Alpha Real Trust

Annual report and financial statements 2013

For the year ended 31 March 2013

αlpha Real Trust

Contents

www.alpharealtrustlimited.com

Alpha Real Trust remains committed to its disciplined strategy and investment principles, which focus on opportunities that can deliver high total returns while seeking to manage risk through a combination of operational controls, diversification and preferred capital positions.

Highlights

- NAV per share 107.6p (106.8p: 31 March 2012)
- Adjusted earnings per share of 5.0p for the twelve months to 31 March 2013
- Commencement of dividends; 1.05p paid 3 May 2013
- Completion of the Property Investment Portfolio PLC investment portfolio acquisition
- Europip: refinancing of the £59.7 million (NOK 532.8 million) portfolio of Norwegian commercial real estate with a senior debt facility of £38.1 million (NOK 340 million)
- Europip: strategic sales in Norway and France enabled part repayment of bank debt and a reduction in the mezzanine loan facilities
- Europip: Norwegian portfolio occupancy rate increased to 98% at 31 March 2013 from 92% at 31 December 2012
- H2O: Nike opened its new destination outlet store at the H2O shopping centre; market beating visitor footfall increases recorded in 2012; weighted average lease length to next break maintained over the year
- AURE: extension of the term for £32.5 million of senior debt finance on its portfolio of UK commercial real estate until 31 December 2013
- 92% of the Company's investment portfolio is in income producing investments in the UK and Europe

107.6p

NAV per share of 107.6p

92%

92% of the Company's investment portfolio is in the UK and Europe

5.0p

Adjusted earnings per share of 5.0p for the twelve months to 31 March 2013

Trust summary and objective

Strategy

Alpha Real Trust Limited ("the Company" or "ART") targets investment opportunities across the real estate spectrum, including real estate operating companies, securities, services and other related businesses that offer high risk adjusted total returns.

Dividends

The current intention of the Company is to pay a dividend semi-annually.

Listing

The Company's shares are traded on the Specialist Fund Market ("SFM") of the London Stock Exchange ("LSE").

Management

The Company's Investment Manager is Alpha Real Capital LLP ("the Investment Manager" or "ARC"). Control of the Company rests with the non-executive Guernsey based Board of Directors.

> It has been an active period for ART both from an acquisition and an active management perspective. The Company has also reached a significant milestone, announcing the payment of its first dividend in May 2013.

Financial highlights

	Year ended 31 March 2013	6 months ended 30 September 2012	Year ended 31 March 2012
Net asset value (£'000)	78,260	51,879	53,385
Net asset value per ordinary share	107.6p	103.8p	106.8p
Earnings per share (basic and diluted) (adjusted)*	5.0p	2.1p	2.6p
Earnings per share (basic and diluted)	0.4p	(1.4)p	0.7p

* The adjusted earnings per share include adjustments for the effect of the fair value revaluation of investment properties and indirect property investments, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 9 to the accounts.

Chairman's statement

David Jeffreys
Chairman

I am pleased to present the Company's annual results for the year ended 31 March 2013.

It has been an active period for ART both from an acquisition and an active management perspective. The Company has also reached a significant milestone, announcing the payment of its first dividend in May 2013, which, in the context of continued macroeconomic pressures and challenging property market conditions, makes this particularly pleasing to report.

I would like to take this opportunity to welcome the Company's new shareholders following the acquisition of Property Investment Portfolio PLC ("PIP"). The commencement of a dividend combined with active management of the Company's capital base, as illustrated by recent buybacks, will hopefully reinforce for all our shareholders the Board's continued focus on maximising shareholder value.

The PIP acquisition was completed in December 2012. The PIP investment, which had a combined NAV of £26.4 million as at 30 June 2012, provides a diversified exposure to the UK and European commercial property markets through a range of specialist fund investment vehicles, in some of which ART was already an investor. The acquisition was structured on a NAV-for-NAV basis with consideration by way of a new unlisted class of ART A shares ("A Shares"), with the holders having the option to convert A Shares one-for-one into listed ART ordinary shares. Accordingly, 23,914,323 new Class A Shares have been issued to PIP for issuance to its shareholders. The acquisition provided the Company with greater diversification by spread of investments, by geography and currency, including exposure to the northern European market by way of a portfolio located in the strong Norwegian economy. The quantum of earnings generated within the combined investment portfolio was one of the factors that enabled the Company to pay its first dividend.

H2O
Madrid

I would like to take this opportunity to welcome the Company's new shareholders following the acquisition of Property Investment Portfolio PLC.

Chairman's statement (continued)

The Company's investments have benefited from an active management approach with successes evident in both the Company's direct and indirectly held investments. There has been continued leasing success in the Company's Alpha UK Real Estate Fund plc ("AURE") and Alpha UK Multi Property Trust plc ("AUMP") investments in the UK and also in the H2O shopping centre in Spain where a new brand was added almost every month over the past year, including one of the largest Nike stores in Spain. Aided by the asset management initiatives implemented by ART, H2O recorded market beating footfall increases of 2.3% in 2012 compared to 2011 (Spain's national footfall index decreased by 3.9% over the same period).

Fund restructuring was completed in the Company's Freehold Income Authorised Fund ("FIAF", the renamed Freehold Income Trust) investment, converting into a tax efficient fund authorised by the Financial Conduct Authority as a Qualifying Investor Scheme. In tandem, HM Revenue and Customs approved FIAF to enter the Property Authorised Investment Fund ("PAIF") tax regime. This conversion was completed on 3 April 2013. The tax advantages of a PAIF are similar to those of a Real Estate Investment Trust, including favourable capital gains tax treatment.

It has also been an active year for financing. The European Property Investment Portfolio PLC ("Europip") £59.7 million (NOK 532.8 million) portfolio of Norwegian commercial real estate was refinanced with a senior debt facility of £38.1 million (NOK 340 million). In April 2013, following strategic asset sales and scheduled amortisation, the loan balance has been reduced to £34.4 million (NOK 307 million).

A combination of the strategic sales of one of the Europip Norwegian assets outside the secured bank facility pool, the decommission of committed but uncalled capital from the Europip Mosaic investment and the sale of Europip's investment property in Paris has helped to fund a reduction of the mezzanine facility owed to ART by Europip from £9.1 million to £8.8 million at year end (and to £5.5 million in May 2013).

In AURE, the term of the £32.5 million senior loan on its portfolio of UK commercial real estate has been extended until 31 December 2013.

In AUMP, discussions with its lenders, alternative banks and providers of capital are continuing in order to pursue a further extension to, or refinancing of, the current loan facilities.

ART is committed to its disciplined strategy and investment principles which focus on opportunities that can deliver high risk adjusted total returns, while seeking to manage risk through a combination of operational controls, diversification and preferred capital positions. ART remains in a strong position to capitalise on further opportunistic investments.

The Company's current focus is on investments with strong cash-flows and/or managed risk profiles.

A detailed summary of the Company's investments are contained within the investment review section.

Results and dividends

Adjusted earnings for the year show a profit after interest and tax of £2.9 million and adjusted earnings per share of 5.0 pence (see note 9 of the financial statements). This compares with adjusted earnings per share of 2.6 pence for the previous year. The increase is a result of the incremental income received from the Company's investments in FIAF, AURE and the PIP portfolio.

As previously announced, the Board has declared a dividend of 1.05p per share to all shareholders out of earnings, which was paid on 3 May 2013. The current intention of the Company is to pay a dividend semi-annually.

The net asset value per share at 31 March 2013 is 107.6 pence (31 March 2012: 106.8 pence) (see note 10 of the financial statements).

Financing

Some of ART's underlying investments are subject to gearing through external bank debt.

The H2O bank borrowings now stand at €73.4 million (£61.9 million), which represents a reduction of €1.6 million from the initial €75.0 million borrowed. The bank borrowings do not have any loan to value covenants and there continues to be a substantial surplus of rental income in excess of finance charges.

Europip has refinanced the £59.7 million (NOK 532.8 million) portfolio of Norwegian commercial real estate with a senior debt facility which stood at £38.1 million (NOK 340 million) as at 31 March 2013. Post year end this has been reduced to £34.4 million (NOK 307 million) through strategic asset sales and scheduled amortisation.

Further details of individual asset financing can be found under the investment review section in this report.

Chairman's statement (continued)

Cambourne Business Park

Foreign currency

The Company monitors foreign exchange exposures and considers hedging where appropriate. All foreign currency balances have been translated at the year-end rates of £1:€1.185, £1:NOK8.923 and £1:INR82.561.

Share buyback

At the Extraordinary General Meeting on 7 March 2013, consistent with the Company's commitment to shareholder value, the Company's shareholders approved a general authority allowing the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the annual general meeting of the Company in 2014 and (ii) 6 September 2014. A waiver conditionally granted by the Takeover Panel of any obligation on ARC and/or its concert parties to make a general offer to all shareholders, was also approved.

Details of the share buybacks executed under this authority are given in Note 19 of these financial statements.

Summary

The Company has had an active year and, despite difficult economic conditions, has reached an important milestone with the payment of its first dividend. The dividend is supported by ART's strategy of recycling capital into investments with higher risk adjusted returns and/or preferred capital positions. As at 31 March 2013, 92% of ART's assets are in income producing investments in the UK and Europe.

Active asset management, debt refinancing, strategic asset sales and capital recycling have all played a part in further consolidating ART's existing investments and those acquired during the year.

The Company continues to see encouraging performance in its underlying investments. ART continues to pursue further investment opportunities and is well positioned to take advantage of these as they are identified.

David Jeffreys
Chairman
20 June 2013

Active asset management, debt refinancing, strategic asset sales and capital recycling have all played a part in further consolidating ART's existing investments and those acquired during the year.

Portfolio summary

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
United Kingdom					
Alpha UK Real Estate Fund plc	Convertible loan	£7.5m	10.7% p.a.[1]	High-yield diversified UK portfolio	Preferred capital structure
Alpha UK Multi Property Trust plc	Convertible loan	£6.3m	10.8% p.a.[1]	High-yield diversified UK portfolio	Preferred capital structure
	Equity	£0.3m	n/a		19% of ordinary capital
Cambourne Business Park, Phase 1000, Cambridge	Indirect property	£1.2m	12.9% p.a.[2]	High-yield business park	Bank facility at 50% LTV (current interest cover of 2.4 times covenant level)
Business Centre Properties Limited	Indirect property	£2.8m	n/a	Business centre fund	Predominantly un-geared fund
Freehold Income Authorised Fund	Ground rent fund	£15.3m	5.2% p.a.[2]	Highly defensive income freehold ground rents	Very low gearing (1% net LTV); monthly liquidity
Healthcare & Leisure Property Limited	Indirect property	£2.6m	4.9% p.a.[3]	Leisure property fund	No external gearing
Norway and other European Property Investment Portfolio PLC ("Europip") investments					
Europip Norway	Indirect property	£6.7m (€7.9m)	11.3% p.a.[4]	A geared property investment vehicle invested in offices and logistics properties in Norway	Recently refinanced senior and mezzanine loan position
Europip loan	Mezzanine loan	£8.8m[5]	9.0% p.a.		Secured mezzanine loan, 9% coupon p.a.
Europip Mosaic	Indirect property	£0.5m (€0.6m)	n/a	Minority investment in a central / eastern European commercial property fund	Property held via investment vehicles, varying debt levels
Spain					
H2O, Madrid, Spain	Direct property	£14.0m (€16.6m)	10.0% p.a.[2]	High-yield, dominant shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant
India					
Galaxia, NOIDA, Delhi NCR	Direct property	£5.5m (INR 450m)	n/a	Special Economic Zone development site	Asset held for sale

1 Based on coupon plus redemption premium annualised
2 Over 12 months to 31 March 2013, post tax
3 Annualised 6 monthly return
4 Annualised earnings yield, based on latest quarter information
5 Position as at 31 March 2013; post year end, the loan has been repaid down to £5.5 million

Investment review

Brad Bauman
Joint fund manager

Gordon Smith
Joint fund manager

UK

Economic outlook

There are some grounds for optimism that improving foundations are being laid for sustainable economic growth. Inflation remains relatively muted, interest rates remained unchanged following the Bank of England's latest meeting in April and UK gilt yields have edged downwards in 2013. Whilst such indicators support the view that economic recovery is taking hold, it is still too early to rule out continued uncertainty on the road to recovery during the year ahead.

A bright spot in economic data was the level of employment in office-based sectors which increased by 2.2% in the year to December 2012. The combined benefits of low inflation and a resilient labour market should assist purchasing power and provide more general support to UK consumer spending and occupier demand in the real estate sector.

Property market outlook

Real estate investment transaction volumes remain relatively muted. Demand continues to be greatest for prime assets in prime sectors and markets, partly supported by interest from overseas investors who perceive the UK market to offer a relative safe haven.

There are signs that a scarcity of prime assets at attractive prices is prompting investors to gradually move up the risk curve to consider opportunities where the concentration of demand is lower and where supply is greater. Increased interest has been noted in parts of the secondary market in London and the South East during the first part of 2013 as investors seek to take advantage of well-priced assets, especially those where potential exists to add value through active asset management.

> ART continues to implement its active management policy and this has seen encouraging results in the existing portfolio and in the new assets acquired via the PIP transaction.





Alpha UK Real Estate Fund plc
AURE

Sector	Irish Stock Exchange listed
Underlying assets	UK offices, industrial and retail property
Description	AURE is an Irish Stock Exchange listed UK property fund with gross property assets of £48.8 million (as at 31 March 2013). AURE has a regionally diversified portfolio of UK office, industrial and retail properties.

Investment review (continued)

Alpha UK Real Estate Fund plc ("AURE")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Alpha UK Real Estate Fund plc	Convertible loan	£7.5m	10.7% p.a.*	High-yield diversified UK portfolio	Preferred capital structure

* Based on coupon plus redemption premium annualised.

The Company has invested £7.5 million in AURE by way of a three-year convertible loan, which matures in November 2014, earns a coupon of 6% per annum and a 14% redemption premium if not converted, providing a minimum return of 10.7% per annum.

AURE is an Irish resident open ended investment company listed on the Irish Stock Exchange, which is invested in a diversified portfolio of UK commercial property (23 properties comprising industrial, office and retail properties valued at £48.8 million (as at 31 March 2013).

ART's investment has a defensive position in the capital structure with a preferred minimum return and the potential to benefit from value created through the active asset management of an income focused property portfolio.

The following highlights were included in the recent AURE half year report for the six months ending 31 March 2013, published in June 2013:

- Bank borrowings reduced by £4.6 million – outstanding debt balance reduced during the period from £36.1 million (as at 30 September 2012) to £31.5 million (as at 31 March 2013)
- Additional debt repayment of £4.4 million – after the period end, sales proceeds from Cardiff and Fulham properties further reduced borrowings to £27.1 million (as at 25 April 2013)
- Strategic sales – Northampton, Cardiff and Fulham properties sold at prices comparable with recent valuations, totalling £5.5 million
- New lettings – lease extensions and new leases covering approximately 200,000 square feet achieved
- New income – lease extensions and new leases totalling approximately £1.2 million per annum of contracted rental income, after future stepped rental uplifts and rent free periods.

ARC is the investment manager of AURE. ARC is pursuing value enhancement opportunities in AURE portfolio assets to increase net income and improve the profile of this income through lease extensions, renewals and reducing unrecoverable void costs.

> AURE new letting: lease extensions and new leases covering approximately 200,000 square feet have been achieved.

Alpha UK Multi Property Trust plc

AUMP

Sector	LSE listed
Underlying assets	UK offices and industrial property
Description	AUMP is a London Stock Exchange listed UK property fund with gross property assets of £82.7 million (as at 31 March 2013). AUMP has a regionally diversified portfolio of UK light industrial and office property.

Investment review (continued)

Alpha UK Multi Property Trust plc ("AUMP")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Alpha UK Multi Property Trust plc	Convertible loan	£6.3m	10.8% p.a.*	High-yield diversified UK portfolio	Preferred capital structure
	Equity	£0.3m	n/a		19% of ordinary capital

* Based on coupon plus redemption premium annualised.

ART holds convertible unsecured loan stock ("CULS") and an equity investment in AUMP, a LSE listed UK property fund with a regionally diversified portfolio of over 50 properties of multi-let light industrial and office assets valued at £82.7 million (at 31 March 2013).

The Company has invested £6.3 million in CULS which mature on 30 June 2013, earn a coupon of 4.75% per annum and are convertible into ordinary share capital at any time before maturity. Should ART not elect to convert, the CULS are redeemable at a premium of 18% to their face value, providing a minimum total return of 10.8% per annum.

The CULS have a defensive position in the capital structure with a preferred minimum return and the potential to benefit from value created through the active asset management of an income focused property portfolio.

ART has also acquired 19% of AUMP's ordinary share capital as part of the PIP transaction for £0.3 million.

AUMP's loan facility with a current outstanding balance of £48.2 million provided by Bank of Scotland in respect of the Company's wholly owned subsidiaries, CHIP (One) Limited, CHIP (Three) Limited, CHIP (Four) Limited and CHIP (Five) Limited, is due to expire on 31 July 2013.

AUMP's loan facility with a current outstanding balance of £8.6 million, provided by Nationwide in respect of the Company's wholly owned subsidiary, CHIP (Two) Limited, is due to expire on 30 August 2013.

Discussions with Bank of Scotland, Nationwide and alternative banks and providers of capital are continuing in order to pursue extensions to, or refinancing of, these borrowings.

The following highlights were included in the AUMP interim management statement for the quarter ended 31 March 2013 (published May 2013):

- Two sales completed above valuation – two properties were sold at a total sale price of £2.93 million in March and April 2013
- Occupancy improved – the occupancy level by estimated rental value stood at 82.1% as at 30 April 2013, compared with 80.8% as at 31 December 2012
- Borrowings reduced – bank borrowings reduced by £0.9 million during the quarter to 31 March 2013; a further £2.3 million was repaid in April 2013
- Loan to value ("LTV") – the combined LTV across the Group on secured borrowings was 71.5% at 31 March 2013 (71.3% at 31 December 2012); and further reduced to 70.5% as at 30 April 2013.

ARC is the investment manager of AUMP. ARC is pursuing value enhancement opportunities in AUMP portfolio assets to increase net income and improve the profile of this income through lease extensions, renewals and reducing unrecoverable void costs.





Cambourne Business Park
Cambridge

Sector	Business parks
Underlying assets	Office
Tenants	Regus, Citrix Systems, Netcracker Technology
Area	9,654 square metres
Description	The asset consists of three Grade A specification modern office buildings located in the town of Cambourne. Phase 1000 is situated at the front of the business park. It is an institutional quality asset with Open B1 Business user planning.

Investment review (continued)

Cambourne Business Park, Phase 1000, Cambridge

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Cambourne Business Park	Indirect property	£1.2m	12.9% p.a.*	High-yield business park	Bank facility at 50% LTV (current interest cover of 2.4 times covenant level)

* Over 12 months to 31 March 2013, post tax.

The Company has invested £1.2 million in a joint venture that consists of three Grade A specification modern office buildings constructed in 1999 located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,654 square metres of lettable area, is self-contained and has 475 car parking spaces. Phase 1000 is situated at the front of the business park with good access and visibility.

Phase 1000 is a high quality asset, fully let to Netcracker Technology EMEA Ltd (renamed from Convergys after the $449 million takeover by NEC Corporation), Citrix Systems and Regus. The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. Bank finance of £10.8 million was obtained. ART's equity contribution of £1.2 million, which represents 10% of the total equity commitment, was invested into a newly formed joint venture entity, a subsidiary of which holds the property. The property was acquired for an 8.5% net initial yield and is currently delivering an annualised income return of 12.9% as at 31 March 2013.

ARC is the investment manager to the joint venture owning the Cambourne property and continues to pursue opportunities to add value to the investment.

> The Cambourne asset was acquired for an 8.5% net initial yield and is currently delivering an annualised income return of 12.9% as at 31 March 2013.

Freehold Income Authorised Fund
FIAF

Sector	Freehold ground rents (UK)
Underlying assets	Freehold residential ground rents
Description	FIAF is an open-ended investment company that provides secure and stable investment returns from acquiring freehold residential ground rent, which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns. FIAF owns over 64,000 freeholds in the UK with a gross annual rent income of £7.8 million.

Investment review (continued)

Freehold Income Authorised Fund ("FIAF")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Freehold Income Authorised Fund	Ground rent fund	£15.3m	5.2% p.a.*	Highly defensive income freehold ground rents	Very low gearing (1% net LTV); monthly liquidity

* Over 12 months to 31 March 2013, post tax.

The Company has invested a total of £15.3 million as at 31 March 2013 in Freehold Income Authorised Fund ("FIAF") an open-ended fund that invests in UK freehold ground rents.

FIAF announced on 3 April 2013 the change of name from Freehold Income Trust following the fund's restructuring, converting into a tax efficient fund authorised by the Financial Conduct Authority as a Qualifying Investor Scheme. In tandem, HM Revenue and Customs approved FIAF to enter the PAIF tax regime. The tax advantages of a PAIF are similar to those of a Real Estate Investment Trust, including favourable capital gains tax treatment.

FIAF owns a highly diversified portfolio of over 64,000 freeholds in the UK with a total fund size as at 02 April 2013 of £158.4 million and a gross annual ground rent income of £7.8 million.

FIAF offers an attractive income stream, capital growth prospects and resilient capital values with relatively low volatility and conservative gearing levels. Over its 20 year life FIAF has delivered inflation beating returns and was ranked by FE Trustnet as the best risk adjusted return fund of the decade.

The investment is expected to continue to provide a better return than currently earned on the Company's cash balances. FIAF operates a monthly dealing facility to provide liquidity.

The following highlights were reported in the FIAF fact sheet as at 02 April 2013 (published in May 2013):

- FIAF's total return for the 12 months to 2 April 2013 stands at 7.7%, up from 6.0% in the previous year
- FIAF exceeded its target income return by delivering a 5.3% return
- 78% of FIAF's freeholds have a form of inflation protection through periodic uplifts linked to Retail Price Index, property values or fixed uplifts
- The Fund had cash of £18.4 million and a further undrawn amount under its loan facility of £18 million at 2 April 2013
- The Fund's net debt (drawn facility less cash held) stood at 1% of the Fund Size (Gross Asset Value less cash). The Fund subsequently repaid its loan facility during April 2013.

ARC is the Authorised Corporate Director and Alpha Real Property Investment Advisers LLP ("ARPIA"), a subsidiary of ARC, is the investment manager of FIAF.

> FIAF owns a highly diversified portfolio of over 64,000 freeholds in the UK with a total fund size of £158.4 million.

> Over its 20 year life FIAF has delivered inflation beating returns and was ranked by FE Trustnet as the best risk adjusted return fund of the decade.

Investment review (continued)

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£2.6m	4.9% p.a.*	Leisure property fund	No external gearing

* Annualised 6 monthly return

Healthcare & Leisure Property Limited has invested in companies operating in the hotel, care home, house building and leisure sectors throughout the UK. HLP's investments are predominantly un-geared. HLP is managed by Albion Ventures LLP, a UK venture capital investor. No new investments are being made by HLP.

ART currently has £2.6 million invested in HLP as at 31 March 2013. HLP subsequently holds minority stakes in the underlying investments.

ART continues to receive income from its investment while HLP's underlying assets are realised and ART will benefit from its share of net proceeds from any sales.

The following asset management highlights were reported for the period from acquisition until 31 March 2013:

- A number of asset sales, including a sale of City Screen group (cinemas) to Cineworld Group plc, Wickenhall Mill (residential development) and the Bear Hotel in Hungerford completed
- The sales resulted in ART receiving a total of £1.1 million from HLP (£0.7 million in December 2012 and £0.4 million in March 2013)
- An income distribution of £63,000 was received in December 2012.

Business Centre Properties Limited ("BCP")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Business Centre Properties Limited	Indirect property	£2.8m	n/a	Business centre fund	Predominantly un-geared fund

Business Centre Properties Limited is a business centre fund that owns 5 serviced office properties, each operated by Citibase PLC. BCP is an Isle of Man registered Open-Ended Investment Company providing investors with exposure to the serviced office sector both in London and provincial locations. BCP is currently in the process of realising assets and returning capital to its investors.

BCP's net asset value is concentrated in two properties (Stratford and Mitcham) both of which are un-geared.

The following asset management highlights were reported by BCP for the six months ended 31 March 2013:

- BCP's value is concentrated in Stratford, an un-geared serviced office property which has been sold on a staged payment basis. A substantial first payment has been made by the purchaser but an extension of the completion timeline has been requested
- Initiatives are being pursued to enhance the net operating income of the assets prior to sale
- Bank of Scotland has a loan of £6.5 million granted to a wholly owned subsidiary of BCP. The facility matured on 28 February 2013. Bank of Scotland has advised that the loan has now reverted to an overdraft facility whilst the consensual sales of the three properties in the borrowing entity are pursued. Two of the assets (Bristol and Edinburgh) are now on the market for sale with the third in Reading expected to be marketed for sale later in 2013.

ARPIA, a subsidiary of ARC, is the industry advisor to BCP.

Investment review (continued)

Active Commercial Estates PLC ("ACE") and The Romulus High Income Trust ("Romulus")

ART has also acquired, at an ascribed zero value, PIP investments in Active Commercial Estates PLC, a fund invested in secondary commercial UK property and The Romulus High Income Trust, a UK business centre fund. Any realised value from these investments will be passed exclusively to ART A shareholders.

As at 31 March 2013, the net asset value of both ACE and Romulus remains at zero.

Europe - Norway

Economic outlook

Norway's economy outperformed the majority of other European economies in 2012, expanding by 3.3%.

Robust domestic demand and high investment volumes in the petroleum sector are anticipated to support continued economic growth with commentators forecasting growth of approximately 3% per annum over the coming three years.

At its most recent meeting in April 2013, Norges Bank, the central bank, maintained its key policy interest rate at 1.5%. The bank's interest rate policy continues to face much scrutiny in the face of a difficult balancing act between managing mounting inflationary pressures and the strong Norwegian Krone which is acting as a drag on the export sector.

Property market outlook

Real estate investment activity was sluggish during the first half of the year with a significant upturn in activity during the closing stages of the year. Overall, transaction volumes increased in 2012 to NOK 52.2 billion, a significant increase from NOK 33 billion in 2011, although five large transactions represented 40% of the total volume.

Although, transaction levels have been muted at the start of 2013, the improving availability of credit to potential purchasers and continued strong domestic appetite for real estate should assist in maintaining investment activity levels during the year ahead.

Occupier demand is expected to remain broadly stable, bolstered by logistics operators seeking to expand into modern facilities, which are anticipated to remain in short supply. Commentators point to increasing construction costs potentially leading to rises in prime rents in order to justify new development projects, although in the short-term little change is anticipated.

> Since the date of ART's investment in Europip, the Norwegian portfolio has been refinanced, capital has been returned from its Mosaic investment and strategic asset sales completed in Norway and France.


European Property Investment Portfolio PLC

Europip

Sector

A 47% stake in an Isle of Man domiciled open ended investment company which invests in a geared property investment vehicle invested in Norway and a minority stake in a central / eastern European commercial property fund called Mosaic Property CEE Limited.

Underlying assets

The investment predominately comprises industrial and office properties in Norway, with a minority stake in a fund invested in commercial property in central and eastern Europe.

Description

The 11 asset Norwegian portfolio is concentrated around Oslo.

Mosaic indirectly invests in a portfolio of 20 commercial assets located in Hungary, Poland and the Czech Republic.

Investment review (continued)

European Property Investment Portfolio PLC ("Europip")

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Europip Norway	Indirect property	£6.7m (€7.9m)	11.3% p.a.*	A geared property investment vehicle invested in offices and logistics properties in Norway	Recently refinanced senior and mezzanine loan position
Europip loan	Mezzanine loan	£8.8m **	9.0% p.a.		Secured mezzanine loan, 9% coupon p.a.
Europip Mosaic	Indirect property	£0.5m (€0.6m)	n/a	Minority investment in a central / eastern European commercial property fund	Property held via investment vehicles, varying debt levels

* Annualised earnings yield, based on latest quarter information
** Position as at 31 March 2013; post year end, the loan has been repaid down to £5.5 million

As part of the PIP transaction, ART acquired a 47% stake in Europip, an Isle of Man domiciled open ended investment company. Europip invests in a directly owned commercial property portfolio in Norway and also owned an office asset in Paris, which was sold in December 2012 subsequent to ART's investment. In addition, Europip has a minority (7%) interest in Mosaic Property CEE Limited ("Mosaic"), a Central and Eastern European focused commercial property fund. A summary of Europip investments is as follows:

> Norway's economy outperformed the majority of other European economies in 2012, expanding by 3.3%.

Norway

A portfolio of commercial assets in Norway, concentrated around Oslo. The value of the 11 asset portfolio is NOK 532.8 million (£59.7 million) with a passing rental level of NOK 44.6 million (£5.0 million), based on the 31 December 2012 valuation. Post ART's year end, two asset sales completed. The attributable value of the remaining 9 assets is NOK 485.9 million (£54.5 million) with a passing rental level of NOK 41.5 million (£4.6 million).

ARPIA is the investment manager for the Norway portfolio and Malling & Co. is responsible for the day to day property management.

Mosaic

Europip owns a 29% stake in Central & Eastern European Property Fund LP, which in turn holds a minority (7%) interest in Mosaic a fund which indirectly invests in 20 assets: 15 in Hungary, 4 in Poland and 1 in the Czech Republic. Mosaic Property LLP ("MPLLP") is the investment adviser for Mosaic.

ART has provided mezzanine finance to Europip in the form of two loans, one of which was acquired from PIP. The 12 month loans, maturing on 27 November 2013, pay a coupon of 9% per annum.

Investment review (continued)

European Property Investment Portfolio PLC ("Europip") (continued)

Investment management update

Since the date of ART's investment in Europip, the Norwegian portfolio has been refinanced, capital has been returned from its Mosaic investment and strategic asset sales completed in Norway and France.

Bank refinancing

In December 2012, Europip refinanced the portfolio of Norwegian real estate with a senior debt facility of £38.1 million (NOK 340 million) arranged in two tranches:

- Facility A: a five year facility with an initial funded amount of £31.4 million (NOK 280 million), at a 2.4% margin over NIBOR. This facility is to be amortised at £1.1 million (NOK 10.2 million) per annum from cashflows, although the amount of required amortisation will be reduced pro-rata in the event of property sales. £23.5 million (NOK 210 million) of this facility has been fixed for five years at a NIBOR rate of 2.49% p.a.
- Facility B: a two year term facility of £6.7 million (NOK 60 million), at a 3.1% margin over NIBOR with repayment via planned asset sales.

Strategic asset sale of bank pool asset

Post year end, the disposal of the Enebakkveien asset, which was part of the bank facility secured pool of assets, completed on 5 April 2013. The sales proceeds and a lease surrender premium were £3.4 million (NOK 30.6 million), in line with the asset valuation at 31 December 2012.

Bank loan amortisation

Post year end, the net proceeds of the Enebakkveien asset sale were applied to reduce bank borrowings in line with the part-repayment obligations. The loan balance has been reduced from £38.1 million (NOK 340 million) to £34.4 million (NOK 307 million).

Following the application of the net proceeds from the sale of the Enebakkveien asset and a quarterly loan repayment made during April 2013, the LTV of the bank facility reduced from 70.8% to 68.4%.

Strategic asset sales, capital decommissioning and ART loan amortisation

A combination of the strategic sale of one of the Europip Norwegian assets outside the secured bank facility pool, the decommission of committed but uncalled capital from the Europip Mosaic investment and the sale of Europip's investment property in Paris has helped to fund a reduction of the mezzanine facility owed to ART by Europip from £9.1 million to £8.8 million at year end (and to £5.5 million in May 2013).

Occupancy

Through a combination of new leasing and disposal of assets with higher vacancy rates, the portfolio's occupancy rate has increased from 92%, as at 31 December 2012, to 98%, as at 31 March 2013.

The weighted average lease length of the Norwegian portfolio is 4.6 years as at 31 March 2013.

Through a combination of new leasing and disposal of assets with higher vacancy rates, the portfolio's occupancy rate has increased from 92%, as at 31 December 2012, to 98%, as at 31 March 2013.

Investment review (continued)

Europe - Spain

Economic outlook

The significant reduction in Spanish government bond rates from a high of over 7% in July 2012 to 4.2% in April 2013 indicates an improvement in investor sentiment towards Spain's economy.

The European Central Bank's interest rate cut of the main refinancing rate by 0.25% to a historic low of 0.50% in May 2013 is anticipated to provide liquidity support to Spain and other eurozone economies.

An anticipated continued downward pressure on retail sales resulting from austerity measures combined with falling employment levels means that the economic outlook for Spain remains challenging in the short term. However, there is a degree of optimism that growth may return in 2014 when fiscal austerity policies ease and the wider eurozone starts to recover. Export-orientated businesses should be aided by improved competitiveness resulting from labour market reforms and lower labour costs.

Property market outlook

The final quarter of 2012 registered high investment volumes with a number of large deals completed across real estate sectors. According to the RICS, the first quarter of 2013 saw investor appetite for real estate assets in Spain grow at the fastest pace compared to other countries in Europe.

The newly created state sponsored "bad bank", Sareb, is considered a positive step to improving transparency and also boosting liquidity and the available finance.

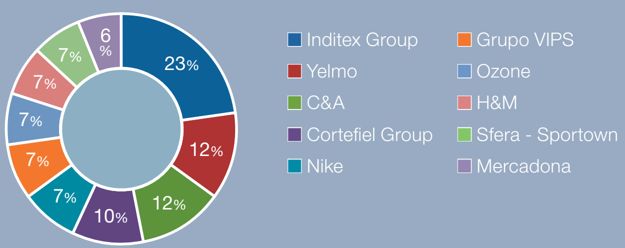
Despite the challenging trading environment, over 400,000 square metres of new shopping centre space was completed in 2012. The pipeline for 2013 is however significantly lower. The occupational market remains competitive and landlord incentives, such as fit-out contributions, remain key to securing anchor tenants. A number of major brands are seeking to take advantage of this current market dynamic to secure a broader market presence.



H20
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti
Area	51,825 square metres
Description	The property is located in the Rivas-Vaciamadrid district of Madrid. H2O has a primary catchment area of 166,000 people but the location, due to the concentration of complementary retail, has a total catchment of 2.2 million people. The weighted average lease length as at 31 March 2013 is 10.6 years to expiry and 2.6 years to next break. Centre occupancy 88.8% as at 31 March 2013.

Top ten tenants (31 March 2013)



Investment review (continued)

H2O, Madrid

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
H2O	Direct property	£14.0m (€16.6m)	10.0% p.a.*	High-yield, dominant shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant

* Over 12 months to 31 March 2013, post tax.

The H2O shopping centre was acquired for €83.3 million (£70.3 million) including acquisition costs and funding was provided for a further €5.0 million (£4.2 million) for future capital improvements. The acquisition was financed with a €75.0 million (£63.3 million) seven year syndicated bank facility. ART's total investment in H2O is €16.6 million (£14.0 million).

H2O was opened in June 2007 and built to a high standard, providing shopping, restaurants and leisure around a central theme of landscaped gardens and an artificial lake. H2O has a gross lettable area of 51,825 square metres comprising 118 units. In addition to a multiplex cinema, supermarket (let to leading Spanish supermarket operator Mercadona) and restaurants it has a large fashion retailer base, including some of the strongest international fashion brands, such as Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti.

As at 31 March 2013, the centre was 88.8% occupied by rental value with a weighted average lease length of 10.6 years to expiry (2.6 years to next break).

> Nike opened their largest premium outlet store in Madrid at H2O during February 2013. The presence of one of the world's leading brands is anticipated to further establish and anchor the shopping centre.

The following asset management highlights are being implemented:

- Nike opened their largest premium outlet store in Madrid at H2O during February 2013. The 1,430 square metre unit was previously vacant. The presence of one of the world's leading brands is anticipated to further establish and anchor the shopping centre and attract increased visitor numbers
- A total of 12 new brands have been signed or were under offer in the 12 months to 31 March 2013, adding to the strength of the retail and commercial mix of the centre
- For the 2012 calendar year, footfall increases of 2.3% at H2O continued to outperform the market; over the same period the national footfall index has declined by 3.9%
- A programme of lease re-gears continues to be implemented to stabilise occupancy, with a notable success being the re-gear of seven Inditex brands (including Zara)
- Accessibility to the centre has been improved with two new vehicular accesses and a parking area being completed; this is expected to enhance circulation and accessibility between H2O and the adjacent retail park and sports superstore
- Taking advantage of the new brands signed, centre signage has been improved to enhance visibility from the public highways and the adjacent retail park and sports superstore with a view to creating a more integrated "retail village" and to increase footfall
- Innovative marketing events have been undertaken to increase footfall and dwell time including events undertaken in conjunction with the local council and tenants, including a Nike "fun run" event for families and more serious athletes
- During the year, the Madrid region changed legislation which previously restricted Sunday and festival trading hours; as a result of the change shopping centre retailers are able to trade throughout the year
- An active cost management exercise continues to be implemented to reduce the centre's operating costs and improve the quality and efficiency of services.

Investment review (continued)

Asia – India

Economic outlook

India's GDP growth was 4.8% for the fiscal year ended 31 March 2013, a moderation from recent years but still relatively robust compared to many Western economies. The Government of India has implemented a series of market reforms including opening up of the multi-brand retail, broadcasting and aviation sectors to foreign investment in an effort to boost economic growth.

In mid-March the Reserve Bank of India ("RBI", the central bank) cut its main interest rate, the repurchase (repo) rate, by 25 basis points for the second time since the start of 2013; the rate now stands at 7.5%. After many months of double digit inflation, there are signs that the rate is moderating with 4.9% reported in April, the lowest rate since late 2009.

Property market outlook

In an effort to boost activity in the sector, the Government of India announced changes to the Special Economic Zone ("SEZ") policy in April 2013. This included replacement of minimum land requirements (previously 10 hectares) for Information Technology ("IT") related SEZs with a minimum built up area criteria. A minimum criteria of 100,000 square feet now applies to the NCR region where the Company's Galaxia Project is situated. The anticipated impact of these amendments is that many more IT companies will now be able to launch their own SEZs rather than the previous bias towards larger operators and developers.

Investment volumes and land sales transaction activity continues to remain muted. The commercial office occupier market in NOIDA continues to be focussed on occupiers seeking to consolidate into more affordable modern space. Approximately 350,000 square feet of leasing activity was reported in the NOIDA market during the first quarter of 2013.

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Investment amount	Income return	Property type	Investment notes
Galaxia	Direct property	£5.5m (INR 450m)	n/a	Special Economic Zone development site	Asset held for sale

ART invested INR 450 million (£5.5 million) in the Galaxia project, a development site extending to 11.2 acres which enjoys SEZ status with the potential to develop 1.2 million square feet. Galaxia is located in NOIDA, an established, well planned suburb of Delhi that continues to benefit from new infrastructure projects and is one of the principal office micromarkets in India. The Company has a 50% shareholding in the SPV which controls the Galaxia site. There are no bank borrowings on the asset.

On 2 February 2011, ART recommenced arbitration proceedings against its development partner Logix Group in order to protect its Galaxia investment.

Arbitration hearings have been held in January and May 2013. To date the validity of the arbitration panel has been successfully defended. Evidence has been presented and cross examination of witnesses has commenced. Further hearings have been scheduled for the third quarter 2013.

Notwithstanding the above, the Company is continuing to explore avenues for a sale of the development.

Investment review (continued)

Summary

Whilst economic and financial market difficulties continue to ignite concerns, there appears to be more grounds for optimism that progress, albeit slow, is being made towards a stable recovery.

In the real estate market, there are tentative signs of a revival in the property debt market, partly assisted by new entrants to the sector. This is supporting moderate increases in investment activity. The completed strategic asset sales in ART's directly and indirectly owned investments in the UK, France and Norway are evidence of this.

The market still remains polarized, with prime assets in prime sectors attracting the greatest demand and witnessing highest transaction volumes. However, a lack of available prime assets at attractive prices is encouraging investors to consider broader investment criteria. Assets that offer scope to add value through active asset management and/or recapitalisation of property investment vehicles, that offer scope for preferred capital positions with high risk adjusted returns, are increasingly popular.

ART continues to implement its active management policy and this has seen encouraging results in the existing portfolio and in the new assets acquired via the PIP transaction. Positive news from its underlying investments includes letting progress in AUMP, AURE, Europip Norway and at H2O in Spain.

ART remains well placed to capitalise on new investment opportunities as they emerge.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
20 June 2013

> Positive news from its underlying investments includes letting progress in AUMP, AURE, Europip Norway and at H2O in Spain.

Directors

David Jeffreys

Chairman

Aged 53

David Jeffreys qualified as a Chartered Accountant with Deloitte Haskins and Sells in 1985. He works as an independent non-executive director to a number of Guernsey based investment fund companies and managers and is a Guernsey resident.

From 2007 until 2009 David was the Managing Director of EQT Funds Management Limited, the Guernsey management office of the EQT group of private equity funds. He was previously the Managing Director of Abacus Fund Managers (Guernsey) Limited between 1993 and 2004, a third party administration service provider to primarily corporate and fund clients.

In addition to the Company, David is a director of the following listed companies: Alpha Pyrenees Trust Limited, Ingenious Media Active Capital Limited, PFB Data Centre Fund Limited and Tetragon Financial Group Limited.

Serena Tremlett

Director

Aged 48

Serena has over 25 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 15 years.

She is a non-executive director on the listed company boards of Alpha Pyrenees Trust, Alpha Real Trust, Ingenious Media Active Capital and those of Stenham Property, in addition to various unlisted property and private funds and general partners. Serena was previously company secretary (and a director) of Assura Group, at that time a FTSE 250 company listed on the London Stock Exchange, investing in primary healthcare property and ran Assura's Guernsey head office.

Prior to working for Assura, Serena was head of Guernsey property funds at Mourant International Finance Administration (now State Street) for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards. Since 2008, Serena has been co-founder and managing director of Morgan Sharpe Administration, a specialist closed-ended fund administrator.

Phillip Rose

Director

Aged 53

Phillip Rose is a Fellow of the Securities Institute and holds a Master of Law degree. He has over 30 years' experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. He has been the Head of Real Estate for ABN AMRO Bank, Chief Operating Officer of European shopping centre investor and developer TrizecHahn Europe, Managing Director of retail and commercial property developer and investor Lend Lease Global Investment and Executive Manager of listed fund General Property Trust.

Phillip is currently CEO of Alpha Real Capital LLP and is a member of the Management Committee for Hermes Property Unit Trust and was formerly a non-executive director of Great Portland Estates plc.

Jeff Chowdhry

Director

Aged 53

Jeff Chowdhry is currently Head of Emerging Market Equities at F&C Asset Management plc, with overall responsibility for investments in global emerging markets. Previously, he was a director of Sun F&C Asset Management (India) Limited and also managed the Indian Investment Company SICAV, an open ended investment fund registered in Luxembourg. Prior to this, Jeff managed the India Fund Inc, a closed ended investment fund listed in New York that seeks long-term capital appreciation through investing primarily in Indian equities.

Roddy Sage

Director

Aged 60

Roddy Sage is currently Chief Executive Officer of the AFP group of companies, providing corporate and taxation advisory services in Asia. Prior to that he spent 20 years with KPMG Hong Kong, 10 years of which were as Senior Tax Partner for Hong Kong and China. He has held Chairmanships within KPMG and outside as Chairman of the Hong Kong General Chamber of Commerce's Taxation Committee and is a non-executive director of Tai Ping Carpets International and Guoco Group Limited.

Directors and corporate governance report

The Directors present their report and financial statements of the Alpha Real Trust group ("the Group") for the year ended 31 March 2013.

Principal activities and status

During the year the Company, an authorised closed-ended Guernsey registered investment company, carried on business as a property investment and development company, investing in commercial property.

The Company's shares are traded on the Specialist Fund Market of the London Stock Exchange.

Business review, results and dividend

A review of the business during the year is contained in the Chairman's Statement on pages 3 to 5.

The results for the year to 31 March 2013 are set out in the financial statements.

On 13 February 2013, the Company declared a dividend of 1.05p per share, which was paid to shareholders on 3 May 2013.

In accordance with IAS 10, this dividend has not been included in these financial statements. The current intention of the Company is to pay a dividend semi-annually.

Corporate governance

As a Guernsey registered company traded on SFM, the Company is not required to comply with The UK Corporate Governance Code ('UK Code'). However, the Directors take appropriate measures to ensure that the Company complies with the Code to the extent appropriate, taking into account the size of the Company, the nature of its business and its entirely non-executive board.

The Company is authorised by the Guernsey Financial Services Commission ('GFSC') and for this reason is required to follow the principles and guidance set out in the Finance Sector Code of Corporate Governance issued by the GFSC and effective from 1 January 2012 ('Guernsey Code'). Compliance with the Guernsey Code and consideration of matters raised by the UK Code are reviewed by the Board annually.

The Board

Biographies of the Directors are set out on page 26. All of the Directors were appointed on 15 May 2006.

The Directors' interests in the shares of the Company as at 31 March 2013 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 March 2013	Number of ordinary shares 31 March 2012
David Jeffreys	10,000	10,000
Phillip Rose	139,695	139,695
Serena Tremlett	15,000	15,000
Jeff Chowdhry	40,000	40,000
Roddy Sage	-	-

The UK Code recommends that non-executive directors are appointed for specified terms. The Company has chosen not to comply with this recommendation but confirms that appointments of its members can be terminated at any time without penalty and the Company's Articles of Association ("Articles") require each Director to retire and submit himself to re-election by the shareholders at every third year. In addition, the Board believes that continuity and experience adds to its strength.

The Annual General Meeting of the Company will take place on 8 August 2013. At this meeting, David Jeffreys and Serena Tremlett will retire and submit themselves for re-election. The remainder of the Board recommend their re-appointment and confirm their independence.

Individual Directors may seek independent legal advice in relation to their duties on behalf of the Company.

Directors' and corporate governance report (continued)

Operations of the Board

The Board has determined that its role is to consider and determine the following principal matters which it considers are of strategic importance to the Company:

1) Review the overall objectives for the Company and set the Company's strategy for fulfilling those objectives within an appropriate risk framework
2) Consider any shifts in strategy that it considers may be appropriate in light of market conditions
3) Review the capital structure of the Company including consideration of any appropriate use of gearing both for the Company and in any joint ventures in which the Company may invest from time to time
4) Appoint the Investment Manager, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings
5) Review key elements of the Company's performance including Net Asset Value and payment of dividends.

At Board meetings, the Board ensures that all the strategic matters are considered and resolved by the Board. Certain issues associated with implementing the Company's strategy are delegated either to the Investment Manager or the Administrator. Such delegation is over minor incidental matters and the Board continually monitors the services provided by these independent agents. The Board considers there are implementation matters that are significant enough to be of strategic importance and should be reserved solely for the Board (e.g. all acquisitions, all disposals, significant capital expenditure, leasing and decisions affecting the Company's financial gearing).

The Board meets at least quarterly and as required from time to time to consider specific issues reserved for decision by the Board including all potential acquisitions and investments.

At the Board's quarterly meetings it considers papers circulated in advance including reports provided by the Investment Manager and the Administrator. The Investment Manager's report comments on:

- The property markets of India, UK and Europe including recommendations for any changes in strategy that the Investment Manager considers may be appropriate
- Performance of the Group's portfolio and key asset management initiatives
- Transactional activity undertaken over the previous quarter and being contemplated for the future
- The Group's financial position including relationships with bankers and lenders.

These reports enable the Board to assess the success with which the Group's property strategy and other associated matters are being implemented and also consider any relevant risks and to consider how they should be properly managed.

The Board also considers reports provided from time to time by its various service providers reviewing their internal controls.

In between its regular quarterly meetings, the Board has also met on a number of occasions during the year to approve all transactions and for other matters.

Board and Director's appraisals

The Board carries out an annual review of its composition and performance (including the performance of individual Directors) and that of its standing committees. Such appraisal includes reviewing the performance and composition of the Board (and whether it has an appropriate mix of knowledge, skills and experience), the relationships between the Board and the Investment Manager and Administrator, the processes in place and the information provided to the Board and communication between Board members.

Board Meeting attendance

The table below shows the attendance at quarterly Board and meetings during the year to 31 March 2013:

Director	No of meetings attended
David Jeffreys	18
Phillip Rose	3
Serena Tremlett	20
Jeff Chowdhry	10
Roddy Sage	11
No. of meetings during the year	**23**

Directors' and officers' insurance

An appropriate level of Directors' and officers' insurance is maintained whereby Directors are indemnified against liabilities to third parties to the extent permitted by Guernsey Company Law.

Directors' and corporate governance report (continued)

Board Committees

The Board has established three standing committees, all of which operate under detailed terms of reference, copies of which are available on request from the Company Secretary.

Audit Committee

The Audit Committee consists of David Jeffreys (Chairman), Roddy Sage and Serena Tremlett. The Board is satisfied that David Jeffreys continues to have the requisite recent and relevant financial experience to fulfil his role as Chairman of the Audit Committee.

Role of the Committee

The role of the Audit Committee, which meets at least twice a year, includes:

- The engagement, review of the work carried out by and the performance of the Company's external auditors
- To monitor and review the independence, objectivity and effectiveness of the external auditors
- To develop and apply a policy for the engagement of the external audit firm to provide non-audit services
- To assist the Board in discharging its duty to ensure that financial statements comply with all legal requirements
- To review the Company's financial reporting and internal control policies and to ensure that the procedures for the identification, assessment and reporting of risks are adequate
- To review regularly the need for an internal audit function
- To monitor the integrity of the Company's financial statements, including its annual and half-year reports and announcements relating to its financial performance, reviewing the significant financial reporting issues and judgements which they contain
- To review the consistency of accounting policies and practices
- To review and challenge where necessary the financial results of the Company before submission to the Board.

The Audit Committee makes recommendations to the Board which are within its terms of reference and considers any other matters as the Board may from time to time refer to it.

Members of the Audit Committee may also, from time to time, meet with the Company's valuer to discuss the scope and conclusions of their work.

Committee meeting attendance

Director	No of meetings attended
David Jeffreys	5
Roddy Sage	3
Serena Tremlett	5
No. of meetings during the year	**5**

Policy for non audit services

The Committee has adopted a policy for the provision of non-audit services by its external auditors, BDO Limited, and reviews and approves all material non-audit related services in accordance with the need to ensure the independence and objectivity of the external auditors. No services, other than audit-related ones, were carried out by BDO Limited during the year.

Internal audit

The Board relies upon the systems and procedures employed by the Investment Manager and the Administrator which are regularly reviewed and are considered to be sufficient to provide it with the required degree of comfort. Therefore, the Board continues to believe that there is no need for an internal audit function, although the Audit Committee considers this annually, reporting its findings to the Board.

Nomination Committee and attendance

The Nomination Committee consists of Roddy Sage (Chairman), Phillip Rose and Serena Tremlett.

The Committee's principal task is to review the structure, size and composition of the Board in relation to its size and position in the market and to make recommendations to fill Board vacancies as they arise and it meets at least annually. It met once during the year and all Committee members were present.

Remuneration Committee and attendance

The Remuneration Committee consists of Serena Tremlett (Chairman), Jeff Chowdhry and David Jeffreys.

The Board has approved formal terms of reference for the Committee and a copy of these is available on request from the Company Secretary.

As the Company comprises only non-executive directors, the Committee's main role is to determine their remuneration within the cap set out in the Company's Articles. It met once during the year and all Committee members were present.

Directors' and corporate governance report (continued)

Remuneration report

The aggregate fees payable to the Directors are limited to £200,000 per annum under the Company's Articles and the annual fees payable to each Director have not materially changed since the Company's shares were listed in 2006. The fees payable to the Directors are expected to reflect their expertise, responsibilities and time spent on the business of the Company, taking into account market equivalents, the activities, the size of the Company and market conditions. Under their respective appointment letters, each director is entitled to an annual fee together with a provision for reimbursement for any reasonable out of pocket expenses.

During the year the Directors received the following emoluments in the form of fees from Group companies:

	Year ended 31 March 2013 £	Year ended 31 March 2012 £
David Jeffreys	30,000	32,000
Phillip Rose	20,000	20,000
Serena Tremlett	36,000	32,204
Jeff Chowdhry	20,000	20,000
Roddy Sage	20,000	20,000
Total	**126,000**	**124,204**

Internal control and risk management

The Board understands its responsibility for ensuring that there are sufficient, appropriate and effective systems, procedures, policies and processes for internal control of financial, operational, compliance and risk management matters in place in order to manage the risks which are an inherent part of business. Such risks are managed rather than eliminated in order to permit the Company to meet its financial and other objectives.

The Board reviews the internal procedures of both its Investment Manager and its Administrator upon which it is reliant. The Investment Manager has a schedule of matters which have been delegated to it by the Board and upon which it reports to the Board on a quarterly basis. These matters include quarterly management accounts and reporting both against key financial performance indicators and its peer group. Further, a compliance report is produced by the Administrator for the Board on a quarterly basis.

The Company maintains a risk management framework which considers the non-financial as well as financial risks and this is reviewed by the Audit Committee prior to submission to the Board.

Investment management agreement

The Company has an agreement with the Investment Manager. This sets out the Investment Manager's key responsibilities, which include proposing a property investment strategy to the Board, identifying property investments to recommend for acquisition and arranging appropriate lending facilities. The Investment Manager is also responsible to the Board for all issues relating to property asset management.

Substantial shareholding

Shareholders with holdings of more than 3% of the issued ordinary shares of the Company as at 24 May 2013 were as follows:

Name of investor	No. of ordinary shares	% held
Alpha Real Capital LLP	22,550,000	31.43
Billien Limited	14,154,593	19.73
Capita Trust Company	4,541,769	6.33
Property Investment Portfolio PLC	4,034,044	5.62
IPGL	3,010,100	4.20
Amiya Capital	2,599,544	3.62

Shareholder relations

The Board places high importance on its relationship with its shareholders, with members of the Investment Manager's Investment Committee making themselves available for meetings with key shareholders and sector analysts. Reporting of these meetings and market commentary is received by the Board on a quarterly basis to ensure that shareholder communication fulfils the needs of being useful, timely and effective. One or more members of the Board and the Investment Manager will be available at the Annual General Meeting to answer any questions that shareholders attending may wish to raise.

Directors' and corporate governance report (continued)

Directors' Responsibility Statement

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group at the end of the year and of the profit or loss of the Company and the Group for that year.

In preparing those financial statements, the Directors are required to:

(1) select suitable accounting policies and then apply them consistently

(2) make judgements and estimates that are reasonable and prudent

(3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

(4) prepare the financial statements on the going concern basis unless it is appropriate to assume that the Company and Group will not continue in business.

So far as each of the Directors are aware, there is no relevant information of which the Company's auditor is unaware, and they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of the Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Going concern

After making enquiries, and bearing in mind the nature of the Group's business and assets, the Directors consider that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Annual General Meeting

The AGM of the Company will be held in Guernsey at 9 am on 8 August 2013 at Old Bank Chambers, La Grande Rue, St Martin's, Guernsey. The meeting will be held to receive the Annual Report and Financial Statements, re-elect Directors and propose the reappointment of the auditor and that the Directors be authorised to determine the auditor's remuneration.

Auditors

BDO Limited has expressed its willingness to continue in office as auditor.

By order of the Board,

David Jeffreys
Director

Serena Tremlett
Director

20 June 2013

Independent auditors' report

To the Members of Alpha Real Trust Limited (formerly Alpha Tiger Property Trust Limited)

We have audited the consolidated financial statements of Alpha Real Trust Limited for the year ended 31 March 2013 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work is undertaken so that we might state to the Group's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Richard Michael Searle

Richard Michael Searle FCA
For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré, Rue du Pré, St Peter Port, Guernsey
20 June 2013

Consolidated statement of comprehensive income

		For the year ended 31 March 2013			For the year ended 31 March 2012		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Revenue	3	8,645	-	8,645	2,848	-	2,848
Net change in the revaluation of investment properties	13	-	(2,333)	(2,333)	-	(510)	(510)
Total income		**8,645**	**(2,333)**	**6,312**	**2,848**	**(510)**	**2,338**
Expenses							
Property operating expenses		(3,928)	-	(3,928)	(1,105)	-	(1,105)
Investment Manager's fee		(1,478)	-	(1,478)	(927)	-	(927)
Other administration costs	4	(1,122)	-	(1,122)	(1,441)	-	(1,441)
Total operating expenses		**(6,528)**	**-**	**(6,528)**	**(3,473)**	**-**	**(3,473)**
Operating profit/(loss)		**2,117**	**(2,333)**	**(216)**	**(625)**	**(510)**	**(1,135)**
Finance income	5	3,174	220	3,394	2,849	65	2,914
Finance costs	6	(2,239)	(528)	(2,767)	(785)	(564)	(1,349)
Profit/(loss) before taxation		**3,052**	**(2,641)**	**411**	**1,439**	**(1,009)**	**430**
Taxation	7	(157)	-	(157)	(82)	-	(82)
Profit/(loss) for the year		**2,895**	**(2,641)**	**254**	**1,357**	**(1,009)**	**348**
Other comprehensive income/(expense) for the year							
Exchange differences arising on translation of foreign operations		-	99	99	-	(1,428)	(1,428)
Other comprehensive income/(expense) for the year		**-**	**99**	**99**	**-**	**(1,428)**	**(1,428)**
Total comprehensive income/(expense) for the year		**2,895**	**(2,542)**	**353**	**1,357**	**(2,437)**	**(1,080)**
Earnings per share (basic & diluted)	9			**0.4p**			**0.7p**
Adjusted earnings per share (basic & diluted)	9			**5.0p**			**2.6p**

The total column of this statement represents the Group's income statement, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations.

The accompanying notes on pages 37 to 58 form an integral part of this statement.

Consolidated balance sheet

	Notes	31 March 2013 £'000	31 March 2012 £'000
Non-current assets			
Investment property	13	73,728	73,771
Indirect property investment held at fair value	14	5,451	5,428
Investments held at fair value	15	12,869	-
Derivatives held at fair value through profit or loss	24	158	932
Trade and other receivables	16	7,481	13,099
		99,687	**93,230**
Current assets			
Investments held at fair value	15	15,252	6,390
Derivatives held at fair value through profit or loss	24	252	-
Trade and other receivables	16	16,710	954
Cash and cash equivalents		12,618	18,224
		44,832	**25,568**
Total assets		**144,519**	**118,798**
Current liabilities			
Trade and other payables	17	(3,815)	(3,832)
Bank borrowings	18	(613)	(636)
Derivatives held at fair value through profit or loss	24	-	-
		(4,428)	**(4,468)**
Total assets less current liabilities		**140,091**	**114,330**
Non-current liabilities			
Bank borrowings	18	(61,801)	(60,929)
Derivatives held at fair value through profit or loss	24	(30)	(16)
		(61,831)	**(60,945)**
Total liabilities		**(66,259)**	**(65,413)**
Net assets		**78,260**	**53,385**
Equity			
Share capital	19	-	-
Special reserve	20	81,381	56,859
Translation reserve	20	(909)	(1,008)
Capital reserve	20	(8,180)	(5,539)
Revenue reserve	20	5,968	3,073
Total equity		**78,260**	**53,385**
Net asset value per share	10	**107.6p**	**106.8p**

David Jeffreys
Director

Serena Tremlett
Director

The financial statements were approved by the Board of Directors and authorised for issue on 20 June 2013.
They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 37 to 58 form an integral part of this statement.

Consolidated cash flow statement

	For the year ended 31 March 2013 £'000	For the year ended 31 March 2012 £'000
Operating activities		
Profit for the year after taxation	254	348
Adjustments for:		
Net change in revaluation of investment property	2,333	510
Taxation	157	82
Finance income	(3,394)	(2,914)
Finance cost	2,767	1,349
Operating cash flows before movements in working capital	**2,117**	**(625)**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(222)	3,096
Decrease/(increase) in trade and other payables	976	(584)
Cash used in operations	**2,871**	**1,887**
Interest received	109	157
Interest paid	(2,109)	(810)
Taxation paid	(106)	(56)
Cash flows used in/(from) operating activities	**765**	**1,178**
Investing activities		
Convertible unsecured loan stock acquired	-	(7,500)
Acquisition of investments	(5,689)	-
Acquisition of investment property	-	(2,279)
Cash recognised on exercise of option	-	3,282
Cash recognised on PIP transaction	383	-
Redemption on preference shares' investment	1,100	-
Capital expenditure on investment property	(1,218)	(604)
Loan granted to related party	(1,725)	-
VAT loan repayment	-	8,108
Loan interest received	-	930
CULS interest received	380	-
Dividend income	567	373
Cash flows used in/(from) investing activities	**(6,202)**	**2,310**
Financing activities		
Bank loan repayments	-	(122)
Tender offer/share buyback	-	(3,952)
Share buyback costs	-	(10)
Share issue costs	(188)	-
Bank loan advanced	-	1,060
Cash flows used in financing activities	**(188)**	**(3,024)**
Net (decrease)/increase in cash and cash equivalents	**(5,625)**	**464**
Cash and cash equivalents at beginning of year	**18,224**	**17,947**
Exchange translation movement	19	(187)
Cash and cash equivalents at end of year	**12,618**	**18,224**

The accompanying notes on pages 37 to 58 form an integral part of this statement.

Consolidated statement of changes in equity

For the year ended 31 March 2012	Special reserve £'000	Warrant reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2011	**60,781**	**40**	**420**	**(4,530)**	**1,716**	**58,427**
Total comprehensive profit/(loss) for the year	-	-	(1,428)	(1,009)	1,357	(1,080)
Expiry of warrants	40	(40)	-	-	-	-
Share buyback costs	(10)	-	-	-	-	(10)
Share buyback	(3,952)	-	-	-	-	(3,952)
At 31 March 2012	**56,859**	**-**	**(1,008)**	**(5,539)**	**3,073**	**53,385**
Notes 19, 20						

For the year ended 31 March 2013	Special reserve £'000	Warrant reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2012	**56,859**	**-**	**(1,008)**	**(5,539)**	**3,073**	**53,385**
Total comprehensive profit/(loss) for the year	-	-	99	(2,641)	2,895	353
Share issue	25,316	-	-	-	-	25,316
Share issue costs	(188)	-	-	-	-	(188)
Share buyback	(605)	-	-	-	-	(605)
Share buyback costs	(1)	-	-	-	-	(1)
At 31 March 2013	**81,381**	**-**	**(909)**	**(8,180)**	**5,968**	**78,260**
Notes 19, 20						

The accompanying notes on pages 37 to 58 form an integral part of this statement.

Notes to the financial statements

For the year ended 31 March 2013

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 59. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 3 to 5. The financial statements were approved and authorised for issue on 20 June 2013 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

2(a). Significant accounting policies

A summary of the principal accounting policies is set out below. The policies have been consistently applied for all periods presented unless otherwise stated.

The preparation of financial statements in conformity with IFRS, as adopted by the EU, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a high degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements are disclosed in this note.

Basis of preparation

These financial statements have been prepared in accordance with IFRS, which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), and International Accounting Standards and Standards Interpretations Committee's interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect, and to the extent that they have been adopted by the European Union.

(a) Adoption of new and revised Standards

A number of standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee are effective for the current year. These were:

Revised and amended Standards

IAS 1: Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented – for accounting periods commencing on or after 1 July 2012*

Standards adopted early

IFRS 10: Consolidated Financial Statements – for accounting periods commencing on or after 1 January 2013

IFRS 13: Fair Value Measurement – for accounting periods commencing on or after 1 January 2013

Interpretations

No new interpretations on existing standards are effective for the current year.

The adoption of these standards and interpretations has not led to any changes in the Group's accounting policies.

(b) Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:

IFRS 9: Financial Instruments – for accounting periods commencing on or after 1 January 2015*

IFRS 10: Consolidated Financial Statements – Amendments for investment entities – for accounting periods commencing on or after 1 January 2014*

IFRS 11: Joint Arrangements – for accounting periods commencing on or after 1 January 2013

IFRS 12: Disclosure of Interests in Other Entities – for accounting periods commencing on or after 1 January 2013

IFRS 12: Disclosure of Interests in Other Entities – Amendments for investment entities – for accounting periods commencing on or after 1 January 2014*

Revised and amended Standards

IFRS 1: First-time Adoption of International Financial Reporting Standards – Amendments for government loan with a below-market rate of interest when transitioning to IFRSs – for accounting periods commencing on or after 1 January 2013

IFRS 7: Financial Instruments: Disclosures – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities – for accounting periods commencing on or after 1 January 2013 and interim periods within those periods

IFRS 7: Financial Instruments: Disclosures – Amendments requiring disclosures about the initial application of IFRS 9 – for accounting periods commencing on or after 1 January 2015* (or otherwise when IFRS 9 is first applied)

IAS 19: Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects – for accounting periods commencing on or after 1 January 2013

IAS 27: Consolidated and Separate Financial Statements – Reissued as IAS 27 Separate Financial Statements (as amended in 2011) – for accounting periods commencing on or after 1 January 2013

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(a). Significant accounting policies (continued)

IAS 27: Consolidated and Separate Financial Statements – Amendments for investment entities – for accounting periods commencing on or after 1 January 2014*

IAS 28: Investments in Associates – Reissued as IAS 28 Investments in Associates and Joint Ventures (as amended in 2011) – for accounting periods commencing on or after 1 January 2013

IAS 32: Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities – for accounting periods commencing on or after 1 January 2014

In May 2012, the IASB issued improvements to IFRS, which became effective for accounting periods commencing on or after 1 January 2013. These covered amendments to five standards.

Interpretations

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine - for accounting periods commencing on or after 1 July 2013

*Still to be endorsed by the EU

The Directors anticipate that, with the exception of IFRS 9, the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

IFRS 9 aims to replace those parts of IAS 39, which relate to the classification and measurement of financial instruments. The main requirement of IFRS 9 is the classification of financial assets into two separate categories: 1) financial assets measured at fair value and 2) financial assets measured at amortised cost. The assessment to establish the most appropriate category is performed at initial recognition. Main parameters that management should consider for this assessment are the Company and Group's business model for managing financial instruments and the related cash flows' characteristics. With regards to financial liabilities IFRS 9 stays broadly in line with IAS 39. IFRS 9 requires one impairment method which would replace the various different methods indicated by IAS 39 that arise from the different categories' classification. At the time of adoption of the new standard only the Company's intercompany loans and the Company and Group's receivables will be classified under the two categories explained above and there is no expectation of changes in measurement for those financial instruments.

The new standard is mandatory for annual periods beginning on or after 1 January 2015 (mandatory application date, originally 1 January 2013, amended in December 2011).

In May 2011 the IASB issued IFRS 11 Joint Arrangements which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The Group is party to a joint venture and currently accounts for its investment by proportionate consolidation. Proportionate consolidation will no longer be an available option under IFRS 11, which requires the use of the equity method under IAS 28 (Investments in Associates). The new standard is effective for accounting periods beginning on or after 1 January 2013. The Group will therefore adopt the new standard and the equity method of accounting for its joint venture commencing with the financial year ending 31 March 2014.

The principal accounting policies adopted are set out below.

Basis of consolidation

(a) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the Company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisitions or up to the effective date of disposal as appropriate.

When necessary, adjustments are made to the financial statements of subsidiary undertakings to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(b) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to or from the Group and their amount can be measured reliably.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(a). Significant accounting policies (continued)

Joint venture arrangements that involve the establishments of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

When a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Presentation of statement of comprehensive income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information, which analyses the statement of comprehensive income between items of a revenue and capital nature, has been presented alongside the statement of comprehensive income.

Revenue recognition

Rental income from investment property leased out under an operating lease is recognised in the statement of comprehensive income on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the net consideration for the use of the property and are therefore also recognised on the same straight line basis. Rental revenues are accounted for on an accruals basis. Therefore, deferred revenue generally represents advance payments from tenants. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Upon early termination of a lease by the lessee, the receipt of a surrender premium, net of dilapidations and non-recoverable outgoings relating to the lease concerned, is immediately recognised as revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Foreign currencies

(a) Functional and presentational currency

Items included in the financial statements of each of the Group entities are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentational currency.

(b) Transactions and balances

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

(c) Group companies

The results and financial position of all the Group entities that have a functional currency which differs from the presentational currency are translated into the presentational currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet

(ii) income and expenses for each statement of comprehensive income are translated at the average exchange rate prevailing in the period, and

(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, the exchange differences arising from the translation of the net investment in foreign entities are taken to equity. When a foreign operation is sold, such exchange differences are recognised in the statement of comprehensive income as part of the gain or loss on sale.

For Euro based balances the year end exchange rate used is £1:€1.185 (2012: £1:€1.199) and the average rate for the year used is £1:€1.228 (2012: £1:€1.159). The year-end exchange rate used for Indian rupee (INR) balances is £1:INR 82.561 (2012: £1:INR 82.898) and the average rate for the period used is £1:INR 85.833 (2012: £1:INR 76.748).

Operating loss

The Group's operating loss includes net gains or losses on revaluation of investment properties, as reduced by administrative expenses and property operating costs and excludes finance costs and income.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(a). Significant accounting policies (continued)

Expenses

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the statement of comprehensive income, all expenses have been presented as revenue items except expenses which are incidental to the acquisition of an investment property which are included within the cost of that investment property.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing acquired for a targeted property, or with regard to an acquisition financed out of general borrowings to the average rate. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Taxation

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Group has subsidiary operations in Cyprus and India. The Group also holds investments in Spain, owned through investments in Luxembourg and the Netherlands, and in the United Kingdom, owned through an investment in Jersey. The Group has also invested in Convertible Loan Stock Units in the United Kingdom. The Group is therefore liable to taxation in these overseas jurisdictions.

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible timing differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt within equity.

Dividends

Dividends are recognised as a liability in the Group's financial statements in the period in which they become obligations of the Group.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost being the fair value of consideration given including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on half yearly professional valuations made by independent valuers. The valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors Approval and Valuation manual and the International Valuation Standards Committee.

Gains or losses arising from changes in fair value of investment property are included in the statement of comprehensive income in the period in which they arise. Properties are treated as acquired when the Group assumes the significant risks and returns of ownership and as disposed of when these are transferred to the buyer.

All costs directly associated with the purchase and construction of a property, and all subsequent expenditures qualifying as acquisition costs are capitalised.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

The investing policy means the Group may invest in real estate opportunities unconstrained by geography, but with a particular focus on the UK, Europe and Asia. At present, for management purposes, the Group is organised into one main operating segment being Europe.

All of the Group's revenue is from entities that are incorporated in Europe.

With the exception of the Galaxia investment (note 14), all of the Group's non-current assets are located in Europe.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(a). Significant accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. The Group shall offset financial assets and financial liabilities if the Group has a legally enforceable right to set off the recognised amounts and interests and intends to settle on a net basis.

(a) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions. The Group has not classified any of its financial assets as held to maturity or as available for sale.

Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

(a) (i) Investments held at fair value through profit or loss

Investments are classified as "fair value through profit or loss" and are initially recognised at cost, being the fair value of the consideration given.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's investment strategy. The Group's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the transaction date, the date on which the Group commits to purchase or sell the investment.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value with transaction costs being expensed in the income statement. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement in the period in which they arise.

(a) (ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise through rental leases with tenants (e.g. trade receivables and cash and cash equivalents), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the statement of comprehensive income.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

(a) (iii) Derivatives at fair value through profit or loss

This category comprises only 'in the money' financial derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income.

The fair value of the Group's derivatives is based on valuations as described in note 24.

(a) (iv) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership, or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset, or
- when the contractual right to receive cash flow has expired.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(a). Significant accounting policies (continued)

(b) Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was issued and its characteristics. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

Unless otherwise indicated, the carrying amounts of the Group's financial liabilities are a reasonable approximation of their fair values.

(b) (i) Derivatives at fair value through profit or loss

This category comprises only 'out-of-the-money' financial derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income. Other than derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any other financial liabilities as being at fair value through profit or loss.

The fair value of the Group's derivatives is based on the valuations as described in note 24.

(b) (ii) Financial liabilities measured at amortised cost

Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method
- Bank borrowings are initially recognised at fair value net of attributable transaction costs incurred. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

(b) (iii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Company or Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(c) Fair value measurement hierarchy

IFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into one of the three levels.

(d) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares and class A shares are classified as equity instruments. For the purposes of the disclosures given in note 24 the Group considers all its share capital, share premium and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

(e) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or liability, or, where appropriate, a shorter period.

A summary of the principal accounting policies are set out below, all of which have been applied consistently for all periods presented unless otherwise stated.

2(b). Significant accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(b). Significant accounting estimates and judgements (continued)

(a) Investment property

The gross property value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction without deduction for any associated transfer taxes, sales taxes, or other costs normally borne by the seller. Transaction costs normally borne by the seller are not deducted in arriving at gross property value, in accordance with IAS 40. The fair value is calculated by deducting the costs normally borne by the purchaser from the gross property value. Fair value is not intended to represent the liquidation value of the property, which would be dependent upon the price negotiated at the time of sale less any associated selling costs. The fair value is largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The Group's valuers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40. This approach is based on discounting the future net income receivable from the property to arrive at the net present value of that future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to vacant units. The consideration basis for this calculation excludes the effects of any taxes. The discount factors used to calculate fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets.

The fair value of the investment property as at 31 March 2013 was £73.7 million (2012: £73.8 million). Refer to note 13 for further details.

(b) Trade and other receivables

The CULS with AUMP and AURE (see Note 16) are carried at the principal advanced and any unpaid coupon and redemption premium is accrued.

AUMP and AURE are currently refinancing their senior borrowings and to this endeavour have secured extensions on the existing loans. The Board has, by reference to the most recent published financial information, considered the recoverability of amounts due to ART.

AUMP has secured extensions on its borrowings to 31 July 2013 for the Bank of Scotland facility (£48.2 million) and 30 August 2013 for the Nationwide facility (£8.6 million). In AUMP's recently published Interim Management Statement the property portfolio at 31 March 2013 was valued at £82.7 million against borrowings of £59.1 million, representing a loan to value of 71.5% (reduced to 70.5% at 30 April 2013 following further asset sales and borrowings subsequently paid down to £56.8 million). AUMP's net asset value per share reported at 31 March 2013 was 241 pence, indicating a net asset value of £20.3 million (based on unchanged ordinary shares of 8.41 million). ART's CULS and unpaid interest at 31 March 2013 totalled £6.3 million.

AURE's borrowings expire on 31 December 2013. In AURE's recently published accounts for the six months ending 31 March 2013, the property portfolio was valued at £48.8 million against borrowings of £31.5 million, representing a loan to value of 64.6%. AURE's net asset value reported at 31 March 2013 was £12.4 million. ART's CULS and unpaid interest at 31 March 2013 totalled £8.1 million.

While there is uncertainty as to the outcome of the ongoing refinancing discussions, the Board, having considered the publically available information provided by AURE and AUMP, currently considers that the amounts owed are fully recoverable. The Board continues to monitor the refinancing progress of both companies.

(c) Estimate of fair value of indirect property investment - Galaxia

The property interest in Galaxia is classified as an indirect property investment held at fair value through profit and loss and has been included within the financial statements based on the expected realisable value to the Group. The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and lost profit from the Logix Group promoters. The Directors consider it prudent to continue to value the indirect investment at INR 450 million.

(d) Fair value of derivative contracts

(d) (i) Interest rate cap

The Group estimates fair value of the interest rate cap based on valuation techniques employed by the contractual counter parties. These techniques are significantly affected by the assumptions used, including discount rates and future cash flows. As at 31 March 2013, the fair value of the interest rate cap was an asset of £158,000 (2012: £532,000), as shown in note 24.

(d) (ii) Interest rate swap

The Group estimates fair value of the interest rate swap based on valuation techniques employed by the contractual counter parties. These techniques are significantly affected by the assumptions used, including discount rates and future cash flows. As at 31 March 2013, the fair value of the interest rate swap was a liability of £30,000 (2012: 16,000), as shown in note 24.

(d) (iii) Fair value of the conversion option (CULS)

The fair value of the conversion option and other share options received is estimated by using the binomial option pricing model on the date of grant based on certain assumptions. Those assumptions include among others, the expected volatility and expected life of the options. Further details are given in note 24.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2(b). Significant accounting estimates and judgements (continued)

(d) (iv) Fair value of foreign currency options

The Group estimates fair value of the foreign currency options based on valuation techniques employed by the contractual counter parties.

(e) Income and deferred taxation

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

3. Revenue

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Rental income	6,493	2,058
Service charges	2,152	685
Other income	-	105
Total	**8,645**	**2,848**

The Group recognises its revenue from its investment in two properties: the H2O Shopping Centre in Madrid, Spain, and Phase 1000 of Cambourne Business Park in Cambridge, United Kingdom.

The H2O Shopping Centre, acquired on 31 March 2010 via a joint venture, is leased on standard institutional Spanish retail operating leases with a minimum guaranteed monthly rent and the possibility for the landlord to earn additional income if the tenants' turnover exceeds certain pre-set levels on most leases. The leases are typically for a minimum guaranteed term of 5 years from the opening of the centre in mid-2007 with 5 year renewal options thereafter, e.g. 5+5+5, and generally a 10 to 15 year term.

At 31 March 2013, the Group had contracted with tenants at the H2O Shopping Centre and Phase 1000 of Cambourne Business Park for the following future minimum lease payments:

	31 March 2013 £'000	31 March 2012 £'000
Within one year	5,760	5,571
In the second to fifth years inclusive	12,113	10,227
After five years	5,404	3,315
Total	**23,277**	**19,113**

4. Other administration costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Auditors' remuneration for audit services	79	83
Accounting and administrative fees	374	298
Non-executive directors' fees	126	124
Other professional fees	543	936
Total	**1,122**	**1,441**

The Group has no employees.

Notes to the financial statements (continued)

For the year ended 31 March 2013

5. Finance income

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Bank interest receivable	109	146
Interest receivable on convertible loan stock	1,477	898
Interest receivable on loan to related party	692	-
Interest receivable from joint venture loan	-	1,359
Foreign exchange gain	27	-
Net gains on financial assets and liabilities held at fair value through profit or loss (note 24)	1,089	511
Total	**3,394**	**2,914**

6. Finance costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Interest on bank borrowings	2,239	785
Foreign exchange loss	-	61
Net losses on financial assets and liabilities held at fair value through profit or loss (note 24)	528	503
Total	**2,767**	**1,349**

The above finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method. No other losses have been recognised in respect of financial liabilities at amortised cost other than those disclosed above.

7. Taxation

(a) Parent Company

The Parent Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, United Kingdom, the Netherlands, Spain, Cyprus, Jersey and India.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Deferred tax	-	-
Current tax	157	82
Tax Expense	**157**	**82**

The charge for the year can be reconciled to the profit/(loss) per the consolidated statement of comprehensive income as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Tax expense reconciliation		
Profit/(loss) for the year	411	430
Less: income not taxable	(4,342)	(2,242)
Add: expenditure not deductible	2,499	2,334
Un-provided deferred tax asset	2,203	(125)
Total	**771**	**397**

Notes to the financial statements (continued)

For the year ended 31 March 2013

7. Taxation (continued)

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Analysed as arising from		
India entity	-	-
Cyprus entities	48	-
Luxembourg entities	-	-
UK investment	723	397
Total	**771**	**397**

Tax at domestic rates applicable to profits in the country concerned is as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
India taxation at 22.66%	-	-
Cypriot taxation at 10% *	7	-
Luxembourg entities at an average rate of 28.64% **	5	2
UK taxation at 20%	145	80
Total	**157**	**82**

* The taxation incurred in Cyprus relates to an under-provision of prior year.
** The taxation incurred in Luxembourg relates to the minimum corporate tax charge of €1,575 per entity and an under-provision of prior year.

(c) Deferred taxation

The following is the deferred tax liability recognised by the Group and movements thereon:

	Revaluation of Investment Properties £'000	Accelerated tax depreciation £'000	Tax Losses £'000	Other timing differences £'000	Total £'000
At 31 March 2011	**(78)**	**105**	**(292)**	**265**	**-**
Release to income	66	100	(50)	(116)	-
At 31 March 2012	**(12)**	**205**	**(342)**	**149**	**-**
Release to income	(700)	373	(69)	396	-
At 31 March 2013	**(712)**	**578**	**(411)**	**545**	**-**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes available for offset against future profits.

	2013 £'000	2012 £'000
Deferred tax liabilities	1,123	354
Deferred tax assets	(1,123)	(354)
Total	**-**	**-**

At the balance sheet date the Company has unused tax losses of £1.5 million (2012: £0.1 million). Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses.

Unused tax losses in Cyprus, Luxembourg and The United Kingdom can be carried forward indefinitely. Unused tax losses in The Netherlands can be carried forward for 9 years. Unused tax losses in Spain can be carried forward for 18 years.

8. Dividends

On 13 February 2013 the Trust declared a dividend of 1.05p per share, which has been paid to shareholders on 3 May 2013. In accordance with IAS 10, this dividend has not been included in these financial statements. The current intention of the Company is to pay a dividend semi-annually.

Notes to the financial statements (continued)

For the year ended 31 March 2013

9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	1 April 2012 to 31 March 2013	1 April 2012 to 30 September 2012	1 April 2011 to 31 March 2012
Earnings per income statement (£'000)	254	(720)	348
Basic and diluted earnings pence per share	**0.4p**	**(1.4)p**	**0.7p**
Earnings per income statement (£'000)	254	(720)	348
Net change in the revaluation of investment property (gain)/loss (note 13)	2,333	1,667	510
Movement in fair value of investment in ordinary shares	216	-	-
Movement in fair value of investments in redeemable preference shares	(409)	-	-
Movement in fair value of interest rate cap (Mark to Market) (note 24)	367	282	433
Movement in fair value of interest rate swap (Mark to Market) (note 24)	14	16	16
Movement in fair value of currency swaps (Mark to Market) (note 24)	127	(171)	(65)
Movement in fair value of the conversion options (Mark to Market) (note 24)	20	20	54
Foreign exchange loss (note 6)	(27)	(43)	61
Adjusted earnings (£'000)	**2,895**	**1,051**	**1,357**
Adjusted earnings pence per share	**5.0p**	**2.1p**	**2.6p**
Weighted average number of ordinary shares (000's)	**57,764**	**49,980**	**51,820**

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

10. Net asset value per share

	31 March 2013	30 September 2012	31 March 2012
Net asset value (£'000)	78,260	51,879	53,385
Net asset value per share	**107.6p**	**103.8p**	**106.8p**
Total number of shares (000's)	**72,730**	**49,980**	**49,980**

11. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2013, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of share	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 1 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary	100	Cyprus	Holding Company
Luxco 114 SARL	Ordinary	100	Luxembourg	Finance company
Luxco 111 SARL	Ordinary	100	Luxembourg	Holding Company
KMS Holding BV	Ordinary	100	Netherlands	Holding Company
Alpha Tiger Spain 1, SLU	Ordinary	100	Spain	Property Company
Alpha Tiger Spain 2, SLU	Ordinary	100	Spain	Property Company

During the year the Group dissolved Alpha Tiger Cyprus Investments No. 4 Limited, which was 100% owned by the Group.

Notes to the financial statements (continued)

For the year ended 31 March 2013

12. Investment in joint venture

Scholar Property Holdings Limited group

Name	Country of Incorporation	31 March 2013 % held	31 March 2012 % held
Scholar Property Holdings Limited	Jersey	10%	10%

On the 6 October 2011 the Company invested in 10% of the share capital of Scholar Property Holdings Limited which in turn owns 100% of the share capital of Scholar Property Investments Limited. Scholar Property Investments Limited is the owner of Phase 1000 of Cambourne Business Park. This shareholding structure is referred to as the Scholar Property Holdings Limited group and the Company owns a 10% effective interest in this group.

The joint venture in the Scholar Property Holdings Limited group has been proportionally consolidated in the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet.

The following amounts have been recognised in the Consolidated Balance Sheet and Consolidated Statement of Comprehensive Income in respect of this joint venture:

	31 March 2013 £'000	31 March 2012 £'000
Income	197	95
Net change in the revaluation of investment property	-	-
Expenses	(49)	(56)
Net result	**148**	**39**
Non-current assets	2,295	2,295
Current assets	85	136
Current liabilities	(112)	(160)
Non-current liabilities	(1,065)	(1,061)
Net assets	**1,203**	**1,210**

13. Investment property

	31 March 2013 £'000	31 March 2012 £'000
Fair value of investment property at 1 April	**73,771**	**18,642**
Acquired during the year	-	55,900
Subsequent capital expenditure after acquisition	1,218	605
Rent incentive movement	258	129
Fair value adjustment in the year	(2,333)	(510)
Foreign exchange movements	814	(995)
Fair value of investment property at 31 March	**73,728**	**73,771**

The fair value of the H2O property has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ("Aguirre") (the prior year valuation was carried out by CBRE Valuation Advisory S.L.). Aguirre are independent valuers and are not connected to the Group. The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Approval and Valuations Standards ("RICS").The approved RICS definition of fair value is the "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date."

The Company's proportionately consolidates its share (10%) of the Cambourne property in Cambridge, UK. The Cambourne property has not been independently valued and is carried at the proportionate share of the original acquisition cost and subsequent capital expenditure. The Directors believe this to be a reasonable estimate of the fair value of the property.

Properties have been pledged as security for the related borrowings in the SPVs in which the properties are held (note 18).

Notes to the financial statements (continued)

For the year ended 31 March 2013

14. Indirect property investment held at fair value

	31 March 2013 £'000	31 March 2012 £'000
As at 1 April	**5,428**	**6,182**
Effect of foreign exchange	23	(754)
As at 31 March	**5,451**	**5,428**

The Galaxia investment is carried at a fair value of INR 450 million (£5.5 million). The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and lost profit from the Logix Group promoters. The Directors consider it prudent to continue to value the indirect investment at INR 450 million.

15. Investments held at fair value

	31 March 2013 £'000	31 March 2012 £'000
Non-current		
As at 1 April		
Additions during the year	13,776	-
Redemptions	(1,100)	-
Movement in fair value of investments	193	-
As at 31 March	**12,869**	**-**

On 3 December 2012, the Group completed the acquisition of the majority of the investment portfolio of PIP.

The acquired investments, which are disclosed as non-current investments held at fair value, can be detailed as follows:

- £0.5 million in ordinary shares of AUMP; the ordinary shares are traded on the LSE and are therefore valued quarterly by market price; the market price of the investment as at 31 March 2013 was £0.3 million;
- £3.2 million in participating redeemable preference shares of BCP; the fund provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2013 was £2.8 million;
- £6.4 million in participating redeemable preference shares of Europip; the fund provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2013 was £7.2 million;
- £3.7 million in participating redeemable preference shares of HLP; the fund provides half yearly valuations of the net asset value of its shares; during the period post acquisition HLP redeemed a total of £1.1 million of shares; the net asset value of the investment has been calculated by using the value provided by HLP at the time of its latest redemption, on 27 March 2013, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £2.6 million.

ART has also acquired from PIP, at an ascribed zero value, the investments in ACE and Romulus. Any realised value from these investments will be passed exclusively to ART A shareholders. As at 31 March 2013, the net asset value of both ACE and Romulus was zero.

The Group considers that the above investments will be held for the long term and has therefore disclosed them as non-current assets.

Investments held at fair value	31 March 2013 £'000	31 March 2012 £'000
Current		
As at 1 April	**6,390**	**6,317**
Additions during the year	8,598	-
Distributed investment income in year	(190)	(117)
Undistributed investment income in year	454	190
As at 31 March	**15,252**	**6,390**

The Group invested in income units of FIAF, a fund offering monthly redemptions, during the financial year ended 31 March 2011. The Group considers that the asset will be held for the shorter term and has therefore disclosed the investment as a current asset. On 20 June 2012, the Group invested a further £4 million in FIAF. On 3 December 2012, following the completion of the PIP acquisition, the Group acquired an additional £4.6 million of FIAF units. FIAF provides monthly valuations of the net asset value of its units. The investment has been valued at the net asset value of FIAF as at 31 March 2013.

Notes to the financial statements (continued)

For the year ended 31 March 2013

16. Trade and other receivables

	31 March 2013 £'000	31 March 2012 £'000
Non-current		
CULS	7,481	12,339
Interest receivable from CULS	-	760
Total	**7,481**	**13,099**
Current		
CULS	5,104	-
Trade debtors	454	303
VAT	60	55
Accrued bank interest	52	52
Loan granted to related party	8,828	-
Other debtors	375	318
Interest receivable from CULS	1,837	226
Total	**16,710**	**954**

On 9 August 2010, the Company subscribed for £4.75 million of convertible unsecured loan stock ("CULS") in AUMP. The CULS carry an annual coupon of 4.75% and can be converted at any time up to and including 30 June 2013 into Ordinary Shares at a Conversion Price of 31 pence. The CULS annual coupon can either be paid in cash at the relevant interest payment dates or can be made as a Payment In Kind ("PIK") by the issuance of further CULS at each relevant date. The CULS attract an 18% redemption premium if not converted. Additionally, AUMP has issued 4 million share options to the Company at an exercise price of 50 pence per share.

On 18 October 2011, the Company completed the investment of £7.5 million by way of a three year Convertible Loan in AURE. The loan can be converted at any time up to expiry (20 November 2014) into ordinary shares at an effective price of 41.4p per Fund share. The Convertible Loan has an annual coupon of 6% payable quarterly. Should the Company elect not to convert, the Convertible Loan is redeemable at a premium of 14% to its face value.

The fair value of the conversion option within the CULS instruments and the additional options have been valued by reference to an external valuation by J.C. Rathbone (using a binomial model).

On 3 December 2012, following the completion of the PIP acquisition, the Group acquired a loan receivable granted to Europip amounting to £6.8 million. On 27 November 2012 the Company had also advanced an additional £2 million loan to Europip, which was partly repaid in March 2013 by £0.3 million. Both loans have an annual coupon of 9%, which is capitalised quarterly, and have similar security, with share pledges over two of the un-geared Europip Norwegian assets and additional rights over proceeds released from the Europip's Mosaic investment. The balance of the loans granted to Europip as at 31 March 2013 is £8.8 million. Post year end, Europip has made further loans' repayments: the outstanding balance on the loans at the time of signing these financial statements is £5.5 million.

The accounting treatment of the CULS is discussed further in note 2(b)(b) above.

17. Trade and other payables

	31 March 2013 £'000	31 March 2012 £'000
Trade creditors	2,031	930
Investment Manager's fee payable	494	168
Accruals	1,158	632
Other creditors	23	2,045
Corporation tax	109	57
Total	**3,815**	**3,832**

Trade creditors and accruals primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade and other payables approximates to their fair value.

Notes to the financial statements (continued)

For the year ended 31 March 2013

18. Bank borrowings

	31 March 2013 £'000	31 March 2012 £'000
Current liabilities: interest payable	155	183
Current liabilities: repayments	458	453
Total current liabilities	**613**	**636**
Non-current liabilities: bank borrowings	61,801	60,929
Total liabilities	**62,414**	**61,565**
The borrowings are repayable as follows:		
Interest payable	155	183
On demand or within one year	458	453
In the second to fifth years inclusive	2,897	1,918
After five years	58,904	59,011
Total	**62,414**	**61,565**

Movements in the Group's non-current bank borrowings are analysed as follows:

	31 March 2013 £'000	31 March 2012 £'000
As at 1 April	**60,929**	**16,625**
Additional borrowings	-	45,692
Repayment of borrowings	-	(122)
Reclassification to current liabilities	(5)	(453)
Amortisation of deferred finance costs	159	43
Exchange differences on translation of foreign currencies	718	(856)
As at 31 March	**61,801**	**60,929**

The bank borrowings as at 31 March 2013 represent the syndicated loan finance provided to the property owning Spanish SPV in the LuxCo 111 SARL group (note 11) and the proportionate share of the loan finance provided to the property owning SPV in the Scholar Property Holdings Limited group (note 12).

The Spanish SPV loan is provided by a syndicate of three banks (Eurohypo AG (renamed Hypothekenbank Frankfurt), Deutsche Hypothekenbank and Landesbank Hessen-Thuringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning SPV has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million.

The UK SPV (Scholar Property Investments Limited) loan is provided by the National Westminster Bank PLC. The loan is repayable on 6 October 2015 and is secured by a first charge mortgage against the UK property (Phase 1000 of Cambourne Business Park).

Notes to the financial statements (continued)

For the year ended 31 March 2013

19. Share capital

					Number of shares
Authorised					
Ordinary shares of no par value					Unlimited
Issued and fully paid	**Ordinary treasury**	**A shares external**	**Ordinary external**	**Ordinary total**	**Total shares**
At 1 April 2012	**5,553,281**	**-**	**49,979,532**	**55,532,813**	**55,532,813**
Share issue	-	23,914,323	-	-	23,914,323
Share conversion		(3,053,740)	3,053,740	3,053,740	-
Shares cancelled following buyback	-	-	(954,029)	(954,029)	(954,029)
Shares bought back	209,971	-	(209,971)	-	-
At 31 March 2013	**5,763,252**	**20,860,583**	**51,869,272**	**57,632,524**	**78,493,107**

The Company has one class of ordinary shares which carries no right to fixed income and class A shares, which carries the same rights as ordinary shares save that class A shares carry the additional right to participation in the Company's investments in Romulus and ACE and the right to convert into ordinary shares.

The Company has the right to reissue or cancel the remaining treasury shares at a later date.

At the Extraordinary General Meeting on 7 March 2013, consistent with the Company's commitment to shareholder value, the Company's shareholders approved a general authority allowing the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the annual general meeting of the Company in 2014 and (ii) 6 September 2014. A waiver conditionally granted by the Takeover Panel of any obligation on ARC and/or its concert parties to make a general offer to all shareholders, was also approved.

As at 31 March 2013 the Company had purchased 1,164,000 ordinary shares at a price (before expenses) of 52 pence per share. Of the purchased ordinary shares, 954,029 were cancelled and 209,971 shares will be held in treasury. As at 31 March 2013 the ordinary share capital of the Company following the purchase and cancellation of those ordinary shares which are to be repurchased was 57,632,524 (including 5,763,252 shares held in treasury). The Company also had 20,860,583 A shares in issue. The total voting rights in ART following the purchase and cancellation and purchase for treasury of ordinary shares was 72,729,855.

Post year end, the Company has purchased 1,059,000 Ordinary Shares of no par value at an average price (before expenses) of 50 pence per share. Of the purchased Ordinary Shares, 1,014,802 will be cancelled and 44,198 shares will be held in treasury. At the date of signing these financial statements, the ordinary share capital of the Company, following the purchase and cancellation of those Ordinary Shares which are to be repurchased, was 58,074,502 (including 5,807,450 shares held in treasury). Following a conversion of 1,456,780 A Shares into Ordinary Shares, the Company also currently has 19,403,803 A Shares in issue. The total voting rights in ART, following the purchase and cancellation and purchase for treasury of Ordinary Shares, was 71,670,855.

20. Reserves

The movements in the reserves for the Group are shown on page 36.

Special reserve

The special reserve is a distributable reserve to be used for all purposes permitted under Guernsey company law, including the buyback of shares and payment of dividends.

Translation reserve

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations.

Capital reserve

The capital reserve contains increases and decreases in the fair value of the Group's investment properties, gains and losses on the disposal of properties, gains and losses arising from indirect property investment at fair value together with expenses allocated to capital.

Revenue reserve

Any surplus arising from net profit after tax is taken to this reserve, which may be utilised for the buyback of shares and payment of dividends.

21. Share based payments

The Group has not recognised any share based payment for the year ended 31 March 2013 (2012: £nil).

Notes to the financial statements (continued)

For the year ended 31 March 2013

22. Events after the balance sheet date

After the balance sheet date, the Company continued its share buyback plan and bought back 1,059,000 Ordinary Shares (Note 19). The Company has also received further loans' repayments from Europip, which have reduced the outstanding balance on the loans to £5.5 million (Note 16).

23. Related party transactions

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. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

During the year, the Company announced the extension of its management agreement with the Investment Manager for a further term of eight years expiring on 21 December 2022.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2% of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20% of any excess over an annualised TSR of 15% subject to a rolling 3 year high water mark.

The Investment Manager has a management agreement directly with the H2O property company, Alpha Tiger Spain 1, SLU under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1, SLU. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2O investment.

The Company has invested in AUMP where ARC is the Investment Manager. Phillip Rose is a Director on the Board of AUMP. ARC rebates fees earned in relation to the Company's investment in AUMP.

The Company has invested in FIAF where ARC is the Authorised Corporate Director and ARPIA, a subsidiary of ARC, is the Investment Manager. ARC rebates fees earned in relation to the Company's investment in FIAF.

The Company has invested in AURE, where ARC is the Investment Manager. Phillip Rose and Brad Bauman are Directors on the Board of AURE. ARC rebates fees earned in relation to the Company's investment in AURE.

The Company has invested in Europip, where ARPIA, a subsidiary of ARC, is the investment adviser. ARC rebates fees earned in relation to the Company's investment in Europip.

The Company has invested in BCP, where ARPIA, a subsidiary of ARC, is the industry adviser. ARC rebates fees earned in relation to the Company's investment in BCP.

The Company has invested in Romulus, where ARPIA, a subsidiary of ARC, is trust manager and property manager. ARC rebates fees earned in relation to the Company's investment in Romulus.

The Company has invested in ACE, where ARPIA, a subsidiary of ARC, is property investment adviser. ARC rebates fees earned in relation to the Company's investment in ACE.

The Company has invested in Phase 1000, Cambourne Business Park, Cambridge, and ARC was appointed as asset and property manager of the joint venture entity. ARC rebates to ART the relevant proportion of fees earned by ARC, which apply to the Company's investment.

Details of the Investment Manager's fees for the current period are disclosed on the face of the consolidated statement of comprehensive income and the balance payable at 31 March 2013 is provided in note 17.

ARC held 22,550,000 shares in the Company at 31 March 2013 (31 March 2012: 22,175,000). The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2013:

	31 March 2013 Number of shares held	31 March 2012 Number of shares held
IPGL Property Funds Limited*	3,010,100	3,010,100
Brian Frith**	1,125,000	-
Phillip Rose	139,695	139,695
Brad Bauman	55,006	55,006
Ronald Armist	500	500

* IPGL Property Funds Limited's interest includes 3,000,000 (2012: 3,000,000) owned by a fellow group company, IPGL.

** Brian Frith became a partner of ARC on 10 September 2012.

Details of the Directors fees and share interests in the Company are included in the Directors Report.

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company's administrator and secretary. During the year the Company paid Morgan Sharpe Administration Limited fees of £77,000 (2012: £77,000).

Notes to the financial statements (continued)

For the year ended 31 March 2013

24. Financial instruments risk exposure and management

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group from which financial instrument risk arises, are as follows:

Financial assets and liabilities carrying value	31 March 2013 £'000	31 March 2012 £'000
Current financial assets		
Investment held at fair value	15,252	6,390
Trade and other receivables	16,710	954
Cash and cash equivalents	12,618	18,224
Derivatives held at fair value through profit or loss		
Currency options	252	-
Total current financial assets	**44,832**	**25,568**
Non-current financial assets		
Derivatives held at fair value through profit or loss		
Convertible loan stock conversion options	-	20
Interest rate cap	158	532
Currency options	-	380
Total derivatives held at fair value through profit or loss	**158**	**932**
Investments held at fair value	12,869	-
Indirect property investment at fair value	5,451	5,428
Trade and other receivables	7,481	13,099
Total non-current financial assets	**25,959**	**19,459**
Total financial assets	**70,791**	**45,027**
Current financial liabilities		
Trade and other payables	(3,815)	(3,832)
Bank borrowings	(613)	(636)
Total current financial liabilities	**(4,428)**	**(4,468)**
Non-current financial liabilities		
Bank borrowings	(61,801)	(60,929)
Interest rate swap	(30)	(16)
Total non-current financial liabilities	**(61,831)**	**(60,945)**
Total financial liabilities	**(66,259)**	**(65,413)**

Notes to the financial statements (continued)

For the year ended 31 March 2013

24. Financial instruments risk exposure and management (continued)

Net changes in realised and unrealised gains or losses on financial instruments can be summarised as follows:

	31 March 2013 £'000	31 March 2012 £'000
Realised gains or losses on loans and receivables		
Bank interest receivable	109	146
Interest receivable on convertible loan stock	1,477	898
Interest receivable from joint venture loan	-	1,359
Interest receivable on loan granted to related party	692	-
Impairment of trade and other receivables	(12)	(417)
Net realised gains on loans and receivables	**2,266**	**1,986**
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of interest rate cap	(367)	(433)
Movement in fair value of interest rate swap	(14)	(16)
Movement in fair value of currency swap	(127)	65
Movement in fair value of the conversion options	(20)	(54)
Movement in fair value of investments	193	-
Undistributed investment income	329	73
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Dividend received from investments held at fair value	63	-
Distributed investment income	504	373
Net losses on financial assets and liabilities held at fair value through profit or loss	**561**	**8**
Disclosed as:		
Finance income (note 5)	1,089	511
Finance costs (note 6)	(528)	(503)
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss	**561**	**8**

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Bank interest receivable	109	146
Interest receivable on convertible loan stock	1,477	898
Interest receivable from joint venture loan	-	1,359
Interest receivable on loan granted to related party	692	-
Interest on bank borrowings	(2,239)	(785)
Total interest income	**39**	**1,618**

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below.

Project monitoring

Projects are monitored through regular Project Control Meetings held with development partners to discuss progress and monitor risks. The Investment Manager attends these meetings and reports to the Board on a quarterly basis.

Notes to the financial statements (continued)

For the year ended 31 March 2013

24. Financial instruments risk exposure and management (continued)

Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group policy is to maintain its cash and cash equivalent balances with a number of financial institutions as a means of diversifying credit risk. The Group monitors the placement of cash balances on an ongoing basis and has policies to limit the amount of credit exposure to any financial institution.

With regards to the investment property business, a property advisor monitors the tenants in order to anticipate and minimise the impact of default by occupational tenants. Where possible, tenants' risk is mitigated through rental guarantees. The Group meets with the tenant frequently and monitors its financial performance closely.

With regard to its other investments, the Group receives regular updates from the relevant Investment Manager as to the performance of the underlying investments and assesses its credit risk as a result.

With particular regard to the Company's investments in CULS, further details are given in note 2(b)(b) above.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising these risks such as maintaining sufficient cash and other highly liquid current assets. Cash and cash equivalents are placed with financial institutions on a short term basis reflecting the Group's desire to maintain a high level of liquidity in order to enable timely completion of investment transactions.

The following table illustrates the contractual maturity analysis of the Group's financial liabilities

31 March 2013	Within 1 year	1-2 years	2-5 years	Over 5 years	Total	Total carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	3,815	-	-	-	**3,815**	**3,815**
Bank Borrowings	613	458	2,439	58,904	**62,414**	**62,414**
Interest rate swap	-	-	30	-	**30**	**30**
Total	**4,428**	**458**	**2,469**	**58,904**	**66,259**	**66,259**

31 March 2012	Within 1 year	1-2 years	2-5 years	Over 5 years	Total	Total carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	3,832	-	-	-	**3,832**	**3,832**
Bank Borrowings	636	453	1,465	59,011	**61,565**	**61,565**
Foreign currency forward	-	-	16	-	**16**	**16**
Total	**4,468**	**453**	**1,481**	**59,011**	**65,413**	**65,413**

Market risk

(a) Foreign exchange risk

The Group operates in India and Spain and is exposed to foreign exchange risk arising from currency exposures with respect to Indian Rupees and Euros. Foreign exchange risk arises from future commercial transactions, recognised monetary assets and liabilities and net investments in foreign operations.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency.

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure through currency options: the Group has purchased two fixed rate currency options to hedge €7 million of long term mezzanine loan Euro exposure.

The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

A strengthening of the Rupee by 5 Rupees would increase the net assets by £351,000 (2012: £348,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £311,000 (2012: £309,000). A strengthening of the Euro by 5 cents would increase the net assets by £569,000 (2012: £674,000). A weakening of the Euro by 5 cents would decrease net assets by £523,000 (2012: £620,000).

Notes to the financial statements (continued)

For the year ended 31 March 2013

24. Financial instruments risk exposure and management (continued)

(b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long term borrowings. The Group has interest rate caps, entered into by the Spanish property owning SPV, under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million.

The Group also holds significant cash balances and loan assets which accrue interest based on variable interest rates.

The Group's cash flow is periodically monitored by the Board.

The sensitivity analysis below is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated – for example, changes in interest rate and changes in market value.

For the Group, a decrease of 100 basis points in interest rates would result in an increase in post-tax profits of £527,000 (2012: £22,000). An increase of 100 basis points in interest rates would result in a decrease in post tax profits of £527,000 (2012: £22,000).

(c) Price risk

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return and profit.

During the financial year ended 31 March 2011, the Company invested £6.2 million in income units of FIAF. On 20 June 2012 the Company invested a further £4 million in FIAF. On 3 December 2012, following the completion of the PIP acquisition, the Group acquired an additional £4.6 million of FIAF units. FIAF is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

(d) Fair value estimation

The following methods and assumptions were used to estimate fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments
- The fair value of the currency option contracts is determined by reference to an applicable valuation model employed by the contractual counter parties
- The fair value of the derivative interest rate swap contract is determined by reference to an applicable valuation model employed by the contractual counter parties
- The fair value of the CULS options is estimated by using a binomial option pricing model
- The fair value of the Galaxia investment is based on the Directors' estimate of the recoverable amount based upon legal advice
- The fair value of the FIAF investment is based upon monthly valuations, provided by the issuer, of the net asset value of its units
- The fair value of the investment in AUMP's ordinary shares, which are traded on the LSE, is based upon the quarterly market value of the shares
- The fair value of the investment in BCP's participating redeemable preference shares is based upon quarterly valuations, provided by the issuer, of the net asset value of its shares
- The fair value of the investment in Europip's participating redeemable preference shares is based upon quarterly valuations, provided by the issuer, of the net asset value of its shares
- The fair value of the investment in HLP's participating redeemable preference shares is based upon half yearly valuations, provided by the issuer, of the net asset value of its shares.

Notes to the financial statements (continued)

For the year ended 31 March 2013

24. Financial instruments risk exposure and management (continued)

The following table shows an analysis of the fair values of financial instruments recognised in the balance sheet by level of the fair value hierarchy (see note 2(a), financial instruments (c)):

As at 31 March 2013	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	299	27,822	-	28,121
Indirect property investment at fair value	-	-	5,451	5,451
Convertible loan stock conversion options	-	-	-	-
Interest rate cap	-	158	-	158
Currency options	-	252	-	252
Interest rate swap	-	(30)	-	(30)
Total	**299**	**28,202**	**5,451**	**33,952**

As at 31 March 2012	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	-	6,390	-	6,390
Indirect property investment at fair value	-	-	5,428	5,428
Convertible loan stock conversion options	-	20	-	20
Interest rate cap	-	532	-	532
Currency options	-	380	-	380
Forward currency contract	-	(16)	-	(16)
Total	**-**	**7,306**	**5,428**	**12,734**

Reconciliation of the level 3 investment is given in note 14. Given the nature of the investment and how it is valued (note 14) a sensitivity analysis has not been presented.

(e) Growth in rental income and defaults

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Group negotiating suitable rent levels when compared to associated financing costs.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group regularly reviews the adequacy of its level of borrowings by monitoring its compliance with the relevant bank covenants.

25. Commitments

The Group had no un-provided material commitments within its Group undertakings.

Directors and Company information

Directors

David Jeffreys (Chairman)
Jeff Chowdhry
Roddy Sage
Phillip Rose
Serena Tremlett

Registered office

Old Bank Chambers
La Grande Rue
St Martin's
Guernsey GY4 6RT

Investment Manager

Alpha Real Capital LLP
1b Portland Place
London W1B 1PN

Administrator and secretary

Morgan Sharpe Administration Limited
Old Bank Chambers
La Grande Rue
St Martin's
Guernsey GY4 6RT

Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Independent valuers in India

Colliers International (Hong Kong) Limited
Suite 5701 Central Plaza
18 Harbour Road
Wanchai
Hong Kong

Independent valuers in Spain

Aguirre Newman Valoraciones y Tasaciones S.A.U.
Calle de General Lacy, 23
Madrid, 28045
Spain

Auditors

BDO Limited
Place du Pré
Rue du Pré
St Peter Port
Guernsey GY1 3LL

Tax advisors in Europe

Ernst & Young LLP
1 More London Place
London SE1 2AF

Tax advisors in India

BMR Advisors
The Great Eastern Centre
First Floor
70, Nehru Place
New Delhi – 110 019
India

Legal advisors in Guernsey

Carey Olsen
PO Box 98
Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal advisors in the UK

Norton Rose
3 More London Riverside
London SE1 2AQ

Legal advisors in India

AZB & Partners
Plot A-8 Sector 4
NOIDA 201 301
India

Legal advisors in Spain

Perez Llorca
Alcalá, 61
28014 Madrid
Spain

Registrar

Computershare Investor Services (Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Shareholder information

Further information on the Company, compliant with the SFM regulations, can be found at the Company's website: www.alpharealtrustlimited.com

Share price

The Company's Ordinary Shares are listed on the SFM of the London Stock Exchange.

Change of address

Communications with shareholders are mailed to the addresses held on the share register. In the event of a change of address or other amendment, please notify the Company's Registrar under the signature of the registered holder.

Investment Manager

The Company is advised by Alpha Real Capital LLP which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

Financial calendar

Financial reporting	Reporting/Meeting dates	Dividend period	Ex-dividend date	Record date	Payment date
Annual report published	28 June 2013				
Annual General Meeting	8 August 2013				
First Interim Management Statement (Qtr 1)	15 August 2013				
Half year report	22 November 2013	Half year ended 30 September 2013	4 December 2013	6 December 2013	20 December 2013
Second Interim Management Statement (Qtr 3)	13 February 2014				

Alpha Real Trust

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