

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 MARCH 2024

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 March 2024.

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

"The Board is pleased to declare a third interim dividend of 1.425 pence per share ('pps') for the last quarter, which is 101% 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.

At 31 March 2024, the Group held 19 properties valued at £102.6 million (31 December 2023: £103.3 million). The falls in value were spread across the residential, leisure and care sectors. Transaction levels are low across the real estate market as a whole, but these sectors, in particular, have seen the most liquidity evidencing value levels. 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 is actively seeking to invest the remaining proceeds from the sale of hotel in Glasgow which as at 31 March 2024 amounted to £2.2 million."

Overview of Key Financials

	At 31 March 2024 (unaudited)	At 31 December 2023 (unaudited)	Change
Net Asset Value ("NAV")	£64.9 million	£65.7 million	-1.2%
NAV per share	80.6p	81.6p	-1.2%
Share price per share	68.0p	71.5p	-4.9%
Share price discount to NAV	15.6%	12.4%	3.2%

Investment property fair value (based on external valuation)	£102.6 million	£103.3 million	-0.7%
Loan to gross asset value ("GAV") ^{A B}	37.8%	37.5%	

	Quarter ended 31 March 2024 (unaudited)	Quarter ended 31 December 2023 (unaudited)	Change
EPRA earnings per share ^A	1.5p	1.5p	-
Adjusted earnings per share ^A	1.4p	1.5p	6.7%
Dividend cover ^A	101.0%	102.6%	-1.6%
Total dividends per share	1.425p	1.425p	-
Dividend yield (annualised) ^A	8.7%	8.3%	0.4%
Earnings per share	0.4p	-0.5p	180.0%
Share price total return ^A	-2.9%	22.4%	
NAV total return ^A	0.5%	-0.6%	
Annualised passing rent	£7.7 million	£7.7 million	-
Ongoing charges ^A (annualised)	1.5%	1.5%	-

^A Considered to be an Alternative Performance Measure.

^B The loan facility at 31 March 2024 of £41.0 million (31 December 2023: £41.0 million) with Canada Life Investments, matures on 20 October 2025 and has a weighted average interest cost of 3.19%.

Property Portfolio

At 31 March 2024, the Group held 19 properties valued at £102.6 million (31 December 2023: £103.3 million). The Company's property values decreased by £0.8 million or 0.7% for the quarter ended 31 March 2024.

At 31 March 2024, the Net Initial Yield on the Group's portfolio was 7.0% (31 December 2023: 6.9%). The weighted average unexpired lease term at 31 March 2024 was 16.4 years to the earlier of break and expiry (31 December 2023: 16.6 years) and 18.3 years to expiry (31 December 2023: 18.5 years).

2024 is anticipated to be the turning point for UK commercial property investment, with an expectation for increased activity due to interest rate cuts, lower inflation, and enhanced debt financing opportunities. The industrial sector is showing continued strength, with occupiers driving demand, and the tech sector's rapid growth is translating to a growing need for office space. The Group's portfolio is relatively insulated from market fluctuations and continues to provide a secure and growing rental income stream, benefiting from being 100% let, with 100% collection of rent due and 95.8% index-linked rent review profile with 35.9% of this rental income reviewed annually.

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 2.3%. AIRE continues to outperform relative to most other commercial real estate companies, as demonstrated by MSCI UK Monthly Data which reported a fall of 5.2% over the same period.

The Group's contracted annualised rent increased by 0.4% during the quarter to 31 March 2024. This was due to annual indexation on the Handsale lease in Bristol and the 5 yearly index-linked rent review on the lease to YMCA in Southampton. The portfolio continues to be actively managed; dialogue is taking place with 5 tenants who are considering re-gearing their leases, extending lease lengths and carrying out stock improvements, in particular with respect of ESG initiatives and EPC improvements.

During the quarter to 30 June 2024, 11.1% of the Group's income will be reviewed with three annual and one 5 yearly index-linked rent reviews.

Dividend Declaration, Earnings Per Share and Dividend Cover

The Board has set an annual dividend target of at least 5.9pps for the year ending 30 June 2024, which is expected to be fully covered. The Board is therefore pleased to declare an interim quarterly dividend of 1.425pps for the quarter ended 31 March 2024. This dividend will be distributed as Property Income Distribution ("PID") and will be paid on 31 May 2024 to shareholders on the register on 17 May 2024. The ex-dividend date will be 16 May 2024.

It should be noted that the target is subject to continuing levels of rent collection and with the Company's continuing excellent record of rent collection and the reinvestment of the remaining of the proceeds, the financial results for the Company remain as budgeted and the Board is also pleased to reaffirm its 5.9pps target.

The Adjusted EPS of 1.4pps remains stable over the quarter (31 December 2023: 1.5pps). The dividend cover for the quarter was 101.0% (31 December 2023: 102.6%).

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

At 31 March 2024, the Group's unaudited NAV was £64.9 million, 80.6pps (31 December 2023: £65.7 million, 81.6pps), representing a 1.2% 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 0.5% (31 December 2023: -0.6%).

Additionally, the share price decreased by 4.9% to 68.0pps. This reflects the increase in discounts generally in the sector but specifically the Company's discount increasing from 12.4% to 15.6%. The Company's discount remains one of the lowest in the sector.

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

	Pence per share	
	£ million	
NAV at 31 December 2023	81.6	65.7
Valuation movement in property portfolio	(1.1)	(0.8)
Income earned for the period	2.6	2.1
Expenses for the period	(0.7)	(0.6)
Net finance costs for the period	(0.4)	(0.4)
Interim dividend paid during the quarter ended 31 December 2023	(1.4)	(1.1)
NAV at 31 March 2024	80.6	64.9

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 March 2024 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 March 2024 quarter. 88.7% of the portfolios rent is payable quarterly in advance and 11.3% payable monthly in advance.

ENQUIRIES

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The Company's LEI is 213800MPBIJS12Q88F71.

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

¹ 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 Martley Capital Real Estate Investment Management Limited ("Martley Capital"). Martley Capital is a full-service real estate investment management platform whose activities cover real estate investing, lending, asset management and fund management. It has over 40 employees across five offices in the UK and Europe. The team manages assets with a value of circa £900 million across 19 mandates (at 31 March 2024).

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