



**LIFE
SCIENCE
REIT**

Creating space for science

Interim Report for the six months
ended 30 June 2023

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

We target opportunities in the 'Golden Triangle' research and development hubs of Oxford, Cambridge and London's Knowledge Quarter. By investing in properties that are leased, or intended to be leased, to occupiers across the life science sector, we aim to generate capital growth, while also growing income. Our shares are traded on the Main Market of the London Stock Exchange, under the ticker LABS.

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www.lifesciencereit.co.uk





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CAMBOURNE PARK SCIENCE & TECHNOLOGY CAMPUS

[Read more on page 9](#)

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Our vision:

To become the property provider of choice for life science companies in the UK, giving shareholders exposure to this attractive growth sector.

Our culture:

- Open and collegiate
- Purpose driven
- Appropriately challenging
- Combining experience and innovation

Our strategy:

INVESTMENT:
Acquire well-located assets where we can add value

ASSET MANAGEMENT:
Drive value and rents through active management

FINANCIAL:
Optimise returns through appropriate financing

SUSTAINABILITY:
Targeting the early adoption of ESG best practice

FINANCIAL HIGHLIGHTS

Financial highlights¹

Six months to 30 June 2023

GROSS PROPERTY INCOME	IFRS PROFIT BEFORE TAX	IFRS EARNINGS PER SHARE
£7.6m Six months to 30 June 2022: £5.6m	£5.4m Six months to 30 June 2022: £6.9m	1.5p Six months to 30 June 2022: 2.0p
EPRA EARNINGS PER SHARE	ADJUSTED EARNINGS PER SHARE	DIVIDEND PER SHARE²
0.7p Six months to 30 June 2022: 0.2p	0.9p Six months to 30 June 2022: 0.2p	1.0p Six months to 30 June 2022: 1.0p

As at 30 June 2023

PORTFOLIO VALUATION	IFRS NET ASSET VALUE	EPRA NET TANGIBLE ASSETS
£402.9m As at 31 December 2022: £387.6m	£314.3m As at 31 December 2022: £319.5m	£306.0m As at 31 December 2022: £315.1m
LOAN TO VALUE³	IFRS NAV PER SHARE	EPRA NET TANGIBLE ASSETS PER SHARE
20.3% As at 31 December 2022: 16.8%	89.8p As at 31 December 2022: 91.3p	87.4p As at 31 December 2022: 90.0p

- Portfolio valuation up £15.3 million to £402.9 million (31 December 2022: £387.6 million), a 0.8% increase on a book value basis, reflecting development progress, 1.0% like-for-like ERV growth and stabilisation of yields in the period
- EPRA net tangible assets ("NTA") of £306.0 million or 87.4 pence per share (31 December 2022: £315.1 million or 90.0 pence per share), with movement largely reflecting the 2022 dividend payment in May 2023, partially offset by adjusted earnings and a revaluation gain on the portfolio
- Repaid the £36.5 million Fairfield debt facility in February 2023 by drawing down £26.3 million from the Group's HSBC facility and utilising existing cash resources
- Refinanced the £150.0 million HSBC facility in June 2023, adding Bank of Ireland to the Group's lenders and extending the term to March 2026 (plus two one-year extension options); 100% hedged at 4.5% interest payable
- Well financed with loan to value ("LTV") of 20.3% at the period end (31 December 2022: 16.8%) and significant liquidity, with cash resources of £19.3 million and £48.7 million of available headroom within the revolving credit facility ("RCF")

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 supplementary notes on pages 34 to 41 for further details on APMs.
2. Dividends paid and declared in respect of the six months to 30 June 2023, including the first interim dividend of 1.0 pence per share declared on 21 September 2023. Dividends paid during the six months to 30 June 2023 totalled £10.5 million (six months to 30 June 2022: £nil) or 3.0 pence per share as a second interim dividend in respect of the year to 31 December 2022. Please refer to note 9 of the consolidated financial statements.
3. Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments.
4. Investment properties only. Development properties and land have been excluded from the above metrics.



OPERATIONAL HIGHLIGHTS

Operational highlights^{1,4}

As at 30 June 2023

CONTRACTED RENT ROLL	ESTIMATED RENTAL VALUE	OCCUPANCY
£14.2m As at 31 December 2022: £13.8m	£17.3m As at 31 December 2022: £17.2m	89.1% As at 31 December 2022: 82.0%
WAULT TO EXPIRY	WAULT TO FIRST BREAK	NET REVERSIONARY YIELD
6.2 years As at 31 December 2022: 6.2 years	3.9 years As at 31 December 2022: 4.5 years	5.3% As at 31 December 2022: 5.2%

- Good progress with asset management and development programmes:
 - At Oxford Technology Park (“OTP”) achieved two new lettings to Oxford Ionics and Arcturus Data at £28.5 and £28.7 per sq ft respectively
 - Received detailed planning consent on final phase of OTP development (Buildings 8 to 11)
 - Completed rebranding of Cambourne asset to Cambourne Park Science & Technology Campus (“Cambourne”) and secured first life science letting at the park to Rakon (£25.0 per sq ft)
 - Refit completed at Rolling Stock Yard (“RSY”) and let at £110.0 sq ft to Beacon Therapeutics, a record rent for life science space
- Contracted rent roll of £14.2 million (31 December 2022: £13.8 million), with £0.4 million of rent added in the period, increasing occupancy to 89.1% (31 December 2022: 82.0%)
- Significant reversionary potential in the investment portfolio, with the ERV of £17.3 million reflecting a reversionary percentage of 9.0% on let space
- WAULT to expiry remains stable at 6.2 years (31 December 2022: 6.2 years)

ESG

- Sustainability Committee approved the Group’s sustainability strategy and policy
- New standards for refurbishments and developments rolled out
- Green leases introduced for all new lettings
- Obtained the Group’s first green financing, with £40.0 million of the term loan defined as a Green Loan

Post balance sheet events

- 69,700 sq ft has reached practical completion at OTP
- New letting to Oxford Gene Technology (Operations) Limited at OTP taking 11,040 sq ft in the Innovation Quarter (“IQ”) for £19.9 per sq ft
- The Board has declared an unchanged first interim dividend of 1.0 pence per share in respect of 2023 and this will be paid entirely as an ordinary dividend. Payment date is 31 October 2023, with an ex-dividend date of 28 September 2023

CHAIR'S STATEMENT



OUR CONVICTION IN THE FUTURE OF OUR BUSINESS REMAINS STRONG, UNDERPINNED BY POWERFUL LONG-TERM STRUCTURAL DRIVERS.

CLAIRE BOYLE

Chair

We made good progress over the six months as we focused on executing our business plan and successfully refinancing the Group's debt, extending the term and ensuring we have the flexibility to continue delivering on the strategy we set at IPO.

Market remains robust

The UK life sciences market, which is underpinned by some compelling long-term structural drivers, remains robust despite the ongoing macro uncertainty. In particular, our focus on the Golden Triangle of Oxford, Cambridge and London's Knowledge Quarter, where demand is strongest and supply is highly constrained, positions us well, and is why we have delivered a valuation uplift over the period, outperforming much of the property sector.

However, with five interest rate rises since the start of the year, the economic environment continues to be challenging. Occupiers are being more thoughtful about taking space, and we have seen the pace of decision-making slowing. Nevertheless, we are encouraged by the level of enquiries and, as a result, we are continuing to let at rents ahead of our own and the valuers' expectations.

The wider environment continues to be supportive for life science operators, with the funding pool diversifying to include sovereign wealth as well as venture capital funds, in addition to large pharmaceutical companies increasingly looking to invest in smaller businesses to supplement research and development. The UK Government also remains supportive of the sector, and we were delighted to see that the UK will rejoin Europe's Horizon programme under a bespoke deal. This provides UK scientists with access to the world's largest research collaboration programme.

Ultimately, having the right space is fundamental to the business model for life sciences companies. To support them, we have developed a deliberately differentiated offer, which even in the current environment appeals to a range of occupiers across the life science spectrum.

At OTP and Cambourne, our space is more affordable and more flexible than competing schemes but provides the same high-quality workspace and proximity to the institutions in and around Oxford and Cambridge. At RSY, we are one of the only schemes in London offering plug and play lab space and our location within the Knowledge Quarter makes this uniquely attractive. These factors give us an important competitive advantage as interest in the sector builds. While we are aware that there are development schemes in the pipeline across the Golden Triangle, timing, particularly in the current environment, is less certain and in London, few offices have the potential for conversion or are in the right location.

In the second half of last year, we saw outward yield shift across commercial real estate sectors, as the investment market responded to high inflation, rising interest rates and geopolitical uncertainty. Our portfolio has not been immune to these pressures, but the impact has been far more limited than in other sub-sectors of real estate. We have seen yields stabilise in the first half of 2023, which is reflected in our period-end portfolio valuation (see below).

Successfully executing our plans

The Group has made good progress with its strategy in the period. Our developments at OTP are progressing to plan, with 69,700 sq ft reaching practical completion since the period end. We also received detailed planning consent for the final four buildings (8 to 11), with Buildings 8 and 9 having now started on site. In addition, we announced two new life science occupiers at OTP in the period and one further new letting since 30 June 2023.

We completed the rebranding of Cambourne to reflect its focus on life science and technology occupiers and welcomed our first life science letting there since acquisition.

At RSY, we achieved what we believe is a record rent per sq ft for a lab in London at £110.0 per sq ft following its refit as plug and play lab space.



However, we are very aware that the wider environment remains uncertain and are managing our development plans accordingly. In particular, we are evolving our offer to where we see the strongest demand. So, at OTP, we are refining the planning consent we achieved in order to deliver more flexible and affordable space, following the success of the IQ model delivered on Building 4; and at Cambourne, we will be delivering more plug and play space after seeing positive results with this approach at RSY.

Financial performance and dividends

The portfolio was independently valued at £402.9 million at the period end (31 December 2022: £387.6 million), up 3.9% on an absolute basis, reflecting the stabilisation of yields noted above and progress with developments and lettings.

The EPRA NTA per share as at 30 June 2023 was 87.4 pence per share, 2.6 pence lower than the year ended 31 December 2022, with the movement primarily resulting from the 3.0 pence second interim dividend paid in May 2023. Adjusted EPS for the period was 0.9 pence with rental income from the May 2022 acquisitions driving the 0.7 pence increase versus the same period last year.

The Board has declared an interim dividend of 1.0 pence per share in respect of the period, unchanged from the same period last year. This will be paid entirely as an ordinary dividend. The payment date is 31 October 2023, with an ex-dividend date of 28 September 2023.

Operationally, the Group continues to perform strongly and the Board believes that the best route for generating shareholder returns is to continue to successfully implement the strategy and extract the inherent value from the portfolio.

A well-financed business

The business has maintained its robust financial position, with low leverage, significant cash and headroom in our facilities, providing the resources we need to implement our asset management plans.

During the period, we repaid the more expensive debt we acquired with OTP and refinanced our existing HSBC term loan and RCF. We were delighted to add Bank of Ireland to our lenders in the process, demonstrating the continued attraction of our sector and business to finance providers. We were also pleased to define £40.0 million of the term loan as a Green Loan, representing the Group's first green financing.

At the period end, our LTV ratio was 20.3% (31 December 2022: 16.8%) and we continue to believe that a range of 30-40% is optimal in the longer term. At the same date, we had available liquidity of £68.0 million, split between cash of £19.3 million and a further £48.7 million available on the RCF, which we will draw down to fund our development programme at OTP, with a further £51.0 million of costs expected to complete the project.

Sustainability matters

We continue to progress our sustainability agenda. At the start of the year, we established a Sustainability Committee to oversee and review our sustainability strategy. The Committee is chaired by the Board's sustainability lead, Dr Sally Ann Forsyth, and is made up of all members of the Board. The Committee met twice in the period and approved the sustainability strategy and policy, as well as its own terms of reference.

Our other sustainability workstreams include enhancing the quality of the data we collect across the portfolio, to establish a baseline against which we can set a target for the reduction of our carbon emissions, which is planned for the end of the year. We have also drawn up standards for refurbishments and developments, which we are using to progress the plans for the refit of space at Cambourne. Our developments at OTP are being delivered to good sustainability standards, including EPC A and BREEAM Excellent ratings. Across the portfolio, we have set individual sustainability asset plans to identify opportunities for on-site renewable energy, energy performance improvements and occupier wellbeing.

Looking forward

While we recognise that the economic environment continues to be challenging, our conviction in the longer-term prospects for our business remains strong. Occupier demand in our key markets is encouraging and is underpinned by powerful long-term trends, while supply is low, supporting rental growth. We are seeing good interest in our vacant space, which we expect to convert to lettings in the second half of the year at attractive rents. We will continue to actively manage our balance sheet to provide additional flexibility to progress our strategy of delivering space for life science use. The Board therefore looks forward to the remainder of 2023 with confidence.

Claire Boyle

Chair

20 September 2023

INVESTMENT ADVISER'S REPORT



WE MADE FURTHER PROGRESS IMPLEMENTING THE STRATEGY AND CONCLUDED AN IMPORTANT REFINANCING OF THE GROUP'S DEBT FACILITIES.

SIMON FARNSWORTH

Managing Director

Market update

While the life science real estate sector has demonstrated resilience so far in 2023, it was not immune from the broader challenges facing UK property.

The occupational market is highly dependent on the funding environment, which has seen a shift in dynamics over the period. While venture capital activity has slowed, there has been an uptick in other sources of funding, notably sovereign wealth, private equity ("PE") and Big Pharma companies mergers and acquisitions ("M&A"). £3.6 billion was invested in UK life sciences through M&A in the first six months of the year compared to £1.5 billion in the previous six months and PE investment totalled £4.7 billion with activity driven by some large deals. This underscores a broader and enduring confidence in the market, reflecting advances in science, technology and medicine that could revolutionise life sciences globally.

While the structural themes remain strong, the sector has not been immune to the cyclical headwinds which continue to dominate. Occupiers are postponing or taking longer to make decisions on new space, but that has tended to mean that enquiries are more realistic and well considered.

In Oxford, during the six months to 30 June 2023, take-up was ahead of the same period last year, although requirements have fallen year on year. However, in Cambridge, momentum has continued, with take-up 25% ahead of last year. In both locations there is a significant gap between supply and demand, totalling nearly 0.5 million sq ft in Oxford and 1.2 million sq ft in Cambridge.

Interest in London is also building, with an estimated 700,000 sq ft of requirements as at 30 June 2023, most of which originate from large pharmaceutical companies looking for fully fitted lab space, and focused on areas of under 20,000 sq ft. Quoted rents in this market are high, ranging from £85.0 to £130.0 per sq ft, reflecting the specialist nature of the fit out and the strength of demand.

Investment activity was lower in the first half of 2023, partly due to a lack of available stock rather than a lack of available capital as owners have preferred not to sell into a potentially weaker market.

Volumes totalled £381 million, down on the first half of 2022, but as at 30 June 2023, there was approximately £600 million worth of properties under offer, which bodes well for the rest of the year.

UK Government support for the life science sector remains robust

UK Government support for the life science sector remains robust. The decision to rejoin Horizon Europe, announced this month, is hugely positive for the UK industry. This agreement supports new technologies and research projects in a range of sectors and opens up co-operation beyond the EU. Other initiatives announced in the period included:

- incentives for investment in research and development, IT equipment, plant and machinery, announced as part of the 2023 Spring budget;
- increasing the budget for the Medicines and Healthcare Products Regulatory Agency, potentially accelerating the approval process for medical products;
- launching the International Technology Strategy, a £3.5 billion investment to make the UK a science and technology superpower by 2030;
- creating a new Department for Science, Innovation and Technology ("DSIT"), with the Secretary of State given a Cabinet seat;
- establishing the Advanced Research and Invention Agency, backed by £800 million of funding, to support high-risk scientific research; and
- since the period end, the UK Government has announced transformational plans in Cambridge, including the construction of a new residential area, commercial developments and laboratory space for life sciences.

Implementing the investment strategy

There were no changes to the portfolio during the period, as we focused on implementing our asset management and development plans for the Group's existing assets, as described below.

The portfolio

The Group's portfolio at 30 June 2023 comprised its investment assets and the ongoing development at OTP, which comprises buildings under construction and the remaining development land.

Asset	Valuation		Area sq ft	Occupancy %	WAULT to break Years	WAULT to expiry Years	Contracted rent		NIY %	NRY %
	£m	£ per sq ft					£m p.a.	£ PSF		
Cambourne	87.4	377	231,700	82.0	1.8	5.1	4.2	22.2	4.5	6.0
Rolling Stock Yard	85.3	1,583	53,900	86.4	3.2	7.1	3.5	72.3	3.9	4.5
7-11 Herbrand Street	76.7	1,118	68,600	100.0	—	3.3	4.0	58.5	4.9	5.2
OTP – Investments	43.5	419	103,800	86.1	10.8	13.2	1.7	19.2	3.7	5.0
Lumen House	7.5	426	17,600	100.0	—	—	0.4	24.5	5.4	7.5
The Merrifield Centre	7.5	595	12,600	100.0	3.5	8.5	0.3	23.1	3.6	5.5
Investment assets	307.9	631	488,200	89.1	3.9	6.2	14.2	33.3	4.3	5.3
OTP – Developments	95.0	240	395,400 ¹	—	—	—	—	—	—	5.1 ²
Development assets	95.0	240	395,400	—	—	—	—	—	—	5.1
Total	402.9	456	883,600	89.1	3.9	6.2	14.2	33.3	4.3	5.3

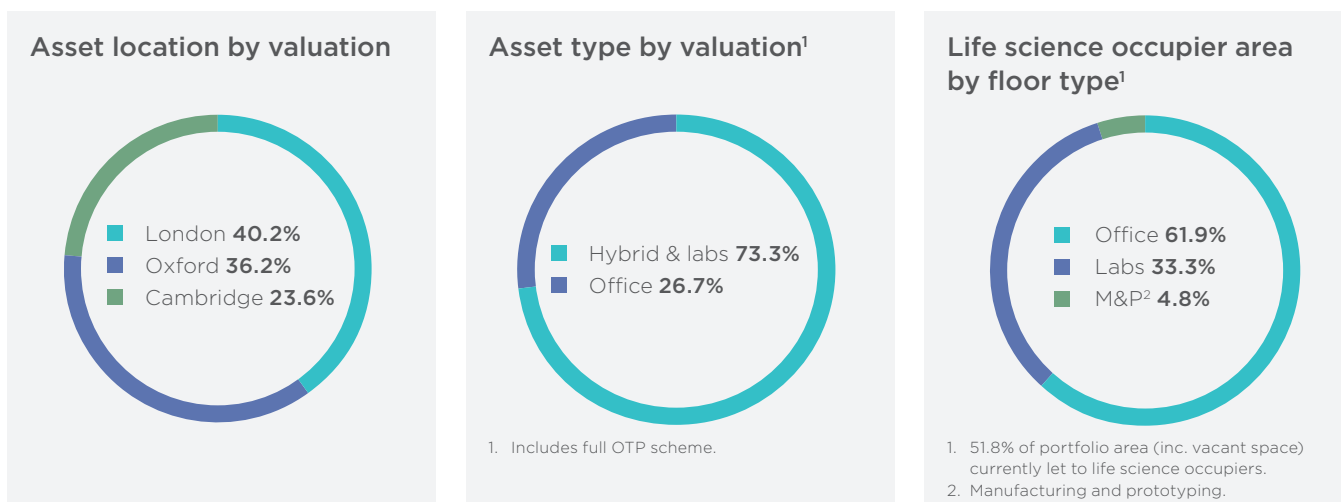
1. Full build-out area.

2. Development property only, excludes development land.

The contracted rent roll for the investment assets at the period end was £14.2 million (31 December 2022: £13.8 million), up 2.9%. This compares to an ERV of £17.3 million, 21.8% ahead of the existing contracted rent. The let space is already 9.0% reversionary, demonstrating significant rental growth in the sector. Our asset management programme aims to unlock this potential income growth over time.

Overall occupancy at the period end was 89.1% (31 December 2022: 82.0%), with the movement reflecting the new life science lettings at RSY and Cambourne in the period.

All of the assets are located within the Golden Triangle. The portfolio primarily comprises hybrid and laboratory (“labs”) and office space. The charts below show the split of assets by location and type, based on their valuation, as well as by life science occupier at 30 June 2023.



INVESTMENT ADVISER'S REPORT CONTINUED

Implementing the investment strategy continued

The Group's occupiers

As we successfully implement our asset management strategy, the proportion of the Group's assets leased to life science occupiers continues to grow, with 51.8% of our portfolio area leased to life science occupiers as at 30 June 2023 (31 December 2022: 41.0% restated to include technology occupiers). At the period end, our three largest life science occupiers by rent were:

- **Gyroscope Therapeutics**, a clinical-stage company owned by Novartis, developing gene therapies to treat diseases of the eye that cause vision loss and blindness. The company occupies three floors in Rolling Stock Yard, which provides a collaborative environment to explore innovative medical research and operate its global organisation.
- **Carl Zeiss**, a leading technology enterprise, operating in the optics and optoelectronics industries. Its UK headquarters for its life science businesses of microscopy, medical technology and consumer optics are in Building 1030 at Cambourne, providing it with space to consolidate research, production and other operations.
- **Beacon Therapeutics**, a Syncona-backed gene therapy company focusing on developing therapies and treating diseases of the eye. Beacon Therapeutics took occupation of the second floor of Rolling Stock Yard in March 2023.

Other life science occupiers that signed leases in the six months ended 30 June 2023 include:

- **Rakon**, a leading global precision timing designer and manufacturer, headquartered in New Zealand, which has been a major player in enabling positioning for agritech for over a decade. Rakon leased space in Building 2020 at Cambourne in April 2023, giving it access to the world's leading engineers and bringing it closer to its customers.
- **Arcturis Data**, which uses their high-quality, real world data platform to provide statistical analysis and advanced insights to support the discovery and development of new medicines.
- **Oxford Ionics**, which is a high-performance quantum computing company. Quantum computing has the potential to revolutionise life sciences, for example accelerating drug discovery by simulating the performance of new drugs on computers. Oxford Ionics became a new occupier in Building 1 at OTP in January 2023 and will be actively targeting life science sector customers.

The table below shows the Group's top ten occupiers at the period end.

Occupier	Asset ¹	Contracted rent p.a. (£m)	% of total
1. Thought Machine ²	HS	4.0	28.3%
2. Gyroscope Therapeutics	RSY	1.5	10.8%
3. Carl Zeiss	CP	1.0	6.7%
4. Beacon Therapeutics	RSY	0.8	5.7%
5. Xero	RSY	0.7	5.0%
6. Regus	CP	0.7	4.8%
7. MTK Wireless	CP	0.7	4.8%
8. Premier Inn	OTP	0.7	4.7%
9. The Native Antigen Company	OTP	0.5	3.8%
10. Pacific Biosciences	RSY	0.5	3.3%
Subtotal - top ten		11.1	77.9%
Remaining		3.1	22.1%
Total		14.2	100.0%

1. HS - Herbrand Street; RSY - Rolling Stock Yard; CP - Cambourne Park Science & Technology Campus; OTP - Oxford Technology Park; LH - Lumen House.

2. The Group's investment policy targets a portfolio with no one occupier 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. 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 occupiers.



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.

Cambourne Park Science & Technology Campus (“Cambourne”)

Cambourne, located just seven miles from Cambridge University, was acquired in 2021 with the intention of transitioning this business park to a dedicated life science and technology hub. We made significant progress on this during the period with the rebranding of the park to better appeal to these sectors.

The branding was developed following engagement with existing and potential occupiers, local residents and other stakeholders, to determine how best to reposition the asset and has been well received.

Plans are currently being worked up to repurpose 10,000 sq ft of vacant office space in Building 2020 into four suites of fully fitted plug-and-play laboratories, following a successful conversion of space at Rolling Stock Yard. The suites will each be approximately 2,000 sq ft and will be suitable for early-stage life science companies. Equally, they can be combined to accommodate a larger occupier.

In April 2023, the Group achieved its first life science letting at Cambourne, with Rakon taking 4,877 sq ft in Building 2020. The lease is at a rent of £25.0 per sq ft for ten years, with a break clause and rent review at the end of the fifth year. Rakon is fitting out the space to create dry labs. As a result, occupancy at Cambourne was up 1.9% to 82.0% at the period end (31 December 2022: 80.1%).

Our longer-term aim is to deliver a highly sustainable campus, building on the existing renewable power provision (PV panels) and targeting a minimum of BREEAM Very Good for refurbishments. As part of the masterplan, we are also evaluating opportunities for a range of amenities benefiting occupiers and the local community. This includes a high-quality café, flexible workspace, publicly accessible green spaces and organised events. We are also looking to improve the park’s transport connectivity with shuttle buses to central Cambridge and the local railway station.



Rolling Stock Yard

Well located in London’s Knowledge Quarter, Rolling Stock Yard is our first office-to-laboratory conversion with the refit of the first and second floors completed in the period. The building now offers a combination of office and plug-and-play laboratory space, as well as a newly designed reception area, creating an attractive and convenient place for occupiers to meet and collaborate. Sustainability was integral to the design, for example by incorporating LED lighting throughout and ensuring we repurposed or reused existing furniture and sourced new furniture sustainably. The capital cost for the lab refit was around £2.0 million or £158.7 per sq ft.

This project has proved highly successful. The 7,322 sq ft second floor has been leased to Beacon Therapeutics, a Syncona-backed company, at £110.0 per sq ft, compared to £65.0 per sq ft before the refit. The lease is for five years with an occupier’s break at year three. We have also had interest from potential occupiers for the first floor at the period end. The upgraded reception area is proving popular and we are receiving requests from occupiers to use it for after-work events. Occupancy at the period end was 86.4% (31 December 2022: 66.7%).



Rolling Stock Yard

Lumen House

The occupier’s lease at Lumen House expired at the end of May 2023. The occupier is currently holding over and intends to vacate the building, which we expect to happen towards the end of the year.

The building is located on Oxford’s Harwell Campus, a highly attractive location for life sciences occupiers. Working with CBRE’s Life Science team, we are currently reviewing options for this asset, which include a range of possible opportunities, from repurposing the existing 17,600 sq ft building to life science use, through to a full redevelopment and construction of a state-of-the-art life science facility.

INVESTMENT ADVISER'S REPORT CONTINUED

Implementing the asset management strategy continued

Oxford Technology Park

At OTP we are delivering 499,200 sq ft in a key location in Oxford next to Begbroke Science Park, providing traditional office, laboratory and hybrid space. We have also developed smaller, more flexible units in our IQ which will accommodate fast-growing life science occupiers.

We have continued to make progress at OTP, with over 10,000 sq ft of lettings in the period and a further 11,040 sq ft post period end.

During the period, we agreed two leases to life science occupiers in Building 1 at OTP:

- in January 2023, Oxford Ionics leased 4,887 sq ft for two years at £28.5 per sq ft, with a break clause at the end of the first year. This provides Oxford Ionics with initial accommodation at OTP, while it prepares to occupy larger long-term space in Building 6 (see below); and
- in February 2023, Arcturis Data leased 5,509 sq ft of office space at £28.7 per sq ft for ten years, with a break clause and rent review at the end of the fifth year.

The new leases resulted in occupancy of the completed buildings at OTP increasing from 72.5% at 31 December 2022 to 86.1% at 30 June 2023.

Buildings 4A and 4B were nearly complete at the end of the period and both reached practical completion in August 2023. Together, these buildings make up an 11-unit IQ, providing smaller, more flexible space targeting life science SMEs. At 30 June 2023, we had a number of lettings for units in these buildings in solicitors' hands. We are also planning to convert unit 7 in Building 4B to a plug-and-play laboratory as a proof of concept for this type of space at OTP, which we expect will achieve a rental uplift from around £25.0 per sq ft to £50.0–60.0 per sq ft.

Our occupier surveys have demonstrated that amenity space is important, therefore we are also currently exploring options to convert unit 6 at the IQ into a café and co-working space.

As previously announced, in 2022 we agreed a pre-let on 56,500 sq ft in Building 5 to Williams Advanced Engineering. The building was substantially complete at 30 June 2023 and is due to reach practical completion in the second half of the year. The lease will be granted upon practical completion, with the initial rent of £18.8 per sq ft rising to £20.3 per sq ft after 18 months. Building 6 and Building 7 are also expected to complete in the second half of 2023.

During the period, we also received detailed planning consent for the remaining phase of OTP in Buildings 8 to 11, which together will comprise 179,000 sq ft of hybrid space, fitted to shell on the ground floor and offices on the first floor. Construction on Buildings 8 and 9 began in June 2023. Post period end, we are looking to revise the consent we have on Buildings 10 and 11 to deliver more affordable, flexible space following the success of the IQ.

Following the above completions since the period end, 267,600 sq ft is now classified as investment property with 231,600 sq ft still being developed. This equates to 53.6% of the development now being practically complete.

The buildings at OTP have strong sustainability credentials, including EPC A on Buildings 1 and 2, and all existing life science buildings and developments are tracking a BREEAM Excellent rating. The Premier Inn hotel is BREEAM Very Good. We are conducting a feasibility study on the remaining developments to look at options for retrofitting photovoltaic ("PV") panels across the park.



Oxford Technology Park



Sustainability

Environmental

Our net zero carbon pathway is a key environmental goal. To progress this, we are focusing on improving the quality of our energy consumption data to provide a firm baseline for setting carbon emission reduction targets at the end of the year. We have already begun engaging with occupiers to share their data. To support this approach, our template lease for all new lettings incorporates green lease clauses, which stipulate the sharing of energy data.

We have rolled out Sustainability Standards for developments, refurbishments and acquisitions, setting our minimum standards in areas including building certifications, energy and carbon, building materials and waste, biodiversity and construction methodology. These standards are being used to support the repurposing of space in Building 2020 at Cambourne. New developments will also target an EPC A rating and a minimum of BREEAM Excellent and we will maximise on-site renewables through PV panels and prioritise the use of recycled and locally sourced materials.

Since the year end, the percentage of assets with an EPC rating of A to C by area has increased from 83.4% to 97.4% following a reassessment of 7-11 Herbrand Street (“Herbrand”).

Social value

Engaging with our occupiers provides valuable insights, helping us to continue delivering space which meets their needs. To do this, we are holding a series of ESG meetings with key occupiers and have provided a number of them with surveys to send to their own staff to obtain more granular feedback.

The importance of sustainable travel has emerged from our occupier engagement and to deliver on this we are targeting EV charging points of 20.0% of spaces for refurbishments and 50.0% for new builds going forward. Our plans include a shuttle bus to key local locations, and the promotion of active travel via cycle shelters and cycle routes which connect to the local cycle network.

As part of our commitment to occupier wellbeing, our newly developed Sustainability Standards include the use of the healthy building criteria such as Fitwel for any refurbishments and developments.

Governance

The Company established a Sustainability Committee at the start of 2023, chaired by the Board’s sustainability lead, Dr Sally Ann Forsyth, with all Board Directors being members of the Committee. The Committee’s remit is to oversee and review the implementation and effectiveness of the Sustainability Strategy. It met twice in the period and approved the Group’s Sustainability Strategy and Policy and the Committee’s terms of reference. The Committee produces an ESG report that is submitted to the Board and has prepared key policies for release on the website in due course. To support the delivery of our Sustainability Strategy, all employees at Ironstone Asset Management Limited (“Ironstone”) have a minimum of one sustainability objective, which will be assessed as part of the annual appraisal process.



INVESTMENT ADVISER'S REPORT CONTINUED

Financial review

Financial performance

The financial results for the Group is summarised below:

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Year ended 31 December 2022 £m
Gross property income	7.6	5.6	13.1
Property operating expenses	(1.0)	(1.5)	(2.2)
Net rental income	6.6	4.1	10.9
Adjusted administration costs	(2.4)	(2.6)	(5.6)
Adjusted operating profit	4.2	1.5	5.3
Adjusted net finance costs	(0.9)	(0.8)	(2.7)
Tax	(0.1)	—	(0.1)
Adjusted earnings	3.2	0.7	2.5
Exceptional finance costs	(1.4)	—	—
Exceptional administration costs	—	0.4	(1.0)
Fair value gains on derivatives and deferred premium	0.5	0.4	2.2
Fair value gains/(losses) on investment properties	3.0	5.8	(31.3)
IFRS profit/(loss) after tax	5.3	6.9	(27.6)

Total gross property income in the year was 35.7% higher at £7.6 million (six months ended 30 June 2022: £5.6 million), with the growth reflecting a full period of ownership of OTP and 7-11 Herbrand Street, both of which the Group acquired in May 2022, as well as the benefits of our leasing activity.

Property operating expenses, reflecting primarily void costs on vacant units and a small provision in the period for doubtful debts, were £1.0 million (six months ended 30 June 2022: £1.5 million), resulting in net rental income of £6.6 million (six months ended 30 June 2022: £4.1 million).

Administration costs comprise the Investment Adviser's fee of £1.7 million (six months ended 30 June 2022: £1.9 million), and other professional fees of £0.7 million (six months ended 30 June 2022: £0.7 million) including audit and valuation, the Directors' fees, and a range of other corporate costs.

The above results in a total cost ratio (including direct vacancy costs) for the period of 44.3% (six months ended 30 June 2022: 73.6%). The improvement reflects the Group's income growth and reduction of costs in the period and we expect the ratio to further reduce as we continue to complete and lease up the buildings at OTP and realise the reversionary potential elsewhere in the portfolio, by repurposing assets to laboratory space.

Adjusted net finance costs for the period were £0.9 million (six months to 30 June 2022: £0.8 million) comprising loan interest, expenses and arrangement fees of £4.4 million, offset by capitalised finance costs of £1.8 million, and adjusted finance income of £1.7 million.

As a REIT, the Group is not subject to corporation tax on its property rental business, however it is estimated to incur tax on its residual business of £0.1 million (six months ended 30 June 2022: £nil). Following this tax charge, adjusted earnings of £3.2 million (six months ended 30 June 2022: £0.7 million) were reflected in the period.

Exceptional finance costs include one-off costs of £1.4 million (six months ended 30 June 2022: £nil) with £0.7 million relating to the write-off of unamortised arrangement fees on the Group's debt facility, which was refinanced in June 2023 (see page 14) and an early repayment fee of £0.7 million on the Fairfield facility, which was repaid in February 2023 in advance of the expiry date.

Fair value gains on derivatives and deferred premium in the period of £0.5 million (six months ended 30 June 2022: £0.4 million) relate to the existing interest rate caps that were in place at the start of the period and the new cap that was entered into following the refinancing in June 2023. The prior period gain of £0.4 million relates to an interest rate cap acquired with OTP which expired in June 2023.

The fair value gain on investment properties was £3.0 million (six months ended 30 June 2022: £5.8 million). See the valuation and net asset value section in this report for more information.



IFRS profit after tax for the period was therefore £5.3 million (six months ended 30 June 2022: £6.9 million). This resulted in IFRS earnings per share of 1.5 pence (six months ended 30 June 2022: 2.0 pence) and EPRA EPS of 0.7 pence (six months ended 30 June 2022: 0.2 pence). Adjusted EPS, which is EPRA EPS excluding the impact of certain one-off costs, was 0.9 pence (six months ended 30 June 2022: 0.2 pence).

Dividends

In May 2023, the Company paid the second interim dividend of 3.0 pence per share, in respect of the year to 31 December 2022.

Since the period end, the Board has declared a first interim dividend of 1.0 pence per share in respect of the period (six months ended 30 June 2022: 1.0 pence). This will be paid entirely as an ordinary dividend. The payment date is 31 October 2023, with an ex-dividend date of 28 September 2023.

The cash cost of this first interim dividend is £3.5 million. At 30 June 2023, the Group had distributable reserves of £328.3 million (31 December 2022: £337.1 million), the majority being in the Company.

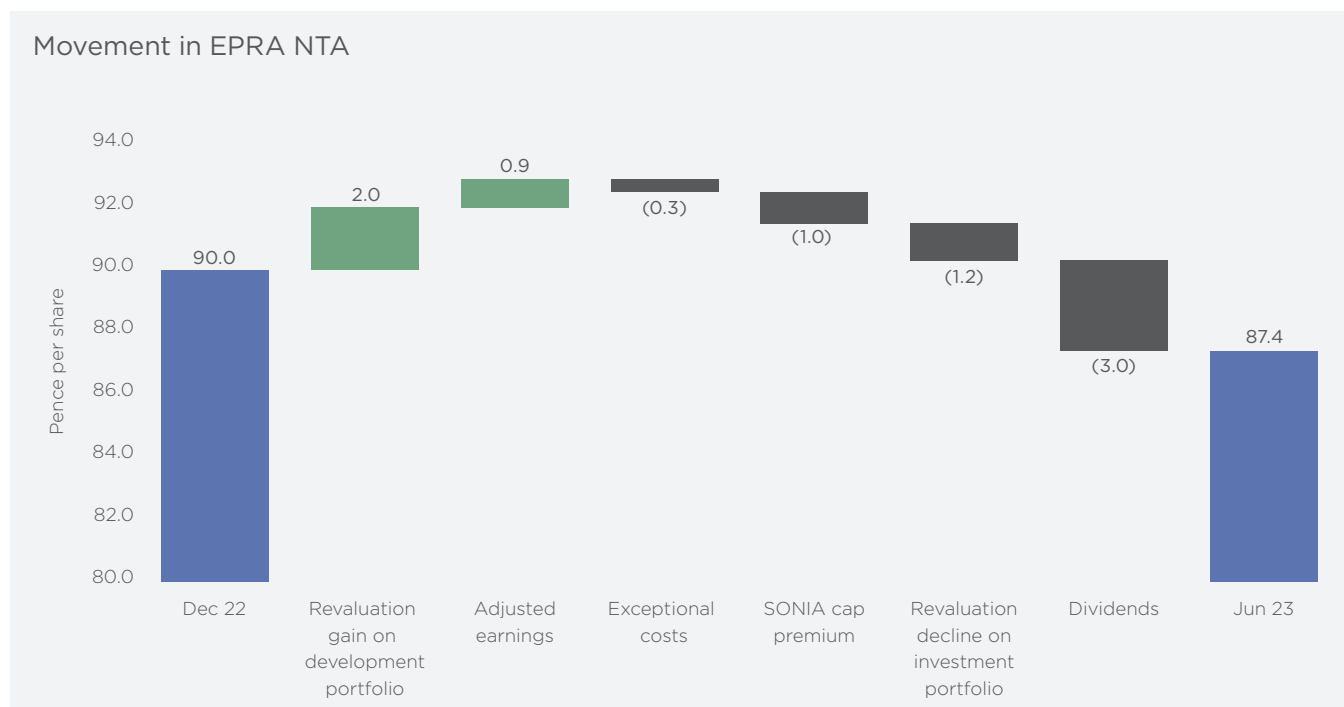
Valuation and net asset value

The portfolio was independently valued by CBRE as at 30 June 2023, in accordance with the internationally accepted RICS Valuation – Professional Standards (the “Red Book”).

The portfolio valuation increased by £15.3 million to £402.9 million (31 December 2022: £387.6 million) in the period. The increase was primarily driven by ongoing development and repurposing capital expenditure of £10.5 million, finance costs capitalised of £1.8 million, and a revaluation gain of £3.0 million, resulting in a 0.8% increase on a book value basis. £7.1 million of this gain is attributable to the development at OTP as it continues to progress, offset by a £4.1 million revaluation loss on the investment portfolio following a 1.0% like-for-like ERV growth and small outward yield shift of 9 basis points as the market began to stabilise (a 1.3% reduction on a like-for-like basis).

As a result of the dividend paid in the period offset by the revaluation gain and positive adjusted earnings, the EPRA NTA per share (“NTAPS”) at 30 June 2023 was down 2.6 pence to 87.4 pence (31 December 2022: 90.0 pence). The chart below reconciles the movement in the NTAPS over the period.

The IFRS NAV per share at 30 June 2023 was 89.8 pence (31 December 2022: 91.3 pence), with the key contributors to the movement being in line with those noted above for the EPRA NTAPS.



INVESTMENT ADVISER'S REPORT CONTINUED

Financial review continued

Debt financing

During the period, the Group undertook two debt refinancings. In February 2023, the Group refinanced the £36.5 million Fairfield debt facility acquired with OTP, by utilising £26.3 million of the Group's HSBC facility and existing cash resources. This will reduce the Group's cost of debt, reflecting the higher interest rate on the Fairfield facility, and has enabled OTP to be used as security for other debt financing.

In June 2023, the Group refinanced the £150.0 million HSBC term loan and RCF, with Bank of Ireland joining HSBC in providing the new facility. This includes a £100.0 million term loan, increased from £75.0 million, and a £50.0 million RCF, both of which have had their terms extended to March 2026, with two one-year extension options. The Group also has a £35.0 million accordion facility option available on the RCF. The facilities are secured on all of the Group's assets, including OTP.

The new facility carries a cost of SONIA plus a 2.50% margin. The SONIA reference rate has been capped at 2.00% per annum until March 2025, for a premium of £3.6 million predicated on a forecast debt draw down schedule, resulting in 100% SONIA hedging at the period end. The facility also includes a ratchet clause that reduces the margin to 2.35% if the gross LTV is 30% or lower, based on the lenders' annual valuation of the portfolio.

The Group has also defined £40.0 million of the term loan as a Green Loan in accordance with the LMA Green Loan Principles. This is secured on Rolling Stock Yard and completed OTP buildings, which are rated either BREEAM Excellent or EPC A.

At 30 June 2023, the term loan was fully drawn and the Group had drawn £1.3 million against the RCF. The Group also had cash and cash equivalents of £19.3 million (31 December 2022: £45.6 million). The LTV was therefore 20.3% at the period end (31 December 2022: 16.8%). On a gross basis this has reduced to 25.1% (31 December 2022: 28.6%) since the year end, following the use of existing cash resources to partly repay the Fairfield facility. We continue to believe that a range of 30.0–40.0% is optimal in the longer term.

The Group had £48.7 million available within the RCF at the period end, resulting in total liquidity of £68.0 million to fund the ongoing development at OTP, which had £51.0 million costs to complete as at 30 June 2023. The RCF will be drawn on a quarterly basis to meet development funding requirements and minimise interest costs throughout the remaining development period.

Principal risks and uncertainties

The Group's principal risks are presented on pages 65 to 69 of the 2022 Annual Report and are summarised below. The Board has regularly reviewed existing and emerging risks during the period, including detailed consideration of the principal risks, which are those most material to the Group. The Board considers that there has been no material change to the Group's principal risks during the period.

Business risks

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

Financial risks

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

Compliance risks

- Loss of REIT status

Climate-related risks

- Impact of climate change

Going concern

In preparing the financial statements, we and the Board are required to assess whether the Group remains a going concern. During the period to 30 June 2023, the Group recognised gross property income of £7.6 million and adjusted earnings of £3.2 million. Gross property income would need to fall by approximately 42.1% before the Group became loss-making. This is considered unlikely given that rent collections in respect of the period to 29 September 2023 are 99.0%, the let portfolio currently reflects a reversionary percentage of 9.0%, and there is strong occupier demand for existing and new space being built.

The Group currently has a strong balance sheet with significant LTV headroom on the new debt facility of 40.0% and substantial liquidity of £68.0 million, including cash at the period end of £19.3 million. Taking the above into consideration, we and the Board have a reasonable expectation that the Group has adequate resources to complete its capital obligations over the next 12 months (including uncommitted expenditure) and continue in business for a period of at least 12 months from the date of this Interim Report. Therefore, it has been concluded that the Group remains a going concern.



Post period end events

Since the period end:

- 69,700 sq ft has reached practical completion at OTP;
- new letting to Oxford Gene Technology (Operations) Limited at OTP, taking 11,040 sq ft in the IQ for £19.9 per sq ft; and
- the Board has declared a first interim dividend of 1.0 pence per share in respect of 2023 (six months ended 30 June 2022: 1.0 pence). This will be paid entirely as an ordinary dividend. The payment date is 31 October 2023, with an ex-dividend date of 28 September 2023.

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 investment advisory services to both G10 and the Company.

Investment Adviser

Ironstone Asset Management Limited is the Investment Adviser to the Company and the AIFM.

Ironstone Asset Management Limited Investment Adviser

20 September 2023

DIRECTORS’ RESPONSIBILITIES STATEMENT

The Directors confirm to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting and gives a true and fair view of the assets, liabilities, financial position, and profit of the Group, as required by DTR 4.2.4R;
- the Interim Report includes a fair review of the information required by DTR 4.2.7R (indication of the important events during the first six months and description of principal risks and uncertainties for the remaining six months of the financial year); and
- the Interim Report includes a fair review of the information required by DTR 4.2.8R (disclosure of related party transactions and changes therein).

The Directors of Life Science REIT plc are listed on the Company website www.lifesciencereit.co.uk

By order of the Board

Claire Boyle Director

20 September 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Continuing operations				
Gross property income	3	7,605	5,552	13,124
Service charge income	3	2,252	710	2,582
Revenue		9,857	6,262	15,706
Recoverable service charges	4	(2,252)	(710)	(2,582)
Property operating expenses	4	(950)	(1,508)	(2,187)
Gross profit		6,655	4,044	10,937
Administration expenses	4	(2,455)	(2,602)	(6,565)
Operating profit before gains on investment properties		4,200	1,442	4,372
Fair value gains/(losses) on investment properties	11	3,041	5,763	(31,312)
Operating profit/(loss)		7,241	7,205	(26,940)
Finance income	5	2,248	714	3,255
Finance expense	6	(4,071)	(1,022)	(3,782)
Profit/(loss) before tax		5,418	6,897	(27,467)
Taxation	7	(99)	—	(146)
Profit/(loss) after tax for the period and total comprehensive income attributable to equity holders		5,319	6,897	(27,613)
Profit per share (basic and diluted) (pence)	10	1.5	2.0	(7.9)

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

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

The accompanying notes on pages 20 to 33 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2023

	Notes	30 June 2023 £'000	31 December 2022 £'000
Assets			
Non-current assets			
Investment property	11	402,900	387,550
Interest rate derivatives	14	8,231	3,871
Trade and other receivables	12	3,478	2,701
		414,609	394,122
Current assets			
Trade and other receivables	12	4,334	7,665
Cash and cash equivalents	13	19,348	45,606
Interest rate derivatives	14	—	432
		23,682	53,703
Total assets		438,291	447,825
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	15	(100,284)	(74,088)
Other payables and accrued expenses	16	(6,230)	(3,844)
		(106,514)	(77,932)
Current liabilities			
Interest-bearing loans and borrowings	15	—	(35,743)
Other payables and accrued expenses	16	(17,507)	(14,699)
		(17,507)	(50,442)
Total liabilities		(124,021)	(128,374)
Net assets		314,270	319,451
Equity			
Share capital	17	3,500	3,500
Share premium	18	—	—
Capital reduction reserve		325,323	335,823
Retained loss		(14,553)	(19,872)
Total equity		314,270	319,451
Number of shares in issue (thousands)		350,000	350,000
Net asset value per share (basic and diluted) (pence)	19	89.8	91.3

The accompanying notes on pages 20 to 33 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained loss £'000	Total £'000
Balance at 1 January 2023		3,500	—	335,823	(19,872)	319,451
Profit for the period and total comprehensive profit		—	—	—	5,319	5,319
Dividends paid	9	—	—	(10,500)	—	(10,500)
Balance at 30 June 2023		3,500	—	325,323	(14,553)	314,270

	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
Profit for the period and total comprehensive profit		—	—	—	6,897	6,897
Share issue costs	18	—	(16)	—	—	(16)
Cancellation of share premium	18	—	(339,323)	339,323	—	—
Balance at 30 June 2022		3,500	—	339,323	14,638	357,461

		Share capital £'000	Share premium £'000	Capital reduction reserve £'000	Retained loss £'000	Total £'000
Balance at 1 July 2022		3,500	—	339,323	14,638	357,461
Loss for the period and total comprehensive loss		—	—	—	(34,510)	(34,510)
Dividends paid		—	—	(3,500)	—	(3,500)
Balance at 31 December 2022		3,500	—	335,823	(19,872)	319,451

The accompanying notes on pages 20 to 33 form an integral part of these financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Cash flows from operating activities				
Operating profit/(loss)		7,241	7,205	(26,940)
Adjustments to reconcile profit for the period to net cash flows:				
Changes in fair value of investment properties	11	(3,041)	(5,763)	31,312
Adjustment for non-cash items		—	(675)	—
Operating cash flows before movements in working capital		4,200	767	4,372
Decrease/(increase) in other receivables and prepayments		1,028	(7,317)	(8,144)
(Decrease)/increase in other payables and accrued expenses		(802)	2,637	2,684
Net cash flow generated from/(used in) operating activities		4,426	(3,913)	(1,088)
Cash flows from investing activities				
Acquisition of investment properties		1,807	(165,101)	(179,414)
Capital expenditure		(8,803)	(20)	(7,641)
Interest received		1,680	226	677
Net cash used in investing activities		(5,316)	(164,895)	(186,378)
Cash flows from financing activities				
Share issuance costs paid		—	(1,124)	(1,118)
Bank loans drawn down	15	127,520	64,080	101,260
Bank loans repaid	15	(137,770)	—	(26,260)
Loan interest and other finance expenses paid		(2,810)	(1,380)	(2,069)
Loan issue costs paid		(1,808)	—	(1,203)
Dividends paid in the period		(10,500)	—	(3,500)
Net cash flow (used in)/generated from financing activities		(25,368)	61,576	67,110
Net decrease in cash and cash equivalents		(26,258)	(107,232)	(120,356)
Cash and cash equivalents at start of the period		45,606	165,962	165,962
Cash and cash equivalents at end of the period	13	19,348	58,730	45,606

The accompanying notes on pages 20 to 33 form an integral part of these financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 interim condensed consolidated unaudited financial statements for the six months ended 30 June 2023 comprise the results of the Company and its subsidiaries (together constituting the “Group”) and were approved by the Board and authorised for issue on 20 September 2023.

2. Basis of preparation

These interim condensed consolidated unaudited financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and United Kingdom adopted international accounting standards and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These interim condensed consolidated unaudited financial statements should be read in conjunction with the Company’s last financial statements for the year ended 31 December 2022. These interim condensed consolidated unaudited financial statements do not include all of the information required for a complete set of annual financial statements prepared in accordance with IFRS; however, they have been prepared using the accounting policies adopted in the audited financial statements for the period ended 31 December 2022 and selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Company’s financial position and performance since the last financial statements.

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.

IAS 34 requires that comparative figures are presented for the comparable interim period in the preceding year, therefore the six-month period ended 30 June 2022 has been presented.

The financial information contained within these interim results does not constitute full statutory accounts as defined in section 434 of the Companies Act 2006.

The financial statements for the six months ended 30 June 2023 and for the six-month period ended 30 June 2022 have been neither audited nor reviewed by the Company’s Auditor. The information for the year ended 31 December 2022 has been extracted from the latest published Annual Report and Financial Statements, which has been filed with the Registrar of Companies. The Auditor reported on those accounts; its report was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

The Directors have made an assessment of the Group’s ability to continue as a going concern. The Directors are satisfied that the Group has the resources to continue in business for the foreseeable future, for a period of not less than 12 months from the date of this report. Furthermore, the Directors are not aware of any material uncertainties that may cast significant doubt upon the Group’s ability to continue as a going concern. Therefore, the financial statements have been prepared on the going concern basis.

2.1 New standards and interpretations effective in the current period

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the period ended 31 December 2022, except for the adoption of new standards effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 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; and
- amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

2.3 Significant accounting judgements and estimates

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

Judgements

In the course of preparing the financial statements, the Directors have 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 condensed 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.

On-site 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 11 and 20 for further details.

2.4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are stated in the notes to the financial statements.

a) Basis of consolidation

The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The interim condensed consolidated unaudited financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2023. 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. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

2. Basis of preparation continued

2.4 Summary of significant accounting policies continued

d) Derivative financial instruments continued

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

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Rental income	6,831	4,793	11,007
Other income	522	—	722
Rental income straight-line adjustment	162	675	1,240
Insurance recharged	90	84	155
Gross property income	7,605	5,552	13,124
Service charge income	2,252	710	2,582
Total	9,857	6,262	15,706

4. Property operating and administration expenses

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Recoverable service charges	2,252	710	2,582
Service charge void costs	383	370	571
Rates	247	599	526
Premises expenses	228	443	928
Insurance expense	92	96	162
Property operating expenses	950	1,508	2,187
Investment Adviser fees	1,732	1,908	3,787
Other administration expenses	542	530	1,458
Directors' remuneration	98	84	186
Audit fees	95	80	177
Costs associated with moving to Main Market	(12)	—	957
Administration expenses	2,455	2,602	6,565
Total	5,657	4,820	11,334

5. Finance income

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Interest receivable from interest rate derivatives	1,272	—	329
Income from cash and short-term deposits	451	248	771
Change in fair value of interest rate derivatives	297	466	2,047
Change in fair value of deferred consideration on interest rate derivatives	228	—	108
Total	2,248	714	3,255

6. Finance expense

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Loan interest	3,882	1,073	4,961
Break fees	751	—	—
Loan arrangement fees written off	716	—	—
Loan arrangement fees amortised	289	122	416
Loan expenses	183	60	201
Gross interest costs	5,821	1,255	5,578
Capitalised finance costs	(1,750)	(233)	(1,796)
Total	4,071	1,022	3,782

7. Taxation

Corporation tax has arisen as follows:

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Corporation tax on residual income	99	—	146
Total	99	—	146

Reconciliation of tax charge to profit/(loss) before tax:

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Profit/(loss) before tax	5,418	6,897	(27,467)
Corporation tax at 22.0% (30 June 2022 and 31 December 2022: 19.0%)	1,192	1,310	(5,219)
Change in value of investment properties	(669)	(1,095)	5,949
Change in value of interest rate derivatives	(115)	—	(389)
Adjustment for disallowable costs	(3)	—	—
Tax-exempt property rental business	(306)	(215)	(195)
Total	99	—	146

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

8. 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 (31 December 2022: 22 years).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2023 are as follows:

	30 June 2023 £'000	31 December 2022 £'000
Within one year	13,699	12,602
Between one and five years	42,981	41,784
More than five years	28,174	30,044
Total	84,854	84,430

9. Dividends

For the period ended 30 June 2023	Pence per share	£'000
Second interim dividend for the year ended 31 December 2022, paid on 15 May 2023	3.0	10,500
Total	3.0	10,500
Paid as:		
Property income distribution	—	—
Non-property income distribution	3.0	10,500
Total	3.0	10,500

The Company did not declare a dividend for the comparative period to 30 June 2022 and, as such, no comparative information is disclosed for this period.

For the period ended 31 December 2022	Pence per share	£'000
First interim dividend for the 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

As a REIT, the Company is required to pay PIDs equal to at least 90% of the property rental business profits of the Group.

The Company declared a first interim dividend for the year ending 31 December 2023 of 1.0 pence per share on 21 September 2023 and this will be paid entirely as an ordinary dividend. Payment date is 31 October 2023 with an ex-dividend date of 28 September 2023.

10. Earnings per share

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

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
IFRS earnings	5,319	6,897	(27,613)
EPRA earnings adjustments:			
Fair value gains/(losses) on investment properties	(3,041)	(5,763)	31,312
Exceptional finance costs	716	—	—
Changes in fair value of interest rate derivatives	(297)	(466)	(2,047)
Changes in fair value of deferred consideration payable on interest rate derivatives	(228)	—	(108)
EPRA earnings	2,469	668	1,544
Group-specific earnings adjustments:			
Exceptional finance costs less than one year	751	—	—
Costs associated with moving to Main Market	(12)	—	957
Adjusted earnings	3,208	668	2,501
	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Basic IFRS EPS	1.5	2.0	(7.9)
Diluted IFRS EPS	1.5	2.0	(7.9)
EPRA EPS	0.7	0.2	0.4
Adjusted EPS	0.9	0.2	0.7
	Six months ended 30 June 2023 Number of shares	Six months ended 30 June 2022 Number of shares	Year ended 31 December 2022 Number of shares
Weighted average number of shares in issue (thousands)	350,000	350,000	350,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

11. 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 2023	309,969	77,581	387,550
Acquisitions	(56)	11	(45)
Capital expenditure	1,968	8,503	10,471
Finance costs capitalised	—	1,750	1,750
Fair value gain/(loss) on investment property	(4,138)	7,179	3,041
Movement in rent incentives	133	—	133
Fair value at 30 June 2023	307,876	95,024	402,900

	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	130,971	82,440	213,411
Capital expenditure	641	9,565	10,206
Finance costs capitalised	—	1,796	1,796
Fair value loss 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

12. Trade and other receivables

	30 June 2023 £'000	31 December 2022 £'000
Prepayments and other receivables	1,900	3,531
Rent and insurance receivables	1,807	1,133
Interest receivable	373	331
Amounts due from property manager	254	2,200
Escrow account	—	470
Current trade and other receivables	4,334	7,665
Tenant deposits	3,478	2,701
Non-current trade and other receivables	3,478	2,701
Total trade and other receivables	7,812	10,366

13. Cash and cash equivalents

	30 June 2023 £'000	31 December 2022 £'000
Cash	9,348	10,606
Cash equivalents	10,000	35,000
Total	19,348	45,606

Cash equivalents includes £10.0 million (31 December 2022: £35.0 million) of cash held by various banks on short-term deposits.

14. Interest rate derivatives

	30 June 2023 £'000	31 December 2022 £'000
At the start of the period	4,303	—
Additional premiums paid and accrued	3,631	2,256
Changes in fair value of interest rate derivatives	297	2,047
Balance at the end of the period	8,231	4,303
Current	—	432
Non-current	8,231	3,871
Total	8,231	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.

During the six months to 30 June 2023, the SONIA interest rate cap that was acquired on 13 May 2022 as part of the acquisition of Oxford Technology Park Holdings Limited and its two subsidiaries expired. A number of forward starting interest rate caps have been entered into as at 26 June 2023 for a total deferred premium of £3.6 million to align with the expected debt draw down of the new debt facility. This caps SONIA at 2.00% until March 2025 (aligned with the existing cap that was entered into during 2022).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

15. Interest-bearing loans and borrowings

	30 June 2023 £'000	31 December 2022 £'000
Non-current		
At the beginning of the period	75,000	—
Drawn in the period	127,520	101,260
Repaid in the period	(101,260)	(26,260)
Interest-bearing loans and borrowings	101,260	75,000
Unamortised fees at the beginning of the period	(912)	—
Loan arrangement fees paid in the period	(978)	(1,203)
Unamortised fees written off	716	—
Amortisation charge for the period	198	291
Unamortised loan arrangement fees	(976)	(912)
Loan balance less unamortised loan arrangement fees	100,284	74,088
Current		
At the beginning of the period	35,833	—
Acquired in the period	—	33,582
Interest and commitment fees incurred in the period	677	2,251
Repaid in the period	(36,510)	—
Interest-bearing loans and borrowings	—	35,833
Unamortised fees at the beginning of the period	(90)	—
Loan arrangement fees paid in the period	—	(215)
Amortisation charge for the period	90	125
Unamortised loan arrangement fees	—	(90)
Loan balance less unamortised loan arrangement fees	—	35,743

In February 2023, the Fairfield debt facility that was due to expire in June 2023 and carried a high interest rate was repaid early by drawing £26.3 million from the existing HSBC debt facility as well as utilising existing cash resources.

On 23 June 2023, the existing HSBC debt facility was refinanced with HSBC and Bank of Ireland (“BOI”) split 60% and 40% respectively (the “new debt facility”). The new debt facility comprises a £100.0 million term loan and £50.0 million revolving credit facility (“RCF”) with an expiry date of 31 March 2026. It has an interest rate in respect of drawn amounts of 250 basis points over SONIA and is secured on all of the assets of the Group including Oxford Technology Park (“OTP”). The new debt facility borrowers are Ironstone Life Science Holdings Limited and Oxford Technology Park Holdings Limited, both direct subsidiaries of the Company. The £100.0 million term loan was fully drawn on the date the new facility was entered into and £1.3 million was drawn on the RCF at 30 June 2023. The RCF will continue to be drawn as the development at Oxford Technology Park progresses and at 30 June 2023 £48.7 million was available to draw. The Group also has a £35.0 million accordion facility available on the RCF which has not been utilised as at 30 June 2023.

The new debt facility includes LTV and interest cover covenants. The Group is in full compliance with all loan covenants as at 30 June 2023. The facility also includes a ratchet clause that reduces the margin to 2.35% if the gross LTV decreases to 30%, based on the lenders’ annual valuation of the portfolio.

The Group has also defined £40.0 million of the term loan as a Green Loan in accordance with the LMA Green Loan Principles. This is secured on Rolling Stock Yard and completed OTP buildings, which are rated either BREEAM Excellent or EPC A.

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

	30 June 2023 £'000	31 December 2022 £'000
Capital expenses payable	6,686	5,481
Deferred income	3,611	3,692
Deferred consideration on interest rate caps	2,554	820
Administration and other expenses payable	2,069	2,588
Loan interest payable	1,422	1,027
Property operating expenses payable	632	332
Loan expenses payable	513	—
VAT payable	20	759
Current other payables and accrued expenses	17,507	14,699
Capital expenses payable	310	—
Tenant deposits payable to tenant	3,478	2,701
Deferred consideration on interest rate caps	2,442	1,143
Non-current other payables and accrued expenses	6,230	3,844
Total other payables and accrued expenses	23,737	18,543

17. Share capital

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

Ordinary shares of £0.01 each	Number	30 June 2023 £'000	Number	31 December 2022 £'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, to one vote for every share held. There are no restrictions on the size of a shareholding or the transfer of shares, except for the UK REIT restrictions.

18. Share premium

Share premium comprises the following amounts:

	30 June 2023 £'000	31 December 2022 £'000
Opening balance – 1 January 2023	—	339,339
Shares issued	—	—
Share issue costs	—	(16)
Transfer to capital reduction reserve	—	(339,323)
Share premium	—	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

19. 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.

	30 June 2023 £'000	31 December 2022 £'000
IFRS net assets attributable to ordinary shareholders	314,270	319,451
IFRS net assets for calculation of NAV	314,270	319,451
Adjustment to net assets:		
Fair value of interest rate derivatives	(8,231)	(4,303)
EPRA NTA	306,039	315,148

	30 June 2023 Pence	31 December 2022 Pence
IFRS basic and diluted NAV per share	89.8	91.3
EPRA NTA per share	87.4	90.0

	30 June 2023 Number of shares	31 December 2022 Number of shares
Number of shares in issue (thousands)	350,000	350,000

20. 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 new HSBC and BOI debt facility has an interest rate of 250 basis points over SONIA in respect of drawn amounts. The old HSBC debt facility had an interest rate of 225 basis points over SONIA in respect of drawn amounts. The Fairfield debt facility that was repaid in February 2023 had an interest rate in respect of drawn amounts of 712 basis points over SONIA.

The fair values of the interest rate contracts are recorded in the statement of financial position and are determined by forming an expectation that interest rates will exceed strike rates and discounting these future cash flows at the prevailing market rates as at the year end.

Six-monthly valuations of investment property are performed by CBRE, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, on a fixed fee basis. The valuations are the ultimate responsibility of the Directors however, who appraise these every six months.

The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation – Professional Standards January 2022 (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.

On-site 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 hierarchy¹:

Assets and liabilities measured at fair value	30 June 2023			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'000	
Investment properties	—	—	402,900	402,900
Interest rate derivatives	—	8,231	—	8,231
Deferred consideration on interest rate caps	—	(4,996)	—	(4,996)
Total	—	3,235	402,900	406,135

Assets and liabilities measured at fair value	31 December 2022			Total £'000
	Level 1 £'000	Level 2 £'000	Level 3 £'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

1. Explanation of the fair value hierarchy:

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

20. Fair value continued

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

The following table analyses:

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

30 June 2023	Fair value £'000	Valuation technique	Key unobservable inputs	Range
Completed investment property	£307,876	Income capitalisation	ERV	£18.9 – £110.0 per sq ft
			Equivalent yield	4.25% – 7.25%
Development property	£68,725	Income capitalisation/ residual method	ERV	£16.0 – £65.0 per sq ft
			Equivalent yield	4.80% – 5.05%
Development land	£26,299	Comparable method/ residual method	Sales rate	£146.7 per sq ft
Total	£402,900			

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	£138.6 per sq ft
Total	£387,550			

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.

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a gain of £3.0 million (31 December 2022: £31.3 million loss) 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.

21. Capital commitments

At 30 June 2023, the Group had contracted capital expenditure of £51.0 million (31 December 2022: £24.4 million).

22. 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 £98,395 (six months to 30 June 2022: £84,299) and at 30 June 2023, a balance of £nil (31 December 2022: £nil) was outstanding.

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.

During the period, the Group incurred £1,731,525 (six months to 30 June 2022: £1,908,143) in respect of investment advisory fees. As at 30 June 2023, £864,587 (31 December 2022: £888,174) was outstanding.

During the period, the Investment Adviser acquired 600,000 ordinary shares in the Company at a weighted average price of 66.2 pence per share for a total cost of £399,207 which represents 0.2% of the Company's issued ordinary shares.

23. Ultimate controlling party

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

24. Post balance sheet events

A first interim dividend in respect of the period ended 30 June 2023 of 1.0 pence per share will be payable on 31 October 2023. The ex-dividend date will be 28 September 2023 and this will be paid entirely as an ordinary dividend.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Group is a member of the European Public Real Estate Association (“EPRA”) and was awarded an EPRA Gold award for compliance with EPRA Best Practice Recommendations (“BPR”) for the 2022 Annual Report. 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	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
EPRA earnings (£'000)	Table 2	2,469	668	1,544
EPRA EPS (pence)	Table 2	0.7	0.2	0.4
EPRA cost ratio (including direct vacancy cost)	Table 6	44.1%	73.6%	66.3%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	35.7%	55.7%	57.8%

	Notes	30 June 2023	31 December 2022
EPRA NDV per share (pence)	Table 3	89.8	91.3
EPRA NRV per share (pence)	Table 3	93.3	95.9
EPRA NTA per share (pence)	Table 3	87.4	90.0
EPRA net initial yield	Table 4	3.6%	3.4%
EPRA 'topped-up' net initial yield	Table 4	3.9%	3.6%
EPRA vacancy rate	Table 5	10.9%	18.0%
EPRA LTV	Table 10	24.3%	18.9%



Table 2: EPRA income statement

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Revenue	3	9,857	6,262	15,706
Less: insurance recharged	3	(90)	(84)	(155)
Less: service charge income	3	(2,252)	(710)	(2,582)
Rental income		7,515	5,468	12,969
Property operating expenses (including recoverable service charges)	4	(3,202)	(2,218)	(4,769)
Add: insurance recharged	3	90	84	155
Add: service charge income	3	2,252	710	2,582
Gross profit		6,655	4,044	10,937
Administration expenses	4	(2,455)	(2,602)	(6,565)
Operating profit before interest and tax		4,200	1,442	4,372
Finance income	5	2,248	714	3,255
Finance expenses	6	(4,071)	(1,022)	(3,782)
Less: change in fair value of interest rate derivatives and deferred consideration	5	(525)	(466)	(2,155)
Less: costs of early refinancing with greater than 12 months to expiry	6	716	—	—
Adjusted profit before tax		2,568	668	1,690
Tax on adjusted profit/(loss)	7	(99)	—	(146)
EPRA earnings		2,469	668	1,544
Company-specific adjustments:				
Costs associated with moving to Main Market	10	(12)	—	957
Costs of early refinancing with less than 12 months to expiry	6	751	—	—
Adjusted earnings		3,208	668	2,501
Weighted average number of shares in issue (thousands)	17	350,000	350,000	350,000
EPRA EPS (pence)	10	0.7	0.2	0.4
Adjusted EPS (pence)	10	0.9	0.2	0.7

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

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 EPRA NAV metrics from IFRS NAV is shown in the table below. Total accounting return will be calculated based on EPRA NTA.

As at 30 June 2023	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties ¹	11	402,900	402,900	402,900
Net cash/(borrowings) ²	13,15	(81,912)	(81,912)	(81,912)
Other net liabilities		(6,718)	(6,718)	(6,718)
IFRS NAV	19	314,270	314,270	314,270
Include: real estate transfer tax ³		—	20,446	—
Exclude: fair value of interest rate derivatives	14	—	(8,231)	(8,231)
NAV used in per share calculations		314,270	326,485	306,039
Number of shares in issue (thousands)	17	350,000	350,000	350,000
NAV per share (pence)		89.8	93.3	87.4

As at 31 December 2022	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties ¹	11	387,550	387,550	387,550
Net cash/(borrowings) ²	13,15	(65,227)	(65,227)	(65,227)
Other net liabilities		(2,872)	(2,872)	(2,872)
IFRS NAV	19	319,451	319,451	319,451
Include: real estate transfer tax ³		—	20,621	—
Exclude: fair value of interest rate derivatives		—	(4,303)	(4,303)
NAV used in per share calculations		319,451	335,769	315,148
Number of shares in issue (thousands)	17	350,000	350,000	350,000
NAV per share (pence)		91.3	95.9	90.0

1. Professional valuation of investment property.

2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £101,260,000 (31 December 2022: £110,833,000) net of cash of £19,348,000 (31 December 2022: £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 and adjusts for the fair values of certain financial derivatives.

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	30 June 2023 £'000	31 December 2022 £'000
Total properties per external valuer's report	11	402,900	387,550
Less development property and land	11	(95,024)	(77,581)
Net valuation of completed properties		307,876	309,969
Add estimated purchasers' costs ¹		20,446	20,621
Gross valuation of completed properties including estimated purchasers' costs (A)		328,322	330,590
Gross passing rents ² (annualised)		13,102	12,423
Less irrecoverable property costs ²		(1,264)	(1,104)
Net annualised rents (B)		11,838	11,319
Add notional rent on expiry of rent-free periods or other lease incentives ³		1,085	540
'Topped-up' net annualised rents (C)		12,923	11,859
EPRA NIY (B/A)		3.6%	3.4%
EPRA 'topped-up' net initial yield (C/A)		3.9%	3.6%

1. Estimated purchasers' costs at 6.6% (31 December 2022: 6.7%).

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 five months (31 December 2022: 12 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

	30 June 2023 £'000	31 December 2022 £'000
Annualised ERV of vacant premises (D)	1,891	3,094
Annualised ERV for the investment portfolio (E)	17,350	17,181
EPRA vacancy rate (D/E)	10.9%	18.0%

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

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

Table 6: Total cost ratio/EPRA cost ratio

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Property operating expenses (excluding service charge expenses)	4	567	1,138	1,616
Service charge expenses	4	2,635	1,080	3,153
Add back: service charge income	3	(2,252)	(710)	(2,582)
Add back: insurance recharged	3	(90)	(84)	(155)
Net property operating expenses		860	1,424	2,032
Administration expenses	4	2,455	2,602	6,565
Deduct: costs associated with move to Main Market	10	12	—	(957)
Total cost including direct vacancy cost (F)		3,327	4,026	7,640
Direct vacancy cost		(632)	(981)	(1,104)
Total cost excluding direct vacancy cost (G)		2,695	3,045	6,536
Rental income ¹	3	7,515	5,468	12,969
Gross rental income (H)	3	7,515	5,468	12,969
Less direct vacancy cost		(632)	(981)	(1,104)
Net rental income		6,883	4,487	11,865
Total cost ratio including direct vacancy cost (F/H)		44.3%	73.6%	58.9%
Total cost ratio excluding direct vacancy cost (G/H)		35.9%	55.7%	50.4%

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Total cost including direct vacancy cost (F)		3,327	4,206	7,640
Add back: costs associated with move to Main Market	4	(12)	—	957
EPRA total cost (I)		3,315	4,206	8,597
Direct vacancy cost		(632)	(981)	(1,104)
EPRA total cost excluding direct vacancy cost (J)		2,683	3,045	7,493
EPRA cost ratio including direct vacancy cost (I/H)		44.1%	73.6%	66.3%
EPRA cost ratio excluding direct vacancy cost (J/H)		35.7%	55.7%	57.8%

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

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 six months ended 30 June 2023 or the six months ended 30 June 2022.



Table 7: Lease data

	Year 1 £'000	Year 2 £'000	Years 3-5 £'000	Year 5+ £'000	Total £'000
As at 30 June 2023					
Passing rent of leases expiring in:	524	—	6,233	6,345	13,102
ERV of leases expiring in:	823	—	7,459	7,177	15,459
Passing rent subject to review in:	1,481	—	11,621	—	13,102
ERV subject to review in:	1,841	—	13,496	122	15,459
As at 31 December 2022					
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

WAULT to expiry is 6.0 years (31 December 2022: 6.2 years) and to break is 4.1 years (31 December 2022: 4.7 years).

Table 8: EPRA capital expenditure

	Notes	Six months ended 30 June 2023 £'000	Year ended 31 December 2022 £'000
Acquisitions ¹	11	(45)	213,411
Development spend ²	11	8,503	9,565
Completed investment properties:³			
No incremental lettable space – like-for-like portfolio	11	1,968	641
No incremental lettable space – other		—	—
Tenant incentives	11	133	1,279
Total capital expenditure		10,559	224,896
Debt acquired – OTP ⁴	15	—	(33,582)
Conversion from accruals to cash basis		(3,563)	(4,259)
Total capital expenditure on a cash basis	Page 19	6,996	187,055

1. Acquisitions include Enil (31 December 2022: £131.0 million) completed investment property and Enil (31 December 2022: £82.4 million) 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 15 for further details.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION CONTINUED

FOR THE SIX MONTHS ENDED 30 JUNE 2023

Table 9: EPRA like-for-like rental income

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	% Change
EPRA like-for-like rental income		4,205	4,222	(0.4)%
Other ¹		—	411	
Adjusted like-for-like rental income		4,205	4,633	
Development lettings		—	—	
Properties acquired		3,310	835	
Rental income	3	7,515	5,468	
Service charge income	3	2,252	710	
Insurance recharge	3	90	84	
Revenue	3	9,857	6,262	

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 also presents the EPRA LTV which is defined as net borrowings divided by total property market value.

	Notes	30 June 2023 £'000	31 December 2022 £'000
Interest-bearing loans and borrowings ¹	15	101,260	110,833
Cash	13	(19,348)	(45,606)
Net borrowings (A)		81,912	65,227
Investment property at fair value (B)	11	402,900	387,550
LTV (A/B)		20.3%	16.8%

EPRA LTV

	Notes	30 June 2023 £'000	31 December 2022 £'000
Interest-bearing loans and borrowings ¹	15	101,260	110,833
Net payables ²		15,925	8,177
Cash	13	(19,348)	(45,606)
Net borrowings (A)		97,837	73,404
Investment properties at fair value	11	402,900	387,550
Total property value (B)		402,900	387,550
EPRA LTV (A/B)		24.3%	18.9%

1. Excludes unamortised loan arrangement fees asset (see note 15) of £1.0 million (31 December 2022: £1.0 million).

2. Net payables include trade and other receivables, other payables and accrued expenses. See notes 12 and 16 for a full breakdown.

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	Six months ended 30 June 2023 Pence per share	Year ended 31 December 2022 Pence per share
Opening EPRA NTA (A)	19	90.0	100.2
Movement (B)		(2.6)	(10.2)
Closing EPRA NTA	19	87.4	90.0
Dividend per share (C)	9	3.0	1.0
Total accounting return (B+C)/A		0.4%	(9.1)%

Table 12: Interest cover

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

	Notes	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Adjusted operating profit/(loss) before gains on investment properties (A)¹		4,188	1,442	5,329
Finance expenses	6	4,071	1,022	3,782
Add back: capitalised finance costs	6	1,750	233	1,796
Less: exceptional finance costs	6	(1,467)	—	—
Less: finance income	5	(2,248)	(714)	(3,255)
Add back: change in fair value of interest rate derivatives and deferred consideration	5	525	466	2,155
Loan interest (B)		2,631	1,007	4,478
Interest cover (A/B)		159.2%	143.2%	119.0%

1. Adjusted for move to Main Market costs.

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	Six months ended 30 June 2023 £'000	Six months ended 30 June 2022 £'000	Year ended 31 December 2022 £'000
Administration expenses	4	2,455	2,602	6,565
Less: costs associated with move to Main Market	10	12	—	(957)
Ongoing charges		2,467	2,602	5,608
Annualised ongoing charges (A)		4,934	5,204	5,608
Opening NAV as at start of period		319,451	350,580	350,580
NAV as at 30 June 2022		—	—	357,461
Closing NAV as at end of period		314,270	357,461	319,451
Average undiluted NAV during the period (B)		316,861	354,021	342,497
Ongoing charges ratio (A/B)¹		1.6%	1.5%	1.6%

1. Prior period restated as annualised.

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

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

Carbon neutrality

Purchasing carbon reduction credits equivalent to emissions released without the need for emission reductions to have taken place

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 Practice Recommendations Guidelines February 2022

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 NDV/EPRA NRV/EPRA NTA per share

The EPRA net asset value measures divided by the number of shares outstanding at the balance sheet date

EPRA net disposal value (“EPRA NDV”)

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

EPRA net initial yield (“EPRA NIY”)

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

EPRA net reinstatement value (“EPRA NRV”)

An EPRA 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”)

An EPRA net asset value measure with adjustments made for the fair values of certain financial derivatives and assuming entities buy and sell assets, thereby crystallising certain levels of deferred tax liability

EPRA sBPR

European Public Real Estate Association Sustainable Best Practice Recommendations

EPRA ‘topped-up’ net initial yield

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

EPRA vacancy rate

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

EPS

Earnings per share

Equivalent yield

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

ERV

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

EU taxonomy

A classification system that aims to provide a clear definition of what should be considered as ‘sustainable’ economic activity

FCA

Financial Conduct Authority

Fitwel

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 year

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 assets

Completed buildings excluding development property and land

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

NAV

Net asset value

GLOSSARY CONTINUED

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

Net zero carbon

The overall balance between emitting and absorbing carbon in the atmosphere

Occupancy

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

Ongoing charges ratio

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

Passing rent

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

Property income distribution (“PID”)

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

RCF

Revolving credit facility

Real Estate Investment Trust (“REIT”)

A listed property company which qualifies for, and has elected into, a tax regime which is exempt from corporation tax on profits from property rental income and UK capital gains on the sale of investment properties

Scope 1 and 2 emissions

GHGs released directly and indirectly from the Group e.g. company offices, company vehicles and energy purchased by the Group

Scope 3 emissions

All other GHGs released indirectly by the Group, upstream and downstream of the Group’s business

SECR

Streamlined Energy and Carbon Reporting

SFDR

Sustainable Finance Disclosure Regulation

SONIA

Sterling Overnight Index Average

Task Force on Climate-related Financial Disclosures (“TCFD”)

An organisation established with the goal of developing a set of voluntary climate-related financial risk disclosures to be adopted by companies to inform investors and the public about the risks they face relating to climate change

Total accounting return

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

Total cost ratio

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

UK AIFM Regime

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

Weighted average unexpired lease term (“WAULT”)

Average unexpired lease term to first break or expiry weighted by contracted rent across the portfolio, excluding development property and land

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