



MARTLEY
CAPITAL GROUP

Martley Capital Group

Alternative Income REIT plc
ANNUAL GENERAL MEETING

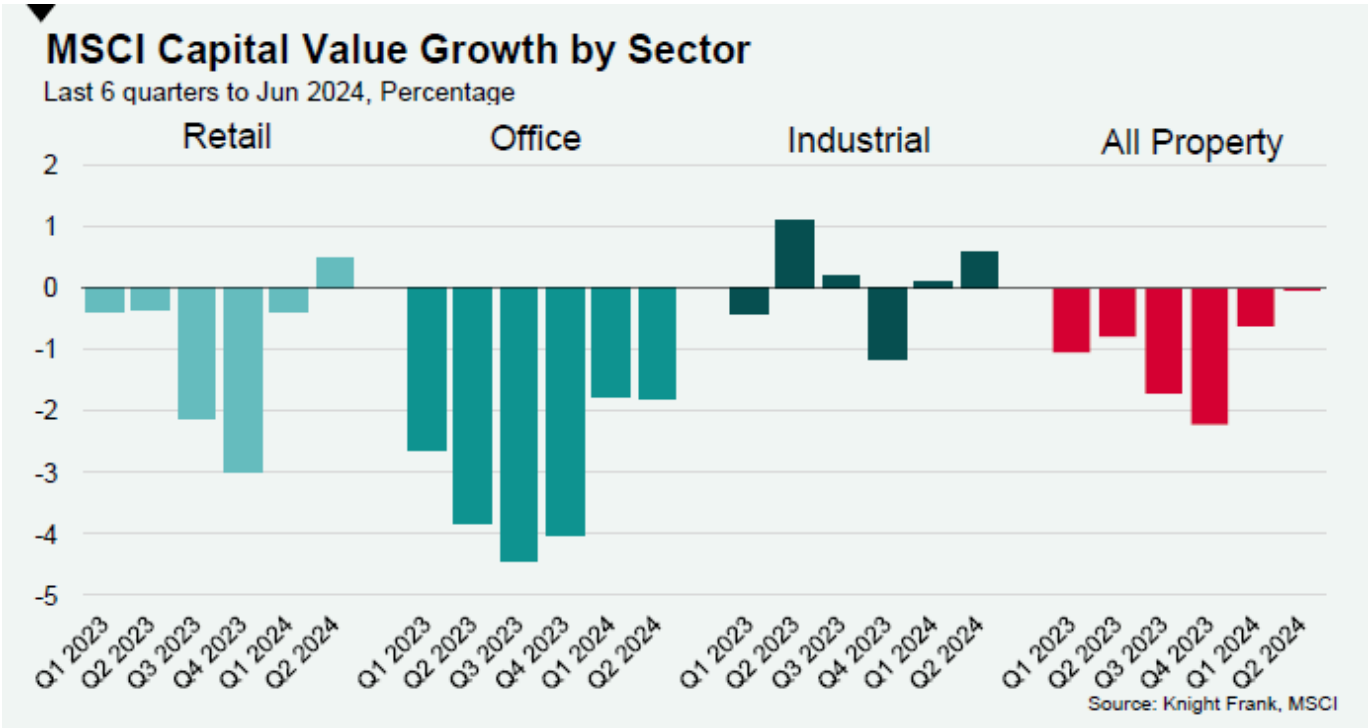
November 2025



- Good Morning and welcome to my annual round up of all things “Alternative”.
- With all the talk being of the Autumn Budget and how the Labour government plan to direct the economy over the next 12 months, it is helpful, and timely, to look back to June 2024, shortly before the General Election, and ponder over our journey and that of the economy over that time.
- In June 2024 inflation stood at 2.0%; interest rates at 5.25% and falling but with political change on the cards globally. The World was at war in Ukraine & Middle East with North Korea & China manoeuvring.
- During the course of the year, we have seen:
 - success for the Republicans in USA, bringing ‘America First’, Trump’s disruptive approach to negotiation and the shifting sands of Tariffs
 - ongoing geopolitical tensions with continued conflict in the Middle East and Ukraine.
 - pockets of unrest across Europe, changes in policy in relation to NATO and relations with China
- At home:
 - Business and employers took the brunt of the first wave of Labour taxes with National Insurance rises and capital tax increases.,
 - Inflation rose to 3.6% in June 2025.
 - Interest rates remained on a downward path at 4.25% in June 2025 despite the persistent inflation and global uncertainties.

CAPITAL VALUE GROWTH 2024/25

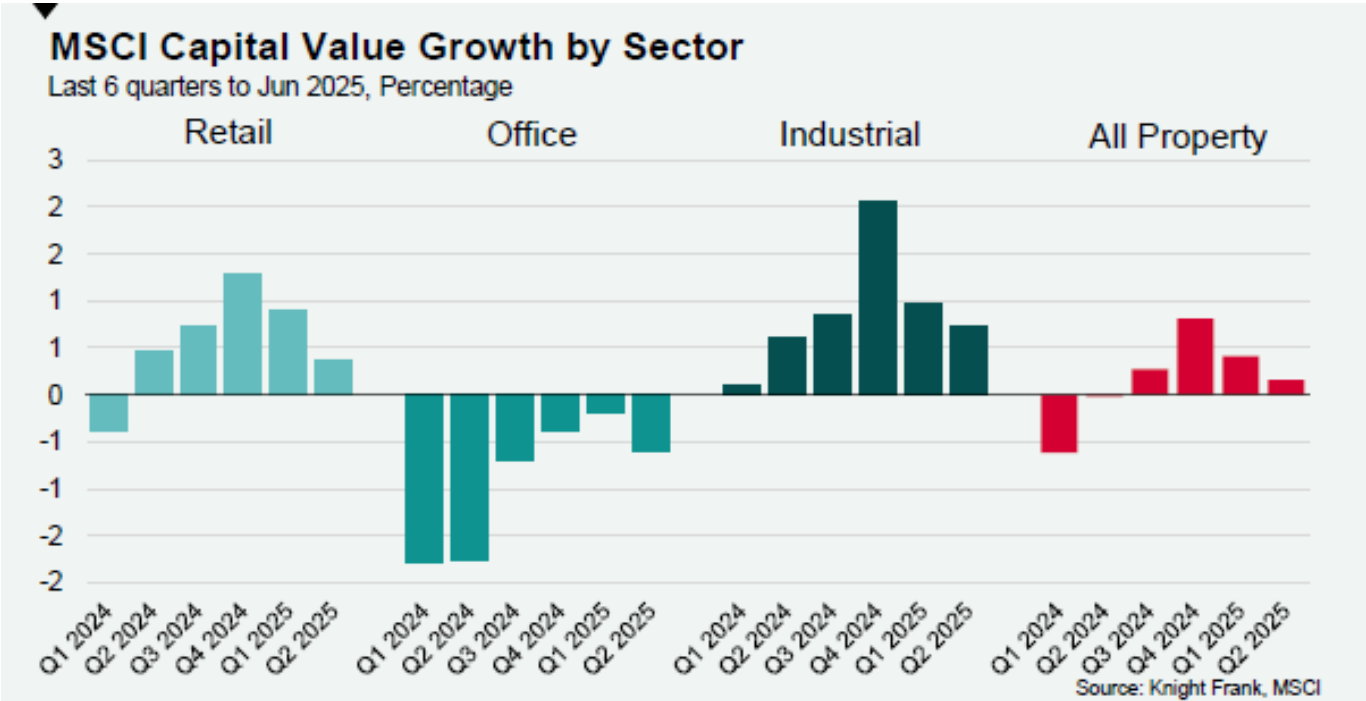
In terms of capital value, last year I introduced the MSCI Capital Value chart and we predicted, dangerously, that this showed the bottom of the market, if you had a positive hat on. A cumulative fall of 4.51% over the year.



The market was very slow with very little activity. Vendors were loathed to sell at the bottom, banks held their ground, investors were unwilling to commit in an unstable economic environment.

CAPITAL VALUE GROWTH 2024/25

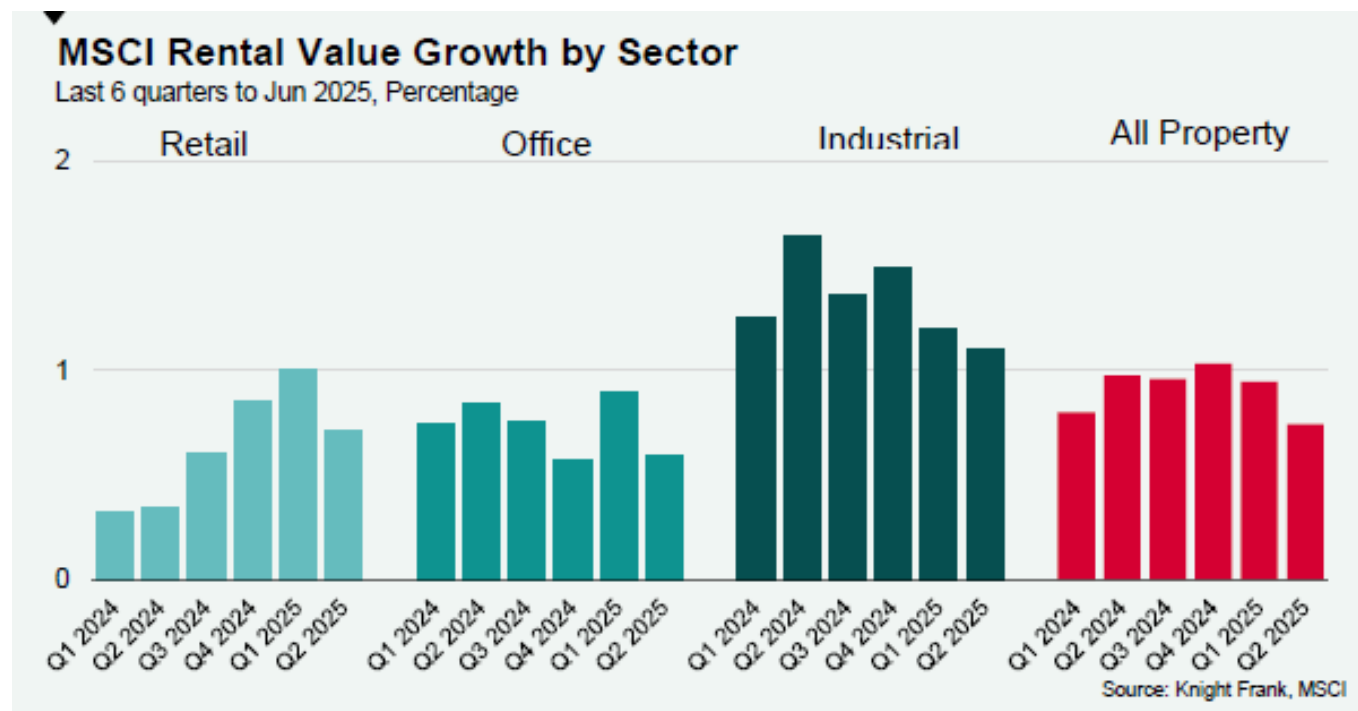
Here is the same slide for the year to June 2025. A cumulative increase of 1.66% over the year.
I hate to use the term “Green shoots” but certainly in the industrial sector things looked positive.



However, continuing the analogy “these shoots are very tender and may not last the winter”

RENTAL GROWTH 2024/25

Rental Value Growth has stayed fairly stable with slight improvement in the retail sector, BUT look at the scale on the chart and growth is less than inflation across the board.



The Occupier Market is very cautious. Reeling from the National Insurance & Minimum Wage rises in Labour's first budget in October 2024, recruitment, and any resultant expansion or investment has faltered. Consolidation has been key.

Fair Value
growth
Q3 2025

0.21%

Rental Value
growth
Q3 2025

2.14%

MSCI IPD UK
Quarterly
index

0.16%

MSCI IPD UK
Quarterly
index

0.74%

As announced on 5 November 2025, the AIRE portfolio has shown an increase in fair value of 0.2% for the quarter to 30 September 2025 ahead of the market generally.

Rental Value growth for the quarter was high, 2.1%, driven by the industrial sector and specifically the rental value of open storage and land associated with buildings.

PORTFOLIO HIGHLIGHTS

WALT to
expiry

17.0 years

Net Initial
Yield

7.1%

Occupancy

100%

WALT to
break

15.3 years

Index-
linked

92.4%

Purchase

Champneys
Beauty
School,
Tring

The AIRE portfolio has 20 properties with a long term, secure and attractive income flow with predominantly indexed linked rent reviews, and a very strong rent collection history.

The portfolio weighted average lease term remains extremely high, compared to current average lease lengths.

The portfolio is 100% let but 2 renegotiations completed this year resulting in two new leases at St Helens and extending the term certain for the Pure Gym lease by 5 years. Negotiations continue with 4 further tenants in respect of lease regear opportunities.

In December 2024, Champneys Beauty School, Tring was added to the portfolio with full investment until the most recent sale of Crawley in October 2025. More to follow on these.

The Company continues to retain a stable platform regardless of the pessimism in the market.

Objective “To generate a secure and stable income return, that is sustainable in real terms” income and rent reviews are essential.

Rent Collection

Averaging 95% received on the quarter day, AIRE continues to show 100% rent collection.

91% paid quarterly & 9% monthly.

Rent Reviews

	Actual Year to June 2024	Actual Year to June 2025	Year to June 2026
Contract rent reviewed	52%	54%	45%
Annual reviews	7	7	8
Increases	3.5% to 8.0%	2.0% to 4.2%	
3/5 yearly reviews	4	2	2
Increases	12% to 26%	24% to 34%	
Total rent increase	4.3%	4.7%	
Indexation	95.8%	92.3%	

Busy rent review pattern, 37% of rental income is reviewed annually, with the remaining 63% of reviews on a three or five year pattern.

In December 2024, we purchased Champney's Beauty School in Tring, using the remaining funds from the Canada Life Sales Proceeds Account. As is our collaborative management approach, we have been working closely with Champneys to help them put in place a robust maintenance programme, upgrading and repairing the asset in accordance with the lease and strengthening the landlord & tenant relationship.



Champneys Beauty School, Tring

- Used as an educational establishment
- Alternative use - residential
- Passing rent £175,000 per annum
- WAULT 14.9 years
- £2,500,000
- 6.5%

Our strategy is to make opportunistic disposals to maximise returns, typically by crystallising marriage value & finding special purchasers. It is often all about timing. The recent sale in Crawley, on 24 October 2025, was just that.



Crawley Avenue, Crawley

- Petrol filling station
- Business sale to Rontec Properties No.4
- 8.05 years unexpired
- Passing rent circa £255,926 per annum following July 2025 rent review
- Sold to Rontec Properties No.7
- £4.5m
- £500,000, 12.5% above September 2025 valuation.

Environmental Targets

Global sentiment seems to be turning against environmental and net zero policies but these still make sense on the bottom line for occupiers.

We continue to work with tenants improving efficiency and EPC ratings where possible in line with current legislation.

Average EPC 54.80 (just C)



Building Safety Act

The Building Safety Act is no longer something new. We are all coming to terms with the nuances of it. This is essential where an interest is held in an asset where Residential Use is a part.

Without going into detail, across the industry, the impact of the Act is to slow down processes.

The Building Safety Regulator needs to approve all changes to properties, even commercial tenant fit outs.

AIRE is the principal accountable person for Duke House, Swindon and the Building Safety Case Report has been completed.



This year marks 7 years since the fund was founded. During the year we have been working on two key operating changes to set ourselves up for the next 7 years.

Firstly, at the November 2024 AGM, we agreed changes to the investment policy changing the portfolio targets to modernise and allow more flexibility if required. The changes were:

- Reduce the minimum WAULT of the portfolio from 18 to 10 years to reflect letting market changes
- Reduce the threshold for index linked leases from 85% to 75% of the gross passing rent
- Reduce the requirement for non-traditional sectors from 70% to at least 50% allowing acquisition elasticity

PORTFOLIO TARGET	Previous	Revised
WAULT (to expiry)	>18 years	>10 years
Inflation linked rent reviews (% Gross passing rent)	>85%	>75%
Sector - Non-traditional	>70%	>50%
Sector - Traditional (Retail, industrial & offices)	>30%	<50%

REFINANCING OF GROUP'S DEBT

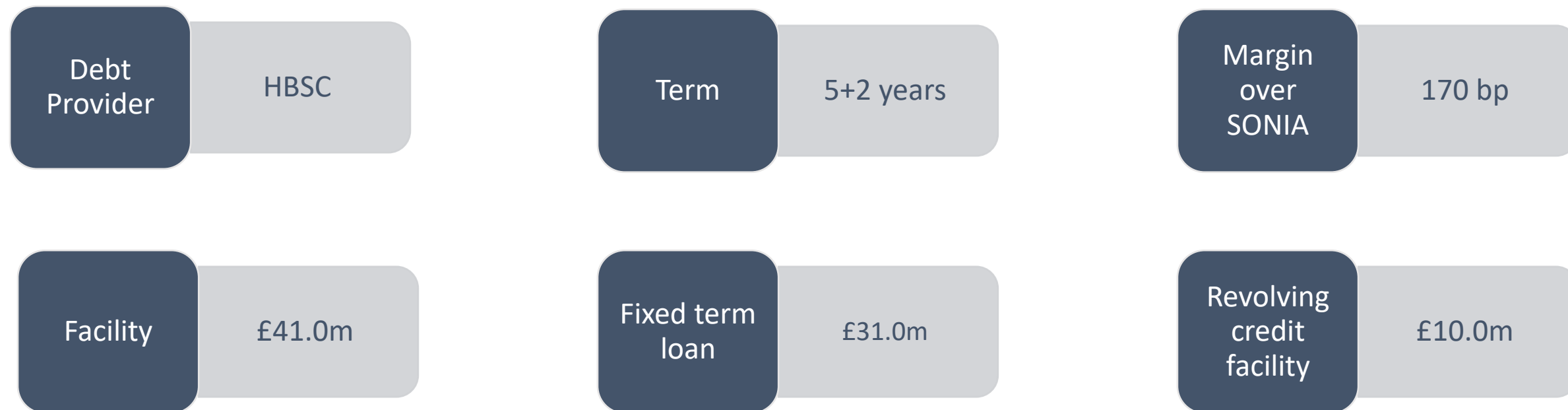
Secondly, and outside the reporting year, on the due date of 20 October 2025, the Group's Canada Life £41.0 million loan facility was repaid.

The Group secured new long-term debt facilities with HSBC totalling £41.0 million, for a fixed term of 5 years with a 2 years extension from this date.

The facility consists of:

- Fixed term loan of £31 million
- Revolving credit facility of £10 million

The margin for this facility is 170 basis points over SONIA.



- Retain secure rental income.
- Values should remain stable.
- Economy likely to continue to be uncertain.

The security of the Group's long dated, inflation linked portfolio should provide excellent downside protection.

The re-financing and policy review carried out this year provides the flexibility for the Fund to weather whatever challenges we face going forward.

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