26 March 2024

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Life Science REIT plc

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

Audited results for the year ended 31 December 2023 and notice of AGM

Good progress on strategy and disciplined approach to capital allocation to drive total returns through asset management and development

Life Science REIT (LSE: LABS), the real estate investment trust focused on UK life science properties, today announces its audited preliminary results for the year ended 31 December 2023.

Claire Boyle, Chair of Life Science REIT, commented:

"We have made good progress on our strategy; Oxford Technology Park is now nearly 50% complete and we have increased rents at the park by 33% since acquisition; at Cambourne, we welcomed our first new life sciences occupier and we are embarking on our first full laboratory repurposing. However, with macroeconomic uncertainty continuing, we have taken the difficult decision to rebase our dividend, as detailed below, in order to ensure that we retain the operational flexibility we need to progress these projects while aiming to provide a dividend which is sustainable and substantially covered by earnings going forward. Having taken these decisions, and with leverage low and our debt fully hedged, we are now well placed to progress our asset management and development initiatives through to completion. We believe these will be transformational for our business and will drive total returns for our shareholders over time."

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

"While the macro-economic backdrop has been challenging and occupiers are postponing decisions where they can, the Group has continued to sign rents ahead of expectations and to attract occupiers from across the life sciences spectrum. In particular, we are delighted that quantum computing businesses are starting to cluster at Oxford Technology Park. This demonstrates that the Group's assets are in the right locations, and that the offer is both attractively priced and tailored to growing parts of the UK life science market. With further opportunities in the portfolio and a sound financial position, we have every confidence that the Group will continue to deliver on its strategy going forward."

FINANCIAL HIGHLIGHTS

Strong earnings growth driven by 2022 acquisitions and further development and leasing progress:

- Adjusted earnings up £4.2 million (1.2 pence per share) to £6.7 million (1.9 pence per share)
- Contracted rent roll of £14.0 million (31 December 2022: £13.8 million), with £1.6 million of new rent offset by disposals and the expiry of rental guarantees
- On an IFRS basis, a loss of £21.9 million has been reflected with the positive adjusted earnings primarily being offset by a revaluation loss in the year of £22.8 million.

Portfolio valuation down £5.3 million to £382.3 million, driven by market movements on offices, with laboratory space more resilient:

- Overall like-for-like valuation reduction of 7.1% reflecting outward yield shift of 58bps partially offset by like-for-like ERV growth of 5.0%. Space defined as laboratories was marginally down 1.6%, with space defined as offices being the primary driver down 9.8%, in line with the market
- Further development progress and the disposal of Lumen House drove the remaining movement

EPRA net tangible asset per share down 10.1 pence to 79.9 pence (31 December 2022: 90.0 pence per share):

- Movement reflects portfolio revaluation loss and dividend payments in the year, partially offset by adjusted earnings

Sound balance sheet and disciplined approach to capital allocation:

- Sale of Lumen House for £7.7 million, 2.0% above June 2023 book value (slight loss versus December 2022 book value)
- £150.0 million refinancing of our HSBC facility, extending the term to June 2026 and adding Bank of Ireland to the Group's lenders
- Debt fully hedged at 4.5% interest payable

Full year dividend rebased to 2.0 pence per share:

- With macroeconomic uncertainty continuing and interest rates now expected to remain elevated for some time, the Board has taken the decision to rebase the dividend to a level that is sustainable and substantially covered by adjusted earnings over time. The additional financial flexibility will enable the Group to effectively progress its strategy to deliver on the value accretive opportunities it has created.
- The Board has therefore declared a second interim dividend of 1.0 pence per share, bringing the total dividend for the year to 2.0 pence per share. This will be paid as an ordinary dividend on 13 May 2024, with an ex-dividend date of 4 April 2024. The Board will look to maintain a sustainable dividend going forward, with the intention that future dividends reflect the progression in underlying earnings.

OPERATIONAL HIGHLIGHTS

Adding value through our asset management and development programmes:

- 69,700 sq ft space delivered at Oxford Technology Park ("OTP"), with four new occupiers adding £0.6 million to contracted rents and a further pre-let providing an additional £0.6 million
- Rebranded the Cambourne asset to Cambourne Park Science & Technology Campus ("Cambourne"); secured the first life science letting to Rakon (£25.0 per sq ft) and are due to commence a repurposing project to convert vacant space in Building 2020 to fully fitted laboratories
- Completed refit at Rolling Stock Yard ("RSY") and let 7,322 sq ft at £110.0 sq ft to Beacon Therapeutics, a record rent for life science space

Further upside through development and reversion:

- Occupancy reduced to 79.0% (31 December 2022: 82.0%) reflecting recent completions and disposal of Lumen House; like-for-like occupancy increased to 86.6% (31 December 2022: 81.4%)
- Strong potential for rental growth on the let space of the investment portfolio with embedded reversion of 10.3%, equating to £1.5 million of additional rent; £4.1 million to come from completed development buildings and repurposing activities, resulting in estimated rental value ("ERV") of £19.6 million
- Further £5.5 million rent expected from on-site developments with an additional £1.1 million recognised in 2023, taking total target ERV to £26.2 million

Commitment to developing sustainable buildings:

- Net zero target set for scopes 1 and 2 by 2040 and by 2045 for scope 3
- 87% of properties now EPC A-C rated (31 December 2022: 83%)
- Received EPRA sBPR silver and most-improved award for sustainability reporting
- Obtained the Group's first green financing, with £40.0 million of the term loan defined as a Green Loan

Post year end highlights:

- New lease signed:
    - Lease finalised with WAE Technologies Ltd in February 2024 following the practical completion of Building 5 at an initial rent of £18.6 per sq ft, increasing to £20.1 per sq ft in January 2025
- Reached practical completion on Building 5 at OTP, comprising 58,100 sq ft of space

Analyst meeting

An in-person meeting for analysts will be held at 10.30am this morning, 26 March 2024. The meeting will be hosted by Simon Farnsworth, Managing Director, David Lewis, Finance Director, and Ian Harris, Director of Asset Management at Ironstone Asset Management, the Company's Investment Adviser. For further details, please contact LifeSciencereit@buchanan.uk.com.

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

FINANCIAL HIGHLIGHTS[1]	Year ended 31 December 2023	Year ended 31 December 2022
Gross property income	£15.5m	£13.1m
IFRS loss before tax	£(21.9)m	£(27.5)m
IFRS loss per share	(6.2)p	(7.9)p
EPRA earnings per share	1.7p	0.4p
Adjusted earnings per share	1.9p	0.7p
Dividends per share[2]	2.0p	4.0p
	As at 31 December 2023	**As at 31 December 2022**
Portfolio valuation	£382.3m	£387.6m
IFRS net asset value	£283.7m	£319.5m
IFRS net asset value per share	81.1p	91.3p
EPRA net tangible assets	£279.7m	£315.1m
EPRA net tangible assets per share	79.9p	90.0p
Loan to value ratio[3]	24.7%	16.8%

OPERATIONAL HIGHLIGHTS[3]	As at 31 December 2023	As at 31 December 2022
Contracted rent roll	£14.0m	£13.8m
Estimated rental value	£19.6m	£17.2m
Occupancy	79.0%	82.0%
WAULT to expiry	5.8 years	6.2 years
WAULT to first break	3.8 years	4.5 years
Net reversionary yield	5.8%	5.2%

1. The Group presents EPRA Best Practices Recommendations as Alternative Performance Measures (“APMs”) to assist stakeholders in assessing performance alongside the Group’s statutory results reported under IFRS. APMs are among the key performance indicators used by the Board to assess the Group’s performance and are used by research analysts covering the Group. EPRA Best Practices Recommendations have been disclosed to facilitate comparison with the Group’s peers through consistent reporting of key real estate specific performance measures. However, these are not intended as a substitute for IFRS measures. Please see the unaudited supplementary notes for further details on APMs.
2. This is the total of dividends paid and declared in respect of the year to 31 December 2023, including the second interim dividend of 1.0 pence per share declared on 26 March 2024, and due for payment on 13 May 2024. Dividends paid in 2023 totalled 4.0 pence per share, comprising the 3.0 pence per share second interim dividend for 2022 and the 1.0 pence per share interim dividend for 2023. Dividends paid in 2022 totalled 1.0 pence per share.
3. Investment properties only. Development properties and land have been excluded from the above metrics.

Notice of Annual General Meeting and availability of the Annual Report

The Notice of the Annual General Meeting of the Company ("Notice of AGM") to be held on 23 May 2024 is now available on the Company's website, https://lifesciencereit.co.uk. The Notice of AGM and the Annual Report will be posted shortly to those shareholders who have opted to receive physical communications from the Company. A copy of the Annual Report will shortly be submitted to the National Storage Mechanism and will be available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

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

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Notes to editors

Life Science REIT plc is the UK's only listed property business focused on the growing life science sector. It targets 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 in the life science sector, the Group aims to generate capital growth, while also delivering growing income.

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

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

CHAIR'S STATEMENT

The highly favourable demand-supply dynamics which underpin our ability to deliver capital and income growth over the long-term have not changed. However the operating environment we faced this year is very different to the one at IPO. In that context our focus has been on allocating our capital towards opportunities with the most attractive returns. That is why this year, we took the decision to sell Lumen House and it is also why we are rebasing our dividend, to better align the current payout with our earnings whilst still offering an attractive return to investors.

Market context
With five interest rate rises over the year, occupiers have been more cautious about taking new space. The life sciences sector, where fit-out is relatively more expensive and businesses move less frequently, has not been immune. As a result, take-up in Oxford was down slightly on last year's peak, although was stronger in Cambridge where availability is critically low at under 3%.

However, confidence built towards the end of the year, with greater certainty that we are at or close to peak interest rates, even if the consensus is that they will remain higher for longer. Venture capital ("VC") funding in the sector looks to be stabilising following the post pandemic peak in 2021 and has proved more resilient than other areas of the market, down 6% year on year, compared with a fall of 43% for total UK VC investment.

The second half of the year also saw a string of key policy announcements in support of our sector, most notably the Government's decision to rejoin Horizon Europe in September. The £520 million funding package announced in the Autumn Statement and positive response to the review of university spin-outs also supports an ecosystem where young life sciences businesses can be successful. This backdrop is helpful for our occupiers, many of whom are emerging businesses, looking for affordable space close to their roots in the academic institutions of the Golden Triangle.

Progressing our strategy
This year, we developed or refurbished 82,100 sq ft of high-quality, affordable life science space. Our leasing activity covered 39,200 sq ft, taking occupancy across our investment assets to 86.6% on a like-for-like basis (79.0% absolute) and contracted rent to £14.0 million. In addition, a further £1.7 million of rent is currently let or pre-let in the development portfolio.

We are proactively evolving our product to reflect patterns of demand we are seeing across our markets; at OTP we are seeking revised planning consent for Buildings 10 and 11 to deliver smaller units of between 10,000 and 20,000 sq ft. This is a market not currently catered for and where we see strong demand. Similarly, at Cambourne, we are progressing the repurposing of the ground floor at Building 2020 to deliver fully fitted lab space.

Combined, our asset management activities, including repurposing and development, will add £9.6 million to the contracted rent roll with the main contributor being the development at OTP, scheduled to complete H1 2025. In addition, the portfolio has the potential for strong rental growth, with embedded reversion of 10.3% in the existing investment assets.

To make progress on these key initiatives, in the second half, we took the decision to extract value from Lumen House which was sold for £7.7 million in November. The price represented a premium of 2.0% to June 2023 book value and 8.5% to the December 2021 acquisition price. This decision demonstrates our ability to adapt quickly and effectively, to allocate our capital and our efforts towards opportunities with the highest returns. It represents a positive outcome for shareholders today.

Financial performance
The value of the portfolio was £382.3 million as at 31 December 2023, reflecting a net reversionary yield of 5.8% for the investment portfolio. The revaluation loss of £22.8 million was primarily driven by a like-for-like decline of 7.1% as yields shifted outwards 58 bps, partially offset by like-for-like ERV growth of 5.0%. Space defined as laboratories from a valuation perspective was much more resilient, down just 1.6% on a like-for-like basis. ERV growth here was also stronger at 10.4% and yield expansion less pronounced at 52 bps. Space defined as offices saw a valuation decline of 9.8% on a like-for-like basis. This discrepancy represents a clear opportunity as we repurpose more of our space.

EPRA NTA per share as at 31 December 2023 was 79.9 pence, 11.2% below the prior year, driven by the overall valuation decline and dividend payments in the year totalling 4.0 pence per share.

Adjusted EPS was 1.9 pence, with rental income from the May 2022 acquisitions being the key driver of the increase of 1.2 pence (or 171.4%) compared to last year. The disposal of Lumen House had a minimal impact on earnings, given its 11-month contribution to earnings.

Dividend policy
Operationally, the Group continues to make good progress with its strategy. Our assets are leasing well, we are successfully driving rental growth and there is considerable reversionary potential to capture.

However, with macroeconomic uncertainty continuing and interest rates now expected to remain elevated for some time the Board has taken the decision to rebase the dividend to a level that is sustainable and substantially covered by adjusted earnings over time. The additional financial flexibility this provides will enable the Group to effectively progress its strategy and to deliver on the value accretive opportunities it has created. The Board fully recognises the need to maintain an appropriate balance between providing income to shareholders and reinvesting capital in the business: our aim is to achieve an attractive total return for shareholders, with both income and capital growth driven by our asset management and development activities.

Accordingly, the Board has declared a second interim dividend of 1.0 pence per share for 2023, bringing the total dividend for the year to 2.0 pence per share. The Board will look to maintain a sustainable dividend going forward, with the intention that future dividends reflect the progression in underlying earnings.

Balance sheet resilience
The business continues to benefit from a robust financial position; our leverage is low, our debt is fully hedged and we have significant cash and headroom in our facilities. We have also demonstrated a readiness to realise capital from investments where we see better uses for it.

The key event in the period was the £150.0 million refinancing of our term loan and revolving credit facility ("RCF"), which repaid the expensive debt acquired with OTP. We were pleased to welcome Bank of Ireland to the syndicate alongside our existing lender HSBC and to achieve our first green financing, with £40.0 million of the term loan facility defined as a Green Loan.

Our loan to value ("LTV") ratio was 24.7% as at 31 December 2023 (31 December 2022: 16.8%), comfortably below our target range of 30-40%, which we continue to believe is optimal in the longer term. Available liquidity of £55.6 million was split between cash of £14.3 million and £41.3 million available through the RCF. These funds will be utilised to fund our development programme at OTP (where costs to complete were £46.2 million at the year end) and planned capital expenditure at Cambourne.

Environmental, Social and Governance
Sustainability is integral to our business model. Our strategy is to deliver sustainable space for life science use, primarily by repurposing existing buildings. That means delivering space which is low-carbon, energy-efficient and supports occupiers on their own sustainability journey. We are on track to achieve BREEAM Excellent at all OTP buildings currently on-site and 87.3% of the portfolio is also EPC A-C rated.

Building on the progress made this year, we have now committed to be net zero carbon on scope 1 and 2 emissions by 2040 and for scope 3 emissions by 2045. Phasing out gas and converting our buildings to electricity, as well as increasing our renewable capacity through the installation of PV panels where possible, are the key interventions in our plan and go hand in hand with our strategy.

Learning from the embodied carbon assessment we performed this year on the Innovation Quarter ("IQ") at OTP, as well as the refurbishment and development standards we introduced at the start of the year, we have a comprehensive approach to sustainable development which we can apply going forward.

Our net zero pathway was approved by the Sustainability Committee, which was established at the start of the year and is led by Dr Sally Ann Forsyth.

We have continued to progress our social programme by supporting charitable organisations local to us. This year that has included Science Oxford, where we are helping fund its community outreach programme, and Wintercomfort, an organisation in Cambridge which provides help and support for homeless people. We have joined Pathways to Property, which aims to widen access to the real estate industry to a broader range of young people and will be supporting their events in the current year.

Looking forward
The fundamentals of our sector are among the strongest in UK real estate, with demand supported by powerful long-term trends and supply constrained by the need to be located in centres of academic excellence, notably the Golden Triangle.

This is highly positive for long-term rents, so we are confident that we will continue to see attractive rental growth across our portfolio. We are encouraged by the conversations we are having about the available space but are also mindful of the time it takes for leases to be negotiated in our sector. A more certain economic environment is supportive for our business, but in any event, we will maintain our disciplined approach to capital deployment to ensure we progress the flagship projects that sit at the heart of our business.

In summary, our assets are in the right locations, our offer is priced attractively and tailored to growing parts of the UK life science market and our financial position is sound, with low leverage and a fully hedged debt book, so we have every confidence in our ability to deliver on our long-term strategy.

Claire Boyle
Chair
25 March 2024

OBJECTIVES AND STRATEGY

Our investment objective is to generate an attractive total return for shareholders, with a focus on capital growth.

Our objectives

Total accounting return ("TAR")
We target a TAR of at least 10% per annum.

In 2023, the TAR was (6.8)% with the key contributor being the revaluation loss recognised in the year.

Dividends
The 2023 dividend has been rebased to 2.0 pence per share. The Board will look to maintain a sustainable dividend going forward, aligned with earnings progression in the future.

Our strategy

Investment strategy
While we can invest around the UK, we have chosen to concentrate on the Golden Triangle, where we currently see the strongest demand-supply imbalance and the best prospects for rental growth.

Our focus on growing capital values means we favour assets where we can increase rents and valuations through active asset management.

Our investment policy requires us to primarily buy income-producing assets. However, we can choose to forward fund developments or buy development land, provided our total exposure to developments is no more than 15% of gross asset value.

Progress
- Capital market conditions prevented the raising of new equity in 2023. We therefore focused on driving value from the existing portfolio through our development and asset management programmes and did not make any asset acquisitions

Asset management strategy
Our current focus for capital expenditure includes:

- completing the development programme at OTP;
- converting space in existing buildings to fitted laboratories, enabling us to attract significantly higher rents;
- improving amenities for occupiers, to support collaboration and help them to attract and retain employees; and
- enhancing our assets' sustainability performance.

Progress
- Reached practical completion on 69,700 sq ft of space at OTP, with a further 388,100 sq ft in development at the year end
- Repurposed the first and second floors at Rolling Stock Yard and achieved a record rent of £110.0 per sq ft on the second floor
- Rebranded Cambourne to reflect the focus on life science occupiers and progressed plans to repurpose vacant space in Building 2020 as fully fitted labs
- Increased contracted rents by £1.6 million through the signing of six new life science occupiers

Financing strategy
Using an appropriate level of debt finance allows us to invest more in the portfolio and generate higher returns.

Our strategy is to:

- manage risk by keeping debt at prudent levels, with a target LTV of 30-40% in the longer term;
- use hedging to protect against rising interest rates; and
- access Green financing, which could lead to lower financing costs in the future.

We may also dispose of assets from time to time, which will generate funds for reinvestment.

Progress
- Refinanced the £150.0 million HSBC facility, extending the term to June 2026 (with extension options) and adding Bank of Ireland to the Group's lenders
- Refinanced the £36.5 million Fairfield debt facility, which was the Group's most-expensive debt
- Disposed of Lumen House for £7.7 million, to enable the capital to be allocated to growth opportunities, in particular the fully fitted labs project at Cambourne
- Purchased an interest rate cap on the new debt facility, capping SONIA at 2.0% per annum until March 2025
- Designated £40.0 million of the new term loan as a Green Loan

Sustainability strategy
We look to minimise the environmental impact of our buildings by responsibly repurposing and developing space for life science use. Our key focus areas are:

- progressing our net zero carbon pathway;
- achieving best in-class building certifications;

- providing healthy buildings;
- partnering with occupiers on their sustainability objectives;
- maintaining best practice governance;
- addressing climate-related risks and opportunities; and
- transparent disclosure.

Progress
- Committed to be net zero by 2040 for scopes 1 and 2 and scope 3 by 2045
- Improved data quality, establishing 2023 as the baseline
- BREEAM Excellent and Interim Excellent certifications at RSY and OTP
- 87.3% of properties now EPC A-C rated (2022: 83.4%)
- Delivered collaborative space at RSY
- Green lease clauses, including data sharing clauses in all new leases
- Developed separate ESG and climate-related risk register
- Received EPRA sBPR silver award

KEY PERFORMANCE INDICATORS

Operational KPIs

Occupancy (%)
2023: 79.0
2022: 82.0
2021:80.9

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

Relevance to our strategy
Shows our ability to retain occupiers at renewal and to let vacant space, balanced with the need for vacancy to carry out asset management initiatives.

Performance
The change in occupancy reflects the net impact of new leases in the year and the practical completion of new space at OTP, some of which was unlet at the year end. On a like-for-like basis, occupancy has increased 5.2 percentage points to 86.6% at the year end.

Link to strategy
Asset management

Like-for-like rental income movement (%)
2023: 2.4
2022: 1.2
2021: n/a

Description
The change in contracted rent of properties owned throughout the period under review, as a percentage of the contracted rent at the start of the period, excluding acquisitions, disposals, development property and land.

Relevance to our strategy
Shows our ability to develop and repurpose space and grow rents over time.

Performance
At 31 December 2023, like-for-like rental income had increased by 2.4% compared to the prior period. Life science lettings at Cambourne and OTP Building 1 drove this increase.

Link to strategy
Asset management

Like-for-like valuation movement (%)
2023: (7.1)
2022: (1.8)

2021: n/a

Description
The change in the valuation of properties owned throughout the period under review, expressed as a percentage of the valuation at the start of the period, and net of capital expenditure.

Relevance to our strategy
A high-quality portfolio and an active asset management programme will help improve asset values and provide future resilience.

Performance
The portfolio valuation decreased by 7.1% on a like-for-like basis, with laboratory space proving more resilient at a 1.6% decline.

Link to strategy
Investment
Asset management

Like-for-like energy intensity (%)
2023: 15
2022: n/a
2021: n/a

Description
The like-for-like change in landlord procured and generated energy intensity, measured in MWh/m2.

Relevance to our strategy
Our decarbonisation targets were set in 2023 with the Group committing to being net zero in scope 1 & 2 by 2040 and in scope 3 by 2045. This measure helps monitor progress.

Performance
Energy intensity increased as a result of higher physical occupancy of Herbrand Street, Rolling Stock Yard and OTP (Building 1).

Link to strategy
Investment
Asset management
Sustainability

Financial KPIs

Total cost ratio (%)
2023: 44.2
2022: 58.9
2021: 163.5

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

Relevance to our strategy
Shows our ability to effectively manage our cost base, which in turn supports dividend payments and shareholder returns.

Performance
The increase in net rental income and decrease in costs reduced the total cost ratio by 14.7%. This will continue to reduce as we complete and let new space at OTP and repurpose space at our other assets to labs.

Link to strategy
Asset management

EPRA NTA per share (p)
2023: 79.9
2022: 90.0

2021:100.2

Description
This net asset value measure includes adjustments for the fair values of certain financial derivatives and assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability.

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

Performance
The decline was primarily the result of dividends paid and the loss on revaluation of the portfolio, partially offset by positive earnings in the year.

Link to strategy
Investment
Asset management
Financing

Loan to value ratio (%)
2023: 24.7
2022: 16.8
2021: n/a

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

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

Performance
The LTV remains at a prudent level of 24.7%, below our 30-40% target. The increase in the year is driven by the ongoing development at OTP and other asset management initiatives including repurposing space to labs at RSY.

Link to strategy
Investment
Asset management
Financing

Total accounting return[1] (%)
2023: (6.8)
2022: (9.1)
2021: n/a

Description
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.

Relevance to our strategy
Shows our ability to construct a portfolio that delivers a secure and growing return to shareholders. Our target is in excess of 10.0% per annum, through a combination of dividends and growth in NAV.

Performance
We paid dividends of 4.0 pence per share and delivered adjusted earnings of £6.7 million (2022: £2.5 million). Despite this, a decline in NAV driven by revaluation losses in both the current year and prior year has resulted in negative total accounting returns. There is however a 2.3% improvement year on year.

Link to strategy
Investment
Asset management
Financing

1. Replaces the dividend per share KPI reported in 2022. Total accounting return is considered a more relevant KPI that aligns with the Group's objectives and strategy, in part driven by the Board determined dividend.

INVESTMENT ADVISER'S REPORT

Implementing the investment strategy

There was one change to the portfolio during the year, following the disposal of Lumen House in November 2023. The proceeds of £7.7 million represented a 5.6% net initial yield and were 2.0% ahead of 30 June 2023 book value and 8.5% above the acquisition price. The proceeds will be reinvested into repurposing projects at other assets and in the short-term have been used to repay the RCF, reducing interest costs.

The portfolio

The Group's portfolio at 31 December 2023 was as follows:

	Valuation						Contracted rent			
Asset	£m	£ per sq ft	Area sq ft	Occupancy %	WAULT to break years	WAULT to expiry years	£m	£ per sq ft	NIY %	NRY %
Cambourne	81.6	354	230,400	77.5	2.3	4.7	4.1	22.2	4.7	6.7
Rolling Stock Yard	83.2	1,544	53,900	87.3	2.7	6.6	3.5	72.3	4.0	5.1
7-11 Herbrand Street	70.5	1,028	68,600	100.0	—	2.8	4.0	58.5	5.3	5.7
OTP – Investments	72.1	416	173,400	50.0	9.0	12.2	2.1	19.4	2.7	5.7
The Merrifield Centre	7.5	595	12,600	100.0	3.0	8.0	0.3	23.1	3.6	5.5
Investment assets	**314.9**	**584**	**538,900**	**79.0**	**3.8**	**5.8**	**14.0**	**33.3**	**4.2**	**5.8**
OTP – Developments	67.4	208	324,200[1]	—	—	—	—	—	—	—
Development assets	**67.4**	**208**	**324,200**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total portfolio	**382.3**	**443**	**863,100**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

1. Full build-out area.

Development assets consist of OTP buildings under construction and the remaining development land. As the buildings practically complete, they are transferred into investment properties. The IQ, totalling 69,700 sq ft, was transferred in the year. The 324,200 sq ft area shown in the table above is the expected area of the remaining development assets, once practically complete.

Strong income growth potential

The contracted rent roll for the investment assets at the year end was £14.0 million (31 December 2022: £13.8 million), up 1.4% year-on-year, reflecting new leases signed, partially offset by the disposal of Lumen House and the expiry of £0.8 million of rental guarantees at Rolling Stock Yard. In addition, a further £1.1 million of pre-let contracted rent was agreed on the development assets as at 31 December 2023.

The estimated rental value ("ERV") of the investment assets at 31 December 2023 was £19.6 million (31 December 2022: £17.2 million). This is 40.0% above the contracted rent for the investment assets, with the let area having a reversionary percentage of 10.3%. Like-for-like ERV growth in 2023 was 5.0%.

Occupancy at the year end decreased by 3.0 percentage points to 79.0% (31 December 2022: 82.0%). The movement was the net result of letting vacant space and the practical completion of space at OTP that remained unlet at the year end. On a like-for-like basis the occupancy increased 5.2 percentage points to 86.6%.

Well-located assets offering hybrid and office space

The portfolio is in strong locations within the Golden Triangle and primarily comprises office and hybrid (office and laboratory) space. The charts below show the split of assets by location and type, as at 31 December 2023.

Asset location by valuation

- London **40.2%**
- Oxford **36.5%**
- Cambridge **23.3%**

Life science exposure by contracted rent[1]

- Life science **53.5%**
- Non-life science **46.5%**

Life science occupier area by floor type[2]

- Office **56.2%**
- Labs **30.9%**
- M&P[3] **12.9%**

1. Includes £1.1 million of contracted rent within development assets; life science occupiers make up 49.9% of the investment portfolio.
2. 54.4% of portfolio area (including vacant space) currently let to life science occupiers.
3. Manufacturing and prototyping.

The Group's occupiers

The table below shows the Group's top ten occupiers at the year end. The proportion of the investment portfolio (by contracted rent) let to life science occupiers continues to increase and stood at 49.9% at 31 December 2023. For more information on why life science occupiers choose our assets, see the occupier insight section in the full report.

Under the Group's investment policy, no occupier should account for more than 30.0% of the higher of gross contracted rents or the valuer's ERV of the portfolio, including developments under forward-funding agreements. We remain within this limit, with the largest occupier accounting for 28.7% of gross contracted rents and 21.9% of the ERV at the year end. 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.

Occupier	Asset[1]	Occupier type[3]	Annual contracted rent (£m)	% of total
Thought Machine Group Ltd	HS	Non-LS	4.0	28.7%
Gyroscope Therapeutics Ltd	RSY	LS	1.5	11.0%
Carl Zeiss Ltd	CP	LS	1.0	6.8%
Beacon Therapeutics Ltd	RSY	LS	0.8	5.8%
Xero (UK) Ltd	RSY	Non-LS	0.7	5.1%
Regus	CP	Non-LS	0.7	4.9%
MTK Wireless Ltd	CP	LS	0.7	4.8%
Premier Inn Ltd	OTP	Non-LS	0.7	4.7%
Native Antigen Company Ltd (LGC)	OTP	LS	0.5	3.9%
Pacific Biosciences UK Ltd	RSY	LS	0.5	3.4%
Subtotal – top ten			**11.1**	**79.1%**
Remaining			2.9	19.9%
Total[2]			**14.0**	**100.0%**

1. HS – Herbrand Street; RSY – Rolling Stock Yard; CP – Cambourne Park; OTP – Oxford Technology Park.
2. Investment portfolio only. In addition, £1.1 million of contracted rent has also been agreed within development assets.
3. LS - life science occupier; Non-LS – non life science (hotel and offices).

Implementing the asset management strategy

Cambourne Park Science & Technology Campus

The Group acquired Cambourne in 2021, with the intention of repositioning it as a dedicated life science and technology hub. We made good progress in 2023, including rebranding the park to target these sectors and starting to repurpose 10,100 sq ft of vacant office space in Building 2020 into fully fitted laboratories. More information can be found on this in the case study within the Annual Report.

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 has fitted out the space to create dry labs.

Occupancy at Cambourne was 77.5% at the year end (31 December 2022: 80.1%). Completing the fitted laboratories will be a key step in establishing Cambourne's credentials in our target market and supporting future lettings in other buildings.

Our longer-term aim is to deliver a highly sustainable campus, building on the existing renewable power provision (photovoltaic panels) and targeting a minimum of BREEAM Very Good for refurbishments. We are also evaluating opportunities for amenities benefiting occupiers and the local community, and working to launch an app for occupiers at Cambourne, as we have done at OTP.

Oxford Technology Park
During 2023, Buildings 4A and 4B, known as The Innovation Quarter ("IQ"), reached practical completion, and Building 5 has also reached practical completion since the year end. Total completed space stood at 173,400 sq ft at 31 December 2023. By the date of this report, this had increased to 231,500 sq ft, making OTP 46.5% complete. Timing has moved out over the last year due to development delays and revision of planning on Buildings 10 and 11.

The IQ consists of 12 units, which can accommodate wet and dry labs, offices and light production. These units are smaller, more flexible and more affordable than elsewhere in Oxford, making them ideal for emerging life science businesses. We are seeing strong interest from potential occupiers for us to finance fitting out these units as lab space, which we expect will achieve a rental uplift from around £25.0 per sq ft to £45.0 per sq ft.

Our occupier surveys have demonstrated that amenity space is important. We have received planning permission to convert unit 6 at the IQ into a café and event space, and we are continuing to explore the potential for carrying out this work, including holding discussions with an operator.

During the year, we also received detailed planning consent for the remaining phase of OTP in Buildings 8 to 11, fitted to shell on the ground floor and offices on the first floor. Construction of Buildings 8 and 9 is in progress and they are expected to reach practical completion in the second half of 2024. However, we are working with the developer to revise our plans for Buildings 10 and 11, as our engagement with potential occupiers has shown demand for units that fall between the largest in the IQ (circa 7,800 sq ft) and the smallest of the current hybrid buildings, which is around 24,000 sq ft. Our intention is to create four smaller, subdivisible buildings rather than two larger ones, which will improve OTP's overall offer and attract higher rents. Subject to receiving planning consent for these revisions, we now expect to complete Buildings 10 and 11 in H1 2025.

The buildings at OTP have strong sustainability credentials, including EPC A on Buildings 1, 2, 4A, 4B and electric vehicle chargers in each car park other than the hotel. All the existing life science buildings and developments are tracking a BREEAM Excellent rating, and the Premier Inn hotel is rated BREEAM Very Good.

Attracting new occupiers
OTP continues to attract good interest from potential occupiers and we agreed the following new leases during 2023:

- In January 2023, Oxford Ionics leased 4,887 sq ft in Building 1 for two years at £28.5 per sq ft, with a break clause at the end of the first year. This provided it with initial accommodation at OTP, ahead of occupying larger long-term space. In December 2023, we announced that we had agreed a lease with Oxford Ionics to take unit A in Building 6, which has flexible internal space allowing the office, laboratory and production content to vary from 25% to 50%, to suit the occupier's requirements. The ten-year lease has a break clause and rent review at year five and an initial rent of £593,220 or £20.0 per sq ft.
- In February 2023, Arcturis Data leased 5,509 sq ft of office space in Building 1 at £28.7 per sq ft for ten years, with a break clause and rent review at the end of the fifth year.
- In August 2023, we announced the letting of 11,042 sq ft across two units in the IQ, for use as hybrid office and laboratory space. The occupier is Oxford Gene Technology IP Limited. The annual rent of £220,000 equates to £19.9 per sq ft for a ten-year term, with a break clause and rent review at the end of the fifth year
- Since the year end, we announced the letting of 5,551 sq ft in the IQ to Quantum Advanced Solutions Limited who took occupation in December 2023. It will pay an annual rent of £122,122, equating to £22.0 per sq ft for ten years, with a break clause and rent review at the end of the fifth year.

In addition, we agreed a pre-let in 2022 for the whole of Building 5 to WAE Technologies Limited. With the building reaching practical completion in February 2024, the lease has now been granted, with the initial rent of £18.6 per sq ft rising to £20.1 per sq ft in January 2025.

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

Rolling Stock Yard
Following the refit of the first and second floors, Rolling Stock Yard offers office and fully fitted laboratory space, with the refreshed reception area providing an attractive place for occupiers to meet and collaborate.

The capital cost for the lab refit was around £2.0 million or £158.7 per sq ft, and has delivered significantly increased rental levels. The 7,322 sq ft second floor has been leased to Beacon Therapeutics at £110.0 per sq ft, a leading rent for life science space, 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 are tracking a number of occupier enquiries for the remaining vacant first floor. Occupancy at the year end was 87.3% (31 December 2022: 66.7%).

7-11 Herbrand Street ("Herbrand")

The present occupier's lease at Herbrand runs until Q4 2026. We continue to engage with the occupier and while our base case is that it will stay until expiry, we are working up our plans for repositioning the building for life science use.

The Merrifield Centre ("Merrifield")

As previously reported, the occupier has completed a comprehensive refurbishment, demonstrating its commitment to the asset. This contributed to a significant improvement in the EPC rating, which increased from D to B.

Financial review

Financial performance

The Group's financial results are summarised below:

	2023 £m	2022 £m	Change %
Gross property income	**15.5**	13.1	18.3
Property operating expenses	**(1.7)**	(2.2)	22.7
Net rental income	**13.8**	10.9	26.6
Adjusted administration costs	**(5.2)**	(5.6)	7.1
Adjusted operating profit	**8.6**	5.3	62.3
Adjusted net finance costs	**(2.0)**	(2.7)	25.9
Tax	**0.1**	(0.1)	100.0
Adjusted earnings	**6.7**	2.5	168.0
Exceptional finance costs	**(1.5)**	—	n/a
Exceptional administration costs	**—**	(1.0)	n/a
Fair value (losses)/gains on derivatives and deferred premium	**(3.8)**	2.2	(272.7)
Fair value losses on investment properties	**(22.8)**	(31.3)	(27.2)
Loss on disposal of investment properties	**(0.3)**	—	n/a
IFRS loss after tax	**(21.7)**	(27.6)	(21.4)

Total gross property income in the year was £15.5 million (2022: £13.1 million), with the growth of 18.3% due to a full year of ownership of OTP and Herbrand, which the Group acquired in May 2022, and the benefits of new leases agreed in the year.

Property operating expenses were £1.7 million (2022: £2.2 million), resulting in net rental income of £13.8 million. Property operating expenses are primarily void costs on vacant units, less the release of a £0.7 million provision for doubtful debts, which were provided for in the prior year and are now fully collected.

Administration costs comprise the Investment Adviser's fee, professional fees, including audit and valuation, the Directors' fees, and a range of other costs such as insurance. These costs totalled £5.2 million in the year (2022: £5.6 million excluding exceptional one-off costs). In the prior year, the Company incurred one-off costs of £1.0 million, in relation to its move from trading on AIM to the Main Market of the London Stock Exchange.

The above results in a total cost ratio of 44.2% (2022: 58.9%). The improvement reflects the Group's income growth and cost reduction 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.

Adjusted net finance costs for the year were £2.0 million (2022: £2.7 million), comprising loan interest, expenses and arrangement fees of £8.9 million, partially offset by capitalised finance costs of £3.3 million and adjusted finance income of £3.6 million. The Group incurred exceptional one-off finance costs of £1.5 million (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, and an early repayment fee of £0.8 million on the Fairfield facility.

Fair value losses on derivatives and deferred premiums were £3.8 million (2022: £2.2 million gain), relating to the interest rate caps that were in place at the start of the year and the new cap entered into following the refinancing in June 2023. An interest rate cap acquired with OTP expired in June 2023.

The unrealised loss on revaluation of investment properties was £22.8 million (2022: £31.3 million loss). See the valuation and net asset value section in this report for more information.

As a REIT, the Group is not subject to corporation tax on its property rental business and the tax charge relating to 2023 was therefore £nil (2022: £0.1 million), with a further £0.1 million release of the prior year provision that was no longer required. The IFRS loss after tax for the year was £21.7 million (2022: £27.6 million). This resulted in IFRS loss per share of 6.2 pence (2022: 7.9 pence) and EPRA EPS of 1.7 pence (2022: 0.4 pence). Adjusted EPS, which is EPRA EPS excluding the impact of exceptional one-off costs, was 1.9 pence (2022: 0.7 pence).

Dividends
The Company paid two dividends during 2023. These were:

- the second interim dividend of 3.0 pence per share, in respect of the year to 31 December 2022, which was paid in May 2023; and
- a first interim dividend of 1.0 pence per share in respect of 2023, paid in October 2023.

Since the end of the year, the Board has declared a second interim dividend of 1.0 pence per share in respect of 2023 (see post period end events).

The cash cost of the dividends paid and declared in respect of 2023 is £7.0 million. At 31 December 2023, the Group had distributable reserves of £328.0 million (31 December 2022: £337.1 million), with the majority being in the Company following the cancellation of the share premium account in 2022.

Valuation and net asset value
The portfolio was independently valued by CBRE as at 31 December 2023, in accordance with the internationally accepted RICS Valuation – Professional Standards (the "Red Book").

The table below analyses the movement in valuation during the year:

	£m
Portfolio valuation at 31 December 2022	387.6
Acquisitions[1]	(0.8)
Capital expenditure	22.7
Finance costs capitalised	3.3
Movement in rent incentives	0.1
Fair value losses on investment properties	(22.8)
Disposals	(7.8)
Portfolio valuation at 31 December 2023	**382.3**

1. This balance relates to the finalisation of prior-year acquisitions. There were no acquisitions of new assets in 2023.

The unrealised loss on revaluation of investment properties of £22.8 million is mainly driven by a like-for-like reduction in value of 7.1%. This resulted from an outward yield shift of 58 basis points, partially offset by 5.0% like-for-like ERV growth in the year. Space defined as offices saw a valuation fall of 9.8% on a like-for-like basis; this was in line with the wider office market and reflected an outward yield shift of 66 basis points. Space defined as laboratories for valuation purposes was more resilient posting a like-for-like valuation decline of 1.6%; a 52 basis points outward yield shift was almost fully offset by ERV growth of 10.4%. At the year end, this space represented 31.7% of the like-for-like portfolio. As per the 31 December 2023 valuations, there is up to a 60 basis points yield variance in the vacant development space versus let completed space. As we continue to complete and let up the space at OTP over the next 12 months, we expect the like-for-like and absolute position to significantly improve.

IFRS NAV was 81.1 pence per share (31 December 2021: 91.3 pence per share). The EPRA NTA at the year end was 79.9 pence per share (31 December 2022: 90.0 pence per share). The reduction in EPRA NTA per share was primarily the result of dividends paid and the revaluation loss, partially offset by adjusted earnings.

Debt financing
The Group undertook two debt refinancings in 2023. In February, 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 has reduced the Group's cost of debt, reflecting the higher interest rate on the Fairfield facility, and 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 June 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.

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. At the year end, the Group was slightly over hedged against SONIA at 106.9%. 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 some of the completed OTP buildings, which are rated either BREEAM Excellent or EPC A.

At 31 December 2023, the £100.0 million term loan was fully drawn and the Group had drawn £8.7 million against the RCF. The Group also had cash and cash equivalents of £14.3 million (31 December 2022: £45.6 million). The LTV was therefore 24.7% at the year end (31 December 2022: 16.8%). We continue to believe that a range of 30.0-40.0% is optimal in the longer term.

The Group had £41.3 million available within the RCF at the year end, resulting in total liquidity of £55.6 million to fund the ongoing development at OTP, which had £46.2 million costs to complete as at 31 December 2023. The RCF will be drawn on a quarterly basis to meet development funding requirements and minimise interest costs throughout the remaining development period.

Resourcing for growth - Ironstone
As the Investment Adviser, our team plays a crucial role in the Group's success. Our people have a range of relevant skills, including real estate investment, asset management, finance and sustainability. While everyone who joins us has the experience and qualifications they need for their role, we are committed to supporting professional and personal development and training, to help our people progress their careers within Ironstone. We therefore run an annual appraisal process and provide both statutory and individual training, according to each person's job or personal requirements. In December 2023 we also conducted our first employee survey and are currently evaluating the feedback.

Diversity and inclusion are important to us, as we recognise the benefits of diverse viewpoints and life experiences. At the year end, our gender diversity was 36% male, 64% female, with 64% of the team identifying as white British and 36% as other backgrounds. We also consider the age profile of our team with 18% aged 20-29, 18% aged 30-39, 27% aged 40-49 and 37% aged 50-59.

Our employee turnover was low in 2023, with one person leaving and one new hire, resulting in a turnover rate of 8%.

Post year end events
- Lease finalised with WAE Technologies Ltd in February 2024 following the practical completion of Building 5 at an initial rent of £18.6 per sq ft, increasing to £20.1 per sq ft in January 2025.
- Reached practical completion on Building 5 at OTP comprising 58,100 sq ft of space.
- With macroeconomic uncertainty continuing and interest rates now expected to remain elevated for some time, the Board has taken the decision to rebase the dividend to a level that is sustainable and substantially covered by adjusted earnings over time. The additional financial flexibility will enable the Group to effectively progress its strategy to deliver on the value accretive opportunities it has created. The Board has therefore declared a second interim dividend of 1.0 pence per share, bringing the total dividend for the year to 2.0 pence per share. This will be paid as an ordinary dividend on 13 May 2024, with an ex-dividend date of 4 April 2024. The Board will look to maintain a sustainable dividend going forward, with the intention that future dividends reflect the progression in underlying earnings.

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

Policy element	Compliance in the period
Invest in a diversified portfolio of properties across the UK which are typically leased or intended to be leased to occupiers operating in, or providing a benefit to, the life science sector ("life science properties").	Yes. All the properties are in the Golden Triangle and are either leased or intended to be leased to life science organisations.
Examples of the assets the Group can acquire: wet and dry laboratories, offices, incubators and co-working space, manufacturing and testing facilities, and data centres.	Yes. All the Group's assets are a mix of laboratory and office space.
The Group can acquire individual buildings, a group of buildings across a single science park or the entirety of a science park. This may include purchasing or developing buildings that are leased or intended to be leased to occupiers providing ancillary services to employees of companies operating in, or providing a benefit to, the life science sector.	Yes. The Group owns both individual assets and a science park.

The Group will typically invest in income-producing assets, consistent with providing capital growth and growing income.	Yes. All the assets are income producing (other than the development at OTP) and offer potential for capital growth and rising income through asset management.
Any asset management or development opportunities will minimise any development risk, typically through forward funding or similar arrangements.	Yes. We are forward funding the development programme at OTP and have a fixed-price contract for each building with the developer.
The maximum exposure to developments or land without a forward funding arrangement is 15% of gross asset value ("GAV").	Yes. There are no developments or land without a forward-funding arrangement.
No individual building will represent more than 25% of GAV at 31 December 2023.	Yes. No building exceeds the threshold.
The Group 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.	One occupier exceeds 20% of contracted rent but remains below the 30% threshold. This percentage is expected to fall as OTP continues to be developed and leased up.
The aggregate maximum exposure to assets under development, including forward fundings, will not exceed 30% of GAV at 31 December 2023.	Yes. 17.6% of assets are currently in development.
No more than 10% of GAV will be invested in properties that are not life science properties.	Yes, more than 90% of assets are currently classified as life science properties.
The Group will not invest more than 10% of GAV in other alternative investment funds or closed-ended investment companies.	Yes. The Company has no investments of this type.

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

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

Ironstone Asset Management Limited
Investment Adviser
25 March 2024

PRINCIPAL RISKS AND UNCERTAINTIES

Effective management of risk underpins the delivery of our strategy and the successful performance of the business. A clear understanding of business risks and opportunities, assessed against our appetite for those risks, guides our decision making at all levels.

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

The Board supported by its advisers, is responsible for identifying, understanding, considering and acting on the Group's current and future risks. Our risk culture is designed to enable to decisions to be made within agreed parameters and recognised accountabilities to support the delivery of our objectives.

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

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

Our approach

The Investment Adviser regularly reviews and updates the corporate risk register, which is reported to each Audit and Risk Committee meeting, highlighting any emerging risks, and any changes to existing risks; the controls in place; and our exposure to that risk. The Audit and Risk Committee reviews the risk register, with particular focus on the principal risks and any emerging risks, and provides updates to the Board.

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

Risk Management Framework
The Board has approved the delegated authority matrix and key policies, which ensure that responsibility for making key decisions such as asset acquisitions and disposals is clearly defined and understood. The authority matrix ensures that significant decisions are taken at the appropriate level, taking into account the size and complexity of the transaction, and its significance to our plans.

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

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

Risk appetite
Our risk appetite was reassessed during the year, as part of the annual review of the risk framework, and it remains unchanged. We have no appetite for risks relating to compliance with regulatory and environmental requirements, or the safety and welfare our occupiers, those working on our behalf, and the wider community in which we work.

Our appetite for risks relating to climate change is low, and we are, through the Sustainability Committee, working to identify and mitigate physical and transitional risks for the portfolio and the Group.

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

We seek to balance our risk position between:

- a strong focus on compliance, with our expectations of service providers incorporated within contract documents, and monitored through performance reviews by the Management Engagement Committee;
- the acquisition and management of a balanced asset portfolio, being selective in our acquisition decisions, and following a clear investment appraisal process;
- a focus on mitigating climate-related risks and opportunities through our portfolio acquisition decisions, refurbishment and repurposing approach, and our work with and support to occupiers; and
- generating profit and funds through the effective asset management of our portfolio.

Environmental, Social and Governance ("ESG") risk
We consider the active management of ESG related risk to be a key element of our business operations. We have invested resource in understanding these risks, in particular climate-related risk, and how we can best mitigate these.

ESG and climate-related risks are included within the corporate risk register, and we have a separate climate-related risk register, covering both physical and transitional risks. This is reviewed by the Investment Adviser and reported to the Sustainability Committee. There is a biannual formal review of the risks in the climate related risk register, considering whether there are any risks rated high that should be escalated to the corporate risk register. For more details on these risks, see the TCFD section of the Annual Report.

Emerging risks
A key element of our approach to the management of risk is the regular identification and consideration of potential emerging risks for the Group. These emerging risk reviews are carried out regularly with the Investment Adviser, and it is part of the regular risk report to the Audit and Risk Committee.

During the year, the two main emerging risks related to electrical capacity and reinforced autoclaved aerated concrete ("RAAC"):

- electrical capacity relates to whether capacity available for our portfolio is sufficient for current and future needs. The Investment Adviser is leading investigations, including the introduction of detailed power analysis to better understand requirements, and the commissioning of external advice on potential options for increasing capacity if necessary; and
- RAAC relates to the use of a particular type of concrete in buildings in previous decades, which has now become a significant problem. We are aware of the issue and the Investment Adviser has reviewed our assets and concluded it does not apply to our portfolio. They will continue to monitor the issue and ensure it is part of any due diligence process for future acquisitions.

Neither risk is considered to currently be a principal risk for the business.

Principal risks
The Board confirms that it has performed a robust assessment of the Group's principal and emerging risks and considered both the short and longer-term impacts. The Investment Adviser and the Audit and Risk Committee regularly review the corporate risk register in detail.

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

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

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

Business risks	
1. Poor returns on the portfolio	
Change	Increase Whilst we have no problems with our current portfolio of occupiers, general economic uncertainty, linked to high interest rates and inflation during 2023 has slowed the market for potential new occupiers. We have therefore considered it prudent to reflect a slightly higher exposure to this risk.
Risk	Achieving the targeted level of return on our property portfolio over time is fundamental to the success of the business. The risk of a reduced return on the portfolio could be caused by a number of factors, including: • reduced property valuations; • reduced rent levels; • an inappropriate balance of property types within the portfolio; • cost of capital increases, particularly as interest rates rise; • higher than anticipated void rates, and bad debts; and • increasing new tenancy costs (e.g. shorter leases or significant works to attract occupiers). In addition, external macroeconomic challenges may reduce investment in the life sciences sector, subsequently reducing property values and rent incomes, and in the medium to longer term this could also impact on the number of potential occupiers looking for property.
Mitigation	Portfolio risk mitigation is based around: • *Asset value* – a robust acquisition and investment process, including detailed financial modelling. Our investment protocol reflects our delegated authority matrix, ensuring that decisions are made at the right level, with particularly significant decisions referred to the Board. We aim to have a balance between sites developed with occupiers, and the development of sites, particularly with specialist facilities such as lab space, in advance. This enables us to meet specific occupier requirements, and also to attract potential occupiers who are looking for reduced fit-out cost and time, which helps to drive rents and reduces void lengths. • *Occupier quality* – our occupier take on process ensures we understand occupier requirements and are confident that we can deliver the asset functionality and quality required. It also includes evaluation of the potential occupiers, to ensure that they have a business model and financial plans which cover property costs. • *Property management* – the property managers (Savills) work closely with the Investment Adviser's asset management team, and together they provide regular performance reviews and report to the Board. Savills are responsible for rent collection performance and monitoring of arrears. Link as fund administrators ensure the Group correctly accounts for rent and arrears.
Link to strategy	Investment Asset management

2. Inability to identify or secure assets/sites for acquisition	
Change	No change
Risk	There is a risk that we may lose investment opportunities and/or potential occupiers to competitors. This could be driven by aggressive competitors, the overall level of competition in the market, insufficient suitable available assets in the market, or acquisition prices that would make it difficult for us to generate sufficient returns.
Mitigation	There is limited space suitable for the life sciences market, and this is a focus area for growth and government initiatives, which gives us confidence that occupiers' need for appropriate space will continue. Our strategy includes acquiring existing facilities, sites planned for new development, and the repurposing of buildings which can be converted to meet the specialist requirements of the sector. Our Investment Adviser has an experienced management team and is supported by external property management specialists, who have extensive expertise in the life sciences market.
Link to strategy	Investment

3. Poor performance of the Investment Adviser or other significant third-party provider	
Change	No change
Risk	We operate an outsourced model and depend on the performance of our third-party service providers, particularly the Investment Adviser, AIFM, Property Manager and Fund Administrator. Poor service delivery from any of these key providers could result in poor decisions, reduced portfolio returns or regulatory compliance failures, and could have a financial impact on investors. We rely on receiving high-quality and accurate information from our service providers, and inaccurate or incomplete information could damage our finances, properties, occupiers and reputation. In particular, inaccurate information could increase our revenue risk, as we depend on third parties to invoice, collect, bank and record revenues.
Mitigation	Our governance framework is designed to ensure that the Board is involved with decisions that are material to the success of the Group. There is an approved delegated authority matrix, including the matters reserved for the Board. Our service providers are recognised experts in their fields, and we have contracts in place, with clear terms of service and our expectations clarified. The principal third-party providers oversee and review our activities, with the AIFM reviewing and approving key transactions proposed by the Investment Adviser, and the Investment Adviser monitoring the performance of the property managers. Financial reports and information are prepared by Link and checked by the Investment Adviser's Finance team, prior to reporting to the Board. Our Board members are experienced individuals, appointed for their knowledge and their business and commercial acumen. In addition to their performance reviews and variance analysis as part of the normal quarterly Board meetings, they formally review the performance of key third-party service providers through the Management Engagement Committee. The valuation of the portfolio is a key risk area for the Group. The valuation is undertaken by an independent valuer, which provides additional assurance for the Board on the accuracy of key metrics reported by the Investment Adviser
Link to strategy	Investment Asset management Financing Sustainability

4. Inappropriate acquisition, or breach of investment strategy	
Change	No change
Risk	Acquiring assets or taking on occupiers which are not in line with our investment policy and objectives could have a detrimental effect on our portfolio values, finances or reputation, and could also increase risk for occupiers, particularly in multi-tenanted properties.

Mitigation	Our investment policy is supported by processes designed to ensure that acquisitions meet our requirements, and any capital expenditure will deliver enhanced returns. In particular we have a strong acquisition protocol which includes robust due diligence processes and assessment against clear investment criteria, including portfolio mix, property type and quality, legal issues, environmental requirements, sector and quality of occupier. Acquisition and investment approvals follow our delegated authority matrix, with particularly material decisions reserved for the Board. All acquisitions and disposals are also approved by the AIFM. The Investment Adviser and the Property Manager provide us with expert knowledge of the properties and geographical locations which are best suited to the life science market, ensuring that our property portfolio is best suited to the needs of our target occupiers. Our procedures also require a full assessment of potential occupiers, ensuring that they are linked to the life science sector and are of suitable financial stability and strength for the lease concerned.
Link to strategy	Investment Asset management

5. Financial risks	
Interest rate changes	
Change	Decrease The refinancing and SONIA hedging completed during the year has reduced our exposure in relation to interest rate risk.
Risk	Interest rate rises present a number of different potential risks to the Group. They may impact on our ability to utilise funding to execute the strategy; may have an impact on the overall value of the portfolio, as the cost of lending impacts on asset valuations; potential occupiers may decide to delay expansion plans, and current occupiers may have reduced willingness or ability to pay rents.
Mitigation	The potential for interest rate rises is not a risk within our control, and we therefore focus on managing and mitigating the consequences. We have a financing strategy agreed with the Investment Adviser. During the year we have completed a refinancing to cover the next three years, with two plus one-year extension options. This provides sufficient headroom to complete current planned developments. We have also hedged the risk to rising SONIA rates by entering into a number of forward starting interest rate caps based on the budgeted draw down of debt to complete the planned development and capital expenditure projects. This targets 100% hedging at all times. We also manage our cash flows carefully, along with the timing of debt drawdowns for significant outlays.
Link to strategy	Financing

6. Unable to attract investment, equity or debt funding	
Change	Decrease The refinancing completed during the year demonstrates our ability to obtain financing at reasonable rates/terms.
Risk	There is a risk that we may be unable to raise funding, either through equity from new investors/increased investment from existing shareholders or via debt funding. This would affect our ability to grow and deliver on agreed strategic objectives.
Mitigation	Our performance to date, creating a portfolio of quality, well-managed and suitable assets in the right locations, is key to the mitigation of this risk. We have an experienced Investment Adviser, with a good reputation and excellent market knowledge. The Investment Adviser Finance Director maintains relationships with current and potential funding partners, and any significant funding agreements are reviewed and approved by the Board, in line with our delegated authority matrix. Some of our Board members have extensive experience working within and for the life sciences sector, and have excellent reputations in the market, through their knowledge of the requirements and needs of potential occupiers.
Link to strategy	Investment Financing

7. Breach of loan covenants or borrowing policy	
Change	No change

Risk	We set out our expected and maximum LTV ratios in the prospectus, and separately have a LTV ratio agreed within our financing facilities. Breach of any of these ratios, or the terms and conditions of the funding facility, could have a serious impact on the delivery of our objectives, through cash shortages or damage to our reputation.
Mitigation	The Investment Adviser is responsible for monitoring operations, financial transactions and performance, and reviews the financial position continuously to ensure that neither the LTV ratio nor any specific requirements of our financing facility are breached. The Investment Adviser applies comprehensive financial models to plan cash flows and funding requirements. Cash availability is built into the investment decision-making process. All acquisitions are approved by the AIFM and the Depositary, and significant acquisitions and capital expenditure plans are approved by the Board. The cash position is reconciled monthly to the records produced by Link and the bank statements, by the Investment Adviser's Finance team.
Link to strategy	Financing

Compliance risks	
8. Loss of REIT status	
Change	No change
Risk	Failing to comply with the REIT framework could put our status as a REIT at risk, resulting in a potentially significant impact on our shareholders.
Mitigation	We have a documented governance framework, with clearly allocated responsibilities set out in the matters reserved for the Board, the delegated authority matrix, and in our contracts with the Investment Adviser and other key service providers. We obtain advice as needed from the AIFM, our brokers and external legal support in relation to governance compliance, FCA and listing rules. Our position against the key requirements of the REIT legislation is reviewed by the Investment Adviser each month, by Link quarterly, and is reported to the Board. Cash and earnings cover for dividends is monitored through the comprehensive cash flow forecasting process.
Link to strategy	Financing

Climate-related risks	
9. Impact of climate change	
Change	No change
Risk	The potential impact of climate change is one of our principal risks, and we are investing time and resource to better understand and reduce our impact on the environment, and to ensure the Group is well placed to mitigate the inevitable impacts on our activities, portfolio and finances. We have developed a separate climate risk register, to help us identify, consider and mitigate both physical and transitional risks in more detail. Key risks documented in that register include: • change in occupiers' requirements, as they seek more sustainable property options; and • the complexities and cost of compliance with relevant legislation and reporting requirements, and the impact of changes to business practices going forward.

Mitigation	The global impact of climate change is already noticeable, and we recognise our responsibility to develop a portfolio and business/operational practices which reduce our environmental impact, while enabling us to deliver results for our investors. Further details are included in the Sustainability section of the Annual Report, but a summary of the actions we have taken and planned are: • new developments to be BREEAM 'Excellent' or 'Very Good' rated; • environmental assessment of all potential acquisitions, as part of the acquisition process; • EPC+ reports are part of our standard process for acquisitions; • capital expenditure planning includes consideration of climate-related risk, with appropriate building standards being applied, such as energy efficient lighting and heating, and a reduction in greenhouse gas emissions; • external specialists have been appointed to assist us with developing our sustainability roadmap and pathway to net zero; • a Sustainability Committee was established in the year, meeting twice to discuss the strategy and policies in addition to the above; and • our standard quarterly Board report pack includes ESG and climate-related risk information, to ensure that Board members are fully informed.
Link to strategy	Investment Asset management Sustainability

GOING CONCERN AND VIABILITY STATEMENT

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

The Group ended the year with £14.3 million of unrestricted cash and £41.3 million of headroom readily available under its debt facilities. The Group is operating significantly within its covenants and a sensitivity analysis has been performed to identify the decrease in valuations and rental income that would result in a breach of the LTV, or interest cover covenants. For the HSBC and Bank of Ireland facility, valuations would need to fall by 34.2% or rents by 13.7%, when compared with 31 December 2023, before these covenants would be breached, which, based on available market data, is considered highly unlikely.

As at 25 March 2024, 100.0% of rents invoiced in December 2023 in relation to the quarter to 24 March 2024 were received.

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

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

Assessment of viability
In accordance with the AIC Code of Corporate Governance, the Directors have assessed the Group's prospects over a period greater than the 12 months considered by the going concern provision. The Directors have conducted their assessment over a three-year period to 31 December 2026, allowing a reasonable level of accuracy given typical lease terms and the cyclical nature of the UK property market.

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

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

- increased occupier turnover;
- increased void costs; and
- increased interest rates.

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

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

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

Viability statement

The period over which the Directors consider it is feasible and appropriate to report on the Group's viability is a three-year period to December 2026. This period has been selected because it is the period that is used for the Group's medium-term business plan. Underpinning the plan is an assessment of each unit, driving the letting and capital expenditure assumptions. These in turn drive the financing assumptions and other forecast cash flows.

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

On behalf of the Board

Claire Boyle
Chair

25 March 2024

NON-STATUTORY ACCOUNTS

The financial information set out below does not constitute the Company's statutory accounts for the period ended 31 December 2023 but is derived from those accounts. Statutory accounts for the period ended 31 December 2023 will be delivered to the Registrar of Companies in due course. The Auditor has reviewed those accounts; their report was (i) unqualified, (i) did not include a reference to any matters to which the Auditor drew attention by way of emphasis without qualifying their report and (i) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006. The text of the Auditor's report can be found in the Company's full Annual Report and Financial Statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

In respect of the Annual Report and Financial Statements

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

Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework".

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

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

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

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

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

We confirm that to the best of our knowledge:

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

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

For and on behalf of the Board

Claire Boyle
Chair

25 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

Continuing operations	Notes	**Year ended 31 December 2023 £'000**	Year ended 31 December 2022 £'000

Gross property income	3	**15,481**	13,124
Service charge income	3	**4,461**	2,582
Revenue		**19,942**	15,706
Recoverable service charges	4	**(4,461)**	(2,582)
Property operating expenses	4	**(1,656)**	(2,187)
Gross profit		**13,825**	10,937
Administration expenses	4	**(5,249)**	(6,565)
Operating gains before losses on investment properties		**8,576**	4,372
Fair value losses on investment properties	13	**(22,848)**	(31,312)
Loss on disposal of investment properties	13	**(317)**	—
Operating loss		**(14,589)**	(26,940)
Finance income	7	**3,807**	3,255
Finance expenses	8	**(11,070)**	(3,782)
Loss before tax		**(21,852)**	(27,467)
Taxation	9	**146**	(146)
Loss after tax for the period and total comprehensive loss attributable to equity holders		**(21,706)**	(27,613)
Loss per share (basic and diluted) (pence)	12	**(6.2)**	(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 loss after tax is therefore also the total comprehensive loss.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**31 December 2023 £'000**	31 December 2022 £'000
Assets			
Non-current assets			
Investment property	13	**382,300**	387,550
Interest rate derivatives	16	**3,998**	3,871
Trade and other receivables	14	**3,409**	2,701
		389,707	394,122
Current assets			
Trade and other receivables	14	**6,656**	7,665
Cash and cash equivalents	15	**14,341**	45,606
Interest rate derivatives	16	**—**	432
		20,997	53,703
Total assets		**410,704**	447,825
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	17	**(107,918)**	(74,088)
Other payables and accrued expenses	18	**(4,604)**	(3,844)
		(112,522)	(77,932)
Current liabilities			
Interest-bearing loans and borrowings	17	**—**	(35,743)
Other payables and accrued expenses	18	**(14,437)**	(14,699)
		(14,437)	(50,442)
Total liabilities		**(126,959)**	(128,374)
Net assets		**283,745**	319,451
Equity			
Share capital	19	**3,500**	3,500
Share premium	20	**—**	—
Capital reduction reserve		**321,823**	335,823
Retained earnings	21	**(41,578)**	(19,872)
Total equity		**283,745**	319,451
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)	22	**81.1**	91.3

These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 25 March 2024 and signed on its behalf by:

Claire Boyle
Company number: 13532483

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Notes	**Share capital £'000**	**Share premium £'000**	**Capital reduction reserve £'000**	**Retained earnings £'000**	**Total equity £'000**
Balance at 1 January 2023		**3,500**	**—**	**335,823**	**(19,872)**	**319,451**
Loss for the year and total comprehensive loss		**—**	**—**	**—**	**(21,706)**	**(21,706)**
Dividends paid	11	**—**	**—**	**(14,000)**	**—**	**(14,000)**
Balance at 31 December 2023		**3,500**	**—**	**321,823**	**(41,578)**	**283,745**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Notes	**Year ended 31 December 2023 £'000**	Year ended 31 December 2022 £'000
Cash flows from operating activities			
Operating loss		**(14,589)**	(26,940)
Adjustments to reconcile profit for the year to net cash flows:			
Changes in fair value of investment properties	13	**22,848**	31,312
Adjustment for non-cash items		**317**	—
Operating cash flows before movements in working capital		**8,576**	4,372
Increase in other receivables and prepayments		**(5,177)**	(8,144)
Increase in other payables and accrued expenses		**4,216**	2,684
Net cash flow generated from/(used in) operating activities		**7,615**	(1,088)
Cash flows from investing activities			
Acquisition of investment properties		**1,653**	(179,414)
Capital expenditure		**(24,034)**	(7,641)
Disposal of investment properties		**7,516**	—
Interest received		**3,222**	677
Net cash used in investing activities		**(11,643)**	(186,378)
Cash flows from financing activities			
Share issuance costs paid		**—**	(1,118)
Bank loans drawn down	17	**142,520**	101,260
Bank loans repaid	17	**(145,304)**	(26,260)
Loan interest and other finance expenses paid		**(9,473)**	(2,069)
Loan issue costs paid	29	**(980)**	(1,203)
Dividends paid in the year		**(14,000)**	(3,500)
Net cash flow (used in)/generated from financing activities		**(27,237)**	67,110

Net decrease in cash and cash equivalents		**(31,265)**	(120,356)
Cash and cash equivalents at start of the year		**45,606**	165,962
Cash and cash equivalents at end of the year	15	**14,341**	45,606

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 and its shares are admitted to trading on the Premium Listing Segment of the Main Market of the London Stock Exchange. The registered office of the Company is located at 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

The Group's consolidated Financial Statements for the year ended 31 December 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 25 March 2024. The nature of the Group's operations and its principal activities are set out in the strategic report of the Annual Report.

2. Basis of preparation

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

2.1 Going concern

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

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

2.2 New standards and interpretations effective in the current period

The following amendments to existing standards that are required for the Group's accounting period beginning on 1 January 2023, have been considered and applied:

- Amendments to IAS 1 and IFRS Practice Statement 2 Presentation of Financial Statements clarifies that significant accounting policies has been replaced with material accounting policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies the distinction between accounting policies and accounting estimates and also replaces the definition of accounting estimates. Under the new definition, estimates are 'monetary amounts in financial statements that are subject to measurement uncertainty';
- IFRS 17: Insurance contracts is a new requirement from 1 January 2023 covering insurance and re-insurance contracts and is not relevant to the Group;
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction is not relevant due to the Group's REIT status; and
- Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules is not relevant due to the Group's REIT status.

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

2.3 New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2024 or later. The Group is not adopting these standards early. The following are the most relevant to the Group:

- Amendments to IAS 1 Presentation of Financial Statements clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period and not expectations of, or actual events after, the reporting date. The amendments also give clarification to the definition of settlement of a liability; and
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

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

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

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

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

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

No corporate acquisitions were made during the year and therefore no business combinations were considered in this financial year.

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

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

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 13 and 23 for further details.

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

a) Basis of consolidation
The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The consolidated Financial Statements comprise the Financial Statements of the Company and its subsidiaries as at 31 December 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. All non-dormant subsidiaries have the same

year end as the Company. Uniform accounting policies are adopted in the Financial Statements for like transactions and events in similar circumstances.

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

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

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

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

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

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

3. Revenue

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Rental income	**14,584**	11,007
Rental income straight-line adjustment	**233**	1,240
Other income	**521**	722
Insurance recharged	**143**	155
Gross property income	**15,481**	13,124
Service charge income	**4,461**	2,582
Total	**19,942**	15,706

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

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

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

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

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

4. Property operating and administration expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Recoverable service charges	**4,461**	2,582
Rates	**457**	526
Premises expenses	**591**	263
Service charge void costs	**1,120**	571
Insurance expense	**153**	162
Bad debt charge	**(665)**	665
Property operating expenses	**1,656**	2,187
Investment Adviser fees	**3,389**	3,787
Other administration expenses	**1,500**	1,458
Cost associated with moving to Main Market	**(12)**	957
Directors' remuneration (see note 5)	**200**	186
Audit fees (see note 6)	**172**	177
Administration expenses	**5,249**	6,565
Total	**11,366**	11,334

Accounting policy
All property operating expenses and administration expenses are charged to the consolidated statement of profit or loss and other comprehensive income and are accounted for on an accruals basis.

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

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

5. Directors' remuneration

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Claire Boyle	**55**	55
Sally Ann Forsyth	**40**	42
Michael Taylor	**40**	40
Richard Howell	**45**	29
Employers' National Insurance contributions	**20**	20
Total	**200**	186

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

6. Auditor's remuneration

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Audit fee	**172**	177
Total	**172**	177

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

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Group Annual Report and Financial Statements	**172**	177
Total	**172**	177

The Auditor has not undertaken any non-audit services during the year (2022: £nil). The Audit and Risk Committee has considered the independence and objectivity of the Auditor and has conducted a review of services which the Auditor has provided during the year under review. The Audit and Risk Committee receives an annual assurance from the Auditor that its independence is not compromised.

7. Finance income

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Interest receivable from interest rate derivatives	**3,019**	329
Income from cash and short-term deposits	**636**	771
Change in fair value of interest rate derivatives	**—**	2,047
Change in fair value of deferred consideration on interest rate derivatives	**152**	108
Total	**3,807**	3,255

Accounting policy
Interest income is recognised on an effective interest rate basis and shown within the Group consolidated statement of profit or loss and other comprehensive income as finance income.

8. Finance expenses

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loan interest	**8,209**	4,961
Change in fair value of interest rate derivatives	**3,936**	—
Break fees	**751**	—
Loan arrangement fees written off	**716**	—
Loan arrangement fees amortised	**458**	416
Loan expenses	**261**	201
Gross interest costs	**14,331**	5,578
Capitalisation of finance costs	**(3,261)**	(1,796)
Total	**11,070**	3,782

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

9. Taxation
Corporation tax has arisen as follows:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Corporation tax on residual income	**(146)**	146

Total	**(146)**	146

Reconciliation of tax charge to profit before tax:

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Loss before tax	**(21,852)**	(27,467)
Corporation tax at 23.5% (2022: 19.0%)	**(5,135)**	(5,219)
Change in value of investment properties	**5,369**	5,949
Change in value of interest rate derivatives	**(888)**	(389)
Adjustment for disallowable costs	**(3)**	—
Tax-exempt property rental business	**657**	(195)
Current year tax charge	**—**	146
Prior year accrual reversal	**(146)**	—
Total	**(146)**	146

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

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

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

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

10. Operating leases
Operating lease commitments – as lessor
The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 21 years (31 December 2022: 22 years).

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2023 are as follows:

	As at 31 December 2023 £'000	As at 31 December 2022 £'000
Within one year	**15,008**	12,602
Between one and five years	**44,625**	41,784
More than five years	**31,771**	30,044
Total	**91,404**	84,430

11. Dividends

For the year ended 31 December 2023	**Pence per share**	**£'000**
Second interim dividend for year ended 31 December 2022, paid on 15 May 2023	**3.0**	**10,500**
First interim dividend for year ended 31 December 2023, paid on 31 October 2023	**1.0**	**3,500**
Total	**4.0**	**14,000**
Paid as:		
Property income distribution	**—**	**—**
Non-property income distribution	**4.0**	**14,000**
Total	**4.0**	**14,000**

Pence

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

A second interim dividend of 1.0 pence per share was declared on 26 March 2024 and is due to be paid on 13 May 2024.

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

12. Earnings per share ("EPS")
Basic EPS is calculated by dividing profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares during the year. As there are no dilutive instruments in issue, basic and diluted EPS are identical.

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
IFRS earnings	**(21,706)**	(27,613)
EPRA earnings adjustments:		
Fair value losses on investment properties	**22,848**	31,312
Realised losses on disposal of investment properties	**317**	—
Exceptional finance costs greater than one year	**716**	—
Changes in fair value of interest rate derivatives	**3,936**	(2,047)
Changes in fair value of deferred consideration payable on interest rate derivatives	**(152)**	(108)
EPRA earnings	**5,959**	1,544
Group-specific earnings adjustments:		
Exceptional finance costs less than one year	**751**	—
Cost associated with moving to Main Market	**(12)**	957
Adjusted earnings	**6,698**	2,501

	Year ended 31 December 2023 Pence	Year ended 31 December 2022 Pence
Basic IFRS EPS	**(6.2)**	(7.9)
Diluted IFRS EPS	**(6.2)**	(7.9)
EPRA EPS	**1.7**	0.4
Adjusted EPS	**1.9**	0.7

	Year ended 31 December 2023 Number of shares	Year ended 31 December 2022 Number of shares
Weighted average number of shares in issue (thousands)	**350,000**	350,000

13. 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[1]	**(759)**	**(21)**	**(780)**
Disposals in the year[2]	**(7,833)**	**—**	**(7,833)**
Capital expenditure	**2,410**	**20,373**	**22,783**

Finance costs capitalised	**—**	**3,261**	**3,261**
Fair value losses on investment property	**(18,182)**	**(4,666)**	**(22,848)**
Movement in rent incentives and amortisation	**167**	**—**	**167**
Transfer from development to investment[3]	**29,086**	**(29,086)**	**—**
Fair value at 31 December 2023	**314,858**	**67,442**	**382,300**

	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 losses on investment property	(15,060)	(16,252)	(31,312)
Movement in rent incentives and amortisation	1,247	32	1,279
Fair value at 31 December 2022	309,969	77,581	387,550

1. During 2023 there were no acquisitions of new assets, the movement reflected relates to the finalisation of prior year acquisition balances.
2. During the year ended 31 December 2023 Lumen House was disposed of for gross consideration of £7.7 million, £7.5 million net of transaction fees. After writing off the disposal value in the year of £7.8 million, a loss of £0.3 million was recognised in the consolidated statement of profit or loss and other comprehensive income.
3. Following practical completion of the IQ (Buildings 4A and 4B) at Oxford Technology Park during the year ended 31 December 2023, the properties became income-producing, resulting in a transfer from development property and land to completed investment property.

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

Development property and land is where the whole or a material part of an estate is identified as having potential for development. Assets are classified as such until development is completed, and they have the potential to be fully income generating. Development property and land is measured at fair value if the fair value is considered to be reliably determinable. Where the fair value cannot be determined reliably but where it is expected that the fair value of the property will be reliably determined when construction is completed, the property is measured at cost less any impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in either the year ended 31 December 2023 or the year ended 31 December 2022, however £3.3 million (2022: £1.8 million) of finance costs have been capitalised in the year to 31 December 2023. Refer to note 17 for more details.

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

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

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

14. Trade and other receivables

	31 December 2023 £'000	31 December 2022 £'000
Prepayments and other receivables	**2,230**	3,531
Rent and insurance receivable	**2,065**	1,133
Amounts due from property manager	**991**	2,200
Interest receivable	**763**	331

VAT receivable	**434**	—
Occupier deposits	**173**	—
Escrow account	**—**	470
Current trade and other receivables	**6,656**	7,665
Occupier deposits	**3,409**	2,701
Non-current trade and other receivables	**3,409**	2,701
Total trade and other receivables	**10,065**	10,366

Accounting policy

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

The Group carries out an assessment of expected credit losses at each period end, using the IFRS 9 simplified approach, where a lifetime expected loss allowance is recognised over the expected life of the financial instrument. Adjustments are recognised in the income statement as an impairment gain or loss. The rent and insurance receivable represents gross receivables of £2.1 million (31 December 2022: £1.9 million) and a provision for doubtful debts of £nil (31 December 2022: £0.8 million). Collections for the year are 100.0% and all historic arrears have been collected, thus no further expected credit loss provision analysis is deemed necessary.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group writes off trade receivables when there is no reasonable expectation of recovery. All current receivables other than occupier deposits were due within three months of the year ended 31 December 2023.

15. Cash and cash equivalents

	Year ended 31 December 2023 £'000	Year ended 31 December 2022 £'000
Cash	**4,341**	10,606
Cash equivalents	**10,000**	35,000
Total	**14,341**	45,606

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

Accounting policy

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

16. Interest rate derivatives

	31 December 2023 £'000	31 December 2022 £'000
At the start of the year	**4,303**	—
Additional premiums paid and accrued	**3,631**	2,256
Changes in fair value of interest rate derivatives	**(3,936)**	2,047
Balance at the end of the year	**3,998**	4,303
Current	**—**	432
Non-current	**3,998**	3,871
Balance at the end of the year	**3,998**	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 year to 31 December 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 a strike rate of 2.00% with a termination date of 31 March 2025 (aligned with the existing SONIA cap that was entered into in August 2022).

Accounting policy

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

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

17. Interest-bearing loans and borrowings

Non-current	**31 December 2023 £'000**	31 December 2022 £'000
At the beginning of the year	**75,000**	—
Drawn in the year	**142,520**	101,260
Repaid in the year	**(108,794)**	(26,260)
Interest-bearing loans and borrowings	**108,726**	75,000
Unamortised fees at the beginning of the year	**(912)**	—
Loan arrangement fees paid in the year	**(980)**	(1,203)
Unamortised fees written off	**716**	—
Amortisation charge for the year	**368**	291
Unamortised loan arrangement fees	**(808)**	(912)
Loan balance less unamortised loan arrangement fees	**107,918**	74,088

Current	**31 December 2023 £'000**	31 December 2022 £'000
At the beginning of the year	**35,833**	—
Acquired in the year	**—**	33,582
Drawn in the year	**—**	—
Repaid in the year	**(36,510)**	—
Interest and commitment fees incurred in the year	**677**	2,251
Interest-bearing loans and borrowings	**—**	35,833
Unamortised fees at the beginning of the year	**(90)**	—
Loan arrangement fees paid in the year	**—**	(215)
Amortisation charge for the year	**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 in addition to 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 23 June 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. The RCF is being drawn to fund the OTP development, with £8.7 million drawn at the year ended 31 December 2023 and a remaining £41.3 million available to utilise. The Group also has a £35.0 million accordion facility available on the RCF which has not been utilised as at 31 December 2023.

The new debt facility includes LTV and interest cover covenants. The Group is in full compliance with all loan covenants as at 31 December 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.

Accounting policy

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

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

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

18. Other payables and accrued expenses

	31 December 2023 £'000	31 December 2022 £'000
Capital expenses payable	**4,046**	5,481
Deferred income	**3,686**	3,692
Administration and other expenses payable	**1,753**	2,588
Deferred consideration on interest rate caps	**2,636**	820
Loan interest payable	**1,823**	1,027
Property operating expenses payable	**320**	332
Occupier deposits payable to occupier	**173**	—
VAT payable	**—**	759
Current other payables and accrued expenses	**14,437**	14,699
Capital expenses payable	**—**	—
Occupier deposits payable to occupier	**3,409**	2,701
Deferred consideration on interest rate caps	**1,195**	1,143
Non-current other payables and accrued expenses	**4,604**	3,844
Total other payables and accrued expenses	**19,041**	18,543

Accounting policy
Other payables and accrued expenses are initially recognised at fair value and subsequently held at amortised cost.

Deferred income is rental income invoiced to the occupier but relates to future accounting periods. The income is deferred and is unwound to revenue on a straight-line basis over the period in which it is earned.

19. Share capital

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

	31 December 2023		31 December 2022	
Ordinary shares of £0.01 each	**Number**	**£'000**	Number	£'000
Authorised, issued and fully paid:				
Shares issued	**350,000,000**	**3,500**	350,000,000	3,500
Balance at the end of the year	**350,000,000**	**3,500**	350,000,000	3,500

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

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

20. Share premium
Share premium comprises the following amounts:

	31 December 2023 £'000	31 December 2022 £'000

At the start of the year	**—**	339,339
Shares issued	**—**	—
Share issue costs	**—**	(16)
Transfer to capital reduction reserve	**—**	(339,323)
Share premium	**—**	—

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

On 12 April 2022, the share premium account was cancelled in accordance with the provisions of the Companies Act 2006 in order to create distributable reserves, the capital reduction reserve.

21. Retained earnings
Retained earnings comprise the following cumulative amounts:

	31 December 2023 £'000	31 December 2022 £'000
Total unrealised loss on investment properties	**(46,124)**	(23,276)
Total unrealised (loss)/gain on interest rate derivatives and deferred consideration	**(1,629)**	2,155
Total realised gains	**6,175**	1,249
Retained earnings	**(41,578)**	(19,872)

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

As at 31 December 2023, the Company had distributable reserves available of £328.0 million (2022: £337.1 million).

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

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

	31 December 2023 £'000	31 December 2022 £'000
IFRS net assets attributable to ordinary shareholders	**283,745**	319,451
IFRS net assets for calculation of NAV	**283,745**	319,451
Adjustment to net assets:		
Fair value of interest rate derivatives	**(3,998)**	(4,303)
EPRA NTA	**279,747**	315,148

	31 December 2023 Pence	31 December 2022 Pence
IFRS basic and diluted NAV per share (pence)	**81.1**	91.3
EPRA NTA per share (pence)	**79.9**	90.0

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

23. Fair value
IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

The fair value of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying values of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The 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 value of the interest rate contracts is recorded in the statement of financial position and is revalued quarterly by an independent valuations specialist, Chatham Financial.

Six-monthly valuations of investment property are performed by CBRE, accredited external valuers with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued, on a variable fee basis. However, the valuations are the ultimate responsibility of the Director 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 hierarchy[1]:

	31 December 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets and liabilities measured at fair value	**£'000**	**£'000**	**£'000**	**£'000**
Investment properties	**—**	**—**	**382,300**	**382,300**
Interest rate derivatives	**—**	**3,998**	**—**	**3,998**
Deferred consideration on interest rate caps	**—**	**(3,831)**	**—**	**(3,831)**
Total	**—**	**167**	**382,300**	**382,467**

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

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 year, nor have there been any transfers in or out of Level 3.

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

The following table analyses:

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

31 December 2023	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**£314,858**	**Income Capitalisation**	**ERV**	**£16.0-£115.0 per sq ft**
			Equivalent yield	**4.75%-7.25%**
Development property	**£58,930**	**Income capitalisation/ residual method**	**ERV**	**£20.0 per sq ft**
			Equivalent yield	**5.25%-5.70%**
Development land	**£8,512**	**Comparable method/ residual method**	**Sales rate per sq ft**	**£102.4 per sq ft**
Total	**£382,300**			

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

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

As at 31 December 2023

Completed investment property	**Increase in sensitivity £'000**	**Decrease in sensitivity £'000**
Change in ERV of 10%	**31,486**	**(31,486)**
Change in net equivalent yields of 50 basis points	**(29,733)**	**35,987**

Development property	**Increase in sensitivity £’000**	**Decrease in sensitivity £’000**
Change in ERV of 10%	**5,893**	**(5,893)**
Change in net equivalent yields of 50 basis points	**(6,829)**	**8,190**

Development land	**Increase in sensitivity £’000**	**Decrease in sensitivity £’000**
Change in sales rate per sq ft of 10%	**851**	**(851)**

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

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

Development land	Increase in sensitivity £’000	Decrease in sensitivity £’000
Change in sales rate per sq ft of 10%	3,634	(3,634)

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £22.8 million (31 December 2022: loss of £31.3 million) and are presented in the consolidated statement of profit or loss and other comprehensive income in line item ‘fair value gains/(losses) on investment properties’.

All gains and losses recorded in the consolidated statement of profit or loss and other comprehensive income 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 year.

The carrying amount of the Group’s other assets and liabilities is considered to be the same as their fair value.

24. Financial risk management objectives and policies

The Group has trade and other receivables, trade and other payables and cash and short-term deposits that arise directly from its operations.

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

Market risk
Market risk is the risk that future values of investments in property and related investments will fluctuate due to changes in market prices. The total exposure in the consolidated statement of financial position at the year ended 31 December 2023 is £382.3 million (31 December 2022: £387.6 million) and to manage this risk, the Group diversifies its portfolio across a number of assets. The Group’s investment policy is to invest in UK-located life science assets. The Group will invest and manage its portfolio with an objective of spreading risk and, in doing so, will maintain the following investment restrictions:

- no individual building will represent more than 35% of gross asset value, reducing to 25% of gross asset value by 31 December 2023;
- the Company will target a portfolio with no one 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 Company’s portfolio including developments under forward-funding agreements, as calculated at the time of investing or leasing;

- the aggregate maximum exposure to assets under development, including forward fundings, will not exceed 50% of gross asset value, reducing to 30% of gross asset value by 31 December 2023. Within this limit, the maximum exposure to developments, as measured by the expected gross development cost, which are not under forward-funded arrangements, will not exceed 15% of gross asset value at the commencement of the relevant development; and
- no more than 10% of gross asset value will be invested in properties that are not life science properties.

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

All cash deposits are placed with approved counterparties, all of whom have a credit rating of AA- or above. In respect of property investments, in the event of a default by an occupier, the Group will suffer a shortfall and additional costs concerning re-letting of the property. The Investment Adviser monitors the occupier arrears in order to anticipate and minimise the impact of defaults by occupational occupiers. For further details on the Group's expected credit loss policy, see note 14.

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

	31 December 2023 £'000	31 December 2022 £'000
Cash and cash equivalents	**14,341**	45,606
Trade and other receivables[1,2]	**5,300**	7,326
Total	**19,641**	52,932

1. Excludes prepayments, occupier deposits and VAT receivable.
2. Prior year restated to exclude occupier deposits of £2.7 million reducing the figure stated from £10.0 million to £7.3 million (as detailed above). Occupier deposits are no longer deemed a credit risk as the occupier pays the deposits in cash in full upon signing the lease and when they take occupation.

Interest rate risk
Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates to its variable rate bank loans. To mitigate the interest rate risk that arises as a result of entering into variable rate linked loans, the Group has entered into interest rate derivatives. As at 31 December 2023 there were two interest rate derivatives in place. In August 2022 additional protection was secured against potential future interest rate rises through capping the SONIA rate at 2.0% until 31 March 2025 on the £75.0 million HSBC term loan at a premium of £2.3 million. This remains in place following the refinancing with HSBC and BOI in June 2023 which resulted in an increase in the term loan to £100.0 million and reduction in the RCF facility to £50.0 million. Following the refinancing with HSBC and BOI, in June 2023 a number of forward starting interest rate caps were entered into for a total deferred premium of £3.6 million to align with the expected debt draw down of the RCF and hedge the remaining £25.0 million term loan. This caps SONIA at a strike rate of 2.00% with a termination date of 31 March 2025.

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

	2023		2022	
Effect on profit before tax	**Increase in interest rates by 1% £'000**	**Decrease in interest rates by 1% £'000**	Increase in interest rates by 1% £'000	Decrease in interest rates by 1% £'000
(Decrease)/increase	**(1,475)**	**1,446**	(1,554)	1,545

Foreign exchange rate risk
Management have considered the risks but not deemed them material for the business as the Group's exposure to foreign exchange rate risk as at 31 December 2023 and 31 December 2022 was minimal.

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

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

	2023			2022		
	Fair value hierarchy	**Carrying value £'000**	**Fair value £'000**	Fair value	Carrying value £'000	Fair value £'000
Held at amortised cost						
Cash and cash equivalents	**n/a**	**14,341**	**14,341**	n/a	45,606	45,606
Trade and other receivables[1]	**n/a**	**9,316**	**9,316**	n/a	10,027	10,027
Other payables and accrued expenses[2]	**n/a**	**(15,355)**	**(15,355)**	n/a	(14,851)	(14,851)
Interest-bearing loans and borrowings	**n/a**	**(107,918)**	**(107,918)**	n/a	(109,831)	(109,831)
Held at fair value						
Interest rate derivatives	**n/a**	**3,998**	**3,998**	n/a	4,303	4,303

1. Excludes prepayments.
2. Excludes deferred income.

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

Year ended 31 December 2023	**Less than three months £'000**	**Three to 12 months £'000**	**One to two years £'000**	**Two to five years £'000**	**More than five years £'000**	**Total £'000**
Other payables and accrued expenses[1]	**7,976**	**2,775**	**1,318**	**2,355**	**1,054**	**15,478**
Interest-bearing loans and borrowings	**1,336**	**4,036**	**5,357**	**110,017**	**—**	**120,746**
Total	**9,312**	**6,811**	**6,675**	**112,372**	**1,054**	**136,224**

Year ended 31 December 2022	Less than three months £'000	Three to 12 months £'000	One to two years £'000	Two to five years £'000	More than five years £'000	Total £'000
Other payables and accrued expenses1	10,874	2,753	739	485	—	14,851
Interest-bearing loans and borrowings	973	40,475	3,947	150,951	—	196,346
Total	11,847	43,228	4,686	151,436	—	211,197

1. Excludes deferred income and fair value adjustment on the deferred consideration payable on cap premiums.

25. Subsidiaries

Company	Country of incorporation and operation	Country of Registration Number	Number and class of share held by the Group	Group holding
Ironstone Life Science Holdings Limited[2]	UK	13390321	1,000 ordinary shares	100%
Ironstone Life Science Cambourne Two Limited[1, 2]	UK	13779806	1 ordinary share	100%
Ironstone Life Science Cambourne Limited[1, 2]	UK	13763082	1 ordinary share	100%
Ironstone Life Science Oxford Limited[1, 2]	UK	13467718	1 ordinary share	100%
Ironstone Life Science RSY Limited[1, 2]	UK	13763039	1 ordinary share	100%
Ironstone Life Science Merrifield Limited[1, 2]	UK	13763037	1 ordinary share	100%
Deepdale Investment Holdings Limited[1, 3]	BVI	1824411	400 A ordinary shares	100%
			100 B ordinary shares	100%
Merrifield Centre Limited[1, 2]	UK	11118349	21,786,493 ordinary shares	100%
Ironstone Life Science Herbrand Limited[1, 2]	UK	14044299	1 ordinary share	100%
Herbrand Properties Limited[1, 4]	BVI	1908435	6,000 ordinary shares	100%

Oxford Technology Park Holdings Limited[2]	UK	12434159	92 ordinary shares	100%
Oxford Technology Park Limited[1, 2]	UK	08483449	100 ordinary shares	100%
Oxford Technology Park Investments Limited[1, 2]	UK	12442240	1 ordinary share	100%

1. Indirect subsidiaries.
2. Registered office: Radius House, 51 Clarendon Road, Watford, WD17 1HP.
3. Registered office: Geneva Place, P.O. Box 3339, Road Town, Tortola, British Virgin Islands.
4. Registered office: Nerine Chambers, P.O. Box 905, Road Town, Tortola, 1110, British Virgin Islands.

A list of all related undertakings included within these consolidated Financial Statements is noted above. The principal activity of all the subsidiaries relates to property investment.

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

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

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

The subsidiaries are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of the Act. The Company has provided a guarantee under section 479C of the Companies Act 2006 in respect of the financial year ended 31 December 2023 for a number of its subsidiary companies. The guarantee is over all outstanding liabilities to which the subsidiary companies are subject at 31 December 2023 until they are satisfied in full.

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

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

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree at fair value of the proportionate share of the acquiree's identifiable net assets. Acquisition costs (except for costs of issue of debt or equity) are expensed in accordance with IFRS 3 Business Combinations.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Contingent consideration is deemed to be equity or a liability in accordance with IAS 32. If the contingent consideration is classified as equity, it is not re-measured, and its subsequent settlement shall be accounted for within equity. If the contingent consideration is classified as a liability, subsequent changes to the fair value are recognised either in profit or loss or as a change to other comprehensive income.

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

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

- the Group will keep sufficient cash for working capital purposes with excess cash, should there be any, deposited at the best interest rate available whilst maintaining flexibility to fund the Group's investment programme;
- borrowings will be managed in accordance with the loan agreements and covenants will be tested quarterly and reported to the Directors. Additionally, quarterly lender reporting will be undertaken in line with the loan agreement; and

- new borrowings are subject to Director approval. Such borrowings will support the Group's investment programme but will be subject to a maximum 55% LTV. The intention is to maintain borrowings at an LTV of between 30% and 40%.

The Group is subject to banking covenants in regard to its debt facility and these include a prescribed methodology for interest cover and market value covenants. The Group has complied with all covenants on its borrowings up to the date of this report. All of the targets mentioned above sit comfortably within the Group's covenant levels, which include LTV and forward and backward looking interest cover ratios. The Group LTV at the year end was 24.7% (2022: 16.8%) and there is substantial headroom within existing covenants.

27. Capital commitments
At 31 December 2023, the Group had contracted capital expenditure of £39.9 million (31 December 2022: £24.4 million).

28. Related party transactions
Directors
The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the year totalled £200,304 (year ended 31 December 2022: £186,450) at 31 December 2023, including £20,304 of employers' National Insurance contributions (year ended 31 December 2022: £20,000); a balance of £nil (year ended 31 December 2022: £nil) was outstanding relating to employer NI. Further information is given in note 5 and in the Directors' remuneration report in the Annual Report.

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

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

During the year, the Group incurred £3,388,548 (2022: £3,787,421) in respect of investment advisory fees. As at 31 December 2023, £787,521 (2022: £888,174) was outstanding.

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

	Interest-bearing loans and borrowings current £'000	**Interest-bearing loans and borrowings non-current £'000**	**Total £'000**
Balance as at 1 January 2023	**35,743**	**74,088**	**109,831**
Changes from financing cash flows:			
Bank loans drawn down	**—**	**142,520**	**142,520**
Bank loans repaid	**(36,510)**	**(108,794)**	**(145,304)**
Loan arrangement fees paid in the year	**—**	**(980)**	**(980)**
Total changes from financing cash flows	**(36,510)**	**32,746**	**(3,764)**
Additional loan arrangement fees in year capitalised	**—**	**—**	**—**
Additional interest and commitment fees capitalised	**677**	**—**	**677**
Unamortised fees written off	**—**	**716**	**716**
Amortisation charge for the year	**90**	**368**	**458**
Balance as at 31 December 2023	**—**	**107,918**	**107,918**

	Interest-bearing loans and borrowings current £'000	Interest-bearing loans and borrowings non-current £'000	Total £'000
Balance as at 1 January 2022	—	—	—
Changes from financing cash flows:			
Bank loans drawn down	—	101,260	101,260
Bank loans repaid	—	(26,260)	(26,260)
Loan arrangement fees paid in the year	—	(1,203)	(1,203)
Total changes from financing cash flows	—	73,797	73,797

Loans acquired[1]	33,582	—	33,582
Additional loan arrangement fees in year capitalised	(215)	—	(215)
Additional interest and commitment fees capitalised	2,251	—	2,251
Amortisation charge for the year	125	291	416
Balance as at 31 December 2022	35,743	74,088	109,831

1. Acquired as part of the OTP acquisition in the year.

30. Ultimate controlling party

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

31. Post balance sheet events

Dividend

A second interim dividend of 1.0 pence per share in respect of the year ended 31 December 2023 will be paid on 13 May 2024. This will be paid as an ordinary dividend with an ex-dividend date of 4 April 2024.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	**31 December 2023 £'000**	31 December 2022 £'000
Assets			
Non-current assets			
Investment in subsidiary companies	34	**73,767**	65,138
Trade and other receivables	36	**240,336**	214,505
		314,103	279,643
Current assets			
Cash and cash equivalents	35	**10,051**	39,614
Trade and other receivables	36	**1,338**	1,421
		11,389	41,035
Total assets		**325,492**	320,678
Liabilities			
Current liabilities			
Other payables and accrued expenses	37	**(3,151)**	(5,004)
Total liabilities		**(3,151)**	(5,004)
Net assets		**322,341**	315,674
Equity			
Share capital		**3,500**	3,500
Share premium		**—**	—
Capital reduction reserve		**321,823**	335,823
Retained earnings		**(2,982)**	(23,649)
Total equity		**322,341**	315,674
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)		**92.1**	90.2

The Company reported a profit for the year ended 31 December 2023 of £20,667,000 (year ended 31 December 2022: £22,886,000 loss).

These Financial Statements were approved by the Board of Directors of Life Science REIT plc on 25 March 2024 and signed on its behalf by:

Claire Boyle

Company number: 13532483

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital £'000	**Share premium £'000**	**Capital reduction reserve £'000**	**Retained earnings £'000**	**Total equity £'000**

Balance at 1 January 2023	**3,500**	**—**	**335,823**	**(23,649)**	**315,674**
Profit for the year and total comprehensive loss	**—**	**—**	**—**	**20,667**	**20,667**
Dividends paid	**—**	**—**	**(14,000)**	**—**	**(14,000)**
Balance at 31 December 2023	**3,500**	**—**	**321,823**	**(2,982)**	**322,341**

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

For the year ended 31 December 2023

32. General information

Life Science REIT plc is a closed-ended REIT incorporated in England and Wales on 27 July 2021. The Company began trading on 19 November 2021 and its shares are admitted to trading on the Premium Listing Segment of the Main Market of the London Stock Exchange. The registered office of the Company is located at 6th Floor, 65 Gresham Street, London, EC2V 7NQ.

33. Basis of preparation

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

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

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

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

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

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

The Financial Statements of the Company follow the accounting policies laid out above.

The key source of estimation uncertainty relates to the Company's investment in Group companies and is stated in the Company's separate financial statements at cost less impairment losses, if any. Impairment losses are determined with reference to the investment's fair value less estimated selling costs. Fair value is derived from the subsidiaries', and their subsidiaries', net assets at the balance sheet date. Investment properties held by the subsidiary companies are supported by independent valuation. Judgements and assumptions associated with the property values of the investments held by the subsidiary companies are detailed in the Group financial statements.

34. Investment in subsidiary companies

	31 December 2023 £'000	31 December 2022 £'000
Investment in subsidiary companies		
Balance at the beginning of the year	**65,138**	1
Increase in investments	**—**	70,778
Cost of investment	**(12,682)**	15,670
Provision for impairment	**21,311**	(21,311)
Total	**73,767**	65,138

	31 December 2023 £'000	31 December 2022 £'000
Investment in subsidiary companies		
Ironstone Life Science Holdings Limited	**1**	1
Oxford Technology Park Holdings Limited	**73,766**	65,137
Total	**73,767**	65,138

Following a review comparing cost of investments to the underlying net assets of subsidiary companies, the prior year provision for impairment has been reversed (2022: £21.3 million).

Negative costs associated with the acquisition of new subsidiary companies of £12,682,000 (2022: £15,670,000) resulting from a reallocation of a prior period tax charge within the subsidiary company.

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

35. Cash and cash equivalents

	31 December 2023 £'000	31 December 2022 £'000
Cash equivalents	**10,000**	35,000
Cash	**51**	4,614
Total	**10,051**	39,614

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

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

	31 December 2023 £'000	31 December 2022 £'000
Amounts due from subsidiary companies	**240,336**	214,505
Total	**240,336**	214,505

Loans due from subsidiary companies are unsecured, interest free and repayable on demand. However, these loans are not expected to be recovered within 12 months and therefore are classified as non-current assets.

B. Receivables current assets

	31 December 2023 £'000	31 December 2022 £'000
Prepayments and other receivables	**1,338**	1,421
Total	**1,338**	1,421

37. Other payables and accrued expenses

	31 December 2023 £'000	31 December 2022 £'000
Capital expenses payable	**1,647**	2,837
Administration expenses payable	**1,345**	1,243
Other expenses payable	**159**	778
Provision for corporation tax	**—**	146
Total	**3,151**	5,004

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2023

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

Table 1: EPRA performance measures summary

	Notes	**Year to 31 December 2023**	Year to 31 December 2022
EPRA earnings (£'000)	Table 2	**5,959**	1,544
EPRA EPS (pence)	Table 2	**1.7**	0.4
EPRA cost ratio (including direct vacancy cost)	Table 6	**44.1%**	66.3%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**33.7%**	57.8%

	Notes	**31 December 2023**	31 December 2022
EPRA NDV per share (pence)	Table 3	**81.1**	91.3
EPRA NRV per share (pence)	Table 3	**87.2**	95.9
EPRA NTA per share (pence)	Table 3	**79.9**	90.0
EPRA NIY	Table 4	**3.6%**	3.4%
EPRA 'topped-up' net initial yield	Table 4	**3.7%**	3.6%
EPRA vacancy rate	Table 5	**21.0%**	18.0%
EPRA loan to value	Table 10	**27.0%**	18.9%

Table 2: EPRA income statement

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000
Revenue	3	**19,942**	15,706
Less: insurance recharged	3	**(143)**	(155)
Less: service charge income	3	**(4,461)**	(2,582)
Rental income (A)		**15,338**	12,969
Property operating expenses (including recoverable service charges)	4	**(6,117)**	(4,769)
Add: insurance recharged	3	**143**	155
Add: service charge income	4	**4,461**	2,582
Gross profit (B)		**13,825**	10,937
Administration expenses	4	**(5,249)**	(6,565)
Operating profit before interest and tax		**8,576**	4,372
Finance income	7	**3,807**	3,255
Finance expenses	8	**(11,070)**	(3,782)
Less change in fair value of interest rate derivatives and deferred consideration	7, 8	**3,784**	(2,155)
Less costs of early refinancing with greater than 12 months to expiry	8	**716**	—
Adjusted profit before tax		**5,813**	1,690
Taxation	9	**146**	(146)

EPRA earnings		**5,959**	1,544
Company-specific adjustments:			
EPRA earnings		**5,959**	1,544
Cost associated with moving to Main Market	4	**(12)**	957
Cost of early refinancing with less than 12 months to expiry	8	**751**	—
Adjusted earnings		**6,698**	2,501
Weighted average number of shares in issue (thousands)	19	**350,000**	350,000
EPRA EPS (pence)	12	**1.7**	0.4
Adjusted EPS (pence)	12	**1.9**	0.7
Gross to net rental income ratio (B/A)		**90.1%**	82.6%

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

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

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

As at 31 December 2023	Notes	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	13	**382,300**	**382,300**	**382,300**
Net cash/(borrowings)[2]	15, 17	**(94,385)**	**(94,385)**	**(94,385)**
Other net liabilities		**(4,170)**	**(4,170)**	**(4,170)**
IFRS NAV	22	**283,745**	**283,745**	**283,745**
Include: real estate transfer tax[3]		**—**	**25,357**	**—**
Exclude: fair value of interest rate derivatives	16	**—**	**(3,998)**	**(3,998)**
NAV used in per share calculations		**283,745**	**305,104**	**279,747**
Number of shares in issue (thousands)	19	**350,000**	**350,000**	**350,000**
NAV per share (pence)	22	**81.1**	**87.2**	**79.9**

As at 31 December 2022	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties[1]	13	387,550	387,550	387,550
Net cash/(borrowings)[2]	15, 17	(65,227)	(65,227)	(65,227)
Other net liabilities		(2,872)	(2,872)	(2,872)
IFRS NAV	22	319,451	319,451	319,451
Include: real estate transfer tax3		—	20,621	—
Exclude: fair value of interest rate derivatives	16	—	(4,303)	(4,303)
NAV used in per share calculations		319,451	335,769	315,148
Number of shares in issue (thousands)	19	350,000	350,000	350,000
NAV per share (pence)	22	91.3	95.9	90.0

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £108.7 million net of cash of £14.3 million (31 December 2022: £110.8 million net of cash of £45.6 million).
3. EPRA NTA and EPRA NDV reflect IFRS values which are net of real estate transfer tax. Real estate transfer tax is added back when calculating EPRA NRV.

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

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

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

Table 4: EPRA net initial yield

	Notes	**31 December 2023 £'000**	31 December 2022 £'000
Total properties per external valuers' report	13	**382,300**	387,550
Less development property and land	13	**(67,442)**	(77,581)
Net valuation of completed properties		**314,858**	309,969
Add estimated purchasers' costs[1]		**20,884**	20,621
Gross valuation of completed properties including estimated purchasers' costs (A)		**335,742**	330,590
Gross passing rents[2] (annualised)		**13,663**	12,423
Less irrecoverable property costs[2]		**(1,586)**	(1,104)
Net annualised rents (B)		**12,077**	11,319
Add notional rent on expiry of rent-free periods or other lease incentives[3]		**342**	540
'Topped-up' net annualised rents (C)		**12,419**	11,859
EPRA NIY (B/A)		**3.6%**	3.4%
EPRA 'topped-up' net initial yield (C/A)		**3.7%**	3.6%

1. Estimated purchasers' costs estimated 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 7 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

	31 December 2023 £'000	31 December 2022 £'000
Annualised ERV of vacant premises (D)	**4,113**	3,094
Annualised ERV for the investment portfolio (E)	**19,556**	17,181
EPRA vacancy rate (D/E)	**21.0%**	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

Table 6: Total cost ratio/EPRA cost ratio

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000
Property operating expenses (excluding service charge expenses)	4	**536**	1,616
Service charge expenses	4	**5,581**	3,153
Add back: service charge income	3	**(4,461)**	(2,582)
Add back: insurance recharged	3	**(143)**	(155)
Net property operating expenses		**1,513**	2,032
Administration expenses	4	**5,249**	6,565
Deduct: costs associated with move to Main Market	4	**12**	(957)
Total cost including direct vacancy cost (F)		**6,774**	7,640
Direct vacancy cost	3, 4	**(1,587)**	(1,104)

Total cost excluding direct vacancy cost (G)		**5,187**	6,536
Rental income[1]	3	**15,338**	12,969
Gross rental income (H)	3	**15,338**	12,969
Less direct vacancy cost		**(1,587)**	(1,104)
Net rental income		**13,751**	11,865
Total cost ratio including direct vacancy cost (F/H)		**44.2%**	58.9%
Total cost ratio excluding direct vacancy cost (G/H)		**33.8%**	50.4%

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

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000
Total cost including direct vacancy cost (F)		**6,774**	7,640
Add back: costs associated with move to Main Market	4	**(12)**	957
EPRA total cost (I)		**6,762**	8,597
Direct vacancy cost		**(1,587)**	(1,104)
EPRA total cost excluding direct vacancy cost (J)		**5,175**	7,493
EPRA cost ratio including direct vacancy cost (I/H)		**44.1%**	66.3%
EPRA cost ratio excluding direct vacancy cost (J/H)		**33.7%**	57.8%

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

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in the year ended 31 December 2023 or the year ended 31 December 2022.

Table 7: Lease data

As at 31 December 2023	**Year 1 £'000**	**Year 2 £'000**	**Years 3-5 £'000**	**Year 5+ £'000**	**Total £'000**
Passing rent of leases expiring in:	**139**	**857**	**6,999**	**5,668**	**13,663**
ERV of leases expiring in:	**139**	**933**	**7,811**	**6,559**	**15,442**
Passing rent subject to review in:	**139**	**2,628**	**10,896**	**—**	**13,663**
ERV subject to review in:	**139**	**2,773**	**12,408**	**122**	**15,442**

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

WAULT to expiry is 5.8 years (31 December 2022: 6.2 years) and to break is 3.8 years (31 December 2022: 4.7 years).

Table 8: Capital expenditure

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000
Acquisitions[1]	13	**(780)**	213,411
Development spend[2]	13	**20,373**	9,565
Completed investment properties:[3]			
No incremental lettable space – like-for-like portfolio	13	**2,410**	641
No incremental lettable space – other		**—**	—
Occupier incentives	13	**167**	1,279
Total capital expenditure		**22,170**	224,896

Debt acquired – OTP[4]	17	**—**	(33,582)
Conversion from accruals to cash basis		**211**	(4,259)
Total capital expenditure on a cash basis		**22,381**	187,055

1. During 2023 there were no acquisitions of new assets, the balance reflected relates to the finalisation of prior year balances. At 31 December 2022, acquisitions include £131.0 million completed investment property and £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 17 for further details.

Table 9: EPRA like-for-like rental income

	Notes	**Year to 31 December 2023 £'000**	Year to 31 December 2022 £'000	% Change
EPRA like-for-like rental income		**8,291**	8,539	(2.9)%
Other[1]			—	—
Adjusted like-for-like rental income		**8,291**	8,539	
Development lettings		**—**	—	
Properties disposed in current and prior year		**367**	340	
Properties acquired in current and prior year		**6,680**	4,090	
Rental income		**15,338**	12,969	
Service charge income	3	**4,461**	2,582	
Insurance recharge	3	**143**	155	
Revenue		**19,942**	15,706	

1. Includes back rent and other items.

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

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

	Notes	**31 December 2023 £'000**	31 December 2022 £'000
Interest-bearing loans and borrowings[1]	17	**108,726**	110,833
Cash	15	**(14,341)**	(45,606)
Net borrowings (A)		**94,385**	65,227
Investment property at fair value (B)	13	**382,300**	387,550
LTV (A/B)		**24.7%**	16.8%

EPRA LTV

	Notes	**31 December 2023 £'000**	31 December 2022 £'000
Interest-bearing loans and borrowings[1]	17	**108,726**	110,833
Net payables[2]		**8,976**	8,177
Cash	15	**(14,341)**	(45,606)
Net borrowings (A)		**103,361**	73,404
Investment properties at fair value	13	**382,300**	387,550
Total property value (B)		**382,300**	387,550
EPRA LTV (A/B)		**27.0%**	18.9%

1. Excludes unamortised loan arrangement fees asset of £0.8 million (31 December 2022: £1.0 million) (see note 17).
2. Net payables includes trade and other receivables, other payables and accrued expenses. See Consolidated Statement of Financial Position 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	Year ended 31 December 2023 Pence per share	Year ended 31 December 2022 Pence per share
Opening EPRA NTA (A)	22	**90.0**	100.2
Movement (B)		**(10.1)**	(10.2)
Closing EPRA NTA	22	**79.9**	90.0
Dividend per share (C)	11	**4.0**	1.0
Total accounting return (B+C)/A		**(6.8)%**	(9.1)%

Table 12: Interest cover
Adjusted operating profit before gains on investment properties, interest and tax, divided by the underlying net interest expense.

	Notes	Year to 31 December 2023 £'000	Year to 31 December 2022 £'000
Adjusted operating profit/(loss) before gains on investment properties (A)[1]		**8,564**	5,329
Finance expenses	8	**11,070**	3,782
Add back: capitalised finance costs	8	**3,261**	1,796
Less: exceptional finance costs	8	**(1,467)**	—
Less: finance income	7	**(3,807)**	(3,255)
Add back: change in fair value of interest rate derivatives and deferred consideration	7, 8	**(3,784)**	2,155
Loan interest (B)		**5,273**	4,478
Interest cover (A/B)		**162.4%**	119.0%

1. Adjusted for move to Main Market costs £(12,000) (31 December 2022: £1.0 million).

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

	Notes	Year to 31 December 2023 £'000	Year to 31 December 2022 £'000
Administration expenses	4	**5,249**	6,565
Less: cost associated with moving to Main Market	4	**12**	(957)
Annualised ongoing charges (A)		**5,261**	5,608
Opening NAV as at start of year		**319,451**	350,580
NAV as at 30 June		**314,270**	357,461
Closing NAV as at 31 December		**283,745**	319,451
Average undiluted NAV during the year (B)		**305,822**	342,497
Ongoing charges ratio (A/B)		**1.7%**	1.6%

PROPERTY PORTFOLIO
As at 31 December 2023

Property	Town	Postcode	Area (sq ft)
The Merrifield Centre	Cambridge	CB1 3LQ	12,600
Rolling Stock Yard	London	N7 9AS	53,900
Cambourne Park, Science & Technology Campus	Cambridge	CB23 6DW	230,400
7-11 Herbrand Street	London	WC1N 1EX	68,600
Oxford Technology Park[1]	Oxford	OX5 1GN	497,600

1. Full build-out area. Area practically complete as at 31 December 2023 was 173,400 (31 December 2022: 104,300 sq ft).

SHAREHOLDER INFORMATION

The Company was incorporated on 27 July 2021. This Annual Report and Financial Statements covers the period from 1 January 2023 to 31 December 2023.

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

Capital structure

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

Investment objective

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

Investment policy

The Company seeks to achieve its investment objective by investing in a diversified portfolio of properties across the UK which are typically leased or intended to be leased to occupiers operating in, or providing a benefit to, the life science sector ("life science properties"). Life science is the branch of sciences concerned with all processes affecting living organisms. This encompasses servicing and the study of the breadth of life systems, and the structure and behaviour of living things.

Companies operating in the life science sector include, but are not limited to, those involved in the innovation, development and/or production of assets directly or indirectly for human health purposes. These assets include compounds, products and devices derived and designed for application in numerous fields.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Share dealing and share prices
Shares can be traded through your usual stockbroker. The Company's shares are admitted to trading on the LSE.

Share register enquiries
The register for the ordinary shares is maintained by Link Group. In the event of queries regarding your holding, please contact the Registrar on 0371 664 0300. You can also email **enquiries@linkgroup.co.uk**. Changes of address and mandate details

can be made over the telephone, but all other changes to the register must be notified in writing to the Registrar: Link Group, Shareholder Services, 10th Floor, Central Square, 29 Wellington Street, Leeds LS1 4DL.

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

Share capital and net asset value information

Ordinary 1p shares	350,000,000
SEDOL Number	BP5X4Q2
ISIN	GB00BP5X4Q29

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

Financial calendar

26 March 2024
Announcement of final results

13 May 2024
Proposed payment of second interim 2023 dividend

23 May 2024
Annual General Meeting

30 June 2024
Half-year end

September 2024
Announcement of half-yearly results

31 December 2024
Year end

GLOSSARY

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

AGM
Annual General Meeting

AIC
The Association of Investment Companies

AIFM
Alternative Investment Fund Manager

AIM
A market operated by the London Stock Exchange

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

BREEAM
Building research establishment environmental assessment method

BREEAM Interim Excellent
Interim BREEAM certifications indicate the performance of the building at the design stage of assessment

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 Practices Recommendations Guidelines October 2019

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

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

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

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

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

EPRA net tangible assets (“EPRA NTA”)
An EPRA net asset value measure with adjustments made for the fair values of certain financial derivatives and assumes 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

Group
Life Science REIT plc and its subsidiaries

IASB
International Accounting Standards Board

IFRS
International Financial Reporting Standards

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

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

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

Investment property
Completed buildings excluding development property and land, also referred to as investment assets

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 acquisitions, disposals, development property and land

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 and short-term deposits, 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

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

SONIA
Sterling Overnight Index Average

Task Force on Climate-related Financial Disclosures ("TCFD")

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

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

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

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

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

ENDS