21 November 2019

Syncona Limited

Interim Results for the six months ended 30 September 2019

Pivotal period validating the Syncona model; strong momentum across high quality portfolio

Syncona Ltd, ("Syncona"), a leading healthcare company focused on founding, building and funding a portfolio of global leaders in life science, today announces its Interim Results for the period ended 30 September 2019.

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

"We have made good progress across the portfolio and demonstrated a strong track record of success in the first half of 2019. The sales of Blue Earth and Nightstar, two companies we founded, generated strong risk-adjusted returns, strengthened our capital base and enabled us to invest significantly into our exciting portfolio of companies as they scale. We continue to see a strong pipeline of opportunities across a broad range of therapeutic areas to found new companies and take products to market, as we seek to build a sustainable, diversified portfolio of 15-20 companies in innovative areas of healthcare."

Financial performance

- Net assets at 30 September 2019 of £1,336.8 million (31 March 2019: £1,455.1 million); 198.9p per share[1], a NAV total return[2] of (7.2) per cent
- Life science portfolio, valued at £481.3 million, a (11.8) per cent return[3] over the six months
  - Uplifts from the sale of Blue Earth Diagnostics (Blue Earth) and a Series B financing in Achilles Therapeutics (Achilles)
  - Outweighed by a 61 per cent decline in Autolus' (NASDAQ: AUTL) share price; we continue to believe in the company's strong fundamentals

Proven value creation through differentiated model

- Blue Earth and Nightstar sales generated an aggregate of £592.6 million of proceeds
  - Sale of Blue Earth to Bracco Imaging for $476.3 million, represented a 10x return on invested capital[4] and an IRR of 87 per cent[5]
  - Sale of Nightstar to Biogen for $877.0 million represented a 4.5x return on invested capital[6] and an IRR of 72 per cent[7]

Strengthened capital base to fund growing life science portfolio

- Capital base increased by £455.8 million to £855.5 million[8]
- £127.2 million investment into our life science companies in line with strategy, including:
  - Investment of $24.0 million in a $109.0 million follow-on financing in Autolus
  - Committed £48.0 million to Gyroscope Therapeutics in a £50.4 million Series B financing
  - Achilles raised £100.0 million in an oversubscribed Series B; Syncona was the largest investor in the round with £35.1 million commitment
- Capital deployment for the full year to increase to £200-£250 million; subject to timings of financings and disciplined approach to capital allocation

Strong clinical progress

- Ongoing progress in the clinical pipeline with seven live clinical trials, including:
  - Encouraging initial data from Autolus (NASDAQ: AUTL) in AUTO1 adult ALL
  - Freeline commenced second clinical programme in Fabry's Disease
  - Dose optimisation progressing in Freeline's B-AMAZE Phase 1/ 2 trial in Haemophilia B

[1] Fully diluted, please refer to Note 9d in the financial statements
[2] Refer to the glossary
[3] Time weighted return, refer to glossary
[4] Equivalent to ROCE
[5] Including the £14.2m distribution in 2019 financial year, Syncona Partners original cost.
[6] Equivalent to ROCE
[7] Syncona Partners original cost.
[8] Refer to glossary

- Dose escalation ongoing in Gyroscope Phase 1/2 trial in dry AMD

Recent events post period end:

- Committed £29.5 million to new portfolio company, Azeria Therapeutics (Azeria), a company developing and commercialising innovative cancer therapeutics
- Achilles commenced patient enrolment in first programme in Non-Small Cell Lung Cancer (NSCLC)
- Autolus announced that it will present further data from its pipeline of programmes at the American Society of Hematology (ASH) conference including: AUTO1, AUTO2 and AUTO3

Outlook – long-term opportunity to create significant value

We see a rich pipeline of opportunities around which to found new companies with the ambition of taking products to market, including across areas such as gene therapy, cell therapy, small molecules and biologics. In our existing portfolio, we provide ambitious, long-term funding to our companies, which are scaling rapidly and progressing through the development cycle enabling us to retain significant ownership positions of strategic influence. In line with this and subject to the timing of financings, we expect our capital deployment for the full year to increase to £200-£250 million (prior FY2020 guidance: £100-200 million).

In the short term, data generated from our clinical pipeline will be a core driver of value, and we expect both Freeline's B-AMAZE trial in Haemophilia B to publish data in this financial year and Autolus to take a decision on whether to initiate a Phase 2 trial in AUTO3 DLBCL in mid CY2020.

Long-term, we believe there is an opportunity to create significant value in life science through our differentiated model. We are half way to our target of building an evolving, diversified portfolio of 15-20 companies. Over the next 10 years, we expect to deliver 3-5 companies from this portfolio which reach the point of product approval and where Syncona remains a significant shareholder. We believe this approach will maximise risk-adjusted returns for shareholders.

Chris Hollowood, CIO, of Syncona Investment Management Limited, said:

"Following the addition of new Syncona company, Azeria, we have a high-quality portfolio of nine companies. Three are at clinical stage, where the data generated will be a core driver of value. Whilst clinical and regulatory processes involve significant risk, we have a high level of conviction in our companies, and there is strong momentum in the portfolio.

We have a highly expert team, strategic capital base and differentiated model to found, build and fund businesses through the translation of globally leading life science research as we seek to deliver transformational treatments to patients and strong risk-adjusted returns for shareholders."

[ENDS]

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About Syncona:

Syncona is a leading FTSE250 healthcare company focused on founding, building and funding a portfolio of global leaders in life science. Our vision is to build a sustainable, diverse portfolio of 15 - 20 companies focused on delivering transformational treatments to patients in truly innovative areas of healthcare, through which we are seeking to deliver strong risk-adjusted 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 strategic capital base which

provides us with control and flexibility over the management of our portfolio. 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.

Chairman's foreword

Syncona's differentiated approach has been validated in the first half of this year. There is significant momentum in our portfolio companies which are scaling rapidly. Our ability to deliver strong risk-adjusted returns was demonstrated with the realisation of two Syncona founded companies, which also significantly strengthened our capital base.

Performance in the six months

Uplifts from the sale of Blue Earth and the recent financing of Achilles were outweighed by the 61 per cent decline in Autolus' share price, and net assets decreased to £1,336.8 million or 198.9p per share[9], a (7.2) per cent total return[10] in the six months (31 March 2019: net assets of £1,455.1 million, 216.8 p per share).

At the end of the period, we have a life science portfolio valued at £481.3 million and a capital base supporting the growth of this portfolio of £855.5 million. A strong balance sheet and certainty of funding is key to delivering our strategy and our capital base provides us with the flexibility to back our portfolio companies as they scale, whilst allowing us to take a long-term approach and maintain significant ownership positions.

Board transition

I am delighted that Melanie Gee will take over as Chair when I retire from the Board on 31 December 2019. Melanie brings a wealth of expertise from 30 years in investment banking and is an experienced FTSE board member. She will be an excellent Chair as the Company moves into its next stage of growth. I am very grateful to my colleagues for their invaluable contribution and support over my past seven years on the Board.

Long-term opportunity

In 2016, we acquired a portfolio of life science assets together with a leading management team from the Wellcome Trust. We set out our vision to found and build globally competitive life science companies with the ambition to take products to market, deliver transformational treatments to patients and generate strong risk-adjusted returns for our shareholders. I am delighted that we have seen rapid and significant progress over the last three years and are well on the way towards achieving our vision.

Syncona has a unique model underpinned by a strategic pool of capital and an expert team that continues to expand our high-quality portfolio of life science companies which we expect to continue to drive significant returns for shareholders. We have a strong pipeline of exciting opportunities, leveraging the rich landscape of science and innovation in the UK and beyond. I am proud of what has been achieved so far and even more excited for the future. I believe there is a huge opportunity for Syncona to create significant value for shareholders over the long-term.

Jeremy Tigue
Chairman
20 November 2019

[9] See footnote 1
[10] See footnote 2

CEO Statement

Syncona has made strong progress as we continue to deliver on our strategy of creating a portfolio of life science companies based on founding, building and funding global leaders in healthcare.

A growing track record of success:

Syncona has an expert team and a permanent capital base to capture the out-return from the commercialisation of an exceptional research base in life science in Europe, particularly the UK. This platform is combined with a differentiated, long-term, product focused strategy to maximise risk-adjusted returns for shareholders. We believe that significant value creation in life science comes by taking products into late development and to approval – targeting the steepest part of the value creation curve. To deliver this, we select science and innovation that will have a transformational impact for patients, and which can be credibly developed by innovative biotech companies all the way to product approval. We found our companies with this ambition, build them for global success and fund them ambitiously over the long-term, maintaining significant ownership positions and thereby maximising our opportunity to capture significant value for shareholders. It is important that our companies know Syncona can fund them for the long-term, as this gives us the ability to build globally competitive businesses and attract the best management teams.

Having identified and financed Azeria post period end, we have a portfolio of nine companies, which is diversified across a range of therapeutic areas and are at various stages of the development cycle. The sale of two of our most developed businesses, Blue Earth and Nightstar, which completed during the half year demonstrated our ability to deliver strong risk-adjusted returns for shareholders. In the case of Blue Earth, we sold the business to Bracco Imaging for $476.3 million in June, generating proceeds of £336.8 million and a return of 10x original invested capital[11]. Syncona founded the business in 2014 and worked in close partnership with the Blue Earth management team to successfully develop, launch and commercialise an impactful product for prostate cancer imaging, funding the business on a sole-basis. We also completed the sale of Nightstar, a company we founded in 2014. Nightstar also benefited from our long-term, operational and hands-on approach and we accepted an offer of $877.0 million for the business from Biogen earlier this year, crystallising proceeds of £255.8 million (representing a return of 4.5x original invested capital[12]).

The decisions to sell Blue Earth and Nightstar were driven by our view of the balance of risk and reward facing these companies and represented attractive opportunities to deliver out sized returns for our shareholders. Our model enables us to redeploy the proceeds, into our portfolio companies as they scale, and also pursue exciting new opportunities as we look to build a sustainable portfolio.

Strong progress across our portfolio:

We have seen significant financial, clinical and operational progress inour portfolio companies during the first half of the year. We have completed significant financings in three of our portfolio companies, commenced a new clinical trial in Fabry disease, have seen encouraging data reported in AUTO1 adult ALL and now have seven active clinical trials in our promising clinical pipeline. While the Autolus share price has declined during the period, we are focused on long-term value creation and believe the fundamentals of the company are strong.

Post-period end, we have committed £29.5 million in a £32.0 million Series B financing to a new Syncona company, Azeria Therapeutics, which is focused on developing small molecules designed to treat hormone resistant breast cancer. The company was founded in 2017 by a world-leading academic, Dr Jason Carroll, who is an expert in the study of pioneering factors in cancer. His scientific insights have identified a new target and mechanism of action in an area of high unmet need, namely the approximately 30 per cent of oestrogen receptor positive breast cancer patients, who ultimately progress to late stage endocrine resistant disease[13].

Azeria received £5.5 million of Series A funding from the CRT Pioneer Fund in which Syncona is the largest investor. This gave us unique insight and access to the investment, through which we saw an opportunity to build a world-leading oncology company focused on developing its lead programme through to commercialisation and building a pipeline of further programmes. Syncona Partners, Magda Jonikas and Michael Kyriakides are now developing the business plan and clinical pipeline with the

[11] Syncona Partners cost

[12] Syncona Partners cost

[13] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4453676/pdf/bjc2015127a.pdf

Azeria team. Through our investment in the CRT Pioneer Fund, and directly through the Series B financing, Syncona has a 75 per cent ownership holding in Azeria[14].

A rapidly scaling portfolio

Successful life science companies scale rapidly. They require increasing amounts of capital to achieve their ambitions as they progress through the development cycle, secure globally leading management teams and build industrial scale.

Our portfolio companies are progressing well meaning the scale of the capital which they require is also increasing. We have three companies in the clinic progressing seven programmes and have deployed £127.2 million in the period. Our strategic capital base, which has been significantly strengthened by the sale of Blue Earth and Nightstar, provides us with the flexibility to back our companies over the long-term, while retaining significant ownership stakes.

Managing risk and reward

As our companies scale, we continue to take a disciplined approach to capital allocation to optimise returns for our shareholders. For any given company, we continually assess the opportunity, the fundamental risk, the capital required to scale ambitiously and the strength of our own balance sheet, to determine the optimum financing approach or the right time to sell a company.

We typically remain the sole investor throughout initial rounds of investments. However, there will also be circumstances where the right thing for the company, and Syncona, will be to bring in likeminded investors to support the portfolio company, while maintaining a significant ownership stake, for example where the capital required is at a level beyond which we could prudently invest from our balance sheet.

Equally, we will sell companies prior to product approval if we have the opportunity to capture an out-sized risk-adjusted return for our shareholders, applying our disciplined assessment of the risk and future opportunity. We believe the sale of Nightstar is a good example of this strategy. Importantly, our capital base protects against the risk of being a forced seller and allows us to make informed decisions around whether to invest alone or divest our companies to realise value.

Alongside financial risk, there is also scientific, clinical, execution and commercial risk in building life science companies. The Syncona team's strong track record and expertise means that we are highly qualified to understand and manage these risks both at an early stage and through the development cycle, but it is the nature of life science businesses that some of our companies won't succeed. In these circumstances, we aim to take action quickly to recover as much value as possible and limit further costs, so that we can reallocate our time and investment capacity to other opportunities.

At the portfolio level, we also seek to manage risk through the creation of a portfolio of 15-20 companies which we would expect to sit across a range of therapeutic areas and development stages. We believe this level of diversification is appropriate to meet our primary goal of delivering 3-5 companies to the point of approval.

Significant opportunity over the long-term:

We continue to see a rich set of opportunities in the UK, where there is a globally differentiated research base. These include high quality opportunities in gene and cell therapy, areas where we already have deep domain expertise and strong platform capabilities, and attractive pipeline opportunities more broadly across a range of therapeutic areas and modalities, including small molecules and biologics. Our focus is on finding opportunities where we can deliver our strategy to build global leaders aiming to take their products to market and capture shareholder returns by targeting the steepest part of the value creation curve. Our proactive approach to identifying innovative areas of science and then partnering with globally leading academics to found new companies enables us to access the very best opportunities and bring the Syncona team's differentiated expertise to bear from the outset.

We enter the second half with strong momentum in the portfolio. We remain focused on leveraging our expertise and differentiated model to build globally competitive businesses. Over the next 10 years, we are seeking to build our high conviction portfolio to 15-20 companies, adding new companies at a rate of 2-3 a year. Our goal is to deliver 3-5 companies, in which we retain a significant ownership position, to the point of product approval. We believe this will enable us to capture the significant value creation

[14] 61 per cent on a direct basis, both percentages reflect full current commitments.

opportunity available from commercialising life science innovation and ultimately achieve our ambition to deliver transformational treatments to patients and strong risk-adjusted returns for shareholders.

Martin Murphy, CEO Syncona Investment Management Limited
20 November 2019

Life science portfolio review

There is good progress in the portfolio, which was valued at £481.3 million at 30 September 2019, with eight companies at the end of the period: three clinical stage companies and five pre-clinical companies focused on establishing operations and setting and implementing their strategic vision.

Clinical companies:

Autolus (11.0% of NAV, 29% shareholding):

- Encouraging data in AUTO1 adult acute lymphoblastic leukaemia (ALL) programme; the company completed a follow-on financing of $109.0 million where Syncona invested $24.0 million
- AUTO1 adult ALL expected to move to a pivotal programme in H1 2020; further data from AUTO1, AUTO2 and AUTO3 to be presented at ASH in December 2019

Autolus is our biopharmaceutical company developing next-generation programmed T cell therapies for the treatment of cancer. During the period, the company reported initial positive data from the AUTO1 adult ALL Phase 1/2 trial and confirmed that it plans to initiate a pivotal programme in the first half of calendar year 2020. It also reported that it will move to focus on a next generation product targeting multiple myeloma as its AUTO2 programme is not differentiated from competitor programmes. Autolus also intends to make a decision on whether to initiate a Phase 2 trial for AUTO3 in Diffuse Large B-cell lymphoma (DLBCL) in mid-2020, whilst in paediatric ALL (pALL), it reported that it will focus on its AUTO1 and AUTO NG products, where data currently indicates a differentiated combination of efficacy, safety and persistence. AUTO1NG is expected to commence a Phase 1 study in the first half of 2020.

Autolus completed a $109.0 million follow-on financing in April 2019, in which Syncona invested $24.0 million. The business has also been focused on expanding operations at its clinical manufacturing site at the Catapult Cell and Gene facility in Stevenage, to enable the company to meet its expected demand for its clinical trials.

Post period end, the business published abstracts for the ASH conference in November 2019, where it reported further early encouraging data from its AUTO3 programme in DLBCL from the low dose cohorts, with further data from patients in a higher dose cohort expected to be presented at ASH. The business also reported that it will publish data from its pipeline of programmes, including AUTO1 (pALL and adult ALL), AUTO2 and AUTO3 (pALL and DLBCL) at the conference.

Despite the recent share price fall, our view is that Autolus is a strong company with positive fundamentals as it seeks to apply a broad range of technologies to engineer a pipeline of precisely targeted T cell therapies designed to better recognise and attack cancer cells. The business is expecting to initiate a registrational trial in its lead programme in AUTO1 in adult ALL in H1 CY2020, where there is currently no CAR-T therapy approved. Compared to the current standard of care in relapsed refractory Adult ALL, Blincyto, a redirected T cell engager, AUTO1 has the potential to have a highly differentiated efficacy profile with a comparable safety profile. There is an addressable patient population of 3,000 patients[15] and 8,400 new cases of adult ALL diagnosed yearly worldwide and therefore this represents a significant commercial opportunity for the business[16].

Freeline (8.9% of NAV, 80% shareholding):

- Two clinical programmes; dose optimisation continues in lead programme in Haemophilia B programme and first patient dosed in second programme in Fabry's Disease
- Further data from Haemophilia B programme is expected in this financial year and early data from the Fabry programme is expected to be reported in FY2021

Freeline, our gene therapy company focused on liver expression for a range of chronic systemic diseases, is progressing its lead programme in Haemophilia B through clinical development in which it is seeking to deliver FIX activity in patients in the normal range. The normal range of FIX activity in the

[15] In the US and EU5; https://autolus.gcs-web.com/static-files/ff93c33a-dca2-4b30-88c2-b19bcd21a211
[16] https://autolus.gcs-web.com/static-files/80148164-43cb-412f-9483-93cedecd6c5e

general population's blood is between 50% and 150%. The business continues to enrol patients as part of its dose-ranging trial and is currently completing dose optimisation with the goal of delivering FIX activity consistently in the normal range for all patients. The business expects to report further data in the trial in this financial year.

Freeline also dosed its first patient in a Phase 1/2 in its second programme in Fabry Disease, which is estimated affects one in every 40,000 people[17]. It is the first AAV gene therapy clinical study in Fabry disease globally. Early data from the Fabry programme is expected to be released in FY2021.

Freeline is also progressing pre-clinical programmes targeting Gaucher disease and Haemophilia A, which are part of a broad pipeline of systemic disorders, where achieving high expression of FIX activity is crucial to achieving a functional cure for patients.

Importantly, the business has also been focused on developing its world leading manufacturing platform, so that it can deliver high-quality, consistent product at commercial scale, supporting its ambition to ultimately deliver product to patients.

Gyroscope (4.2% of NAV, 80% shareholding):

- Syncona £48.0 million commitment in a £50.4 million Series B financing
- Continued dosing in first programme in dry age-related macular degeneration (AMD); expects to complete enrolment in the FOCUS trial in FY2020, with initial data reported by FY2022

Gyroscope Therapeutics is developing gene therapy beyond rare disease and using it to treat a leading cause of blindness, dry age-related macular degeneration (dry-AMD). Dry-AMD is the leading cause of permanent vision impairment for people aged 65 and older and there are no approved treatments.

During the period Gyroscope closed a £50.4 million Series B financing, to continue the clinical development of both the company's lead investigational gene therapy (GT005) and the second-generation Orbit Subretinal Delivery System.

In line with our strategy to fund our companies ambitiously over the long-term, Syncona committed £48 million in the Series B financing, bringing its total commitment to Gyroscope since its inception to £82 million.

Research suggests that when a part of the immune system, the complement system, is overactive it leads to inflammation that damages healthy eye tissues. Gyroscope's lead investigational gene therapy, GT005, is designed to restore balance to the complement system to hopefully slow, or possibly stop, the progression of dry-AMD.

The company is currently enrolling in a Phase 1/2 dose-escalating clinical trial, known as the FOCUS study, and to date there have not been any safety concerns.

Gyroscope is also conducting a natural history study, known as the SCOPE study, that will enroll and genotype patients in Europe, Australia, and the United States. The SCOPE study will provide valuable genetic, biomarker and disease progression insight that will inform the company's future clinical development plans.

Pre-clinical companies (8.4% of NAV):

Achilles (5.4% of NAV, 44% shareholding):

- £100.0 million Series B financing cornerstoned by a £35.1 million commitment from Syncona
- Enrolled first patients in first programme in Non-Small Cell Lung Cancer (NSCLC); initial data in first two programmes in non-small cell lung cancer and melanoma expected by FY2022

Achilles, our cell therapy company which is focused on immunotherapy to treat solid tumours (initially lung cancer and melanoma), continues to make progress.

Proceeds from the recent financing are expected to enable the business to deliver two human proof-of-concept studies in Achilles' first programmes in NSCLC and melanoma. The business has enrolled the first patients in its NSCLC programme during the period. In addition, the financing will enable Achilles to continue building out its manufacturing capabilities as well as broaden its growing solid tumour pre-clinical product pipeline.

[17] http://www.fabry.org/fsig.nsf/pages/fabry

SwanBio (1.4% of NAV; 70% shareholding)

SwanBio, our gene therapy company focused on neurological disorders, has made good progress over the period, building out its leadership team with a number of appointments in the period. SwanBio's lead programme is focused on one of the most common monogenic neurological disorders, which currently has no available therapies and Syncona Partner Alex Hamilton is working with the company to develop its pipeline of indications.

OMASS (0.7% of NAV; 46% shareholding)

OMASS Therapeutics, our biopharmaceutical company using structural mass spectrometry to discover novel medicines, continued to leverage its unique technology platform and it is now fully deployed as a discovery engine for small molecule drug therapeutics. Syncona Partners Ed Hodgkin and Magda Jonikas have worked with the team and hired Ros Deegan, a highly experienced senior executive in drug discovery, as Chief Executive Officer. The business is now focused on building a pipeline of therapeutic agents.

Quell (0.6% of NAV; 69% shareholding)

Quell Therapeutics has been established with the aim of developing engineered T regulatory (Treg) cell therapies to treat a range of conditions such as solid organ transplant rejection, autoimmune and inflammatory diseases. The business appointed Iain McGill as Chief Executive Officer during the period. Iain is a leading pharmaceutical executive who has spent the majority of his 25 years in the industry in the area of solid organ and cell transplantation. Syncona Partner Freddie Dear is working in the company as Director of Operations. The team has expanded to 25 people and the company has been focused on building out R&D, manufacturing operations and capabilities. The business is targeting a first indication in liver transplant and candidate nomination is anticipated in FY2021.

Anaveon (0.3% of NAV; 47% shareholding)

Anaveon is developing a selective Interleukin 2 ("IL-2") Receptor Agonist, a type of protein that could therapeutically enhance a patient's immune system to respond to tumours. The business is expanding its operations and has recently moved into an independent laboratory space at Technologie Park Basel. The business has been focused on expanding the leadership team and is progressing towards clinical trials with candidate nomination in FY2021.

Life science investments (3.5% NAV):

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

The largest holding is the CRT Pioneer Fund, which is focused on early stage investments in highly innovative oncology programmes which were primarily sourced from its proprietary pipeline agreement with Cancer Research UK. Syncona is the largest investor in the fund and has contributed a net £4.8 million to the fund during the period, with a further £10.1 million of uncalled commitments remaining that we expect to be called within the next 24 months. Its investment period closed in March 2018 and the manager is now focused on supporting the existing 11 investments in the portfolio. This portfolio has a number of exciting investments, notably Azeria, to which we have committed £29.5 million post period end.

Active clinical pipeline at 30 September 2019

Programme / Indication	***Status and next steps***
Autolus – cell therapy / oncology	
AUTO1 / Adult ALL	*Phase 1/2 trial progressing; start pivotal programme in this financial year*
AUTO1 / Paediatric ALL	*Phase 1/2 trials progressing, (assessing safety, dose and efficacy) data anticipated this financial year*
AUTO3 – Adult DLBCL	
AUTO4 – T cell Lymphoma	*Phase 1/2 trial progressing; expect to present initial AUTO4 Phase 1 data H2 CY2020*
Freeline	

B-AMAZE – Haemophilia B	*Phase 1/2 trial progressing (assessing safety, dose and efficacy, dose escalation and optimisation phase), further data anticipated this financial year*
Fabry's Disease	*Phase 1/2 trial progressing (assessing safety, dose and efficacy, dose escalation and optimisation phase), early data expected in FY2021*
Gyroscope	
FOCUS – Dry Age-Related Macular Degeneration	*Phase 1/2 trial progressing (assessing safety, dose response and efficacy of two doses of GT005). Anticipate completing first dose escalation this financial year*

Pre-clinical programmes anticipated to commence trials in FY2020

Programme / Indication	***Status and next steps***
Achilles	
Non-small cell lung cancer	*Enrolling patients for its Phase 1/2 trial; expects to initiate Phase 1/2 trial in this financial year and initial data expected by FY2022*
Melanoma	*Enrolling patients for Phase 1/2 trial and expects to initiate in this financial year*

Chris Hollowood, Chief Investment Officer, Syncona Investment Management Limited
20 November 2019

Finance review

Strong commercial and financial momentum across our portfolio

We continue to ambitiously fund and build our portfolio companies. Gyroscope and Achilles, completed private financing rounds in which Syncona was either the sole or largest institutional investor, committing £83.1 million to fund these companies as they move into the clinic. We invested £18.3 million in the secondary placing of Autolus, as it progresses its pipeline of trials through the clinic and remain its largest shareholder, with a 29 per cent holding. We also materially strengthened our capital base, which underpins our strategy and model, completing the sales of Blue Earth to Bracco Imaging and of Nightstar to Biogen.

NAV performance impacted by fall in Autolus share price

NAV performance in the six months was impacted by the 61 per cent fall in the share price of Autolus, which outweighed the £92.7 million positive impact of the sale of Blue Earth and uplift in the value of Achilles. This resulted in a negative return from the life science portfolio of 11.8 per cent[18] or a loss of £108.7 million and we ended the period with net assets of £1,336.8 million, or 198.9p per share[19], a 7.2 per cent negative return over the six months[20].

From a valuation perspective, 60.9 per cent of the life science portfolio[21] is valued on the basis of capital invested (cost) or at the value of a recent third-party financing, in the case of financing rounds that have been syndicated, calibrated for events that have taken place since the initial transaction that indicate a change in the investments' fair value. Companies which are publicly listed, are valued at their period end share price. Volatility in the value of early stage companies is to be expected, and in the case of Autolus, which is listed on NASDAQ, we continue to believe in company's strong fundamentals.

Capital deployment to increase to £200 - 250 million for this financial year

We continue to maintain a rigorous and disciplined approach to the allocation of capital to each portfolio company to maximise risk adjusted returns for shareholders. In total, we deployed £127.2 million of capital in the six months, funding milestone payments in our portfolio companies and the initial tranche of our Series B commitments to Gyroscope and Achilles. While the absolute level of deployment is dependent on the timing of the financing requirements, our current expectation is that capital deployment will increase to between £200 - £250 million for this financial year.

Looking forward, our portfolio companies are scaling rapidly and subject to the portfolio and investment pipeline progressing, we would expect our capital deployment to be in the range of £150 - £250 million per year.

Increase in uncalled commitments reflect new financing rounds

[18] Time weighted return, refer to glossary
[19] Refer to footnote 1
[20] Refer to footnote 2
[21] By value

Uncalled commitments were £129.4 million at the end of the period. Of the £129.4 million, £114.3 million relate to milestone payments, which are subject to the satisfaction of key commercial and clinical milestones, mitigating financial risk. The remaining £15.1 million of commitments are split £10.1 million to the CRT Pioneer Fund and £5.0 million to two legacy fixed term funds.

	Uncalled Commitment
Life Science Portfolio:	
Milestone payments to portfolio companies	114.3
CRT Pioneer Fund	10.1
Fund Portfolio	5.0
TOTAL	**129.4**

Significant strengthening of the capital base

The completion of the sales of Blue Earth and Nightstar generated proceeds of £592.6 million and significantly strengthened our capital base, which stood at £855.5 million[22] at the half year. The strength of our balance sheet is a strategic differentiator and a competitive advantage. It allows the team to take long term funding decisions, while retaining strategic ownership positions as our companies scale.

Syncona's developing life science companies are capital intensive, and the strength of our capital base protects against the risk of being a forced seller and gives us the flexibility to fund our companies over the long term, on a sole or partnered basis. Certainty of funding is key and for our model to be successful we believe our capital base needs to be sufficient to provide funding for our life science companies and new opportunities for a minimum of two to three years and hold at least one year's deployment in cash and cash equivalents.

Liquidity profile	**£m**
Net cash	22.2
< 1 month	356.6
1-3 months	395.4
3-12 months	7.6
>12 months	73.7
Total	855.5

The transition of the capital pool, away from fund investments is now largely complete. The majority of our liquidity is held in cash, cash equivalents, and fixed income products with a focus on liquidity and capital preservation.

Expenses

The Company's ongoing charges ratio[23] reduced to 0.55 per cent (30 September 2018: 0.82 per cent), a significant part of which reflects effective cost management. Allowing for the costs associated with the Incentive Plan, ongoing charges were 0.77 per cent of NAV (30 September 2018: 1.29 per cent).

Incentive Plan

The incentive plan aligns the investment team with shareholders and vests on a straight-line basis over a four-year period with awards settled in cash and Syncona shares. The total liability for the cash settlement element of the incentive plan was £14.2 million at 30 September 2019 (30 September 2018: £10.8 million), with the £6.1 million payment made to participants in the period partially offset by an increase in eligible MES, as the vesting schedule matures. In addition, 1,583,138 (30 September 2018:20,836) shares were issued to employees in connection with MES realisations in the six months. At 30 September 2019, the number of Syncona shares that could potentially be issued in connection with the MES stood at 8,525,594, taking the total number of fully-diluted shares, for the purposes of calculating NAV per share, to 672,191,131.

[22] Refer to the glossary

[23] 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 £2.9 million associated with the Syncona Long-Term Incentive Plan.

Foreign exchange

At the half year, we continued to hold the Company's foreign exchange exposure in the life science portfolio unhedged, US dollar denominated investments total £149.3 million and Swiss Franc denominated investments total £3.9 million. We hedge €52.0 million of our euro exposure in legacy fixed term fund investments and the unrealised gain on the associated forward contracts was £1.8 million at 30 September 2019.

Recent events

Since the period end, Syncona has made a £29.5 million commitment to new company, Azeria, of which £6.5 million has been invested.

John Bradshaw, Chief Financial Officer, Syncona Investment Management Limited
20 November 2019

Supplementary Information

Life science valuation table:

Company	31 March 2019 Value (£m)	Net Investment in Period (£m)	Valuation Change (£m)	30 September 2019 Value (£m) – fair value	%NAV	Fair value basis[24]	Fully Diluted Ownership %	Focus Area
Life science portfolio companies								
Product approval								
Blue Earth	267.5	-336.8	69.3	0.0	0.0%	Sale price	0%	Advanced diagnostics
Clinical								
Nightstar	255.8	-255.8		0.0	0.0%	Sale price	0%	Gene therapy
Autolus	328.2	18.3	-199.1	147.4	11.0%	Quoted	29%	Cell therapy
Freeline	93.5	25.0		118.5	8.9%	Cost	80%	Gene therapy
Gyroscope	28.9	27.1		56.0	4.2%	Cost	80%	Gene therapy
Pre-clinical								
Achilles	16.2	32.8	23.4	72.4	5.4%	Recent financing (within 0-6 months)	44%	Cell therapy
SwanBio	5.3	12.9	0.5	18.7	1.4%	Cost	70%	Gene therapy
Omass	3.5	6.3		9.8	0.7%	Cost	46%	Therapeutics
Anaveon	3.7		0.2	3.9	0.3%	Cost	47%	Immunoncology
Quell	8.3			8.3	0.6%	Cost	69%	Cell therapy
Life Science Investments								
CRT Pioneer Fund	34.3	4.8		39.1	2.9%	Adj Third Party	N/A	
CEGX	3.9			3.9	0.3%	Recent financing (within 6-12 months)	9%	

[24] For the purposes of fair value, cost is equivalent to calibrated cost. Please refer to the Valuation Policy in the Supplementary Information section of this RNS for further information

Adaptimmune	4.9		-3.0	1.9	0.2%	Quoted	0%	
Syncona Collaborations	1.4			1.4	0.1%	Cost	100%	
TOTAL	1,055.4	-465.4	-108.7	481.3	36.0%			

Supplementary portfolio company information:

Company & investment thesis	**Lead programme & disease population**	**Opportunity in and differentiation of lead programme**	**Key comparators[25]**	**Key potential risks[26]**
Autolus *Applying a broad range of technologies to build a pipeline of precisely targeted T cell therapies designed to better recognise and attack cancer cells*	AUTO1 ALLCAR19 Phase 1/2 in Adult Acute Lymphoblastic Leukaemia 3,000 patients globally[27] p.a.	Unmet medical need: only 30-40% of patients with Adult ALL achieve long term remission with combination chemotherapy, the current standard of care[28] No CAR-T therapy approved for adult ALL for patients AUTO1 targets a differentiated safety profile (reduce high grade CRS[29]) and improvedpersistence to address limitations of current T cell therapies[30]	CAR-T active programmes in clinical development for Adult ALL include Gilead[31]	Differentiated product required Complex manufacturing
Freeline *Potential to deliver constant high protein expression levels across a broad pipeline of systemic diseases; opportunity to deliver curative gene therapies*	B-AMAZE: Phase 1/2 in Haemophilia B 9,500 patients (total) US and EU5[32]	Unmet medical need: current standard of care, Enzyme Replacement Therapy (infusions of FIX into the blood), requires regular administration and FIX activity does not remain stable Opportunity to deliver a single dose cure for patients by achieving	Active clinical programmes for Haem B include: Spark/Pfizer[33] UniQure[34]	Highly competitive environment Differentiated product required Manufacturing

[25] Syncona investment team analysis of lead programmes in this area, indicative only
[26] Syncona investment team analysis of key risks facing the companies; the companies are subject to other known and unknown risks, uncertainties and other factors
[27] Source: Autolus – see Autolus corporate presentation November 2019 https://autolus.gcs-web.com/static-files/cd8dc1d9-6a7b-496d-933f-1a3b0bfbd56a Autolus' addressable population projected at 3,000 patients US & EU5
[28] Autolus: see Autolus corporate presentation November 2019 https://autolus.gcs-web.com/static-files/cd8dc1d9-6a7b-496d-933f-1a3b0bfbd56a
[29] Cytokine Release Syndrome
[30] Source: Autolus: see Autolus corporate presentation November 2019 https://autolus.gcs-web.com/static-files/cd8dc1d9-6a7b-496d-933f-1a3b0bfbd56a
[31] https://www.gilead.com/science-and-medicine/pipeline
[32] Source: Freeline analysis of prevalence in US and EU5. Analysis is based on World Federation of Haemophilia Global Annual Survey 2017 http://www1.wfh.org/publications/files/pdf-1714.pdf and National Haemophilia Foundation; CDC.
[33] https://sparktx.com/scientific-platform-programs/
[34] http://www.uniqure.com/gene-therapy/hemophilia.php

		FIX levels in the 'normal' range in the blood of 50-150% Utilising a novel, proprietary capsid and industrialised proprietary manufacturing platform		
Gyroscope *A novel company developing gene therapy beyond rare disease by understanding the immune system and the role genetics play in a patient's risk of developing late stage AMD*	FOCUS Phase 1/2 in Dry-Age-Related Macular Degeneration 2 million patients (total) with geographic atrophy (late stage, dry-AMD)[35]	Unmet medical need: age related macular degeneration is one of the leading causes of permanent vision impairment for people aged 65 and older with no approved treatments[36]. Research suggests that when a part of the immune system, the complement system, is overactive it leads to inflammation that can damage healthy eye tissues Gene therapy may stimulate a patient's cells to produce the proteins needed to restore balance to the complement system Developing a subretinal delivery system to safely, precisely and consistently deliver therapies into the eye and help scale the surgical procedure for larger patient populations.	No directly competitive gene therapy approach. Apellis (clinical)[37]; Gemini (pre-clinical)[38] Hemera[39] (non-gene therapy)	Highly innovative concept – currently unsupported by a significant existing data set
Achilles *Differentiated cell therapy approach targeting solid tumours utilising Tumour Infiltrating Lymphocytes &*	Phase 1/2: Non-small cell lung cancer 234,000 patients US and UK[40] p.a.	Unmet medical need: lung cancer, of which NSCLC accounts for approximately 85%[41], with limited treatment options and is the	Key competitors in neoantigen/ immunotherapy include: Iovance[44]	Highly innovative concept in an emerging space Significant manufacturing challenge Increasing competition

[35] Source: Gyroscope estimate. Age related macular degeneration, of which one type is dry AMD, is estimated to affect 195.6 million people globally (https://www.who.int/publications-detail/world-report-on-vision). Gyroscope's estimated is that there is a population of 2 million people in the US & EU5 with geographic atrophy, which is late stage dry AMD.
[36] Source: World Health Organisation: https://www.who.int/blindness/causes/priority/en/index7.html
[37] https://www.apellis.com/focus-pipeline.html
[38] https://www.geminitherapeutics.com/approach-progress/
[39] https://www.hemerabiosciences.com/clinical-trials/
[40] Source: Achilles calculation of US and UK prevalence. 275, 000 new cases in US and UK, of which 85% are estimated to be NSCLC. US - 228, 150 https://seer.cancer.gov/statfacts/html/lungb.html; UK - 47,235 https://www.cancerresearchuk.org/health-professional/cancer-statistics/statistics-by-cancer-type/lung-cancer/incidence
[41] Source: American Cancer Society https://www.cancer.org/cancer/small-cell-lung-cancer/about/key-statistics.html
[44] https://www.iovance.com/clinical/pipeline/

clonal neoantigens to develop personalised treatments		leading cause of cancer deaths[42]. TILs have shown convincing efficacy in solid tumours[43] Achilles' world leading bioinformatics platform, PELEUS™ is built on exclusive access to world largest study of tumour evolution in lung cancer (TRACERx) Achilles process uses the patient's own genomic information to create a truly personalised medicine targeting the clonal neoantigens specific to that patient	Neon Therapeutics[45] Gritstone[46] Oncology	

Company	**Syncona's Investment Thesis**	**Key comparators**	**Key risks**
Swan *Gene therapy focused on neurological disorders where there is existing proof of concept*	Unmet medical need: one of the most common monogenic neurological disorders, with no available therapies for severely debilitating progressive movement disorder Gene therapy has the potential to be transformational in neurology[47] one-off delivery mechanism and hundreds of single gene disorders First programme in preclinical development for an inherited neurodegenerative disease in which the causative gene is definitively known and well characterized	Several clinical trials for gene therapy within CNS field, including programmes within Voyager[48] Uniqure[49], Amicus[50], Prevail Therapeutics[51] and PTC Therapeutics[52]	Manufacturing and delivery challenges in the CNS (substantial dose required) Clinical endpoints in slow progressing diseases can be challenging to define
Quell *Engineered cell therapy company addressing "immune dysregulation"*	Unmet medical need: current standard of care for prevention of solid organ transplant rejection is life-long immunosuppression which results in an array of serious long-term side effects (e.g. renal function, malignancy, infection,	T Reg field is nascent	Highly innovative concept, limited clinical data supporting application of CAR-T technology in Treg cells

[42] Source: American Cancer Society https://www.cancer.org/cancer/lung-cancer/about/key-statistics.html
[43] Source: Rosenberg et al 2011 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3131487/pdf/nihms286994.pdf

[45] https://neontherapeutics.com/product-pipeline/
[46] https://gritstoneoncology.com/our-pipeline/
[47] See for example existing approved product Zolgensma for spinal muscular atrophy https://www.zolgensma.com/
[48] https://www.voyagertherapeutics.com/our-approach-programs/gene-therapy/
[49] http://uniqure.com/gene-therapy/huntingtons-disease.php

[50] http://ir.amicusrx.com/news-releases/news-release-details/amicus-therapeutics-acquires-gene-therapy-portfolio-ten-clinical
[51] https://www.prevailtherapeutics.com/
[52] http://ir.ptcbio.com/news-releases/news-release-details/ptc-therapeutics-announces-strategic-gene-therapy-licensing

	cardiovascular disease) materially impacting patient quality of life and long-term survival[53] Novel cell therapy approach using T-regulatory cells with a suppressive action to downregulate the immune system to treat conditions including solid organ transplant rejection, autoimmune and inflammatory diseases Potential pipeline to treat serious, chronic conditions mediated by the immune system; in the autoimmune setting alone, there are are >70 chronic disorders estimated to affect over 4% of the population[54] Pre-clinical stage: first programme to address solid organ transplant	TX Cell/Sangamo[55]	
Anaveon *Immuno-oncology company developing a selective IL-2 Receptor Agonist*	Unmet medical need: Human Interleukin 2 "IL-2" approved as a medicine for the treatment of metastatic melanoma and renal cancer, but with a frequent administration schedule and significant toxicity[56] Preclinical stage, developing a selective Interleukin 2 ("IL-2) Receptor Agonist with improved administration and tox burden Wide potential utility across multiple oncology indications in large markets[57]	Companies developing products in the IL-2 field include: Nektar[58], Roche[59], Alkermes[60], Synthorx[61].	Highly competitive Innovative concept which is currently unsupported by a significant clinical data set
OMASS *Drug Discovery platform with differentiated technology*	Opportunity to build a drug discovery platform employing a differentiated Modified Mass Spectrometry technology with the potential to yield high quality chemical hits to discover novel small molecule drug therapeutics for a variety of complex targets, including membrane receptors	N/A	Pre-clinical and clinical attrition of potential drugs

Syncona life science portfolio returns (30 September 2019)

Company	Cost	Value	Multiple	IRR
Maturing				
Autolus	£94.5m	£147.4m	1.6	22%
Freeline	£118.5m	£118.5m	1.0	0%
Gyroscope	£55.5m	£56.0m	1.0	0%
Sub-total				
Developing				
Achilles	£49.0m	£72.4m	1.5	61%
SwanBio	£17.8m	£18.7m	1.1	10%

[53] https://www.ema.europa.eu/en/documents/scientific-guideline/guideline-clinical-investigation-immunosuppressants-solid-organ-transplantation_en.pdf
[54] http://www.autoimmuneregistry.org/autoimmune-statistics
[55] https://investor.sangamo.com/news-releases/news-release-details/sangamo-and-txcell-announce-completion-acquisition-sangamo
[56] https://www.cancernetwork.com/renal-cell-carcinoma/managing-toxicities-high-dose-interleukin-2
[57] https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4938354/
[58] https://www.nektar.com/pipeline/rd-pipeline/nktr-214
[59] https://www.roche.com/research_and_development/who_we_are_how_we_work/pipeline.htm: RG7835
[60] https://investor.alkermes.com/news-releases/news-release-details/alkermes-announces-clinical-collaboration-fred-hutchinson-cancer
[61] https://synthorx.com/therapeutics/

Omass	£9.8m	£9.8m	1.0	0%
Anaveon	£3.7m	£3.9m	1.1	0%
Quell	£8.3m	£8.3m	1.0	0%
Realised companies				
Nightstar	£56.4m	£255.8m	4.5	72%
Blue Earth	£35.3m	£351.0m	9.9	87%
Investments				
Unrealised investments	£51.6m	£46.3m	0.9	-6%
Realised investments	£12.4m	£17.6m	1.4	27%
Total	**£512.8m**	**£1,105.7m**	**2.2**	**47%**

Valuation policy for life science investments and clinical trial disclosure process

Valuation policy for life science investments

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 ("IPEV") 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.

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

- Cost is generally deemed to be fair value as of the transaction date. Similarly, where there has been a recent investment in the unlisted company by third parties, the Price of Recent Investment ("PRI") is generally deemed to be fair value as of the transaction date, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
- The length of period for which it remains appropriate to deem cost or PRI fair value depends on the specific circumstances of the investment and the stability of the external environment and adequate consideration needs to be given to the current facts and circumstances. Where this calibration process shows there is objective evidence that an investment 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, the Group carries out an enhanced assessment based on one of the alternative methodologies set out in the IPEV Valuation Guidelines.
- 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, the DCF methodology will more commonly 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.
- Independent Adviser - the Group's determination of the fair values of certain investments at 31 March 2019 took into consideration multiple sources including management and publicly available information and publications and certain input from independent advisers L.E.K. Consulting LLP ("L.E.K."), who have undertaken an independent review of certain investments and have assisted the Group with its valuation of such investments. The review was limited to certain limited procedures that the Group identified and requested it to perform within an agreed limited scope.
- 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 are limited by the information reviewed and did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and was based on 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 supplementary to the inquiries and procedures that the Group is required to

undertake to determine the fair value of the said investments for which the Directors are ultimately responsible.

Where the Group is the sole institutional investor and until such time as substantial clinical data has been generated, the cost or PRI will generally be deemed to be fair value subject to adequate consideration being given to current facts and circumstances. 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.

Valuation of the life science portfolio	% of life science portfolio	% of net assets
Calibrated Cost	45.0	16.2
Calibrated PRI	15.0	5.4
Quoted	31.0	11.2
Adjusted Price of Recent Investment	0.8	0.3
Third Party	8.2	2.9

Clinical trial disclosure process

Currently, Syncona's portfolio companies are progressing with seven clinical trials. These trials represent both a significant opportunity and risk for each company and for Syncona Ltd.

Unlike typical randomised controlled pharmaceutical clinical trials, currently all seven clinical trials are open-label trials. Open label trials are clinical studies in which both the researchers and the patients are aware of the drug being given. In some cases the number of patients in a trial may be relatively small. Data is generated as each patient is dosed with the drug in a trial and is collected over time as results of the treatment are analysed and, in the early stages of these studies, dose-ranging studies are completed.

Because of the trial design, clinical data in open-label trials is received by our portfolio companies on a frequent basis. However, individual data points need to be treated with caution, and it is typically only when all or substantially all of the data from a trial is available and can be analysed that meaningful conclusions can be drawn from that data about the prospect of success or otherwise of the trial. In particular it is highly possible that early developments (positive or negative) in a trial can be overtaken by later analysis with further data as the trial progresses.

Our portfolio companies may decide or be required to announce publicly interim clinical trial data, for example where the company or researchers connected with it are presenting at a scientific conference, and Syncona will generally also issue a simultaneous announcement about that clinical trial data. Syncona would also expect to announce its assessment of the results of a trial at the point we conclude on the data available to us that it has succeeded or failed. We would not generally expect to announce our assessment of interim clinical data in an ongoing trial otherwise, although we will review all such data to enable us to comply with our legal obligations such as under the EU Market Abuse Regulation or otherwise.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Company for the second half of the financial year are substantially the same as those disclosed in the Report and Accounts for the year ended 31 March 2019. These include:

- Failure to attract or retain key personnel
- Risk in making early stage investments
- Clinical trial risks
- General, commercial and technological risks
- Dominance of portfolio by a few larger investments and/or sector focus
- Financing and exit risk
- Capital Pool risk
- Systems and controls
- Impact of political and economic uncertainty, and changes to law and regulation

Going Concern

The factors likely to affect the Company's ability to continue as a going concern were set out in the Report and Accounts for the year ended 31 March 2019. As at 30 September 2019, there have been no significant changes to these factors. Having reviewed the Company's assets and liabilities and other relevant evidence, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the 12 months following the approval of these half-yearly financial statements. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly financial statements.

Statement of Directors' Responsibilities

The directors confirm that the interim financial statements have been prepared in accordance with IAS 34 as adopted by the European Union and that the business review includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the interim financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months of the financial year and any material changes in the related-party transactions described in the last annual report.

The Directors of Syncona Limited are listed in the Syncona Limited Report & Accounts for the year ended 31 March 2019. A list of current directors is maintained on the Syncona Limited website: https://www.synconaltd.com/about-us/our-people?b=true#profiles.

Jeremy Tigue, Chairman, Syncona Limited
20 November 2019

INDEPENDENT REVIEW REPORT TO SYNCONA LIMITED

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 which comprises the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares, Consolidated Statement of Cash Flows and related notes 1 to 14. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim

financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
St Peter Port, Guernsey
20 November 2019

SYNCONA LIMITED

GROUP PORTFOLIO STATEMENT
As at 30 September 2019

	Fair Value £'000	% of Group NAV 2019
Life science portfolio		
Life science companies		
Autolus Therapeutics plc	147,446	11.0
Freeline Therapeutics Limited	118,500	8.9
Achilles Therapeutics Limited	72,413	5.4
Gyroscope Therapeutics Limited	55,975	4.2
Swanbio Therapeutics Limited	18,712	1.4
Companies of less than 1% of NAV	29,209	2.2
Total life science companies	442,255	33.1
CRT Pioneer Fund	39,089	2.9
Total life science portfolio (1)	481,344	36.0
Capital pool investments		
Fixed income funds	247,110	18.5
UK Treasury bills	479,678	35.9
Legacy funds	104,185	7.8
Open forward currency contracts	1,820	0.1
Total capital pool investments	832,793	62.3
Other net assets		
Cash and cash equivalents (2)	39,053	2.9
Charitable donations	(2,020)	(0.2)
Other assets and liabilities	(14,368)	(1.0)
Total other net assets	22,665	1.7
Total net asset value of the Group	1,336,802	100.0

(1) The life science portfolio of £481,343,686 consists of life science investments totalling £442,254,200 held by Syncona Holdings Limited and the CRT Pioneer Fund of £39,089,486 held by Syncona Investments LP Incorporated.

(2) Total cash held by the Group is £39,052,883. Of this amount £12,570 is held by Syncona Limited. The remaining £39,040,313 is held by its subsidiaries other than portfolio companies ("Syncona Group Companies").

Cash held by Syncona Group Companies 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 period ended 30 September 2019

	Notes	Revenue £'000	Capital £'000	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Investment income						
Other income		26,110	–	26,110	25,305	34,631
Total investment income		26,110	–	26,110	25,305	34,631
Net (losses)/gains on financial assets at fair value through profit or loss	5	–	(120,909)	(120,909)	340,268	404,487
Total (losses)/gains		–	(120,909)	(120,909)	340,268	404,487
Expenses						
Charitable donations	6	2,020	–	2,020	2,376	4,300
General expenses		8,361	–	8,361	12,949	23,556
Total expenses		10,381	–	10,381	15,325	27,856
(Loss) / Profit for the period		15,729	(120,909)	(105,180)	350,248	411,262
Diluted Earnings per Ordinary Share	9	2.38p	(18.25)p	(15.87)p	53.01p	62.24p

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 period 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 30 September 2019

	Notes	Unaudited 30 September 2019 £'000	Unaudited 30 September 2018 £'000	Audited 31 March 2019 £'000
ASSETS				
Non-current assets				
Financial assets at fair value through profit or loss	7	1,347,503	1,405,839	1,470,078
Current assets				
Bank and cash deposits		13	2,015	91
Trade and other receivables		4,496	4,489	8,833
Total assets		1,352,012	1,412,343	1,479,002
LIABILITIES AND EQUITY				
Non-current liabilities				
Share based payment	8	6,716	9,475	10,834
Current liabilities				
Share based payment	8	7,502	1,343	6,351
Payables		992	7,545	6,704
Total liabilities		15,210	18,363	23,889
EQUITY				
Share capital	9	767,999	766,037	766,037
Distributable capital reserves		568,803	627,943	689,076
Total equity		1,336,802	1,393,980	1,455,113
Total liabilities and equity		1,352,012	1,412,343	1,479,002
Total net assets attributable to holders of Ordinary Shares		1,336,802	1,393,980	1,455,113
Number of Ordinary Shares in Issue	9	663,665,537	661,222,309	661,222,309
Net assets attributable to holders of Ordinary Shares (per share)	9	£2.01	£2.11	£2.20
Diluted NAV (per share)	9	£1.99	£2.08	£2.17

The unaudited Consolidated Financial Statements were approved on 20 November 2019.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES
As at 30 September 2019

	Notes	Share capital account £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2018 (audited)		**763,016**	**292,747**	**–**	**1,055,763**
Total comprehensive income for the period		–	340,268	9,980	350,248
Transactions with shareholders:					
Distributions	10	–	(5,072)	(10,106)	(15,178)
Scrip dividend shares issued during the period	9	3,021	–	–	3,021
Share based payment		–	–	126	126
As at 30 September 2018 (unaudited)		**766,037**	**627,943**	**–**	**1,393,980**
Total comprehensive income for the period		–	64,219	(3,205)	61,014
Transactions with shareholders:					
Distributions	10	–	(3,086)	3,086	–
Share based payments		–	–	119	119
As at 31 March 2019 (audited)		**766,037**	**689,076**	**–**	**1,455,113**
Total comprehensive income for the period		–	(120,909)	15,729	(105,180)
Transactions with shareholders:					
Distributions	10	–	636	(15,844)	(15,208)
Scrip dividend shares issued during the period	9	1,962	–	–	1,962
Share based payment		–	–	115	115
As at 30 September 2019 (unaudited)		**767,999**	**568,803**	**–**	**1,336,802**

SYNCONA LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 September 2019

	Notes	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Cash flows from operating activities				
Profit for the period		(105,180)	350,248	411,262
Adjusted for:				
Losses/(gains) on financial assets at fair value through profit or loss	5	120,909	(340,268)	(404,487)
Operating cash flows before movements in working capital		15,729	9,980	6,775
Decrease/(increase) in other receivables		4,337	956	(3,388)
Increase/(decrease) in other payables		8,506	(2,246)	(3,087)
Net cash generated from operating activities		28,572	8,690	300
Cash flows from investing activities				
Purchase of financial assets at fair value through profit or loss		(65,717)	(129,092)	(119,419)
Proceeds from financial assets at fair value through profit or loss		50,313	–	–
Return of capital contribution		–	133,593	130,386
Net cash (used)/generated from investing activities		(15,404)	4,501	10,967
Cash flows from financing activities				
Distributions	10	(13,246)	(12,157)	(12,157)
Net cash used in financing activities		(13,246)	(12,157)	(12,157)
Net (decrease)/increase in cash and cash equivalents		(78)	1,034	(890)
Cash and cash equivalents at beginning of period		91	981	981
Cash and cash equivalents at end of period		13	2,015	91
Supplemental disclosure of non-cash investing and financing activities				
Issue of shares	9	1,962	3,021	3,021
Scrip dividend shares issued during the period	9,10	(1,962)	(3,021)	(3,021)
Net non-cash investing and financing activities		–	–	–

Cash held by the Company and Syncona Group Companies is disclosed in the group portfolio statement.

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the period ended 30 September 2019

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 ("LSE") on 26 October 2012 when it commenced its business.

The Company makes its life science investments through Syncona Holdings Limited (the "Holding Company"), a subsidiary of the Company. The Company maintains its capital pool through Syncona Investments LP Incorporated (the "Partnership") in which the Company is the sole limited partner. 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".

Syncona Limited's Investment Manager is Syncona Investment Management Limited ("SIML" or the "Investment Manager"), a subsidiary of the Holding Company.

2. ACCOUNTING POLICIES

The accounting policies applied in these interim results are the same as those applied by the Group in its Annual Report and Accounts for the year ended March 2019 and shall form the basis of the 2020 Annual Report and Accounts, except that the Board no longer considers that the Group operates two segments. No new standards that have become effective in the period have had a material effect on the Group's financial statements.

Statement of compliance

The condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the Annual Report and Accounts for the year ended March 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and are in compliance with The Companies (Guernsey) Law 2008. The financial information in these interim accounts was approved by the Board and authorised for issue on 20 November 2019. The financial information is unaudited but has been subject to a review by the Group's independent auditor.

Basis of preparation

The condensed 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 £1,336.8 million (September 2018: £1,394.0 million, March 2019: £1,455.1 million) of which 59.2% (September 2018: 21.7%, March 2019: 34.6%) are readily realisable within three months in normal market conditions and liabilities including uncalled commitments to underlying investments and funds amounting to £103.5 million (September 2018: £97.2 million, March 2019: £121.6 million). Accordingly, the Company has adequate financial resources to continue in operational existence for 12 months following the approval of the condensed consolidated financial statements. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Basis of consolidation

The General Partner is consolidated in full; the Company and the General Partner consolidated form the Group. 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 IFRS 9 "Financial Instruments: Recognition and Measurement". The Partnership and the Holding Company both meet the definition of Investment Entities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the interim results 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 life science investments could result in outcomes that require a material adjustment to the carrying value of the assets or liabilities in future periods.

In preparing these interim results, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Annual Report and Accounts for the year ended March 2019.

The key critical accounting judgements are, the fair value of life science investments, the functional currency and the assessment as an investment entity.

The key sources of estimation uncertainty are the valuation of the Holding Company's life science investments, the investment in the CRT Pioneer Fund and the valuation of the Partnership's private equity investments.

4. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company meets the definition of an investment entity in accordance with IFRS 10. 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	Portfolio management	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%
Freeline Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	88%
Gyroscope Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	85%
Achilles Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	54%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	58%
SwanBio Therapeutics Limited	USA	Syncona Portfolio Limited	Gene therapy	78%

Indirect associates	Principal place of business	Immediate parent	Principal activity	% interest[1]
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	47%
Autolus Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	32%
Anaveon AG	Switzerland	Syncona Portfolio Limited	Immunotherapy	20%

[1] Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 8).

5. NET (LOSSES)/GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	Notes	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Net gains/(losses) from:				
The Holding Company	5.a	(109,565)	336,267	431,893
The Partnership	5.b	(11,344)	4,001	(27,406)
		(120,909)	340,268	404,487

5.a Movements in the Holding Company:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Expenses	(1)	(52)	(100)
Net expense of Syncona Portfolio Limited	–	(117)	–
Foreign currency losses on investments	–	(404)	–
Movement in unrealised (losses)/gains on investments at fair value through profit or loss	(109,564)	336,840	431,993
Net (losses)/gains on financial assets at fair value through profit or loss	(109,565)	336,267	431,893

5.b Movements in the Partnership:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Investment income	246	528	610
Rebates and donations	236	1,548	2,527
Expenses	(31)	(101)	(63)
Realised gains on financial assets at fair value through profit or loss	20,064	15,938	76,965
Movement in unrealised gains/(losses) on financial assets at fair value through profit or loss	142	23,331	(60,459)
(Losses)/gains on forward currency contracts	(8,338)	(15,741)	997
Gains/(losses) on foreign currency	2,447	3,803	(13,352)
Gains on financial assets at fair value through profit or loss	14,766	29,306	7,225
Distributions	(26,110)	(25,305)	(34,631)
Net gains/(losses) on financial assets at fair value through profit or loss	(11,344)	4,001	(27,406)

6. CHARITABLE DONATIONS

The Group has an obligation to make a donation to charity of 0.3% of the total NAV of the Group calculated on a monthly basis, half donated to The Institute of Cancer Research ("ICR") and half donated to The Syncona Foundation, and these donations are made by the General Partner. The Group agreed with The Syncona Foundation that the charitable donations to it would not be less than £2,375,804 for the year ended 31 March 2019. The donation to ICR in any year may be reduced by the amount of certain enhanced donations that were paid in respect of the years ending 31 March 2017 and 31 March 2018, provided that no such reductions may be made that would reduce the charitable donation to ICR below £2,375,804.

During the period, accrued charitable donations amounted to £2,020,265 (September 2018: £2,375,804, March 2019: £4,300,155). As at 30 September 2019, £2,020,265 (September 2018: £2,375,804, March 2019: £4,300,155) remained payable.

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
The Holding Company	7.a	975,382	896,128	1,048,250
The Partnership	7.b	372,121	509,711	421,828
		1,347,503	1,405,839	1,470,078

7.a The net assets of the Holding Company

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Cost of the Holding Company's investment at the start of the period	456,932	325,510	325,510
Purchases during the period	36,378	71,514	131,422
Cost of the Holding Company's investments at the end of the period	493,310	397,024	456,932
Net unrealised gains on investments at the end of the period	484,903	497,911	594,148
Fair value of the Holding Company's investments at the end of the period	978,213	894,935	1,051,080
Other current assets/(liabilities)	(2,831)	1,193	(2,830)
Financial assets at fair value through profit or loss at the end of the period	975,382	896,128	1,048,250

7.b The net assets of the Partnership

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Cost of the Partnership's investments at the start of the period	183,257	376,993	381,381
Purchases during the period	1,229,834	20,524	170,275
Sales during the period	(608,873)	(103,894)	(433,051)
Return of capital	(6,735)	(6,268)	(12,313)
Net realised gains on disposals during the period	20,064	14,839	76,965
Cost of the Partnership's investments at the end of the period	817,547	302,194	183,257
Net unrealised gains on investments at the end of the period	52,515	134,151	52,916
Fair value of the Partnership's investments at the end of the period	870,062	436,345	236,173
Open forward currency contracts	1,820	933	1,908
Cash and cash equivalents	34,118	94,322	198,705
Other current liabilities	(533,879)	(21,889)	(14,958)
Financial assets at fair value through profit or loss at the end of the period	372,121	509,711	421,828

8. 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 of the Annual Report and Accounts for the year ended 31 March 2019.

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

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Charge relating to issue of new MES	–	273	–
Charge relating to previously issued MES	–	79	–
Charge related to revaluation of the liability for cash settled share awards	2,937	5,164	11,792
Total	2,937	5,516	11,792

The charge related to the issue of new MES recorded in the accounts of SIML was £319,000 (30 September 2018: £355,000).

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

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Share based payments - current	7,502	1,343	6,351
Share based payments - non-current	6,716	9,475	10,834
Total	14,218	10,818	17,185

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 MES is established via external valuation as set out in note 2 of the Annual Report and Accounts. 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% or 30% 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 period ended 30 September 2019 was £260,000 (September 2018: £1,260,000, March 2019: £1,520,000).

The number of MES outstanding are shown below:

	Unaudited six months to 30 September 2019	Unaudited six months to 30 September 2018	Audited year to 31 March 2019
Outstanding at start of the period	36,784,147	27,664,909	27,664,909
Issued	9,559,389	9,075,343	12,607,898
Cancelled	–	(54,727)	(3,488,660)
Realised	(4,145,365)	(163,991)	–
Outstanding at end of the period	42,198,171	36,521,534	36,784,147
Weighted average remaining unvested life of outstanding MES, years	2.23	2.62	2.24
Vested MES at the end of the period	12,459,727	7,230,521	14,798,030
Realisable MES at the end of the period	248,528	1,807,630	3,900,433

If all MES were realised at the share price of £2.21 as at 30 September 2019, the number of shares issued in the Company would increase by 8,525,594 (September 2018: 8,548,792, March 2019: 10,046,397). The undiluted per share value of net assets attributable to holders of Ordinary Shares would fall from £2.01 to £1.99 if these shares were issued.

9. SHARE CAPITAL

9.a Authorised share capital

The Company is authorised to issue an unlimited number of shares, which may or may not have a 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 the share capital in accordance with The Companies (Guernsey) Law, 2008.

	Unaudited Ordinary Shares at 30 September 2019 £'000	Unaudited Ordinary Shares at 30 September 2018 £'000	Audited Ordinary Shares at 31 March 2019 £'000
Ordinary share capital			
Balance at the start of the period	766,037	763,016	763,016
Scrip dividend shares issued during the period	1,962	3,021	3,021
Balance at the end of the period	767,999	766,037	766,037

	Unaudited Ordinary Shares at 30 September 2019 Shares	Unaudited Ordinary Shares at 30 September 2018 Shares	Audited Ordinary Shares at 31 March 2019 Shares
Ordinary share capital			
Balance at the start of period	661,222,309	659,952,090	659,952,090
Scrip dividend shares issued during the period	860,090	1,249,383	1,249,383
Share based payment shares issued during the period	1,583,138	20,836	20,836
Balance at the end of the period	663,665,537	661,222,309	661,222,309

During the period £1,961,865 (860,090 Ordinary Shares) in new Ordinary Shares were issued at a price of 228.1p as a result of the 2019 scrip dividend.

In August 2018, £3,021,008 (1,249,383 Ordinary Shares) in new Ordinary Shares were issued at a price of 241.8p as a result of the 2018 scrip dividend.

The Company has issued one Deferred Share to The Syncona Foundation for £1.

9.b Capital reserves

Gains and losses recorded on the realisation of investments, realised exchange differences, unrealised gains and losses recorded on the revaluation of investments held at the period end and unrealised exchange differences of a capital nature are transferred to capital reserves.

9.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:

	Unaudited six months to 30 September 2019	Unaudited six months to 30 September 2018	Audited year to 31 March 2019
Earnings for the purposes of earnings per share	£(105,180,000)	£350,247,751	£411,262,000
Basic weighted average number of shares	662,645,208	660,759,419	660,759,419
Basic revenue earnings per share	2.38p	1.51p	1.0p
Basic capital earnings per share	(18.25)p	51.50p	61.2p
Basic earnings per share	(15.87)p	53.01p	62.2p
Diluted weighted average number of shares	671,170,802	669,308,211	670,805,816
Diluted revenue earnings per shares	2.35p	1.49p	1.0p
Diluted capital earnings per share	(18.02)p	50.84p	60.3p
Diluted earnings per share	(15.67)p	52.33p	61.3p

9.d NAV per share

	Unaudited 30 September 2019	Unaudited 30 September 2018	Audited 31 March 2019
Net assets for the purposes of NAV per share	£1,336,802,000	£1,393,979,882	£1,455,112,953
Ordinary Shares in issue	663,665,537	661,222,309	661,222,309
NAV per share	201.43p	210.80p	220.1p
Diluted number of shares	672,191,131	669,771,101	671,268,706
Diluted NAV per share	198.87p	208.13p	216.8p

10. DISTRIBUTION TO SHAREHOLDERS

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

During the period ended 30 September 2019, the Company declared and paid a dividend of 2.3p per share amounting to £15,208,113 (September 2018: £15,178,477) relating to the year ended March 2019 (March 2018). The dividend was comprised of £13,246,248 cash (September 2018: £12,157,469) and a scrip dividend of £1,961,865 (September 2018: £3,021,008). The Directors believe that it is no longer appropriate for the Group to pay a dividend.

11. 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:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Investments with control	275,245	360,257	420,949

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:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Investments with significant influence	161,159	536,924	593,745

Investment Manager
For the period ended 30 September 2019 SIML was entitled to receive an annual fee of up to 1.10% (September 2018: 1.10%, March 2019: 1.10%) of the Company's NAV per annum.

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Amounts paid to SIML	4,170	3,808	8,923

During the period, SIML received fees from portfolio companies of £188,000 (September 2018: £221,000, March 2019 £478,522).

Company Directors
At the period end the Company had eight Directors, all of whom served in a Non-Executive capacity. The Directors Jeremy Tigue, Nicholas Moss and Rob Hutchinson also serve as Directors of the General Partner.

Nigel Keen is Chairman of the Investment Manager and receives a fee of £128,388 per annum, payable by the Investment Manager, in respect of his services to the Investment Manager.

Melanie Gee was appointed as Non-Executive Director with effect from 4 June 2019.

Directors' fees for period ended 30 September 2019, including outstanding Directors' fees at the end of the period, are set out below:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Directors' fees for the period	191	178	355
Payable at end of period	–	–	125

The Syncona Foundation
Charitable donations are made by the Group 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 period ended 30 September 2019 was £2,375,804 (September 2018: £2,375,804, March 2019: £2,375,804).

12. FAIR VALUE MEASUREMENT

IFRS 13 "Fair value measurement" 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 30 September 2019, 30 September 2018 and 31 March 2019:

30 September 2019 Assets (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	975,382	975,382
The Partnership	–	–	372,121	372,121
Total assets	–	–	1,347,503	1,347,503

30 September 2018 Assets (unaudited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	896,128	896,128
The Partnership	–	–	509,711	509,711
Total assets	–	–	1,405,839	1,405,839

31 March 2019 Assets (audited)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	1,048,250	1,048,250
The Partnership	–	–	421,828	421,828
Total assets	–	–	1,470,078	1,470,078

The following table presents the Holding Company's investments by level within the valuation hierarchy as at 30 September 2019, 30 September 2018 and 31 March 2019:

Asset type	Level	30 September 2019 £'000	30 September 2018 £'000	31 March 2019 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investment	1	149,289	542,547	591,493	Publicly available share price at balance sheet date	n/a	n/a
Forward contracts	2	–	–	(2,488)	Publicly available exchange rates at balance sheet date	n/a	n/a
Price of latest funding round[1]	3	288,998	132,152	160,719	Calibrated price of latest funding round	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-10%.	+/- £28,899
Syncona Group companies	3	4,173	2,827	4,051	Net assets of Syncona Group Companies	–	–
Investments valued on discounted cash flow forecasts	3	–	231,644	267,470	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, uplift in Fair Value and calculations of any impairments. The main unobservable inputs are: Discount rate with a reasonable possible shift of +/-2% Revenue with a reasonable possible shift of +/-10%.	n/a
Adjusted price of latest funding round[2]	3	3,968	6,486	3,968	Calibrated price of latest funding round adjusted by management	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-10%.	+/- £397

[1]Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.
[2]Valuation made by reference to price of recent funding round adjusted following adequate consideration of current facts and circumstances.

During the period, there were no movements from Level 1 to Level 2 (September 2018: nil, March 2019: nil)

The following table presents the movements in Level 3 investments of the Holding Company for the period ended 30 September 2019:

	Life science investments	Syncona Group companies	Unaudited six months to 30 September 2019	Unaudited six months to 30 September 2018	Audited year to 31 March 2019
	£'000	£'000	£'000	£'000	£'000
Opening balance	416,700	4,051	420,751	244,277	254,884
Transfer to Level 3	21,970	–	21,970	9,853	4,177
Purchases	97,814	352	98,166	59,871	71,777
Sales	(336,932)	(33)	(336,965)	–	–
Gains/(losses) on financial assets at fair value through profit or loss	93,414	(197)	93,217	41,064	89,913
Closing balance	292,966	4,173	297,139	355,065	420,751

The net gain for the period included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Holding Company held at the period end amounted to £93,216,803 (September 2018: £41,064,418 gain, March 2019: £89,913,000 gain).

The following table presents the Partnership's investments by level within the valuation hierarchy as at 30 September 2019, 30 September 2018 and 31 March 2019:

	Level	30 September 2019 £'000	30 September 2018 £'000	31 March 2019 £'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investments	1	247,110	102,685	–	Publicly available share price at balance sheet date	n/a	n/a
Listed investments	2	–	4,381	–	Publicly available share price at balance sheet date	n/a	n/a
Forward contracts	2	1,820	933	1,908	Publicly available exchange rates at balance sheet date	n/a	n/a
Unlisted fund investments	2	53,573	242,506	152,805	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
UK treasury bills	2	479,678	–	–	Publicly available price at balance sheet date	n/a	n/a
Long-term unlisted investments	3	50,612	55,732	49,057	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying fund by the fund administrator. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- £5,061
CRT Pioneer Fund	3	39,089	32,839	34,311	Adjusted valuation produced by fund administrator	Unobservable inputs include the fund manager's assessment of the performance and potential of the underlying assets, changes in market value and any calculations of impairment. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- £3,909

During the period ending 30 September 2019, there were no movements from Level 1 to Level 2 (September 2018: £4,380,623 transferring from Level 1 to Level 2, March 2019: £3,968,218 transferring from Level 1 to Level 2).

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.

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.

The following table presents the movements in Level 3 investments of the Partnership for the six months to 30 September 2019, the six months to 30 September 2018 and the year to 31 March 2019:

	CRT Pioneer Fund £'000	Capital pool investment £'000	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Opening balance	34,311	49,057	83,368	86,325	86,325
Purchases	4,778	684	5,462	2,950	4,632
Return of capital	(147)	(6,588)	(6,735)	(6,268)	(12,313)
Gains on financial assets at fair value through profit or loss	147	7,459	7,606	5,564	4,724
Closing balance	39,089	50,612	89,701	88,571	83,368

The net gain for the period included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held at the period end amounted to £7,606,688 (September 2018: £5,564,287 gain, March 2019: £4,473,997 gain).

13. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 30 September 2019, 30 September 2018 and 31 March 2019:

	Unaudited six months to 30 September 2019 £'000	Unaudited six months to 30 September 2018 £'000	Audited year to 31 March 2019 £'000
Life science portfolio			
Milestone payments to life science companies	114,318	75,161	101,738
CRT Pioneer Fund	10,137	16,387	14,915
Capital pool investment	4,952	5,618	4,924
Total	129,407	97,166	121,577

There were no contingent liabilities as at 30 September 2019 (September 2018: nil, March 2019: nil). The commitments are expected to fall due in the next 24 months.

14. SUBSEQUENT EVENTS

These Condensed Consolidated Financial Statements were approved for issuance by the Board on 20 November 2019. Post period end Syncona has committed £29.5 million to Azeria Therapeutics Limited of which £6.5 million has been invested.

GLOSSARY

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.
Capital pool/Capital base	Pool of Capital pool investments plus cash plus other net assets.
General Partner	Syncona GP Limited.
Group	Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".
Holding Company	Syncona Holdings Limited.
Investment Manager	Syncona Investment Management Limited is the Alternative Fund Investment Manager.
IRR	Internal Rate of Return.
Life Science Portfolio	The underlying investments whose activities focus on developing products to deliver transformational treatments to patients.
Life Science Portfolio Return	Time Weighted Rate of Return on the Life Science Portfolio
MES	Management Equity Shares.
NAV	Net Asset Value.
NAV Total Return	Time Weighted Rate of Return on the NAV
Ongoing charges ratio	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 includes a charge of £2.9m associated with the Syncona Long-Term Incentive Plan.
Partnership	Syncona Investments LP Incorporated.
Return	Time Weighted Rate of Return is the method used for return calculations.
SIML	Syncona Investment Management Limited.
Syncona Group Companies	The Company and its subsidiaries other than its portfolio companies.
EBITDA	Earnings before interest, tax, depreciation and amortization.
Company	Syncona Limited.
ICR	The Institute of Cancer Research.
rDCF	Risk Adjusted Discounted Cash Flow.
The Syncona Foundation	The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and health care.