

Syncona Limited

Quarterly Update

12 August 2019

Syncona Ltd, a leading healthcare company focused on founding, building and funding global leaders in life science, today issues its quarterly update covering the period from 1 April to 30 June 2019.

Strong progress across Life Science companies during the quarter

- Sale of Blue Earth Diagnostics (Blue Earth) to Bracco Imaging (Bracco) announced, valuing Syncona's holding at £336.9 million, a £69.4 million uplift to carrying value and a 10.0x return¹ on original investment
- Completion of the acquisition of Nightstar by Biogen with £255.8 million of proceeds received in the period, representing a 4.5x return on original investment
- Syncona investment of \$24.0 million in a \$109.0 million follow on financing in Autolus and initial positive data from the AUTO1 adult ALL Phase 1/2 trial
- Merger of Gyroscope and Orbit to create world's first end-to-end retinal gene therapy company
- Foundation of Quell Therapeutics (Quell) in an emerging area of cell therapy and appointment of world-class Chief Executive, Iain McGill
- Strategic capital pool of £580.2 million²; capital deployment of £64.1 million over the three months in line with Syncona's strategy to fund its companies over the long-term
- Net assets of £1,352.1 million, 201.4p per share, a total return of (7.0) per cent over the three months with the £69.4 million uplift from the sale of Blue Earth outweighed by the 48.8 per cent decline in Autolus' share price in the period, despite the company's strong fundamentals

Martin Murphy, CEO, Syncona Investment Management Limited, said: "We are pleased with the strong progress made across our companies, delivering a number of financial and operational milestones. The sale of Blue Earth achieved excellent risk-adjusted returns for shareholders following the successful development and launch of Axumin which has transformed how patients with recurrent prostate cancer are managed.

"As we look forward, we continue to have a high-level of conviction in our companies' long-term fundamentals. Our strategic capital pool underpins our approach to pursue exciting new opportunities and fund our companies ambitiously as they continue to scale. We remain focused on maintaining our disciplined approach as we seek to maximise risk-adjusted returns for our shareholders."

Post period end

Company updates

In July Freeline provided updated data from the first cohort of two patients in the ongoing B-AMAZE FLT180a Phase 1/2 trial in Haemophilia B, demonstrating that over the 12 months since infusion both patients' liver enzymes remained within the normal range at all time points and the patients' transgene expression was stable, with Factor IX levels of 40.5±4.5% at week 52. Freeline continues to enrol patients with the goal of optimising the dose to achieve Factor IX expression in the normal range. In addition, the business expanded its pipeline with a new programme, FLT210, to target Haemophilia A.

In a quarterly report on 8 August 2019, Autolus provided an update on its pipeline, confirming that it plans to initiate a Phase 2/registration trial of AUTO1 in adult ALL in the fourth quarter of calendar year 2019. The business intends to make a decision on Phase 2 initiation for AUTO3 in Diffuse Large B-cell lymphoma (DLBCL) in mid-2020, following a lag in patient recruitment due to a delay in regulatory licensure at its manufacturing site. Autolus announced positive initial data in this programme in December 2018 and intends to provide an update at the American Society of Haematology conference in December 2019.

¹ Including prior distributions in the 2019 financial year

² As at 30 June 2019; does not include proceeds of Blue Earth sale

In pediatric ALL (pALL), Autolus reported that, while its AUTO3 product has demonstrated strong clinical impact, early data suggests that its AUTO1 product has shown greater durability in this indication. As a result, Autolus has taken the decision to focus on its AUTO1 product for pALL, where data currently indicates a differentiated combination of efficacy, safety and persistence. The development programme for AUTO1 in pALL will include a next generation product which is dual targeting and incorporates the CD19 CAR of AUTO1 and a novel CD22 CAR.

Capital pool

The sale of Blue Earth completed on 1 August, generating £336.9 million in proceeds, further enhancing Syncona's ability to build and fund its portfolio companies to succeed over the long term.

Syncona will continue to fund its companies ambitiously as they scale and sees a strong pipeline of exciting new opportunities, subject to its disciplined approach to the allocation of capital across the portfolio.

Valuation movements in the quarter:

Company	31 Mar 2019 Value (£m)	Net investment in period (£m)	Valuation change (£m)	30 Jun 2019 value (£m)	% NAV	Valuation basis	Fully diluted ownership stake (%)	Focus area
Life science portfolio companies								
Established								
Blue Earth	267.5	-	69.4	336.9	24.9	Sale price	89	Advanced diagnostics
Maturing								
Nightstar	255.8	(255.8)	-	-	-	-	-	Gene therapy
Autolus	328.2	18.3	(161.4)	185.1	13.7	Quoted	30	Cell therapy
Freeline	93.5	25.0	-	118.5	8.8	Cost	80	Gene therapy
Gyroscope	28.9	5.1	-	34.0	2.5	Cost	80	Gene therapy
Developing								
Achilles	16.2	9.4	-	25.6	1.9	Cost	69	Cell therapy
SwanBio	5.3	3.5	0.2	9.0	0.7	Cost	72	Gene therapy
OMASS	3.5	-	-	3.5	0.3	Cost	46	Therapeutics
Anaveon	3.7	-	0.2	3.9	0.3	Cost	47	Immuno-oncology
Quell	8.3	-	-	8.3	0.6	Cost	69	Cell Therapy
Life Science investments								
CRT Pioneer Fund	34.3	2.8	-	37.1	2.7	Adj. Third-party	N/A	
CEGX	3.9	-	-	3.9	0.3	Adj. PRI	9	
Adaptimmune	4.9	-	(0.2)	4.7	0.3	Quoted	0	
Syncona Collaborations	1.4	-	-	1.4	0.1	Cost	100	
TOTAL	1,055.4	(191.7)	(91.8)	771.9	57.1			

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Enquiries
Syncona Ltd
Annabel Clay / Siobhan Weaver

Tel: +44 (0) 20 3981 7940

FTI Consulting

Brett Pollard / Ben Atwell / Natalie Garland-Collins

Tel: +44 (0) 20 3727 1000

About Syncona:

Syncona is a leading FTSE250 healthcare company focused on founding, building and funding 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 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

Forward-looking statements - this announcement contains certain forward-looking statements with respect to the portfolio of investments of Syncona Limited. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. In particular, many companies in the Syncona Limited portfolio are conducting scientific research and clinical trials where the outcome is inherently uncertain and there is significant risk of negative results or adverse events arising. In addition, many companies in the Syncona Limited portfolio have yet to commercialise a product and their ability to do so may be affected by operational, commercial and other risks.