

## NAV, DIVIDEND DECLARATION & PORTFOLIO VALUATION

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### Alternative Income REIT PLC

(the "Company" or "Group" or "AIRE")

#### NET ASSET VALUE, DIVIDEND DECLARATION AND PORTFOLIO VALUATION UPDATE

**New target annual dividend of at least 5.7p per share, a 3.6% increase on the prior year**

**Remains well positioned to continue to deliver attractive, secure, inflation-linked income with the potential for capital growth**

The Board of Directors of Alternative Income REIT PLC (ticker: AIRE), the owner of a diversified portfolio of UK commercial property assets, predominantly let on long leases with inflation-linked rent reviews, provides a trading and business update and declares an interim dividend for the quarter ended 30 September 2022.

#### Alan Sippetts, Non-Executive Chair of Alternative Income REIT plc, comments:

"The Board is pleased to report another resilient performance supported by our defensive portfolio, helping to underpin our declaration of a first interim dividend of 1.375pps, that is fully covered. In line with the Board's intention of paying a progressive fully covered dividend, the Board has today set a new target dividend of at least 5.7pps for the year ending 30 June 2023, subject to stable rent flows, an increase of 3.6% on the prior year dividend.

At 30 September 2022, the Company's unaudited net asset value per share was 96.97 pence, representing a 0.6% increase over the quarter. When combined with the 1.375pps dividend paid for the quarter, this produces an unaudited NAV total return for the quarter of 2.25%. However, the Company's share price total return has been impacted by the challenging wider market backdrop, although our discount is one of the lowest in the UK REIT sector.

Investors can take comfort that the Company continues to be well positioned, benefitting from our well managed and resilient portfolio, with growing contracted rents, 96% of which are linked to inflation, together with having 100% of our debt fixed at a favourable rate of 3.19% until October 2025."

#### Highlights

	At 30 September 2022 (unaudited)	At 30 June 2022 (audited)	Change
Net Asset Value ("NAV")	£78.1 million	£77.6 million	+0.6%
NAV per share	97.0p	96.4p	+0.6%
Share price per share	65.3p	82.1p	-20.5%
Share price discount to NAV	32.7%	14.8%	-17.9%
Loan to gross asset value ("GAV") <sup>A B</sup>	33.6%	33.7%	-

	Quarter ended 30 September 2022 (unaudited)	Quarter ended 30 June 2022 (audited)	Change
EPRA earnings per share <sup>A</sup>	1.5p	1.5p	0.0%
Adjusted earnings per share <sup>A</sup>	1.4p	1.4p	0.0%
Dividend cover <sup>A</sup>	105.1%	86.3%	+21.8%

Total dividends per share	1.4p	1.6p	-12.5%
Dividend yield <sup>A</sup>	2.1%	2.0%	+0.1%
Earnings per share	2.2p	4.4p	-50.0%
Share price total return <sup>A</sup>	-18.5%	7.5%	-26.0%
NAV total return <sup>A</sup>	2.3%	5.2%	-2.9%
Investment property fair value (based on external valuation)	£118.6 million	£117.9 million	+0.6%
Annualised passing rent	£7.2 million	£7.2 million	0.0%
Ongoing charges <sup>A</sup> (annualised)	1.5%	1.5%	0.0%

<sup>A</sup> Considered to be an Alternative Performance Measure.

<sup>B</sup> The loan facility at 30 September 2022 of £41.0 million (30 June 2022: £41.0 million) with Canada Life Investments, matures on 20 October 2025 and has a weighted average interest cost of 3.19%.

### Dividend Declaration, Earnings per share and Dividend Cover

The Board is pleased to declare an interim quarterly dividend of 1.375pps for the quarter ended 30 September 2022. This dividend will be distributed as Property Income Distribution ("PID") and will be paid on 25 November 2022 to shareholders on the register on 11 November 2022. The ex-dividend date will be 10 November 2022.

Having achieved the Company's target dividend of 5.5pps last year the Board has set a new dividend target of 5.7pps for the year ending 30 June 2023. This increase reflects the Board's intention to pay a progressive dividend consistent with the Company's stated aims.

The Adjusted EPS was 1.45pps for the quarter (June 2022: 1.38pps), reflecting 105.07% dividend cover.

### Property Valuation

At 30 September 2022, the Group's property portfolio, comprising 19 assets, had a fair value of £118.6 million, representing a 0.6% increase over the quarter (30 June 2022: £117.9 million).

At 30 September 2022, the Net Initial Yield on the Group's portfolio was 5.73%, compared with 5.70% at 30 June 2022.

Against a downward trend in property investment values across the wider market, the Group's portfolio has continued to show resilience, with a slight overall increase in capital values. The portfolio continues to show strong income growth through a combination of annual and regular inflation-linked reviews, with the September 2022 annualised passing rent rising to £7.3 million per annum once agreed rent reviews are documented, an increase of 1.4% quarter on quarter.

The Group's long dated, inflation-linked resilient portfolio is expected to continue to provide downside protection. With heady inflation levels already seen in the past months, valuers have and are expected to continue to have confidence in future rental growth from those properties with rent reviews later in 2022 and 2023, and so they have held or improved values for certain of the portfolio's properties this quarter. Against this backdrop, some of the Group's industrial and retail warehouse property valuations have seen valuations fall by circa 3-5% over the quarter. The exception to this is at Pocket Nook Industrial Estate, St Helens (+9.3%) where the Secretary of State has committed to stay in the driving test centre for a further 10 years with an uncapped RPI review in 2023.

### Net Asset Value

At 30 September 2022, the Company's unaudited NAV was £78.06 million, 96.97pps (30 June 2022: £77.60 million, 96.40pps) representing a 0.6% increase over the quarter, due to increases in the portfolio valuation and net income.

When combined with the 1.375pps dividend paid for the quarter, this produces an unaudited NAV total return for the quarter of 2.25% (30 June 2022: 5.19%).

The table below sets out the movement in NAV during the quarter.

	Pence per share	£ million
<b>NAV at 1 July 2022</b>	96.40	77.60
Valuation movement in property portfolio	0.66	0.53
Income earned for the period	2.50	2.01
Expenses for the period	(0.55)	(0.43)
Net finance costs for the period	(0.44)	(0.36)

Interim dividend paid during the quarter ended 30 June 2022	(1.60)	(1.29)
<b>NAV at 30 September 2022</b>	96.97	78.06

The NAV attributable to the ordinary shares has been calculated under International Financial Reporting Standards as adopted by the United Kingdom and incorporates both the Group's property portfolio individually valued on a 'Red Book' basis at 30 September 2022 and net income for the quarter but does not include a provision for the interim dividend declared today (see above).

The income earned for the period includes an accrual for the minimum contractual uplifts contained in the index-linked leases. In the event that inflation is greater than these minimum contractual uplifts, the actual income will be greater than the income currently accrued.

### Portfolio Update

At 30 September 2022, the Group's assets are 100% let (30 June 2022: 100%). The weighted average unexpired lease term at 30 September 2022 was 17.3 years to the earlier of break and expiry (30 June 2022: 17.5 years) and 19.1 years to expiry (30 June 2022: 19.4 years).

96% (30 June 2022: 96%) of the portfolio's income stream is reviewed periodically on an upward only basis, in line with inflation (51% annually); with 69% and 27% of the portfolio inflation-linked (subject to floors and caps) to RPI and CPI, respectively. The remaining 4% of the portfolio's income stream is subject to Open Market Value reviews or expiries.

Contracted annualised rent increased by 1.25% this quarter, due to rent reviews at Crawley (+9.3%), Salford (+9.4%) and Swindon (+24%).

Over the next 12 month period, 68% of the Group's income will be reviewed (eight annual index-linked rent reviews and six periodic index-linked rent reviews (3 or 5 years since the previous reviews)).

### Rent Collection

Rent collection remains resilient with 100% expected for the September 2022 quarter. The rents for the December 2022 quarter are split 84% payable quarterly in advance and 16% payable monthly in advance.

### ENQUIRIES

#### Alternative Income REIT PLC

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The Company's LEI is 213800MPBIS12Q88F71.

Further information on Alternative Income REIT plc is available at [www.alternativeincomereit.com](http://www.alternativeincomereit.com)<sup>1</sup>.

<sup>1</sup> Neither the content of the Company's website, nor the content on any website accessible from hyperlinks on its website or any other website, is incorporated into, or forms part of, this announcement nor, unless previously published on a Regulatory Information Service, should any such content be relied upon in reaching a decision as to whether or not to acquire, continue to hold, or dispose of, securities in the Company.

### NOTES

Alternative Income REIT PLC aims to generate a sustainable, secure and attractive income return for shareholders from a diversified portfolio of UK property investments, predominately in alternative and specialist sectors. The

majority of the assets in the Group's portfolio are let on long leases which contain index linked rent review provisions.

The Company's investment adviser is M7 Real Estate Limited ("M7"). M7 is a leading specialist in the pan-European, regional, multi-tenanted real estate market. It has over 225 employees in 15 countries across Europe. The team manages over 580 properties with a value of circa €5.8 billion.

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