14 June 2018

Syncona Limited

Final Results for the Year Ended 31 March 2018

Syncona invests in innovative areas of healthcare, taking a long-term view and a significant ownership stake while working in deep partnership with our companies to build global leaders in life science.

Strong returns and NAV increase with positive performance across the Company in the year

- Net assets at year end of £1,055.8 million, 158.9[1] p per share, a total return of 18.7 per cent
- 57.2 per cent return from life science portfolio driven by financing events in Nightstar and Autolus and positive progress in Blue Earth
- Fund investments valued at £465.1 million, generating a return of 7.5 per cent and providing a deep pool of capital which supported the deployment of £125.2 million into new and follow on life science investments
- Dividend of 2.3p declared (2017: 2.3p); charitable donation of £4.75 million

Significant operational and financial performance in our portfolio companies

- Blue Earth Diagnostics (Blue Earth), our PET imaging agent company, continued to deliver strong performance with US unit sales of Axumin of 3700 in Q3 FY2018 and 5000 in Q4 FY2018 and became profitable during the period.
- Autolus, our T cell immunotherapy company, completed a US$80m Series C financing at a material uplift and is currently pursuing a proposed IPO on NASDAQ
- Nightstar, our gene therapy company targeting inherited forms of blindness, completed a US$45 million Series C financing and a successful IPO on NASDAQ raising US$86 million
- Three portfolio companies, Nightstar, Autolus and Freeline commenced important clinical trials. Including Nightstar's pivotal study in Choroideremia commenced post year end, we now have eight Phase 1/2 trials and one pivotal Phase 3 across our clinical pipeline
- Strong progress across the portfolio developing and scaling manufacturing and delivery processes and platforms, and advancing product pipelines

Expanded global leadership position in gene therapy

- Establishment of two new companies with Syncona as sole institutional investor:
  - Orbit BioMedical founded through the acquisition of the leading surgical platform for sub-retinal delivery from Janssen Biotech, Inc, an enabling asset for Syncona's retinal gene therapy companies. Syncona committed $12 million to the business and has an 80 per cent ownership stake
  - Creation of SwanBio, a gene therapy company focused on neurological disorders and the central nervous system. Syncona committed $23 million in a Series A financing, for 72 per cent ownership
- These two new businesses take our AAV gene therapy platform to five companies; Nightstar, Freeline, Gyroscope, SwanBio and Orbit Biomedical
- This platform covers the major tissue compartments where gene therapy has proof of concept; the eye, liver and central nervous system, making it one of the most comprehensive coordinated AAV gene therapy platforms globally

Outlook – well positioned to continue to deliver strong progress

Syncona has a differentiated business model, with a deep pool of capital supporting our ambition of delivering transformational treatments to patients and capturing superior returns for shareholders by building the next generation of healthcare companies.

Our life science portfolio is on plan to deliver strong strategic progress over the next year. Our portfolio companies are well placed to continue to progress towards key milestones and the delivery of their development plans and, in the case of our established business Blue Earth, we expect continued positive sales progress this year. Many of our

[1] Fully diluted - please refer to note 15 in the financial statements

remaining portfolio companies are currently engaged in or will soon enter clinical trials, with an important period ahead over the next two to three years. Specifically, within the next 12 months we are anticipating:

- Initial Phase 1/2 data from five clinical trials; Autolus (Multiple Myeloma, paediatric ALL and adult DLBCL), Nightstar (XLRP), Freeline (Haemophilia B)
- Two new clinical trials expected to commence in Gyroscope and Autolus

We continue to see strong opportunities for new investments, both in areas like cell and gene therapy where we are strategically positioned and beyond as we seek to create a portfolio of no more than 15-20 high quality portfolio companies in transformational areas of science that we can support over the long-term. In line with this, we expect to continue executing financings in both new and existing companies at varying stages of the development cycle.

Martin Murphy, CEO, Syncona Investment Management Limited, said:

"This year we have seen our differentiated strategy continuing to deliver positive performance across the business, with strong NAV progression. Our ability to create, invest in, and build global leaders in life science is underpinned by our evergreen funding base which enables us to take a flexible approach with control over how we manage our portfolio.

Syncona's partnership approach has driven strong financial and operational progress in the year, delivering significant value progression across the portfolio. Nightstar, Autolus and Freeline all commenced clinical trials – with Nightstar completing an IPO on NASDAQ just four years after Syncona founded the company. Our Established business, Blue Earth, continued to deliver strong sales and became the first Syncona founded company to reach profitability during the period.

This year Syncona also greatly strengthened its leadership position in gene therapy, including the establishment of two new companies, and we now have one of the broadest, high-quality, co-ordinated gene therapy platforms globally.

We look forward to helping these businesses fulfil their potential in delivering truly transformational treatment to patients, and value to our shareholders."

[ENDS]

Enquiries

Syncona Limited Tel: +44 (0) 20 7611 2031

Siobhan Weaver, Annabel Clay

Tulchan Communications Tel: +44 (0) 207 353 4200

Martin Robinson, Lisa Jarrett-Kerr

About Syncona:

Syncona is a leading FTSE250 healthcare company focused on investing in and building global leaders in life science. Our vision is to deliver transformational treatments to patients in truly innovative areas of healthcare while generating superior returns for shareholders.

We seek to partner with the best, brightest and most ambitious minds in science to build globally competitive businesses.

We take a long-term view, underpinned by a deep pool of capital, and are established leaders in the development of genetic medicine, particularly gene and cell therapy. We focus on delivering dramatic efficacy for patients in areas of high unmet need.

Copies of this press release, a company results presentation, and other corporate information can be found on the company website at: www.synconaltd.com

Valuation movements in period (£m):

Company	31 Mar 2017 Value (£m)	Net invest-ment in period (£m)	Valuat-ion change (£m)	31 Mar 2018 value (£m)	% NAV	Valuat-ion basis	Fully diluted owner-ship stake (%)	Focus area
Life science portfolio companies								
Established								
Blue Earth	108.4	6.0	72.4	186.8	17.7	rDCF	89	Advanced diagnostics
Maturing								
Nightstar	34.2	25.6	64.7	124.5	11.8	Quoted	42	Gene therapy
Autolus	31.2	38.1	15.8	85.1	8.1	PRI	38	Cell therapy
Freeline	18.0	18.0	-	36.0	3.4	Cost	74	Gene therapy
Developing								
Gyroscope	5.0	6.0	-	11.0	1.0	Cost	78	Gene therapy
Orbit Biomedical	-	8.4	0.2	8.6	0.8	Cost	80	Surgical devices[2]
Achilles	2.8	3.8	-	6.6	0.6	Cost	69	Cell therapy
SwanBio	-	4.9	-	4.9	0.5	Cost	72	Gene therapy
Life science investments								
CRT Pioneer Fund	21.8	9.0	-	30.8	2.9	Third-party	N/A	
CEGX	5.2	-	4.6	9.8	0.9	PRI	9	
Endocyte	-	4.0	5.0	9.0	0.9	Quoted	2	
Syncona Collaborations	-	1.4	-	1.4	0.1	Cost	100	
SUB-TOTAL	**226.6**	**125.2**	**162.7**	**514.5**	**48.7**			
Fund investments	**582.8**	**(135.8)**	**18.1**	**465.1**	**44.1**			
Cash	**86.3**	**-**	**-**	**85.2**	**8.1**			
Other net liabilities	**(0.5)**	**-**		**(9.0)**	**(0.9)**			
TOTAL	**895.2**	**-**	**-**	**1,055.8**	**100**			

Chairman's statement

I am pleased to report on a year of strong performance and progress. NAV per share increased from 135.8p to 158.9 p[3], an 18.7 per cent total return[4], and Syncona ended the year with net assets of £1,055.8 million (31 March 2017: £895.2 million).

Strong performance and significant strategic progress

Our life science portfolio continues to generate strong growth, delivering a 57.2 per cent return in the year, driven by a combination of strong commercial progress and a number of positive financing rounds at significant uplifts. At the same time, our fund investments continue to perform well, delivering a 7.5 per cent return. We have integrated the fund investments team, with Arabella Cecil joining Syncona Investment Management Limited as Head of Fund Investments, and made good progress in repositioning our fund investments to focus on liquidity and downside protection. This deep pool of capital provides a robust capital base to support our life science investment programme and is an important differentiator for our strategy of investing in life science over the long-term.

Dividend and charitable donations

2 Focused on sub-retinal delivery, an enabling technology for Syncona's retinal gene therapy companies
3 Fully diluted – please refer to note 15 in the financial statements
4 Including 2.3p dividend paid in August 2017

The Board has declared a final dividend of 2.3p per share (2017: 2.3p per share). We will be reviewing our dividend policy over the next 12 months as Syncona moves further towards becoming predominantly invested in life science.

Our annual charitable donation remains an important part of our corporate social responsibility. The BACIT Foundation is currently in the process of changing its name to The Syncona Foundation, reflecting its continued close connection to the Company, and we look forward to maintaining our strong relationship. We have been pleased to again contribute £4.75 million in 2018 to charities in the fields of healthcare, particularly cancer, and beyond. This takes our total charitable donations since inception to £22.8 million. Our funding is a significant source of income for the charities we support, and we are very pleased to have been able to assist them to continue the important work that they do.

Board evolution continues

Rob Hutchinson joined the Board in November 2017. Rob brings broad financial experience, having spent 28 years at KPMG. He became Chair of the Audit Committee on 1 April 2018. Gian Piero Reverberi joined on 1 April 2018 and brings over 20 years' experience in the commercialisation of novel therapies through various roles at Vanda Pharmaceuticals, Shire and Eli Lilly. On 1 April 2018 Nick Moss became Senior Independent Director, having stepped down as Chair of the Audit Committee at the end of the financial year.

I am very grateful to all my colleagues for their contribution and support, and welcome new colleagues to the Board. I am certain that their skills will prove invaluable as Syncona embarks on its next stage of growth and development. We will continue to evolve the Board over the coming years as Syncona increases its exposure to life science.

The future

Syncona's vision is to deliver transformational treatments to patients in innovative areas of healthcare while generating superior returns for shareholders.

We have a high-quality portfolio of life science companies and a strong capital base. The challenges we pursue when we invest in life science are not simple or easy given we often target complex diseases with devastating symptoms or outcomes. Some of our efforts will not succeed, but in those companies that do, we have the potential to dramatically change patient lives while generating significant value for shareholders. We have an expert multi-disciplined team, a highly selective investment strategy and a long-term approach that underpins our vision of building the next generation of healthcare companies. The future is very exciting.

As always, we are grateful for the continued hard work and dedication of our team in delivering significant progress across the portfolio. I would like to also thank the BACIT team for the substantial contribution they have made to the Company since it listed in 2012.

We are grateful for your continued support over the past year and look forward to updating you further in the year to come.

Jeremy Tigue
14 June 2018

Report from CEO of Syncona Investment Management Limited

2018 has been another very positive year for Syncona. We have made strong progress developing our existing life science companies and completed selective new investments in a small number of promising opportunities, in line with our focused strategy to build global leaders in healthcare.

A year of strong progress in our portfolio companies

We have made positive commercial, operational and development progress across the life science portfolio this year, including a number of significant valuation uplifts. At the year end, our life science portfolio was valued at £514.5 million, increasing in value by £162.7 million and generating a return of 57.2 per cent[5].

---

[5] Time Weighted Rate of Return

We founded our most mature company, Blue Earth, in 2014, supporting it through development to the successful commercial launch of its lead product, Axumin. As at year end, the company had dosed over 15,000 patients, with revenues of £35.9 million over the 12 months to 31 March 2018, and is now a profitable business. This is a remarkable achievement just two years following launch and four years since Syncona founded the company.

Blue Earth's success has been enabled by both high-quality execution and by the clear patient impact Axumin demonstrates in the recurrent prostate cancer setting, with over 61 per cent of patients who receive an Axumin scan having their treatment path changed, a very meaningful result in the context of these patients[6]. Post the year end, Blue Earth also took an important step to extend its leadership position in the field, acquiring an exclusive worldwide licence to a high-quality, broad family of Prostate Specific Membrane Antigen (PSMA)-targeted radiohybrid agents which are expected to play an important role in the detection of prostate cancer in the future.

Beyond Blue Earth, we have seen three of our portfolio companies, Autolus, Nightstar and Freeline, commence important clinical trials, which now total eight Phase 1/2 trials and one Pivotal Phase 3 across our clinical pipeline, including Nightstar's pivotal trial in Choroideremia commenced post year end. These are critical steps for our companies and the outcomes of these programmes in the clinic will be the ultimate determinant of whether our companies succeed in delivering transformational treatments to patients. We also made a number of exciting new investments which provide Syncona with options for future growth.

A capital model fit for a long-term approach to building global leaders

Syncona has a differentiated business model which combines a deep pool of capital with an expert team and a focused portfolio of high potential life science companies. This combination means that we have flexibility and control to take a long-term view when supporting our companies over the timeframes they need to succeed, and can own significant ownership stakes through the development cycle.

The success of Blue Earth, a business founded and solely funded by Syncona, demonstrates the benefits of having our own deep pool of capital, allowing us the flexibility to retain sole ownership where it makes strategic sense for us to do so. Equally the external financing rounds conducted this year demonstrate the benefits of our model and the quality of the companies Syncona builds, including a Series C financing and successful NASDAQ IPO in Nightstar, and a Series C financing round in Autolus, all of which were conducted at significant uplifts.

We believe this flexibility and control differentiates Syncona and allows us to capture value over the long-term.

The next wave in healthcare is here and we are well placed to benefit.

What was particularly notable over the last year was the clear and unequivocal arrival of what Syncona describes as the 'Third Wave' – the next generation of treatments using cell and gene therapies which, we believe, will provide significant opportunities to address currently intractable diseases, and whose emergence will change the dynamics of the healthcare market over the coming decades.

While these therapies have been in development for several decades, industry and regulators have now recognised that these treatments are ready to be delivered to patients, with the first cell and gene therapies approved in the United States, two in the field of oncology and one targeting a genetic form of blindness.

This is a very positive development for Syncona, as we recognised the potential for cell and gene therapies in 2012 and have since created a portfolio of seven companies in these areas; two cell therapy companies, Autolus and Achilles, and five gene therapy companies, Nightstar, Freeline, Gyroscope and our newly founded companies SwanBio and Orbit Biomedical. We have systematically invested across all aspects required to deliver high-quality, consistent therapies at commercial scale. Today, we believe we have one of the largest and highest quality 'Third Wave' portfolios on a global basis.

These developments represent a unique opportunity to participate in a potential once-in-a-generation shift in healthcare. If we execute well, Syncona can be at the forefront of a new wave of potentially curative therapies for many diseases, which today have no or limited treatment options.

[6] The FALCON trial was a UK-based, open-label study to evaluate the clinical impact of fluciclovine (^{18}F) PET/CT imaging on patient management decisions in men with biochemically recurrent prostate cancer.

A differentiated approach to capitalise on the opportunity

Syncona is well placed to capitalise on these trends, given our differentiated position in the market. We do not try to be all things to all people – we invest with discipline and focus on a select range of opportunities. Our guiding principles are:

- We are hands on and long-term investors. Our skill is not just in identifying the highest quality emerging science, but in partnering with founders to create companies and build teams capable of translating science into clinical and patient realities
- We make high conviction investment decisions where we see a sufficient, data-grounded probability of success.
- We focus on what will be meaningful for patients: we do not believe there is a future for incremental innovation in healthcare. The products we deliver to market must be differentiated and make a real difference to the treatment of disease for the patient, the physician, and for the payers who fund such treatments

An important period ahead

The next two to three years will be extremely important for Syncona as our portfolio companies progress through clinical trials. We are expecting initial data on a number of these trials over the next 12 months. We believe our companies are well placed to execute well through their planned clinical and regulatory development, but these processes involve significant risk.

We continue to see strong opportunities for new investments. In particular, as a result of our strong reputation in 'Third Wave' areas, we have seen our opportunity set expand globally, as demonstrated by our first US-based investments in the area, in Orbit Biomedical and SwanBio. We will also continue to invest outside the 'Third Wave' space in areas where we have deep expertise and can replicate the Syncona model; to take a significant ownership stake in the company that we can own at least to commercialisation, to work in deep partnership with those portfolio companies such that we can enhance their chances of success, and to target areas of dramatic efficacy where we can deliver transformational treatments to patients.

We have a differentiated business model through which we are seeking to capture superior returns for shareholders, targeting 15 per cent IRR through the cycle. Our deep pool of capital supports our ambition of delivering transformational treatments to patients and building the next generation of healthcare companies.

Martin Murphy, CEO, Syncona Investment Management Limited
14 June 2018

Life Science Portfolio review

The portfolio performed strongly during the year, meeting or exceeding the key operational and financial milestones set out at the beginning of the year.

Over the course of the year we made significant steps towards our development and commercialisation plans for our existing portfolio companies. We made a number of new investments, particularly in the areas of 'Third Wave' modalities where we have deep expertise and have reinforced our leadership position in this space. As at 31 March 2018, our life science portfolio consisted of eight portfolio companies and four investments and was valued at £514.5 million.

The companies in our life science portfolio are categorised in three stages. Established companies are those that are marketing their products, Maturing companies have made significant development progress towards market approval for their product and Developing companies are earlier stage, focused on establishing differentiated platforms, management teams and capabilities to progress their products through the full regulatory approval path.

Beyond Syncona's portfolio companies, where we typically have a significant ownership stake and are a founder with significant operational influence, we also have a number of life science investments which represent good opportunities to generate returns for shareholders or provide promising options for the future and are aligned in areas where Syncona has domain knowledge.

Established companies:

Blue Earth Diagnostics

Blue Earth was established by Syncona in 2014 when Axumin, then in clinical development, was licensed from GE Healthcare with the ambition of building a world-leading prostate cancer imaging company, developing molecular imaging technologies to reliably inform diagnosis and treatment decisions.

Blue Earth has had another positive year, delivering a strong commercial launch. More than 15,000 patients have now received an Axumin scan since the product was launched commercially. Revenues during the 2018 financial year were £12.4 million in the first half, increasing to £23.5 million in the second half, and the business reached profitability during the period.

Quarter since launch	Units sold (US)
1 (Q3 FY2017)	200
2 (Q4 FY2017)	800
3 (Q1 FY2018)	1800
4 (Q2 FY2018)	2500
5 (Q3 FY2018)	3700
6 (Q4 FY2018)	5000

Importantly, Blue Earth's FALCON trial during the year showed that in over 61 per cent of cases, patients undergoing an Axumin scan will have a 'change in management' in the way their disease is treated. This is a significant achievement and demonstrates that the product is having a real impact for patients and their physicians, which is our overarching aim in all our life science investments.

Axumin's presence expanded across markets during the year. After securing approval for Axumin from the European Medicines Agency in May 2017, the business signed new distribution agreements covering 14 European countries and began conducting early sales in its first market, Austria. Distribution and coverage in the United States has continued to expand through Blue Earth's successful partnership with Siemens PETNET, increasing from 14 active sites to 19 out of a possible 31 over the course of the year.

The business has also continued to focus on extending its leadership position in the prostate imaging market. It continues to make good progress towards a label extension for Axumin in glioma, a form of brain cancer, in 2018 and, following the year end, also signed an exclusive worldwide licence to a high-quality, broad family of PSMA-targeted radiohybrid agents for prostate cancer imaging. This represented an opportunity to expand Blue Earth's portfolio in prostate cancer imaging to new areas of high unmet need, such as early stage primary prostate cancer patients where Axumin is not used.

Looking forward, we expect Blue Earth to maintain a positive sales trajectory. The business is focused on continuing to increase Axumin's coverage and penetration and will begin work on its PSMA asset development, aiming to file an Investigational New Drug Application and complete Phase 1/2 work in 2019.

Maturing Companies

Nightstar Therapeutics:

Nightstar utilises gene therapy to develop products for inherited forms of blindness and is pursuing a pipeline of retinal gene therapy programmes. Its lead product is for Choroideremia, a progressive blinding condition for which there are no alternative therapies.

Nightstar had a successful year as a business. In particular, it became the first Syncona-founded company to progress to the public markets, on a timeline which we believe to be one of the fastest from founding to listing on NASDAQ for a UK biotech company.

Operationally, the business progressed its preclinical pipeline and its Phase 1/2 trial in its second programme of X-linked Retinitis Pigmentosa, another progressive blinding condition for which there are no available therapies. Importantly, the business commenced its pivotal Phase 3 trial (NSR-REP1) in Choroideremia on schedule in April 2018, post year end, with Phase 3 being the last step before potential product approvals. The primary endpoint being assessed in the trial is the proportion of patients with an at least 15 letter gain[7] in visual acuity at month 12 (High-Dose vs. Control). Nightstar expects to complete enrolment of the Phase 3 trial in the first half of 2019 with the one year follow-up results expected in 2020.

[7] On a standardised ETDRS letter chart.

The business is expecting to publish initial efficacy and safety data in X-linked Retinitis Pigmentosa in 2018 and will progress preclinical work for the next programmes in its pipeline as it seeks to achieve its ambition of becoming the global leader in retinal gene therapy.

Autolus:

Autolus is a biopharmaceutical company developing next-generation programmed T cell therapies for the treatment of cancer. The business engineers precisely targeted, controlled and highly active T cell therapies that are designed to recognise and break down the defence mechanisms of cancer cells and eliminate them. Autolus believes its treatments have the potential to offer cancer patients substantial benefits over the existing standard of care, including the potential for cure in some patients.

Autolus made significant progress this year, including licensing new clinical stage programmes (AUTO1 in paediatric ALL and AUTO1 in adult ALL) and announcing the AUTO6 program in neuroblastoma (a partnered programme with Cancer Research UK). It commenced new clinical trials including in its three existing programmes of Multiple Myeloma (AUTO2), paediatric ALL (AUTO3), DLBCL (AUTO3), and in adult ALL (AUTO1). The business is progressing these programmes through the clinic rapidly, with data expected to begin reading out from this year.

In September 2017, Autolus conducted a US$80 million Series C investment round at a significant valuation uplift. The business announced post year end that it had filed for a proposed initial public offering in the United States, the process of which remains ongoing.

Freeline:

Freeline is a gene therapy company focused on liver expression for chronic systemic diseases. The business met a significant milestone during the year, with the first patient dosed in its lead programme in Haemophilia B, a rare, lifelong monogenic disease which causes prolonged or spontaneous bleeding episodes primarily in the brain, muscles and weight-bearing joints.

We believe the business is well placed to execute on its vision. It has a proprietary capsid which draws on founder Amit Nathwani's ground-breaking work in gene therapy of the liver published in 2011 in the New England Journal of Medicine which showed safe, effective and sustainable expression, and which has informed the competitive landscape since. We believe the Freeline treatments have the potential to be best in class for the delivery of liver-targeted therapy.

Syncona seeks to build its portfolio companies ambitiously, and in line with this aim Freeline has systematically invested in, and built, an industry-leading, commercial scale AAV manufacturing platform and a world-class team with extensive track records in gene therapy, clinical translation and global drug approvals. The company is led by Anne Prener, formally Vice President, Clinical Research Haemotology and Global Therapeutic Area Head of Haematology at Baxalta, who commenced as CEO in July 2017.

Initial data from the Phase 1/2 trial in Haemophilia B is anticipated within 12 months, while the business has identified and is working on its next programmes in other systemic diseases.

Developing companies

Gyroscope is the second Syncona-founded retinal gene therapy company, and our first gene therapy company seeking to move beyond rare monogenic disorders into prevalent diseases impacting significantly larger sized patient markets. The business was founded by Syncona in May 2016 after it saw an opportunity to apply gene therapy to the complement system, a part of the immune system, in the development of Dry Age Related Macular Degeneration (dry AMD), the leading cause of irreversible blindness in the developed world. The business has an ambition to become the leading gene therapy company in retinal inflammation.

During the year the business made significant progress building out its operations and team, including appointing Soraya Bekkali as CEO. Soraya joined from Lysogene, a clinical-stage gene therapy company, where she was SVP Chief Medical Officer, and prior to this was Global Head of Ophthalmology Business Unit at Sanofi, where she led Sanofi's ophthalmology strategy towards ocular gene therapy.

The company is expecting to dose its first patient in its lead programme in one of the most severe forms of dry AMD this year, and will nominate the candidate for the second programme over the next 12 months.

Achilles, our second cell therapy company which is focused on immunotherapy to treat lung cancer, also made good progress during the year, demonstrating pre-clinical product viability, and the company will progress towards clinical studies in 2019. Syncona Managing Partner, Iraj Ali, replaced Chris Ashton, who retired as CEO of the business and a Syncona partner in late 2017. Iraj will lead Achilles through the next phase of its business plan.

Finally, SwanBio and Orbit Biomedical are Syncona's newly founded gene therapy businesses. SwanBio is a gene therapy company focused on the development and commercialisation of genetically defined therapies for the treatment of neurological disorders. Orbit has the potential to transform the accuracy, safety and consistency of delivering therapeutics, including gene therapies, to the sub-retinal space with its proprietary device, minimally invasive surgical technique and state-of-the-art-training. The businesses provide Syncona with further scale and breadth in AAV gene therapy where we have a leading position. They will focus this year on recruiting further members of the team and establishing and building out their operations.

Life science investments:

CEGX progressed well and completed a $27.5 million financing round post year end. Given Syncona's relatively low ownership stake in the business (previously 12 per cent, 9 per cent following the investment round), we regard our holding in CEGX as an investment. In this context we remain supportive of the business, but did not participate in the financing round. Following the round, Syncona's investment is valued at £9.8 million, a £4.6 million uplift to the previous holding value.

The CRT Pioneer Fund has now completed its new asset investment period, with 12 opportunities in the portfolio. Syncona contributed a net £9.0 million during the year, with a further £19.3 million of commitments remaining.

During the year we acquired a two per cent holding in Endocyte (ECYT), a NASDAQ-listed biotech company with a potential product for late-stage prostate cancer. We viewed the company as fundamentally undervalued and invested a total of £4.0 million, which was valued at £9.0 million at year end. While not the core of what we do, Endocyte operates in therapeutic areas where we have deep domain expertise, allowing us a high level of confidence in the investment. Following the year end, we sold £4.1 million worth of shares, recovering the cost of our original investment, while retaining a holding of 1.4 per cent.

Finally, we entered into a new collaboration agreement (Syncona Collaborations) with Edinburgh University to fund a two-year programme into a promising new potential use of cell therapy to treat an area of chronic disease. Should initial pre-clinical work prove promising, we have the option to form a new company to progress the development of these innovations.

Outlook

Our portfolio companies are well placed to continue to execute their development plans and, in the case of Blue Earth, we expect continued positive sales progress.

We have a number of important milestones approaching. Autolus, Nightstar and Freeline are now in clinical trials and the next year will be crucial for these businesses, as well as for Gyroscope, which is expected to move to clinical stage. Specifically, in the next 12 months we anticipate:

- Initial Phase 1/2 data in five clinical trials: Autolus (Multiple Myeloma, paediatric ALL and adult DLBCL), Nightstar (XLRP), Freeline (Haemophilia B)
- Two new clinical trials expected to commence in Gyroscope and Autolus

All of our portfolio companies have first class management teams and are operating in areas of high unmet medical need and we believe they are in a strong position to navigate clinical and regulatory processes, but the pathway ahead of them is not without risk.

Our new portfolio company investments in Orbit Biomedical and SwanBio are exciting new opportunities completed in line with Syncona's disciplined approach to creating a portfolio of no more than 15-20 companies in transformative areas of science that we can support over the long-term, ultimately seeking to deliver transformational treatments for patients in areas of high unmet need.

After founding these new companies in AAV Gene Therapy, we are now reaching critical mass, with what we believe to be one of the most comprehensive co-ordinated AAV Gene Therapy programmes and platforms globally.

Finally, we continue to see strong opportunities for new investments, both in the 'Third Wave' and beyond.

In short, we have a high-quality portfolio that is well positioned to continue to progress towards their key milestones and development plans. We are strategically positioned in the increasingly important area of cell and gene therapy, have a strong pipeline of opportunities and remain focused on delivering transformational treatment to patients.

Chris Hollowood, Chief Investment Officer, Syncona Investment Management Limited
14 June 2018

Finance review

Syncona has made significant progress in the year and delivered strong NAV progression. We continue to demonstrate the benefit of a differentiated model that enables us to draw from a deep pool of productively deployed capital to make investments in our focused life science portfolio.

Performance driven by significant progress in our life science portfolio

At 31 March 2018, Syncona had net assets of £1,055.8 million, or 158.9p per share (2017: £895.2 million – 135.8p per share)[8], reporting a total return of 18.7 per cent[9] in the year with performance driven by a 57.2 per cent growth from life science portfolio, underpinned by a 7.5[10] per cent return from fund investments.

Within our life science portfolio, performance has primarily been driven by the valuation increases of a number of our established and maturing portfolio companies, in particular Blue Earth, Nightstar and Autolus. Together these increases added £152.9 million to the value of the portfolio. The most material of these uplifts, Blue Earth, was valued at £186.8 million at the year end, an increase of £72.4 million in the year, as the business moved into profitability following the continued strong commercial performance of Axumin, and the licencing of a new PSMA agent. The valuation movement in both Nightstar and Autolus was driven by financing events, with Nightstar successfully completing a Series C investment round and an IPO on NASDAQ and Autolus completing a Series C fundraising in the year.

Valuation policy

The valuation of investments is conducted in accordance with International Private Equity and Venture Capital Valuation Guidelines. At 31 March 2018, the life science investments were valued at cost, Price of Recent Investment, rDCF or quoted basis. In the case where Syncona is the sole institutional investor and substantive clinical data which is material to Syncona has been generated in life science portfolio companies, we will use input from an independent valuations advisor in its determination of the fair value of investments. The fund investments are valued by reference to third-party pricing.

Investment cashflow in line with guidance

During the year, gross investment into life science investments was £127.2 million (net investment of £125.2 million), funding four new and seven follow-on investments, and in line with prior year guidance of £75 million to £150 million. Whilst the absolute level of drawdowns will be dependent on our investment pipeline, our current expectation is that the Company will continue to invest between £75 million to £150 million in new and existing life science investments over the next 12 months.

Liquidity profile	**£m**
Net Cash	76.2
< 1 month	203.7
1-3 months	51.0
3-12 months	150.2
> 12 months	60.2
TOTAL	541.3

Uncalled commitments reflect new investments and financing rounds

[8] Fully diluted, please refer to note 15 in the financial statements
[9] Including 2.3p dividend paid in August 2017
[10] Including realised gain of £19.3m on foreign exchange hedge

Uncalled commitments stood at £72.0 million at the year end, of which £47.1 million relate to milestone payments associated with the life science portfolio and £19.3 million to the CRT Pioneer Fund. These payments are typically linked to the relevant portfolio company achieving key strategic and development goals over the next 24 months. The remainder of the uncalled commitments relate to fund investments.

Strong capital base and significant liquidity in fund investments

Syncona has a strong capital base with net cash resources of £76.2 million[11] and £465.1 million of further liquidity in fund investments.

During the year, Syncona's life science and fund investment teams worked increasingly closely together to support the key goal of meeting the capital requirements of the life science business. Over this time, the fund investments' parameters have evolved to focus on liquidity and capital preservation and the underlying investments are transitioning towards funds that are less correlated to equity markets and are typically more liquid than in the past. In line with this, over the 12 months a number of allocations to long-only funds were redeemed in favour of hedged strategies.

Fund investments	**£m**
Opening value[12]	582.8
Redemptions	(220.3)
Reinvestment	84.5
Movement in unrealised gain on hedge	1.1
Unrealised gain on fund investments	17.0
Closing value	**465.1**

The portfolio of fund investments is invested with 18 managers across 23 funds and focuses on managers with track records of containing downside volatility through portfolio construction or nimble repositioning and active management of underlying holdings, or both. The fund investments represent a productively deployed capital base, generating attractive risk-adjusted returns, which can be drawn upon to support Syncona's life science investment programme. Importantly, this capital base gives us flexibility and control over the choice and timing of life science investments.

Strategy	**£m value**	**% of NAV**	**% of funds investments**	**% change in weighting in 12 months**
Equity hedge funds	214.2	20.3	46.1	7.9
Equity funds	117.8	11.2	25.3	1.2
Fixed income and credit funds	67.7	6.5	14.6	-0.5
Other strategies	39.3	3.7	8.4	2.5
Global macro funds	24.6	2.3	5.3	-7.9
Commodities	-	-	-	-3.5
Unrealised FX hedge	1.5	0.1	0.3	0.3
TOTAL	**465.1**	**44.1**	**100.0**	**0.0**

The 7.5 per cent return from the fund investments was predominantly driven by the long-biased elements of the portfolio, with both equity hedge funds and equity funds producing strong constant currency returns of 9.9 per cent and 13.6 per cent respectively. The remainder of the portfolio is invested in fixed income and credit funds, which generated a constant currency return of 3.5 per cent and Global Macro funds, which made a small negative contribution to performance on a constant currency basis of -0.4 per cent. Other strategies, which include infrastructure, private equity and credit, generated a constant currency return of 20.7 per cent, benefitting from a number of strong realisations.

Top 10 fund investments

Fund	**Strategy**	**Asset Class**	**% of NAV**
The SFP Value Realization Fund	Long-bias	Equities	3.6

[11] Gross cash resources of £85.2m, less £9.0m of net liabilities. Of the £85.2m gross cash resources, £1m is held by Syncona Limited. £78.7m, £2.5m and £3.0 are held by Syncona Investments LP Incorporated, Syncona Portfolio Limited and Syncona Investment Management Limited respectively

[12] Restated to include the £582.4 million of fund investments and the £0.4 million unrealised hedge position

Polar UK Absolute Equity Fund	Hedge	Equities	3.5
Maga Smaller Companies UCITS	Hedge	Equities	3.0
Polygon European Equity Opportunity	Hedge	Equities	3.0
Polar Capital Japan Alpha	Long-bias	Equities	3.0
AKO Global UCITS Fund	Hedge	Equities	2.8
Sinfonietta	Hedge	Macro	2.3
Portland Hill	Hedge	Equities	2.3
Majedie UK Equity	Long-bias	Equities	2.2
Permira V	Long-bias	Private equity	2.1

Since the year end, a further £19.7 million has been redeemed from long-only strategies and £13.2 million invested into hedged strategies[13]. The portfolio's weighting to hedged strategies will continue to increase as we transition the portfolio away from more directional long-only funds towards strategies more suited to our current investment parameters. We expect to have substantially completed this repositioning in the current financial year.

Revised arrangements for the management of the fund investments expected to deliver significant cost savings

Towards the end of the financial year we announced revised arrangements for the management of the fund investments, including an agreement with BACIT to terminate its Investment Management Agreement (IMA) and for Arabella Cecil (former CIO of BACIT) to join SIML as Head of Fund Investments. In consideration for the significant early cessation of the IMA, Syncona paid a fee to BACIT of £3.8 million.

These arrangements came into effect on 1 April 2018. They are expected to deliver significant cost savings to Syncona over the life of the original BACIT agreement and will reduce the maximum management fees incurred by the Company to 1.1 per cent of NAV per annum, from 1.19 per cent.

Expenses

Our ongoing charges ratio for the year was 1.01 per cent[14], and included fees paid to SIML and BACIT of £7.6 million, or 0.79 per cent of NAV. This year's ongoing charges ratio compares to 0.72 per cent in 2017, with the increase reflecting a full year of costs associated with the management of the life science portfolio. Allowing for the costs associated with the Company's Long-Term Incentive Plan, ongoing charges increased to 1.58 per cent (2017: 0.72 per cent).

Long-Term Incentive Plan

The strong performance of the life science portfolio has significantly exceeded the 15 per cent growth hurdle[15] for the Company's Long-Term Incentive Plan ("LTIP"). The LTIP scheme vests on a straight-line basis over a four-year period with awards settled in cash and Syncona shares. At the year end the total liability for the cash settled element was revalued at £5.4 million and the number of shares in the Company that could potentially be issued increased by 4,620,436 shares, taking the fully-diluted number of shares to 664,572,526. Further details on the LTIP can be found in the Remuneration Report in the Annual Report and in notes 2 and 13.

Dividend

The Company has declared a dividend of 2.3p per share (2017: 2.3p per share). The Board will review the dividend policy over the next 12 months as Syncona moves further towards becoming predominantly invested in life science. The dividend will be paid on 30 July 2018 and will be paid as a scrip dividend, unless shareholders elect to receive the dividend in cash. The ex-dividend date will be 21 June 2018 and the record date 22 June 2018.

Foreign exchange

At the year end we continue to hold the Company's foreign exchange exposure in its life science portfolio unhedged. Within the portfolio of fund investments we continue to hedge all of the euro-denominated share classes, and 69.5

---

[13] As at 31 May 2018.

[14] The ongoing charges ratio includes expenses from all Syncona Group Companies in addition to the expenses in the Group's consolidated statement of comprehensive income, divided by average NAV for the year. It excludes a charge of £5.5 million (2017: £0.1 million) associated with the Syncona Long-Term Incentive Plan and the £3.8 million termination fee paid to BACIT.

[15] Excluding CRT Pioneer Fund. Participants in Syncona's LTIP scheme are issued Management Equity Shares ("MES") in Syncona Holdings Limited, relevant details of which are set out in note 2 and 13. The fair value of the MES is established via external valuation.

per cent of the exposure to US Dollar-denominated share classes and cash balances. At the year end, the unrealised gain on the associated forward contracts was £1.5 million.

Recent events

In May 2018 Syncona's portfolio company Autolus announced that it had filed for a proposed initial public offering in the United States. An amended registration statement published on 8 June 2018 disclosed an indicative pricing range for the proposed offering of U.S.$15.00 – U.S.$17.00 per ADS. This would represent an increase in value of Syncona's current shareholding in Autolus (compared to the 31 March 2018 sterling holding value) of £51.6 million – £69.9 million[16] (7.8p – 10.5p per share). Syncona has indicated an interest in purchasing ADSs in the offering, subject to agreement with the underwriters.

John Bradshaw, Chief Financial Officer, Syncona Investment Management Limited
14 June 2018

SYNCONA LIMITED

GROUP PORTFOLIO STATEMENT
As at 31 March 2018

	Fair Value £'000	% of Group NAV 2018
Life Science Portfolio		
Life Science Companies		
Blue Earth Diagnostics Limited	186,828	17.6
Nightstar Therapeutics plc	124,492	11.8
Autolus Limited	85,117	8.1
Freeline Therapeutics Limited	36,000	3.4
Companies of less than 1% of NAV	51,299	4.9
Total Life Science Companies(1)	483,736	45.8
CRT Pioneer Fund(2)	30,807	2.9
Total Life Science Portfolio(3)	**514,543**	**48.7**
Fund Investments		
Equity Hedge Funds		
Polar UK Absolute Equity	36,862	3.5
Maga Smaller Companies UCITS	31,680	3.0
Polygon European Equity Opportunity	31,570	3.0
AKO Global UCITS	29,035	2.8
Portland Hill	24,036	2.3
Sagil Latin American Opportunities	18,775	1.8
Doric Asia Pacific	14,718	1.4
Man GLG Pan-European Growth	12,966	1.2
Funds of less than 1% of NAV	14,563	1.4
	214,205	20.4
Equity Funds		
The SFP Value Realisation	37,719	3.6
Polar Capital Japan Alpha	31,412	2.9
Majedie UK Focus	25,460	2.4
Majedie UK Equity	23,245	2.2
	117,836	11.1

[16] As at exchange rates on 13 June 2018

Fixed Income and Credit Funds		
Polygon Convertible Opportunity	18,575	1.8
WyeTree RRETRO	16,837	1.6
CG Portfolio Dollar	16,070	1.6
Funds of less than 1% of NAV	16,261	1.5
	67,743	6.5
Global Macro Funds		
Sinfonietta	24,550	2.3
	24,550	2.3
Other Strategies		
Permira V	21,941	2.1
Infracapital Partners II	15,142	1.4
Funds of less than 1% of NAV	2,174	0.2
	39,257	3.7
Open forward currency contracts	1,511	0.1
Total Fund Investments(2)	**465,102**	**44.1**
Other Net Assets		
Cash and cash equivalents(4)	85,182	8.1
Charitable donations	(4,752)	(0.5)
Other assets and liabilities	(4,312)	(0.4)
Total Other Net Assets	**76,118**	**7.2**
Total Net Asset Value of the Group	**1,055,763**	**100.0**

Valuation basis	**Percentage of the investment portfolio**
Cost	7%
Price of recent investment	10%
Discounted cash flow	19%
Quoted	14%
Third party	50%
CRT Pioneer Fund	3%
Fund investments	47%

(1) The fair value of Syncona Holdings Limited amounting to £488,347,516 is comprised of investments in life science companies of £483,736,053, other net assets of £689,232 in Syncona Holdings Limited, other net assets of £1,449,330 in Syncona Portfolio Limited and investment in Syncona Investment Management Limited of £2,472,901.

(2) The fair value of the investment in Syncona Investments LP Incorporated amounting to £576,174,499 is comprised of the investment in the fund investments of £465,102,003 (including the open forward currency contracts of £1,511,499), the investment in the CRT Pioneer Fund of £30,807,446, cash of £78,712,400 and other net assets of £1,552,650.

(3) The life science portfolio of £514,543,499 consists of life science investments totalling £483,736,053 held by Syncona Holdings Limited and the CRT Pioneer Fund of £30,807,446 held by Syncona Investments LP Incorporated.

(4) Total cash held by the Group is £85,182,499. Of this amount £981,053 is held by Syncona Limited, and £78,712,400, £2,472,015 and £3,017,031 are held by Syncona Investments LP Incorporated, Syncona Portfolio Limited and Syncona Investment Management Limited respectively. Cash held by Syncona Investments LP Incorporated, Syncona Portfolio Limited and Syncona Investment Management Limited is not shown in Syncona Limited's Consolidated Statement of Financial Position.

See note 1 for a description of Syncona Holdings Limited and Syncona Investments LP Incorporated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

				2018
	Notes	**Revenue**	**Capital**	**Total**
		£'000	**£'000**	**£'000**

Investment income				
Other income	7	28,747	-	28,747
Total investment income		28,747	-	28,747
Net gains on financial assets at fair value through profit or loss	8	-	167,694	167,694
Total gains		-	167,694	167,694
Expenses				
Charitable donation	9	4,752	-	4,752
General expenses	10	18,858	-	18,858
Total expenses		23,610	-	23,610
Profit for the year		5,137	167,694	172,831
Earnings per Ordinary Share	15	0.78p	25.43p	26.21p

The total columns of this statement represent the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations adopted by the International Accounting Standards Board. Whilst the Company is not a member of the Association of Investment Companies (the "AIC"), the supplementary revenue and capital columns are both prepared under guidance published by the AIC.

The profit for the year is equivalent to the "total comprehensive income" as defined by IAS 1 Presentation of Financial Statements ('IAS 1'). There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

For the year ended 31 March 2017

	Notes	Revenue £'000	Capital £'000	2017 Total £'000
Investment income				
Other income	7	14,561	-	14,561
Total investment income		14,561	-	14,561
Net gains on financial assets at fair value through profit or loss	8	-	71,375	71,375
Total gains		-	71,375	71,375
Expenses				
Charitable donation	9	4,752	-	4,752
General expenses	10	3,893	-	3,893
Total expenses		8,645	-	8,645
Profit for the year		5,916	71,375	77,291
Earnings per Ordinary Share -basic	15	1.28p	15.44p	16.72p

The total columns of this statement represent the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations adopted by the International Accounting Standards Board. Whilst the Company is not a member of the Association of Investment Companies (the "AIC"), the supplementary revenue and capital columns are both prepared under guidance published by the AIC.

The profit for the year is equivalent to the "total comprehensive income" as defined by IAS 1 Presentation of Financial Statements ('IAS 1'). There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	11	1,064,521	896,469
Current assets			
Bank and cash deposits		981	105
Trade and other receivables	12	5,445	4,772
Total assets		1,070,947	901,346
LIABILITIES AND EQUITY			
Non-current liabilities			
Share based payments	13	4,450	46
Current liabilities			
Share based payments	13	943	-
Payables	14	9,791	6,062
Total liabilities		15,184	6,108
EQUITY			
Share capital	15	763,016	760,327
Distributable capital reserves		292,747	134,911
Total equity		1,055,763	895,238
Total liabilities and equity		1,070,947	901,346
Total net assets attributable to holders of Ordinary Shares		1,055,763	895,238
Number of Ordinary Shares in Issue	15	659,952,090	658,387,407
Net assets attributable to holders of Ordinary Shares (per share)	15	£1.60	£1.36
Diluted Shares (per share)	15	£1.59	£1.36

The audited Consolidated Financial Statements were approved on 14 June 2018 and signed on behalf of the Board of Directors by:

Jeremy Tigue
Chairman

Rob Hutchison
Non-Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES

	Notes	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2016		406,208	66,037	-	472,245
Total comprehensive income for the year		-	71,375	5,916	77,291
Transactions with shareholders:					
Share based payments		-	-	46	46
Scrip dividend shares issued during the year		1,801	-	-	1,801
Distributions		-	(2,501)	(5,962)	(8,463)
Issuance of shares		357,054	-	-	357,054
Share issue costs		(4,736)	-	-	(4,736)
As at 31 March 2017		**760,327**	**134,911**	**-**	**895,238**
Total comprehensive income for the year		-	167,694	5,137	172,831
Transactions with shareholders:					
Share based payments	13	-	-	148	148
Scrip dividend shares issued during the year	15	2,689	-	-	2,689
Distributions	16	-	(9,858)	(5,285)	(15,143)
As at 31 March 2018		**763,016**	**292,747**	**-**	**1,055,763**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the year		172,831	77,291
Adjusted for:			
Gains on financial assets at fair value through profit or loss	8	(167,694)	(71,375)
Operating cash flows before movements in working capital		5,137	5,916
(Increase)/decrease in other receivables		(673)	23
Increase in other payables		3,729	1,177
Net cash generated from operating activities		8,193	7,116
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(114,133)	(169,235)
Return of capital contribution		119,270	4,000
Net cash generated from/(used in) investing activities		5,137	(165,235)
Cash flows from financing activities			
Issuance of shares		-	169,581

Share issue costs		-	(4,736)
Distributions	16	(12,454)	(6,662)
Net cash (used in)/generated from financing activities		(12,454)	158,183
Net increase in cash and cash equivalents		876	64
Cash and cash equivalents at beginning of year		105	41
Cash and cash equivalents at end of year		981	105

Supplemental disclosure of non-cash investing and financing activities:

Investments purchased by issue of shares		-	(187,473)
Issue of shares	15	2,689	189,274
Scrip dividend shares issued during the year	15	(2,689)	(1,801)
Net non-cash investing and financing activities		-	-

Cash held by the Company and its subsidiaries other than its portfolio companies ("Syncona Group Companies") is disclosed in the portfolio statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Syncona Limited (the "Company") is incorporated in Guernsey as a registered closed-ended investment company. The Company's Ordinary Shares were listed on the premium segment of the London Stock Exchange on 26 October 2012 when it commenced its business.

In December 2016, shareholders approved the expansion of the Company's investment policy and the acquisition of Syncona Partners LLP, a portfolio of life science investments, together with its investment management team. As part of the transaction, the Company also acquired Cancer Research UK's partnership interest in the Cancer Research Technologies Pioneer Fund LP ("CRT Pioneer Fund").

The Company makes its life science investments through Syncona Holdings Limited (the "Holding Company"). The Company makes its fund investments through Syncona Investments LP Incorporated (the "Partnership"). The general partner of the Partnership is Syncona GP Limited (the "General Partner"), a wholly-owned subsidiary of the Company. Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".

On 12 December 2017 Syncona Investment Management Limited ("SIML"), a subsidiary, was appointed as the Company's Alternative Investment Fund Manager ("Investment Manager") replacing BACIT (UK) Limited ("BACIT") which became a sub-delegate to the Investment Manager on the same date. On 31 March 2018 the sub-delegate relationship between the Company, SIML and BACIT was terminated.

The investment objective and policy is set out in the Directors' Report.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

Preliminary announcement

The financial information contained in this preliminary announcement does not constitute full accounts as defined in the Companies (Guernsey) Law, 2008 and has been extracted from the statutory accounts for the year ended 31 March 2018. The auditors have issued an unqualified report on these statutory accounts. The Company expects to publish full financial statements that comply with IFRS in July 2018

This announcement has been prepared using recognition and measurement principles of IFRS as endorsed for use in the European Union (IFRS). This announcement does not contain sufficient information to comply with IFRS.

The same accounting and presentation policies were used in the preparation of the statutory accounts for the year ended 31 March 2017.

Basis of preparation
The Consolidated Financial Statements have been prepared under the historical cost basis, except for investments and derivatives held at fair value through profit or loss, which have been measured at fair value.

Going Concern
The financial statements are prepared on a going concern basis. The Company's net assets currently consist of securities and cash amounting to £1,055.8 million (31 March 2017: £895.2 million) of which 31.4% (31 March 2017: 43.1%) are readily realisable within three months in normal market conditions, and uncalled commitments to underlying investments and funds amounting to £72.0 million (31 March 2017: £108.0 million). Accordingly, the Company has adequate financial resources to continue in operational existence for 12 months following the approval of the financial statements. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Basis of consolidation
The General Partner is consolidated in full; the Company and the General Partner consolidated form "the Group".

The results of the General Partner during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of incorporation. The financial statements of the General Partner are prepared in accordance with United Kingdom Accounting Standards. Where necessary, adjustments are made to the financial statements of the General Partner to bring the accounting policies used into line with those used by the Group. During the year, no such adjustments have been made. All intra-group transactions, balances and expenses are eliminated on consolidation.

Entities that meet the definition of an investment entity under IFRS 10 'Consolidated Financial Statements' are held at fair value through profit or loss in accordance with IAS 39 'Financial Instruments: Recognition and Measurement'. Syncona Investments LP Incorporated and Syncona Holdings Limited both meet the definition of Investment Entities as described in note 3.

Financial instruments
Financial assets and derivatives are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe established by regulation or convention in the marketplace.

Financial liabilities are classified as other financial liabilities.

Financial assets at fair value through profit or loss ("investments")
Investments purchased are initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment. Gains and losses on investments sold are recognised in the Statement of Comprehensive Income in the period in which they arise. The appropriate classification of the investments is determined at the time of the purchase and is re-evaluated on a regular basis.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The carrying amounts, being cost, shown in the Consolidated Statement of Financial Position approximate the fair values due to the short term nature of these loans and receivables. The Group did not hold any loans throughout the year.

Forward currency contracts

Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. Whilst the Group holds no forward currency contracts, forward currency contracts are held by the Partnership.

Other financial liabilities
Other financial liabilities include all other financial liabilities other than those designated as financial liabilities at fair value through profit or loss. The Group's other financial liabilities include payables. The carrying amounts shown in the Consolidated Statement of Financial Position approximate the fair values due to the short term nature of these other financial liabilities.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Fair Value – life science portfolio
The Group's investments in life science companies are, in the case of quoted companies, valued based on bid prices in an active market as at the reporting date.

In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. These include the use of recent arm's length transactions, Discounted Cash Flow ("DCF") analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs. Accordingly, the valuation methodology used most commonly by the Group is the Price of Recent Investment ("PRI").

The following considerations are used when calculating the fair value of unlisted life science companies:

- Cost – Where an investment has been made recently it is valued on a cost basis unless there is objective evidence that it has been impaired or increased in value since the investment was made, such as observable data suggesting a change of the financial, technical, or commercial performance of the underlying investment or, where the Group considers that cost is no longer relevant, the Group carries out an enhanced assessment based on comparable companies, transactions and milestone analysis.

- PRI – The Group considers that fair value estimates, which are based entirely on observable market data, are of greater reliability than those based on assumptions and, accordingly, where there has been any recent investment by third parties, the price of that investment generally provides a basis of the valuation. The length of period for which it remains appropriate to use the price of recent investment depends on the specific circumstances of the investment and the stability of the external environment.

- Marketable quoted securities – Any investments which are marketable securities quoted on an investment exchange are valued at the relevant bid price at the close of business on the relevant date.

- Other valuation techniques – Where the life science investment management team is unable to value an investment on a cost or PRI basis, or there is objective evidence that a change in fair value has occurred since a relevant transaction, then it employs one of the alternative methodologies set out in the IPEVC Valuation Guidelines such as DCF or price-earnings multiples. DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, as described above, the DCF methodology will generally be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval where other metrics are considered less reliable.

- Independent Advisor – The Group's determination of the fair values of certain investments took into consideration multiple sources including management and publicly available information and publications and including certain input from independent advisors L.E.K. Consulting LLP ("L.E.K."), who has undertaken an independent review of certain investments and has assisted the Group with its valuation of such investments. The review was limited to certain limited procedures that we identified and requested it to perform within an agreed limited scope. The investments covered in the review were Achilles Therapeutics Limited, Autolus Limited, Blue Earth Diagnostics Limited, Freeline Therapeutics Limited and Gyroscope Limited.

As with any review of investments these can only be considered in the context of the limited procedures and agreed scope defining such review and are subject to assumptions which may be forward looking in nature and subjective judgements. Upon completion of such limited agreed procedures, L.E.K. estimated an independent range of fair values of those investments subjected to the limited procedures. In making such a determination the Group considered the review as one of multiple inputs in the determination of fair value. The limited procedures within the agreed scope and limited by the information reviewed did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and was based in the review of multiple defined sources. The Group is responsible for determining the fair value of the investments, and the agreed limited procedures in the review performed to assist the Group in its determination are one element of and are supplementary to the inquiries and procedures that the Group is required to undertake to determine the fair value of the said investments for which management is ultimately responsible.

Fair Value – fund investments

Investments in underlying funds – The Group's investments in underlying funds are ordinarily valued using the values (whether final or estimated) as advised to the Investment Manager by the managers, general partners or administrators of the relevant underlying fund. The valuation date of such investments may not always be coterminous with the valuation dates of the Company and in such cases the valuation of the investments as at the last valuation date is used. The net asset value reported by the administrator may be unaudited and, in some cases, the notified asset values are based upon estimates. The Group or the Investment Manager may depart from this policy where it is considered such valuation is inappropriate and may, at its discretion, permit any other method of valuation to be used if it considers that such method of valuation better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice. In the event that a price or valuation estimate accepted by the Group or by the Investment Manager in relation to an underlying fund subsequently proves to be incorrect or varies from the final published price by an immaterial amount, no retrospective adjustment to any previously announced Net Asset Value or Net Asset Value per Share will be made.

Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the financial asset have expired, (b) the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Group has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expired.

Commitments

Through its investment in the Holding Company and the Partnership, the Group has outstanding commitments to investments that are not recognised in the Consolidated Financial Statements. Refer to note 21 for further details.

Share Based Payments

Certain employees of SIML participate in equity incentive arrangements under which they receive awards of Management Equity Shares ("MES") in Syncona Holdings Limited above a base line value set out at the date of award. The MES are not entitled to dividends but any dividends or capital value realised by the Group in relation to the Holding Company are taken into account in determining the value of the MES. If an individual remains in employment for the applicable vesting period, they then have the right to sell 25% of their vested MES to the Company each year. The price is determined using a formula stipulated in the Articles of Association ("Articles") of Syncona Holdings Limited.

The Group's policy is to settle half of the proceeds (net of expected taxes) in Company shares which must be held for at least 12 months, with the balance paid in cash. Consequently, the arrangements are deemed to be partly an equity-settled share based payment scheme and partly a cash-settled share based payment scheme under IFRS 2 in the Consolidated Financial Statements of the Group.

The fair value of the MES at the time of the initial subscription is determined by an independent third-party valuer in accordance with IFRS 2 'Share based payments' and taking into account the particular rights attached to the MES as described in the Articles. The external valuer is supplied with detailed financial information relating to the relevant businesses. Using this information, the fair value is measured using a probability-weighted expected returns methodology, which is an appropriate future-orientated approach when considering the fair value of shares that have no intrinsic value at the time of issue. The approach replicates that of a binomial option pricing model. In this case, the expected future payout to the MES was made by reference to the expected evolution of the Holding Company's value for the companies as a whole, as provided by management, including expected dividends and other realisations which is then compared to the base line value. This is then discounted into present value terms adopting an appropriate discount rate. The "capital asset pricing methodology" was used when considering an appropriate discount rate to apply to the payout expected to accrue to the MES on realisation.

When MES are granted, a share based payment charge is recognised in the Consolidated Statement of Comprehensive Income equal to the fair value at that date, spread over the vesting period, with an amount credited to the share based payments reserve in respect of the equity-settled proportion and to non-current liabilities in respect of the cash-settled proportion (see below). In its own financial statements, the Company records a capital contribution to the Holding Company equal to the aggregate amount.

When the Company issues new shares to acquire the MES, the fair value of the MES is credited to share capital.

To the extent that the Company expects to pay cash to acquire the MES, the fair value of the MES is recognised as a non-current liability in the Company. The fair value is established at each balance sheet date and recognised in the Consolidated Statement of Comprehensive Income throughout the vesting period, based on the proportion vested at each Statement of Financial Position date and adjusted to reflect subsequent movements in fair value up to the date of acquisition of the MES by the Company.

The fair value paid to acquire MES (whether in shares in the Company or cash) will result in an increase in the carrying value of the Holding Company by the Company.

Income
All income is accounted for on an accruals basis and is recognised in the Consolidated Statement of Comprehensive Income. Income is further discussed in note 7.

Expenses
Expenses are accounted for on an accruals basis. Expenses incurred on the acquisition of investments at fair value through profit or loss are charged to the Consolidated Statement of Comprehensive Income in capital. All other expenses are charged to the Statement of Comprehensive Income in revenue. Charitable donations are accounted for on an accruals basis and are recognised in the Consolidated Statements of Comprehensive Income. Expenses directly attributable to the issuance of shares are charged against capital and recognised in the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Translation of foreign currency
Items included in the Group's Consolidated Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Consolidated Financial Statements are presented in Sterling (£), which is the Group's functional and presentational currency.

Transactions in currencies other than Sterling are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are translated into Sterling at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into Sterling at foreign exchange rates ruling at the date the fair value was determined.

Standards, amendments and interpretations not yet effective
At the date of approval of these Consolidated Financial Statements, the following standards and interpretations, which have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

IFRS 9 – Financial instruments: Classification and measurement (effective accounting periods starting on or after 1 January 2018)
IFRS 15 – Revenue from Contracts with Customers (effective accounting periods starting on or after 1 January 2018)
IFRS 16 – Leases (effective accounting periods starting on or after 1 January 2019)

IFRS 9 'Financial Instruments' addresses the classification, measurement and derecognition of financial assets and liabilities. It replaces the multiple classification and measurement models in IAS 39 and is effective for reporting periods beginning on or after 1 January 2018. Material Financial Instruments have been reviewed and it is not anticipated that there will be a material impact on the Group Financial Statements.

IFRS 15 'Revenue from Contracts with Customers' was published in May 2016 and specifies how and when to recognise revenue as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018. Material revenue streams have been reviewed and it is not anticipated that there will be a material impact on timing of recognition or gross up for principal/agent considerations.

IFRS 16 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Material leases have been reviewed and it is not anticipated that there will be a material impact on the Group's financial statements.

Presentation of the Statement of Comprehensive Income
In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Statement of Comprehensive Income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date. However, uncertainties about these assumptions and estimates, in particular relating to underlying investments of private equity investments and the life science investments could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Fair Value – life science portfolio
In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. These include the use of recent arm's length transactions, Discounted Cash Flow ("DCF") analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs. Accordingly, the valuation methodology used most commonly by the Group is the Price of Recent Investment ("PRI").

The key judgement relates to whether there is objective evidence that suggests the investment has been impaired or increased in value due to observable data, technical, or commercial performance.

Where the Group is the sole institutional investor and until such time as substantial clinical data has been generated investment will be valued at Cost or PRI. Once substantial clinical data has been generated the Group will use input from an independent valuations advisor to assist in the determination of fair value. What constitutes substantial data is a matter of judgement and will vary depending on the specifics of each investment. It is expected that moving from a Cost basis to another valuation technique would have a significant impact on the valuation, however it is not possible to provide meaningful sensitivity at this stage.

Functional currency
As disclosed in note 2, the Group's functional currency is Sterling. Sterling is the currency in which the Group measures its performance and reports its results. Ordinary Shares are denominated in Sterling and dividends are paid in Sterling. The Directors believe that Sterling best represents the functional currency, although the Group has significant exposure to other currencies as described in note 19.

Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries, other than those that provide investment services to the Group, at fair value through profit or loss rather than consolidate them.

Assessment as investment entity
The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows:

The Company is a closed-ended investment company and has a number of investors who pool their funds to gain access to the Company's investment services and investment opportunities to which they might not have had access individually. The Company, being listed on the London Stock Exchange, obtains funding from a diverse group of external shareholders.

The key judgement relates to whether the business purpose of the Company is consistent with that of an investment entity. The Company has the intention to realise the constituents of each of its investment classes. Some investments are held long term, but for each investment there is an intention to exit the investment at a price and timing that is deemed suitable to the Group.

The Holding Company and the Partnership both measure and evaluate the performance of substantially all of their investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to the Board of Directors, who use fair value as a significant measurement attribute to evaluate the performance of its investments.

The IFRS 10 investment entity exemption requires investment entities to hold subsidiaries that are themselves investment entities, at fair value through profit or loss. As the Holding Company and the Partnership meet the criteria of investment entities, they and their underlying subsidiaries have not been consolidated by the Group.

Estimates and assumptions
The Group's investments consist of its investments in the Holding Company and the Partnership, both of which are classified as fair value through profit or loss and are valued accordingly, as disclosed in note 2. The key source of estimation uncertainty is related to the valuation of the Holding Company's life science investments, the investment in the CRT Pioneer Fund and the Partnership's private equity investments.

The life science portfolio is very illiquid. Many of the companies are early stage investments and privately owned. Accordingly, a market value can be difficult to determine. The accounting policy for all investments is described in note 2 and the fair value of all investments is described in note 20. In the case where Syncona is the sole institutional investor and substantive clinical data has been generated, Syncona will use input from an independent valuations advisor in its determination of the fair value of investments. It is expected that using input from an independent valuation advisor may have an impact on the valuation, however it is not possible to provide meaningful sensitivity at this stage.

As at the year end, none of the Partnership's underlying investments have imposed restrictions on redemptions. However, underlying managers often have the right to impose such restrictions. The Directors believe it remains appropriate to estimate their fair values based on NAV as reported by the administrators of the relevant investments.

The Directors believe that such NAV represents fair value because subscriptions and redemptions in the underlying investments occur at these prices at the Consolidated Statement of Financial Position date, where permitted.

The Share based payment charge is an estimate linked to the future valuation of the Holding Company. The Holding Company holds life science investments whose valuation is a source of estimation as set out above.

4. OPERATING SEGMENTS

The Group is made up of two main components, the "life science portfolio" and the "fund investments". The Board has considered the requirements of IFRS 8 'Operating Segments', and is of the view that the Group's activities form two segments under the standard, the life science portfolio and the fund investments. The life science portfolio and the fund investments are managed on a global basis and accordingly, no geographical disclosures are provided.

The Board, as a whole, has been determined as constituting the chief decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return based on the NAV per share, as calculated under IFRS.

Life science portfolio
The underlying investments in this segment are those whose activities focus on developing products to deliver transformational treatments to patients.

Details of the underlying assets are shown in the Portfolio Statement.

Fund investments
The underlying assets in this segment are investments in a diversified portfolio of hedge, equity and long-term alternative investment funds across multiple asset classes.

Details of the underlying assets are shown in the Portfolio Statement.

Information about Reporting Segments
The following provides detailed information for the Group's two reportable segments for the year ended 31 March 2018:

As at 31 March 2018	Life Science Portfolio £'000	Fund Investments £'000	Unallocated[1] £'000	Total £'000
Revenue	-	-	28,747	28,747
Capital growth	162,933	4,761	-	167,694
Expenses	-	-	(23,610)	(23,610)
Net Assets	514,543	465,102	76,118	1,055,763

As at 31 March 2017	Life Science Portfolio £'000	Fund Investments £'000	Unallocated[1] £'000	Total £'000
Revenue	-	-	14,561	14,561
Capital growth	24,801	46,574	-	71,375
Expenses	-	-	(8,645)	(8,645)
Net Assets	226,554	582,371	86,313	895,238

[1]Revenue as explained in note 7 is unrelated to either segment's performance. Expenses include the dividends, donations and expenses for the year, which are not appropriate to allocate by segment. Unallocated net assets are primarily made up of cash and is unrelated to either segment's performance.

The net assets of each segment can be agreed to the Portfolio Statement. The capital growth can be agreed to the Statement of Comprehensive Income.

5. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company meets the definition of an investment entity in accordance with IFRS10. Therefore, with the exception of the General Partner, the Company does not consolidate its subsidiaries and indirect associates, but rather recognises them as financial assets at fair value through profit or loss.

Directly owned subsidiaries

Subsidiary	Principal place of business	Principal Activity	% Interest[1]
Syncona GP Limited	Guernsey	General Partner	100%
Syncona Holdings Limited	Guernsey	Portfolio management	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	100%

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company.

Indirect interests in subsidiaries

Indirect subsidiaries	Principal place of business	Immediate parent	Principal activity	% Interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Holding company	100%
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
Syncona Collaboration (E) Limited	UK	Syncona Portfolio Limited	Research	100%
Blue Earth Diagnostics Limited	UK	Syncona Portfolio Limited	Advanced diagnostics	90%
Gyroscope Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	82%
Orbit Biomedical Limited	UK	Syncona Portfolio Limited	Surgical devices	80%
Freeline Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	78%
SwanBio Limited	UK	Syncona Portfolio Limited	Gene therapy	66%

Indirect associates	Principal place of business	Immediate parent	Principal activity	% Interest[1]
Achilles Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	49%
Nightstar Therapeutics plc	UK	Syncona Portfolio Limited	Gene therapy	42%
Autolus Limited	UK	Syncona Portfolio Limited	Cell therapy	41%
Cambridge Epigenetix Limited	UK	Syncona Portfolio Limited	Advanced diagnostics	14%

[1] Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 13).

6. TAXATION

The Company and the General Partner are exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and have both paid an annual exemption fee of £1,200 (31 March 2017: £1,200).

The General Partner is incorporated and tax resident in Guernsey, its corporate affairs being managed solely in Guernsey. Having regard to the non-UK tax residence of the General Partner and the Company, and on the basis that the Partnership is treated as transparent for UK and Guernsey tax purposes and that the Partnership's business is an investment business and not a trade, no UK tax will be payable on either the General Partner's or the Company's shares of Partnership profit (save to the extent of any UK withholding tax on certain types of UK income such as interest).

Some of the Group's underlying investments may be liable to tax, although the tax impact is not expected to be material to the Group.

7. INCOME

The Group's income relates to cash transfers from the Partnership which are used for paying costs and dividends of the Group. Cash transferred from the Partnership to the Group for the purposes of investment in the Holding company is not regarded as income.

During the year, income received from the Partnership amounted to £28,746,812 (31 March 2017: £14,561,043) of which £4,757,729 (31 March 2017: £4,755,378) remained receivable at 31 March 2018. The receivable reflects the charitable donation of the Group.

8. NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net gains on financial assets at fair value through profit or loss arise from the Group's holdings in the Holding Company and the Partnership.

		2018 £'000	2017 £'000
Net gains from:			
The Holding Company	**8.a**	162,933	24,801
The Partnership	**8.b**	4,761	46,574
		167,694	71,375

8.a Movements in the Holding Company:

	2018 £'000	2017 £'000
Residual income from liquidated subsidiaries	726	-
Expenses	(44)	(36)
Net expense of Syncona Portfolio Limited	(52)	-
Foreign currency losses on life science investments	(435)	-
Movement in unrealised gains on life science investments at fair value through profit or loss	162,738	24,837
Net gains on financial assets at fair value through profit or loss	162,933	24,801

8.b Movements in the Partnership:

	2018 £'000	2017 £'000
Investment income	1,821	1,333
Rebates and donations	2,355	2,035
Expenses	(236)	(303)
Realised gains on financial assets at fair value through profit or loss	43,670	7,324
Movement in unrealised (losses)/gains on financial assets at fair value through profit or loss	(26,744)	72,143
Gains/(losses) on forward currency contracts	20,370	(23,368)
(Losses)/gains on foreign currency	(7,728)	1,971
Gains on financial assets at fair value through profit or loss	33,508	61,135
Distributions	(28,747)	(14,561)
Net gains on financial assets at fair value through profit or loss	4,761	46,574

9. CHARITABLE DONATIONS

The Group has an obligation to make a donation to charity of 0.3% of the total NAV of the Company calculated on a monthly basis. For the years ending 31 March 2017, 31 March 2018 and 31 March 2019 the Group has agreed that the charitable donations will not be less than £4,751,608. Any amount paid in excess of 0.3% of the total NAV of the Group in those years will be recovered by reducing the charitable donations in subsequent years if the NAV of the Group rises above £1,583,869,333. Half of the donation is made to The Institute of Cancer Research ("ICR") and the other half to The Syncona Foundation. The Syncona Foundation grants those funds to charities in proportions determined each year by Shareholders of the Group.

During the year, accrued charitable donations amounted to £4,751,608 (31 March 2017: £4,751,608). As at 31 March 2018, £4,751,608 (31 March 2017: £4,751,608) remained payable.

10. GENERAL EXPENSES

	2018	2017
	£'000	£'000
Directors' fees	219	87
Auditor's remuneration	34	33
Share based payments	5,494	92
Termination expense	3,800	-
Other expenses	9,311	3,681
	18,858	3,893

Auditor's remuneration includes audit fees in relation to the Group of £34,351 (31 March 2017: £33,350). Total audit fees paid by the Group and the Syncona Group Companies for the year ended 31 March 2018 totalled £128,923 (31 March 2017: £105,750). Additional fees paid to the auditor were; £20,000 which relates to work performed at the interim review (31 March 2017: £15,000) and other non-audit fees of £6,500 (31 March 2017: £110,650).

The Management Expense Contribution, payable by the Group to BACIT was calculated as 0.19% of NAV per annum. On 31 March 2018, the Investment Management Agreement between the Company and BACIT was terminated in consideration for a cash payment of £3,800,000, as discussed in note 17. During the year ended 31 March 2018, fees of £1,826,719 (31 March 2017: £1,093,533) were charged by BACIT to the Group and £155,933 (31 March 2017: £488,010) remained payable at the year end.

Other expenses include fees paid to the Investment Manager of £7,604,364. See note 17 for further details.

Further details of the Share based payments can be found in note 13.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		2018	2017
		£'000	£'000
The Holding Company	**11.a**	488,347	205,787
The Partnership	**11.b**	576,174	690,682
		1,064,521	896,469

11.a The net assets of the Holding Company:

	Wholly owned subsidiaries £'000	Life science investments £'000	2018 Total £'000
Cost of the Holding Company's investments at the start of year	689	179,790	180,479
Purchases during the year	120,091	-	120,091
Realised gain on transfer of assets	-	24,940	24,940
Transfer of life science investments	204,730	(204,730)	-
Cost of the Holding Company's investments at the end of the year	325,510	-	300,570
Net unrealised gain on investments at the end of the year	162,148	-	187,088
Fair value of the Holding Company's investments at the end of the year	487,658	-	487,658
Other net current assets	689	-	689

Financial assets at fair value through profit or loss at the end of the year	488,347	-	488,347

	Wholly owned subsidiaries £'000	Life science investments £'000	2017 Total £'000
Cost of the Holding Company's investments at the start of incorporation	-	-	-
Purchases during the period	689	179,790	180,479
Cost of the Holding Company's investments at the end of the period	689	179,790	180,479
Net unrealised (loss)/gain at the end of the period	(103)	24,940	24,837
Fair value of the Holding Company's investments at the end of the period	586	204,730	205,316
Other net current assets	74	-	471
Financial assets at fair value through profit or loss at the end of the period	660	204,730	205,787

The realised gain on transfer of assets relates to the transfer of the life science investments to Syncona Portfolio Limited.

11.b The net assets of the Partnership:

	2018 £'000	2017 £'000
Cost of the Partnership's investments at the start of the year	460,046	388,412
Purchases during the year	95,524	136,197
Sales during the year	(209,070)	(60,804)
Return of capital	(13,177)	(11,083)
Net realised gains on disposals during the year	43,670	7,324
Cost of the Partnership's investments at the end of the year	376,993	460,046
Net unrealised gains on investments at the end of the year	117,405	144,149
Fair value of the Partnership's investments at the end of the year	494,398	604,195
Open forward currency contracts	1,511	437
Cash and cash equivalents	78,712	86,204
Other net current assets/(liabilities)	1,553	(154)
Financial assets at fair value through profit or loss at the end of the year	576,174	690,682

12. TRADE AND OTHER RECEIVABLES

	2018 £'000	2017 £'000
Investment income receivable	4,758	4,755
Prepayments	687	17
	5,445	4,772

13. SHARE BASED PAYMENTS

Share based payments are associated with awards of Management Equity Shares ("MES") in the Holding Company, relevant details of which are set out in note 2.

The total cost recognised in the Consolidated Statement of Comprehensive Income is shown below:

	2018 £'000	2017 £'000
Charge relating to issue of new MES	4	92
Charge relating to previously issued MES	292	-
Charge related to revaluation of the liability for cash settled share awards	5,199	-
Total	**5,494**	**92**

Amounts recognised in the consolidated Statement of Financial Position, representing the carrying amount of liabilities arising from share based payments transactions are shown below:

	2018 £'000	2017 £'000
Share based payments - current	943	-
Share based payments - non-current	4,450	46
Total	**5,393**	**46**

When a participant elects to realise vested MES by sale of the MES to the Company, half of the proceeds (net of anticipated taxes) will be settled in shares of the Company, with the balance settled in cash.

The fair value of the MES is established via external valuation as set out in note 2. Vesting is subject only to the condition that employees must remain in employment at the vesting date. Each MES is entitled to share equally in value attributable to the Holding Company above the applicable base line value, provided that the applicable hurdle value of 15% growth in the value of the Holding Company above the base line value at the date of award has been achieved.

The fair value of awards made in the year ended 31 March 2018 was £11,776 (31 March 2017: £648,000). This represents 557,639 new MES issued (31 March 2017: 27,785,324).

The number of MES outstanding is shown below:

	2018	2017
Outstanding at start of the year	27,785,324	-
Awarded in the year	557,639	27,785,324
Lapsed	(678,054)	-
Outstanding at end of the year	27,664,909	27,785,324
Weighted average remaining contractual life of outstanding MES, years	2.75	3.74
Vested MES at the year end	6,781,629	-
Realisable MES at the year end	1,695,407	-

At 31 March 2018, if all MES were realised the number of shares issued in the Company, as a result would be 4,616,622 (31 March 2017: 1,087,495).

14. PAYABLES

	2018 £'000	2017 £'000
Charitable donations payable	4,752	4,752
Management fees payable	852	952
Termination expense payable	3,800	-
Other payables	387	358
	9,791	6,062

15. SHARE CAPITAL

A. Authorised Share Capital

The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value. The Company is a closed-ended investment company with an unlimited life.

As the Company's Shares have no par value, the share price consists solely of share premium and the amounts received for issued shares are recorded in share capital in accordance with The Companies (Guernsey) Law, 2008.

	2018 £'000	2017 £'000
Ordinary Share Capital		
Balance at the start of the year	760,327	406,208
Issued during the year	-	357,054
Scrip dividend shares issued during the year	2,689	1,801
Share issue costs	-	(4,736)
Balance at the end of the year	763,016	760,327

Ordinary Share Capital	2018 Shares	2017 Shares
Balance at the start of the year	658,387,407	384,665,158
Issued during the year	-	272,248,622
Scrip dividend shares issued during the year	1,564,683	1,473,627
Balance at the end of the year	659,952,090	658,387,407

In December 2016, the Group acquired a portfolio of life science investments for £176,899,998 (134,883,720 Ordinary Shares), together with interest in the CRT Pioneer Fund for £10,572,360 (8,061,273 Ordinary Shares). At the same time, the Company raised £169,581,708 (129,303,629 Ordinary Shares) in new capital from new and existing investors. In total, £357,054,066 (272,248,622 Ordinary Shares) in new Ordinary Shares were issued at a price of 131.15p, a 1.35% premium to NAV per share at the time.

In August 2017, further £2,688,751 (1,564,683 Ordinary Shares) in new Ordinary Shares were issued at a price of 171.84p as a result of the 2017 scrip dividend.

B. Capital reserves

Gains and losses from investments held during the year, including exchange differences, are recognised in Capital Reserves.

C. Earnings per Share

The calculations for the earnings per share attributable to the Ordinary Shares of the Company are based on the following data:

	2018	2017
Earnings for the purposes of earnings per share	£172,831,499	£77,291,393
Basic weighted average number of shares	659,356,224	462,399,882
Basic revenue earnings per share	0.78p	1.28p
Basic capital earnings per share	25.43p	15.44p
Basic earnings per share	26.21p	16.72p
Diluted weighted average number of shares	663,980,947	463,487,377
Diluted revenue earnings per share	0.77p	1.28p
Diluted capital earnings per share	25.26p	15.40p
Diluted earnings per share	26.03p	16.68p

D. NAV per Share

	2018	2017
Net assets for the purposes of NAV per share	£1,055,763,499	£895,238,499

Ordinary Shares in issue	659,952,090	658,387,407
NAV per share	159.98p	135.97p
Diluted number of Shares	664,572,526	659,474,902
Diluted NAV per share	158.86p	135.75p

16. DISTRIBUTION TO SHAREHOLDERS

The Company may pay a dividend at the discretion of the Board.

During the year ended 31 March 2018, the Company declared and paid a dividend of 2.3p per share amounting to £15,142,910 (31 March 2017: £8,462,633) relating to the year ended 31 March 2017 (31 March 2016). The dividend was comprised of £12,454,159 cash (31 March 2017: £6,662,132) and a scrip dividend of £2,688,751 (31 March 2017: £1,800,501).

See note 23 for details of the 2018 dividend.

17. RELATED PARTY TRANSACTIONS

The Group has various related parties; life sciences investments held by the Holding Company, the Investment Manager, the Company's Directors and The Syncona Foundation.

Life Science Investments

The Group makes equity investments in some life science investments where it retains control. The Group has taken advantage of the investment entity exception as permitted by IFRS 10 and has not consolidated these investments, but does consider them to be related parties. The total amounts included for investments where the Group has control are set out below:

	2018 £'000	2017 £'000
Investments with control	248,728	131,415

The Group makes other equity investments where it does not have control but may have significant influence through its ability to participate in the financial and operating policies of these companies, therefore the Group considers them to be related parties. The total amounts included for investments where the Group has significant influence are set out below:

	2018 £'000	2017 £'000
Investments with significant influence	226,025	73,315

During the year SIML, an indirectly held subsidiary of the Company, charged the life science investments a total of £340,189 in relation to Directors' fees.

Investment Manager

Until 12 December 2017 BACIT was the Group's Investment Manager, on which date BACIT became a sub-delegate to SIML. Throughout the year, BACIT charged the Group an annual fee of 0.19% of NAV per annum.

With effect from 12 December 2017, SIML became the Investment Manager of the Group. SIML is an indirectly held subsidiary of the Company.

For the year ended 31 March 2018 SIML was entitled to receive an annual fee of up to 1.00% of NAV per annum. On 31 March 2018 the fee payable to SIML increased from that date to a maximum of 1.10% of NAV per annum.

	2018 £'000	2017 £'000

Amounts paid to BACIT	5,627	1,094
Amounts paid to SIML	5,778	1,680

On 31 March 2018, the sub-delegate relationship between the Company, SIML and BACIT was terminated in consideration for a cash payment of £3,800,000, which is included in the £5,627,000 above.

Company Directors
At the year end the Company had six Directors, all of whom served in a Non-Executive capacity. The Directors Jeremy Tigue, Nick Moss and Rob Hutchinson also serve as Directors of the General Partner. Thomas Henderson is also a director of BACIT.

Nigel Keen is Chairman of the Investment Manager and receives a fee of £125,000 per annum, payable by the Investment Manager, in respect of his services to the Investment Manager.

Peter Hames resigned as a Director on 8 September 2017 and Rob Hutchinson was appointed as a Director on 1 November 2017.

Directors' fees for the year to 31 March 2018, including outstanding Directors' fees at the end of the year, are set out below.

	2018 £'000	2017 £'000
Directors' fees for the year	219	87
Payable at end of year	-	38

For further details please refer to the remuneration report.

The Syncona Foundation
50% of the charitable donations made by the Company are made to The Syncona Foundation. The Syncona Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Deferred Share in the Company. The amount donated to The Syncona Foundation during the year ended 31 March 2018 was £2,375,804 (31 March 2017: £2,375,804).

18. FINANCIAL INSTRUMENTS

In accordance with its investment objectives and policies, the Group holds financial instruments which at any time may comprise the following:

- securities and investments held in accordance with the investment objectives and policies;
- cash and short-term receivables and payables arising directly from operations; and
- derivative instruments including forward foreign currency contracts.

The financial instruments held by the Group are comprised principally of the investments in the Holding Company and the Partnership.

Details of the Group's significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2.

	2018 £'000	2017 £'000
Financial assets designated at fair value through profit or loss		
The Holding Company	488,347	205,787
The Partnership	576,174	690,682
Total financial assets designated at fair value through profit or loss	1,064,521	896,469

Financial assets designated at amortised cost		
Bank and cash deposits	981	105
Other financial assets	4,758	4,755
Total financial assets designated at amortised cost	5,739	4,860
Financial liabilities designated at amortised cost		
Share based payments	(5,393)	(46)
Other financial liabilities	(9,791)	(6,062)
Net financial assets	1,055,076	895,221

The financial instruments held by the Group's underlying investments are comprised principally of life science investments, hedge, equity, long-term alternative investment funds and cash.

The table below analyses the carrying amounts of the financial assets and liabilities held by the Holding Company by category as defined in IAS 39 – "Financial Instruments: Recognition and Measurement".

	2018	**2017**
	£'000	**£'000**
Financial assets designated at fair value through profit or loss		
Listed investments	133,475	-
Unlisted investments	350,261	204,730
Investment in Subsidiaries	2,472	586
Receivable	726	505
Total financial assets designated at fair value through profit or loss	486,934	205,821
Financial assets designated at amortised cost		
Other financial assets	1,450	-
Financial liabilities designated at amortised cost		
Other financial liabilities	(37)	(34)
Net financials assets of the Holding Company	488,347	205,787

The table below analyses the carrying amounts of the financial assets and liabilities held by the Partnership by category as defined in IAS 39 – "Financial Instruments: Recognition and Measurement".

	2018	**2017**
	£'000	**£'000**
Financial assets designated at fair value through profit or loss		
Listed investments	166,677	161,590
Unlisted investments	327,721	442,605
Unrealised gains on open forward foreign currency contracts	1,511	437
Total financial assets designated at fair value through profit or loss	495,909	604,632
Financial assets designated at amortised cost		
Other financial assets	85,084	90,873
Financial liabilities designated at amortised cost		
Other financial liabilities	(4,819)	(4,823)
Net financial assets of the Partnership	576,174	690,682

19. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS

Capital Risk Management
The Group's objectives when managing capital include the safeguarding of the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not have externally-imposed capital requirements.

The Group may incur indebtedness for the purpose of financing share repurchases or redemptions, making investments (including as bridge finance for investment obligations), satisfying working capital requirements or to assist in payment of the Charitable Donation, up to a maximum of 20% of the NAV at the point of obtaining debt. The Group may utilise gearing for investment purposes if, at the time of incurrence, it considers it prudent and desirable to do so in light of prevailing market conditions. There is no limitation on indebtedness being incurred at the level of the underlying investments.

Financial Risk Management
The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including market price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks have existed throughout the year and the Group's policies for managing them are summarised below.

The risks below do not reflect the risks of the underlying investment portfolios of the financial assets at fair value through profit or loss. The Group has very significant indirect exposure to a number of risks through the underlying portfolios of the investment entities. This is in line with the strategy of the Group in order to achieve capital gains. There is no mechanism to "control" these risks without considerably prejudicing return objectives.

Due to the lack of transparency in many of the underlying assets it is not possible to quantify or hedge the impact of these risks on the portfolio as each investment entity may have complex and changing risk dynamics that are not easily observable or predictable. These risks will include extensive interest, foreign exchange and other market risks which are magnified by significant gearing in many cases, resulting in increased liquidity and return risk.

Syncona Limited
Syncona Limited is exposed to financial risks through its investments in the Holding Company and the Partnership. The risks and policies for managing them are set out in the sections below.

The Holding Company
Market price risk
The Holding Company invests in early stage life science companies that typically have limited products in development, any problems encountered in development may have a damaging effect on that company's business and the value of the investment.

This is mitigated by the employment of highly experienced personnel and the performance of extensive due diligence prior to investment.

Foreign currency risk
Foreign currency risk represents the potential loss or gain on the life science investments future income streams and the potential loss or gain on investments made in US Dollars by the Holding Company's underlying investments.

	2018	**2017**
	£'000	**£'000**
10% increase	21,186	11,437
10% decrease	(25,893)	(13,980)

Interest rate risk
Interest rate risk is negligible in the Holding Company as minimal cash and no debt is held.

Credit risk

The equity investments in life science companies are highly illiquid and cannot be recovered from the investee. The investments are held for the long term and will typically be realised through the sale of the companies concerned, whether in a private transaction or through the public markets.

Liquidity risk

Liquidity risk is the risk that the financial commitments made by the Holding Company are not able to be met as they fall due. The Holding Company holds minimal cash and has no access to debt and instead relies on liquidity from the Partnership. The liquidity risk associated with the Partnership is set out in the Partnership section below.

The table below details the Holding Company's liquidity analysis for its financial assets and liabilities.

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2018 Total £'000
Financial assets at fair value through profit or loss	8,983	-	-	478,675	487,658
Receivables	-	-	726	-	726
Payables	(37)	-	-	-	(37)
Total	8,946	-	726	478,675	488,347
Percentage	1.8%	-	0.2%	98.0%	100.0%

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2017 Total £'000
Financial assets at fair value through profit or loss	-	-	-	205,316	205,316
Receivables	-	108	-	397	505
Payables	(34)	-	-	-	(34)
Total	(34)	108	-	205,713	205,787
Percentage	-	-	-	100.0%	100.0%

The Partnership

Market price risk

The overall market price risk management of each of the holdings of the Partnership is primarily driven by their respective investment objectives. The Investment Manager assesses the risk in the Partnership's portfolio by monitoring exposures, liquidity, and concentrations of the underlying funds' investments, in the context of the historic and current volatility of their asset classes, and the Investment Manager's risk appetite.

The maximum risk resulting from financial instruments is generally determined by the fair value of underlying funds. The overall market exposure as at 31 March 2018 is shown in the Consolidated Statement of Financial Position.

The financial instruments are sensitive to market price risk; any increase or decrease in market price will have an equivalent effect on the market value of the financial instruments.

Foreign currency risk

Foreign currency risk represents the potential loss or gain the Partnership may suffer through holding foreign currency assets in the face of foreign exchange movements. The Partnership's treatment of currency transactions is set out in note 2 to the Consolidated Financial Statements under "Translation of foreign currency" and "Forward currency contracts". Currency risk exists in the underlying investments, the analysis of which is not feasible.

The investments of the Partnership are denominated in US Dollars, Euros, Swedish Krona and Sterling. The Partnership's functional and presentation currency is Sterling; hence the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates between the foreign currencies previously mentioned. The Investment Manager may manage exposure to Euro and US Dollar movements by using forward foreign currency contracts to hedge exposure to investments in Euro and US Dollar denominated share classes.

As at 31 March 2018, the Partnership had two open forward foreign currency contracts (31 March 2017: three).

	Sell £'000	Buy £'000	Mark to Market Equivalent £'000	2018 Unrealised gain £'000
Sterling/Euro Forward Currency Contract				
Settlement date 11 July 2018	€ 80,000	71,156	70,361	795
Sterling/USD Forward Currency Contract				
Settlement date 11 July 2018	$247,000	176,070	175,354	716
Total unrealised gain as at 31 March 2018				1,511

	Sell £'000	Buy £'000	Mark to Market Equivalent £'000	2017 Unrealised (loss)/gain £'000
Sterling/Euro Forward Currency Contract				
Settlement date 25 May 2017	€ 88,200	75,058	75,519	(461)
Sterling/USD Forward Currency Contract				
Settlement date 14 September 2017	$7,000	5,600	5,575	25
Sterling/USD Forward Currency Contract				
Settlement date 14 September 2017	$245,000	196,005	195,132	873
Total unrealised gain as at 31 March 2017				437

The following tables present the Partnership's assets and liabilities in their respective currencies, converted into the Group's functional currency.

	USD £'000	EUR £'000	GBP £'000	SEK £'000	2018 Total £'000
Financial assets at fair value through profit or loss	208,040	58,943	225,241	2,174	494,398
Bank and cash deposits	44,489	8,174	26,039	10	78,712
Trade and other receivables	172	13	6,187	-	6,372
Unrealised (losses)/gains on forward currency contracts	(175,354)	(70,361)	247,226	-	1,511
Payables	-	-	(4,819)	-	(4,819)
	77,347	(3,231)	499,874	2,184	576,174

	USD	EUR	GBP	SEK	2017 Total

	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss	322,325	79,977	199,606	2,287	604,195
Bank and cash deposits	2,745	1,798	81,579	82	86,204
Trade and other receivables	340	13	4,316	-	4,669
Unrealised (losses)/gains on forward currency contracts	(200,707)	(75,519)	276,663	-	437
Payables	-	-	(4,823)	-	(4,823)
	124,703	6,269	557,341	2,369	690,682

Foreign currency sensitivity analysis
The table below details the sensitivity of the Partnership's NAV to a 10% change in the Sterling exchange rate against the US Dollar, Euro and Swedish Krona with all other variables held constant. The sensitivity analysis percentage represents the Investment Manager's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

	2018 USD £'000	2018 EUR £'000	2018 SEK £'000	2017 USD £'000	2017 EUR £'000	2017 SEK £'000
10% increase	(23,038)	221	(199)	(11,337)	(515)	(215)
10% decrease	28,157	(271)	243	13,856	628	263

The above includes the effect of the Group's hedging strategy.

Interest rate risk
Interest receivable on bank deposits or payable on bank overdrafts are affected by fluctuations in interest rates, however the effect is not expected to be material. All cash balances receive interest at variable rates. Interest rate risk may exist in the Partnership's underlying investments, the analysis of which is impractical.

Credit risk
Credit risk in relation to listed securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the Custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are effected against binding subscription agreements. Credit risk may exist in the Partnership's underlying investments, the analysis of which is impractical.

The principal credit risks for the Partnership are in relation to deposits with banks. Northern Trust (Guernsey) Limited ("NTGL") acts as the principal banker to the Partnership, and as custodian of its assets. The securities held by NTGL as Custodian are held in trust and are registered in the name of Syncona Investments LP Incorporated. NTGL is a wholly owned subsidiary of The Northern Trust Corporation ("TNTC"). TNTC is publicly traded and a constituent of the S&P 500. As at 31 March 2018, TNTC has a credit rating of A+ (31 March 2017: A+) from Standard & Poor's and A2 (31 March 2017: A2) from Moody's. The credit risk associated with debtors is limited to any unrealised gains on open forward foreign currency contracts, as detailed above and other receivables.

Liquidity risk
The Partnership is exposed to the possibility that it may be unable to liquidate its assets as it otherwise deems advisable as the Partnership's underlying funds or their managers may require minimum holding periods and restrictions on redemptions. Further, there may be suspension or delays in payment of redemption proceeds by underlying funds or holdbacks of redemption proceeds otherwise payable to the Partnership until after the applicable underlying fund's financial records have been audited. Therefore, the Partnership may hold receivables that may not be received by the Partnership for a significant period of time, may not accrue any interest and ultimately may not be paid to the Partnership. As at 31 March 2018, no suspension from redemptions existed in any of the Partnership's underlying investments (31 March 2017: nil).

The table below details the Partnership's liquidity analysis for its financial assets and liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial assets and liabilities that settle on a net basis and the undiscounted gross cash flows on those financial assets and liabilities that require gross settlement.

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2018* Total £'000
Financial assets at fair value through profit or loss	172,648	44,395	99,771	177,584	494,398
Cash and cash equivalents	78,712	-	-	-	78,712
Trade and other receivables	6,372	-	-	-	6,372
Unrealised gains on forward currency contracts	-	-	1,511	-	1,511
Payables	(61)	-	-	-	(61)
Distribution payable	-	-	(4,758)	-	(4,758)
Total	257,671	44,395	96,524	177,584	576,174
Percentage	44.7%	7.7%	16.8%	30.8%	100.0%

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2017* Total £'000
Financial assets at fair value through profit or loss	161,664	137,494	237,344	67,693	604,195
Cash and cash equivalents	86,204	-	-	-	86,204
Trade and other receivables	4,669	-	-	-	4,669
Unrealised (losses)/gains on forward currency contracts	-	(461)	898	-	437
Payables	(68)	-	-	-	(68)
Distribution payable	-	-	(4,755)	-	(4,755)
Total	252,469	137,033	233,487	67,693	690,682
Percentage	36.6%	19.8%	33.8%	9.8%	100.0%

**The liquidity tables above reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2018 (31 March 2017). They include a provision for "audit hold back" which most hedge funds can apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the "greater than 12 months" category. The liquidity tables are therefore conservative estimates.*

20. FAIR VALUE MEASUREMENT

IFRS 13 requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) or other market corroborated inputs; and

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2018 and 31 March 2017:

				2018
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss:				
The Holding Company	-	-	488,347	488,347
The Partnership	-	-	576,174	576,174
Total assets	-	-	1,064,521	1,064,521

				2017
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**£'000**	**£'000**	**£'000**	**£'000**
Financial assets at fair value through profit or loss:				
The Holding Company	-	-	205,787	205,787
The Partnership	-	690,682	-	690,682
Total assets	-	690,682	205,787	896,469

During the year ended 31 March 2018, the Partnership's Level 3 assets increased to 17.4% (31 March 2017: 9.9%) and has therefore moved from Level 2 to Level 3. This resulted in a £690,682,450 increase in Partnership assets from Level 2 to Level 3.

The underlying assets of the Partnership and the Holding Company are shown below.

The following table presents the Holding Company's financial assets by level within the valuation hierarchy as at 31 March 2018:

Asset type	**Level**	**31 March 2018 £'000**	**31 March 2017 £'000**	**Valuation technique**	**Unobserved inputs**	**Key input**	**Reasonable possible shift +/-**	**Change in valuation £'000**	**Relationship of inputs to value**
Listed investments	1	133,475	-	Publicly available share price at balance sheet date	-	-	-	-	-
Price of latest funding round (investment made less than twelve months ago)	2	108,456	-	Price of latest funding round	Observable inputs include recent valuation by independent third party investors. This price is not actively traded.				

Wholly owned Syncona group companies	3	2,472	586	Net assets of Syncona Group Companies	Unobservable inputs include management's assessment of the Syncona Group Companies, uplift in fair value and calculations of any impairment. Syncona Group Companies are valued at net assets with any necessary adjustments for fair value.				
					n/a	n/a	-	-	The greater the assessment of impairment, the lower the fair value
Price of latest funding round (investment made more than twelve months ago)	3	54,977	96,315	Price of latest funding round	Unobservable inputs include management's assessment of the performance of the investee company, uplift in fair value and calculations of any impairment. For further information on valuation methodology, see note 2. The main unobservable input relates to the adjustments in fair value:				
					n/a	n/a	-	-	The greater the assessment of impairment, the lower the fair value
Investments valued on discounted cash flow forecasts	3	186,828	108,415	Future earnings potential, discount for lack of marketability and time value of money	Unobservable inputs include management's assessment of the performance of the investee company and calculations of any impairment. For further information on valuation methodology, see note 2. The main unobservable input relates to assessment of the future performance of the investee:				
					Assessment of the future performance of the investee	Discount rate	2%	3,737	The greater the assessment of performance, the higher the fair value
						USD exchange rate	10%	18,683	
		486,208	**205,316**						

The following table presents the movements in Level 3 investments of the Holding Company for the year ended 31 March 2018:

	Life science investments £'000	Wholly owned Group companies £'000	2018 Total £'000	2017 Total £'000
Opening balance	204,730	586	205,316	-
Transfer from level 3	(70,545)	-	(70,545)	-
Purchases	35,207	2,146	37,353	180,479
Gain/(loss) on financial assets at fair value through profit or loss	72,413	(260)	72,153	24,837
Closing balance	241,805	2,472	244,277	205,316

The net gain for the year included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments in the Holding Company held at the year end amounted to £72,152,873 (31 March 2017: £24,837,281).

During the year ending 31 March 2018, Nightstar Therapeutics plc became a listed investment and has therefore moved from Level 3 to Level 1. This resulted in £34,167,499 transferring from Level 3 to Level 1.

During the year ending 31 March 2018, Autolus Limited, and Cambridge Epigenetix Limited completed new funding rounds and have therefore moved from Level 3 to Level 2. This resulted in £36,378,947 transferring from Level 3 to Level 2.

The following table presents the Partnership's financial assets by level within the valuation hierarchy as at 31 March 2018:

Asset type		31 March 2018 £'000	31 March 2017 £'000	Valuation technique	Unobserved inputs	Key input	Reasonable possible shift +/-	Change in valuation £'000	Relationship of inputs to value
Listed investments	1	166,677	157,332	Publicly available share price at balance sheet date	-	-	-	-	-
Listed investments	2	-	4,258	Publicly available share price at balance sheet date	Inputs include current publicly available share prices however as the investments are not regularly traded at this price.				
					Different fair value from date of last trade and the period end	n/a	-	-	The greater the value of latest trade, the greater the fair value
Forward contracts	2	1,511	437	Publicly available exchange rates at balance sheet date	Inputs include different exchange rates used at different banking institutions. IFRS 13 specifically defines forward contracts as level 2. Valuation is taken using publicly available exchange rates and calculating the asset value.				
					Different exchange rates at period end	n/a	-	-	The greater the GBP exchange rate, the greater the fair value
Unlisted fund investments	2	241,396	381,745	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	Inputs include asset administrator's assessment of the performance of the underlying funds. Valuation is taken from the fund administrator who has based the fund's fair value on observable inputs of underlying assets.				
					n/a	n/a	10%	-	The greater the expectation for future profits, the greater the fair value
Long-term unlisted investments	3	55,518	39,036	Valuation produced by fund administrator	Inputs include asset administrator's assessment of the performance of the underlying funds. Valuation is provided by quarterly statements from each administrator. The administrator's valuation technique will use unobservable inputs, the main unobservable input relates to asset administrator's inputs into the valuation:				
					n/a	n/a	10%	-	The greater the expectation for future profits, the greater the fair value
CRT Pioneer Fund	3	30,807	21,824	Valuation produced by fund administrator	Inputs include asset manager's assessment of the performance of the underlying investee companies. Valuation is provided by quarterly statements from the manager. The valuation is based on cost of investments, price of latest round of investments and discounted future cash flows. The valuation by the manager is updated to comply with Syncona accounting methodology as seen in note 2. The main unobservable input relates to the asset manager's assessment of performance:				

					n/a	n/a	10%	-	The greater the expectation for future profits, the greater the fair value
		495,909	**604,632**						

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs. The Group's liquidity analysis is detailed in note 19.

Assets classified as Level 3 investments are underlying Limited Partnerships which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by each Limited Partnership's administrator. The Group does not have transparency over the inputs of this valuation.

There were no transfers between levels during the year (31 March 2017: nil).

The following table presents the movements in Level 3 investments of the Partnership for the year ended 31 March 2018:

	CRT Pioneer Fund £'000	**Fund investments £'000**	**2018 Total £'000**	**2017 Total £'000**
Opening balance	21,824	39,036	60,860	37,249
Purchases	10,973	20,954	31,927	25,014
Return of capital	(1,990)	(11,187)	(13,177)	(11,083)
Gain on financial assets at fair value through profit or loss	-	6,715	6,715	9,680
Closing balance	30,807	55,518	86,325	60,860

The net gain for the year included in the Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held at the year end amounted to £6,714,678 (31 March 2017: £9,680,448 gain).

21. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 31 March 2018:

2018	**Uncalled commitment £'000**
Life science portfolio:	
Milestone payments to life science companies	47,105
CRT Pioneer Fund	19,338
Fund investments	5,575
TOTAL	72,018

There were no contingent liabilities as at 31 March 2018 (31 March 2017: Nil).

22. RECONCILIATION OF PUBLISHED NAV TO ACCOUNTING NAV PREPARED UNDER IFRS

	2018 NAV £'000	**2018 NAV per share £**
Net assets reported to the London Stock Exchange	996,906	1.51

Increase in valuation of a life science investment	63,681	0.10
Increase in valuation of a late reporting fund	755	-
Adjustment to share based payments liability	(1,779)	-
Adjustment to accrued expenses	(3,800)	(0.01)
Net assets per Financial Statements	1,055,763	1.60

23. SUBSEQUENT EVENTS

These Consolidated Financial Statements were approved for issuance by the Board on 14 June 2018. Subsequent events have been evaluated until this date.

On 5 March 2018, Gian Piero Reverberi was appointed as Non-Executive Director with effect from 1 April 2018. Nick Moss was appointed as Senior Independent Director and Rob Hutchinson succeeded him as Chair of the Audit Committee with effect from 1 April 2018.

Since 31 March 2018, Syncona Portfolio Limited, Autolus Therapeutics Limited (to be reorganised as Autolus Therapeutics plc) ("Autolus") has filed an amended registration statement on Form F-1 with the U.S. Securities and Exchange Commission (the "SEC") in respect of the proposed initial public offering in the United States of its American Depositary Shares ("ADSs") representing ordinary shares (which can be accessed through the SEC's EDGAR database). The amended registration statement filing states an expected pricing range for the proposed offering of U.S.$15.00 – U.S.$17.00 per ADS, with each ADS representing one ordinary share. At 13 June 2018 foreign exchange rates, this would represent an increase in value of Syncona's current shareholding in Autolus (compared to the 31 March 2018 sterling holding value) of £51.6 million – £69.9 million (7.8p- 10.5p per Syncona share).

A scrip dividend for the year ended 31 March 2018 of 2.3 pence per Ordinary Share will be paid on 30 July 2018 to those shareholders on the register of members of the Company as at 22 June 2018.

ADDITIONAL INFORMATION

Responsibility statement

The Directors' responsibility statement below has been prepared in conjunction with, and is extracted from, the Company's Annual Report and Accounts for the year ended 31 March 2018 ("2018 Annual Report"), whereas this announcement contains extracts from the 2018 Annual Report. The responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. These responsibilities are for the full 2018 Annual Report and not the extracted information presented in this announcement or otherwise.

The Directors of the Company are:

Jeremy Tigue, Chairman
Tom Henderson, Non-Executive Director
Rob Hutchinson, Non-Executive Director
Nigel Keen, Non-Executive Director
Nicholas Moss, Non-Executive Director
Gian Piero Reverberi, Non-Executive Director
Ellen Strahlman, Non-Executive Director

The Directors confirm to the best of our knowledge:

1. The Financial Statements contained in the 2018 Annual Report have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as a whole; and

2. The management report in the 2018 Annual Report including information and details in the Strategic Report, the Corporate Governance Statements, the Directors' Report and the notes to the Financial Statements, provides a fair review of the Company business and a description of the principal risks and uncertainties facing the Company.

Principal risks and uncertainties

The execution of the Company's investment strategy is subject to risks and uncertainties. During the year, the Company expanded its investment policy to include investment in early-stage life science companies. Accordingly, the principal risks and uncertainties have been updated to reflect new risks associated with the financing of and investment in early-stage companies.

The principal risks that the Board has identified are set out in the table below, along with the consequences and mitigation of each risk. Further information on risk factors is set out in note 19 [above].

Life science portfolio

Description	Impact	Mitigation
Risk in making new investments		
The Company sources life science businesses for investment. In many cases these are at a very early stage, potentially before there is any clinical evidence of effectiveness or commercially viable way to deliver the technology. Evaluating such opportunities is inherently uncertain.	The Company may not realise an attractive return or, in some cases, may not realise its original cost or any value from its investment. In addition, the Company may need to invest significant additional time, capital and management resources in order to realise any return.	The Investment Manager employs highly experienced personnel who have considerable experience of building and developing early-stage life science businesses and are therefore well-positioned to evaluate the risks and opportunities. Before making any investment, the Investment Manager performs extensive due diligence covering all the major business risks, and develops an operational plan to mitigate these. This will typically involve the Investment Manager's personnel working closely with the portfolio company, taking non-executive and at times executive roles on portfolio company boards. The Investment Manager has a robust and disciplined financing and capital allocation framework, and investments may involve seed funding or tranching to identify and mitigate early risks before proceeding with more substantial investments.
General, commercial, technological and clinical risks		
The Company's life science investments are exposed to a wide range of general, commercial, technological and clinical risks. In particular: • Negative results from, or adverse events in, clinical trials • Intellectual property may fail to be granted or may be infringed or copied • Failure of a technology platform in an early-stage company • Failure to obtain regulatory approval for new products developed • Failure to sell products profitably or in sufficient volumes	All of these risks could potentially lead to a decline in the value of a portfolio company, or even lead to the portfolio company failing. In particular, clinical studies and other tests to assess the commercial viability of a product are typically expensive, complex and time-consuming, and have uncertain outcomes. The Company has three portfolio companies conducting clinical trials, with multiple clinical trials ongoing. If a portfolio company fails to complete or experiences delays in completing tests for any of its product candidates, it may not be	The Investment Manager employs highly experienced personnel who have considerable experience of building and developing early-stage life science businesses. The Investment Manager's personnel work closely with portfolio companies, taking both executive and non-executive roles on portfolio company boards, monitoring progress and ensuring familiarity with issues and risks. In addition, the Investment Manager's team can assist the management teams of the portfolio companies with arranging specialist advice, for example, communication

- Changes in pharmaceutical pricing practices
- Launch of competing products
- Reputational damage
- Targeted public campaigns
- Latent product defects resulting in claims

This risk has increased as a result of positive developments within portfolio companies, in particular that a number of them began clinical trials during the past year.

able to obtain regulatory approval or commercialise its product candidates on a timely basis, or at all. Significant delays in any of the clinical studies to support the appropriate regulatory approvals could significantly impact the amount of capital required for the portfolio company to achieve final regulatory approval, which in turn may impact the value of such portfolio company. A critical failure in any stage of a clinical testing programme would probably necessitate a termination of the project and a loss of the Company's investment.

advice to support them dealing with issues or any likely issues.

Members of the portfolio companies' management teams have significant experience in the management of clinical programmes and have dedicated internal resource to establish and monitor each of the clinical programmes in order to maximise successful outcomes.

In order to diversify the risk associated with any one clinical study, portfolio companies will seek to have multiple trials in different indications.

Dominance of portfolio by a few larger investments and/or sector focus

Within its life science portfolio, the Company is seeking to build a focused portfolio of up to 20 leading life science companies. Accordingly, a large proportion of the overall value of the life science portfolio may, at any time, be accounted for by one, or a few, portfolio companies.

The Company's life science portfolio may also be focused on a small number of sub-sectors within the life science sector. Accordingly, a material proportion of the overall value of the life science investment portfolio may, at any time, be invested in a specific sub-sector.

This risk has increased as a result of positive developments within portfolio companies that have resulted in the Company recognising value increases and committing further investment.

If a portfolio company experiences financial or operational difficulties, fails to achieve anticipated results or, where relevant, suffers from poor stock market conditions and if, as a result, its value were to be adversely affected, this could have an adverse impact on the overall value of the life science investment portfolio.

Similarly, if the technology or technologies utilised in a specific sub-sector prove to be commercially unproductive or unsuccessful, then the value of the Company's investments in the respective sub-sector(s) could be negatively impacted.

The Board considers the performance of its largest portfolio companies and the portfolio's concentration on specific sub-sectors on a quarterly basis.

The Investment Manager employs highly experienced personnel who have considerable experience of building and developing early-stage life science businesses. The Investment Manager's personnel work closely with portfolio companies, taking non-executive and at times executive roles on portfolio companies' boards, monitoring progress and ensuring familiarity with issues and risks.

At 31 March 2018, the Company's three largest investments in its life science portfolio were valued at £396.4 million, representing 37.5 per cent of the net asset value of the Company.

Market risk – realising investment portfolio companies

Instability in equity and debt markets and/or the market's appetite for investment in life science companies could result in an unattractive pricing for life science companies, either in public markets or through sales to financial or strategic acquirers.

A lower value may be realised in the event of a sale of a portfolio company at a time when markets are unstable or have reduced appetite for life science companies.

The Investment Manager, alongside each portfolio company management team, is focused on ensuring that portfolio companies have robust business models. These are expected to be attractive to strategic acquirers and public market investors, even in challenging market conditions.

In addition, the Company seeks to ensure that it has sufficient liquidity to fund its portfolio companies through the cycle. It can therefore avoid being a 'forced seller' should

		market conditions be less attractive at any point in time.

Market risk – political and economic uncertainty may negatively impact the Company's ability to achieve its strategic objectives

Political and economic uncertainty, including impacts from the EU referendum or similar scenarios, could have several potential impacts, including changes to the labour market available to the Investment Manager and underlying portfolio companies, or regulatory environment in which the Company and its investment portfolio companies operate.	There could be potential risks to research funding and so the pipeline of attractive opportunities; to attracting and retaining talent and so the ability to build successful businesses in line with the plan; or to the ability to profitably commercialise new products.	The Investment Manager monitors these developments, with the help of professional advisers, as appropriate, to ensure it is prepared for any potential impacts.

Fund investments

Description	Impact	Mitigation
Investment risk		
The Company's fund investments are exposed to the risk that they fail to perform in line with their objectives if inappropriately invested or markets move adversely. The fund investments have significant indirect exposure to risks through the underlying portfolios. Due to the lack of transparency in many of the underlying assets, it is difficult to quantify or hedge the impact of these risks on the portfolio. These risks will include equity market, interest, foreign exchange and other market risks, which may be magnified by significant gearing in the underlying funds.	Any underperformance of the fund investments will have an impact on net asset value of the Company and the Company's ability to access required liquidity.	The Investment Manager employs highly experienced personnel who have considerable experience in investing in capital markets. The Investment Manager performs due diligence on potential new investments, including an assessment of investment risk and, after the investment is made, post investment monitoring of their performance. The Board reviews reports from the Investment Manager at each quarterly Board meeting, paying particular attention to the constitution of the portfolio, the performance and volatility of underlying investments and the liquidity forecast prepared by the Investment Manager.

Operational

Description	Impact	Mitigation
Failure to attract or retain key personnel		
The expertise, due diligence, risk management skills and integrity of the staff at the Company's Investment Manager are key to the success of the Company.	If the Investment Manager does not succeed in retaining skilled personnel or is unable to continue to attract all personnel necessary for the development and operation of	The Investment Manager carries out regular market comparisons for staff and executive remuneration. Senior executives are shareholders in the Company and staff of the

The industries in which the Investment Manager operates are specialised and require highly qualified and experienced management and personnel. Given the relatively small size of the team, the execution of the Company's investment strategy is dependent on a small number of key individuals. There is a risk that employees could be approached by other organisations or could otherwise choose to leave the Investment Manager.	their business, it may not be able to execute the Company's investment strategy successfully.	Investment Manager participate in the Syncona Long Term Incentive Plan. In addition, the Investment Manager encourages staff development and inclusion through coaching and mentoring and carries out regular objective setting and appraisals.

Financing risk

Financing risk and the inability to match funding to the timing of investments by the Investment Manager.	Lack of funding may restrict the ability of a portfolio company in the Company's life science portfolio to fund ongoing research and development and commercialisation programmes and the ability of the Company to invest in new, attractive investment opportunities. This could, in some cases, result in the Investment Manager having to seek funding for companies in the life science portfolio from third-party investors, thereby diluting the Company's ownership of the portfolio company. In extreme cases, it may result in the portfolio company being forced to sell off its assets or cease its development, impacting the value of the investment.	The Company has a strong liquidity position and ensures that it has sufficient liquidity to fund its early-stage investment programme. The Investment Manager maintains detailed financing and capital allocation models on an ongoing basis that contain appropriate stress testing, which are reviewed on a regular basis and notified to the Board. The investment parameters for our fund investments focus on ensuring liquidity and capital preservation.

Systems and controls

The potential loss of operation of core systems or sensitive data leading to damage and disruption to the Investment Manager or Administrator's business.	Disruption of the business of the Investment Manager or Administrator.	Systems and controls procedures are developed and reviewed regularly and the Board receives reports annually from the Investment Manager and Administrator on their internal controls.

Legal and regulatory

Description	**Impact**	**Mitigation**

Changes in law and regulations may adversely affect the Company

The Company is subject to laws and regulations of national and local governments. In particular, the Company is subject to, and is required to comply with, regulations that apply to a premium listed company on the London Stock Exchange; other EU and UK requirements that apply to funds marketed in the EU; and regulations applicable to registered closed-ended collective investment schemes domiciled in Guernsey, as well as other requirements. The legislative and policy framework is subject to ongoing change.

Changes in legislation and government policy may adversely impact the ability of the Investment Manager to execute the investment strategy of the Company or result in significant additional costs being incurred.

Changes to tax laws may impact the Company's returns or the returns that shareholders may receive from the Company.

The Company and the Investment Manager monitor, and respond to, changes in law and regulation, including any changes in tax or other legislation, with the support of professional advisers where appropriate.

GLOSSARY

ALL
Acute lymphocytic leukaemia – a cancer of the bone marrow and blood in which the body makes abnormal white blood cells.

AAV
Adeno-associated virus – a non-enveloped virus that can be engineered to deliver DNA to target cells.

Axumin
Diagnostic imaging agent that can help detect and localize recurrent prostate cancer.

BACIT
BACIT (UK) Limited.

Capital pool
Pool of funds investments plus cash less other net liabilities.

Capsid
The protein shell of a virus

Choroideremia
A rare, degenerative, X-linked genetic retinal disorder primarily affecting males.

Company
Syncona Limited.

CRT Pioneer Fund
The Cancer Research Technologies Pioneer Fund LP. The CRT Pioneer Fund is managed by Sixth Element Capital and invests in oncology focused assets.

CSO
Chief Scientific Officer

DLBCL
Diffuse large B-cell lymphoma – an aggressive type of blood cancer that can arise in lymph nodes (glands) or outside of the lymphatic system.

Dry AMD
Dry age-related macular degeneration – a progressive and debilitating loss of vision in the centre of the visual field (macula) and a very common cause of blindness in the elderly.

Fabry's disease
A rare genetic disease resulting from a deficiency of the enzyme alpha-galactosidase leading to dysfunctional lipid metabolism and abnormal glycolipid deposits.

Fund investments

The underlying investments in this segment are investments in a diversified portfolio of hedge, equity and long-term alternative investments funds across multiple asset classes.

General Partner
Syncona GP Limited.

Group
Syncona Limited and Syncona GP Limited are collectively referred to as the ‘Group’.

Haemophilia B
A genetic disorder caused by missing or defective Factor IX that can result in dangerously low levels of the essential clotting protein.

Holding Company
Syncona Holdings Limited.

ICR
The Institute of Cancer Research.

Immunotherapy
A type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases.

Investment Manager
BACIT held the Alternative Fund Investment Manager role until 12 December 2017. From this date, Syncona Investment Management Limited became the Alternative Fund Investment Manager.

IRR
Internal Rate of Return.

Life science portfolio
The underlying investments in this segment are those whose activities focus on actively developing products to deliver transformational treatments to patients.

Lymphocytes
Specialised white blood cells that help to fight infection.

Lymphoma
A type of cancer that affects lymphocytes and lymphocyte-producing cells in the body.

MES
Management Equity Shares.

Multiple myeloma
Blood cancer arising from plasma cells found in the bone marrow.

NAV
Net Asset Value.

NAV total return
Movement in NAV per share plus dividend per share.

Neuroblastoma
A cancer that develops from immature nerve cells found in several areas of the body, and most commonly arises in and around the adrenal glands.

pALL / aLL
Paediatric/adult acute lymphocytic leukaemia – a cancer of the bone marrow and blood occurring during childhood in which the body makes abnormal white blood cells (lymphocytes).

Partnership
Syncona Investments LP Incorporated.

PET
Positron emission tomography – a type of medical imaging test, which uses a radioactive drug to help locate and visualise certain diseases in the body.

Prostate Specific Membrane Antigen (PSMA)
A type II membrane protein which is expressed in all forms of prostate tissue.

rDCF
Risk Adjusted Discounted Cash Flow.

Return
Time Weighted Rate of Return is the method used for return calculations.

RPGR
A gene that provides instructions for making a protein that is essential for normal vision.

SIML
Syncona Investment Management Limited.

Stargardt's disease
A form of juvenile macular dystrophy; a rare inherited condition causing loss of central vision.

Syncona Group companies
Subsidiaries that are 100% owned by the Group.

T cell
A type of lymphocyte white blood cell, which forms part of the immune system and develops from stem cells in the bone marrow.

The Syncona Foundation
The BACIT Foundation was established in 2012 and will shortly change its name to The Syncona Foundation. The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and health care.

X-linked Retinitis Pigmentosa (XLRP)
A rare inherited X-linked recessive genetic retinal disorder primarily affecting males and most often caused by mutations in the RPGR gene.