NS Miscellaneous

Alternative Income REIT PLC

FUNDAMENTAL SHORTCOMINGS OF THE GLENSTONE OFFER

ALTERNATIVE INCOME REIT PLC
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Alternative Income REIT plc

("AIRE" or the "Company")

GLENSTONE FAILS TO ADDRESS THE FUNDAMENTAL SHORTCOMINGS OF ITS OFFER AND SEEKS TO CREATE UNWARRANTED UNCERTAINTY

The Board of AIRE (the "AIRE Board") notes the announcements by Glenstone REIT plc ("Glenstone") on 20 August 2026 and 25 August 2026.

Glenstone's announcement of 20 August 2026 seeks to create uncertainty regarding AIRE's future, but fails to address any of the fundamental shortcomings of its unsolicited final* cash offer for AIRE (the "Glenstone Offer"). These shortcomings, which the AIRE Board have previously highlighted, include that:

- the Glenstone Offer remains at a material discount to AIRE's latest published net asset value;
- Glenstone is seeking control of AIRE without paying an appropriate premium for control;
- Glenstone has provided no certainty as to the timing, value or returns which would be delivered by its proposed managed wind-down;
- the Glenstone Offer could become unconditional without providing all AIRE Shareholders with a clean exit;
- Glenstone has not addressed the significant governance concerns of potential conflicts of interest and reduced independent oversight;
- Glenstone has not provided detail on how it will make its promised cost savings.

Nothing in Glenstone's announcement changes the AIRE Board's unanimous recommendation that AIRE Shareholders:

DO NOT ACCEPT GLENSTONE'S OFFER

GLENSTONE'S OFFER MATERIALLY UNDERVALUES AIRE

The Glenstone Offer provides cash consideration of 70.0 pence per AIRE Share.

This represents a discount of approximately 16 per cent. to AIRE's unaudited net asset value of 83.3 pence per AIRE Share as at 30 June 2026 and virtually no premium to AIRE's closing price of 69.7 pence per AIRE Share on 14 May 2026, being the last business day before the commencement of the offer period.

Glenstone's announcement does not explain why AIRE Shareholders should transfer control of the Company and its assets to Glenstone at such a material discount. Nor does it address the fact that, after seven weeks, Glenstone has received valid acceptances in respect of only 17,849 AIRE Shares from AIRE Shareholders other than Adam Smith, a director of Glenstone, representing less than 0.025 per cent. of AIRE's issued share capital. That figure has fallen from 19,849 and has not increased for the past two weeks.

Glenstone is now seeking to explain away the actual acceptance figures by speculating about acceptances which may have been submitted through retail platforms. It has provided no evidence or quantified information to support its suggestion that its position will materially change.

GLENSTONE'S CLAIMS REGARDING AIRE'S DIVIDEND TARGET ARE MISPLACED

Glenstone seeks to portray the fact that AIRE has not published a new dividend target for the current financial year as evidence of an uncertain future. As Glenstone well knows, including through Adam Smith, a director and major shareholder of Glenstone who served on the AIRE Board for over five years until his resignation on 6 July 2026, the AIRE Board has historically announced its dividend target for the financial year at the same time as the declaration of the first interim dividend, typically in November each year. The Board sees no reason to depart from this established approach and Glenstone's suggestion that the absence of a new dividend target at this stage creates uncertainty is therefore misplaced.

As recently announced on 10 August 2026, as at 30 June 2026:

- AIRE's portfolio was independently valued at £103.1 million;
- the portfolio remained 100 per cent. let;
- rent collection remained at 100 per cent.;
- 81.9 per cent. of leases were subject to index-linked rent reviews; and
- the Company delivered an unaudited NAV total return of 0.4 per cent. for the quarter.

These are the relevant facts against which AIRE's capacity to continue generating income should be assessed.

The AIRE Board will continue to determine dividends responsibly, having regard to the Company's income, financial position and the interests of AIRE Shareholders as a whole. In contrast, Glenstone has provided no quantified dividend policy, distribution profile or timetable for returning capital under its proposed managed wind-down. These uncertainties were already identified in AIRE's response document.

GLENSTONE'S INFERENCE THAT THERE ARE PROBLEMS WITHIN THE PORTFOLIO

Glenstone's remarks regarding Meridian Steel omit material context already announced by AIRE and are designed to give the impression that there are problems within AIRE's portfolio. Glenstone's description of possible vacancies as indicative of wider portfolio concerns is not supported by the facts already made available to AIRE Shareholders.

To reiterate the property update previously announced by the AIRE Board on 9 July 2026:

- all rent due for the quarter ending 28 September 2026 has been paid by Meridian Steel in full, including the annual rental uplift which became effective in the quarter;
- AIRE has the benefit of a parent company guarantee from Duferco International Trading Holding S.A.;
- the AIRE Board expects minimal impact on rental income for the financial year ending 30 June 2027;
- the valuations of the relevant properties at 30 June 2026 already assumed that the leases would expire in May 2027; and
- the properties are currently let at rents below market levels, providing the potential for increased rental income if and when they are re-let.

Glenstone has identified no new portfolio issue which has not already been transparently addressed by the AIRE Board.

GLENSTONE CANNOT DETERMINE AIRE'S FUTURE UNILATERALLY

Glenstone's statement that it intends to renew its support for a managed wind-down if its offer lapses does not determine AIRE's future strategy.

Glenstone currently owns 25.38 per cent. of AIRE's issued share capital. Any future proposal concerning the Company's strategy would need to be considered through AIRE's proper governance arrangements and would be subject to a shareholder vote at a general meeting.

Glenstone has itself failed to provide shareholders with certainty regarding its proposed managed wind-down. It has not provided:

- a binding timetable for completing that process;
- a quantified estimate of the value which would be returned to shareholders;
- a dividend or distribution policy during the wind-down;
- details of the costs or management charges which may be payable to Glenstone or its associates; or
- adequate protections for minority shareholders in a Glenstone-controlled AIRE.

The prospect of an unquantified managed wind-down controlled by Glenstone is not equivalent to the certainty of receiving fair value for AIRE Shares.

SHAREHOLDERS SHOULD NOT BE PRESSURED INTO ACCEPTING AN INADEQUATE OFFER

AIRE Shareholders are not required to take any action at this time.

AEW UK REIT plc ("AEWU") is currently required by no later than 5.00 p.m. on 28 August 2026 either to announce a firm intention to make an offer for AIRE or to announce that it does not intend to make an offer.

Glenstone's attempt to create urgency ahead of that announcement does not improve the financial terms of the Glenstone Offer or remedy its fundamental shortcomings.

The AIRE Board's view continues to be that the Glenstone Offer is opportunistic and fundamentally undervalues the Company. As previously announced, the AIRE Board believes that a possible offer from AEWU has the potential to deliver a more attractive outcome for AIRE shareholders than the Glenstone Offer. However, there can be no certainty that AEWU will make a firm offer, nor as to the terms of any such offer.

Accordingly, the AIRE Board continues to recommend that AIRE Shareholders:

DO NOT ACCEPT GLENSTONE'S OFFER

AIRE Shareholders who have not accepted the Glenstone Offer should simply take no action. They should not return a Form of Acceptance or submit an Electronic Acceptance through CREST.

AIRE Shareholders who have already accepted the Glenstone Offer should withdraw their acceptances as soon as possible, to the extent they remain entitled to do so:

- Shareholders who hold their AIRE Shares through a broker, nominee or CREST sponsor should **contact them immediately and instruct them to withdraw the acceptance through CREST**.
- Shareholders who hold AIRE Shares in certificated form should **act immediately and follow the withdrawal procedure in paragraph 3 of Part C of Part II of the Glenstone Offer Document**, including the requirement to deliver a valid original-signed written notice of withdrawal to the Receiving Agent.

Withdrawal rights are subject to the terms and time limits set out in the Glenstone Offer Document. Shareholders wishing to withdraw should therefore **act without delay**.

*The financial terms of the Glenstone Offer are final and will not be increased except that Glenstone reserves the right to revise the financial terms of the Glenstone Offer if a third party announces a firm intention to make an offer for AIRE under Rule 2.7 of the City Code on Takeovers and Mergers.

For further information please contact:

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Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Publication on website

In accordance with Rule 26.1 of the Code, a copy of this announcement will be available on the website of AIRE at www.alternativeincomereit.com/investors/offer-for-aire-by-glenstone/ subject to certain restrictions relating to persons resident in restricted jurisdictions, promptly and by no later than 12 noon (London time) on the business day following the date of this announcement. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

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