

# Alternative Income REIT PLC

## NAV, Dividend Declaration and 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 TO 31 DECEMBER 2023

**Remain on track to deliver our target annual dividend of at least 5.9 pence per share for the financial year ending 30 June 2024**

**Resilient portfolio well placed to continue to provide secure, index-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 index-linked rent reviews, provides a trading and business update and declares an interim dividend for the quarter ended 31 December 2023.

#### Simon Bennett, Non-Executive Chair of Alternative Income REIT plc, comments:

"The Board is pleased to declare a second interim dividend of 1.425 pence per share ('pps') for the last quarter, which is 102.6% covered by earnings. This is in line with the Board's previously announced annual dividend target of at least 5.9pps for the financial year ending 30 June 2024, which remains subject to continued strong rent collection.

The Board has considered many attractive investment opportunities to reinvest the £7.5 million proceeds from the disposal of its hotel in Glasgow. The Group acquired the Virgin Active in Ockley Road, Streatham for £5.1 million (net of acquisition costs) in December 2023 and is now looking to reinvest the remaining proceeds in another property during the current quarter.

At 31 December 2023, the Group held 19 properties valued at £103.3 million (30 September 2023: £99.6 million across 18 assets). On a like-for-like basis, the Company's property values decreased by £1.4 million or 1.4% for the quarter ended 31 December 2023. The Group's portfolio is relatively insulated from market fluctuations, benefiting from being 100% let, together with 100% collection of rent due, 95.8% index-linked rent review profile and low borrowing costs, which are fixed at a weighted average interest rate of 3.19% until October 2025. The sum of these factors continues to provide a secure and growing rental income stream.

The Board remains confident that the Company is well-positioned for the future with a portfolio that continues to deliver secure index-linked income and has the potential for capital growth as the property market recovers."

#### Overview of Key Financials

	At 31 December 2023 (unaudited)	At 30 September 2023 (unaudited)	Change
Net Asset Value ("NAV")	£65.7 million	£67.3million	-2.4%
NAV per share	81.6p	83.6p	-2.4%
Share price per share	71.5p	59.6p	20.0%
Share price discount to NAV	12.4%	28.7%	-16.3%
Investment property fair value			

(based on external valuation)	£103.3 million <sup>C</sup>	£99.6 million	3.7% <sup>C</sup>
Loan to gross asset value ("GAV") <sup>A B</sup>	37.5%	37.1%	

	Quarter ended 31 December 2023 (unaudited)	Quarter ended 30 September 2023 (unaudited)	Change
EPRA earnings per share <sup>A</sup>	1.5p	1.3p	15.4%
Adjusted earnings per share <sup>A</sup>	1.5p	1.5p	-
Dividend cover <sup>A</sup>	102.6%	104.9%	-2.3%
Total dividends per share	1.425p	1.425p	-
Dividend yield (annualized) <sup>A</sup>	8.3%	9.9%	-1.6%
Earnings per share	-0.5p	1.3p	-140.0%
Share price total return <sup>A</sup>	22.4%	-4.9%	
NAV total return <sup>A</sup>	-0.6%	1.6%	
Annualised passing rent	£7.7 million	£7.1 million	7.9%
Ongoing charges <sup>A</sup> (annualised)	1.5%	1.5%	-

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

<sup>B</sup> The loan facility at 31 December 2023 of £41.0 million (30 September 2023: £41.0 million) with Canada Life Investments, matures on 20 October 2025 and has a weighted average interest cost of 3.19%.

<sup>C</sup> At 31 December 2023, the Group held 19 properties valued at £103.3 million. On a like-for-like basis, the fair value of the 18 properties held at the start and end of the quarter was £99.6 million and £98.2 million respectively, representing a £1.4 million or 1.4% decrease in the Quarter.

## Property Portfolio

The Board has considered many attractive investment opportunities to reinvest the proceeds from the disposal of its hotel in Glasgow. On 18 December 2023, the Group completed the acquisition of the Virgin Active in Ockley Road, Streatham for £5.1 million (net of acquisition costs). The Group is looking to reinvest the remaining proceeds in another property during the quarter ending 31 March 2024.

At 31 December 2023, the Group held 19 properties valued at £103.3 million (30 September 2023: £99.6 million across 18 assets). On a like-for-like basis, the Company's property values decreased by £1.4 million or 1.4% for the quarter ended 31 December 2023.

At 31 December 2023, the Net Initial Yield on the Group's portfolio was 6.9% (30 September 2023: 6.7%) and the Group's assets remained 100% let (30 September 2023: 100%). The weighted average unexpired lease term at 31 December 2023 was 16.6 years to the earlier of break and expiry (30 September 2023: 17.1 years) and 18.5 years to expiry (30 September 2023: 19.2 years).

The property investment market was subdued for much of 2023 with ongoing economic uncertainty making investors cautious. Despite concerns over rising interest rates and high levels of inflation, there are some positive signs for the market with pockets of strong occupational demand, particularly in the industrial and logistics sector and growing demand for sustainable properties. The Group's portfolio is relatively insulated from market fluctuations, benefiting from being 100% let, with 100% collection of rent due and 95.8% index-linked rent review profile which continues to provide a secure and growing rental income stream.

Over the past year, excluding the sale in Glasgow and acquisition in Streatham, the value of the Group's portfolio has fallen by a total of £2.3 million or 2.2%. AIRE continues to outperform relative to most other commercial real estate companies, as demonstrated by CBRE who have reported a fall in their Monthly (All-Property) Index of 3.9% and MSCI UK Monthly Data who reported a fall of 5.5% over the same period.

The Group's contracted annualised rent increased by 7.9% during the quarter to 31 December 2023. Excluding the increase in rent following the Streatham purchase, income grew 0.4% over the quarter due to index-linked rent reviews in Brough and Solihull. 95.8% of leases within our portfolio are index-linked, with 35.9% of this rental income reviewed annually. The portfolio continues to be actively managed, in particular with respect of ESG initiatives and EPC improvements. During 2023, 11 EPC reviews were completed following works and consultations with the occupiers, all of which delivered improvements in ratings.

During the quarter to 31 March 2024, 9% of the Group's income will be reviewed with two annual and one five-yearly

index-linked rent reviews.

### Dividend Declaration, Earnings Per Share and Dividend Cover

The Board has previously announced a dividend target of 5.9pps for the year ending 30 June 2024. This is an increase of 3.5% on the previous year's dividend of 5.7pps. The Board is therefore pleased to declare an interim quarterly dividend of 1.425pps for the quarter ended 31 December 2023. This dividend will be distributed as Property Income Distribution ("PID") and will be paid on 1 March 2024 to shareholders on the register on 16 February 2024. The ex-dividend date will be 15 February 2024.

It should be noted that the target is subject to continuing levels of rent collection, as well as the timely reinvestment of the Glasgow property proceeds.

The Adjusted EPS of 1.5pps remains stable over the quarter (30 September 2023: 1.5pps). The dividend cover for the quarter was 102.6% (30 September 2023: 104.9%).

### Net Asset Value, Share Price and Share Price discount to NAV

At 31 December 2023, the Group's unaudited NAV was £65.7 million, 81.6pps (30 September 2023: £67.3 million, 83.6pps), representing a 2.4% decrease over the previous quarter.

When combined with the 1.425pps dividend paid in the quarter, this produces an unaudited NAV total return for the quarter of -0.6% (30 September 2023: 1.6%).

Conversely the share price increased substantially by 20.0% to 71.5pps and the Group's discount to NAV remains one of the lowest in the sector.

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

	Pence per share	£ million
<b>NAV at 30 September 2023</b>	83.6	67.3
Valuation movement in property portfolio	(2.0)	(1.6)
Income earned for the period	2.4	1.9
Expenses for the period	(0.5)	(0.4)
Net finance costs for the period	(0.5)	(0.3)
Interim dividend paid during the quarter ended 30 September 2023	(1.4)	(1.2)
<b>NAV at 31 December 2023</b>	<b>81.6</b>	<b>65.7</b>

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 31 December 2023 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.

### Rent Collection

Rent collection remains resilient with 100% collection of rent due for the December 2023 quarter. 90.5% of the portfolios rent is payable quarterly in advance and 9.5% payable monthly in advance.

### ENQUIRIES

Alternative Income REIT PLC

Simon Bennett - Chairman

via H/Advisors Maitland below

**M7 Real Estate Ltd**

020 3657 5500

Richard Croft

Jane Blore

**Panmure Gordon (UK) Limited**

020 7886 2500

Alex Collins

Tom Scrivens

**H/Advisors Maitland (Communications Advisor)**

07747 113 930 / 020 7379 5151

James Benjamin

aire-maitland@h-advisors.global

Rachel Cohen

The Company's LEI is 213800MPBIJS12Q88F71.

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 asset manager is M7 Real Estate Limited ("M7"). M7 is a leading specialist in the pan-European, regional, multi-tenanted real estate market. It has over 215 employees in 14 countries and territories. The team manages over 600 assets with a value of circa €6.9 billion (at 30 September 2023).

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