comprises one class of ordinary shares. At general meetings of the Company, ordinary shareholders are entitled to one vote on a show of hands and on a poll, for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

Accounting policy

Share capital is the nominal amount of the Company's ordinary shares in issue.

20. Share premium

Share premium comprises the following amounts:

	31 December 2022 £'000	31 December 2021 £'000
At the start of the period	**339,339**	—
Shares issued	**—**	346,500
Share issue costs	**(16)**	(7,161)
Transfer to capital reduction reserve	**(339,323)**	—
Share premium	**—**	339,339

Accounting policy

Share premium represents the excess over nominal value of the fair value of the consideration received for equity shares net of direct issue costs.

On 12 April 2022, the share premium account was cancelled in accordance with the provisions of the Companies Act 2006 in order to create distributable reserves, the capital reduction reserve. This is capable of being applied in any manner in which the Company's profits available for distribution are able lawfully to be applied.

21. Retained earnings

Retained earnings comprise the following cumulative amounts:

	31 December 2022 £'000	31 December 2021 £'000
Total unrealised (loss)/gain on investment properties	**(23,276)**	8,036
Total unrealised gain on interest rate derivatives and deferred consideration	**2,155**	—
Total realised gain/(loss)	**1,249**	(295)
Retained earnings	**(19,872)**	7,741

Accounting policy

Retained earnings represent the profits of the Group less dividends paid from revenue profits to date. Unrealised gains/(losses) on the revaluation of investment properties, interest rate derivatives and deferred consideration contained within this reserve are not distributable until any gains crystallise on the sale of the investment property and interest rate caps.

As at 31 December 2022, the Company had distributable reserves available of £337.1 million (2021: £nil).

22. Net asset value per share

Basic NAV per share amounts are calculated by dividing net assets attributable to ordinary equity holders of the Company in the statement of financial position by the number of ordinary shares outstanding at the end of the period. As there are no dilutive instruments in issue, basic and diluted NAV per share are identical.

EPRA net tangible assets ("EPRA NTA") is calculated using property values in line with IFRS, where values are net of real estate transfer tax ("RETT") and other purchasers' costs. EPRA NTA is considered to be the most relevant measure for the Group's operating activities.

	31 December 2022 £'000	31 December 2021 £'000
IFRS net assets attributable to ordinary shareholders	**319,451**	350,580
IFRS net assets for calculation of NAV	**319,451**	350,580
Adjustment to net assets:		
Fair value of interest rate derivatives	**(4,303)**	—
EPRA NTA	**315,148**	350,580

	31 December 2022 Pence	31 December 2021 Pence
IFRS basic and diluted NAV per share (pence)	**91.3**	100.2
EPRA NTA per share (pence)	**90.0**	100.2

	31 December 2022 Number of shares	31 December 2021 Number of shares
Number of shares in issue (thousands)	**350,000**	350,000

23. Fair value

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.
The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying values of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The HSBC debt facility has an interest rate of 225 basis points over SONIA in respect of drawn amounts. The Fairfield debt facility has an interest rate in respect of drawn amounts of 712 basis points over SONIA.

The fair value of the interest rate contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial.

Six-monthly valuations of investment property are performed by CBRE, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, on a variable fee basis. The valuations are the ultimate responsibility of the Directors however, who appraise these every six months.
The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2020 (incorporating the International Valuation Standards).

Completed investment properties are valued by adopting the 'income capitalisation' method of valuation. This approach involves applying capitalisation yields to current and future rental streams, net of income voids arising from vacancies or rent-free periods and associated running costs. These capitalisation yields and future rental values are based on comparable property and leasing transactions in the market using the valuer's professional judgement and market observations. Other factors taken into account in the valuations include the tenure of the property, tenancy details and ground and structural conditions.

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

The following table shows an analysis of the fair values of investment properties recognised in the statement of financial position by level of the fair value hierarchy(1):

	31 December 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value	**£'000**	**£'000**	**£'000**	**£'000**
Investment properties	**—**	**—**	**387,550**	**387,550**
Interest rate derivatives	**—**	**4,303**	**—**	**4,303**
Deferred consideration on interest rate caps	**—**	**(1,963)**	**—**	**(1,963)**
Total	**—**	**2,340**	**387,550**	**389,890**

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets and liabilities measured at fair value	£'000	£'000	£'000	£'000
Investment properties	—	—	192,170	192,170
Total	—	—	192,170	192,170

(1) Explanation of the fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 – use of a model with inputs (other than quoted prices included in Level 1) that are directly or indirectly observable market data; and
- Level 3 – use of a model with inputs that are not based on observable market data.

There have been no transfers between Level 1 and Level 2 during either period, nor have there been any transfers in or out of Level 3.

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

The following table analyses:

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

31 December 2022	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**£309,969**	**Income capitalisation**	**ERV**	**£18.9-£110.0 per sq ft**
			Equivalent yield	**4.25%-7.00%**
Development property	**£41,241**	**Income capitalisation /residual method**	**ERV**	**£20.0-£25.0 per sq ft**
			Equivalent yield	**5.00%-5.05%**
Development land	**£36,340**	**Comparable method/residual method**	**Sales rate per sq ft**	**£138.6**
Total	**£387,550**			

31 December 2021	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£192,170	Income capitalisation	ERV	£23.0-£67.9 per sq ft
			Equivalent yield	3.81%-7.00%
Total	£192,170			

Significant increases/decreases in the ERV (per sq ft per annum) and rental growth per annum in isolation would result in a significantly higher/lower fair value measurement. Significant increases/decreases in the long-term vacancy rate and discount rate (and exit yield) in isolation would result in a significantly higher/lower fair value measurement.

Generally, a change in the assumption made for the ERV (per sq ft per annum) is accompanied by:

- a similar change in the rent growth per annum and discount rate (and exit yield); and
- an opposite change in the long-term vacancy rate.

The table below sets out a sensitivity analysis for each of the key sources of estimation uncertainty with the resulting increase/(decrease) in the fair value of completed investment property:

As at 31 December 2022 **Completed investment property**	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 10%	**30,997**	**(30,997)**
Change in net equivalent yields of 50 basis points	**(31,177)**	**38,491**

Development property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 10%	**4,124**	**(4,124)**
Change in net equivalent yields of 50 basis points	**(4,632)**	**5,654**

	Increase in sensitivity	**Decrease in sensitivity**

Development land	£'000	£'000
Change in sales rate per sq ft of 10%	**3,634**	**(3,634)**

As at 31 December 2021	Increase in sensitivity £'000	Decrease in sensitivity £'000
Change in ERV of 10%	19,217	(19,217)
Change in net equivalent yields of 50 basis points	(20,207)	25,380

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £31.3 million (31 December 2021: gain of £8.0 million) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains/(losses) on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.
The carrying amount of the Group's other assets and liabilities is considered to be the same as their fair value.

24. Financial risk management objectives and policies
The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

The Group is exposed to market risk, interest rate risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Market risk
Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure at the statement of financial position date is £387.6 million and to manage this risk, the Group diversifies its portfolio across a number of assets. The Group's investment policy is to invest in UK-located life science assets. The Group will invest and manage its portfolio with an objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no individual building will represent more than 35% of gross asset value, reducing to 25% of gross asset value by 31 December 2023;
- the Company will target a portfolio with no one tenant accounting for more than 20% (but subject to a maximum of 30%) of the higher of either (i) gross contracted rents or (ii) the valuer's ERV of the Company's portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing;
- the aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of gross asset value, reducing to 30% of gross asset value by 31 December 2023. Within this limit, the maximum exposure to developments, as measured by the expected gross development cost, which are not under forward-funded arrangements, will not exceed 15% of gross asset value at the commencement of the relevant development; and
- no more than 10% of gross asset value will be invested in properties that are not life science properties.

Credit risk
Credit risk is the risk that a counterparty or tenant will cause a financial loss to the Group by failing to meet a commitment it has entered into with the Group.

All cash deposits are placed with approved counterparties, all of whom have a credit rating of AA- or above. In respect of property investments, in the event of a default by a tenant, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Adviser monitors the tenant arrears in order to anticipate and minimise the impact of defaults by occupational occupiers.

The following table analyses the Group's maximum exposure to credit risk:

	31 December 2022 £'000	31 December 2021 £'000

Cash and cash equivalents	**45,606**	165,962
Trade and other receivables[(1)]	**10,027**	2,361
Total	**55,633**	168,323

(1) Excludes prepayments and VAT receivable.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group has entered into interest rate derivatives. As at 31 December 2022 there were two interest rate derivatives in place. In August 2022 additional protection was secured against potential future interest rate rises through capping the SONIA rate at 2.0% until 31 March 2025 on the full amount of the HSBC term loan at a premium of £2.3 million. In addition, there is an existing SONIA interest rate cap in place relating to the OTP acquired debt at 0.75% until the loan expiry date of June 2023 for £29.3 million of the drawn facility.

Changes in interest rates may have an impact on consolidated earnings over the longer term. The table below provides indicative sensitivity data.

	2022		2021	
	Increase in interest rates by 1%	**Decrease in interest rates by 1%**	Increase in interest rates by 1%	Decrease in interest rates by 1%
Effect on profit before tax	**£'000**	**£'000**	£'000	£'000
Increase/(decrease)	**(1,554)**	**1,545**	—	—

Foreign exchange rate risk

Management have considered the risks but not deemed them material for the business as the Group's exposure to foreign exchange rate risk as at 31 December 2022 and 31 December 2021 was minimal.

Liquidity risk

Liquidity risk is defined as the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Exposure to liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements:

		2022			2021	
	Fair value hierarchy	**Carrying value £'000**	**Fair value £'000**	Fair value hierarchy	Carrying value £'000	Fair value £'000
Held at amortised cost						
Cash and cash equivalents	**n/a**	**45,606**	**45,606**	n/a	165,962	165,962
Trade and other receivables[(1)]	**n/a**	**10,027**	**10,027**	n/a	2,361	2,361
Other payables and accrued expenses[(2)]	**n/a**	**(14,851)**	**(14,851)**	n/a	(5,883)	(5,883)
Interest-bearing loans and borrowings	**n/a**	**(109,831)**	**(109,831)**	—	—	—
Held at fair value						
Interest rate derivatives	**n/a**	**4,303**	**4,303**	—	—	—

(1) Excludes prepayments.

(2) Excludes deferred income.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Year ended 31 December 2022	**Less than three months £'000**	**Three to 12 months £'000**	**One to two years £'000**	**Two to five years £'000**	**More than five years £'000**	**Total £'000**
Other payables and accrued expenses[(1)]	**10,874**	**2,753**	**739**	**485**	**—**	**14,851**

Interest-bearing loans and borrowings	**973**	**40,475**	**3,947**	**150,951**	**—**	**196,346**
Total	**11,847**	**43,228**	**4,686**	**151,436**	**—**	**211,197**

	Less than three months	Three to 12 months	One to two years	Two to five years	More than five years	Total
Year ended 31 December 2021	£'000	£'000	£'000	£'000	£'000	£'000
Other payables and accrued expenses[1]	5,883	—	—	—	—	5,883
Interest-bearing loans and borrowings	—	—	—	—	—	—
Total	5,883	—	—	—	—	5,883

(1) Excludes deferred income.

25. Subsidiaries

Company	Country of incorporation and operation	Company Registration Number	Number and class of share held by the Group	Group holding
Ironstone Life Science Holdings Limited[2]	UK	13390321	1,000 ordinary shares	100%
Ironstone Life Science Harwell Limited [1, 2, 6]	UK	14047959	1 ordinary share	100%
Ironstone Life Science Cambourne Two Limited[1, 2]	UK	13779806	1 ordinary share	100%
Ironstone Life Science Cambourne Limited[1, 2]	UK	13763082	1 ordinary share	100%
Ironstone Life Science Oxford Limited[1, 2]	UK	13467718	1 ordinary share	100%
Ironstone Life Science RSY Limited[1, 2]	UK	13763039	1 ordinary share	100%
Ironstone Life Science Merrifield Limited[1, 2]	UK	13763037	1 ordinary share	100%
Ironstone LS Cambourne One Limited[1, 3, 7]	Jersey	108784	3,599.80 ordinary shares	100%
Deepdale Investment Holdings Limited[1, 4]	BVI	1824411	400 A ordinary shares 100 B ordinary shares	100%
Merrifield Centre Limited[1, 2]	UK	11118349	21,786,493 ordinary shares	100%
Ironstone Life Science Herbrand Limited[1, 2]		14044299	1 ordinary share	100%
Herbrand Properties Limited[1, 5]	BVI	1908435	6,000 ordinary shares	100%
Oxford Technology Park Holdings Limited[2]		12434159	92 ordinary shares	100%
Oxford Technology Park Limited[1, 2]	UK	08483449	100 ordinary shares	100%
Oxford Technology Park Investments Limited[1, 2]		12442240	1 ordinary share	100%

(1) Indirect subsidiaries.

(2) Registered office: Radius House, 51 Clarendon Road, Watford, WD17 1HP.

(3) Registered office: 50 La Colomberie, St Helier, Jersey, JE2 4QB.

(4) Registered office: Geneva Place, P.O. Box 3339, Road Town, Tortola, British Virgin Islands.

(5) Registered office: Nerine Chambers, P.O. Box 905, Road Town, Tortola, 1110, British Virgin Islands.

(6) This entity was dissolved on 7 March 2023.

(7) This entity was dissolved on 28 February 2023.

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

The subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act. The Company has provided a guarantee under s479C of the Companies Act 2006 in respect of the financial period ended 31 December 2022 for a number of its subsidiary companies. The guarantee is over all outstanding liabilities to which the subsidiary companies are subject at 31 December 2022 until they are satisfied in full.

The Group consists of a parent company, Life Science REIT plc, incorporated in England and Wales, and a number of subsidiaries held directly by Life Science REIT plc, which operate and are incorporated in the UK, Jersey and the British Virgin Islands.

The Group owns 100% equity shares of all subsidiaries listed above and has the power to appoint and remove the majority of the Board of Directors of those subsidiaries. The relevant activities of the above subsidiaries are determined by the Board of Directors based on the purpose of each company.

Therefore, the Directors concluded that the Group has control over all these entities and all these entities have been consolidated within the consolidated Financial Statements.

A list of all related undertakings included within these consolidated Financial Statements is noted above.

Accounting policy
Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred taxation arises. Otherwise, acquisitions are accounted for as business combinations.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.
For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.
Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured, and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

26. Capital management
The Group's capital is represented by share capital and reserves.

The primary objective of the Group's capital management is to ensure that it remains within its quantitative banking covenants and maintains a strong credit rating. The Group's capital policies are as follows:

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and
- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but will be subject to a maximum 55% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

The Group is not subject to externally imposed capital requirements.

27. Capital commitments
At 31 December 2022, the Group had contracted capital expenditure of £24.4 million (31 December 2021: £nil).

28. Related party transactions
Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £186,450 (2021: £32,456) at 31 December 2022, including £20,000 of employers' National Insurance contributions; a balance of £nil (2021: £2,000) was outstanding relating to employer NI. Further information is given in note 5 and in the Directors' remuneration report.

Investment Adviser

The Company is party to an Investment Advisory Agreement with the AIFM and the Investment Adviser, pursuant to which the Investment Adviser has been appointed to provide investment advisory services relating to the respective assets on a day-to-day basis in accordance with their respective investment objectives and policies, subject to the overall supervision and direction by the AIFM and the Board of Directors.

For its services to the Company, the Investment Adviser is entitled to a fee payable quarterly in arrears calculated at the rate of one quarter of 1.1% per quarter on that part of the NAV up to and including £500 million; one quarter of 0.9% per quarter on that part of the NAV in excess of £500 million and up to £1 billion; and one quarter of 0.75% per quarter on NAV in excess of £1 billion. Refer to the Directors' report for further information.

During the year, the Group incurred £3,787,421 (2021: £454,903) in respect of investment advisory fees. As at 31 December 2022, £888,174 (2021: £454,903) was outstanding.

29. Reconciliation of changes in liabilities to cash flows generated from financing activities(1)

	Interest-bearing loans and borrowings current £'000	Interest-bearing loans and borrowings non-current £'000	Total £'000
Balance as at 1 January 2022	—	—	—
Changes from financing cash flows:			
Bank loans drawn down	—	101,260	101,260
Bank loans repaid	—	(26,260)	(26,260)
Loan arrangement fees paid in the year	—	(1,203)	(1,203)
Total changes from financing cash flows	—	73,797	73,797
Loans acquired(2)	33,582	—	33,582
Additional loan arrangement fees in year capitalised	(215)	—	(215)
Additional interest and commitment fees capitalised	2,251	—	2,251
Amortisation charge for the year	125	291	416
Balance as at 31 December 2022	35,743	74,088	109,831

(1) Comparative for the period end 31 December 2021 has not been shown as there were no loans in the prior period.

(2) Acquired as part of the OTP acquisition in the year.

30. Ultimate controlling party

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

31. Post balance sheet events

Refinancing

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

Dividend

A second interim dividend of 3.0 pence per share in respect of the year ended 31 December 2022 will be paid on 15 May 2023. This will be paid as an ordinary dividend with an ex-dividend date of 13 April 2023.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Notes	**31 December 2022 £'000**	31 December 2021 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	34	**65,138**	1
Receivables	36	**214,505**	177,827
		279,643	177,828
Current assets			
Cash and cash equivalents	35	**39,614**	165,962
Trade and other receivables	36	**1,421**	229
		41,035	166,191
Total assets		**320,678**	344,019
Liabilities			
Current liabilities			
Other payables and accrued expenses	37	**(5,004)**	(1,943)
Total liabilities		**(5,004)**	(1,943)
Net assets		**315,674**	342,076
Equity			
Share capital		**3,500**	3,500
Share premium		**—**	339,339
Capital reduction reserve		**335,823**	—
Retained earnings		**(23,649)**	(763)
Total equity		**315,674**	342,076
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)		**90.2**	97.8

The Company reported a loss for the year ended 31 December 2022 of £22,886,000 (period ended 31 December 2021: £763,000 loss).

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

Claire Boyle
Company number: 13532483

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital £'000	**Share premium £'000**	**Capital reduction reserve £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 January 2022	**3,500**	**339,339**	**—**	**(763)**	**342,076**
Loss for the year and total comprehensive loss	**—**	**—**	**—**	**(22,886)**	**(22,886)**
Ordinary shares issued	**—**	**—**	**—**	**—**	**—**
Share issue costs	**—**	**(16)**	**—**	**—**	**(16)**
Cancellation of share premium	**—**	**(339,323)**	**339,323**	**—**	**—**
Dividends paid	**—**	**—**	**(3,500)**	**—**	**(3,500)**
Balance at 31 December 2022	**3,500**	**—**	**335,823**	**(23,649)**	**315,674**

	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at start of period	—	—	—	—	—
Loss for the year and total comprehensive loss	—	—	—	(763)	(763)
Ordinary shares issued	3,500	346,500	—	—	350,000
Share issue costs	—	(7,161)	—	—	(7,161)
Dividends paid	—	—	—	—	—

Balance at 31 December 2021	3,500	339,339	—	(763)	342,076

32. General information

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

33. Basis of preparation

These Financial Statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") and in conformity with the requirements of the Companies Act 2006. The Financial Statements have been prepared under the historical cost convention. The audited Financial Statements are presented in Pound Sterling and all values are rounded to the nearest thousand pounds (£'000), except when otherwise indicated.

In preparing these Financial Statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these Financial Statements do not include:

- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Life Science REIT plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated Financial Statements. These Financial Statements do not include certain disclosures in respect of:

- share-based payments;
- financial instruments; and
- fair value measurement.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 not to present its own statement of comprehensive income.

The Financial Statements of the Company follow the accounting policies.

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.

34. Investment in subsidiary companies

	31 December 2022 £'000	31 December 2021 £'000
Investment in subsidiary companies		
Total carrying value	**65,138**	1
Total	**65,138**	1

	31 December 2022	31 December 2021

	£’000	£’000
Investments in subsidiary companies		
Ironstone Life Science Holdings Limited	**1**	1
Oxford Technology Park Holdings Limited	**65,137**	—
	65,138	1

Following a review comparing cost of investments to the underlying net assets of subsidiary companies, an impairment provision has been made of £21.3 million.

See note 25 for full list of subsidiary companies.

Accounting policy
Investments in subsidiary companies are included in the statement of financial position at cost less impairment. For a list of subsidiary companies, see note 25.

35. Cash and cash equivalents

	31 December 2022 £’000	31 December 2021 £’000
Cash equivalents	**4,614**	144,000
Cash	**35,000**	21,962
Total	**39,614**	165,962

Accounting policy
Cash equivalents include cash at bank and short-term deposits with banks and other financial institutions, with an initial maturity of three months or less.

36. Trade and other receivables
A. Receivables: non-current assets

	31 December 2022 £’000	31 December 2021 £’000
Amounts due from subsidiary companies	**214,505**	177,827
Total	**214,505**	177,827

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

B. Receivables: current assets

	31 December 2022 £’000	31 December 2021 £’000
Prepayments and other receivables	**1,421**	229
Total	**1,421**	229

37. Other payables and accrued expenses

	31 December 2022 £’000	31 December 2021 £’000
Capital expenses payable	**2,837**	—
Administration expenses payable	**1,243**	1,390
Other expenses payable	**778**	387
Provision for corporation tax	**146**	—
Insurance payable	**—**	166
Total	**5,004**	1,943

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

The Group is a member of the European Public Real Estate Association ("EPRA"). EPRA has developed and defined the following performance measures to give transparency, comparability, and relevance of financial reporting across entities which may use different accounting standards. The following measures are calculated in accordance with EPRA guidance. These are not intended as a substitute for IFRS measures.

Table 1: EPRA performance measures summary

	Notes	**Year to 31 December 2022**	Period from 1 August 2021 to 31 December 2021
EPRA earnings (£'000)	Table 2	**1,544**	(295)
EPRA EPS (pence)	Table 2	**0.4**	(0.1)
EPRA cost ratio (including direct vacancy cost)	Table 6	**66.3%**	163.5%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**57.8%**	163.5%

		31 December 2022	31 December 2021
EPRA NDV per share (pence)	Table 3	**91.3**	100.2
EPRA NRV per share (pence)	Table 3	**95.9**	103.9
EPRA NTA per share (pence)	Table 3	**90.0**	100.2
EPRA NIY	Table 4	**3.4%**	4.4%
EPRA 'topped-up' net initial yield	Table 4	**3.6%**	4.5%
EPRA vacancy rate	Table 5	**18.0%**	19.1%
EPRA loan to value	Table 10	**18.9%**	n/a

Table 2: EPRA income statement

	Notes	**Year to 31 December 2022**	Period from 1 August 2021 to 31 December 2021
Revenue	3	**15,706**	532
Less: insurance recharged	3	**(155)**	—
Less: service charge income	3	**(2,582)**	—
Rental income		**12,969**	532
Property operating expenses (including recoverable service charges)	4	**(4,769)**	—
Insurance recharged	3	**155**	—
Add back: service charge income	4	**2,582**	—
Gross profit		**10,937**	532
Administration expenses	4	**(6,565)**	(834)
Operating profit/(loss) before interest and tax		**4,372**	(302)
Finance income	7	**3,255**	7
Finance expenses	8	**(3,782)**	—
Less change in fair value of interest rate derivatives	7	**(2,155)**	—
Adjusted profit/(loss) before tax		**1,690**	(295)
Tax on adjusted loss	9	**(146)**	—
EPRA earnings		**1,544**	(295)
Company-specific adjustments:			
EPRA earnings		**1,544**	(295)
Cost associated with moving to Main Market	4	**957**	—
Adjusted earnings		**2,501**	(295)
Weighted average number of shares in issue (thousands)	19	**350,000**	350,000
EPRA EPS (pence)	12	**0.4**	(0.1)
Adjusted EPS (pence)	12	**0.7**	—

Adjusted earnings represents earnings from operational activities. It is a key measure of the Group's underlying operational results and an indication of the extent to which dividend payments are supported by earnings.

Table 3: EPRA balance sheet and net asset value performance measures

EPRA net disposal value ("NDV"), EPRA net reinstatement value ("NRV") and EPRA net tangible assets ("NTA"). A reconciliation of the three new EPRA NAV metrics from IFRS NAV is shown in the table below. Total accounting return will now be calculated based on EPRA NTA.

As at 31 December 2022	Notes	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties(1)	13	**387,550**	**387,550**	**387,550**
Net cash/(borrowings)(2)	15, 17	**(65,227)**	**(65,227)**	**(65,227)**
Other net liabilities		**(2,872)**	**(2,872)**	**(2,872)**
IFRS NAV	22	**319,451**	**319,451**	**319,451**
Include: real estate transfer tax(3)		**—**	**20,621**	**—**
Exclude: fair value of interest rate derivatives	16	**—**	**(4,303)**	**(4,303)**
NAV used in per share calculations		**319,451**	**335,769**	**315,148**
Number of shares in issue (thousands)	19	**350,000**	**350,000**	**350,000**
NAV per share (pence)	22	**91.3**	**95.9**	**90.0**

As at 31 December 2021	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties(1)	13	192,170	192,170	192,170
Net cash(2)	15, 17	165,962	165,962	165,962
Other net liabilities		(7,552)	(7,552)	(7,552)
IFRS NAV	22	350,580	350,580	350,580
Include: real estate transfer tax(3)		—	13,068	—
NAV used in per share calculations		350,580	363,648	350,580
Number of shares in issue (thousands)	19	350,000	350,000	350,000
NAV per share (pence)	22	100.2	103.9	100.2

(1) Professional valuation of investment property.

(2) Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £110,833,000 net of cash of £45,609,000.

(3) EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

EPRA NDV details the full extent of liabilities and resulting shareholder value if Company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their liability, including tax exposure not reflected in the statement of financial position, net of any resulting tax.

EPRA NTA assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

EPRA NRV highlights the value of net assets on a long-term basis and reflects what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included.

Table 4: EPRA net initial yield

	Notes	**31 December 2022 £'000**	31 December 2021 £'000
Total properties per external valuers' report	13	**387,550**	192,170
Less development property and land	13	**(77,581)**	—
Net valuation of completed properties		**309,969**	192,170
Add estimated purchasers' costs(1)		**20,621**	13,068
Gross valuation of completed properties including estimated purchasers' costs (A)		**330,590**	205,238
Gross passing rents(2) (annualised)		**12,423**	9,124
Less irrecoverable property costs(2)		**(1,104)**	(179)
Net annualised rents (B)		**11,319**	8,945
Add notional rent on expiry of rent-free periods or other lease incentives(3)		**540**	291
'Topped-up' net annualised rents (C)		**11,859**	9,236
EPRA NIY (B/A)		**3.4%**	4.4%
EPRA 'topped-up' net initial yield (C/A)		**3.6%**	4.5%

(1) Estimated purchasers' costs estimated at 6.7% (31 December 2021: 6.8%).

(2) Gross passing rents and irrecoverable property costs assessed as at the balance sheet date for completed investment properties excluding development property and land.
(3) Adjustment for unexpired lease incentives such as rent-free periods, discounted rent period and step rents. The adjustment includes the annualised cash rent that will apply at the expiry of the lease incentive. Rent-frees expire over a weighted average period of 12 months (31 December 2021: three months).

EPRA NIY represents annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs. It is a comparable measure for portfolio valuations designed to make it easier for investors to judge themselves how the valuation of portfolio X compares with portfolio Y.

EPRA 'topped-up' NIY incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).

NIY as stated in the Investment Adviser's report calculates net initial yield on topped-up annualised rents but does not deduct non-recoverable property costs.

Table 5: EPRA vacancy rate

	31 December 2022 £'000	31 December 2021 £'000
Annualised ERV of vacant premises (D)	**3,094**	1,937
Annualised ERV for the investment portfolio (E)	**17,181**	10,129
EPRA vacancy rate (D/E)	**18.0%**	19.1%

EPRA vacancy rate represents ERV of vacant space divided by ERV of the completed investment portfolio, excluding development property and land. It is a pure measure of investment property space that is vacant, based on ERV.

Table 6: Total cost ratio/EPRA cost ratio

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
Property operating expenses (excluding service charge expenses)	4	**1,616**	—
Service charge expenses	4	**3,153**	—
Add back: service charge income	3	**(2,582)**	—
Add back: insurance recharged	3	**(155)**	—
Net property operating expenses		**2,032**	—
Administration expenses	4	**6,565**	834
Deduct: costs associated with move to Main Market	4	**(957)**	—
Total cost including direct vacancy cost (F)		**7,640**	834
Direct vacancy cost		**(1,104)**	—
Total cost excluding direct vacancy cost (G)		**6,536**	834
Rental income(1)	3	**12,969**	510
Gross rental income (H)	3	**12,969**	510
Less direct vacancy cost		**(1,104)**	—
Net rental income		**11,865**	510
Total cost ratio including direct vacancy cost (F/H)		**58.9%**	163.5%
Total cost ratio excluding direct vacancy cost (G/H)		**50.4%**	163.5%

(1) Includes rental income, rental income straight-line adjustment and other income as per note 3.

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
Total cost including direct vacancy cost (F)		**7,640**	834
Add back: costs associated with move to Main Market	4	**957**	—
EPRA total cost (I)		**8,597**	834

Direct vacancy cost	**(1,104)**	—
EPRA total cost excluding direct vacancy cost (J)	**7,493**	834
EPRA cost ratio including direct vacancy cost (I/H)	**66.3%**	163.5%
EPRA cost ratio excluding direct vacancy cost (J/H)	**57.8%**	163.5%

EPRA cost ratios represent administrative and operating costs (including and excluding costs of direct vacancy) divided by gross rental income. They are a key measure to enable meaningful measurement of the changes in the Group's operating costs.

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in the year ended 31 December 2022.

Table 7: Lease data

	Year 1	Year 2	Years 3-5	Year 5+	Total
As at 31 December 2022	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Passing rent of leases expiring in:	**524**	**—-**	**6,007**	**5,892**	**12,423**
ERV of leases expiring in:	**809**	**—**	**6,352**	**6,925**	**14,086**
Passing rent subject to review in:	**1,481**	**—**	**10,855**	**87**	**12,423**
ERV subject to review in:	**1,827**	**—**	**12,158**	**101**	**14,086**

	Year 1	Year 2	Years 3-5	Year 5+	Total
As at 31 December 2021	£'000	£'000	£'000	£'000	£'000
Passing rent of leases expiring in:	—	2,351	1,603	5,170	9,124
ERV of leases expiring in:	—	3,570	1,884	4,675	10,129
Passing rent subject to review in:	428	1,753	3,264	3,679	9,124
ERV subject to review in:	439	2,653	4,081	2,956	10,129

WAULT to expiry is 6.2 years (31 December 2021: 6.6 years) and to break is 4.7 years (31 December 2021: 4.1 years).

Table 8: Capital expenditure

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
Acquisitions[(1)]	13	**213,411**	184,052
Development spend[(2)]	13	**9,565**	—
Completed investment properties: [(3)]			
No incremental lettable space – like-for-like portfolio	13	**641**	—
No incremental lettable space – other		**—**	—
Tenant incentives	13	**1,279**	—
Total capital expenditure		**224,896**	184,052
Debt acquired – OTP[(4)]	17	**(33,582)**	
Conversion from accruals to cash basis		**(4,259)**	(2,528)
Total capital expenditure on a cash basis		**187,055**	181,524

(1) Acquisitions include £131.0 million (31 December 2021: £181.5 million) completed investment property and £82.4 million (31 December 2021: £nil) development property and land.

(2) Expenditure on development property and land.

(3) Expenditure on completed investment properties.

(4) On acquisition of OTP in May 2022. £33.6 million of debt was acquired. See note 17 for further details.

Table 9: EPRA like-for-like rental income

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
EPRA like-for-like rental income		**—**	—
Other[(1)]		**—**	—
Adjusted like-for-like rental income		**—**	—

Development lettings		**—**	—
Properties acquired in current and prior period	3	**12,969**	532
Rental income		**12,969**	532
Service charge income	3	**2,582**	—
Insurance recharge	3	**155**	—
Revenue		**15,706**	532

(1) Includes back rent and other items.

Table 10: Loan to value ("LTV") and EPRA LTV

Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments. The Group has also opted to present the EPRA LTV which is defined as net borrowings divided by total property market value.

	Notes	**31 December 2022 £'000**	31 December 2021 £'000
Interest-bearing loans and borrowings(1)	17	**110,833**	n/a
Cash	15	**(45,606)**	n/a
Net borrowings (A)		**65,227**	n/a
Investment property at fair value (B)	13	**387,550**	n/a
LTV (A/B)		**16.8%**	n/a

EPRA LTV

	Notes	**31 December 2022 £'000**	31 December 2021(3) £'000
Interest-bearing loans and borrowings(1)	17	**110,833**	n/a
Net payables(2)		**8,177**	n/a
Cash	15	**(45,606)**	n/a
Net borrowings (A)		**73,404**	n/a
Investment properties at fair value	13	**387,550**	n/a
Total property value (B)		**387,550**	n/a
EPRA LTV (A/B)		**18.9%**	n/a

(1) Excludes unamortised loan arrangement fees asset of £1.0 million (see note 17).

(2) Net payables includes trade and other receivables, other payables and accrued expenses.

(3) Comparatives figures for 31 December 2021 have been excluded as the Group had no interest-bearing loans and borrowings as at this date.

Table 11: Total accounting return

The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period.

	Notes	**Year ended 31 December 2022 Pence per share**	Period from 1 August 2021 to 31 December 2021 Pence per share
Opening EPRA NTA (A)	22	**100.2**	—
Movement (B)		**(10.2)**	100.2
Closing EPRA NTA	22	**90.0**	100.2
Dividend per share (C)	11	**1.0**	—
Total accounting return (B+C)/A		**(9.1)%**	n/a

Table 12: Interest cover

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

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
Adjusted operating profit/(loss) before gains on investment properties (A)		**5,329**	n/a

Adjusted interest expenses	8	**3,782**	—
Add back: capitalised finance costs	8	**1,796**	—
Less: adjusted interest income	7	**(1,100)**	—
Loan interest (B)		**4,478**	n/a
Interest cover (A/B)		**119.0%**	n/a

Comparative figures for 31 December 2021 have been excluded as the Group had no interest-bearing loans and borrowings at this date.

Table 13: Ongoing charges ratio
Ongoing charges ratio represents the costs of running the REIT as a percentage of NAV as prescribed by the Association of Investment Companies.

	Notes	**Year to 31 December 2022 £'000**	Period from 1 August 2021 to 31 December 2021 £'000
Administration expenses	4	**6,565**	834
Less: cost associated with moving to Main Market	4	**(957)**	—
Annualised ongoing charges (A)		**5,608**	834
Opening NAV as at start of period		**350,580**	—
NAV as at 30 June		**357,461**	—
Closing NAV as at 31 December		**319,451**	350,580
Average undiluted NAV during the period (B)		**342,497**	350,580
Ongoing charges ratio (A/B)		**1.6%**	0.2%

PROPERTY PORTFOLIO

Property	Town	Postcode	Area (sq ft)
Lumen House	Oxford	OX11 0SG	17,600
The Merrifield Centre	Cambridge	CB1 3LQ	12,600
Rolling Stock Yard	London	N7 9AS	53,900
Cambourne Business Park	Cambridge	CB23 6DW	231,700
7-11 Herbrand Street	London	WC1N 1EX	68,600
Oxford Technology Park(1)	Oxford	OX5 1GN	492,400

(1) Full build-out area. Area practically complete as at 31 December 2022 was 104,300 sq ft.

SHAREHOLDER INFORMATION

The Company was incorporated on 27 July 2021. This Annual Report and Financial Statements covers the period from 1 January 2022 to 31 December 2022.

The Company's ordinary shares were admitted to trading on AIM on 19 November 2021 following IPO and the Group's operations therefore commenced on this date. Following the Company's migration to the premium segment of the London Stock Exchange ("LSE"), its shares were cancelled from AIM on 1 December 2022 and admitted to trading on the premium segment of the LSE.

Capital structure
The Company's share capital consists of ordinary shares of £0.01 each. At shareholder meetings, members present in person or by proxy have one vote on a show of hands and on a poll have one vote for each ordinary share held. Shareholders are entitled to receive such dividends as the Directors resolve to pay out of the assets attributable to ordinary shares. Holders of ordinary shares are entitled to participate in the assets of the Company attributable to the ordinary shares in a winding up of the Company. The ordinary shares are not redeemable. As at the date of this report, there were 350,000,000 ordinary shares in issue, none of which are held in treasury.

Investment objective

The Company's investment objective is to provide shareholders with an attractive level of total return. The focus will be capital growth whilst also providing a growing level of income by investing primarily in a diversified portfolio of UK properties that are leased or intended to be leased to tenants operating in the life science sector.

Investment policy
The Company seeks to achieve its investment objective by investing in a diversified portfolio of properties across the UK which are typically leased or intended to be leased to tenants operating in, or providing a benefit to, the life science sector ("life science properties"). Life science is the branch of sciences concerned with all processes affecting living organisms. This encompasses servicing and the study of the breadth of life systems, and the structure and behaviour of living things.
Companies operating in the life science sector include, but are not limited to, those involved in the innovation, development and/or production of assets directly or indirectly for human health purposes. These assets include compounds, products and devices derived and designed for application in numerous fields.

The Company does not limit itself in relation to the types of properties it acquires or develops, but examples may include wet and dry laboratories, offices, incubators and co-working space, manufacturing and testing facilities and data centres. The Company retains flexibility to acquire individual buildings, a group of buildings across a single science park or the entirety of a science park.

This may include purchasing or developing buildings that are leased or intended to be leased to tenants providing ancillary services to employees of companies operating in, or providing a benefit to, the life science sector.

The Company typically invests in income-producing assets. The Company focuses on investing where it believes that the underlying property is consistent with the overarching objective of providing shareholders with capital growth whilst also providing a growing level of income. Investment decisions are based on analysis and due diligence, including, but not limited to, location, tenant profile and demand, rental growth prospects, lease terms and/or asset management/enhancement opportunities.

The Company may acquire properties either directly or through corporate structures (whether onshore or offshore) and also through joint venture or other shared ownership or co-investment arrangements. In circumstances where the Company does not hold a controlling interest in the relevant investment, the Company will seek, through contractual and other arrangements to, inter alia, ensure that each investment is operated and managed in a manner that is consistent with the Company's investment policy.

Any asset management or development opportunities that the Company pursues are conducted in such a way as to minimise any development risk, typically through the use of forward funding or similar arrangements. Asset management opportunities may include, but are not limited to, refurbishing or extending existing assets or where the Company may seek to maximise or change alternative use values of existing operational assets. The Company may from time to time invest in development opportunities without a forward-funding arrangement including pre-developed land or land where planning permission may be required, subject to a restriction that maximum exposure to these developments will not exceed 15% of gross asset value.

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

The Company invests in and actively manages its assets with the objective of reducing and diversifying risk and, in doing so, maintains the following investment restrictions:

- no individual building will represent more than 35% of gross asset value, reducing to 25% of gross asset value by 31 December 2023;
- the Company targets a portfolio with no one tenant accounting for more than 20% (but subject to a maximum of 30%) of the higher of either (i) gross contracted rents or (ii) the valuer's ERV of the Company's portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing;
- the aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of gross asset value, reducing to 30% of gross asset value by 31 December 2023. Within this limit, the maximum exposure to developments, as measured by the expected gross development cost, which are not under forward-funded arrangements, will not exceed 15% of gross asset value at the commencement of the relevant development; and
- no more than 10% of gross asset value will be invested in properties that are not life science properties.

- In addition, the Company will not invest more than 10% of gross asset value in other alternative investment funds or closed-ended investment companies.

Compliance with the above restrictions is calculated immediately following investment and non-compliance resulting from changes in the price or value of assets following investment is not considered as a breach of the investment restriction.

The Company defines: (i) “gross asset value” as “the value of the assets of the Company and its subsidiaries from time to time, determined in accordance with the accounting policies adopted by the Company”; (ii) “gross contracted rents” as “the total rent receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed under the leases contracted on the Company’s portfolio of properties”; and (iii) “ERV” as “the estimated annual open market rental value of lettable space”.

Gearing

The level of gearing is on a prudent basis for the asset class, and seeks to achieve a low cost of funds, whilst maintaining flexibility in the underlying security requirements and the structure of the Company. It is envisaged that a gross loan to value (“LTV”) ratio of between 30% and 40% would be the optimal capital structure for the Company over the longer term. However, in order to finance value-enhancing opportunities, the Company may temporarily incur additional gearing, subject to a maximum LTV ratio of 55% at the time of an arrangement.

Debt is secured at asset level and potentially at Company or special purpose vehicle level, depending on the optimal structure for the Company and having consideration to key metrics including lender diversity, debt type and maturity profiles.

Use of derivatives

The Company may utilise derivatives for efficient portfolio management only. In particular, the Company may engage in full or partial interest rate hedging or otherwise seek to mitigate the risk of interest rate increases on borrowings incurred in accordance with the gearing limits as part of the Company’s portfolio management.

Cash management policy

The Company may hold cash on deposit and may invest in cash equivalent investments, which may include short-term investments in money market type funds (“cash and cash equivalents”).

There is no restriction on the amount of cash and cash equivalents that the Company may hold and there may be times when it is appropriate for the Company to have a significant cash and cash equivalents position.

REIT status

The Company intends to continue conducting its affairs so as to enable it to remain qualified as the principal company of a REIT group for the purpose of Part 12 of the Corporation Tax Act 2010 (and the regulations made thereunder).

Changes to, and breach of, the investment policy

Any material change to the Company’s investment policy set out above will require the prior approval of shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the investment guidelines and the investment restrictions set out above, the AIFM shall inform the Board upon becoming aware of the same and if the Board considers the breach to be material, notification will be made to a Regulatory Information Service.

Share dealing and share prices

Shares can be traded through your usual stockbroker. The Company’s shares are admitted to trading on the LSE.

Share register enquiries

The register for the ordinary shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. You can also email enquiries@linkgroup.co.uk. Changes of address and mandate details can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: Link Group, Shareholder Services, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

Electronic communications from the Company

Shareholders have the opportunity to be notified by email when the Company's Annual Report, Half-yearly Report and other formal communications are available on the Company's website, instead of receiving printed copies by post. This has environmental benefits in the reduction of paper, printing, energy and water usage, as well as reducing costs to the Company. If you have not already elected to receive electronic communications from the Company and wish to do so, please contact the Registrar using the details shown on the inner back cover of the Annual Report. Please have your investor code to hand.

Share capital and net asset value information	
Ordinary 1p shares	350,000,000
SEDOL Number	BP5X4Q2
ISIN	GB00BP5X4Q29

Sources of further information
Copies of the Company's Annual and Half-yearly Reports are available from the Company Secretary, who can be contacted at LABS_CoSec@Linkgroup.co.uk and, together with stock exchange announcements and further information on the Company, are also available on the Company's website, www.lifesciencereit.co.uk.

Association of Investment Companies
The Company is a member of the AIC.

Financial calendar
27 March 2023
Announcement of final results

15 May 2023
Proposed payment of second interim 2022 dividend

25 May 2023
Annual General Meeting

30 June 2023
Half-year end

September 2023
Announcement of half-yearly results

31 December 2023
Year end

GLOSSARY

Adjusted earnings per share ("Adjusted EPS")
EPRA EPS adjusted to exclude one-off costs, divided by the weighted average number of shares in issue during the period

Admission
The admission of Life Science REIT plc onto the AIM of the London Stock Exchange on 19 November 2021

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIM
A market operated by the London Stock Exchange

BREEAM
Building research establishment environmental assessment method

Company
Life Science REIT plc

Contracted rent
Gross annual rental income currently receivable on a property plus rent contracted from expiry of rent-free periods and uplifts agreed at the balance sheet date less any ground rents payable under head leases

Development property and land
Whole or a material part of an estate identified as having potential for development. Such assets are classified as development property and land until development is completed and they have the potential to be fully income generating

EPC
Energy performance certificate

EPRA
The European Public Real Estate Association, the industry body for European REITs

EPRA cost ratio
The sum of property expenses and administration expenses as a percentage of gross rental income calculated both including and excluding direct vacancy cost

EPRA earnings
IFRS profit after tax excluding movements relating to changes in fair value of investment properties, gains/losses on property disposals, changes in fair value of financial instruments and the related tax effects

EPRA earnings per share ("EPRA EPS")
A measure of EPS on EPRA earnings designed to present underlying earnings from core operating activities based on the weighted average number of shares in issue during the period

EPRA guidelines
The EPRA Best Practices Recommendations Guidelines October 2019

EPRA like-for-like rental income
The increase/decrease in rental income on properties owned throughout the current and previous year under review. This growth rate includes revenue recognition and lease accounting adjustments but excludes development property and land in either year and properties acquired or disposed of in either year

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

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

EPRA net disposal value ("EPRA NDV")
The net asset value measure detailing the full extent of liabilities and resulting shareholder value if company assets are sold and/or if liabilities are not held until maturity. Deferred tax and financial instruments are calculated as to the full extent of their value or liability, net of any resulting tax

EPRA net initial yield ("EPRA NIY")

The annualised passing rent generated by the portfolio, less estimated non-recoverable property operating expenses, expressed as a percentage of the portfolio valuation (adding notional purchasers' costs), excluding development property and land

EPRA net reinstatement value ("EPRA NRV")
The net asset value measure to highlight the value of net assets on a long-term basis and reflect what would be needed to recreate the Company through the investment markets based on its current capital and financing structure. Assets and liabilities that are not expected to crystallise in normal circumstances, such as the fair value movements on financial derivatives and deferred taxes on property valuation surpluses, are excluded. Costs such as real estate transfer taxes are included

EPRA net tangible assets ("EPRA NTA")
The net asset value measure assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. Adjustments are also made for the fair value of certain financial derivatives

EPRA '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 sBPR
European public real estate association sustainable best practice recommendations

EPRA vacancy rate
Total open market rental value of vacant units divided by total open market rental value of the portfolio excluding development property and land

EPS
Earnings per share

Equivalent yield
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

ERV
The estimated annual open market rental value of lettable space as assessed by the external valuer

EU Taxonomy
A classification system that aims to provide a clear definition of what should be considered as 'sustainable' economic activity

FCA
Financial Conduct Authority

Fitwell
A real estate certification that measures a building against seven health impact categories

GAV
Gross asset value

GHG
Greenhouse gas

GRESB
Global real estate sustainability benchmark

Group
Life Science REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

IFRS earnings per share ("EPS")
IFRS earnings after tax for the year divided by the weighted average number of shares in issue during the period

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

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

Investment portfolio
Completed buildings excluding development property and land

IPO
Initial public offering

Like-for-like rental income movement
The increase/decrease in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding development property and land and units undergoing refurbishment

Like-for-like valuation movement
The increase/decrease in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, net of capital expenditure

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

Main Market
The premium segment of the London Stock Exchange's Main Market

MEES legislation
Minimum energy efficiency standards legislation

NAV
Net asset value

Net initial yield ("NIY")
Contracted rent at the balance sheet date, expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

Net rental income
Gross annual rental income receivable after deduction of ground rents and other net property outgoings including void costs and net service charge expenses

Net reversionary yield ("NRY")
The anticipated yield to which the net initial yield will rise (or fall) once the rent reaches the ERV

Occupancy
Total open market rental value of the units leased divided by total open market rental value excluding development property and land, equivalent to one minus the EPRA vacancy rate

Ongoing charges ratio
Ongoing charges ratio represents the costs of running the Group as a percentage of IFRS NAV as prescribed by the Association of Investment Companies

Passing rent
Gross annual rental income currently receivable on a property as at the balance sheet date less any ground rents payable under head leases

Property income distribution ("PID")
Profits distributed to shareholders which are subject to tax in the hands of the shareholders as property income. PIDs are usually paid net of withholding tax (except for certain types of tax-exempt shareholders). REITs also pay out normal dividends called non-PIDs

RCF
Revolving credit facility

Real Estate Investment Trust ("REIT")
A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

Scope 1 and 2 emissions
GHGs released directly and indirectly from the group e.g. company offices, company vehicles and energy purchased by the group

Scope 3 emissions
All other GHGs released indirectly by the group, upstream and downstream of the group's business

SECR
Streamlined energy and carbon reporting

SFDR
Sustainable finance disclosure regulations

SONIA
Sterling Overnight Index Average

Task Force on Climate-related Financial Disclosures ("TCFD")
An organisation established with the goal of developing a set of voluntary climate-related financial risk disclosures to be adopted by companies to inform investors and the public about the risks they face relating to climate change

Total accounting return
The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period

Total cost ratio
EPRA cost ratio excluding one-off costs calculated both including and excluding vacant property costs

UK AIFM Regime
The Alternative Investment Fund Managers Regulations 2013 (as amended by The Alternative Investment Fund Managers (Amendment etc.) (EU Exit) Regulations 2019) and the Investment Funds Sourcebook forming part of the FCA Handbook

Weighted average unexpired lease term ("WAULT")
Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

ENDS

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