26 September 2024
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Life Science REIT plc

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

Results for the six months ended 30 June 2024

Development progress and occupier market rebound provides strong platform for earnings growth

Claire Boyle, Chair of Life Science REIT plc, commented: "The Board is encouraged that after a prolonged period of uncertainty, characterised by a highly cautious occupational market, our current leasing interest is now at its highest level in a year. This activity reinforces the fundamentals which have underpinned our strategy since IPO, namely a focus on the delivery of high quality, bespoke assets in the supply-constrained markets of the Golden Triangle of Oxford, Cambridge and London. At the same time, the Investment Adviser has strengthened its team and undertaken selective asset management initiatives which are now gaining traction. As a result, with structural demand drivers still intact, we remain confident that our strategy for driving value from our well located portfolio has the potential to deliver rents very significantly ahead of their current level.

However, the Board is cognisant of the challenges facing the Group, with significant headwinds faced since IPO, in common with the wider REIT sector, including higher inflation and elevated interest rates which have driven a fundamental slowdown in leasing activity. As a result, our share price continues to trade at a significant discount to net asset value. While the Board remains confident that as the improvement in underlying demand gains momentum, and leasing activity drives occupancy across our assets, we will see a narrowing of the discount over time, we continue to evaluate a variety of options which best position us to maximise value for shareholders and we remain alert to all potential opportunities available to achieve this."

Simon Farnsworth, Managing Director of the Investment Adviser, Ironstone Asset Management Limited, added: "The Group fully deployed the IPO proceeds two years ago and since then has delivered 126,700 sq ft of life science space, grown occupancy to 82.5% and consistently achieved rents ahead of acquisition underwrite. Leasing was slower in the period, and while that is in line with the wider life sciences market, we have taken active steps to strengthen our leasing and occupier facing resources and that is now driving a rebound in activity.

At the same time, with greater clarity at the macro level, including an improvement in venture capital funding and the increased certainty that has followed the general election, the occupational market is improving. As a result, today we have £3.2 million of ERV, under offer or in advanced negotiations and expect to convert this to contracted rent over the next six months. This includes all the space at our repurposing project at Cambourne. This activity demonstrates the continuing strength of demand for well located, but affordable science and technology space."

FINANCIAL HIGHLIGHTS

Development and leasing progress underpinning earnings growth:

- Contracted rents for the investment portfolio increased 7.9% to £15.1 million (31 December 2023: £14.0 million), with a further £0.6 million from developments, taking total contracted rents to £15.7 million
- Adjusted earnings up 6.3% to £3.4 million (30 June 2023: £3.2 million)
- Adjusted EPS up 11.1% to 1.0 pence per share (30 June 2023: 0.9 pence per share)
- FY24 first interim dividend of 1.0 pence per share declared in line with guidance

Like-for-like valuation down 3.8% with the rate of decline slowing as strong ERV growth partially offsets yield expansion:

- Portfolio value £382.6 million (31 December 2023: £382.3 million), a £0.3 million increase on an absolute basis and 3.8% reduction on a like-for-like basis (H223: 5.9% like-for-like reduction)
- Like-for-like movement driven by 33 basis points outward movement in the net equivalent yield ("NEY") to 5.6%, partially offset by like-for-like ERV growth of 8.2%:
    - Laboratory space down 1.9%, with ERV growth strong at 8.6%;
    - Space defined as offices down 5.8%
- Outward yield shift of 8 basis points on development and other non like-for-like assets accounted for the remaining movement
- EPRA net tangible asset per share of 75.5 pence (31 December 2023: 79.9 pence per share); reflecting the portfolio revaluation loss (£15.4 million) and dividend payments (£3.5 million) in the period, partially offset by positive adjusted earnings

Sound balance sheet:

- Loan to value at 28.3% (31 December 2023: 24.7%) reflecting development progress in the period and corresponding debt drawn
- Debt fully hedged at 4.5% interest payable to March 2025; no major refinancing until June 2026

OPERATIONAL HIGHLIGHTS

Uptick in post-period leasing activity following a slower H124, in line with the wider life science market:

- £3.2 million of ERV under offer or in advanced negotiations, including at our repurposing project in Cambourne which is due to complete during Q424
- One new agreement for lease signed, expected to start in H224 adding £0.3 million to contracted rents
- Three leases commenced in the period adding £1.7 million to total portfolio contracted rents; comprising £1.1 million on investment assets and £0.6 million on development assets
- Occupancy increased to 82.5% (31 December 2023: 79.0%); like-for-like occupancy increased to 81.6% (31 December 2023: 79.0%)

- 57,000 sq ft completed at Oxford Technology Park (fully let to Fortescue Zero Ltd) and a further 183,000 sq ft of purpose built space due to complete in Q424

Further upside through development and reversion:

- Target portfolio ERV of £27.8 million, representing an uplift on total portfolio contracted rent of £12.1 million, comprising:
    - Embedded reversion of 22.2% on let space, equating to £3.3 million additional rent;
    - £3.9 million to come from completed developments and repurposing activities;
    - £3.1 million ERV from development assets;
    - £1.8 million ERV from development land
- £3.2 million of the total uplift is expected to be captured by March 2025 with a further £4.9 million by September 2025, taking total contracted rent to an estimated £23.8 million within the next 12 months

Commitment to developing sustainable buildings:

- 100% of properties EPC A-C rated (31 December 2023: 87%)
- Received EPRA sBPR gold for 2023 sustainability reporting
- Progressing renewable energy plan for Oxford Technology Park

Analyst meeting

An in-person meeting for analysts will be held at 9.00am today, 26 September 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@fticonsulting.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]	Six months ended 30 June 2024	Six months ended 30 June 2023
Gross property income	£8.1m	£7.6m
IFRS profit/(loss) before tax	£(13.0)m	£5.4m
IFRS earnings/(loss) per share	(3.7)p	1.5p
EPRA earnings per share	1.0p	0.7p
Adjusted earnings per share	1.0p	0.9p
Dividends per share[2]	1.0p	1.0p
	As at 30 June 2024	**As at 31 December 2023**
Portfolio valuation	£382.6m	£382.3m
IFRS net asset value	£267.2m	£283.7m
IFRS net asset value per share	76.4p	81.1p
EPRA net tangible assets	£264.2m	£279.7m
EPRA net tangible assets per share	75.5p	79.9p
Loan to value ratio[3]	28.3%	24.7%
Total accounting return	(4.3)%	(6.8)%

OPERATIONAL HIGHLIGHTS – INVESTMENT ASSETS	As at 30 June 2024	As at 31 December 2023
Contracted rent roll	£15.1m	£14.0m
Estimated rental value	£22.3m	£19.6m
Occupancy	82.5%	79.0%
WAULT to expiry	5.6 years	5.8 years
WAULT to first break	3.6 years	3.8 years
Net equivalent yield	5.6%	5.3%

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 period to 30 June 2024, including the first interim dividend for 2024 of 1.0 pence per share declared on 26 September 2024 and due for payment on 31 October 2024. Dividends paid during the period to 30 June 2024 totalled 1.0 pence per share, comprising the 1.0 pence per share second interim dividend for 2023 paid on 13 May 2024. Dividends paid in 2023 totalled 4.0 pence per share.

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

Introduction

This has been a challenging six months for the Group, given a material slowdown in leasing activity in the life science market, largely as a result of ongoing macroeconomic uncertainty, with the much-anticipated interest rate cuts not having materialised until very recently, and a pending general election providing more reasons to be cautious.

In this context, the Board and Ironstone Asset Management ("Ironstone") the Investment Adviser are acutely aware of the need to take action, both at the asset level, to drive leasing, and at the corporate level, to ensure that we have the financial flexibility we need to deliver on our plan and have acted accordingly. Ironstone has strengthened its team, enabling us to build stronger relationships with prospective occupiers and academic institutions across the industry and having rebased our dividend to a more sustainable level, we have been able to undertake selective asset management initiatives which are now gaining traction.

Since the period end, with greater clarity at a political and economic level, the Board is encouraged that the changes we have made are starting to deliver, with £3.2 million of ERV now under offer or in advanced negotiations.

Looking forward, valuers estimate that, including developments, our portfolio should generate rents of £27.8 million, providing more than £12 million of upside to current contracted rents. The Board fully recognises that the share price at which the stock is currently trading does not reflect this potential, but expects that as leasing momentum continues to build, and the Group can successfully demonstrate that it is delivering against its plan, the discount will begin to narrow. Over the next six months, the Board expects that the £3.2 million of ERV noted above will be converted to contracted rent.

Market context

Despite a resilient first quarter, there was a marked slowdown in occupational markets in the second quarter of 2024 with less than 40,000 sq ft of life science space leased across the Golden Triangle. However, echoing our own experience, just over 130,000 sq ft went under offer in Q224, pointing to a rebound in the third quarter.

Vacancy remains critically low in Cambridge at 1.3% but higher in Oxford, where supply has adjusted more rapidly. At the end of the period, there was 3.1 million sq ft of speculative development under construction across the Golden Triangle, but the majority is either targeting price points well ahead of our offer, or is in London, where we have only 5,000 sq ft to let.

Signs are emerging that venture capital ("VC") funding is also starting to pick up. VC investment in life science companies was at its strongest in Q224 since the pandemic with a total of £0.6 billion raised. This improvement was reflected in follow-on financings for life science companies, with £1.2 billion secured in the first half of 2024, exceeding the total amount raised in 2023. The trend of big pharma companies acquiring or investing in smaller biotech businesses to drive R&D has continued, with a particularly strong Q124 including notable acquisitions by Gilead Sciences, Novartis and Astrazeneca all over $2.0 billion. Q224 was quieter but included a $3.0 billion takeover of Eyebiotech by Merck. In the UK, the new Government has signalled its support for life sciences with a raft of proposals which should encourage growth and innovation, including a longer term approach to funding, modernising the regulatory regime and leveraging the unique NHS data set to make the UK a leader in clinical trials.

Strategy and operations

The priorities for our business are delivering life science space, progressing our leasing programme and maintaining a sound financial position.

We have continued to deliver on the first of these, with c. 57,000 sq ft at Building 5, OTP reaching practical completion during the period and a further 183,000 sq ft is due to complete at OTP in Q424. We continue to work up plans for Buildings 10 and 11, but are flexible in our approach and have deferred starting on-site until we are confident that the planning we have in place will deliver the right space for the park at the right time. While we have seen good traction for our smaller units at the IQ, we are also in discussions for much larger requirements and are evaluating the planning permission we have accordingly.

In line with the wider market, our leasing progress was slower in the period with an agreement for lease signed to ColdQuanta, a quantum computing business for £0.3 million, which will start in H224 once it has completed its fit out. A further three leases commenced in the period, amounting to an additional £1.7 million of rent.

Post period end, there has been a marked uptick in viewings and enquiries, notably at Cambourne, driven by the improving market but also reflecting structural changes made to our approach to leasing. Ironstone has strengthened its team, with the addition of life sciences leasing specialists, enabling them to spend more time with occupiers and work closely with leasing agents to ensure our space and our marketing is focused and effective. Interest is on both existing space as well as the fully fitted laboratory space we are delivering at Cambourne at prices in line with ERV and ahead of our underwrite assumptions. This is a strong endorsement of our strategy and positions us well to consider a further roll out of fully fitted laboratory space in the future.

Financial performance

The group reported a 12.1% increase in net rental income to £7.4 million during the period, reflecting the benefit of leasing progress, partially offset by the rent lost on Lumen House, which was sold in November 2023. Total costs were lower, driven by a reduction in the Investment Adviser's fee as well as lower void costs, resulting in a total cost ratio of 36.6% (30 June 2023: 44.3%) and supporting an increase in adjusted earnings per share ("EPS") of 11.1% to 1.0 pence.

The value of the portfolio stood at £382.6 million as at 30 June 2024, up marginally on an absolute basis, but down 3.8% on a like-for-like basis, driven by 33 basis points of outward yield shift, partially offset by like-for-like ERV growth of 8.2%. We are encouraged however, that the rate of decline has slowed, with a like-for-like fall of 5.9% recorded in the second half of 2023. Our laboratory space was more resilient, down just 1.9% on a like-for-like basis, with ERV growth stronger at 8.6%. Space defined as offices saw a valuation decline of 5.8% on a like-for-like basis. This discrepancy represents a clear opportunity as we repurpose more of our space.

Balance sheet and dividend

Maintaining a sound financial position is the other key priority for the business and has been supported by the decision to rebase the FY23 dividend, reducing the pay out in the current year. With net borrowings of £108.2 million, our leverage is low at 28.3% and we have £41.8 million liquidity in cash and available facilities. This is ahead of the cost to complete our OTP development and all committed capex at Cambourne.

At the period end, we were slightly over hedged but have since closed out these caps and extended the cap period for a further six months, providing cover until September 2025. We will continue to assess the requirement to hedge interest rates in future periods.

In line with the approach set out at the full year results in March 2024, the Board has declared a first interim dividend of 1.0 pence per share in respect of the six months to 30 June 2024. The payment date is 31 October 2024, with an ex-dividend date of 3 October 2024.

Environmental, social and governance

Environmental sustainability is central to our repurposing and development strategy and that is in evidence at Cambourne, where our refurbishment of the ground floor of Building 2020 positions us to target a BREEAM Excellent rating on the whole building, when refurbishment is complete. In line with our net zero commitment, the space will be all-electric and we are making environmentally friendly material choices consistent with our Sustainable Repurposing Requirements. The project also follows the Fitwell criteria, a healthy building certification. Across the investment portfolio, 100% of our space is now EPC A-C rated, up from 87% at year end, and we are pleased to have been awarded a gold rating in the EPRA Sustainability Best Practice Ratings.

Share price and equity market context

While the Board remains confident in the fundamentals which have underpinned our strategy since IPO, namely a focus on the delivery of high quality, bespoke assets in the supply-constrained markets of the Golden Triangle, we are acutely aware that the Company’s shares continue to trade at a significant discount to net asset value. Having taken steps to strengthen our business both financially and operationally, and having seen the benefits of these actions translate into a significant uptick in leasing interest, the Board remains confident that, as the improvement in demand gains momentum, and leasing activity drives occupancy, we will see a narrowing of the discount over time.

However, the Board is mindful that the size of the Company and corresponding low levels of liquidity in the stock are unhelpful, and fully understands that macroeconomic factors will have a role to play in supporting a re-rating of both our company and the sector. The Board therefore continues to evaluate a variety of options which best position us to maximise value for shareholders and we remain alert to all potential opportunities to achieve this.

Conclusion

The macro environment we have faced since IPO has not been supportive but the market fundamentals which underpin our investment case remain strong. The UK has a clear competitive advantage in life sciences and a Government committed to capitalising on this both by direct investment and by making it easier to do business. We are seeing early signs that confidence is building amongst venture capital providers, and this is being reflected in an uptick in leasing activity across the market, but most encouragingly in our portfolio. This reinforces our conviction in our business model and our strategy, but as ever, we will continue to evaluate all opportunities to deliver value for shareholders.

Claire Boyle
Chair

25 September 2024

INVESTMENT ADVISER'S REPORT

Market update

Occupational market:

Despite a relatively resilient Q124, in line with previous years, the life sciences occupational market was quieter in the second quarter when take up was just 40,000 sq ft, across the Golden Triangle, with almost no activity recorded in London. The combination of lower VC funding, persistently higher interest rates and the added uncertainty of a general election provided further reasons for occupiers to postpone decisions where possible. Total take up for the half year stood at 209,000 sq ft compared to 925,000 sq ft for the whole of 2023.

Encouragingly, 131,500 sq ft of space was under offer across the Golden Triangle at the end of Q224, potentially driven by a more certain economic environment and pointing to a stronger Q324.

In Cambridge, lab requirements stood at 691,000 sq ft in June, more than five times the available space, with vacancy rates remaining low at 1.3%. Demand has remained strong for smaller lab units, reflecting a healthy pipeline of university spin-outs and scale ups which are attracted to more affordable, out-of-town locations. Annualised rental growth for lab space in Cambridge is forecast at 4.3% to 2029. In Oxford, requirements totalled 448,000 sq ft, 1.4 times the available space, but lower than in Cambridge given a more rapid adjustment in supply. Rental growth is expected to be flat in the current year but rising in 2025 with annualised growth of 3.0% forecast to 2029.

At the end of June, there was 3.6 million sq ft of space under construction across the Golden Triangle, of which 13.0% has been pre-let. Over 60% of that was in London; outside of London, 0.8 million sq ft is under construction in Oxford, but development in Cambridge is lower with 0.5 million sq ft on site. There is a further 3.9 million sq ft of life science space with planning permission across the Golden Triangle but with construction and finance costs still elevated, it is unlikely that all of this will be delivered in the near to medium term.

Investment market:

Investment market activity in the Golden Triangle totalled £287 million for the six month period, notionally strong compared to £553 million for 2023, but nearly two-thirds of activity related to a single transaction in the first quarter and very few deals transacted in the second quarter. With activity subdued, prime yields remained flat in the period at 5.0% but the recent interest rate cut should lead to a strengthening in investor sentiment in the second half.

Life science funding:

There are also early signs that VC funding is starting to pick up. Following the post pandemic spike in 2021, VC funding was lower in 2022 and 2023 but Q224 was the strongest quarter since 2021, with £0.6 billion raised. This has been reflected in follow-on financing for UK life sciences companies with £1.2 billion secured in the first half of the year, as much as in the whole of 2022 and 2023 combined, which bodes well for the future of the industry.

Government support for Life Sciences

Recognising the UK's competitive advantage in life science research and development, and the potential this has to drive economic growth, the UK Government has historically been highly supportive of the industry. That has not changed following the general election and there is now greater clarity around the ways in which the Government plan to make it easier for life science businesses to be successful. In particular, we believe the following proposed policy announcements will be highly positive for the sector:

- **Long term approach to funding**: to create a more certain funding environment, the Government will be adopting a 10-year funding model (as opposed to a one to three year cycle) for key research and development ("R&D") institutions including UK Research and Innovation, the Francis Crick Institute, the Laboratory of Molecular Biology and Cell and Gene Therapy Catapult. This approach better aligns with the 10-15 year drug discovery timeline;
- **Leverage the NHS through a federation of data sets**: the NHS is the largest integrated healthcare provider in the world, with the most comprehensive set of health-related data; the Government has set out plans to harness this potential to make the UK a more attractive location for R&D. Combined with advances in AI, this is an exciting opportunity to make the UK a leader in clinical trials;
- **Increase the number of university spin-outs**: building on the Spin-out Review in November 2023, the Government will work with universities, particularly around funding structure to encourage UK spin-outs. Historically, the higher equity stakes taken by UK universities have disadvantaged emerging UK businesses compared to other countries;
- **Modernising the regulatory regime**: A new Regulatory Innovation Office will be created to hold regulators to account and ensure they drive innovation. For example, targets and timelines for regulatory approvals will be set and benchmarked against international comparators to minimise delays;
- **Planning reform**: the Government will create new National Development Management Policies ("NDMP") which will take precedence over local policies, such as a specific NDMP covering planning across Oxford and Cambridge. This should make it easier to deliver laboratory space in key locations;
- **Improving the business environment and access to finance**: the Government will maintain the current R&D tax credit scheme and has made positive signals to the market around unlocking institutional capital (including pensions) to make the UK a more attractive place grow a business.

Implementing the investment strategy

Leasing performance

During the six-month period to 30 June 2024, three new leases commenced comprising:

- Two leases covering 57,016 sq ft to Fortescue Zero Limited ("Fortescue") at Building 5 at Oxford Technology Park ("OTP") which will generate £1.1 million of contracted rent
- A 30,156 sq ft lease to Oxford Ionics Limited on part of Building 6 at OTP (which was still in development at the period end) for £0.6 million

In March 2024, a 7,497 sq ft agreement for lease was agreed with ColdQuanta, which is due to be signed imminently following the recent completion of the fit out of their unit in the Innovation Quarter ("IQ") at OTP in late September 2024. This will add a further £0.3 million to contracted rent in H224.

The contracted rent roll for the investment assets at the period end therefore increased by £1.1 million or 7.9% to £15.1 million (31 December 2023: £14.0m) with a further £0.6 million let on development assets.

The table below shows the Group's leasing progress since 1 January 2023. A total of £3.2 million has been added, equating to 20.4% of the 30 June 2024 contracted rent roll.

	Number of leases[1]	**Additional contracted rent, £ million**	**Area, sq ft**
2023	7	1.5	39,174
30 June 2024	3[2]	1.7	87,172
Total	**10**	**3.2**	**126,346**
30 June 2024 – AFLs[3]	1	0.3	7,497
Total including AFLs	**11**	**3.5**	**133,843**

1. Leases with a start date during the period.
2. Including two leases to Fortescue who were in occupation fitting out from October 2023.
3. Agreement for lease

Occupiers remained cautious throughout the period and have continued to postpone decisions where they can and as a result leasing has slowed; but post the election and with confidence building that interest rates are trending downwards, we have seen a significant increase in viewings and enquiries over the last quarter with as many viewings in the second half of the year to date as the whole of the first half of 2024. As a result, £3.2 million of ERV is currently under offer or in advanced negotiations and we are confident that these will progress in the second half of 2024 (see below for further details).

Potential for strong income growth

The portfolio offers substantial income growth potential over the near to medium term, as shown in the table below, which is being captured through our development and asset management activities (see the implementing the asset management strategy section below for more information).

	Investment property or development property and land	Total portfolio 30 June 2024	*Total portfolio estimated March 2025*	*Total portfolio estimated September 2025*
		£m	***£m***	***£m***
Contracted rent	**Investment**	**15.1**	***18.9***	***23.8***
Contracted rent	Development	0.6	*-*	*-*
Contracted rent – total portfolio		**15.7**	***18.9***	***23.8***
Inbuilt reversion in current leases	Investment	3.3	*2.2*	*2.2*
Letting vacant space at Oxford Technology Park, Cambourne and Rolling Stock Yard	Investment	3.9	*1.8*	*-*
Letting developments currently on-site (Buildings 6 to 9 at OTP)	Development	3.1	*3.1*	*-*
Letting future developments (Buildings 10 and 11 at OTP)	Development	1.8	*1.8*	*1.8*
Target estimated rental value		**27.8**	***27.8***	***27.8***
Estimated additional contracted rent to be captured over the next six and 12 months		**n/a**	***3.2***	***8.1***

The target total portfolio ERV was £27.8 million at 30 June 2024 (31 December 2023: £26.2 million), split £22.3 million investment assets ERV (31 December 2023: £19.6 million) and £5.5 million development assets (31 December 2023: £6.6 million). The investment assets ERV is 47.7% above the contracted rent of £15.1 million, with £3.9 million of the difference resulting from vacant space at the period end and £3.3 million reflecting the reversionary potential of the portfolio. The let area in the investment assets portfolio has a reversionary percentage of 22.2% and like-for-like ERV growth in the period was 8.2%.

Over the next six months from the date of this report, we are expecting to convert £3.2 million of this ERV to contracted rent based on deals that are currently under offer or in advanced negotiations (including the space at our repurposing project in Cambourne). This comprises £2.1 million leasing of vacant space and £1.1 million of reversion to be captured on lease regears. This figure is expected to rise to £8.1 million over the next 12 months resulting in an estimated contracted rent of £23.8 million by September 2025.

The Group's occupiers

As we successfully implement the asset management strategy, the proportion of the Group's assets leased to life science occupiers continues to grow, with 55.2% of our contracted rent attributed to life science occupiers as at 30 June 2024 (31 December 2023: 53.5%). At the period end, the three largest life science occupiers by contracted rent were:

- **Gyroscope Therapeutics**, a clinical-stage company owned by Novartis, developing gene therapies to treat diseases of the eye that cause vision loss and blindness who occupy three floors in Rolling Stock Yard;

- **Fortescue**, a technology and engineering services provider delivering innovative solutions to a range of sectors including green energy, medical engineering and automotive, based at OTP; and

- **Carl Zeiss**, a leading technology enterprise, operating in the optics and optoelectronics industries; the UK headquarters for its life science businesses of microscopy, medical technology and consumer optics are in Building 1030 at Cambourne.

One other life science occupier signed a lease in the six month period, **Oxford Ionics**, which is a high-performance quantum computing company. Quantum computing has the potential to revolutionise life sciences, for example accelerating drug discovery by simulating the performance of new drugs on computers. Oxford Ionics has taken space at Building 6 at OTP and is currently fitting out its unit which is scheduled for completion in early Q324.

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 26.7% of gross contracted rents and 23.0% of the ERV at the period end. As we continue to build out and lease up OTP, the rent roll will further diversify and reduce the proportion of total rents coming from individual occupiers.

Occupier	**Asset[1]**	**Occupier type[2]**	**Annual contracted rent (£m)**	**% of total**
Thought Machine Group Ltd	HS	Other	4.0	26.7%
Gyroscope Therapeutics Ltd	RSY	LS	1.5	10.2%
Fortescue Zero Ltd	OTP	LS	1.1	7.0%
Carl Zeiss Ltd	CP	LS	1.0	6.3%
Beacon Therapeutics Ltd	RSY	LS	0.8	5.3%
Xero (UK) Ltd	RSY	Other	0.7	4.7%
Cambridge Cambourne Centre Ltd (Regus)	CP	Other	0.7	4.5%
MTK Wireless Ltd	CP	LS	0.7	4.5%
Premier Inn Ltd	OTP	Other	0.7	4.4%
Native Antigen Company Ltd (LGC)	OTP	LS	0.5	3.6%
Subtotal – top ten			11.7	77.3%
Remaining			3.4	22.7%
Total[3]			15.1	100.0%

1. HS – Herbrand Street; RSY – Rolling Stock Yard; CBP – Cambourne Park Science and Technology Campus; OTP – Oxford Technology Park.
2. LS - Life Science occupier; Other – hotel and offices.
3. Investment portfolio only. In addition, £0.6 million of contracted rent has been agreed within development assets.

The portfolio

Well-located assets offering laboratory and office space

The portfolio is in strong locations within the Golden Triangle and primarily comprises office and laboratory space. See below for the split of assets by location and type as at 30 June 2024.

Asset location by valuation

- London 39.8%
- Oxford 38.3%
- Cambridge 21.9%

Life science exposure by contracted rent[1]

- Life science 55.2%
- Non-life science 44.8%

Life science occupier area by floor type[2]

- Office 55.6%
- Labs 44.4%

1. Includes £0.6 million of contracted rent within development assets; life science occupiers make up 53.5% of investment assets.
2. 51.0% of portfolio area (including vacant space) currently let to life science occupiers.

During the period there were no changes to the Group's portfolio, which comprised the following assets at 30 June 2024:

	Valuation				WAULT		Contracted rent				
Asset	£m	£ per sq ft	Area sq ft	Occupancy %	to break years	to expiry years	£m p.a.	£ PSF	NIY %	NEY %	NRY %
OTP – Investments	90.0	378	237,900	62.4	8.1	11.0	3.2	18.2	3.3	5.6	5.6
Rolling Stock Yard	83.9	1,557	53,900	89.9	1.9	6.1	3.5	72.3	3.9	5.3	6.1
Cambourne	76.2	331	230,400	77.5	1.8	4.2	4.1	22.2	5.1	6.3	7.2
7-11 Herbrand Street	68.5	999	68,600	100.0	—	2.3	4.0	58.5	5.5	5.4	7.0
The Merrifield Centre	7.4	589	12,600	100.0	2.5	7.5	0.3	23.1	3.7	5.4	6.0
Investment assets	**326.0**	**540**	**603,400**	**82.5**	**3.6**	**5.6**	**15.1**	**31.0**	**4.3**	**5.6**	**6.4**
OTP – Developments[1]	56.6	210	270,500[1]	—	—	—	—	—	—	—	—
Development assets	**56.6**	**210**	**270,500**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total	**382.6**	**438**	**873,900**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**

1. Full build-out area.

OTP development assets comprise buildings under construction and the remaining development land. The 270,500 sq ft shown in the table above is the expected area of these assets once practically complete, with 183,000 sq ft or 67.7% of this area due to complete in Q424. Building 5 (c. 57,000 sq ft), which as per the above is fully let to Fortescue, reached practical completion in the period and therefore transferred from development assets to investment assets.

Occupancy at the period end increased by 3.5 percentage points to 82.5% (31 December 2023: 79.0%). On a like-for-like basis, occupancy increased by 2.6 percentage points to 81.6%.

The WAULT to expiry reduced by 0.2 years to 5.6 years (31 December 2023: 5.8 years), reflecting the net effect of new leases in the period and the natural reduction in remaining lease lengths over time.

Valuation performance

The portfolio was independently valued by CBRE as at 30 June 2024, in accordance with the internationally accepted RICS Valuation – Professional Standards (the "Red Book").

The table below analyses the movement in valuation during the six months:

	Investment assets £m	**Development assets £m**	**Total £m**
Portfolio valuation at 31 December 2023	314.9	67.4	382.3
Capital expenditure	1.9	12.9	14.8
Finance costs capitalised	—	1.0	1.0
Movement in rent incentives	(0.2)	0.1	(0.1)
Fair value losses on investment properties	(11.8)	(3.6)	(15.4)
Transfer from development to investment	21.2	(21.2)	—
Portfolio valuation at 30 June 2024	**326.0**	**56.6**	**382.6**

The portfolio valuation at the period end increased on an absolute basis by £0.3 million to £382.6 million. The value of the investment portfolio increased, driven primarily by the addition of Building 5 at OTP, which reached practical completion in the period and therefore led to a decline in the absolute value of the development assets.

Capital expenditure of £14.8 million in the period primarily related to the development at OTP and repurposing of space to labs at Cambourne. As a result of this expenditure £1.0 million of finance costs have been capitalised in the period. Combined, these factors resulted in a fair value loss of £15.4 million in the period.

The table below analyses the key drivers of the valuation movement at the period end compared to 31 December 2023 in further detail:

		30 June 2024	31 December 2023	LFL %
Investment assets				
Valuation	£m	326.0	314.9	(3.8)%
ERV	£m	22.3	19.6	8.2%
NEY	%	5.6	5.3	33bps
Development assets				
Valuation	£m	56.6	67.4	n/a
Total portfolio				
Valuation	**£m**	**382.6**	**382.3**	**(3.8)%**

£11.9 million of the £15.4 million fair value loss in the period is attributable to the like-for-like portfolio, resulting in a 3.8% like-for-like reduction in value. However, the rate of decline has slowed when compared to H223, where the like-for-like reduction was 5.9%. The outward NEY shift of 33 basis points was partly offset by strong like-for-like ERV growth of 8.2%. These dynamics are reflective of the broader macro environment, with interest rates remaining elevated during the period despite expectations to the contrary resulting in a weaker investment market and further yield expansion, notably on offices.

Space defined as offices saw a valuation fall of 5.8% on a like-for-like basis and reflected an outward NEY shift of 40 basis points.

Space defined as laboratories for valuation purposes was more resilient, posting a like-for-like valuation decline of 1.9%; a 28 basis points outward NEY shift which was almost fully offset by ERV growth of 8.6%. At the period end, this space represented 38.2% of the like-for-like portfolio.

On the remaining assets, the £3.5 million fair value loss reflected an outward NEY shift of 8 basis points offset by development progress in the period. As per the 30 June 2024 valuations, there is up to a 70 basis points yield variance in the vacant development space versus completed and let space. This represents significant valuation upside to come once the vacant space is let, assuming constant yields.

Implementing the asset management strategy

Cambourne Park Science and Technology Campus ("Cambourne")

The Group acquired Cambourne in 2021, with the intention of repositioning it as a dedicated life science and technology hub. The project to repurpose vacant ground-floor office space in Building 2020 into fully fitted laboratories is a key step, helping to establish Cambourne's credentials in our target market and support future lettings in other buildings. The project will create four laboratory suites of around 2,200 sq ft each, suitable for early-stage life science occupiers and which can be combined for larger companies. With target rents for labs around twice as high as office space at £50.0 per sq ft, this will generate increased rental income for the Group while saving occupiers the upfront capital cost of fitting out the space themselves. We are also improving the building's environmental credentials, including transitioning it from gas to electric power.

We made good progress in the period, with a show suite completing shortly, and are encouraged by the level of enquiries we are seeing for the units. All space within the repurposing project plus over 17,000 sq ft of vacant space is now under offer or in advanced negotiations. Once we have proved the concept through successful lettings, we see the potential to roll it out to other floors in the building. Completion is now targeted for November 2024.

Occupancy at Cambourne remained unchanged at 77.5% (31 December 2023: 77.5%).

Oxford Technology Park

OTP is 20-acre science and technology park strategically located in the Golden Triangle, close to Oxford University and adjacent to Begbroke Science Park and Oxford Airport. On acquisition in 2022, three of the planned buildings were complete. Since then 126,700 sq ft has been delivered; the Innovation Quarter ("IQ") completed in 2023 and Building 5 reached practical completion in the period. Buildings 6 to 9 are due to complete in Q424, following connection to the local power grid adding a further 183,000 sq ft of space to the park.

OTP has substantial scope to grow the Group's rental income in the near term. The ERV of unlet space in the completed buildings and those due to complete imminently (Buildings 6 to 9) is £5.1 million. Letting these buildings would therefore increase the rent roll at OTP from the current £3.8 million to £8.9 million. The existing leases at OTP also have inbuilt reversion of £0.2 million.

Based on current designs, Buildings 10 and 11 have an ERV of a further £1.8 million. Construction of these units have not yet begun and we are currently reviewing our plans for these plots. The existing planning consent is for two buildings of c. 40,000 sq ft each, but the plots would also suit several smaller buildings, enabling us to offer a broader range of space at OTP, or a single larger building and we have been encouraged by the discussions we are having in this respect. We have therefore deferred starting on-site for these buildings to maintain our flexibility until we are confident that the planning we have in place will deliver the right space for the potential occupiers.

As noted above, we signed two new leases to Fortescue in February 2024, at an annual rent of £1.1 million or £20.1 per sq ft. The term is ten years, with a break clause on half the space in year five and a rent review at the end of the fifth year. The occupier has fitted out the building as offices and R&D space and is now in occupation.

Oxford Ionics Limited signed a new lease in April 2024 at an annual rent of £0.6 million, or £19.7 per sq ft. It has taken more than half the space in Building 6 on a ten year lease with a break and rent review in year five in advance of practical completion.

We also signed an agreement for lease in March 2024 on 7,497 sq ft of fully fitted space at the IQ to ColdQuanta UK Limited, part of Infleqtion, a global quantum technology company. The lease will complete once the laboratory fitout works are finished. The annual rent of £0.3 million equates to £45.0 per sq ft for ten years, with a rent review and break clause at the end of the fifth year. This is a significant premium to other lettings achieved at the IQ and reflects the uplift from fully fitting out this space.

Our feasibility study for retrofitting photovoltaic (“PV”) energy generation at OTP is continuing. A key part of this was enabling the export of surplus electricity to the national grid. We are now working with a third partner to install a suitable scheme.

Our efforts to build the onsite community and increase amenities at OTP are also progressing. We have seen excellent take-up of the app we launched last year with registered users from every occupier. The app provides onsite activities ranging from fitness boot camps to cycle surgeries. In addition, we are due to approve the design of the café and conference space imminently which is estimated to start on-site before the end of the year and scheduled to complete in H125.

Rolling Stock Yard

Rolling Stock Yard offers office and fully fitted laboratory space. Occupancy was 89.9% at the period end (31 December 2023: 87.3%) with an increase in ERVs being the driver of the change. Market rents on laboratory space in London’s Knowledge Quarter are holding up well and Rolling Stock Yard offers highly attractive facilities at a competitive rent. The single vacant floor of 5,060 sq ft, has proved more challenging to let in the context of a weaker leasing market, particularly for early-stage life science businesses but we have seen an encouraging tick up in enquiries since the start of Q324 and expect this to be let in the next six months.

7-11 Herbrand Street and the Merrifield Centre

The lease at Herbrand Street in London, runs until Q426 and we engage regularly with the occupier ahead of this expiry to discuss options. The occupier at the Merrifield Centre, which is just outside of Cambridge, has shown its commitment to the asset by investing significant amounts in the building in the last 18 months and we have a well-established routine of occupier engagement.

Sustainability

Environmental

We have continued to progress the Group's net zero pathway. At OTP, our PV feasibility study has completed and we have approval from the Distribution Network Operator to install PV across the roof space on all buildings currently without PV (excluding the hotel). We are at the detailed design stage and are working with a third party who will install, own and manage the PV panels so there is no upfront cost to the Company. In addition, we have switched the electricity supplier for landlord utilities across the portfolio, to a tariff that is both cheaper and certified through the Renewable Energy Guarantees of Origin ("REGO") scheme. As a result, all of the landlord procured energy is now REGO backed. We are also working with the Group's occupiers to help them reduce their electricity consumption by sharing our data, enabling them to identify opportunities to use electricity more efficiently.

The Group's refurbishment and development programme continues to prioritise EPCs and we are pleased that 100% of the portfolio is now EPC A-C, up from 87% year end. At Cambourne, where we are repurposing the ground floor of Building 2020, we have a real opportunity to deliver on the Group's broader environmental sustainability objectives. The project removes gas boilers and installs use of energy sub meters, providing more granular data and contributing to our net zero ambitions. The project also lays the foundations for us to target a BREEAM Excellent rating for the wider building, as our repurposing plan progresses and allows occupiers to remain in-situ. Our main contractor adheres to our Sustainable Repurposing Standards, providing visibility over waste removal and ensuring we are making environmentally friendly material choices such as sustainable timber and non-hazardous materials.

Social

We aim to provide buildings that are healthy for people to work in. Our sustainability consultants have therefore reviewed OTP against the criteria for Fitwel, a leading healthy building certification, and at Cambourne, our repurposing project aligns to the Fitwel criteria enabling us to apply for certification as and when the repurposing of the whole building is complete. Key initiatives we are delivering include providing collaborative space and air quality monitoring. At Cambourne, we are also participating in 3CShared Services, a Cambridge-based considerate contractor scheme which asks members to commit to practices which decrease the impact of construction on those living or working nearby.

At OTP, we have launched a number of initiatives, such as yoga and fitness boot camps which enable occupiers to come together to help foster a sense of community and see scope for similar initiatives at Cambourne. In addition, OTP, alongside one if its occupiers, OGT has supported Oxtrail, a family-friendly art trail around Oxford in support of the Sobell House Hospice.

Governance

During the first half the Board approved several policies, with the Supplier Code of Conduct, Board diversity and anti-money laundering policies all now published on the Company's website. More generally, we are committed to transparent disclosure on sustainability issues and were pleased to achieve a gold rating in the EPRA Sustainability Best Practice Ratings.

Resourcing for the Investment Adviser to support the Group's growth

As Investment Adviser, it is vital that we have the resources, knowledge and skills to implement the Group's strategy. We have strengthened our leasing and asset management team with two new appointments in the year, including Alex Lowdell an experienced life science leasing specialist from DTRE.

These additions are already making a meaningful difference, in particular helping us to forge stronger connections with potential occupiers helping to drive our recent leasing momentum. See leasing section above for further details.

Financial review

Financial performance

The Group's financial results are summarised below.

	Six months ended 30 June 2024 £m	Six months ended 30 June 2023 £m	Year ended 31 December 2023 £m
Gross property income	**8.1**	7.6	15.5
Property operating expenses	**(0.7)**	(1.0)	(1.7)
Net rental income	**7.4**	6.6	13.8
Adjusted administration costs	**(2.3)**	(2.4)	(5.2)
Adjusted operating profit	**5.1**	4.2	8.6
Adjusted net finance costs	**(1.7)**	(0.9)	(2.0)
Tax	**-**	(0.1)	0.1
Adjusted earnings	**3.4**	3.2	6.7
Exceptional finance costs	**-**	(1.5)	(1.5)
Fair value gains/(losses) on derivatives and deferred premium	**(1.0)**	0.6	(3.8)
Fair value gains/(losses) on investment properties	**(15.4)**	3.0	(22.8)
Loss on disposal of investment properties	**-**	-	(0.3)
IFRS profit/(loss) after tax	**(13.0)**	5.3	(21.7)

Total gross property income in the period increased 6.6% to £8.1 million (30 June 2023: £7.6 million), reflecting the new leases that commenced in the period and a full six months of income from leases agreed in 2023, partially offset by rent lost on Lumen House, which the Group sold in November 2023, and the expiry of a rental guarantee at Rolling Stock Yard in the first half of 2023. The quality of the Group's occupier base is reflected in rent collection of 100% in respect of the period.

Property operating expenses are primarily void costs on vacant units and totalled £0.7 million (30 June 2023: £1.0 million), resulting in net rental income of £7.4 million (30 June 2023: £6.6 million). On a like-for-like basis net rental income increased by 1.8% driven primarily by leasing and lower void costs.

Administration costs of £2.3 million (30 June 2023: £2.4 million) include the Investment Adviser's fee of £1.5 million (30 June 2023: £1.7 million), as well as other costs of £0.8 million (30 June 2023: £0.7 million), including audit and valuation fees, the Directors' fees and other corporate expenses.

The above results in a total cost ratio for the period (including direct vacancy costs) of 36.6% (30 June 2023: 44.3%). Higher rental income and lower costs both contributed to the reduction versus 2023. We expect the ratio to further reduce as we continue to lease up the buildings at OTP and realise the rental growth potential elsewhere in the portfolio.

Adjusted net finance costs for the period were £1.7 million (30 June 2023: £0.9 million), comprising loan interest, expenses and arrangement fees of £4.8 million, partially offset by capitalised finance costs of £1.0 million and adjusted finance income of £2.1 million.

As a REIT, the Group is not subject to corporation tax on its property rental business. The estimated tax charge on its residual business was £nil (30 June 2023: £0.1 million). Adjusted earnings for the period totalled £3.4 million (30 June 2023: £3.2 million).

In the prior period, the Group incurred exceptional one-off finance costs of £1.5 million, 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. There were no exceptional finance costs in the six months to 30 June 2024.

Fair value losses on derivatives and deferred premiums were £1.0 million (30 June 2023: £0.6 million gain), relating to the Group's interest rate caps.

The unrealised loss on revaluation of investment properties was £15.4 million (30 June 2023: £3.0 million gain). See the valuation section above for more information.

The IFRS loss after tax for the period was £13.0 million (30 June 2023: £5.3 million profit). This resulted in IFRS loss per share of 3.7 pence (30 June 2023: 1.5 pence earnings) and adjusted earnings per share ("EPS") of 1.0 pence (30 June 2023: 0.9 pence).

Dividends

In May 2024, the Company paid the second interim dividend of 1.0 pence per share in respect of the year to 31 December 2023.

Since the end of the period, the Board has declared a first interim dividend of 1.0 pence per share in respect of the six months to 30 June 2024 (see post period end events below).

The cash cost of the first interim dividend is £3.5 million. At 30 June 2024, the Group had distributable reserves of £327.9 million (31 December 2023: £328.0 million), with the majority being in the Company.

Net asset value

IFRS NAV was 76.4 pence per share at the period end (31 December 2023: 81.1 pence per share). The EPRA NTA at the period end was 75.5 pence per share (31 December 2023: 79.9 pence per share). The movement in the EPRA NTA per share is reconciled below:

	pence
EPRA NTA per share at 31 December 2023	79.9
Adjusted earnings for the period	1.0
Fair value losses on development non-LFL portfolio	(0.9)
Fair value losses on LFL portfolio	(3.5)
Dividends paid	(1.0)
EPRA NTA per share at 30 June 2024	**75.5**

For further details on the revaluation decline in the period see the valuation section above.

Debt financing

The Group has a £100.0 million term loan and a £50.0 million RCF, both of which run 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, with £40.0 million of the term loan defined as a Green loan in accordance with the LMA Green Loan Principles.

The debt 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. At the period end, the Group was slightly over hedged against SONIA at 110.6%. As a result, in September 2024 the over hedged element of the existing caps were closed out and the cap period extended for a further six months to September 2025, capping SONIA at 3.00%. The net cost of this transaction was £0.3 million.

At 30 June 2024, £118.7 million of debt was drawn (31 December 2023: £108.7 million), with the £100.0 million term loan fully drawn and £18.7 million drawn against the RCF. The Group also had cash and cash equivalents of £10.5 million (31 December 2023: £14.3 million), giving a net borrowings position of £108.2 million. LTV was therefore 28.3% at the period end (31 December 2023: 24.7%). We continue to believe that a range of 30.0-40.0% is optimal in the longer term.

Including the undrawn element of the RCF, the Group had total liquidity of £41.8 million at 30 June 2024 which is sufficient to fund the ongoing development at OTP and on-site repurposing project at Cambourne, which together have £37.1 million costs to complete as at the period end. The RCF will be drawn on a quarterly basis to meet funding requirements and minimise interest costs throughout.

Principal risks and uncertainties

The Group's principal risks are presented on pages 63 to 72 of the 2023 Annual Report and are summarised below.

The Board has regularly reviewed existing and emerging risks during the period, including detailed consideration of the principal risks, which are those most material to the Group. The Board considers that there has been no material change to the Group's principal risks during the period.

Business risks

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

Financial risks

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

Compliance risks

- Loss of REIT status

Climate-related risks

- Impact of climate change

Going concern

In preparing the financial statements, we and the Board are required to assess whether the Group remains a going concern. During the period to 30 June 2024, the Group recognised gross property income of £8.1 million and adjusted earnings of £3.4 million. Gross property income would need to fall by approximately 42.0% before the Group became loss-making. This is considered unlikely given that rent collections in respect of the period to 29 September 2024 are 100%, the let portfolio currently reflects a reversionary percentage of 22.2%, and we are seeing increasing occupier demand for the available space at the Group's assets.

The Group currently has a strong balance sheet with substantial LTV headroom on the debt facility of 24.0% and sufficient liquidity of £41.8 million, including cash at the period end of £10.5 million. Taking the above into consideration, we and the Board have a reasonable expectation that the Group has adequate resources to complete its capital obligations over the next 12 months and continue in business for a period of at least 12 months from the date of this Interim Report. We and the Board have therefore concluded that the Group remains a going concern.

Post period end events

Since the period end:

- The Board has declared a first interim dividend of 1.0 pence per share in respect of the period. This will be paid as an ordinary dividend on 31 October 2024, with an ex-dividend date of 3 October 2024.

- The Group secured additional protection against future interest rate changes by capping the SONIA rate at 3.00% for the six month period ending 30 September 2025 based on the expected debt draw down profile of the current HSBC & BOI facility. Following the close out of the existing over hedged position, the additional hedging cost the Group a net premium of £0.3 million.

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 September 2024

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors confirm to the best of our knowledge:

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

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

By order of the Board

Claire Boyle
Director

25 September 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

Continuing operations	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Gross property income	3	**8,067**	7,605	15,481
Service charge income	3	**1,970**	2,252	4,461
Revenue		**10,037**	9,857	19,942
Recoverable service charges	4	**(1,970)**	(2,252)	(4,461)
Property operating expenses	4	**(724)**	(950)	(1,656)
Gross profit		**7,343**	6,655	13,825
Administration expenses	4	**(2,276)**	(2,455)	(5,249)
Operating profit before gains on investment properties		**5,067**	4,200	8,576
Fair value (losses)/gains on investment properties	11	**(15,412)**	3,041	(22,848)
Loss on disposal of investment properties		—	—	(317)
Operating (loss)/profit		**(10,345)**	7,241	(14,589)
Finance income	5	**2,089**	2,248	3,807
Finance expense	6	**(4,759)**	(4,071)	(11,070)
(Loss)/profit before tax		**(13,015)**	5,418	(21,852)
Taxation	7	—	(99)	146
(Loss)/profit after tax for the period and total comprehensive income attributable to equity holders		**(13,015)**	5,319	(21,706)
(Loss)/profit per share (basic and diluted) (pence)	10	**(3.7)**	1.5	(6.2)

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2024

	Notes	**30 June 2024 £'000**	31 December 2023 £'000
Assets			
Non-current assets			
Investment property	11	**382,645**	382,300
Interest rate derivatives	14	—	3,998
Trade and other receivables	12	**3,554**	3,409
		386,199	389,707
Current assets			
Trade and other receivables	12	**2,629**	6,656
Cash and cash equivalents	13	**10,511**	14,341
Interest rate derivatives	14	**3,023**	—
		16,163	20,997
Total assets		**402,362**	410,704
Liabilities			
Non-current liabilities			
Interest-bearing loans and borrowings	15	**(118,071)**	(107,918)
Other payables and accrued expenses	16	**(3,554)**	(4,604)
		(121,625)	(112,522)
Current liabilities			
Other payables and accrued expenses	16	**(13,507)**	(14,437)
		(13,507)	(14,437)
Total liabilities		**(135,132)**	(126,959)
Net assets		**267,230**	283,745
Equity			
Share capital	17	**3,500**	3,500
Capital reduction reserve		**318,323**	321,823
Retained loss		**(54,593)**	(41,578)
Total equity		**267,230**	283,745
Number of shares in issue (thousands)		**350,000**	350,000
Net asset value per share (basic and diluted) (pence)	18	**76.4**	81.1

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Share capital £'000	Capital reduction reserve £'000	Retained loss £'000	Total £'000
Balance at 1 January 2024		**3,500**	**321,823**	**(41,578)**	**283,745**
Loss for the period and total comprehensive loss		**—**	**—**	**(13,015)**	**(13,015)**
Dividends paid	9	**—**	**(3,500)**	**—**	**(3,500)**
Balance at 30 June 2024		**3,500**	**318,323**	**(54,593)**	**267,230**

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

	Notes	Share capital £'000	Capital reduction reserve £'000	Retained earnings £'000	Total £'000
Balance at 1 July 2023		3,500	325,323	(14,553)	314,270
Loss for the period and total comprehensive loss		—	—	(27,025)	(27,025)
Dividends paid	9	—	(3,500)	—	(3,500)
Balance at 31 December 2023		3,500	321,823	(41,578)	283,745

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year Ended 31 December 2023 £'000
Cash flows from operating activities				
Operating (loss)/profit		**(10,345)**	7,241	(14,589)
Adjustments to reconcile profit for the period to net cash flows:				
Changes in fair value of investment properties	11	**15,412**	(3,041)	22,848
Adjustment for non-cash items		—	—	317
Operating cash flows before movements in working capital		**5,067**	4,200	8,576
Decrease/(increase) in other receivables and prepayments		**4,499**	1,028	(5,177)
(Decrease)/increase in other payables and accrued expenses		**(980)**	(802)	4,216
Net cash flow generated from operating activities		**8,586**	4,426	7,615
Cash flows from investing activities				
Acquisition of investment properties		**(358)**	1,807	1,653
Capital expenditure		**(14,689)**	(8,803)	(24,034)
Disposal of investment properties		—	—	7,516
Interest received		**2,028**	1,680	3,222
Net cash used in investing activities		**(13,019)**	(5,316)	(11,643)
Cash flows from financing activities				
Bank loans drawn down	15	**10,000**	127,520	142,520
Bank loans repaid	15	—	(137,770)	(145,304)
Loan interest and other finance expenses paid		**(4,541)**	(2,810)	(9,473)
Loan issue costs paid		**(1,356)**	(1,808)	(980)
Dividends paid in the period		**(3,500)**	(10,500)	(14,000)
Net cash flow generated/(used in) from financing activities		**603**	(25,368)	(27,237)
Net decrease in cash and cash equivalents		**(3,830)**	(26,258)	(31,265)
Cash and cash equivalents at start of the period		**14,341**	45,606	45,606
Cash and cash equivalents at end of the period	13	**10,511**	19,348	14,341

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 Central Square, 29 Wellington Street, Leeds, England, LS1 4DL

The Group's interim condensed consolidated unaudited financial statements for the six months ended 30 June 2024 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 September 2024.

2. Basis of preparation

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

These interim condensed consolidated unaudited financial statements should be read in conjunction with the Company's last financial statements for the year ended 31 December 2023. These interim condensed consolidated unaudited financial statements do not include all of the information required for a complete set of annual financial statements prepared in accordance with IFRS; however, they have been prepared using the accounting policies adopted in the audited financial statements for the year ended 31 December 2023 and selected explanatory notes have been included to explain events and transactions that are significant in understanding changes in the Company's financial position and performance since the last financial statements.

The financial statements have been prepared under the historical cost convention, except for the revaluation of investment properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

IAS 34 requires that comparative figures are presented for the comparable interim period in the preceding year, therefore the six-month period ended 30 June 2023 has been presented.

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

The financial statements for the six months ended 30 June 2024 and for the six-months ended 30 June 2023 have been neither audited nor reviewed by the Company's Auditor. The information for the year ended 31 December 2023 has been extracted from the latest published Annual Report and Financial Statements, which has been filed with the Registrar of Companies. The Auditor reported on those accounts; its report was unqualified and did not contain a statement under sections 498(2) or (3) of the Companies Act 2006.

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

2.1 New standards and interpretations effective in the current period

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of new standards effective as of 1 January 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

2.2 New and revised accounting standards not yet effective

There are a number of new standards and amendments to existing standards which have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 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.

2.3 Significant accounting judgements and estimates

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

Judgements

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

Business combinations

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

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

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 11 and 19 for further details.

2.4 Summary of significant accounting policies

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

a) Basis of consolidation

The Company does not meet the definition of an investment entity and therefore does not qualify for the consolidation exemption under IFRS 10. The interim condensed consolidated unaudited Financial Statements comprise the Financial Statements of the Group and its subsidiaries as at 30 June 2024. 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

	Six months ended 30 June 2023 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Rental income	**7,762**	6,831	14,584
Other income	**217**	522	521
Insurance recharged	**81**	90	143
Rental income straight-line adjustment	**7**	162	233
Gross property income	**8,067**	7,605	15,481
Service charge income	**1,970**	2,252	4,461
Total	**10,037**	9,857	19,942

4. Property operating and administration expenses

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Recoverable service charges	**1,970**	2,252	4,461
Premises expenses	**277**	228	591
Service charge void costs	**227**	383	1,120
Rates	**109**	247	457
Insurance expense	**109**	92	153
Bad debt charge	**2**	—	(665)
Property operating expenses	**724**	950	1,656
Investment Adviser fees	**1,513**	1,732	3,389
Other administration expenses	**573**	542	1,500
Directors' remuneration	**98**	98	200
Audit fees	**92**	95	172
Costs associated with moving to Main Market	—	(12)	(12)
Administration expenses	**2,276**	2,455	5,249
Total	**4,970**	5,657	11,366

5. Finance income

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Interest receivable from interest rate derivatives	**2,003**	1,272	3,019
Income from cash and short-term deposits	**78**	451	636
Change in fair value of interest rate derivatives	**-**	297	—
Change in fair value of deferred consideration on interest rate derivatives	**8**	228	152
Total	**2,089**	2,248	3,807

6. Finance expense

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Loan interest	**4,535**	3,882	8,209
Change in fair value of interest rate derivatives	**975**	—	3,936
Loan expenses	**155**	183	261
Loan arrangement fees amortised	**153**	289	458
Break fees	—	751	751
Loan arrangement fees written off	—	716	716
Gross interest costs	**5,818**	5,821	14,331
Capitalisation of finance costs	**(1,059)**	(1,750)	(3,261)
Total	**4,759**	4,071	11,070

7. Taxation

Corporation tax has arisen as follows:

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Corporation tax on residual income	—	99	(146)
Total	—	99	(146)

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

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
(Loss)/profit before tax	**(13,015)**	5,418	(21,852)
Corporation tax at 25.0% (up to 31 March 2023: 19.0%, 25.0% thereafter)	**(3,254)**	1,192	(5,135)
Change in value of investment properties	**3,853**	(669)	5,369
Change in value of interest rate derivatives	**242**	(115)	(888)
Adjustment for disallowable costs	—	(3)	(3)
Tax-exempt property rental business	**(841)**	(306)	657
Current year tax charge	—	—	—
Prior year accrual reversal	—	—	(146)
Total	—	99	(146)

8. Operating leases

Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment property portfolio. These non-cancellable leases have a remaining term of up to 21 years (31 December 2023: 21 years).

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2024 are as follows:

	30 June 2024 £'000	31 December 2023 £'000
Within one year	**15,413**	15,008
Between one and five years	**43,159**	44,625
More than five years	**31,618**	31,771
Total	**90,190**	91,404

9. Dividends

For the six months ended 30 June 2024	Pence per share	£'000
Second interim dividend for the year ended 31 December 2023, paid on 13 May 2024	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**

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

For the six months ended 31 December 2023	Pence per share	£'000
First interim dividend for year ended 31 December 2023, paid on 31 October 2023	1.0	3,500
Total	1.0	3,500
Paid as:		
Property income distribution	—	—
Non-property income distribution	1.0	3,500
Total	1.0	3,500

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

The Company declared a first interim dividend for the year ending 31 December 2024 of 1.0 pence per share on 26 September 2024 and this will be paid entirely as an ordinary dividend. Payment date is 31 October 2024 with an ex-dividend date of 3 October 2024.

10. Earnings per share

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

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
IFRS earnings	**(13,015)**	5,319	(21,706)
EPRA earnings adjustments:			
Fair value losses/(gains) on investment properties	**15,412**	(3,041)	22,848
Realised losses on disposal of investment properties	—	—	317
Exceptional finance costs greater than one year	—	716	716
Changes in fair value of interest rate derivatives	975	(297)	3,936
Changes in fair value of deferred consideration payable on interest rate derivatives	(8)	(228)	(152)
EPRA earnings	**3,364**	2,469	5,959
Group-specific earnings adjustments:			
Exceptional finance costs less than one year	—	751	751
Costs associated with moving to Main Market	—	(12)	(12)
Adjusted earnings	**3,364**	3,208	6,698

	Six months ended 30 June 2024 £'000	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Basic IFRS EPS	**(3.7)**	1.5	(6.2)
Diluted IFRS EPS	**(3.7)**	1.5	(6.2)
EPRA EPS	**1.0**	0.7	1.7
Adjusted EPS	**1.0**	0.9	1.9

	Six months ended 30 June 2024 Number of shares	Six months ended 30 June 2023 Number of shares	Year ended 31 December 2023 Number of shares
Weighted average number of shares in issue (thousands)	**350,000**	350,000	350,000

11. UK investment property

	Completed investment property £'000	**Development property and land £'000**	**Total investment property £'000**
Investment property valuation brought forward as at 1 January 2024	**314,858**	**67,442**	**382,300**
Acquisitions[1]	**25**	**—**	**25**
Capital expenditure	**1,789**	**12,954**	**14,743**
Finance costs capitalised	**6**	**1,053**	**1,059**
Fair value losses on investment property	**(11,783)**	**(3,629)**	**(15,412)**
Movement in rent incentives and amortisation	**(184)**	**114**	**(70)**
Transfer from development to investment	**21,246**	**(21,246)**	**—**
Fair value at 30 June 2024	**325,957**	**56,688**	**382,645**

	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)
Disposal in the year	(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	29,086	(29,086)	—
Fair value at 31 December 2023	314,858	67,442	382,300

1. During the current period and 2023 there were no acquisitions of new assets. The movement reflects the finalisation of acquisition balances from prior periods.

12. Trade and other receivables

	30 June 2024 £'000	31 December 2023 £'000
Rent and insurance receivable	**1,023**	2,065
Interest receivable	**816**	763
Prepayments and other receivables	**398**	2,230
Occupier deposits	**176**	173
VAT receivable	**138**	434
Amounts due from property manager	**78**	991
Current trade and other receivables	**2,629**	6,656
Occupier deposits	**3,554**	3,409
Non-current trade and other receivables	**3,554**	3,409
Total trade and other receivables	**6,183**	10,065

13. Cash and cash equivalents

	30 June 2024 £'000	31 December 2023 £'000
Cash	**6,511**	4,341
Cash equivalents	**4,000**	10,000
Total	**10,511**	14,341

Cash equivalents includes £4.0 million (31 December 2023: £10.0 million) of cash held by various banks on short-term deposits.

14. Interest rate derivatives

	30 June 2024 £'000	31 December 2023 £'000
At the start of the period	**3,998**	4,303
Additional premiums paid and accrued	—	3,631
Changes in fair value of interest rate derivatives	**(975)**	(3,936)
Balance at the end of the period	**3,023**	3,998
Current	**3,023**	—
Non-current	—	3,998
Total	**3,023**	3,998

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.

A number of forward starting interest rate caps were 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 debt facility. This caps SONIA at a strike rate of 2.00% with a termination date of March 2025 (aligned with the cap entered into in 2022).

15. Interest-bearing loans and borrowings

Non-current	30 June 2024 £'000	31 December 2023 £'000
At the beginning of the period	**108,726**	75,000
Drawn in the period	**10,000**	142,520
Repaid in the period	—	(108,794)
Interest-bearing loans and borrowings	**118,726**	108,726
Unamortised fees at the beginning of the period	**(808)**	(912)
Loan arrangement fees paid in the period	—	(980)
Unamortised fees written off	—	716
Amortisation charge for the period	**153**	368
Unamortised loan arrangement fees	**(655)**	(808)
Loan balance less unamortised loan arrangement fees	**118,071**	107,918

Current	30 June 2024 £'000	31 December 2023 £'000
At the beginning of the period	**—**	35,833
Acquired in the period	**—**	—
Drawn in the year	**—**	—
Repaid in the year	**—**	(36,510)
Interest and commitment fees incurred in the period	**—**	677
Interest-bearing loans and borrowings	**—**	—
Unamortised fees at the beginning of the period	**—**	(90)
Loan arrangement fees paid in the period	**—**	—
Amortisation charge for the period	**—**	90
Unamortised loan arrangement fees	**—**	—
Loan balance less unamortised loan arrangement fees	**—**	—

On 23 June 2023 with the Company entered into a debt facility with HSBC and Bank of Ireland ("BOI") split 60% and 40% respectively (the "debt facility"). The 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. The 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 is fully drawn as at 30 June 2024. The RCF is being drawn primarily to fund the OTP development, with £18.7 million drawn at 30 June 2024 and a remaining £31.3 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 30 June 2024.

The debt facility includes LTV and interest cover covenants. The Group was in full compliance with these covenants as at 30 June 2024. The facility also includes a ratchet clause that reduces the margin to 2.35% if the gross LTV decreases to 30%, based on the lenders' annual valuation of the portfolio.

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

16. Other payables and accrued expenses

	30 June 2024 £'000	31 December 2023 £'000
Deferred income	**3,974**	3,686
Capital expenses payable	**2,736**	4,046
Deferred consideration on interest rate caps	**2,581**	2,636
Loan interest payable	**1,817**	1,823
Administration and other expenses payable	**1,111**	1,753
VAT payable	**551**	—
Property operating expenses payable	**483**	320
Occupier deposits payable to occupier	**176**	173
Loan expenses payable	**78**	—
Current other payables and accrued expenses	**13,507**	14,437
Occupier deposits payable to occupier	**3,554**	3,409
Deferred consideration on interest rate caps	—	1,195
Non-current other payables and accrued expenses	**3,554**	4,604
Total other payables and accrued expenses	**17,061**	19,041

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

Ordinary shares of £0.01 each	**Number**	**30 June 2024 £'000**	Number	31 December 2023 £'000
Authorised, issued and fully paid:				
Shares issued	**350,000,000**	**3,500**	350,000,000	3,500
Balance at the end of the period	**350,000,000**	**3,500**	350,000,000	3,500

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

The Company has cancelled its the share premium account in a prior period at which point it created the capital reduction reserves, as such no share premium is presented.

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

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

	30 June 2024 £'000	31 December 2023 £'000
IFRS net assets attributable to ordinary shareholders	**267,230**	283,745
IFRS net assets for calculation of NAV	**267,230**	283,745
Adjustment to net assets:		
Fair value of interest rate derivatives	**(3,023)**	(3,998)
EPRA NTA	**264,207**	279,747

	30 June 2024 Pence	31 December 2023 Pence
IFRS basic and diluted NAV per share	**76.4**	81.1
EPRA NTA per share	**75.5**	79.9

	30 June 2024 Number of shares	31 December 2023 Number of shares
Number of shares in issue (thousands)	**350,000**	350,000

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

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

Interest-bearing loans and borrowings are disclosed at amortised cost. The carrying values of the loans and borrowings approximate their fair value due to the contractual terms and conditions of the loan. The HSBC and BOI debt facility has an interest rate of 250 basis points over SONIA in respect of drawn amounts. The old HSBC debt facility which was repaid in June 2023 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]:

	30 June 2024			
Assets and liabilities measured at fair value	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investment properties	—	—	**382,645**	**382,645**
Interest rate derivatives	—	**3,023**	—	**3,023**
Deferred consideration on interest rate caps	—	**(2,581)**	—	**(2,581)**
Total	—	**442**	**382,645**	**383,087**

	31 December 2023			
Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'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

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

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

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

The following table analyses:

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

30 June 2024	**Fair value £'000**	**Valuation technique**	**Key unobservable inputs**	**Range**
Completed investment property	**325,957**	**Income capitalisation**	**ERV**	**£15.4 – £110.0 per sq ft**
			Equivalent yield	**5.05% – 7.50%**
Development property	**50,264**	**Income capitalisation/ residual method**	**ERV**	**£20.0 per sq ft**
			Equivalent yield	**5.05% – 5.75%**
Development land	**6,424**	**Comparable method/ residual method**	**Sales rate**	**£75.7 per sq ft**
Total	**382,645**			

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	£102.4 per sq ft
Total	382,300			

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

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

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

Gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy amount to a loss of £15.4 million (31 December 2023: £22.8 million loss) and are presented in the consolidated statement of comprehensive income in line item 'fair value gains/(losses) on investment properties'.

All gains and losses recorded in profit or loss for recurring fair value measurements categorised within Level 3 of the fair value hierarchy are attributable to changes in unrealised gains or losses relating to investment property held at the end of the reporting period.

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

20. Capital commitments

At 30 June 2024, the Group had contracted capital expenditure of £29.9 million (31 December 2023: £39.9 million).

21. Related party transactions

Directors

The Directors (all Non-Executive Directors) of the Company and its subsidiaries are considered to be the key management personnel of the Group. Directors' remuneration for the period totalled £98,232 (six months to 30 June 2023: £98,395), including £8,232 of employers' National Insurance contributions (six months to 30 June 2023: £8,395); and at 30 June 2024, a balance of £nil (31 December 2023: £nil) was outstanding.

Investment Adviser

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

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

During the period, the Group incurred £1,513,045 (six months to 30 June 2023: £1,731,525) in respect of investment advisory fees. As at 30 June 2024, £734,685 (31 December 2023: £787,521) was outstanding.

22. Ultimate controlling party

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

23. Post balance sheet events

A first interim dividend in respect of the period ended 30 June 2024 of 1.0 pence per share will be payable on 31 October 2024. The ex-dividend date will be 3 October 2024 and this will be paid entirely as an ordinary dividend.

The Group secured additional protection against future interest rate changes by capping the SONIA rate at 3.00% for the six month period ending 30 September 2025 based on the expected debt draw down profile of the current HSBC & BOI facility. Following the close out of the existing over hedged position, the additional hedging cost the Group a net premium of £0.3 million.

UNAUDITED SUPPLEMENTARY NOTES NOT PART OF THE CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Group is a member of the European Public Real Estate Association ("EPRA") and was awarded an EPRA gold award for compliance with EPRA Best Practice Recommendations ("BPR") for the 2023 Annual Report. EPRA has developed and defined the following performance measures to give transparency, comparability and relevance of financial reporting across entities which may use different accounting standards. The following measures are calculated in accordance with EPRA guidance. These are not intended as a substitute for IFRS measures.

Table 1: EPRA performance measures summary

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
EPRA earnings (£'000)	Table 2	**3,364**	2,469	5,959
EPRA EPS (pence)	Table 2	**1.0**	0.7	1.7
EPRA cost ratio (including direct vacancy cost)	Table 6	**36.6%**	44.1%	44.1%
EPRA cost ratio (excluding direct vacancy cost)	Table 6	**32.0%**	35.7%	33.7%

	Notes	**30 June 2024**	31 December 2023
EPRA NDV per share (pence)	Table 3	**76.4**	81.1
EPRA NRV per share (pence)	Table 3	**82.7**	87.2
EPRA NTA per share (pence)	Table 3	**75.5**	79.9
EPRA net initial yield	Table 4	**3.9%**	3.6%
EPRA 'topped-up' net initial yield	Table 4	**4.0%**	3.7%
EPRA vacancy rate	Table 5	**17.5%**	21.0%
EPRA LTV	Table 10	**31.1%**	27.0%

Table 2: EPRA income statement

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Revenue	3	**10,037**	9,857	19,942
Less: insurance recharged	3	**(81)**	(90)	(143)
Less: service charge income	3	**(1,970)**	(2,252)	(4,461)
Rental income (A)		**7,986**	7,515	15,338
Property operating expenses (including recoverable service charges)	4	**(2,694)**	(3,202)	(6,117)
Add: insurance recharged	3	**81**	90	143
Add: service charge income	3	**1,970**	2,252	4,461
Gross profit (B)		**7,343**	6,655	13,825
Administration expenses	4	**(2,276)**	(2,455)	(5,249)
Operating profit before interest and tax		**5,067**	4,200	8,576
Finance income	5	**2,089**	2,248	3,807
Finance expenses	6	**(4,759)**	(4,071)	(11,070)
Less: change in fair value of interest rate derivatives and deferred consideration	5,6	**967**	(525)	3,784
Less: costs of early refinancing with greater than 12 months to expiry	6	—	716	716
Adjusted profit before tax		**3,364**	2,568	5,813
Taxation	7	—	(99)	146
EPRA earnings		**3,364**	2,469	5,959
Company-specific adjustments:				
EPRA earnings				
Costs associated with moving to Main Market	10	—	(12)	(12)
Costs of early refinancing with less than 12 months to expiry	6	—	751	751
Adjusted earnings		**3,364**	3,208	6,698
Weighted average number of shares in issue (thousands)	17	**350,000**	350,000	350,000
EPRA EPS (pence)	10	**1.0**	0.7	1.7
Adjusted EPS (pence)	**10**	**1.0**	0.9	1.9
Gross to net rental income ratio (B/A)		**91.9%**	88.6%	90.1%

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

As at 30 June 2024	Notes	**EPRA NDV £'000**	**EPRA NRV £'000**	**EPRA NTA £'000**
Total properties[1]	11	**382,645**	**382,645**	**382,645**
Net borrowings[2]	13,15	**(108,215)**	**(108,215)**	**(108,215)**
Other net liabilities		**(7,200)**	**(7,200)**	**(7,200)**
IFRS NAV	18	**267,230**	**267,230**	**267,230**
Include: real estate transfer tax[3]		—	**25,350**	—
Exclude: fair value of interest rate derivatives	14	—	**(3,023)**	**(3,023)**
NAV used in per share calculations		**267,230**	**289,557**	**264,207**
Number of shares in issue (thousands)	18	**350,000**	**350,000**	**350,000**
NAV per share (pence)		**76.4**	**82.7**	**75.5**

As at 31 December 2023	Notes	EPRA NDV £'000	EPRA NRV £'000	EPRA NTA £'000
Total properties[1]	11	382,300	382,300	382,300
Net borrowings[2]	13,15	(94,385)	(94,385)	(94,385)
Other net liabilities		(4,170)	(4,170)	(4,170)
IFRS NAV	18	283,745	283,745	283,745
Include: real estate transfer tax[3]		—	25,357	—
Exclude: fair value of interest rate derivatives	14	—	(3,998)	(3,998)
NAV used in per share calculations		283,745	305,104	279,747
Number of shares in issue (thousands)	18	350,000	350,000	350,000
NAV per share (pence)		81.1	87.2	79.9

1. Professional valuation of investment property.
2. Comprising interest-bearing loans and borrowings (excluding unamortised loan arrangement fees) of £118.7 million net of cash of £10.5 million (31 December 2023: £108.7 million net of cash of £14.3 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	**30 June 2024 £'000**	31 December 2023 £'000
Total properties per external valuer's report	11	**382,645**	382,300
Less development property and land	11	**(56,688)**	(67,442)
Net valuation of completed properties		**325,957**	314,858
Add estimated purchasers' costs[1]		**21,594**	20,884
Gross valuation of completed properties including estimated purchasers' costs (A)		**347,551**	335,742
Gross passing rents[2] (annualised)		**14,943**	13,663
Less irrecoverable property costs[2]		**(1,317)**	(1,586)
Net annualised rents (B)		**13,626**	12,077
Add notional rent on expiry of rent-free periods or other lease incentives[3]		**208**	342
'Topped-up' net annualised rents (C)		**13,834**	12,419
EPRA NIY (B/A)		**3.9%**	3.6%
EPRA 'topped-up' net initial yield (C/A)		**4.0%**	3.7%

1. Estimated purchasers' costs at 6.6% (31 December 2023: 6.6%).
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 nil months (31 December 2023: one month).

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

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

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

Table 5: EPRA vacancy rate

	30 June 2024 £'000	31 December 2023 £'000
Annualised ERV of vacant premises (A)	**3,893**	4,113
Annualised ERV for the investment portfolio (B)	**22,295**	19,556
EPRA vacancy rate (A/B)	**17.5%**	21.0%

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	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Property operating expenses (excluding service charge expenses)	4	**497**	567	536
Service charge expenses	4	**2,197**	2,635	5,581
Add back: service charge income	3	**(1,970)**	(2,252)	(4,461)
Add back: insurance recharged	3	**(81)**	(90)	(143)
Net property operating expenses		**643**	860	1,513
Administration expenses	4	**2,276**	2,455	5,249
Deduct: costs associated with move to Main Market	10	**—**	12	12
Total cost including direct vacancy cost (A)		**2,919**	3,327	6,774
Direct vacancy cost		**(364)**	(632)	(1,587)
Total cost excluding direct vacancy cost (B)		**2,555**	2,695	5,187
Rental income[1]	3	**7,986**	7,515	15,338
Gross rental income (C)	3	**7,986**	7,515	15,338
Less direct vacancy cost		**(364)**	(632)	(1,587)
Net rental income		**7,622**	6,883	13,751
Total cost ratio including direct vacancy cost (A/C)		**36.6%**	44.3%	44.2%
Total cost ratio excluding direct vacancy cost (B/C)		**32.0%**	35.9%	33.8%

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Total cost including direct vacancy cost (A)		**2,919**	3,327	6,774
Add back: costs associated with move to Main Market	4	**—**	(12)	(12)
EPRA total cost (D)		**2,919**	3,315	6,762
Direct vacancy cost		**(364)**	(632)	(1,587)
EPRA total cost excluding direct vacancy cost (E)		**2,555**	2,683	5,175
EPRA cost ratio including direct vacancy cost (D/C)		**36.6%**	44.1%	44.1%
EPRA cost ratio excluding direct vacancy cost (E/C)		**32.0%**	35.7%	33.7%

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

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

It is the Group's policy not to capitalise overheads or operating expenses and no such costs were capitalised in the six months ended 30 June 2024 or in prior periods.

Table 7: Lease data

As at 30 June 2024	**Year 1 £'000**	**Year 2 £'000**	**Years 3-5 £'000**	**Year 5+ £'000**	**Total £'000**
Passing rent of leases expiring in:	**311**	**919**	**6,765**	**6,948**	**14,943**
ERV of leases expiring in:	**333**	**1,006**	**8,331**	**8,732**	**18,402**
Passing rent subject to review in:	**1,726**	**4,669**	**8,548**	**-**	**14,943**
ERV subject to review in:	**1,775**	**5,953**	**10,674**	**-**	**18,402**

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

WAULT to expiry is 5.6 years (31 December 2023: 5.8 years) and to break is 3.6 years (31 December 2023: 3.8 years).

Table 8: Capital expenditure

	Notes	**Six months ended 30 June 2024 £'000**	Year ended 31 December 2023 £'000
Acquisitions[1]	11	**25**	(780)
Development spend[2]	11	**12,954**	20,373
Completed investment properties:[3]			
No incremental lettable space – like-for-like portfolio	11	**1,789**	2,410
No incremental lettable space – other		**-**	—
Tenant incentives	11	**(70)**	167
Total capital expenditure		**14,698**	22,170
Conversion from accruals to cash basis		**347**	211
Total capital expenditure on a cash basis		**15,047**	22,381

1. During the current period and prior year end there were no acquisitions of new assets, the balances reflected relate to the finalisation of acquisitions from prior periods.
2. Expenditure on development property and land.
3. Expenditure on completed investment properties.

Table 9: Like-for-like net rental income[1]

	Notes	**Six months ended 30 June 2024 £'000**	**Six months ended 30 June 2023 £'000**	% Change
Like-for-like net rental income		**6,582**	6,468	1.8%
Development lettings		**761**	-	
Properties disposed in current and prior year		**-**	187	
Properties acquired in current and prior year		**-**	-	
Net rental income	3,4	**7,343**	6,655	

1. This table has been updated to reflect net rental income, taking into account property operating expenses which is more representative of the investment portfolio's performance.

Table 10: Loan to value ("LTV") and EPRA LTV
Gross debt less cash, short-term deposits and liquid investments, divided by the aggregate value of properties and investments. The Group also presents the EPRA LTV which is defined as net borrowings divided by total property market value.

	Notes	**30 June 2024 £'000**	31 December 2023 £'000
Interest-bearing loans and borrowings[1]	15	**118,726**	108,726
Cash	13	**(10,511)**	(14,341)
Net borrowings (A)		**108,215**	94,385
Investment property at fair value (B)	11	**382,645**	382,300
LTV (A/B)		**28.3%**	24.7%

EPRA LTV

	Notes	**30 June 2024 £'000**	31 December 2023 £'000
Interest-bearing loans and borrowings[1]	15	**118,726**	108,726
Net payables[2]		**10,878**	8,976
Cash	13	**(10,511)**	(14,341)
Net borrowings (A)		**119,093**	103,361
Investment properties at fair value	11	**382,645**	382,300
Total property value (B)		**382,645**	382,300
EPRA LTV (A/B)		**31.1%**	27.0%

1. Excludes unamortised loan arrangement fees asset (see note 15) of £0.7 million (31 December 2023: £0.8 million).
2. Net payables include trade and other receivables, other payables and accrued expenses. See Consolidated Statement of Financial Position and notes 12 and 16 for a full breakdown.

Table 11: Total accounting return
The movement in EPRA NTA over a period plus dividends paid in the period, expressed as a percentage of the EPRA NTA at the start of the period.

	Notes	**Six months ended 30 June 2024 Pence per share**	Year ended 31 December 2023 Pence per share
Opening EPRA NTA (A)	18	**79.9**	90.0
Movement (B)		**(4.4)**	(10.1)
Closing EPRA NTA	18	**75.5**	79.9
Dividend per share (C)	9	**1.0**	4.0
Total accounting return (B+C)/A		**(4.3%)**	(6.8)%

Table 12: Interest cover

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

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Adjusted operating profit/(loss) before gains on investment properties (A)[1]		**5,067**	4,188	8,564
Finance expenses	6	**4,759**	4,071	11,070
Add back: capitalised finance costs	6	**1,059**	1,750	3,261
Less: exceptional finance costs	6	—	(1,467)	(1,467)
Less: finance income	5	**(2,089)**	(2,248)	(3,807)
Add back: change in fair value of interest rate derivatives and deferred consideration	5,6	**(967)**	525	(3,784)
Loan interest (B)		**2,762**	2,631	5,273
Interest cover (A/B)		**183.5%**	159.2%	162.4%

1. Adjusted for move to Main Market costs in 2023 of £(12,000).

Table 13: Ongoing charges ratio

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

	Notes	**Six months ended 30 June 2024 £'000**	Six months ended 30 June 2023 £'000	Year ended 31 December 2023 £'000
Administration expenses	4	**2,276**	2,455	5,249
Less: costs associated with move to Main Market	10	—	12	12
Ongoing charges		**2,276**	2,467	5,261
Annualised ongoing charges (A)		**4,552**	4,934	5,261
Opening NAV as at start of period		**283,745**	319,451	319,451
NAV as at 30 June		**-**	—	314,270
Closing NAV as at end of period		**267,230**	314,270	283,745
Average undiluted NAV during the period (B)		**275,488**	316,861	305,822
Ongoing charges ratio (A/B)		**1.7%**	1.6%	1.7%

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 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

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 net rental income movement
The increase/decrease in net rental income of properties owned throughout the period under review, expressed as a percentage of the net rental income at the start of the period, excluding acquisitions, disposals, development property and land

Like-for-like rental income movement
The increase/decrease in contracted rent of properties owned throughout the period under review, expressed as a percentage of the contracted rent at the start of the period, excluding 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 equivalent yield ("NEY")
The weighted average rental income return expressed as a percentage of the investment property valuation, plus purchasers' costs, excluding development property and land

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

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