

Alternative Income REIT PLC

NAV, Dividend Declaration and Portfolio Valuation

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

NET ASSET VALUE, DIVIDEND DECLARATION AND PORTFOLIO VALUATION UPDATE TO 30 JUNE 2024

Board's target of a total annual dividend of 5.9pps for the year ended 30 June 2024 has been met, as compared to the prior year target of 5.7pps

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 30 June 2024.

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

"The Board is pleased to announce that it has met its target dividend of 5.9 pence per share ('pps') for the year ended 30 June 2024, following the declaration of a fourth interim dividend of 1.625 pps for the quarter ended 30 June 2024. The target dividend is covered by cash earnings.

At 30 June 2024, the Group held 19 properties valued showing a marginal increase from the previous quarter at £102.7 million (31 March 2024: £102.6 million). The Group's portfolio is relatively insulated from market fluctuations, benefiting from being wholly let with 100% collection of rent due and a 95.8% index-linked rent review profile. In addition, the Group presently has low borrowing costs of 3.19%, which are fixed until October 2025. The sum of these factors continues to provide a secure rental income stream. The Board remains committed to investing the remaining net proceeds of £2.2 million from the sale of the Group's hotel in Glasgow in August 2023, which has taken longer than anticipated.

As a result of these factors, the Board considers that the portfolio will continue to generate an attractive yield as a result of its growing rental income. The recent fall in the rate of inflation and the resulting cut in UK interest rates should improve property market sentiment and improve activity levels."

Overview of Key Financials

	At 30 June 2024 (unaudited)	At 31 March 2024 (unaudited)	Change
Net Asset Value ("NAV")	£65.1 million	£64.9 million	+0.3%
NAV per share	80.9p	80.6p	+0.4%
Share price per share	66.0p	68.0p	-2.9%

Share price discount to NAV	18.4%	15.6%	+2.8%
Investment property fair value (based on external valuation)	£102.7 million	£102.6 million	+0.1%
Loan to gross asset value ("GAV") ^{A B}	37.7%	37.8%	

	Quarter ended 30 June 2024 (unaudited)	Quarter ended 31 March 2024 (unaudited)	Change
EPRA earnings per share ^A	1.6p	1.5p	+6.7%
Adjusted earnings per share ^A	1.6p	1.4p	+14.3%
Dividend cover ^A	98.0%	101.0%	-3.0%
Total dividends per share	1.625p	1.425p	+14.0%
Dividend yield (annualised) ^A	8.9%	8.7%	+0.2%
Earnings per share	1.7p	0.4p	+325.0%
Share price total return ^A	-0.8%	-2.9%	
NAV total return ^A	2.1%	0.5%	
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 30 June 2024 of £41.0 million (31 March 2024: £41.0 million) with Canada Life Investments, matures on 20 October 2025 and has a weighted average interest cost of 3.19%.

Dividend Declaration, Earnings Per Share and Dividend Cover

The Board is pleased to declare a fourth interim quarterly dividend of 1.625pps for the quarter ended 30 June 2024. This dividend will be distributed as Property Income Distribution ("PID") and will be paid on 30 August 2024 to shareholders on the register on 16 August 2024. The ex-dividend date will be 15 August 2024.

The Board is pleased to report that the dividend target of 5.9pps for the year has been met and is a 3.5% increase on the previous year's target dividend of 5.7pps.

The Adjusted EPS was 1.6pps for the quarter (31 March 2024: 1.4pps) giving a total of 6.0pps for the year (2023: 6.4pps). The dividend cover for the quarter was 98.0% (31 March 2023: 101.0%) and 101.6% for the year (2023: 106.4%).

Property Portfolio

At 30 June 2024, the Group held 19 properties valued at £102.7 million (31 March 2024: £102.6 million). The Company's property values increased by £0.1 million or 0.1% for the quarter ended 30 June 2024.

At 30 June 2024, the Net Initial Yield on the Group's portfolio was 7.1% (31 March 2024: 7.0%) and the Group's assets remained 100% let (31 March 2024: 100%). The weighted average unexpired lease term at 30 June 2024 was 16.5 years to the earlier of break and expiry (31 March 2024: 16.4 years) and 18.4 years to expiry (31 March 2024: 18.3 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, benefiting from being wholly let, with 100% collection of rent due and 95.8% index-linked rent review profile and continues to provide a secure and growing rental income stream.

Over the past year, excluding the sale in Glasgow and acquisition in Streatham, London, the value of the Group's portfolio has fallen by a total of £2.5 million or 2.5%. AIRE continues to outperform relative to most other commercial real estate companies, as demonstrated by MSCI UK Monthly Data (All Property), which reported a fall of 4.6% over the same period.

The Group's contracted annualised rent increased by 0.8% during the quarter to 30 June 2024. This was due to annual indexation on three leases and the five yearly index-linked rent review on the lease on one lease. 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 and dialogue is taking place with five tenants who are considering re-gearing their leases, extending lease lengths and undertaking asset improvements - in particular with respect of ESG initiatives and EPC improvements.

During the quarter to 30 September 2024, 20.1% of the Group's income will be reviewed with one annual and two five yearly index-linked rent reviews.

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

At 30 June 2024, the Group's unaudited NAV was £65.1 million, 80.9pps (31 March 2024: £64.9 million, 80.6pps), representing a 0.3% increase 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 2.1% (31 March 2024: 0.5%).

The Company's share price decreased by 2.9% to 66.0pps, reflecting the increase in discounts generally in the sector but specifically the Company's discount increasing from 15.6% to 18.4%. Despite this increase, 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 March 2024	80.6	64.9
Valuation movement in property portfolio	0.1	0.1
Income earned for the period	2.5	2.0
Expenses for the period	(0.5)	(0.4)
Net finance costs for the period	(0.4)	(0.4)
Interim dividend paid during the quarter ended 31 March 2024	(1.4)	(1.1)
NAV at 30 June 2024	80.9	65.1

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 30 June 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 quarter ended 30 June 2024. 91.2% of the portfolio's rent is payable quarterly in advance and 8.8% 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 30 June 2024).

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