

ACCRETIVE ACQUISITION OF RETAIL PARK

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Alternative Income REIT PLC
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1 December 2020

Alternative Income REIT PLC

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

ACCRETIVE ACQUISITION OF RETAIL PARK LET TO STRONG TENANT COVENANTS

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, is pleased to announce that the Company has exchanged contracts to acquire the Droitwich Spa Retail Park (the "Asset") for £4.75 million (net of acquisition costs to the Company), in an off market transaction. The price represents a discount to replacement cost and reflects a net initial yield of 7.95%. This transaction is the Company's first investment introduced by its Investment Adviser M7 Real Estate Limited ("M7").

This acquisition deploys the disposal proceeds of the Group's recently sold Wet 'n' Wild Water Park, North Shields ("Wet 'n' Wild Water Park"), at a yield which is materially higher than both the 6.0% exit yield on the Wet 'n' Wild Water Park and the Group's latest portfolio valuation yield of 5.76%.

The Asset, which offers flexible retail warehouse space with enhanced planning, is fully let to two very strong and defensive tenant covenants, which are continuing to trade resiliently through the pandemic. The two tenants are B&M European Value Retail S.A. ("B&M"), the UK's leading variety goods value retailer and a FTSE 100 constituent (19,744 sqft of the Asset, 67% of the total income) and Pets at Home Group Plc, the UK's leading pet care business and a FTSE 250 constituent (7,410 sqft, 33% of the total income), and 100% of the rent due has been collected this year without interruption. The Asset has a weighted average unexpired lease term ("WAULT") of seven years with a passing rent of £403,654 per annum.

The Asset is situated in the dominant retail warehousing area for Droitwich Spa, which is approximately 22 miles south of Birmingham and 12 miles west of Redditch. Droitwich Spa is a historic market town, which is under provided with retail warehouse space. The Asset is well located at the junction of Kidderminster Road and George Bayliss Road, benefiting from excellent transport links and is close to J5 of the M5 motorway, which provides connections to Exeter to the south and Birmingham to the north. The Asset is located in a light industrial cluster, that has attracted a number of major occupiers including Aldi, Lidl, The Range, DFS and Homebase, which drives footfall to the area.

The Asset was constructed in 2007 and consists of a total of 27,154 sqft of retail warehousing space across three units, one of which has a trading mezzanine, and benefits from approximately 100 car park spaces and a service yard.

The lease of the two units let to B&M expires on 31 August 2029 and is subject to five-yearly upward only rent reviews linked to RPI with no collar or cap, with the next due in September 2024. The Asset also provides for medium term value creation through a potential lease regear or extension of the lease to Pets at Home, which is due to expire in January 2023.

Completion is expected later this week.

Steve Smith, Chairman of Alternative income REIT plc, commented:

"We are pleased to acquire this accretive investment that is let to two strong and very well performing occupiers, further diversifying and strengthening the Group's income. This investment fits within the parameters of the existing investment policy and importantly deploys the disposal proceeds of the Group's recently sold Wet 'n' Wild Water Park, at a materially higher yield than both the exit yield on the sold asset and the Group's latest portfolio valuation yield. The Asset is our first investment introduced by M7 and is expected to provide a robust, defensive, long term income return, in a market which is also expected to benefit from growth in income and capital value.

The Board continues to believe firmly that the Group's is well positioned given its diversified and fully let portfolio, its recent strong rent collection, robust balance sheet and well controlled overhead."

ENQUIRIES

Alternative Income REIT PLC

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via Maitland/AMO below

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Further information on Alternative Income REIT plc is available at www.alternativeincomereit.com¹

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 inflation 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. Majority owned by its senior managers, it has over 200 employees in 14 countries across Europe. The team manages over 835 properties with a value of circa €5.1 billion.

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