

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action to take you are recommended to consult your stockbroker, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

Government restrictions on movement and gatherings have been imposed as a result of the COVID-19 pandemic which prohibit or restrict public gathering, and as a result, **shareholders will not be permitted to attend the meeting in person**. Please see further notes on the meeting at the end of this notice concerning the venue and format of the meeting.

If you have sold or transferred all of your ordinary shares in Alternative Income REIT plc, you should pass this document, together with the accompanying Form of Proxy, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

ALTERNATIVE INCOME REIT PLC

(Incorporated in England and Wales with registered number 10727886)

Notice of Annual General Meeting

including

Proposed amendments to the Company's Investment Policy

Notice of the Annual General Meeting which has been convened for Thursday 26 November 2020 at 10.00 a.m. at 1 King William Street, London, EC4N 7AF is set out on pages 9 to 12 of this document.

To be valid, Forms of Proxy must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible and in any event not later than 10.00 a.m. on Tuesday 24 November 2020.

Registered Office:
1 King William Street
London
EC4N 7AF
United Kingdom
19 October 2020

Dear Shareholder,

Notice of Annual General Meeting including proposed amendments to the Company's Investment Policy

Alternative Income REIT plc (the "**Company**") will be holding its 2020 Annual General Meeting ("**AGM**") at 10.00 a.m. on Thursday 26 November 2020 at 1 King William Street, London, EC4N 7AF. The formal notice of AGM and the resolutions to be proposed are set out on pages 9 to 12 of this document.

If you would like to vote on the resolutions, please fill in the Form of Proxy sent to you with this notice and return it to the Company's registrars, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible. They must receive it no later than 10.00 a.m. on Tuesday 24 November 2020.

As a result of the UK Government's current guidance on social distancing and prohibition on non-essential travel and public gatherings due to the COVID-19 pandemic, **shareholders will not be permitted to attend the AGM**. The AGM will be convened in accordance with the Company's Articles of Association and in line with UK Government guidance. Voting on the resolutions to be proposed at the AGM will be conducted on a poll, rather than a show of hands. Therefore, shareholders are encouraged to vote via proxy, and where possible, vote by proxy online, electing the Chairman of the meeting as proxy as no other proxy will be permitted to attend the meeting. Shareholders may submit questions to the Board in advance of the AGM by emailing such questions to cosec@hanwayadvisory.com.

The health of our shareholders and colleagues remains our priority and the steps set out above are necessary to ensure their well-being during the COVID-19 pandemic.

Proposed amendments to the Company's Investment Policy

As announced on 5 October 2020, the Company is proposing an amendment of its Investment Policy. The principal changes to the policy include a reduction in the minimum WAULT of the portfolio to 12 years, removal of the requirement for leases representing 85% of gross passing rent to be linked to inflation and removal of the restrictions relating to permitted sectors, including the differentiation between traditional and non-traditional sectors.

Whilst recognising that it is difficult to predict where markets will stabilise in current circumstances, the Board believes that the Group has a resilient portfolio. The Group has sustained a strong dividend distribution and delivered a significant reduction to its cost base.

However, none of this can disguise the fact that performance when measured by total shareholder return, the consequence of a combination of inadequate fund raising, asset purchase costs averaging around 6% across the portfolio and a long period of property market uncertainty, has resulted in unsatisfactory overall performance. Whilst the Company is now close to fully invested, the Board recognises that aspects of performance since IPO have been unsatisfactory, even after allowance for the change of investment manager and, more recently, market turbulence in anticipation of Brexit prior to the 2019 Election and latterly, the pandemic.

Following M7's review of the existing portfolio, the Board invited M7 to appraise the Company's Investment Policy and to make recommendations to update the investment strategy.

The Board believes that with the implementation of the proposed amendments to the investment policy and strategy announced on 5 October 2020 and outlined below, the Group has the potential to outperform from what is now a relatively strong base.

The current Investment Policy was constructed with a detailed set of restrictions, including restrictions around specific sector exposures. Many of these were required to differentiate the Company's investment policy from that of other investment vehicles managed by the Company's former investment manager, AEW. The Board believes that in light of this, the ongoing changes to the property markets and the opportunities that M7 has identified (set out in more detail in the Investment Adviser's proposed Investment Principles on page 12 of the Annual Report) that the Company will be better placed to deliver significant added value to shareholders with fewer and simpler investment restrictions.

The Board believes that, in general terms, the strategy of investment in non-traditional areas, which are becoming increasingly mainstream, remains fit for purpose. However, this needs some adjustment to reflect, in particular, the movement away from high street retail to online shopping, a big shift in sentiment in the business space market and changes in the credit environment. Specifically, the Board and the Investment Adviser see excellent potential in the warehouse and business space markets.

Proposed changes to the Directors' Remuneration Policy

As provided for in Article 108 of the Company's Articles of Association and page 64 of the IPO Prospectus, the revised Directors' Remuneration Policy is proposed to include a provision for an additional fee for special duties or additional services undertaken by Directors outside of his ordinary duties. Such provision had been omitted from the current Directors' Remuneration Policy in an administrative error.

Subject to shareholder approval, this flexibility is intended to be used by discretion of the Board, to award an additional service fee of £15,000 to Jim Prower for the significant amount of time undertaken with assisting with the transition between service providers. The Board believe that these services have been in the best interest of the Company.

Recommendation

The Board considers that all resolutions contained in this Notice of AGM are in the best interests of the Company and its shareholders as a whole and are most likely to promote the success of the Company for the benefit of its shareholders as a whole. The Board unanimously recommends that you vote in favour of the proposed resolutions as the Directors intend to do in respect of their own beneficial holdings.

Yours faithfully

Steve Smith

Chairman

(Company Number 10727886)

Proposed Investment Policy

Proposed Investment Policy in comparison to current Investment Policy

Investment Objective

The Investment Objective of the Group is to generate a secure and predictable income return, sustainable in real terms, whilst ~~at least maintaining~~seeking to improve capital values, in real terms, through ~~investment in asset management~~investment management. The portfolio will consist of a diversified ~~portfolio~~collection of UK properties ~~in alternative and specialist sectors~~focussed on cash generation.

Investment Policy

In order to achieve the Investment Objective, the Group invests in freehold and long leasehold properties across the whole spectrum of the UK property sector, ~~but with a focus on alternative and specialist real estate sectors~~. Examples of ~~alternative and specialist real estate sectors~~ include, but are not limited to, leisure, hotels, healthcare, education, logistics, automotive, supported living and student accommodation.

The Group intends to invest in a diversified portfolio across both properties and tenants. The Group will focus on properties that can generate predictable income streams and focus on maintaining a WAULT of 12 years or more.

Within the scope of the restrictions set out below (under the heading "Investment Restrictions") the Group may invest up to 10% of the Gross Asset Value (measured at the point of capital commitment) in development opportunities, with the intention of holding any completed development as an investment. Such opportunities, where undertaken, are likely to be forward funding development commitment and/ or pre-leased development as part of an asset repositioning. Speculative development, being where pre-leases have not been secured for at least 75% of the space, will not be permitted.

~~In the event of a breach of the investment policy or the investment restrictions set out below, the Investment Manager shall inform the Board upon becoming aware of the same and, if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager will look to resolve the breach.~~

~~Any material change to the investment policy or investment restrictions of the Group may only be made with the prior approval of shareholders.~~

Proposed Investment Policy

Investment Objective

The Investment Objective of the Group is to generate a secure and predictable income return, sustainable in real terms, whilst seeking to improve capital values, in real terms, through asset management. The portfolio will consist of a diversified collection of UK properties focussed on cash generation.

Investment Policy

In order to achieve the Investment Objective, the Group invests in freehold and long leasehold properties across the whole spectrum of the UK property sector.

The Group intends to invest in a diversified portfolio across both properties and tenants. The Group will focus on properties that can generate predictable income streams and focus on maintaining a WAULT of 12 years or more.

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Investment Strategy

The Group will focus on properties which can deliver a secure income and preserve capital value, with an attractive entry yield. ~~The Group has an emphasis on alternative and specialist property sectors to access the attractive value and capital preservation qualities which such sectors currently offer.~~

The Group ~~will~~intends to supplement this core strategy with active asset management initiatives ~~for~~to re-gear certain mid-life leased properties.

~~Subject at all times to the Investment Manager's assessment of their appeal and specific asset investment opportunities,~~ Permitted sectors will include, but are not limited to the following, subject at all times to the Investment Adviser's assessment of their appeal and specific asset investment opportunities:

- Healthcare;
- Leisure;
- Hotels and serviced apartments;
- Education;
- Automotive;
- Car parks;
- Residential;
- Supported living;
- Student accommodation;
- Logistics;
- Storage;
- Communications;
- Supermarkets; ~~and, subject to the limitations on traditional sector exposures below;~~
- Offices;
- ~~— Shopping centres;~~
- Retail ~~and retail~~ warehouses; and
- Industrial.

~~The Group is not permitted to invest in land assets, including development land which does not have a development agreement attached, agriculture or timber.~~

Investment Strategy

The Group will focus on properties which can deliver a secure income and preserve capital value, with an attractive entry yield.

The Group intends to supplement this core strategy with active asset management initiatives to re-gear certain mid-life leased properties.

Permitted sectors will include, but are not limited to the following, subject at all times to the Investment Adviser's assessment of their appeal and specific asset investment opportunities:

- Healthcare;
- Leisure;
- Hotels and serviced apartments;
- Education;
- Automotive;
- Car parks;
- Residential;
- Supported living;
- Student accommodation;
- Logistics;
- Storage;
- Communications;
- Supermarkets;
- Offices;
- Retail warehouses; and
- Industrial.

~~In the medium term, the focus will be to invest in properties to construct a portfolio with the following minimum targets:~~

- a WAULT, at the time of investment, in excess of ~~18~~12 years;
- ~~at least 85% of the gross passing rent will have leases with rent reviews linked to inflation (RPI or CPI) at the time of investment;~~
- investment in properties which typically have a value, at the time of investment, of between £2 million and £30 million; and
- ~~at least 70% of the properties will be in non-traditional sectors;~~
- ~~less than 30% of the properties will be in the traditional sectors of Retail, Industrial and Offices; and~~
- over 90% of properties will be freehold or very long leasehold (over 100 years).

~~Once GAV is £250 million or greater, future investments will be made to target a portfolio with at least 80% of the properties in non-traditional sectors and less than 20% of the properties in traditional sectors. Whilst each acquisition will be made on a case-by-case basis, it is expected that properties will typically offer the following characteristics:~~

- existing tenants with strong business fundamentals and profitable operations in those locations;
- depth of tenant/operator demand; and
- alternative use value.;
- ~~current passing rent close to or below rental value; and~~
- ~~long-term demand drivers, including demographics, use of technology or built-for-purpose real estate.~~

The Group may invest in commercial properties or portfolios of commercial property assets which, in addition, include ancillary or secondary utilisations.

~~The Group does not intend to spend any more than 5% of the NAV in any rolling twelve month period on (a) the refurbishment of previously occupied space within the existing Portfolio, or (b) the refurbishment of new properties acquired with vacant units.~~

The Group may engage in full or partial interest rate hedging or derivatives to seek to mitigate the risk of interest rate increases as part of the Group's portfolio management.

The Group may invest in corporate and other entities that hold property and the Group may also invest in conjunction with third-party investors.

In the medium term, the focus will be to invest in properties to construct a portfolio with the following minimum targets:

- a WAULT, at the time of investment, in excess of 12 years;
- investment in properties which typically have a value, at the time of investment, of between £2 million and £30 million; and
- over 90% of properties will be freehold or very long leasehold (over 100 years).

Whilst each acquisition will be made on a case by case basis, it is expected that properties will typically offer the following characteristics:

- existing tenants with strong business fundamentals and profitable operations in those locations;
- depth of tenant/operator demand;
- alternative use value;

The Group may invest in commercial properties or portfolios of commercial property assets which, in addition, include ancillary or secondary utilisations.

The Group may engage in full or partial interest rate hedging or derivatives to seek to mitigate the risk of interest rate increases as part of the Group's portfolio management.

The Group may invest in corporate and other entities that hold property and the Group may also invest in conjunction with third-party investors.

Investment Restrictions

The Group will invest and manage its assets with the objective of spreading investment risk through the following investment restrictions:

~~GAV of less than £250 million~~

- Investment in a single property limited to 15% of Gross Asset Value (measured at the time of investment);
- ~~— The value of assets in any sub-sector in one geographical region, at the time of investment, shall not exceed 15% of GAV.~~

~~GAV of £250 million or greater~~

- ~~— Investment in a single property limited to 10% of GAV (measured at the time of investment).~~
- ~~— Investments will be made with a view to reducing the maximum exposure to any sub-sector in one geographical region to 10% of GAV.~~
- ~~— The value of assets in any one sector and sub-sector, at the time of investment, shall not exceed 50% of GAV and 25% of GAV respectively.~~
- Exposure to a single tenant covenant will be limited to 15% of Gross Asset Value;
- The Group may commit up to a maximum of 10% of its Gross Asset Value (measured at the commencement of the project) in development activities;
- Investment in unoccupied and non-income producing assets will, at the time of investment, not exceed 510% of Estimated Rental Value;
- The Group will not invest in other listed closed-ended investment companies funds; and
- If the Group invests in derivatives for the purposes of efficient portfolio and cash management, the total notional value of the derivatives at the time of investment will not exceed, in aggregate, 20% of Gross Asset Value.

~~The Group will invest and manage its assets with the objective of spreading risk through the above investment restrictions.~~

~~When the measure of Gross Asset Value is used to calculate the restrictions relating to (i) the value of a single property and (ii) the value of assets in any sub-sector in one geographical region, it will reflect an assumption that the Group has drawn down borrowings such that these borrowings are equal to 30% of Gross Asset Value.~~

Investment Restrictions

The Group will invest and manage its assets with the object of spreading investment risk through the following investment restrictions:

- Investment in a single property is limited to 15% of Gross Asset Value (measured at the time of investment);
- exposure to a single tenant covenant will be limited to 15% of Gross Asset Value;
- the Group may commit up to a maximum of 10% of its Gross Asset Value (measured at the commencement of the project) in development activities;
- investment in unoccupied and non-income producing assets, will at the time of investment, not exceed 10% of Estimated Rental Value;
- the Group will not invest in other listed closed-ended investment funds; and
- if the Group invests in derivatives for the purposes of efficient portfolio and cash management the total notional value of the derivatives at the time of investment will not exceed, in aggregate, 20% of Gross Asset Value.

Borrowings

The Group has utilised borrowings to enhance returns over the medium term. Borrowings have been utilised on a limited recourse basis for each investment on all or part of the total Portfolio and will not exceed 40% of Gross Asset Value (measured at drawdown) of each relevant investment or of the portfolio.

In the event of a breach of the investment policy or the investment restrictions set out above, the Investment Manager Adviser shall inform the Board upon becoming aware of the same and, if the Board considers the breach to be material, notification will be made to a Regulatory Information Service and the Investment Manager Adviser will look to resolve the breach.

Any material change to the investment policy or investment restrictions of the Group may only be made with the prior approval of shareholders.

Borrowings

The Group has utilised borrowings to enhance returns over the medium term. Borrowings have been utilised on a limited recourse basis for investment on all or part of the total Portfolio and will not exceed 40% of Gross Asset Value (measured at drawdown) of each relevant investment or of the portfolio.

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

Any material change to the investment policy or investment restrictions of the Group may only be made with the prior approval of shareholders.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Alternative Income REIT plc (the “**Company**”) will be held at 10.00 a.m. on Thursday 26 November 2020 at 1 King William Street, London, EC4N 7AF to transact the following business.

You will be asked to consider and, if thought fit, approve the following resolutions. Resolutions 1 to 11 (inclusive) will be proposed as ordinary resolutions and resolutions 12 to 15 (inclusive) will be proposed as special resolutions.

For further information on all resolutions, please refer to the Explanatory Notes which can be found on pages 13 to 20.

Ordinary Resolutions

Report and Accounts

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 June 2020 and the reports of the Directors and Auditors on those financial statements (“**Annual Report and Accounts**”).

Directors’ Remuneration Report

2. To approve the Directors’ Remuneration Report (excluding the part containing the Directors’ Remuneration Policy) contained within the Annual Report and Accounts for the financial year ended 30 June 2020.

Directors’ Remuneration Policy

3. To approve the Directors’ Remuneration Policy, contained in the Annual Report and Accounts for the financial year ended 30 June 2020 (the “**Policy**”).

Directors

4. To re-elect Steve Smith as a Director of the Company.
5. To re-elect Jim Prower as a Director of the Company.
6. To re-elect Alan Sippetts as a Director of the Company.

Auditors

7. To re-appoint KPMG LLP as Auditors of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.
8. To authorise the Board to determine the Auditors’ remuneration.

Director’s Authority to Allot Shares

9. That the Directors be generally and unconditionally authorised for the purposes of section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to:
 - a) allot shares in the Company and to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £268,333; and
 - b) allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal value of £536,666 (such amount to be reduced by the nominal amount of any shares allotted or rights granted under paragraph (a) of this resolution 9) in connection with an offer by way of a rights issue to:
 - i. holders of ordinary shares in the Company (“**Ordinary Shares**”) in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and
 - ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors of the Company otherwise consider necessary,

and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirement of any regulatory body or stock exchange or any other matter.

This authority shall apply in substitution for all previous authorities (but without prejudice to the validity of any allotment pursuant to such previous authority) and shall expire at the end of the next Annual General Meeting of the Company or on the date falling 15 months after the date of this resolution, whichever is earlier, save that under each authority the Company may, before such expiry, make any offers or agreements which would or might require shares to be allotted or rights granted to subscribe for or convert any security into shares after such expiry and the Directors may allot shares or grant such rights to subscribe for, or to convert any security into, shares (as the case may be) in pursuance of any such offer or agreement as if the relevant authority conferred by this resolution had not expired.

Dividends

10. To authorise the Directors to declare and pay all dividends of the Company as interim dividends and for the last dividend referable to a financial year not to be categorised as a final dividend that is subject to shareholder approval.

Investment Policy

11. That the proposed revised Investment Policy set out on pages 4 to 8 of this Notice of AGM be adopted as the Investment Policy of the Company to the exclusion of all previous Investment Policies of the Company.

Special Resolutions

Disapplication of pre-emption rights

12. That, subject to the passing of resolution 9 above, the Directors be generally and unconditionally authorised for the purposes of section 570 and section 573 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 9 or where the allotment constitutes an allotment by virtue of section 560(3) of the Act, in each case as if section 561 of the Act did not apply to any such allotment, provided that this authority shall be limited to:

- a) the allotment of equity securities in connection with an offer of equity securities (but in the case of an allotment pursuant to the authority granted under paragraph (b) of resolution 9, such power shall be limited to the allotment of equity securities in connection with an offer by way of a rights issue only) to:
 - i. the holders of Ordinary Shares in proportion (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them; and
 - ii. holders of other equity securities, as required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors of the Company may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements or securities represented by depositary receipts, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or the requirement of any regulatory body or stock exchange or any other matter; and

- b) the allotment of equity securities (otherwise than pursuant to paragraph (a) of this resolution 11), up to an aggregate nominal amount of £40,250.

This power shall (unless previously renewed, varied or revoked by the Company in a general meeting) expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or on the date falling 15 months after the date of this Annual General Meeting, whichever is earlier, save that the Company may before the expiry of this authority make any offers or enter into any agreements which would or might require equity securities to be

allotted (or treasury shares sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offers or agreements as if the authority conferred by this resolution had not expired.

13. That, subject to the passing of resolution 9, the Directors be generally and unconditionally authorised for the purposes of section 570 and section 573 of the Act in addition to any authority granted under resolution 12 above, to allot equity securities (within the meaning of section 560 of the Act) for cash either pursuant to the authority conferred by resolution 9 or where the allotment constitutes an allotment by virtue of section 560(3) of the Act, in each case as if section 561 of the Act did not apply to any such allotment, provided that this authority shall be limited to:
- a) the allotment of equity securities up to an aggregate nominal amount of £40,250; and
 - b) use only for the purpose of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles of Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice.

This power shall (unless previously renewed, varied or revoked by the Company in a general meeting) expire at the conclusion of the next Annual General Meeting of the Company following the passing of this resolution or on the date falling 15 months after the date of this Annual General Meeting, whichever is earlier, save that the Company may before the expiry of this authority make any offers or enter into any agreements which would or might require equity securities to be allotted (or treasury shares sold) after such expiry and the Directors may allot equity securities (or sell treasury shares) in pursuance of any such offers or agreements as if the authority conferred by this resolution had not expired.

Authority to purchase own shares

14. That, the Company be and is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Act) of Ordinary Shares of £0.01 on such terms and in such manner as the Directors may from time to time determine, provided that:
- a. the maximum number of Ordinary Shares hereby authorised to be acquired between the date of this resolution and the date of the Company's AGM to be held in 2021 shall be 8,050,000 or, if less, that number of Ordinary Shares which is equal to 10% of the Ordinary Shares in issue as at the passing of this resolution;
 - b. the minimum price which may be paid for any Ordinary Share is £0.01;
 - c. the maximum price which may be paid for any Ordinary Share is the higher of:
 - i. an amount equal to 105% of the average of the middle market quotations for such Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which such Ordinary Share is contracted to be purchased; and
 - ii. the higher of a) the price of the last independent trade and b) the highest current independent bid for such Ordinary Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by this resolution will be carried out;
 - d. this authority shall expire at the end of the Company's AGM to be held in 2021, unless previously renewed, varied or revoked by the Company in general meeting;
 - e. the Company may make a contract to purchase its Ordinary Shares under the authority hereby conferred prior to the expiry of such authority, which contract would or might require the Company to purchase its Ordinary Shares after such expiry and the Company shall be entitled to purchase its Ordinary Shares pursuant to any such contract as if the power conferred hereby had not expired; and
 - f. any Ordinary Shares bought back under the authority hereby granted may, at the discretion of the Directors, be cancelled or held in treasury.

Notice period for general meetings other than annual general meetings

15. That a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

By order of the Board

Hanway Advisory Limited

Company Secretary

Registered Office:

1 King William Street

London

EC4N 7AF

(Company Number: 10727886)

Explanatory Notes to the Resolutions

An explanation of each of the resolutions is set out below.

Resolutions 1 to 11 (inclusive) are proposed as ordinary resolutions. This means that for each of these resolutions to be passed, more than half of the votes cast must be in favour of the resolution.

Resolutions 12 to 15 (inclusive) are proposed as special resolutions. This means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

Report and Accounts

Resolution 1

The Directors of the Company are required to present the Annual Report and Accounts to the meeting.

Directors' Remuneration Report

Resolution 2

The Directors' Remuneration Report provides details of the remuneration paid to the Directors during the year ended 30 June 2020.

Resolution 2, in line with current legislation, will be an advisory vote and will not affect the way in which the pay policy has been implemented or the future remuneration that is paid to any Director. The Remuneration Report can be found in the Company's Annual Report and Accounts on pages 40 to 42.

Resolution 3

The current remuneration policy was approved by the majority of shareholders at the Company's AGM held on 31 October 2018. The Board seeks approval for the new Policy applicable for up to three years from the conclusion of the Meeting, and therefore shareholders will be asked to approve the policy again at the Company's 2023 AGM. If the Company believe it is necessary to introduce a new remuneration policy or make changes to the existing approved policy before this date, the Remuneration Policy will be submitted to shareholders for approval at either an AGM or General Meeting. The Policy is set out in the Company's Annual Report and Accounts on pages 38 to 39.

As provided for in Article 108 of the Company's Articles of Association and page 64 of the IPO Prospectus, the revised Directors' Remuneration Policy is proposed to include a provision for an additional fee for special duties or additional services undertaken by Directors outside of his ordinary duties. Such provision had been omitted from the current Directors' Remuneration Policy in an administrative error.

Subject to shareholder approval, this flexibility is intended to be used by discretion of the Board, to award an additional service fee of £15,000 to Jim Prower for the significant amount of time undertaken with assisting with the transition between service providers. The Board believe that these services have been in the best interest of the Company.

Directors

Resolutions 4 to 6

These resolutions are to approve the election or re-election of the Directors of the Board. In accordance with provision 18 of the UK Corporate Governance Code (published in July 2018), all Directors will be subject to annual re-election and will retire and those willing to serve again will submit themselves for election or re-election. The Directors believe that the Board offers a combination of skills, experience and knowledge and that all the non-executive Directors are independent in character and judgement.

The Board considers that the performance of each Director continues to be effective and demonstrates the commitment required to continue in their present roles, and that each Director's contribution continues to be important to the Company's long-term sustainable success. This consideration is based on, amongst other things, the business skills and industry experience of each of the Directors (refer to the biographical details of each Director as set out below), as well as their knowledge and understanding of the Company's business model.

The Board has also considered the other contributions which individual Directors may make to the work of the Board, with a view to ensuring that:

- (i) the Board maintains a diverse balance of skills, knowledge, backgrounds and capabilities leading to effective decision-making;
- (ii) each Director is able to commit the appropriate time necessary to fulfilling their roles; and
- (iii) each Director provides constructive challenge, strategic guidance, offers specialist advice and holds third party service providers to account.

Further details of the review of the Board's effectiveness are set out on page 29 of the Annual Report and Accounts.

Biographical details of each of the Directors are as follows:

Steve Smith – Independent non-executive Chairman

Steve was chief investment officer of British Land Company PLC, the FTSE 100 REIT, from January 2010 with responsibility for the group's property and investment strategy.

He stood down from the board of British Land in March 2013 and left the company at the end of June 2013. He was formerly global head of asset management and transactions at AXA Real Estate Investment Managers where he was responsible for the asset management of a portfolio of more than €40 billion on behalf of life funds, listed property vehicles, unit-linked and closed ended funds. Prior to joining AXA in 1999, he was managing director at Sun Life Properties for five years. He was formerly a non-executive director of Tritax Big Box REIT plc.

Steve is currently non-executive chairman of The PRS REIT plc and Starwood European Real Estate Finance Limited. He is also a non-executive director of Pollen Estate Trustee Company Limited and Network Rail Property Limited.

Jim Prower – Independent non-executive Director

Jim has worked in industry and commerce since 1985, having qualified as a Chartered Accountant at Peat, Marwick, Mitchell & Co in 1979. He performed the roles of finance director and company secretary at Minty plc from 1987 to 1989, Creston Land & Estates plc from 1989 to 1995 and NOBO Group plc from 1995 to 1997, before joining Argent Group plc in the same roles. Between 2009 and 2015, he was closely involved with the development and delivery of King's Cross Central (now a joint venture between AustralianSuper, the BT Pension Scheme and Argent's management), where he was primarily responsible for raising debt for development investment and working capital, as well as reporting to the joint venturers. Between November 2012 and 31 December 2015, together with other senior Argent personnel, Jim was a member of Argent (Property Development) Services LLP which had acquired Argent Group's property development and management businesses in late 2012. Jim continues to be a partner of Argent King's Cross Limited Partnership which retains an interest in some of Kings' Cross Central.

Until March 2019, he was a non-executive director of Tritax Big Box REIT plc.

In addition to being a non-executive director of the Company, Jim acts as the Senior Independent Director and chairs the Audit Committee of Empiric Student Property plc and as non-executive Director of The PRS REIT plc.

Alan Sippetts – Independent non-executive director

Alan was investment director, head of investment research at Heartwood Wealth Management, a UK subsidiary of Svenska Handelsbanken AB, from 2007 to 2016, where he led the research, due diligence and governance processes of all investments and was responsible for commercial property. Alan oversaw investment and research across all asset classes in collective schemes, including funds, trusts and REITs at Lloyds Private Bank from 2001 to 2006. Prior to that, from 1992 to 2001, he was head of UK smaller companies at Legal & General Investment Management Limited where he was responsible for all aspects of UK smaller listed and pre-IPO investments. Alan started his investment career at PosTel (Hermes) Investment Management in 1987.

Alan is non-executive director at Close Asset Management (UK) Ltd and Independent Investment Consultant at discretionary manager Eden Park Investment Management Ltd. He holds a B.Sc. in Management Science-Economics from Lancaster University, where today he is honorary teaching fellow at the Management School. He is a fellow of the Chartered Institute for Securities & Investment.

Auditors

Resolution 7

The Company is required to appoint auditors at each general meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. The Company's Audit Committee has recommended to the Board the re-appointment of KPMG LLP and the Board has endorsed this recommendation. This resolution therefore proposes the re-appointment of KPMG LLP as auditors of the Company.

Resolution 8

This resolution is to authorise the Board to determine the remuneration of the Auditors.

Directors' authority to allot shares

Resolution 9

The purpose of this resolution is to provide the Directors with authority to allot shares.

The authority given to Directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in general meeting under section 551 of the Act.

The authority in this resolution will allow the Directors to allot new shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £268,333 (26,833,333 Ordinary Shares), which is equivalent to approximately one third of the current issued ordinary share capital of the Company as at 19 October 2020 (being the last practicable day prior to the publication of this notice). The authority will expire immediately following the Company's 2021 AGM or on 26 February 2022, whichever is the earlier.

The authority in paragraph (b) will allow the Directors to allot new shares or to grant rights to subscribe for or convert any security into shares in the Company only in connection with a pre-emptive rights issue up to an aggregate nominal value of £536,666 (53,666,666 Ordinary Shares), which is approximately two thirds of the Company's issued share capital as at 19 October 2020 (inclusive of the nominal value of £268,333 sought under paragraph (a) of the resolution). This is in line with corporate governance guidelines. There is no present intention to exercise this authority.

The Directors intend to renew these authorities at each AGM, in accordance with current best practice.

As at 19 October 2020 (being the latest practicable date before the publication of this notice), the Company does not hold Ordinary Shares in treasury.

Dividends

Resolution 10

The Company currently pays four dividends per annum and to date these have been declared as "interim" dividends. The alternative to this would be to declare three interim dividends with the final dividend being proposed as a "final" dividend. However, a final dividend would require shareholder approval which would delay payment of the dividend. To avoid this potential delay, the Company will propose a dividend policy at each AGM that enables the Company to pay all of its dividends as "interim" dividends and for the last dividend not to be categorised as a "final" dividend that is subject to shareholder approval.

Investment Policy

Resolution 11

The Listing Rules require any proposed material change to the Company's published Investment Policy to be submitted to the FCA for prior approval, which approval the FCA has granted.

Resolution 11 is being proposed because the Listing Rules also require Shareholder approval prior to any material changes being made to the Company's Investment Policy. As the FCA has given its approval for the proposed changes, the revised policy will be implemented immediately following approval by Shareholders at the Annual General Meeting. The Board believes that the revised investment policy will prove beneficial to the potential capital growth of the Company's portfolio and will further enhance the Company's differentiation and attractiveness to investors.

The full text of the Company's current Investment Policy and the proposed new Investment Policy, with proposed changes highlighted in order to allow easy comparison, is set out on pages 4 to 8 of this document.

Disapplication of pre-emption rights

Resolutions 12 and 13

If the Directors wish to exercise the authority under Resolution 9 to allot new shares or grant rights over shares or sell treasury shares for cash (other than pursuant to an employee share scheme), company law requires that these shares are first offered to existing shareholders in proportion to their existing holdings. There may be occasions, however, when the Directors will need the flexibility to finance business opportunities to allot new shares (or to grant rights over shares) for cash or to sell treasury shares for cash without first offering them to existing shareholders in proportion of their holdings. This cannot be done unless the shareholders have first waived their pre-emption rights.

Resolution 12 would authorise the Directors to do this and, apart from rights issues or any other pre-emptive offer concerning equity securities, the authority will be limited to the allotment of shares for cash or sale of treasury shares for cash up to an aggregate nominal value of £40,250, which is equivalent to approximately 5 per cent. of the Company's issued ordinary share capital as at 19 October 2020 (being the latest practicable date prior to the publication of this notice).

Resolution 12 also seeks a disapplication of the pre-emption rights on a rights issue or other pre-emptive issue so as to allow the Directors to make exclusions or such other arrangements as may be appropriate to resolve legal or practical problems which, for example, might arise with overseas shareholders.

The Board intends to adhere to the guidance issued by the Investment Association (as updated in July 2016), the Pre-Emption Group's Statement of Principles (as updated in March 2015) (the "**Statement of Principles**") and the template resolutions published by the Pre-Emption Group in May 2016.

The Directors therefore seek an additional authority under resolution 13 to issue shares for cash on a non-pre-emptive basis up to a maximum number of 4,025,000 (which includes the sale on a non pre-emptive basis of any shares held in treasury), which is equivalent to approximately 5 per cent. of the Company's issued ordinary share capital as at 19 October 2020 (being the latest practicable date prior to the publication of this notice), if used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles.

Unless shareholder approval is obtained, Ordinary Shares will only be issued pursuant to these authorities for cash on a non pre-emptive basis at a premium to the prevailing net asset value at the time of issue in order to take account of the costs of such issue and will therefore be non-dilutive to the prevailing net asset value for existing shareholders.

If given, the authorities contained in resolutions 12 and 13 will expire at the conclusion of the 2021 AGM or on 26 February 2022 (the date which is 15 months after the passing of the resolution), whichever is earlier.

Shareholders will note that resolutions 12 and 13 also relate to treasury shares.

Authority to purchase own shares

Resolution 14

In certain circumstances, it may be advantageous for the Company to purchase its own shares and this resolution seeks the authority from shareholders to continue to do so. The Directors will continue to exercise this authority only when, in the light of market conditions prevailing at the time, they believe that it is in the best interests of shareholders as a whole and as a means of correcting any imbalance between supply and demand for the shares. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account when exercising this authority. Under the Act, the Company can hold its own shares in treasury following a buy back, instead of having to cancel them. This gives the Company the ability to re-issue treasury shares quickly and cost-effectively (including pursuant to the authority under resolution 9 above) and provides the Company with additional flexibility in the management of its capital base. Once held in treasury, the Company is not entitled to exercise any rights, including the right to attend and vote at meetings in respect of the shares. Further,

no dividend or other distribution of the Company's assets may be made to the Company in respect of the treasury shares. If the Directors exercise the authority conferred by resolution 14, the Company will have the option of either holding in treasury or of cancelling any of its own shares purchased pursuant to this authority and will decide at the time of purchase which option to pursue.

The resolution specifies the maximum number of Ordinary Shares that may be acquired (approximately 10 per cent. of the Company's issued ordinary share capital as at 19 October 2020 (being the latest practicable date prior to the publication of this notice)) and the maximum and minimum prices at which they may be bought.

There are no warrants or options to subscribe for Ordinary Shares outstanding at 19 October 2020 (being the latest practicable date prior to the publication of this notice).

If given, this authority will expire at the conclusion of the 2021 AGM or on 26 February 2022 (the date which is 15 months after the date of passing of the resolution), whichever is earlier.

The Directors intend to seek renewal of this authority at subsequent AGMs in accordance with current best practice.

Notice period for general meetings other than annual general meetings

Resolution 15

This resolution is to allow the Company to hold general meetings (other than an AGM) on 14 clear days' notice. The notice period required by the Act for general meetings of the Company is 21 clear days unless: (i) shareholders approve a shorter notice period, which cannot however be less than 14 clear days; and (ii) the Company offers the facility for all shareholders to vote by electronic means. AGMs must always be held on at least 21 clear days' notice. The Company intends to give as much notice as is practicable when calling a general meeting. The 14 clear days' notice period will not be used as a matter of routine, but only in circumstances where it would clearly be to the advantage of shareholders as a whole, the business of the meeting is time-sensitive or flexibility is merited by the nature of the business of the meeting. The approval will be effective until the Company's next AGM, when it is intended that a similar resolution will be proposed.

Further information about the AGM

Coronavirus (COVID-19) and AGM attendance

As a result of the UK Government's current guidance on social distancing and prohibition on non-essential travel and public gatherings due to the COVID-19 pandemic, **shareholders will not be permitted to attend the AGM**. The AGM will be convened in accordance with the Company's Articles of Association and in line with UK Government guidance. Voting on the resolutions to be proposed at the AGM will be conducted on a poll, rather than a show of hands. Therefore, shareholders are encouraged to vote via proxy, and where possible, vote by proxy online, electing the Chairman of the meeting as proxy as no other proxy will be permitted to attend the meeting.

Only those shareholders registered on the Company's Register of Members of the Company at close of business on Tuesday 24 November 2020 (or in the event of an adjournment, at close of business on the date which is two working days prior to the adjourned meeting), or their duly appointed proxy, shall be entitled to vote at the AGM. Changes to the Register of Members after the deadline shall be disregarded in determining the rights of persons to vote at the AGM.

Appointment of a proxy

Shareholders are entitled to appoint a proxy to exercise all or any of their rights to vote at the AGM and at any adjournment thereof. A shareholder may appoint more than one proxy in relation to the AGM, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this notice. To be valid, your Form of Proxy must be received no later than 10.00 a.m. on Tuesday 24 November 2020 (or, if the meeting is adjourned, 48 hours (excluding non-working days) before the time fixed for the adjourned meeting). You may return your Form of Proxy

using the pre-paid envelope provided or delivered by post or by hand (during normal business hours) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY. Amended instructions must also be received by Computershare by the deadline for receipt of Forms of Proxy.

In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first-named being the most senior).

As shareholders will not be permitted to attend the AGM, any proxy you appoint other than the Chairman will be refused entry to the meeting.

Appointment of proxy online

A proxy may be submitted electronically using www.investorcentre.co.uk/eproxy. Members can use this service to vote or appoint a proxy on-line. The same voting deadline of 48 hours before the timing of the Meeting applies as if you were using a personalised proxy form to vote or appoint a proxy by post to vote for you. You will need your Control Number, Shareholder Reference Number (SRN) & PIN which can be found on your Form of Proxy or email notice.

CREST members

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy, or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent, Computershare Investor Services PLC (ID 3RA50), by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings (www.euroclear.com/CREST).

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001 (as amended).

Corporate Representatives

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same Ordinary Shares.

Asking questions in advance of the AGM

Except as provided above, shareholders who have general queries about the meeting should contact the Company's Registrar, Computershare, at: www.investorcentre.co.uk/contactus or the Company Secretary at the Registered Office address.

You may not use any electronic address provided either in this notice or any related documents (including the chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

Shareholders may submit questions to the Board in advance of the AGM by emailing such questions to cosec@hanwayadvisory.com.

Nominated Persons

If you are a person who has been nominated under Section 146 of the Act to enjoy information rights (Nominated Person):

- you may have a right under an agreement between you and the member of the Company who has nominated you to have Information Rights (Relevant Member) to be appointed or to have someone else appointed as a proxy for the Meeting;
- if you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to exercise of voting rights; and
- your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.

Website publication of audit concerns

Pursuant to Chapter 5 of Part 16 of the Act (Sections 527 to 531), where requested by a member or members having a right to vote at the Meeting and holding at least 5% of total voting rights of the Company, or at least 100 members having a right to vote at the Meeting and holding, on average, at least £100 of paid up share capital, the Company must publish on its website a statement setting out any matter that such members propose to raise at the Meeting relating to audit of the Company's accounts (including the Auditor's Report and the conduct of the audit) that are to be laid before the Meeting. The request:

- may be in hard copy form signed by the member, stating the full members' name and address and is sent to the Company Secretary, Hanway Advisory Limited, 1 King William Street, London, EC4N 7AF or in electronic form stating the member's full name, address, and shareholder reference and is sent to contact@hanwayadvisory.com stating "AGM" in the subject field;
- must identify the statement to which it relates, either set out the statement in full or, if supporting a statement sent by another member, clearly identify the statement which is being supported;
- must be authenticated by the person or persons making it; and
- must be received by the Company at least one week before the Meeting.

Where the Company is required to publish such a statement on its website, it may not require the members making the request to pay any expenses incurred by the Company in complying with the request, it must forward the statement to the Company's Auditor no later than the time the statement is made available on the Company's website and the statement may be dealt with as part of the business of the Meeting.

Total Voting Rights

As at 19 October 2020 (being the last practicable day prior to the publication of this notice), the Company's issued share capital consisted of 80,500,000 Ordinary Shares of £0.01 each. The Company does not hold any shares in treasury. Therefore, the total voting rights in the Company as at 19 October 2020 (being the latest practicable date prior to the publication of this notice) are 80,500,000 Ordinary Shares.

Website

A copy of this notice, and other information required by section 311A of the Act, can be found at: <https://www.alternativeincomereit.com/>.

Inspection of documents

The following documents will be available for inspection at the Company's Registered Office from the date of this notice during usual business hours on any weekday (Saturdays, Sundays and bank holidays excluded) until the date of the meeting and also on the date and at the location of the meeting from 15 minutes before the AGM until it ends:

- copies of letters of appointment of the non-executive Directors;
- copies of the articles of association; and
- register of directors' interests.