

# Alternative Income REIT PLC

## Results for the half year ended 31 December 2024

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4 March 2025

### **Alternative Income REIT plc**

(the "Company" or the "Group")

### **INTERIM REPORT AND FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2024 (the "Period")**

#### **NAV increased 1.3% over the Period**

**For the Period: Share price total return of +11.8% and unaudited NAV total return of +5.2%**

**On track to deliver target annual dividend of 6.2 pence per share<sup>B</sup> ("pps") for the financial year ending 30 June 2025**

**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, is pleased to announce its interim report and financial statements for the half year ended 31 December 2024 (the Period).

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

"The Company is on track to deliver on an annual dividend target of 6.2 pence per share<sup>B</sup> ("pps") for the year ending 30 June 2025 (year ended 30 June 2024: 5.9 pps), which is expected to be fully covered subject to the continued collection of rent from the Group's property portfolio as it falls due.

The Group completed the acquisition of the Champney's Beauty College, Tring ("Tring") for £2.72 million (gross of acquisition costs) in December 2024, representing 2.4% of the portfolio valuation at 31 December 2024. Contracted annualised rent grew by 1.5% in the Period, predominantly because of the index-linked rent reviews in Salford, Brough and Solihull. This growth excludes Tring and the rent-free period in respect of Pets at Home in Droitwich. 91.5% of the leases within the portfolio are index-linked, with 35.2% of the contracted rental income reviewed annually.

At 31 December 2024, the Group owned 20 properties valued at £106.2 million (30 June 2024: 19 properties: £102.7 million). During the half year the valuation increased by £3.5 million, which included the acquisition of Tring and on a like-for-like basis the Company's property values increased by £1.1 million or 1.0%. Most of this increase being from the Group's properties in the industrial and retail warehouse sectors.

At 31 December 2024, the Group's unaudited Net Asset Value was £66.0 million, or 81.94 pps (30 June 2024: £65.1 million, or 80.90 pps), representing a 1.3% increase over the Period. When combined with the two interim dividends paid in the Period of 3.175 pps, this produced an unaudited NAV total return for the Period of 5.21%.

The Group's track record demonstrates a secure and increasing income stream. The Group continues to benefit from low borrowing costs until October 2025, when the current Canada Life senior loan matures. The Board has appointed a debt adviser to assist with the refinancing and is confident that the requisite financing will be achieved prior to October 2025, albeit at an increased interest rate as compared to the current rate.

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."

## Financial Highlights

### At 31 December 2024 (the "Period End")

	31 December 2024 (unaudited)	30 June 2024 (audited)	Change
Net Asset Value ('NAV')	£66.0 million	£65.1 million	+1.3%
NAV per share	81.94p	80.90p	+1.3%
Share price per share	70.60p	66.00p	+7.0%
Share price discount to NAV <sup>A</sup>	13.8%	18.4%	-4.6%
Investment property fair value (based on external valuation)	£106.2 million <sup>D</sup>	£102.7 million <sup>D</sup>	+3.4%
Loan to gross asset value ('GAV') <sup>A C</sup>	37.4%	37.7%	
Loan facility <sup>C</sup>	£41.0 million	£41.0 million	

### For the half year ended 31 December 2024

	2024 (unaudited)	2023 (unaudited)	Change
EPRA earnings per share ('EPS') <sup>A</sup>	3.28p	2.75p	+19.3%
Adjusted EPS <sup>A</sup>	3.26p	2.96p	+10.1%
Total dividends per share	3.10p	2.85p	+8.8%
Dividend cover <sup>A</sup>	105.2%	103.9%	+1.3%
Dividend yield (annualised) <sup>A</sup>	8.8%	8.3%	
Operating profit (including gain on sale of investment property but excluding fair value changes)	£3.3 million	£2.9 million	+13.8%
Profit before tax	£3.4 million	£0.6 million	+466.7%

EPS per share	4.22p	0.80p	+427.5%
Share price total return <sup>A</sup>	11.78%	15.69%	
NAV total return <sup>A</sup>	5.21%	0.96%	
Annualised gross passing rent	£7.8 million	£7.7 million	+1.3%
Ongoing charges (annualised) <sup>A</sup>	1.48%	1.46%	+2 bps

### Financial Highlights Overview

- The NAV increase of 1.3% to 81.94 pps was primarily due to the £0.6 million increase in the fair value of the investment properties, which in turn reflected an increase in the wider UK real estate sector fuelled by interest rate cuts and lower inflation. The remaining increase of £0.3 million arose from an increase in the income of Virgin Active, Streatham.
- Dividends declared of 3.1 pps, an increase of 8.8% compared to the prior Period, and reflect the Board's target annual dividend of at least 6.2 pps B (2023: 5.9 pps) which is expected to be fully covered. Dividends for the Period were covered 105.2% (2023: 103.9%) by earnings.
- The dividend yield A of 8.8% has increased when compared to the prior Period, reflecting the increase in the dividend.
- The Company's share price of 70.60p increased 7.0% from the year end, reflecting the narrowing of the Company's share price discount to NAV to 13.8% from 18.4%.
- EPS of 3.28 pps for the Period, an increase of 19.3% from the prior Period. The increase is largely due to a £0.6 million improvement in the fair value noted above and a full six months of additional rental income following the 2023 acquisition of Virgin Active, Streatham.
- Loan to GAV of 37.4% and interest cover ratio of 597% gives significant headroom on the lender's loan to value covenant of 60% and interest cover covenant of 250%, based on the loan's interest rate of 3.19%. The Group's loan matures on 20 October 2025 and the Board has appointed and is working with a specialist debt adviser to ensure that suitable and sufficient refinancing is achieved prior to the loan's maturity date, albeit at an increased rate compared to the current interest rate.

<sup>A</sup> Considered to be an Alternative Performance Measure. Further details can be found at the end of this section and full calculations are set out following the financial statements.

<sup>B</sup> This is a target only and not a profit forecast. There can be no assurance that the target will be met and it should not be taken as an indicator of the Company's expected or actual results.

<sup>C</sup> The loan facility at 31 December 2024 of £41 million (30 June 2024: same) is with Canada Life Investments, matures on 20 October 2025 and has a weighted average interest cost of 3.19%.

<sup>D</sup> On a like-for-like basis, the fair value of the properties increased by £1.1 million or 1.0% during the Period.

### Operational Highlights

#### At the Group's Period End of 31 December 2024:

- The Group's property portfolio had a fair value of £106.2 million across 20 properties (30 June 2024: £102.7 million across 19 properties).
- Acquisition of Tring for £2.5 million (net of acquisition costs) in December 2024.
- EPRA Net Initial Yield <sup>A</sup> ('NIY') maintained at 6.9% (30 June 2024: 6.9%).
- 91.5% of the Group's contracted income is index-linked to the Retail Price Index or the Consumer Price

Index; 35.2% is reviewed annually.

- The assets were 100% let at the Period End and throughout the Period.
- The weighted average unexpired lease term ("WAULT") at the Period End was 16.1 years to the earlier of break and expiry (30 June 2024: 16.5 years) and 17.7 years to expiry (30 June 2024: 18.4 years).

### Income and expense during the Period

- Rent recognised during the Period was £3.9 million (half year to 31 December 2023: £3.5 million). The number of tenants at the half year was 23 (31 December 2023: 22).
- All of the rent due during the Period has been collected.
- The portfolio had annualised gross passing rent of £7.7 million across 20 properties (31 December 2023: £7.7 million across 19 properties).
- Ongoing charges (annualised) at the Period end was 1.48%, a slight increase from the comparable prior period (31 December 2023: 1.46%). This is as a result of inflationary cost increases across the portfolio.

### Post balance sheet highlights

- On 5 February 2025, the Board declared an interim dividend of 1.55 pps in respect of the quarter ended 31 December 2024. This will be paid on 28 February 2025 to shareholders on the register at 14 February 2025 with an ex-dividend date of 13 February 2025.
- In the next six-month period to 30 June 2025, 22% of the Group's income will be reviewed (four annual index-linked rent reviews; one periodic index-linked rent reviews (3 years since the previous review); and two lease expiries).

### ENQUIRIES

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Further information on Alternative Income REIT plc is available at [www.alternativeincomereit.com](http://www.alternativeincomereit.com)<sup>1</sup>

### NOTES

Alternative Income REIT PLC aims to generate a secure and predictable income return, sustainable in real terms, whilst at least maintaining capital values, in real terms, through investment in a diversified portfolio of UK properties, predominantly within the alternative and specialist sectors.

The Company's investment adviser is Martley Capital Real Estate Investment Management Limited ("Martley Capital"). Martley Capital Group is a full-service real estate investment management platform whose activities cover real estate investing, lending, asset management and investment advisory. It has over 35 employees across five offices in the UK and Europe. The team manages assets with a value of circa £900 million across 20 mandates (at 31 December 2024).

<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.

## Chairman's Statement

### Overview

I am pleased to present the unaudited half-yearly report of Alternative Income REIT plc (the Company) together with its subsidiaries (the Group) for the half year ended 31 December 2024.

During the period under review, the Company's portfolio increased in value with the Group's net asset value rising by £0.9 million to £66.0 million (30 June 2024: £65.1 million), an increase on a par with benchmark property indices and the Company's peer group.

91.5% of the Group's portfolio benefits from index-linked rent reviews, 35.2% on an annual basis based on contracted rent. Combining this with a strong balance sheet, modest overheads and low fixed borrowing costs until October 2025, helps ensure that the Company is well positioned to navigate successfully through the current macroeconomic backdrop and to continue to deliver attractive and secure income to our shareholders. The biggest risk factor for the Group, aside from renewing of the Group's debt facilities by October 2025, remains tenant default, although in recent years the Group has an excellent record of rent collection.

### Portfolio Performance

The fair value of the Group's property portfolio amounted to £106.2 million across 20 properties (30 June 2024: £102.7 million across 19 properties). On a like-for-like basis, the Company's property values increased by £1.1 million or 1.0% for the half year ended 31 December 2024. The portfolio had a net initial yield of 7.1% at 31 December 2024 (30 June 2024: 7.1%), and a WAULT to the first break of 16.1 years (30 June 2024: 16.5 years) and a WAULT to expiry of 17.7 years (30 June 2024: 18.4 years).

### Property Transactions

On 2 December 2024, the Company completed the purchase of Tring for a net consideration of £2.5 million. This property represented 2.4% of the Group's portfolio capital valuation at 31 December 2024. The acquisition represented a net initial yield of 6.5%. Following this acquisition, the Group is now fully invested.

### Dividends and Earnings

The Company declared increased interim dividends totalling 3.1 pps in respect of the half year ended 31 December 2024 (half year ended 31 December 2023: 2.85 pps). Dividends declared for the Period are in line with the Board's target annual dividend of at least 6.2 pps<sup>A</sup>, which is expected to be fully covered.

As set out in Note 8 to the Condensed Consolidated Financial Statements, these dividends were covered by both the Group's EPRA Earnings<sup>B</sup> of 3.28 pps (31 December 2023: 2.75 pps), and by the Group's Adjusted EPS<sup>B</sup> (representing cash) of 3.26 pps (31 December 2023: 2.96 pps). All dividends were paid as Property Income Distributions.

### Financing

At 31 December 2024, the Group had fully utilised its £41 million loan facility with Canada Life Investments. The weighted average interest cost of the Group's facility is 3.19% and the loan is repayable on 20 October 2025.

The Board has commenced its debt refinancing plan. As part of this, the Board has appointed and is working with a specialist debt adviser to ensure that suitable and sufficient refinancing is achieved prior to the loan's maturity date, albeit that this will come with an increased interest rate compared to that which the Group currently enjoys.

### Discount

The discount of the Company's share price to NAV at 31 December 2024 reduced from 18.4% (as at 30 June 2024) to 13.8%. The Board monitored the discount level throughout the Period and has the requisite authority from shareholders to both issue and buy back shares.

## Future Growth and Outlook

The Board remains confident that the Company is well-positioned for the future, with a resilient portfolio well-placed to continue to provide secure, index-linked income with the potential for capital growth.

The Board has set an annual dividend target of at least 6.2 pps<sup>B</sup> for the year ending 30 June 2025 (year ended 30 June 2024: 5.9 pps), which is expected to be fully covered, subject to the continued collection of rent from the Group's property portfolio as it falls due. During the six months until the end of the current financial year, approximately 16.3% of the Group's income will be subject to rent reviews or lease expiries, 15.5% as annual index-linked rent reviews, and 0.8% lease expiry of storage land in St Helens.

I would like to thank our shareholders, my fellow Directors, the Investment Adviser and our other advisers and service providers who have provided professional support and services to the Group during the Period.

**Simon  
Bennett  
Chairman**  
3 March 2025

## Key Performance Indicators ('KPIs')

KPI AND DEFINITION	RELEVANCE TO STRATEGY	PERFORMANCE
<p><b>1. Net Initial Yield ('NIY')<sup>B</sup></b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with purchasers' costs estimated by the Group's External Valuers.</p>	<p>The NIY is an indicator of the ability of the Group to meet its target dividend after adjusting for the impacts of leverage and deducting operating costs.</p>	<p><b>6.85%</b> at 31 December 2024  (30 June 2024: 7.06%; 31 December 2023: 6.94%)</p>
<p><b>2. Weighted Average Unexpired Lease Term ('WAULT') to break and expiry</b> The average lease term remaining to expiry across the portfolio, weighted by contracted rent.</p>	<p>The WAULT is a key measure of the quality of the portfolio. Long leases underpin the security of our future income.</p>	<p><b>16.1 years to break and 17.7 years to expiry</b> at 31 December 2024  (30 June 2024: 16.5 years to break and 18.4 years to expiry; 31 December 2023: 16.6 years to break and 18.5 years to expiry)</p>
<p><b>3. Net Asset Value ('NAV') per share<sup>1</sup></b> NAV is the value of an entity's assets minus the value of its liabilities.</p>	<p>Provides stakeholders with the most relevant information on the fair value of the assets and liabilities of the Group.</p>	<p><b>£65.96 million/ 81.94 pps</b> at 31 December 2024  (30 June 2024: £65.12 million, 80.90 pps and 31 December 2023: £65.7 million, 81.62 pps)</p>
<p><b>4. Dividend per share</b> Dividends declared in relation to the period are in line with the stated dividend target as set out in the Prospectus at IPO. The Board's intention is to ensure an increasing dividend in line with the Company's</p>	<p>The Group seeks to deliver a sustainable income stream from its portfolio, which it distributes as dividends.</p>	<p><b>3.10 pps</b> for the half year ended 31 December 2024  (year ended 30 June 2024: 5.90 pps; half year ended 31 December 2023: 2.85 pps)</p>

Investment Objective. A target dividend for the year ended 30 June 2024 has been set at 5.9 pence per Ordinary Share.		
<b>5. Adjusted EPS<sup>B</sup></b> Adjusted EPS from core operational activities, as adjusted for non-cash items. A key measure of a company's underlying operating results from its property rental business and an indication of the extent to which current dividend payments are supported by earnings. See Note 8 to the Condensed Consolidated Financial Statements.	This reflects the Group's ability to generate earnings from the portfolio which underpins dividends.	<b>3.26 pps</b> for the half year ended 31 December 2024  (year ended 30 June 2024: 5.99 pps; half year to 31 December 2023: 2.96 pps)
<b>6. Leverage (Loan-to-GAV)<sup>B</sup></b> The proportion of the Group's assets that is funded by borrowings.	The Group utilises borrowings to enhance returns over the medium term. Borrowings will not exceed 40% of GAV (measured at drawdown).	<b>37.36%</b> at 31 December 2024  (30 June 2024: 37.67% and 31 December 2023: 37.49%)

<sup>B</sup> Considered to be an Alternative Performance Measure. Further details can be found at the end of this section and full calculations are set out following the financial statements.

#### EPRA Performance Measures

Detailed below is a summary table showing EPRA performance measures (which are all alternative performance measures) of the Group.

MEASURE AND DEFINITION	PURPOSE	PERFORMANCE
<b>EPRA NIY<sup>1</sup></b> Annualised rental income based on the cash rents passing at the balance sheet date, less non-recoverable property operating expenses, divided by the market value of the property, increased with (estimated) purchasers' costs.	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare.	<b>6.85%</b> at 31 December 2024  (30 June 2024: 6.94% and 31 December 2023: 6.94%)
<b>EPRA 'Topped-Up' NIY<sup>1</sup></b> This measure incorporates an adjustment to the EPRA NIY in respect of the expiration of rent-free periods (or other unexpired lease incentives such as discounted rent periods and step rents).	A comparable measure for portfolio valuations. This measure should make it easier for investors to judge themselves, how the valuation of two portfolios compare.	<b>7.23%</b> at 31 December 2024  (30 June 2024: 7.29% and 31 December 2023: 7.31%)

<p><b>EPRA NAV<sup>2</sup></b> Net asset value adjusted to include properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long-term investment property business.</p>	<p>Makes adjustments to IFRS NAV to provide stakeholders with the most relevant information on the fair value of the assets and liabilities within a real estate investment company with a long-term investment strategy.</p>	<p><b>£65.96 million/ 81.94 pps</b> at 31 December 2024  (30 June 2024: £65.12 million, 80.90 pps and 31 December 2023: £65.70 million, 81.62 pps)</p>
<p><b>EPRA Net Reinstatement Value<sup>2</sup></b> The EPRA NRV adds back the purchasers' costs deducted from the EPRA NAV and deducts the break cost of bank borrowings.</p>	<p>A measure that highlights the value of net assets on a long-term basis.</p>	<p><b>£72.87 million/ 90.52 pps</b> EPRA NRV for the half year ended 31 December 2024  (30 June 2024: £71.79 million/ 89.18pps and 31 December 2023: £72.42 million/ 89.96pps)</p>
<p><b>EPRA Net Tangible Assets<sup>2</sup></b> The EPRA NTA deducts the break cost of bank borrowings from the EPRA NAV.  As break costs were nil at the period end, the EPRA NTA is the same as the EPRA NAV.</p>	<p>A measure that assumes entities buy and sell assets, thereby crystallising certain levels of deferred tax liability. The Group has UK REIT status and as such no deferred tax is required to be recognised in the accounts.</p>	<p><b>£65.96 million/ 81.94 pps</b> EPRA NTA for the half year ended 31 December 2024  (30 June 2024: £65.12 million/80.90 pps and 31 December 2023: £65.70 million/81.62 pps)</p>
<p><b>EPRA Net Disposal Value<sup>2</sup></b> The EPRA NDV deducts the break cost of bank borrowings from the EPRA NAV.</p>	<p>A measure that shows the shareholder value if assets and liabilities are not held until maturity.</p>	<p><b>£65.96 million/ 81.94 pps</b> EPRA NDV for the half year ended 31 December 2024  (30 June 2024: £65.12 million/80.90 pps and 31 December 2023: £65.70 million/81.62 pps)</p>
<p><b>EPRA Earnings/EPS<sup>2</sup></b> Earnings from operational activities.</p>	<p>A key measure of a company's underlying operating results and an indication of the extent to which current dividend payments are supported by earnings.</p>	<p><b>£2.64 million/ 3.28 pps</b> EPRA earnings for the half year ended 31 December 2024  (30 June 2024: £4.74 million/ 5.89 pps and 31 December 2023: £2.21 million/2.75 pps)</p>
<p><b>EPRA Vacancy<sup>1</sup></b> Estimated Rental Value ('ERV') of vacant space divided by ERV of the whole portfolio.</p>	<p>A 'pure' percentage measure of investment property space that is vacant, based on ERV.</p>	<p><b>0.00%</b> EPRA vacancy as at 31 December 2024  (30 June 2024: 0.00% and 31 December 2023: 0.00%)</p>
<p><b>EPRA Cost Ratio<sup>1</sup></b> Administrative and operating costs</p>	<p>A key measure to enable meaningful measurement of the changes in a</p>	<p><b>15.04%</b> EPRA Cost Ratio as at 31</p>



(including and excluding costs of direct vacancy) divided by gross rental income.	company's operating costs.	December 2024. The ratio is the same both including and excluding the vacancy costs.  (30 June 2024: 16.36% and 31 December 2023: 16.35%)
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<sup>1</sup> The reconciliation of this APM is set out in the EPRA Performance Measures Calculations section following the Notes to the Condensed Consolidated Financial Statements.

<sup>2</sup> The reconciliation of this APM is set out in Note 8 of the Notes to the Condensed Consolidated Financial Statements.

## Investment Adviser's Report

### Market Outlook

#### *UK Economic Outlook*

The UK economy exhibited weaker-than-expected performance in the latter half of 2024. UK economic growth stalled in the third quarter and the first two months of the fourth quarter of the year, with zero growth <sup>A</sup>. This is worse than the average growth seen in other G7 countries after the pandemic <sup>B</sup>. The Bank of England has subsequently halved its latest GDP growth forecast in February 2025 to just 0.75% for the coming year <sup>C</sup>.

UK unemployment ticked up to 4.4% in the three months to November 2024, surpassing the low rates of the past two years <sup>D</sup>. While wages continued to climb annually at 5.6% in November <sup>E</sup>, fuelling inflationary pressures, this growth is anticipated to moderate in 2025 <sup>F</sup>. Businesses worry that the Government's national insurance policy will hinder hiring and increase prices. The British Chambers of Commerce increased their 2025 unemployment forecast to 4.5%, citing rising employment costs and youth unemployment concerns.

Inflationary pressures continued to mount in December 2024, with the Consumer Price Index ('CPI') exceeding the 2% target rate. CPI increased 2.5% year-on-year, up from 1.7% in September 2024 <sup>G</sup>. Service sector inflation, particularly in labour-intensive industries, remains a significant driver, at 4.4% in December. Looking ahead, concerns persist regarding inflation levels in 2025. KPMG predicts only a slight decrease to 2.4%, anticipating that higher operating costs will be passed through to consumers.

The Bank of England's base rate remained at 5.25% for a year before the first cut in August 2024 to 5.00%. A second cut to 4.75% in November 2024 significantly undershot market expectations of multiple rate reductions. In February 2025, the Monetary Policy Committee lowered the bank base rate to 4.50%, but while inflation concerns are rising, markets still anticipate another 50 basis point reduction in 2025 <sup>H</sup>. Major financial institutions like BlackRock, J.P. Morgan, Goldman Sachs and Morgan Stanley predict more aggressive cuts, and many expect the rate to bottom out at around 3.5% by 2026 <sup>I</sup>.

Economic sentiment has weakened significantly in recent months. A survey by the Office for National Statistics found that 12% of businesses surveyed in January 2025 now expect a decline in performance over the next year, a significant increase from 7% in June 2024 <sup>J</sup>. Consumer confidence, as measured by the GfK index, has also plummeted, falling from -14 in June 2024 to -22 in January 2025 <sup>K</sup>.

The UK economy faces several challenges, including the risk of stagflation, rising unemployment and the potential impact of government policies on inflation. Increased government borrowing costs and the possibility of further tax increases add to the uncertainty. However, positive signs include projected GDP growth, driven in part by a strong services sector, and anticipated outperformance of the EU economy in 2025. These factors suggest potential for

improvement. Careful policymaking will be essential to consolidate these gains and stabilise the economy.

Sources:<sup>A</sup> ONS (2025), Gross Domestic Product (GDP);<sup>B</sup> UK Parliament (2025), GDP international comparisons: Economic indicators;<sup>C</sup> Bank of England (2025), Monetary Policy Report - February 2025;<sup>D</sup> ONS (2025), Unemployment rate (aged 16 and over, seasonally adjusted);<sup>E</sup> ONS (2025), Average weekly earnings in Great Britain: January 2025;<sup>F</sup> British Chambers of Commerce, BCC Economic Forecast;<sup>G</sup> ONS (2025), CPI Annual Rate 00: All Items 2015=100; <sup>H</sup>Morningstar (2025), Bank of England Makes Third Rate Cut in Six Months;<sup>I</sup> Morningstar (2025), How Much Will The Bank of England Cut Interest Rates in 2025?;<sup>J</sup> ONS (2025), Business Insights and Conditions Survey (BICS);<sup>K</sup> UK Parliament (2025), Business and consumer confidence: Economic indicators.

### *UK Real Estate Outlook*

In 2024, the UK's commercial property investment performance was significantly impacted by rising interest rates, economic uncertainty and high inflation. Despite the headwinds, UK investment volume saw its strongest investment figures in Q4 since Q3 2022 with £13.1bn transacted, bringing the annual total for 2024 to £46.3bn, up 24% on 2023.<sup>A</sup> On the occupier side, increased operating costs affected the ability of businesses to expand or relocate. Economic uncertainty and rising operating costs led to cautious business investment decisions, stalling growth and relocation, with many companies delaying or downsizing expansion plans and prioritising flexible leases.

Following the two interest rate cuts in late 2024, investor confidence in the UK property market improved. This is reflected in a rise of capital values during Q3 2024 across all sectors for the first time in over two years, a trend which continued in Q4 2024.<sup>B</sup> Yields stabilised across all property types in 2024 with just a 10bps fluctuation in the All Property transaction yield from the prior year, ending 2024 at 6.28%. Positive sentiment persists across most sectors in 2025 and, with anticipated interest rate cuts, yields should compress further, attracting greater investor interest. CBRE forecasts a 15% increase in market activity<sup>C</sup>, while Colliers predicts double-digit total returns of 11% as investors explore more value-add opportunities<sup>D</sup>.

During 2024, the UK property market witnessed diverse performance across the sectors. The living sector, encompassing residential, student, and healthcare, emerged as the most attractive asset class for investors, with a substantial £18.26bn invested during 2024. This strong performance was driven by robust rental demand fuelled by housing shortages, a growing student population, and an aging demographic. While the number of deals remained high, investment volume in the industrial sector decreased compared to the 2021 boom with few larger value deals taking place. Concerns around oversupply in some markets have slowed speculative development. However, opportunities remain for investors who can identify markets with high demand and limited supply. The industrial sector continues to demonstrate healthy rental growth, averaging 3.5%-5.5% per annum.

UK REITs saw widely varying performances in 2024. Even with increasing student enrolment, student housing REITs struggled. Unite Group's share price dropped 19.8% and Empiric Student Property's 8.4%, likely impacted by high starting share prices and negative reports on university finances<sup>E</sup>. Bucking the trend, Hammerson, the retail-anchored REIT, showed a modest 3.9% gain. Overall, the FTSE EPRA Nareit UK Index, the benchmark for UK REITs, was down 11.7% for the year<sup>F</sup>. Rising borrowing costs and Government bond yields created an unfavourable risk-reward profile for many investors. Outflows from open-ended property funds persisted throughout 2024, with nearly £1bn withdrawn from UK-domiciled funds that directly invest in UK property<sup>G</sup>. This trend was accompanied by widening discounts to net asset value. Despite these challenges and the changing economic landscape, opportunities remain for investors, including AIRE, who are targeting the best-performing sectors, given their strong underlying fundamentals. Furthermore, improved market sentiment and valuations in 2025 could potentially reverse the negative trends seen in 2024.

The UK commercial property market is undergoing a significant transformation, requiring resilience and innovation for future success. Recent challenges have necessitated a fundamental reassessment of industry practices, demanding creative investment strategies, bold occupier choices, and the agility to adapt to rapidly evolving market demands. Moving forward, interdisciplinary collaboration will be essential to unlocking value and fostering sustainable growth within the sector.

Sources:<sup>A</sup> LSH (2025), UKIT Q4 2024: Q4 Caps Year of Extremes for UK Investment Market;<sup>B</sup> MSCI (2024), UK Data;<sup>C</sup> CBRE (2024), UK Real Estate Market Outlook 2025;<sup>D</sup> Colliers (2024), Forecasts for 2025;<sup>E</sup> Citywire (2025), Why Reits saw 'dramatic decline' to end 2024 - and what next?; <sup>F</sup> LSEG (2024), FTSE EPRA Nareit UK Index Factsheet;<sup>G</sup> Morningstar (2024), UK Property Investors Have Another Painful Year.

### **Portfolio Activity**

The following transactions were undertaken during the Period:

On 2 December 2024, the Company completed the purchase of Tring for a net consideration of £2.5 million. This property represented 2.4% of the Group's portfolio capital valuation at 31 December 2024. The acquisition

represented a net initial yield of 6.5% and is fully let to Champneys Tring Limited and provides treatment and training rooms for the leisure sector within the estate of the Champneys Tring Spa Resort. The lease does not expire until 2039 with 5 yearly index-linked rent reviews. The property has previously been granted planning consent for change of use to residential use. This asset provides increased diversity within the alternative sectors of education and leisure with the valuation underpinned by the living sector.

The following asset management initiatives were undertaken during the Period:

- Rent Reviews: A total of five rent reviews took place during the Period with a combined uplift of £118,839 with an average increase in contracted rent of 4.8%. The portfolio showed an increase of 1.5% on a like-for-like basis.
- A further rent review for the care home in Bristol was completed at £490,989 per annum reflecting an increase of 3.6% during the period between the half year and the date of this report.
- Negotiations are in progress in respect of lease regears and renewals with many tenants including Meridian Steel, B&M, Dore Metals and BGEN. The Company is working with its tenants to improve the environmental sustainability of the portfolio and updated one EPC this period, resulting in an improvement in the energy efficiency of the asset at no capital cost to the Company.

## NAV Movements

	Half year ended 31 December 2024		Half year ended 31 December 2023		Year ended 30 June 2024	
	Pence per share	£ million	Pence per share	£ million	Pence per share	£ million
NAV at beginning of period/ year	80.90	65.12	84.16	67.75	84.16	67.75
Change in fair value of investment property	0.94	0.76	(2.70)	(2.17)	(3.71)	(2.98)
Income earned for the period/year	5.23	4.21	4.64	3.73	9.82	7.90
Gain on sale of property	-	-	0.75	0.60	0.74	0.60
Finance costs for the period/year	(0.88)	(0.71)	(0.88)	(0.71)	(1.75)	(1.41)
Other expenses for the period/year	(1.07)	(0.86)	(1.01)	(0.81)	(2.17)	(1.75)
Dividends paid during the period/year	(3.18)	(2.56)	(3.34)	(2.69)	(6.19)	(4.99)
<b>NAV at the end of the year</b>	<b>81.94</b>	<b>65.96</b>	<b>81.62</b>	<b>65.70</b>	<b>80.90</b>	<b>65.12</b>

## Valuation

At 31 December 2024, the Group owned 20 assets valued at £106.2 million (30 June 2024: 19 assets, £102.7 million) following the acquisition of Tring for £2.5 million (net) on 2 December 2024.

Summary by Sector at 31 December 2024

Ann

Market Occupancy WAULT to |

Sector	Number of Properties	Valuation (£m)	Value (%)	by ERV (%)	break (years)
Industrial	4	26.0	24.5	100.0	23.5
Healthcare	3	16.9	15.9	100.0	24.0
Automotive & Petroleum	3	14.8	13.9	100.0	11.5
Hotel	2	12.9	12.2	100.0	12.5
Residential	1	10.8	10.2	100.0	16.6
Leisure	3	10.4	9.8	100.0	9.0
Retail Warehouse	1	5.4	5.1	100.0	4.3
Power Station	1	4.6	4.3	100.0	7.2
Education	2	4.4	4.1	100.0	16.5
<b>Total/Average</b>	<b>20</b>	<b>106.2</b>	<b>100.0</b>	<b>100.0</b>	<b>16.1</b>

Summary by Geographical Area at 31 December 2024

Geographical Area	Number of Properties	Valuation (£m)	Market Value (%)	Occupancy by ERV (%)	WAULT to break (years)
West Midlands	4	26.2	24.7	100.0	10.1
The North West & Merseyside	2	22.5	21.2	100.0	34.2
Rest of South East	5	21.7	20.5	100.0	8.8
South West	2	12.2	11.4	100.0	21.5
London	3	10.4	9.8	100.0	9.0
Eastern	2	7.1	6.7	100.0	9.6
Yorkshire and the Humber	2	6.1	5.7	100.0	17.2
<b>Total</b>	<b>20</b>	<b>106.2</b>	<b>100.0</b>	<b>100.0</b>	<b>16.1</b>

Top Ten Occupiers at 31 December 2024

Tenant	Property	Annualised gross passing rent (£'000)	% of Portfolio Total Annualised gross passing rental
Mears Group Plc	Bramall Court, Salford	809	10.5%
Prime Life Ltd	Prime Life Care Home, Brough & Solihull	781	10.1%
Meridian Steel Ltd	Grazebrook Industrial Estate, Dudley & Sheffield	769	9.9%
Motorpoint Ltd	Motorpoint, Birmingham	568	7.3%
Virgin Active Health Clubs Ltd	Virgin Active, London	521	6.7%
Premier Inn Hotels Ltd	Premier Inn, Camberley	504	6.5%
Handsale Ltd	Silver Trees, Bristol	474	6.1%
Travelodge Hotels Ltd	Duke House, Swindon	403	5.2%
B&M Bargains	Droitwich Spa Retail Park, Droitwich	364	4.7%
Biffa Waste Services Ltd	Pocket Nook Industrial Estate, St Helens	352	4.6%
<b>Top Ten Total</b>		<b>5,545</b>	<b>71.6%</b>

Lease Expiry Portfolio at 31 December 2024 - to the earlier of break or lease expiry

Year	Expiring passing rent pa (£'000)	Cumulative (£'000)
------	----------------------------------	--------------------

2025	64	64
2026	-	64
2027	913	977
2028	420	1,397
2029	364	1,761
2030	-	1,761
2031	-	1,761
2032	864	2,625
2033	614	3,239
2034	521	3,760
2035	-	3,760
2036	-	3,760
2037	849	4,609
2038	-	4,609
2039+	3,140	7,749

## Interim Management Report and Directors' Responsibility Statement

### Interim Management Report

The important events that have occurred during the period under review, the key factors influencing the financial statements and the principal risks and uncertainties for the remaining half year of the financial year are set out in the Chairman's Statement and the Investment Adviser's Report above.

The principal risks and uncertainties of the Company are set out in the Annual Report and Financial Statements for the year ended 30 June 2024 (the '2024 Annual Report') on pages 24 to 29 and in Note 18.

Risks faced by the Company include, but are not limited to, tenant default, portfolio concentration, property defects, the rate of inflation, the property market, property valuation, illiquid investments, environment, breach of borrowing covenants, inability to refinance the current loan facility, failure of service providers, dependence on the Investment Adviser, ability to meet objectives, Group REIT status, political and macroeconomic events, disclosure risk, and regulatory change (including in relation to climate change). The Board takes account of emerging risks, including climate change, as part of its risk management assessment.

The Board is of the opinion that these principal risks are equally applicable to the remaining six months of the Group's financial year, as they were to the six months being reported on.

## Related Party Transactions

There have been no changes to the related parties shown in Note 20 of the 2023 Annual Report that could have a material effect on the financial position or performance of the Company or Group. Amounts payable to the Investment Adviser in the six months being reported are shown in the unaudited Condensed Consolidated Statement of Comprehensive Income.

## Going Concern

This report has been prepared on a going concern basis. Note 2 sets out the Board's considerations in coming to this conclusion.

## Directors' Responsibility Statement

The Directors confirm that to the best of our knowledge:

- the condensed consolidated set of financial statements has been prepared in accordance with the UK-adopted IAS 34 'Interim Financial Reporting';
- the interim management report includes a fair review of the information required by:
  - DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated of financial statements; and a description of the principal risks and uncertainties for the remaining half of the year; and
  - DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position or performance of the Company during that period; and any changes in the related party transactions described in the 2023 Annual Report that could do so.

As at the date of this report the Directors of the Company are Simon Bennett, Stephanie Eastment and Adam Smith all of whom are non-executive Directors.

**For and on behalf of the Board**  
**Simon Bennett**  
**Chairman**  
3 March 2025

## Condensed Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2024

		Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended June 2024 (audited) £'000
<b>Income</b>				
Rental and other income	3	4,210	3,735	7,900
Property operating expense	4	(354)	(302)	(680)
<b>Net rental and other income</b>		<b>3,856</b>	<b>3,433</b>	<b>7,220</b>
Other operating expenses	4	(512)	(510)	(1,066)
<b>Operating profit before fair value change and gain on sale</b>		<b>3,344</b>	<b>2,923</b>	<b>6,154</b>
Change in fair value of investment properties	10	759	(2,169)	(2,983)
Gain on disposal of investment property	10	-	598	598

<b>Operating profit</b>		<b>4,103</b>	<b>1,352</b>	<b>3,769</b>
Finance expenses	6	(705)	(709)	(1,412)
<b>Profit before tax</b>		<b>3,398</b>	<b>643</b>	<b>2,357</b>
Taxation	7	-	-	-
<b>Profit and total comprehensive income attributable to shareholders</b>		<b>3,398</b>	<b>643</b>	<b>2,357</b>
<b>Earnings per share (basic and diluted)</b>	8	<b>4.22p</b>	<b>0.80p</b>	<b>2.93p</b>
<b>EPRA EPS (basic and diluted)</b>	8	<b>3.28p</b>	<b>2.75p</b>	<b>5.89p</b>
<b>Adjusted EPS (basic and diluted)</b>	8	<b>3.26p</b>	<b>2.96p</b>	<b>5.99p</b>

All items in the above statement are derived from continuing operations.

The accompanying notes 1 to 18 form an integral part of these Condensed Consolidated Financial Statements.

## Condensed Consolidated Statement of Financial Position

For the half year ended 31 December 2024

		As at 31 December 2024 (unaudited) £'000	As at 31 December 2023 (unaudited) £'000	As at 30 June 2024 (audited) £'000
<b>Assets</b>				
<b>Non-current Assets</b>				
Investment properties	10	102,566	99,896	99,083
<b>Current Assets</b>				
Receivables and prepayments	11	4,277	6,603	6,464
Cash and cash equivalents		2,913	2,877	3,292
<b>Total current assets</b>		<b>7,190</b>	<b>9,480</b>	<b>9,756</b>
<b>Total Assets</b>		<b>109,756</b>	<b>109,376</b>	<b>108,839</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Payables and accrued expenses	12	(2,913)	(2,900)	(2,890)
Interest bearing loans and borrowings	13	(40,880)	-	-
<b>Total current liabilities</b>		<b>(43,793)</b>	<b>(2,900)</b>	<b>(2,890)</b>
<b>Non-current Liabilities</b>				
Interest bearing loans and borrowings	13	-	(40,776)	(40,828)
<b>Total Liabilities</b>		<b>(43,793)</b>	<b>(43,676)</b>	<b>(43,718)</b>
<b>Net Assets</b>		<b>65,963</b>	<b>65,700</b>	<b>65,121</b>

## Equity

Share capital	17	805	805	805
Capital reserve		67,875	75,417	70,431
Retained earnings		(2,717)	(10,522)	(6,115)
<b>Total capital and reserves attributable to equity holders of the Company</b>		<b>65,963</b>	<b>65,700</b>	<b>65,121</b>
<b>Net Asset Value per share (basic and diluted)</b>	8	<b>81.94p</b>	<b>81.62p</b>	<b>80.90p</b>
<b>EPRA Net Tangible Asset per share (basic and diluted)</b>	8	<b>81.94p</b>	<b>81.62p</b>	<b>80.90p</b>

The accompanying notes 1 to 18 form part of these Condensed Consolidated Financial Statements.

The Condensed Consolidated Financial Statements were approved by the Board of Directors on 3 March 2025 and were signed on its behalf by:

**Simon Bennett**  
Chairman

Company number: 10727886

## Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2024

	Notes	Share capital £'000	Capital reserve £'000	Retained earnings £'000	Total equity £'000
<b>For the half year ended 31 December 2024 (unaudited)</b>					
<b>Balance at 30 June 2024</b>		805	70,431	(6,115)	65,121
Total comprehensive income attributable to shareholders		-	-	3,398	3,398
Dividends paid	9	-	(2,556)	-	(2,556)
<b>Balance at 31 December 2024</b>		<b>805</b>	<b>67,875</b>	<b>(2,717)</b>	<b>65,963</b>
<b>For the half year ended 31 December 2023 (unaudited)</b>					
<b>Balance at 30 June 2023</b>		805	75,417	(8,472)	67,750
Total comprehensive income attributable to shareholders		-	-	643	643
Dividends paid	9	-	-	(2,693)	(2,693)
<b>Balance at 31 December 2023</b>		<b>805</b>	<b>75,417</b>	<b>(10,522)</b>	<b>65,700</b>
<b>For the year ended 30 June 2024 (audited)</b>					



<b>Balance at 30 June 2023</b>		805	75,417	(8,472)	67,750
Total comprehensive income attributable to shareholders		-	-	2,357	2,357
Dividends paid	9	-	(4,986)	-	(4,986)
<b>Balance at 30 June 2024</b>		<b>805</b>	<b>70,431</b>	<b>(6,115)</b>	<b>65,121</b>

The accompanying notes 1 to 18 form an integral part of these Condensed Consolidated Financial Statements.

### Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2024

		Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
	Notes			
<b>Cash flows from operating activities</b>				
Profit before tax		3,398	643	2,357
<b>Adjustment for:</b>				
Finance expenses	6	705	709	1,412
Gain on disposal of investment property	10	-	(598)	(598)
Change in fair value of investment properties	10	(759)	2,169	2,983
<b>Operating results before working capital changes</b>		<b>3,344</b>	<b>2,923</b>	<b>6,154</b>
<b>Change in working capital</b>				
Decrease/(increase) in other receivables and prepayments		2,187	(2,410)	(2,271)
Increase in other payables and accrued expenses		23	149	139
<b>Net cash generated from operating activities</b>		<b>5,554</b>	<b>662</b>	<b>4,022</b>
<b>Cash flows from investing activities</b>				
Purchase of investment property	10	(2,724)	(5,304)	(5,304)
Net proceeds from disposal of investment property	10	-	7,382	7,382
<b>Net cash (used in)/generated from investing activities</b>		<b>(2,724)</b>	<b>2,078</b>	<b>2,078</b>
<b>Cash flows from financing activities</b>				
Finance costs paid		(653)	(654)	(1,306)
Dividends paid	9	(2,556)	(2,693)	(4,986)
<b>Net cash used in financing activities</b>		<b>(3,209)</b>	<b>(3,347)</b>	<b>(6,292)</b>
Net decrease in cash and cash equivalents		(379)	(607)	(192)

Cash and cash equivalents at beginning of period/year	3,292	3,484	3,484
<b>Cash and cash equivalents at end of period/year</b>	<b>2,913</b>	<b>2,877</b>	<b>3,292</b>

The accompanying notes 1 to 18 form an integral part of these Condensed Consolidated Financial Statements.

## Notes to the Condensed Consolidated Financial Statements

For the half year ended 31 December 2024

### 1. Corporate Information

Alternative Income REIT plc (the "Company") is a public limited company and a closed ended Real Estate Investment Trust ("REIT") incorporated on 18 April 2017 and domiciled in the UK and registered in England and Wales. The registered office of the Company is located at The Scalpel, 18<sup>th</sup> Floor, 52 Lime Street, London EC3M 7AF.

The Company's Ordinary Shares were listed on the Official List of the FCA and admitted to trading on the Main Market of the London Stock Exchange on 6 June 2017.

### 2. Accounting policies

#### 2.1 Basis of preparation

These condensed consolidated interim financial statements for the half year ended 31 December 2024 have been prepared in accordance with International Accounting Standard ("IAS") 34 'Interim Financial Reporting'. These do not include all the information required for annual financial statements, and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 30 June 2024 (the "2024 Annual Financial Report").

These condensed consolidated financial statements have been prepared under the historical cost convention, except for investment properties that have been measured at fair value. The condensed consolidated financial statements are presented in Sterling, which is the Group's presentational and functional currency, and all values are rounded to the nearest thousand pounds, except where otherwise shown.

The financial information in this report does not constitute statutory accounts within the meaning of section 434-436 of the Companies Act 2006, and has not been audited nor reviewed by the Company's auditor. The financial information for the year ended 30 June 2024 has been extracted from the published accounts that have been delivered to the Registrar of Companies, and the report of the auditor was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

#### Basis of consolidation

The condensed consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (the 'Group'). Subsidiaries are the entities controlled by the Company, being Alternative Income Limited and Alternative Income REIT Holdco Limited. IFRS 10 outlines the requirements for the preparation of consolidated financial statements, requiring an entity to consolidate the results of all investees it is considered to control. Control exists where an entity is exposed to variable returns and has the ability to affect those returns through its power over the investee.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Accounting policies of the subsidiaries are consistent with the policies adopted by the Company.

## **New standards, amendments and interpretations**

### Standards effective from 1 July 2024

Certain new accounting standards and interpretations have been published that are not mandatory for annual periods beginning after 1 July 2024 and early application is permitted; however, the Group has not early adopted the new or amended standards in preparing these condensed consolidated financial statements:

- Lack of Exchangeability - Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (Effective 1 January 2025)

There are other new standards and amendments to standards and interpretations which have been issued that are effective in future accounting periods, and which the Group has decided not to adopt early. None of these are expected to have a material impact on the condensed consolidated financial statements of the Group.

## **2.2 Significant accounting judgements and estimates**

The condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgements, estimates and key assumptions as set out in the notes to the 2024 Annual Financial Report, and are expected to be applied consistently for the year ending 30 June 2025.

No changes have been made to the Group's accounting policies as a result of the amendments and interpretations which became effective in the period as they do not have a material impact on the Group. Full details can be found in the 2024 Annual Financial Report.

## **2.3 Segmental information**

Each property held by the Group is reported to the chief operating decision maker. In the case of the Group, the chief operating decision maker is considered to be the Board of Directors. The review process for segmental information includes the monitoring of key performance indicators applicable across all properties. These key performance indicators include Net Asset Value, Earnings per Share and valuation of properties. All asset cost and rental allocations are also reported by property. The internal financial reports received by the Directors cover the Group and all its properties and do not differ from amounts reported in the financial statements. The Directors have considered that each property has similar economic characteristics and have therefore aggregated the portfolio into one reportable segment under the provisions of IFRS 8.

## **2.4 Going concern**

The condensed consolidated financial statements have been prepared on a going concern basis.

The robust financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial statements and the accompanying notes.

The Investment Adviser on behalf of the Board has projected the Group's cash flows for the period up to 31 March 2026, challenging and sensitising inputs and assumptions to ensure that the cash forecast reflects a realistic outcome given the uncertainties associated with the current economic environment. A longer-term projection covering the period to 30 June 2028 had also been carried out to ascertain the impact of the refinancing and future leasing assumptions on the Group's cash flow. The scenarios applied were designed to be severe but plausible, and to take account of the availability of mitigating actions that could be taken to avoid or reduce the impact or probability of the underlying risks.

The Group's debt of £41m matures on 20 October 2025 and the Group has reported full compliance with its loan covenants to date. Based on cash flow projections, the Directors expect the Group to continue to remain compliant. The headroom of the loan to value covenant is significant and any reduction in property values that would cause a breach would be significantly more than any reduction currently envisaged.

The Board has commenced its debt refinancing plan given that the Group's borrowings are due to be repaid on 20 October 2025. The Board has appointed a specialist debt adviser with the expertise, knowledge and

demonstrable potential lender accessibility to secure refinancing for the Group. Accordingly, the Board has a reasonable expectation to believe that the Group can refinance its debt by 20 October 2025 at an aggregate finance cost and on terms acceptable to the Board, taking into account the investment objective of the Company which has been reflected in the cash forecast.

Based on the above, the Board believes that the Group has the ability and adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

### 3. Rental and other income

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Gross rental income	3,869	3,691	7,331
Spreading of minimum contracted future rent-indexation	114	(138)	74
Spreading of tenant incentives - rent free periods	(47)	(61)	(49)
Other property income	-	2	2
<b>Gross rental income (adjusted)</b>	<b>3,936</b>	<b>3,494</b>	<b>7,358</b>
Service charges and direct recharges (see note 4)	274	241	542
<b>Total rental and other income</b>	<b>4,210</b>	<b>3,735</b>	<b>7,900</b>

All rental, service charges and direct recharges and other income are derived from the United Kingdom.

### 4. Operating expenses

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Property operating expenses	80	61	138
Service charges and direct recharges (note 3)	274	241	542
Provision for impairment of trade receivables	-	-	-
<b>Property operating expenses</b>	<b>354</b>	<b>302</b>	<b>680</b>
Investment adviser's fee	180	180	360
Auditor's remuneration	47	41	85
Operating costs	226	233	508
Directors' remuneration (note 5)	59	56	113
<b>Other operating expenses</b>	<b>512</b>	<b>510</b>	<b>1,066</b>
<b>Total operating expenses</b>	<b>866</b>	<b>812</b>	<b>1,746</b>
<b>Total operating expenses (excluding service charges and direct recharges)</b>	<b>592</b>	<b>571</b>	<b>1,204</b>

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
<b>Audit</b>			
Statutory audit of Annual Report and Accounts	41	36	73
Statutory audit of Subsidiary Accounts	6	5	12
<b>Total fees due to auditor</b>	<b>47</b>	<b>41</b>	<b>85</b>

Moore Kingston Smith LLP has not provided any non-audit services to the Group.

#### 5. Directors' remuneration

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Directors' fees	53	51	102
Tax and social security	6	5	11
<b>Total directors' remuneration</b>	<b>59</b>	<b>56</b>	<b>113</b>

The Group had no employees during the period/year.

#### 6. Finance Expenses

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Interest payable on loan (note 13)	653	653	1,304
Amortisation of finance costs (note 13)	52	52	104
Other finance costs	-	4	4
<b>Total</b>	<b>705</b>	<b>709</b>	<b>1,412</b>

#### 7. Taxation

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
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Tax charge comprises:

Analysis of tax charge in the period/ year

Profit before tax	3,398	643	2,357
Theoretical tax charge/(refund) at UK corporation average tax rate of 25% (31 December 2023 and 30 June 2024: 25%)	849	161	589
Effects of tax-exempt items under REIT regime	(849)	(161)	(589)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group maintained its REIT status and as such, no deferred tax asset or liability has been recognised in the current period/year.

#### Factors that may affect future tax charges

Due to the Group's status as a REIT and the intention to continue meeting the conditions required to retain approval as a REIT in the foreseeable future, the Group has not provided deferred tax on any capital gains or losses arising on the revaluation or disposal of investments.

#### 8. Earnings per share (EPS) and Net Asset Value (NAV) per share

	Half year ended 31 December 2024 (unaudited)	Half year ended 31 December 2023 (unaudited)	Year ended 30 June 2024 (audited)
<b>Earnings per share*</b>			
Total comprehensive income (£'000)	3,398	643	2,357
Weighted average number of shares (number)	80,500,000	80,500,000	80,500,000
<b>Earnings per share (basic and diluted)</b>	<b>4.22p</b>	<b>0.80p</b>	<b>2.93p</b>
<b>EPRA EPS (£'000):</b>			
Total comprehensive income	3,398	643	2,357
Adjustment to total comprehensive income:			
Change in fair value of investment properties	(759)	2,169	2,983
Gain on disposal of investment property	-	(598)	(598)
<b>EPRA earnings (basic and diluted)</b>	<b>2,639</b>	<b>2,214</b>	<b>4,742</b>
<b>EPRA EPS (basic and diluted)</b>	<b>3.28p</b>	<b>2.75p</b>	<b>5.89p</b>
<b>Adjusted EPS:</b>			
EPRA earnings (basic and diluted) (£'000) - as above	2,639	2,214	4,742
Adjustments:			
Rental income recognised in respect of guaranteed fixed rental uplifts (£'000)	(113)	52	(74)
Rental income recognised in respect of rent free periods (£'000) (Note 3)	47	61	49
Amortisation of finance costs (£'000) (Note 6)	52	52	104
<b>Adjusted earnings (basic and diluted) (£'000)</b>	<b>2,625</b>	<b>2,379</b>	<b>4,821</b>
<b>Adjusted EPS (basic and diluted)**</b>	<b>3.26p</b>	<b>2.96p</b>	<b>5.99p</b>

\*Adjusted EPS is a measure used by the Board to assess the level of the Group's dividend payments. This metric adjusts EPRA earnings for non-cash items in arriving at an adjusted EPS as supported by cash flows.

\*\*Earnings per share are calculated by dividing profit for the period/year attributable to ordinary equity holders of the Company by the weighted average number of Ordinary Shares in issue during the period/year.

	Half year ended 31 December	Half year ended 31 December	Year ended 30 June
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	2024 (unaudited)	2023 (unaudited)	2024 (audited)
<b>NAV per share:</b>			
Net assets (£'000)	65,963	65,700	65,121
Ordinary Shares (Number)	80,500,000	80,500,000	80,500,000
<b>NAV per share</b>	<b>81.94p</b>	<b>81.62p</b>	<b>80.90p</b>

**EPRA Net Reinvestment Value (NRV), EPRA Net Tangible Assets (NTA) and EPRA Net Disposal Value (NDV)**

	EPRA NRV	EPRA NTA and EPRA NDV
<b>At 31 December 2024</b>		
Net assets value (£'000)	65,963	65,963
Purchasers' cost (£'000)	6,903	-
Break cost on bank borrowings (£'000)	-	-
	<u>72,866</u>	<u>65,963</u>
Ordinary Shares (Number)	80,500,000	80,500,000
<b>Per share measure</b>	<b>90.52p</b>	<b>81.94p</b>

	EPRA NRV	EPRA NTA and EPRA NDV
<b>At 31 December 2023</b>		
Net assets value (£'000)	65,700	65,700
Purchasers' cost (£'000)	6,716	-
Break cost on bank borrowings (£'000)	-	-
	<u>72,416</u>	<u>65,700</u>
Ordinary Shares (Number)	80,500,000	80,500,000
<b>Per share measure</b>	<b>89.96p</b>	<b>81.62p</b>

	EPRA NRV	EPRA NTA and EPRA NDV
<b>At 30 June 2024</b>		
Net assets value (£'000)	65,121	65,121
Purchasers' cost (£'000)	6,672	-
Break cost on bank borrowings (£'000)	-	-
	<u>71,793</u>	<u>65,121</u>
Ordinary Shares (Number)	80,500,000	80,500,000
<b>Per share measure</b>	<b>89.18p</b>	<b>80.90p</b>

**9. Dividends**

All dividends were paid as Property Income Distributions.

Half year ended	Half year ended	Year ended
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			31 December 2024 (unaudited)	31 December 2023 (unaudited)	30 June 2024 (audited)
	Quarter Ended	Dividend Rate	£'000	£'000	£'000
<b>Dividends in respect of year ended 30 June 2023</b>					
4 <sup>th</sup> dividend	30-Jun-23	1.920p	-	1,545	1,545
<b>Dividends in respect of year ended 30 June 2024</b>					
1 <sup>st</sup> dividend	30-Sep-23	1.425p	-	1,148	1,147
2 <sup>nd</sup> dividend	31-Dec-23	1.425p	-	-	1,147
3 <sup>rd</sup> dividend	31 Mar-24	1.425p	-	-	1,147
4 <sup>th</sup> dividend	30-Jun-24	1.625p	1,308	-	-
<b>Dividends in respect of year ending 30 June 2025</b>					
1 <sup>st</sup> dividend	30-Sep-24	1.550p	1,248	-	-
Total dividends paid			2,556	2,693	4,986
4 <sup>th</sup> dividend for quarter ended	30-Jun-23	1.920p	-	(1,545)	(1,545)
2 <sup>nd</sup> dividend for quarter ended	31-Dec-23	1.425p	-	1,146	-
4 <sup>th</sup> dividend for quarter ended	30-Jun-24	1.625p	(1,308)	-	1,308
2 <sup>nd</sup> dividend for quarter ended	31-Dec-24	1.550p	1,248	-	-
Total dividends payable in respect of the period/year			<b>2,496</b>	<b>2,294</b>	<b>4,749</b>
Total dividends payable in respect of the period/year			<b>3.10p</b>	<b>2.85p</b>	<b>5.90p</b>

Dividends declared after the period/year end are not included in the Condensed Consolidated Financial Statements as a liability.

The difference between the amount disclosed above and dividends paid as shown in the Condensed Consolidated Statement of Cash Flows for year ended 30 June 2024 relates to withholding tax.

On 5 February 2025, the Board declared an interim dividend of 1.55 pps in respect of the quarter ended 31 December 2024. This will be paid on 28 February 2025 to shareholders on the register at 14 February 2025 with an ex-dividend date of 13 February 2025.

## 10. Investment properties

			Half year ended 31 December 2024 (unaudited)	Half year ended 31 December 2023 (unaudited)	Year ended 30 June 2024 (audited)
	Freehold Investment Properties £'000	Leasehold Investment Properties £'000	Total £'000	Total £'000	Total £'000
<b>UK Investment properties</b>					
At the beginning of the period/year	71,050	31,600	102,650	107,025	107,025
Acquisitions during the period/year	2,724	-	2,724	5,304	5,304
Disposals during the period/year	-	-	-	(6,784)	(6,784)



Change in fair value of investment properties	426	400	826	(2,220)	(2,895)
Valuation provided by Knight Frank LLP	<b>74,200</b>	<b>32,000</b>	<b>106,200</b>	<b>103,325</b>	<b>102,650</b>
Adjustment to fair value for minimum rent indexation of lease income (note 11)			(3,634)	(3,429)	(3,567)
<b>Total investment properties</b>			<b>102,556</b>	<b>99,896</b>	<b>99,083</b>

#### Change in fair value of investment properties

Change in fair value before adjustments for lease incentives and lease obligations			826	(2,220)	(2,895)
Movement in lease obligations			-	(62)	(63)
Adjustment to spreading of contracted future rent indexation and tenant incentives			(67)	113	(25)
			<b>759</b>	<b>(2,169)</b>	<b>(2,983)</b>

#### Disposal and acquisition of investment property

On 2 December 2024, the Group completed the acquisition of Tring for a total cost of £2.7 million, including acquisition costs.

On 18 December 2023, the Group completed the acquisition of the Virgin Active in Ockley Road, Streatham for total cost of £5.3 million (net of top up rent of £0.19 million).

The property known as Mercure Hotel was sold in August 2023 for £7.5 million as shown in the reconciliation below of the gain recognised on disposal through the Condensed Consolidated Statement of Comprehensive Income; the gain on disposal includes changes in fair value of the investment property and minimum rent indexation spreading recognised in previous periods.

	Half year ended 31 December 2024 (unaudited) £'000	Half year ended 31 December 2023 (unaudited) £'000	Year ended 30 June 2024 (audited) £'000
Gross proceeds on disposal	-	7,500	7,500
Selling costs	-	(118)	(118)
Net proceeds on disposal	-	7,382	7,382
Carrying value	-	(6,784)	(6,784)
<b>Gain on disposal of investment property</b>	<b>-</b>	<b>598</b>	<b>598</b>

#### Valuation of investment properties

Valuation of investment property is performed by Knight Frank LLP, an accredited external valuer with recognised and relevant professional qualifications and recent experience of the location and category of the investment property being valued. The valuation of the Group's investment property at fair value is determined by the external valuer on the basis of market value in accordance with the internationally accepted RICS Valuation - Professional Standards (incorporating the International Valuation Standards).

The determination of the fair value of investment property requires the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, capital values of fixtures and fittings, plant and machinery, any environmental matters and the overall repair and condition of the property) and yield applicable to those cash flows.

#### Fair value measurement hierarchy

IFRS13 'Fair Value Measurement' specifies the fair value hierarchy and as explained in Note 2.6 of the Company's 2024 Audited Financial Statements, the Directors have classified the Company's property portfolio as Level 3. This reflects the fact that inputs to the valuation are not based on observable market data.

#### 11. Receivables and prepayments

	<b>31</b>		<b>30</b>
	<b>December</b>	<b>31 December</b>	<b>June</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Receivables</b>			
Trade debtors	316	254	252
Less: Provision for impairment of trade receivables	(2)	(2)	(2)
Other debtors*	192	2,621	2,428
	<b>506</b>	<b>2,873</b>	<b>2,678</b>
Spreading of minimum contracted future rent indexation	3,319	3,080	3,205
Spreading of tenant incentives - rent free periods	315	349	362
	<b>3,634</b>	<b>3,429</b>	<b>3,567</b>
Tenant deposit asset (note 12)	118	118	118
Other prepayments	19	183	101
	<b>137</b>	<b>301</b>	<b>219</b>
<b>Total receivables and prepayments</b>	<b>4,277</b>	<b>6,603</b>	<b>6,464</b>

\*Other debtors as at 31 December 2023 mainly represent net proceeds from the sale of Mercure Hotel of £2,155,000 (30 June 2024: £2,155,000) being held by the external lender, Canada Life Investments. These proceeds were used to acquire Tring in December 2024.

The aged debtor analysis of receivables which are past due but not impaired is as follows:

	<b>31</b>		<b>30</b>
	<b>December</b>	<b>31 December</b>	<b>June</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Less than three months due	488	2,885	2,672
Between three and six months due	19	(12)	6
<b>Total</b>	<b>507</b>	<b>2,873</b>	<b>2,678</b>

#### 12. Payables and accrued expenses

	<b>31 December</b>		<b>30 June</b>
	<b>2024</b>	<b>31 December</b>	<b>2024</b>
	<b>(unaudited)</b>	<b>2023 (unaudited)</b>	<b>(audited)</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Deferred income	1,673	1,556	1,665
Other creditors	420	548	429
Accruals	390	353	401
Loan interest payable (note 13)	256	258	256
Tenant deposit liability (note 11)	118	118	118
Trade creditors	56	67	21
	<b>2,913</b>	<b>2,900</b>	<b>2,890</b>

#### 13. Interest bearing loans and borrowings

	31 December 2024 (unaudited) £'000	31 December 2023 (unaudited) £'000	30 June 2024 (audited) £'000
<b>Facility drawn at the beginning of the period/ year</b>	<b>41,000</b>	<b>41,000</b>	<b>41,000</b>
Unamortised finance costs brought forward	(172)	(276)	(276)
Amortisation of finance costs in the period/year	52	52	104
<b>At end of period/ year</b>	<b>40,880</b>	<b>40,776</b>	<b>40,828</b>
Repayable within 1 year	41,000	-	-
Repayable between 1 and 2 years	-	41,000	41,000
Repayable between 2 and 5 years	-	-	-
<b>Total at end of the period/ year</b>	<b>41,000</b>	<b>41,000</b>	<b>41,000</b>

As at 31 December 2024, the Group had utilised all of its £41 million fixed interest loan facility with Canada Life Investments and was geared at a loan to Gross Asset Value ('GAV') of 37.4% (31 December 2023: 37.5%, 30 June 2024: 37.7%). The weighted average interest cost of the Group's facility is 3.19% and the facility is repayable on 20 October 2025. Interest expense incurred during the period amounted to £0.65m (30 June 2024: £1.31m, 31 December 2023: £0.65m), £0.26m of which is outstanding (30 June 2024: £0.26m, 31 December 2023: £0.26m).

	31 December 2024 (unaudited) £'000	31 December 2023 (unaudited) £'000	30 June 2024 (audited) £'000
<b>Reconciliation to cash flows from financing activities</b>			
<b>At beginning of the period/ year</b>	40,828	40,724	40,724
<b>Non-cash changes</b>			
Amortisation of finance costs	52	52	104
<b>Total at end of the period/ year</b>	<b>40,880</b>	<b>40,776</b>	<b>40,828</b>

#### 14. Lease obligations

There were no legal obligations at 31 December 2024 (31 December 2023: nil and 30 June 2024: nil).

#### 15. Commitments

##### 15.1. Operating lease commitments - as lessor

The Group has 20 commercial properties with 34 units in its investment property portfolio as set out above. These non-cancellable leases have a remaining term of between 3 months and 110 years, excluding ground leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December 2024 are as follows:

31 December 2024 (unaudited) £'000	31 December 2023 (unaudited) £'000	30 June 2024 (audited) £'000
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Within one year	7,432	7,449	6,839
After one year, but not more than two years	6,355	7,470	6,528
After two years, but not more than three years	5,989	7,454	6,331
After three years, but not more than four years	5,795	6,889	5,746
After four years, but not more than five years	5,848	6,456	5,826
After five years, but not more than ten years	26,597	29,947	27,129
After ten years, but not more than fifteen years	20,010	21,845	20,398
More than fifteen years	46,008	51,668	47,712
<b>Total</b>	<b>124,034</b>	<b>139,178</b>	<b>126,509</b>

There were no material contingent rents recognised as income for all period presented.

## 15.2. Capital commitments

There were no capital commitments at 31 December 2024 (31 December 2023: none and 30 June 2024: none).

## 15.3. Financial commitments

There were no commitments at 31 December 2024 (31 December 2023: nil and 30 June 2024: nil).

## 16. Investments in subsidiaries

The Company has two wholly owned subsidiaries as disclosed below:

Name and company number	Country of registration and incorporation	Date of incorporation	Principal activity	Ordinary Shares of £1 held
Alternative Income REIT Holdco Limited (Company number 11052186)	England and Wales	7 November 2017	Real Estate Company	73,158,502
Alternative Income Limited (Company number 10754641)	England and Wales	4 May 2017	Real Estate Company	73,158,501

Alternative Income REIT plc at 31 December 2024 owns 100% controlling stake of Alternative Income REIT Holdco Limited.

Alternative Income REIT Holdco Limited holds 100% of Alternative Income Limited.

Both Alternative Income REIT Holdco Limited and Alternative Income Limited are registered at 1 King William Street, London, United Kingdom, EC4N 7AF.

## 17. Issued share capital

Ordinary Shares issued and fully paid of 80,500,000 shares at a nominal value of £0.01 per share. This remains unchanged for all period presented.

## 18. Transactions with related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

## Directors

Directors of the Group are considered to be related parties. Directors' remuneration is disclosed in note 5.

## Investment Adviser

### Martley Capital Real Estate Investment Management Ltd

As reported in the Company's 2024 Annual Report, the Group's investment adviser was changed on 15 March 2024 from M7 Real Estate Limited ('M7') to Martley Capital Real Estate Investment Management Ltd ('Martley Capital'). The appointment of Martley Capital was by way of a deed of novation of the Group's Interim Investment Advisory agreement dated 14 March 2020 (as amended with Deed of Variation dated 21 February 2021) with minor changes thereto but leaving the parties on substantially the same terms and at an unchanged fee.

The annual management fee is calculated at a rate equivalent of 0.50% per annum of NAV (subject to a minimum fee of £90,000 per quarter), payable quarterly in advance. During the six months ended 31 December 2024, the Group incurred £180,000 (year ended 30 June 2024: £360,000 of which £253,000 was paid to M7 and £107,000 was paid to Martley Capital; and 6 months to 31 December 2023: £180,000 was paid to M7) in respect of investment adviser's fees. No amounts were outstanding at 31 December 2024, 30 June 2024 and 31 December 2023.

### EPRA Performance Measures (unaudited)

		At 31 December 2024 £'000	At 31 December 2023 £'000	At 30 June 2024 £'000
<b>EPRA Yield calculations</b>				
Investment properties wholly owned:				
- by Company		1,875	1,875	1,875
- by Alternative Income Limited		104,325	101,450	100,775
Total - note 10		106,200	103,325	102,650
Allowance for estimated purchasers' costs		6,903	6,716	6,672
<b>Gross completed property portfolio valuation</b>	<b>B</b>	<b>113,103</b>	<b>10,041</b>	<b>109,322</b>
Annualised gross passing rent		7,749	7,645	7,596
Annualised property outgoing		(5)	(5)	(5)
<b>Annualised net rents</b>	<b>A</b>	<b>7,744</b>	<b>7,640</b>	<b>7,591</b>
Add: notional rent expiration of rent-free periods or other lease incentives		431	408	379
<b>Topped-up net annualised rent</b>	<b>C</b>	<b>8,175</b>	<b>8,048</b>	<b>7,970</b>
<b>EPRA NIY*</b>	<b>A/B</b>	<b>6.85%</b>	<b>6.94%</b>	<b>6.94%</b>
<b>EPRA "topped-up" NIY</b>	<b>C/B</b>	<b>7.23%</b>	<b>7.31%</b>	<b>7.29%</b>

\*The NIY calculation is the same calculation as that for EPRA NIY

		Half year ended 31 December 2024 £'000	Half year ended 31 December 2023 £'000	Year ended 30 June 2024 £'000
<b>EPRA Cost Ratios</b>				
Include:				
EPRA Costs (including direct vacancy costs)				
- note 4	A	592	571	1,204
Direct vacancy costs		-	-	-
EPRA Costs (excluding direct vacancy costs)	B	592	571	1,204
Gross rental income - note 3	C	3,936	3,494	7,358
<b>EPRA Cost Ratio** (including direct vacancy costs)</b>	<b>A/C</b>	<b>15.04%</b>	<b>16.34%</b>	<b>16.36%</b>

<b>EPRA Cost Ratio</b>				
<b>(excluding direct vacancy costs)</b>	<b>B/C</b>	<b>15.04%</b>	<b>16.34%</b>	<b>16.36%</b>

\*\*Due to the timing of the Mercure Hotel disposal, and the subsequent Streatham acquisition, the rental income has decreased in the half year ended 31 December 2023. This has resulted in the above increase to the EPRA cost ratio.

		<b>Half year ended 31 December 2024</b>	<b>Half year ended 31 December 2023</b>	<b>Year ended 30 June 2024</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>EPRA Vacancy rate</b>				
Annualised potential rental value of vacant premises	A	-	-	-
Annualised potential rental value for the completed property portfolio	B	<b>7,295</b>	<b>6,841</b>	<b>6,948</b>

<b>EPRA Vacancy rate</b>	<b>A/B</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
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### Alternative Performance Measures (APMs)

APMs are numerical measures of the Group's current, historical or future performance, financial position or cash flows, other than financial measures defined or specified in the applicable financial framework. The Group's applicable financial framework is IFRS. The Directors assess the Group's performance against a range of criteria which are reviewed as particularly relevant for a closed-end REIT.

#### Discount

The discount is the amount by which the share price is lower than the net asset value per share, expressed as a percentage of the net asset value per share.

		<b>31 December 2024</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
NAV per Ordinary share (note 8)	A	81.94	81.62	80.90p
Share price	B	70.60	71.50	66.00p
Discount	(A-B)/A	13.84%	12.40%	18.42%

#### Dividend Cover

The ratio of Group's Adjusted EPS divided by the Group's dividends payable for the relevant period/ year.

		<b>31 December 2024</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
Adjusted EPS (note 8)	A	3.26p	2.96p	5.99p
Dividend per share (note 9)	B	3.10p	2.85p	5.90p
Dividend cover	A/B	105.16%	103.86%	101.53%

#### Dividend Yield

The percentage ratio of the Company's declared dividends for the financial year (or historic declared dividends if dividends are yet to be declared for a year) per share divided by the Company's share price at the period/year end.

		<b>31 December 2024</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
Annual dividend target*/payable	A	6.20p	5.90p	5.90p
Share price	B	70.60p	71.50p	66.00p
Dividend yield	A/B	8.78%	8.25%	8.94%

\* The Board had set a target dividend for the year ended 30 Jun 2024 of 5.90p. As explained in the 2024 Annual Report's Chairman's Statement on page 6, a higher dividend was paid for the year in order to pay sufficient dividends as a PID in order to meet tax requirements, and to distribute to shareholders the extra income received in that year.

### Loan to GAV

Loan to GAV measures the value of loans and borrowings utilised (excluding amounts held as restricted cash and before adjustments for issue costs) expressed as a percentage of the Group's property portfolio (as provided by the valuer) and the fair value of other assets.

		<b>31 December 2024</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
Borrowings (£'000)	A	41,000	41,000	41,000
Total assets (£'000)	B	109,756	109,376	108,839
Loan to GAV	(A/B)	37.36%	37.49%	37.67%

### Ongoing Charges

The ongoing charges ratio is the total for all operating costs expected to be regularly incurred expressed as a percentage of the average quarterly NAVs of the Group for the financial period/year. Note that the ratio for 31 December is based on actual ongoing charges to 31 December and forecast ongoing charges to the following June (shown as annualised in the below calculation).

		<b>31 December 2024</b>	<b>31 December 2023</b>	<b>30 June 2024</b>
Other operating expenses for the half year / year (£'000)	A	512	509	1,066
Ongoing charges- annualised where required (£'000)	B	970	975†	968†
Average net assets (£'000)	C	65,542	66,725	66,436
Ongoing charges ratio	B/C	1.48%	1.46%	1.46%

† Non-recurring legal and professional costs have been excluded in the annualised amount for the period/year presented.

### Share Price and Net Asset Value (NAV) Total Return

Share price and NAV total returns show how the NAV and share price has performed over a period of time in percentage terms, taking into account both capital returns and dividends paid to shareholders. Share price and NAV total returns are monitored against FTSE EPRA Nareit UK and FTSE Small Cap, respectively.

		<b>Share price</b>	<b>NAV</b>
Opening at 30 June 2024	A	66.00p	80.90p
Closing at 31 December 2024	B	70.60p	81.94p
Return	C=(B/A)-1	6.97%	1.29%
Dividend reinvestment *	D	4.81%	3.92%
Total shareholder return	C+D	11.78%	5.21%
Opening at 30 June 2023	A	64.70p	84.16p
Closing at 31 December 2023	B	71.50p	81.62p
Return	C=(B/A)-1	10.51%	(3.02%)
Dividend reinvestment *	D	5.18%	3.98%

Total shareholder return	C+D	<u>15.69%</u>	<u>0.96%</u>
Opening at 30 June 2023	A	<u>64.70p</u>	<u>84.16p</u>
Closing at 30 June 2024	B	<u>66.00p</u>	<u>80.90p</u>
Return	C=(B/A)-1	<u>2.01%</u>	<u>(3.87%)</u>
Dividend reinvestment*	D	<u>9.58%</u>	<u>7.36%</u>
Total shareholder return	C+D	<u>11.59%</u>	<u>3.49%</u>

\* Share price total return involves reinvesting the net dividend in the share price of the Company on the date on which that dividend goes ex-dividend. NAV total return involves investing the net dividend in the NAV of the Company with debt at fair value on the date on which that dividend goes ex-dividend.

## **Company Information**

### ***Share Register Enquiries***

The register for the Ordinary Shares is maintained by Computershare Investor Services PLC. In the event of queries regarding your holding, please contact the Registrar on 0370 707 1874 or email: [web.queries@computershare.co.uk](mailto:web.queries@computershare.co.uk).

Changes of name and/or address must be notified in writing to the Registrar, at the address shown below. You can check your shareholding and find practical help on transferring shares or updating your details at [www.investorcentre.co.uk](http://www.investorcentre.co.uk). Shareholders eligible to receive dividend payments gross of tax may also download declaration forms from that website.

### ***Share Information***

Ordinary £0.01 shares	80,500,000
SEDOL Number	BDVK708
ISIN Number	GB00BDVK7088
Ticker/TIDM	AIRE

### ***Share Prices***

The Company's Ordinary Shares are traded on the Main Market of the London Stock Exchange.

### ***Frequency of NAV publication***

The Group's NAV is released to the London Stock Exchange on a quarterly basis and is published on the Company's website [www.alternativeincomereit.com](http://www.alternativeincomereit.com).

### ***Annual and Interim Reports***

Copies of the Annual and Half-Yearly Reports are available from the Group's website.

### ***Financial Calendar***

30 June	Year end
September	Announcement of annual results



November	Annual General Meeting
31 December	Half-yearly period end

Quarterly dividends are paid in November, February, May and August for each financial year.

## **Glossary**

### ***Alternative Investment Fund***

***Manager or AIFM or Investment Manager*** Langham Hall Fund Management LLP.

***Company*** Alternative Income REIT plc.

***Contracted rent*** The annualised rent adjusting for the inclusion of rent subject to rent-free periods.

***Earnings Per Share ('EPS')*** Profit for the period attributable to equity shareholders divided by the weighted average number of Ordinary Shares in issue during the period.

***EPRA*** European Public Real Estate Association, the industry body representing listed companies in the real estate sector.

***Estimated Rental Value ('ERV')*** The external valuer's opinion as to the open market rent which, on the date of the valuation, could reasonably be expected to be obtained on a new letting or rent review of a property.

***External Valuer*** An independent external valuer of a property. The Group's External Valuer is Knight Frank LLP.

***Fair value*** The estimated amount for which a property should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where parties had each acted knowledgeably, prudently and without compulsion.

***Fair value movement*** An accounting adjustment to change the book value of an asset or liability to its fair value.

***FCA*** The Financial Conduct Authority.

***Gross Asset Value ('GAV')*** The aggregate value of the total assets of the Group as determined in accordance with IFRS.

***Gross Passing Rental Income*** The gross passing rent is the rent roll at the reporting date, taking account of any in-place rent free incentives or step rents on a straight-line basis over the following 12-month period.

***IFRS*** International financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board.

***Investment Adviser or Martley Capital*** Martley Capital Real Estate Investment Management Limited

The admission to trading on the London Stock Exchange's Main Market of the

<b>IPO</b>	share capital of the Company and admission of Ordinary Shares to the premium listing segment of the Official List on 6 June 2017.
<b>Lease incentives</b>	Incentives offered to occupiers to enter into a lease. Typically this will be an initial rent-free period, or a cash contribution to fit-out. Under accounting rules the value of the lease incentive is amortised through the Consolidated Statement of Comprehensive Income on a straight-line basis until the lease expiry.
<b>Loan to Value ('LTV')</b>	The value of loans and borrowings utilised (excluding amounts held as restricted cash and before adjustments for issue costs) expressed as a percentage of the combined valuation of the property portfolio (as provided by the valuer) and the fair value of other investments.
<b>Net Asset Value ('NAV')</b>	Net Asset Value is the equity attributable to shareholders calculated under IFRS.
<b>Net Asset Value per share</b>	Equity shareholders' funds divided by the number of Ordinary Shares in issue.
<b>Net equivalent yield</b>	Calculated by the Group's External Valuers, net equivalent yield is the internal rate of return from an investment property, based on the gross outlays for the purchase of a property (including purchase costs), reflecting reversions to current market rent and items as voids and non-recoverable expenditure but ignoring future changes in capital value. The calculation assumes rent is received annually in arrears.
<b>Net Initial Yield ('NIY')</b>	The initial net rental income from a property at the date of purchase, expressed as a percentage of the gross purchase price including the costs of purchase. Initial yield does not include cost of purchase.
<b>Net rental income</b>	Rental income receivable in the period after payment of ground rents and net property outgoings.
<b>Ordinary Shares</b>	The main type of equity capital issued by conventional Investment Companies. Shareholders are entitled to their share of both income, in the form of dividends paid by the Company, and any capital growth.
<b>pps</b>	Pence per share.
<b>REIT</b>	A Real Estate Investment Trust. A company which complies with Part 12 of the Corporation Tax Act 2010. Subject to the continuing relevant UK REIT criteria being met, the profits from the property business of a REIT, arising from both income and capital gains, are exempt from corporation tax.
<b>Reversion</b>	Increase in rent estimated by the Company's External Valuers, where the passing rent is below the ERV.
<b>Share price</b>	The value of a share at a point in time as quoted on a stock exchange. The Company's Ordinary Shares are quoted on the Main Market of the London Stock Exchange.
<b>Weighted Average Unexpired Lease Term ('WAULT')</b>	The average lease term remaining for first break, or expiry, across the portfolio weighted by contracted rental income (including rent-frees).

## **Shareholder Information**

### **Directors**

Simon Bennett (Independent non-executive Chairman)  
Stephanie Eastment (Independent non-executive Director)  
Adam C Smith (non-executive Director)

### **Company Website**

<https://www.alternativeincomereit.com/>

### **Registered Office**

The Scalpel  
18th Floor  
52 Lime Street  
London  
EC3M 7AF

### **Company Secretary**

Hanway Advisory Limited  
The Scalpel  
18th Floor  
52 Lime Street  
London  
EC3M 7AF

### **AIFM**

Langham Hall Fund Management LLP  
1 Fleet Place  
8<sup>th</sup> Floor  
London  
EC4M 7RA

### **Depository**

Langham Hall UK Depository LLP  
8th Floor  
1 Fleet Place  
London  
EC4M 7RA

### **Legal Adviser to the Company**

Travers Smith LLP  
10 Snow Hill  
London  
EC1A 2AL

### **Investment Adviser and Administrator ('Investment Adviser')**

Martley Capital Real Estate Investment Management Limited  
2 Dyott Street  
London  
WC1A 1DE

### **Property Manager**

Mason Owen and Partners Limited

7<sup>th</sup> Floor  
20 Chapel Street  
Liverpool  
L3 9AG

**Valuer**

Knight Frank LLP  
55 Baker Street  
London  
W1U 8AN

**Registrar**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

**Auditor**

Moore Kingston Smith LLP  
9 Appold Street  
London  
EC2A 2AP

**Corporate Broker**

Panmure Liberum Limited  
Ropemaker Place, Level 12  
25 Ropemaker Street  
London  
EC2Y 9LY

**Communications Adviser**

H/Advisors Maitland  
3 Pancras Square  
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N1C 4AG



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