

19 December 2023

**Alternative Income REIT PLC**  
("AIRE", the "Company" or the "Group")

**ACQUISITION OF A PREMIER LEISURE CLUB IN THE AFFLUENT SUBURBAN LOCATION OF STREATHAM IN SOUTH-WEST LONDON LET TO VIRGIN ACTIVE ON A LONG LEASE WITH UNCAPPED INDEX-LINKED RENTS**

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 that the Company has completed the acquisition of the Virgin Active leisure club in an affluent suburban location in Streatham, in South-West London (the "Asset") for £5.1 million (net of acquisition costs to the Company). The price reflects a net initial yield of 9.8% and a discount to replacement cost.

The acquisition of the Asset redeploys the majority of the net proceeds from the Group's disposal of the Mercure Hotel, Glasgow for £7.5 million, at a higher initial yield. The Group expects to invest the remainder of the proceeds in Q1 2024.

The Asset has been acquired with an unexpired lease term of over 10 years, which is subject to five-yearly upward only uncapped rent reviews linked to RPI. The Asset has a passing rent topped up by the vendor to £390,121 pa (equivalent current ERV pa level) until the next rent review, which is due on 29 September 2024.

The Asset is fully let to Virgin Active Health Clubs Limited and is guaranteed by Virgin Active Health Club Holdings Limited, part of the Virgin Active Group. The club is trading well in this location just off Streatham High Road, benefitting from a densely populated residential area and the hybrid work ethos. The area, which is well served by public transport, is vibrant with a strong residential market, a variety of shops and restaurants and areas of public open space.

The Asset which occupies a third of an acre site, was originally the Streatham Squash Club and was significantly extended in 1999 and refurbished in 2009 when an additional storey was added. The building comprises a total of 24,587 sq ft of purpose-built leisure facility over three floors. The Asset's third floor gym enjoys panoramic views over Greater London.

**Simon Bennett, Chairman of Alternative income REIT plc, commented:**

"We are pleased to have acquired for £5.1 million the Virgin Active in Streatham, South-West London, which is a premier leisure club that is trading well in an excellent location and is let on a long lease with uncapped index-linked rent reviews. The price reflects a net initial yield of 9.8% and a discount to replacement cost. This acquisition redeploys part of the net proceeds from the Group's disposal of the Mercure Hotel, Glasgow at a higher initial yield, and we expect to invest the remainder of the proceeds in Q1 2024.

The Board remains confident that the Group is well positioned, given its diversified and fully let portfolio that delivers secure, long-term and index-linked income flow."

**ENQUIRIES**

**Alternative Income REIT PLC**  
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The Company's LEI is 213800MPBIJS12Q88F71.

Further information on Alternative Income REIT plc is available at [www.alternativeincomereit.com](http://www.alternativeincomereit.com)\*

\* 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 M7 Real Estate Limited ("M7"). M7 is a leading specialist in the pan-European, regional, multi-tenanted real estate market. It has over 230 employees in 14 countries and territories. The team manages over 610 assets with a value of circa €6.9 billion (at 30 September 2023).

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