Alpha Real Trust

Half year report

For the six months ended 30 September 2019

2019

Alpha Real Trust

Contents

www.alpharealtrustlimited.com

Alpha Real Trust Limited targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.

Highlights

- NAV per ordinary share 213.5p: 30 September 2019 (204.3p: 31 March 2019).
- Basic earnings for the six months ended 30 September 2019 of 5.9p per ordinary share (33.1p per ordinary share and 33.5p per A share for the year ended 31 March 2019).
- Adjusted earnings for the six months ended 30 September 2019 of 3.0p per ordinary share (3.9p per ordinary and A share for year ended 31 March 2019).
- Declaration of a quarterly dividend of 1.0p per ordinary share expected to be paid on 10 January 2020.
- **Increased portfolio weighting towards secured loan investment:** ART continues to augment and diversify its portfolio of secured senior and secured mezzanine loan investments. As at 30 September 2019, the size of ART's secured loan portfolio was £47.5 million, representing 38.6% of the investment portfolio; post period end, further loans totalling £3.4 million have been funded.
- **UK industrial portfolio:** the Company increased its shareholding in Alpha UK Property Fund Asset Company (No 2) Limited to 100% from 33.6%, with the purchase consideration being paid by way of re-issue of ART ordinary shares from treasury.
- **H2O shopping centre Madrid:** record visitor numbers were recorded in the nine months to September 2019. Following a successful transfer of additional building rights to the shopping centre, a pre-let commitment has been signed for a new retail park unit which is to be created on the surface parking area.

Trust summary and objective

Strategy

Alpha Real Trust Limited ("the Company" or "ART" or "Trust") targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.

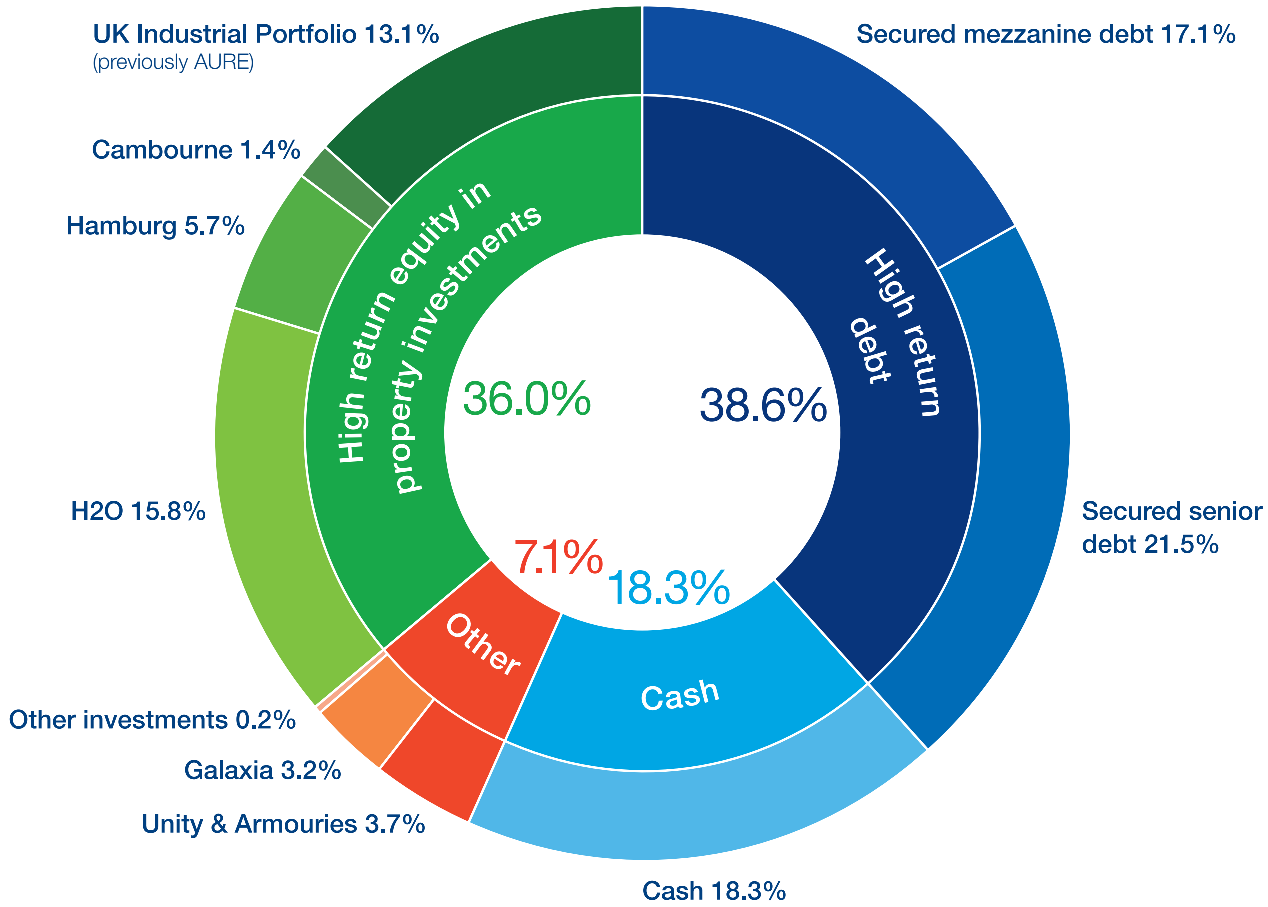
ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows.

The portfolio mix at 30 September 2019, excluding sundry assets/liabilities, was as follows:

	30 September 2019	31 March 2019
High return equity in property investments:	36.0%	25.1%
High return debt:	38.6%	26.3%
Other investments:	7.1%	6.3%
Cash:	18.3%	42.3%

The Company currently plans to invest the majority of its cash into secured senior or secured mezzanine debt.

Company's asset allocation by sector and investment (by percentage of Group's NAV, based on the balance sheet carrying values, excluding the Company's sundry assets/liabilities) at 30 September 2019 (see page 8 for further details).



Trust summary and objective (continued)

Financial highlights

	6 months ended 30 September 2019	12 months ended 31 March 2019	6 months ended 30 September 2018
Net asset value (£'000)	126,440	136,673	122,157
Net asset value per ordinary and A share	213.5p	204.3p	178.4p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.0p	3.9p	2.5p
Earnings per A share (basic and diluted) (adjusted)*	-	3.9p	2.5p
Total earnings per ordinary and A share (basic and diluted) (adjusted)*	3.0p	3.9p	2.5p
Earnings per ordinary share (basic and diluted)	2.7p	33.1p	6.5p
Earnings per A share (basic and diluted)**	-	33.5p	6.5p
Total earnings per ordinary and A share (basic and diluted)	2.7p	33.2p	6.5p
Dividend per share (paid during the period)	1.6p	2.4p	1.8p

* The adjusted earnings per share includes adjustments for the effect of the fair value revaluation of investment property and indirect property investments, capital element on Investment Manager's fees, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 9 to the accounts.

** The difference in basic and diluted EPS between ordinary and A shares was due to the Romulus investment, which was exclusively for the benefit of ART A shareholders (note 9).

Dividends

The current intention of the Directors is to pay a dividend and offer a scrip dividend alternative quarterly to all shareholders.

Listing

The Company's shares are traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE"), ticker ARTL: LSE.

Management

The Company's Investment Manager is Alpha Real Capital LLP ("ARC"), whose team of investment and asset management professionals focus on the potential to enhance earnings in addition to adding value to the underlying assets, and also focus on the risk profile of each investment within the capital structure to best deliver attractive risk adjusted returns.

Control of the Company rests with the non-executive Guernsey based Board of Directors.

213.5p

NAV per share 213.5p

3.0p

Adjusted earnings per share of 3.0p

1.0p

Declaration of a dividend of 1.0p per share

Chairman's statement

David Jeffreys
Chairman

I am pleased to present the Company's annual report and accounts for the six months ended 30 September 2019.

It has been an active period for ART in which the Company has continued to focus on recycling capital into cashflow driven investments, and in particular asset backed lending, while reducing exposure to development and leasing risk.

In line with ART's approach to actively manage shareholder returns, the Company undertook a tender offer as a result of which 13,065,348 ordinary shares were validly tendered in July 2019, representing approximately 19.48 per cent of the Company's voting shares. All valid tenders were subsequently satisfied in full.

Income focussed investment

Following an active period of capital recycling, ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk-adjusted cashflows. In line with this focus, capital is predominantly being deployed to augment and diversify its portfolio of secured real estate senior and secured mezzanine loan investments. Over the medium term the Company's returns are likely to see greater contributions from the growing senior debt and mezzanine loan portfolio and less from capital gains.

The Company continues to maintain a pipeline of new investment opportunities under active review which compete for capital allocation. ART benefits from the depth of experience, strength and size of its Investment Manager. Alpha Real Capital has a well resourced team of investment professionals based throughout the UK and Europe. ART's active management approach has helped deliver improvements in underlying asset values, in both directly and indirectly held investments across our investment markets.

New secured lending investment

The Company's portfolio of secured senior and mezzanine loan investments continues to increase in scale and diversity. The loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns.

As at 30 September 2019, ART had invested a total amount of £47.5 million across thirty-eight loans, of which seven were completed during the quarter to 30 September 2019. Over the past twelve months the loan portfolio has more than doubled, with £18.4 million of investment into the secured loan portfolio completing in the six month period ended 30 September 2019, with an additional £3.4 million of loans granted post period end.

During the period ended 30 September 2019, six loans were fully repaid for £4.5 million (including accrued interest and exit fees) and six loans were partly repaid by £4.5 million. Post period end, loan repayments of £3.4 million were received.

Each loan will typically have a term of up to two years, a maximum 75% loan to gross development value ratio and be targeted to generate attractive risk-adjusted income returns. Repayment proceeds will be reinvested into new facilities. The Company continues to develop a strong pipeline of new lending opportunities.

> Following an active period of capital recycling, ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk-adjusted cashflows.

Chairman's statement (continued)

Acquisition of 100% interest in UK industrial portfolio

In September 2019, the Company announced that it acquired 66.4% of the shares in Alpha UK Property Fund Asset Company (No 2) Limited ("Alpha2"). The acquisition increased ART's ownership interest in Alpha2 to 100%. The Alpha2 portfolio consisted of two unleveraged industrial assets located in England and has a net asset value of £16.2 million as at 30 September 2019.

The shares in Alpha2 were purchased from Antler Investment Holdings Limited, a related party to the Company. The shares in Alpha2 were purchased at its adjusted net asset value with its portfolio independently valued as at 31 August 2019. The purchase consideration for the increased Alpha2 shareholding was satisfied by the re-issue from treasury of 5,030,284 ordinary shares in ART at an issue price equivalent to ART's estimated adjusted net asset value of 211.4p per share based upon the Company's net asset value as at 30 June 2019 with adjustments made for dividends paid and share buybacks completed, including the Company's tender offer, following this date. The total consideration was therefore £10.6 million and has been accounted for as a share based payment in accordance with IFRS 2.

Post period end, the sale of the penultimate asset in the Alpha2 portfolio completed realising proceeds of £5.2 million. The sale price was in line with the asset's 30 September 2019 valuation.

H2O, Madrid

ART has a 30% stake in joint venture with CBRE Global Investors in the H2O shopping centre in Madrid. H2O continues to benefit from ongoing asset management initiatives, attracting record visitor numbers during the nine-month period to 30 September 2019, increasing 6.6% above the same period in 2018.

Earlier in 2019, 9,000 square metres of building rights were transferred to the H2O plot from a small vacant site located in the same planning zone and held as part of the H2O investment. An active leasing programme has helped secure a pre-let of a 1,100 square metre retail park unit. Construction has commenced and is targeted for completion in the first quarter of 2020. The new unit is to be located on part of the centre's surface car park area, as envisaged within a recently completed masterplan design for the shopping centre.

Selective asset disposals

ART owns Unity and Armouries, a development site located in central Birmingham with planning consent for 90,000 square feet of net saleable space comprising 162 residential apartments with ground floor commercial areas. A sale of the investment is being pursued.

Galaxia, India

ART holds a 50% shareholding in a joint venture that owns an 11.2 acre development site in NOIDA, in the National Capital Region, India. Following a breach of the terms of the shareholders agreement by its joint venture partner, Logix Group ("Logix"), ART initiated arbitration proceedings which were awarded in the Company's favour. ART subsequently successfully defended appeals by Logix at the Delhi High Court. Logix latterly appealed to the Supreme Court of India, where hearings are on-going.

ART continues to actively pursue Logix directors for the recovery of the award. As at 30 September 2019, the sum awarded to ART, including the previously recovered deposits, has accrued to £15.5 million at the period end exchange rates. The Directors, taking into consideration legal advice received following Logix's challenge of the Award and following the recovery of INR 100 million (£1.1 million) deposited by Logix at the Supreme Court, consider it appropriate to carry this joint venture in its accounts at INR 350 million (£4.0 million) (31 March 2019: INR 350 million (£3.9 million)). The amount recognised in the accounts does not include the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Post period end, in November 2019, the Supreme Court ruled that ART was entitled to withdraw a further INR 100 million (£1.1 million) deposited by Logix with the court. The Company has since made an application to withdraw funds. Further hearings are scheduled for December 2019.

Chairman's statement (continued)

Results and dividends

Share buybacks

Under the general authority, approved by Shareholders on 8 January 2019, the Company announced a tender offer on 14 June 2019 for up to 16,666,771 ordinary shares at a price (before expenses) of 175.0 pence per share. In total 13,065,348 ordinary shares were validly tendered under the tender offer. All purchased ordinary shares were cancelled.

The Company additionally purchased 62,124 shares in the market during the six month period ended 30 September 2019: these shares are held in treasury.

As at the date of this announcement, the ordinary share capital of the Company is 61,165,783 (including 1,940,797 ordinary shares held in treasury) and the total voting rights in the Company are 59,224,986.

Dividends

Adjusted earnings for the six months ended 30 September 2019 are £1.8 million (3.0 pence per ordinary share, see note 9 of the financial statements). This compares with adjusted earnings per ordinary share of 2.5 pence for the same period in 2018.

The Board announces a dividend of 1.0 pence per ordinary share which is expected to be paid on 10 January 2020 (ex-dividend date 12 December 2019 and record date 13 December 2019).

The dividends paid and declared for the twelve months to 30 September 2019 totalled 3.6 pence per ordinary share representing an annual dividend yield of 2.3% p.a. on the average share price over the twelve months to 30 September 2019.

The net asset value per ordinary share at 30 September 2019 is 213.5 pence per share (31 March 2019: 204.3 pence per ordinary share) (see note 10 of the financial statements).

Scrip dividend alternative

Shareholders of the Company have the option to receive shares in the Company in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time.

The number of ordinary shares that an Ordinary Shareholder will receive under the Scrip Dividend Alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board has elected to offer the scrip dividend alternative to Shareholders for the dividend for the quarter ended 30 September 2019. Shareholders who returned the Scrip Mandate Form and elected to receive the scrip dividend alternative will receive shares in lieu of the next dividend. Shareholders who have not previously elected to receive scrip may complete a Scrip Mandate Form (this can be obtained from the registrar: contact Computershare (details below)), which must be returned by 20 December 2019 to benefit from the scrip dividend alternative for the next dividend.

Financing

As at 30 September 2019 the Group has one direct bank loan of €9.5 million (£8.4 million), a non-recourse facility used to finance the acquisition of the Hamburg property.

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

Brexit

While the UK Parliament has demonstrated its wish to avoid a 'no-deal Brexit', there appears little consensus about what form any future arrangement with the European Union should take. No material adverse impacts have been noted within the Company's portfolio to date and risks are mitigated by the Company's investments held in Europe. However, the Board continues to monitor the situation for potential risks to the Company's investments. The economic backdrop is highly dynamic and the spread of possible outcomes is wide. In this context, ART is well placed to both weather market volatility and take advantage of any dislocation should it arise.

Foreign currency

The Company monitors foreign exchange exposures and considers hedging where appropriate. Foreign currency balances have been translated at the period end rates of £1:€1.128 or £1:INR86.973, as appropriate.

Chairman's statement (continued)

Strategy and outlook

ART's diversified portfolio continues to increase the weighting towards cashflow driven investments, particularly senior debt, whilst retaining scope for creating capital value growth. Following an active period of capital recycling, ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk-adjusted cashflows.

ART continues to actively augment and diversify its portfolio of secured real estate loan and secured mezzanine loan investments which are expected to enhance the Company's current earnings. Over the past twelve months the loan portfolio has more than doubled, with £18.4 million of investment into the secured loan portfolio completing in the six month period ended 30 September 2019, with an additional £3.4 million of loans granted post period end.

As the Company continues to actively reposition its investments to deliver attractive income returns, for the medium term, the Company's returns are likely to see greater contributions from the growing senior debt and mezzanine loan portfolio and less from capital gains. The Company maintains an active pipeline of potential new secured senior and mezzanine loans and equity investment opportunities under review.

David Jeffreys
Chairman
28 November 2019

ART's diversified portfolio continues to increase the weighting towards cashflow driven investments, particularly senior debt, whilst retaining scope for creating capital value growth.

Investment review

Portfolio overview 30 September 2019

Investment	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]	Note*
High return debt (38.6%)							
Secured senior finance							
Senior secured loans	£26.5m [2]	11.8% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt	21.5%	16
Secured mezzanine finance							
Second charge mezzanine loans	£21.0m [2]	15.1% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt	17.1%	16
High return equity in property investments (36.0%)							
H2O shopping centre							
Indirect property	£19.5m (€22.0m)	5.7% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; medium term moderately geared bank finance facility	15.8%	15
Long leased industrial facility, Hamburg							
Direct property	£7.0m [5] (€7.9m)	7.0% [4]	Germany	Long leased industrial complex in major European industrial and logistics hub	Long term moderately geared bank finance facility	5.7%	11
Alpha UK Property Fund Asset Company (No 2)							
Indirect property	£16.2m [6]	8.9% [7]	UK	High-yield commercial UK portfolio	100% shareholding; no external gearing	13.1%	12
Cambourne Business Park							
Indirect property	£1.7m	10.0% [4]	UK	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility	1.4%	15
Other investments (7.1%)							
Unity and Armouries, Birmingham							
PRS development, held for sale	£4.5m	n/a	UK	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial Heads of Terms and exclusivity agreed for offer of £4.9m	3.7%	12
Galaxia							
Joint venture in arbitration	£4.0m (INR 350m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	3.2%	13
Healthcare & Leisure Property Limited							
Indirect property	£0.2m	n/a	UK	Leisure property fund	No external gearing	0.2%	14
Cash and short-term investments (18.3%)							
Cash [8]	£22.6m	0.1% [9]	UK	'On call' and current accounts		18.3%	

* See notes to the financial statements
1 Percentage share shown based on NAV excluding the company's sundry assets/liabilities
2 Including accrued interest/coupon at the balance sheet date
3 Weighted average income return
4 Yield on equity over 12 months to 30 September 2019
5 Property value net of associated debt including sundry assets/liabilities
6 As at 30 September 2019, this investment included cash of £6.1 million (post period end, cash increased to £11.3 million following the penultimate asset sale)
7 Annualised income return, post tax
8 Company only
9 Weighted average interest earned on call accounts

Investment review (continued)

Brad Bauman
Joint fund manager

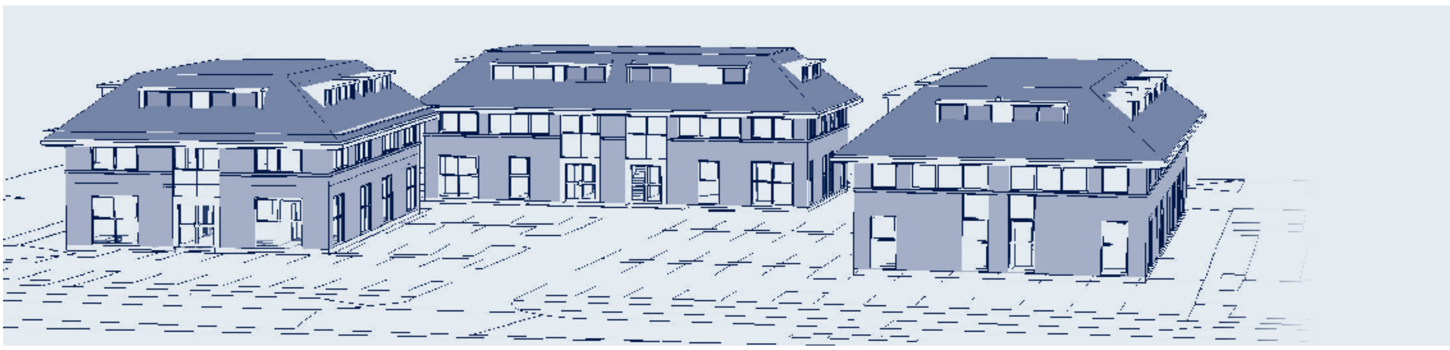
Gordon Smith
Joint fund manager

High return debt

ART is actively augmenting and diversifying its portfolio of secured loan investments which is expected to increase the Company's current earnings. This will however limit the Company's opportunity to benefit from potential capital gains from the capital deployed in these investments.

ART continues to remain focussed on creating a diversified portfolio of high return senior (first charge) loans and mezzanine (second charge) loans secured on real estate assets.

ART seeks opportunities that it can fully underwrite with the support of the Investment Manager's asset-backed lending experience and knowledge of the underlying assets and sectors, or in partnership with specialist debt providers. Repayment proceeds from current lending is expected to be progressively recycled into new loans.



High return debt
Diversified loan portfolio

Sector	Secured finance
Underlying assets	Diversified loan portfolio focussed on real estate investments and developments
Description	First charge and second charge secured senior and mezzanine loans

Investment review (continued)

Secured finance

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Secured senior finance	First charge secured loans	£26.5m*	11.8%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£21.0m*	15.1%**	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and subordinated debt

* Including accrued interest/coupon at the balance sheet date
** Weighted average income return

ART has a portfolio of secured senior and mezzanine loan investments which continues to increase in scale and diversity. These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns from either current or capitalised interest or coupon.

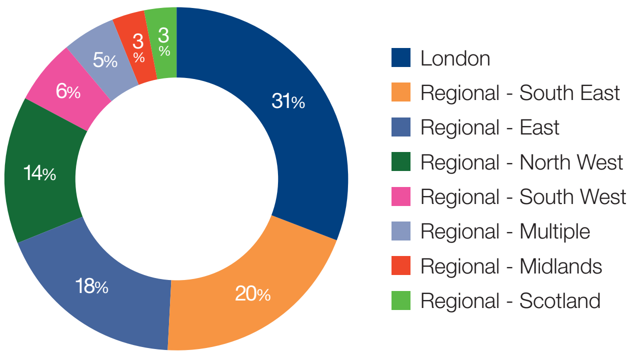
As at 30 September 2019, ART had invested a total amount of £47.5 million across thirty-eight loans. Over the past twelve months the loan portfolio has more than doubled, with £18.4 million of investment into the secured loan portfolio completing in the six month period ended 30 September 2019, with an additional £3.4 million of loans granted post period end.

During the period ended 30 September 2019, six loans were fully repaid for £4.5 million (including accrued interest and exit fees) and six loans were partly repaid by £4.5 million. Post period end, loan repayments of £3.4 million were received.

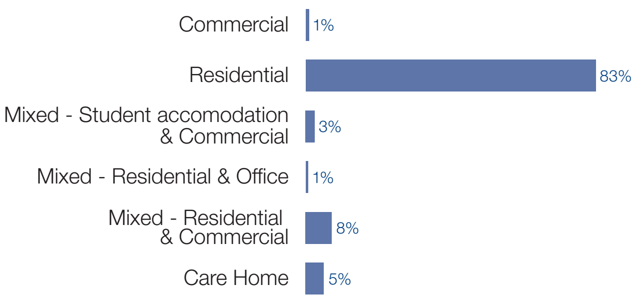
Each loan will typically have a term of up to two years, a maximum 75% loan to gross development value ratio and be targeted to generate attractive risk-adjusted income returns.

Repayment proceeds will be reinvested into new facilities. The Company continues to develop a strong pipeline of new lending opportunities.

Loan portfolio by geography



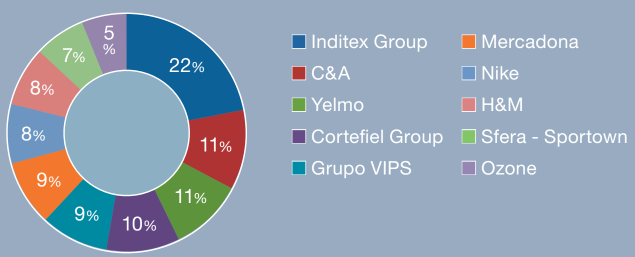
Loan portfolio by asset class (% of approved principal)



H2O
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti
Area	52,425 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 30 September 2019 is 8.6 years to expiry and 2.2 years to next break.

Top ten tenants (30 September 2019)



Investment review (continued)

High return equity in property investments

ART continues to remain focused on investments that offer the potential to deliver attractive risk-adjusted returns by way of value enhancement through active asset management, improvement of income, selective deployment of capital expenditure and the ability to undertake strategic sales when the achievable price is accretive to returns.

H2O Shopping Centre, Madrid

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
H2O	Indirect property	£19.5m (€22.0m)	5.7%*	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; 6-year term bank finance facility

* Yield on equity over twelve months to 30 September 2019

H2O shopping centre was opened in 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 approximately 52,425 square metres comprising 123 retail 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.

ART has a 30% stake in a joint venture with CBRE Global Investors. The continued equity interest allows ART to participate in the future growth of the centre. ARC, the investment manager of ART, continues to manage the shopping centre.

The joint venture has a €65.0 million bank loan which matures in 2024, secured on the shopping centre. The borrowings are secured on the underlying asset and are non-recourse to the Group's other investments.

The asset management highlights are as follows:

- **Centre occupancy:** 93% by area as at 30 September 2019 (97% by rental value, excluding potential new build leasable area). Weighted average lease length to next break of 2.2 years and 8.6 years to expiry (30 September 2019).
- **Footfall:** record visitor numbers to the shopping centre have been recorded in the 9 months to 30 September 2019, with footfall increasing 6.6% over the same period in 2018.
- **Tenant sales performance:** tenant sales continue to increase in the six months to 30 September 2019, with like-for-like sales increasing 8.2% over the same period in 2018.
- **Building rights transfer:** the H2O investment includes a small vacant site located in the same planning zone as H2O that was acquired during 2017. As previously announced, following a successful planning process which involved an amendment to the local zoning plan, 9,000 square metres of building rights have been transferred to the H2O plot which, subject to obtaining building licences, creates potential for the future expansion of the shopping centre.
- **Pre-leasing of new leasable area:** an active leasing programme has helped secure a pre-let to a leading Spanish pet supplies company for a 1,100 square metre retail park unit. The unit is located on part of the centre's surface car park area, as envisaged within a recently completed masterplan design for the shopping centre. Construction commenced in October 2019 and is due for completion in the first quarter of 2020.

Long leased industrial facility
Hamburg

Sector	Industrial
Underlying assets	Industrial facility in Hamburg Germany
Tenant	Veolia Umweltservice Nord GmbH, part of the Veolia group
Description	Long leased investment with moderately geared, long term, bank finance facility.

Investment review (continued)

UK industrial portfolio

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Alpha UK Property Fund Asset Company (No 2) Limited	Indirect property	£16.2m	8.9%*	High-yield commercial UK portfolio	100% of the total ordinary shares in the company

* Annualised income return; post tax

In September 2019, the Company announced that it purchased 66.4% of the shares in Alpha UK Property Fund Asset Company (No 2) Limited ("Alpha2"). The acquisition increased ART's ownership interest in Alpha2 to 100%. The Alpha2 portfolio consisted of two unlevered industrial assets located in England and cash of £6.1 million and has a net asset value of £16.2 million as at 30 September 2019.

The shares in Alpha2 were purchased from Antler Investment Holdings Limited, a related party to the Company. The shares in Alpha2 were purchased at its adjusted net asset value with its portfolio independently valued as at 31 August 2019. The purchase consideration for the increased Alpha2 shareholding was satisfied by the re-issue from treasury of 5,030,284 ordinary shares in ART at an issue price equivalent to ART's estimated adjusted net asset value of 211.4p per share based upon the Company's net asset value as at 30 June 2019 with adjustments made for dividends paid and share buybacks completed, including the Company's tender offer, following this date. The total consideration was therefore £10.6 million.

Post period end, the sale of the penultimate asset in the Alpha2 portfolio completed realising proceeds of £5.2 million. The sale price was in line with the asset's 30 September 2019 valuation; post period end, cash reserves within Alpha2 are £11.3 million.

Long leased industrial facility, Hamburg

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Industrial facility, Werner-Siemens-Straße Hamburg, Germany	Direct property	£7.0m* (€7.9m)	7.0%**	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Property value net of associated debt including sundry assets/liabilities
** Yield on equity over twelve months to 30 September 2019

ART has an investment of €7.9 million (£7.0 million) in an industrial facility leased to a leading international group.

The property is held freehold and occupies a site of 11.8 acres in Billbrook, a well-established and well-connected industrial area located approximately 8 kilometres south-east of Hamburg centre. Hamburg is one of the main industrial and logistics markets in Germany.

The property is leased to Veolia Umweltservice Nord GmbH, part of the Veolia group, an international industrial specialist in water, waste and energy management, with a 23-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

The Hamburg asset is funded by way of a €9.5 million (£8.4 million) non-recourse, fixed rate, bank debt facility which matures in 2028.

This investment offers the potential to benefit from a long term secure and predictable inflation-linked income stream which is forecast to generate stable high single digit income returns. In addition, the investment offers the potential for associated capital growth from an industrial location in a major German logistics and infrastructure hub.

The investment was revalued at €16.8 million (£14.9 million) as at 30 September 2019 (31 March 2019: €16.0 million (£13.8 million)), with the increase reflecting a rent review that completed during the period.





Cambourne Business Park

Cambridge

Sector	Business parks
Underlying assets	Office
Tenants	Netcracker Technology EMEA Ltd, Cambridge Cambourne Centre Ltd (previously called ‘Regus (Cambridge Cambourne) Ltd’) and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd
Area	9,767 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	Carrying value	Income return	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£1.7m	10.0%*	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility

* Yield on equity over twelve months to 30 September 2019

The Company has an investment of £1.7 million in a joint venture that owns Phase 1000 of Cambourne Business Park. The property consists of three Grade A specification modern office buildings constructed in 1999 and located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,767 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, Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd') and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd. 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. ART's equity contribution of £1.1 million, which represented 10.0% of the total equity commitment at acquisition, is invested into a joint venture entity, a subsidiary of which holds the property. The property is currently delivering an equity income return of 9.4% per annum as at 30 September 2019.

The Cambourne asset is funded by way of a £13.5 million (as at 30 September 2019) non-recourse bank debt facility which matures in 2023.

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

> ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. ART continues to actively pursue, and is well positioned to secure, new investment targets.

Investment review (continued)

Cash balances

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Cash balance*	Cash	£22.6m	0.1%**	'On call' and current accounts	n/a

* Company only
** Weighted average interest earned on call accounts

As at 30 September 2019, the Company had cash balances of £22.6 million.

Other investments

Unity and Armouries, Birmingham

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Unity and Armouries, Birmingham	PRS development, held for sale	£4.5m	n/a	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial

ART owns Unity and Armouries, a development site located in central Birmingham with planning consent for 90,000 square feet of net saleable space comprising 162 residential apartments with ground floor commercial areas. Following a sale of the Company's other build to rent residential investments, a sale of the investment is being pursued.

Detailed planning consent for ART's proposed project has been granted. There are no outstanding Section 106/Community Infrastructure Levy requirements and the site has an affordable unit designation for nine flats. The approved project includes 162 residential units with ground floor commercial (3,700 square feet) and car parking spaces.

As at 30 September 2019, an independent valuation has been undertaken by GVA valuing the site at £4.5 million.


Unity and Armouries, Birmingham (concept)


Unity and Armouries, Birmingham (concept)

Investment review (continued)

Galaxia, National Capital Region, NOIDA, India

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Galaxia	Joint venture in arbitration	£4.0m (INR 350m)	n/a	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award

ART holds a 50% shareholding in a joint venture that owns an 11.2 acre development site in NOIDA, in the National Capital Region, India. Following a breach of the terms of the shareholders agreement by its joint venture partner, Logix Group ("Logix"), ART initiated arbitration proceedings which were awarded in the Company's favour. ART subsequently successfully defended appeals by Logix at the Delhi High Court. Logix latterly appealed to the Supreme Court of India, where hearings are on-going.

ART continues to actively pursue Logix directors for the recovery of the award. As at 30 September 2019, the sum awarded to ART, including the previously recovered deposits, has accrued to £15.5 million at the period end exchange rates. The Directors, taking into consideration legal advice received following Logix's challenge of the Award and following the recovery of INR 100 million (£1.1 million) deposited by Logix at the Supreme Court, consider it appropriate to carry this joint venture in its accounts at INR 350 million (£4.0 million) (31 March 2019: INR 350 million (£3.9 million)). The amount recognised in the accounts does not include the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Post period end, in November 2019, the Supreme Court ruled that ART was entitled to withdraw a further INR 100 million (£1.1 million) deposited by Logix with the court. The Company has since made an application to withdraw funds. Further hearings are scheduled for December 2019.

Summary

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. ART continues to actively pursue, and is well positioned to secure, new investment targets.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
28 November 2019

Independent review report

To Alpha Real Trust Limited

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half year report for the six months ended 30 September 2019 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half year report is the responsibility of and has been approved by the Directors. The Directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The condensed consolidated set of financial statements included in this half year report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated set of financial statements in the half year report based on our review.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting its responsibilities in respect of half year reporting in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half year report for the six months to 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

28 November 2019

Consolidated statement of comprehensive income

	Notes	For the six months ended 30 September 2019 (unaudited) Revenue £'000	Capital £'000	Total £'000	For the six months ended 30 September 2018 (unaudited) Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	2,729	-	2,729	1,438	-	1,438
Change in the revaluation of investment properties and assets held for sale	11-12	-	697	697	-	1,604	1,604
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	6	207	(348)	(141)	1,104	181	1,285
Total income		**2,936**	**349**	**3,285**	**2,542**	**1,785**	**4,327**
Expenses							
Property operating expenses		(77)	-	(77)	(26)	-	(26)
Investment Manager's fee		(1,183)	-	(1,183)	(1,035)	-	(1,035)
Other administration costs		(646)	-	(646)	(550)	-	(550)
Total operating expenses		**(1,906)**	**-**	**(1,906)**	**(1,611)**	**-**	**(1,611)**
Operating profit		**1,030**	**349**	**1,379**	**931**	**1,785**	**2,716**
Share of profit of joint ventures and associates	15	843	(473)	370	831	980	1,811
Finance income	4	94	-	94	2	-	2
Finance costs	5	(104)	(42)	(146)	(23)	(34)	(57)
Profit/(loss) before taxation		**1,863**	**(166)**	**1,697**	**1,741**	**2,731**	**4,472**
Taxation	7	(23)	-	(23)	(30)	(3)	(33)
Profit/(loss) after taxation		**1,840**	**(166)**	**1,674**	**1,711**	**2,728**	**4,439**
Other comprehensive income for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	930	930	-	513	513
Other comprehensive income for the period		**-**	**930**	**930**	**-**	**513**	**513**
Total comprehensive income for the period		**1,840**	**764**	**2,604**	**1,711**	**3,241**	**4,952**
Earnings per ordinary share (basic & diluted)	9			**2.7p**			**6.5p**
Earnings per A share (basic & diluted)	9			**n/a**			**6.5p**
Adjusted earnings per ordinary share and A share (basic & diluted)	9			**3.0p**			**2.5p**

The total column of this statement represents the Group's statement of comprehensive income, 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 25 to 38 form an integral part of these financial statements.

Condensed consolidated balance sheet

	Notes	30 September 2019 (unaudited) £'000	31 March 2019 (audited) £'000
Non-current assets			
Investment property	11	14,894	13,764
Joint venture in arbitration	13	4,024	3,882
Investments held at fair value	14	198	390
Investment in joint ventures and associates	15	21,196	28,535
Loans advanced	16	15,644	15,036
Trade and other receivables	18	-	1,929
		55,956	**63,536**
Current assets			
Assets held for sale	12	12,725	4,500
Derivatives held at fair value through profit or loss		165	514
Loans advanced	16	31,897	21,100
Collateral deposit	17	1,286	1,302
Trade and other receivables	18	5,424	353
Cash and cash equivalents		28,748	58,181
		80,245	**85,950**
Total assets		**136,201**	**149,486**
Current liabilities			
Trade and other payables	19	(1,390)	(2,097)
Corporation tax		(57)	(2,647)
Bank borrowings	20	(32)	(30)
Total current liabilities		**(1,479)**	**(4,774)**
Total assets less current liabilities		**134,722**	**144,712**
Non-current liabilities			
Bank borrowings	20	(8,282)	(8,039)
Total liabilities		**(9,761)**	**(12,813)**
Net assets		**126,440**	**136,673**
Equity			
Share capital	21	-	-
Special reserve		64,267	76,032
Translation reserve		348	(582)
Capital reserve		40,523	40,689
Revenue reserve		21,302	20,534
Total equity		**126,440**	**136,673**
Net asset value per ordinary and A share	10	**213.5p**	**204.3p**

The financial statements were approved by the Board of Directors and authorised for issue on 28 November 2019. They were signed on its behalf by David Jeffreys.

The accompanying notes on pages 25 to 38 form an integral part of these financial statements.

David Jeffreys
Director

Condensed consolidated cash flow statement

	For the six months ended 30 September 2019 (unaudited) £'000	For the six months ended 30 September 2018 (unaudited) £'000
Operating activities		
Profit for the period after taxation	1,674	4,439
Adjustments for:		
Change in revaluation of investment property and assets held for sale	(697)	(1,604)
Net gains on financial assets and liabilities held at fair value through profit or loss	141	(1,285)
Taxation	23	33
Share of profit of joint ventures and associates	(370)	(1,811)
Interest receivable on loans to third parties	(2,263)	(1,341)
Finance income	(94)	(2)
Finance cost	146	57
Operating cash flows before movements in working capital	**(1,440)**	**(1,514)**
Movements in working capital:		
Movement in trade and other receivables	(2,685)	446
Movement in trade and other payables	929	(325)
Cash flows used in operations	**(3,196)**	**(1,393)**
Interest received	94	2
Interest paid	(95)	(1)
Tax paid	(2,690)	(3)
Cash flows used in operating activities	**(5,887)**	**(1,395)**
Investing activities		
Acquisition of investment property	-	(14,835)
Redemption on investments	-	20,330
Redemption on preference shares' investments	193	343
Cash recognised on Alpha2 transaction (note 2)	5,787	-
Capital return from investment receivable	-	1,106
Capital expenditure on investment property	-	(3,915)
Loans granted to third parties	(18,396)	(12,637)
Loans repayment from third parties	8,741	6,272
Loan interest received	721	379
Dividend income from other investments	-	505
Dividend income from joint ventures and associates	2,776	-
Collateral deposit account increase/(decrease)	16	(1,550)
Cash flows used in investing activities	**(162)**	**(4,002)**
Financing activities		
Bank loan advanced	-	8,400
Bank loan costs	-	(111)
Share issue costs	(68)	-
Share buyback	(22,960)	(13)
Share buyback costs	(72)	-
Cash paid on maturity of foreign exchange forward	-	(16)
Ordinary dividends paid	(371)	(1,233)
Cash flows generated from/(used in) financing activities	**(23,471)**	**7,027**
Net (decrease)/increase in cash and cash equivalents	**(29,520)**	**1,630**
Cash and cash equivalents at beginning of period	**58,181**	**6,273**
Exchange translation movement	87	(35)
Cash and cash equivalents at end of period	**28,748**	**7,868**

The accompanying notes on pages 25 to 38 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2019 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2019		**76,032**	**(582)**	**40,689**	**20,534**	**136,673**
Total comprehensive income for the period						
Profit/(loss) for the period		-	-	(166)	1,840	1,674
Other comprehensive income for the period		-	930	-	-	930
Total comprehensive income for the period		**-**	**930**	**(166)**	**1,840**	**2,604**
Transactions with owners						
Cash dividends	8	-	-	-	(371)	(371)
Scrip dividends	8	701	-	-	(701)	-
Share issue for acquisition (note 2)	21	10,634	-	-	-	10,634
Share issue costs	21	(68)	-	-	-	(68)
Share buyback	21	(22,960)	-	-	-	(22,960)
Share buyback costs	21	(72)	-	-	-	(72)
Total transactions with owners		**(11,765)**	**-**	**-**	**(1,072)**	**(12,837)**
At 30 September 2019		**64,267**	**348**	**40,523**	**21,302**	**126,440**

For the six months ended 30 September 2018 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2018		**78,261**	**(190)**	**20,880**	**19,500**	**118,451**
Total comprehensive income for the period						
Profit for the period		-	-	2,728	1,711	4,439
Other comprehensive income for the period		-	513	-	-	513
Total comprehensive income for the period		**-**	**513**	**2,728**	**1,711**	**4,952**
Transactions with owners						
Dividends	8	-	-	-	(1,233)	(1,233)
Share buyback	21	(13)	-	-	-	(13)
Total transactions with owners		**(13)**	**-**	**-**	**(1,233)**	**(1,246)**
At 30 September 2018		**78,248**	**323**	**23,608**	**19,978**	**122,157**

The accompanying notes on pages 25 to 38 form an integral part of these financial statements.

Notes to the financial statements

For the six months ended 30 September 2019

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is sterling and the subsidiaries' currencies are euro, Indian rupees and sterling. The presentation currency of the Group is sterling. The period end exchange rate used is £1:INR86.973 (31 March 2019: £1:INR90.155) and the average rate for the period used is £1:INR88.086 (30 September 2018: £1:INR91.276). For euro based transactions the period end exchange rate used is £1:€1.128 (31 March 2019: £1:€1.161) and the average rate for the period used is £1:€1.126 (30 September 2018: £1:€1.131).

The address of the registered office is given on page 39. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The half year report was approved and authorised for issue on 28 November 2019 and signed by David Jeffreys on behalf of the Board.

2. Significant accounting policies

Basis of preparation

The unaudited condensed consolidated financial statements in the half year report for the six months ended 30 September 2019 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report and condensed consolidated financial statements should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company's website (www.alpharealtrustlimited.com).

The accounting policies adopted and methods of computation followed in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2019 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2020.

The Group has adopted IFRS 16 (Leases), which was due for accounting periods commencing on or after 1 January 2019.

IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor will continue to classify its leases as finance leases or operating leases, and account for those two types of leases differently. The adoption of IFRS 16 has not had a material impact on the financial statements.

Alpha2 acquisition

In September 2019, the Company announced that it acquired 66.4% of the shares in Alpha2. The acquisition increased ART's ownership interest in Alpha2 to 100%. The Alpha2 portfolio consisted of two unleveraged industrial assets located in England and has a net asset value of £16.2 million as at 30 September 2019.

As from 18 September 2019, in accordance with IFRS 3 (Business combinations), the Group has therefore consolidated its 100% investment in Alpha2.

The shares in Alpha2 were purchased from Antler Investment Holdings Limited, a related party to the Company. The shares in Alpha2 were purchased at its adjusted net asset value of £10.6 million with its portfolio independently valued as at 31 August 2019. The purchase consideration for the increased Alpha2 shareholding was satisfied by the re-issue from treasury of 5,030,284 ordinary shares in ART at an issue price equivalent to ART's estimated adjusted net asset value of 211.4p per share (£10.6 million). Given the nature of the transaction and the underlying assets, the Company has accounted for the transaction as a property acquisition as opposed to a business combination. As a result, the shares issued as consideration for the acquisition have been recognised at the fair value of the assets received as opposed to the traded price on the day of issue.

Up to the 18 September 2019, the Group accounted for its 33.6% investment in Alpha2 as an associate by the equity method, in accordance with IFRS 11. As from 18 September 2019, income and expenses related to the Alpha2 investment have been recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

3. Revenue

	For the six months ended 30 September 2019 £'000	For the six months ended 30 September 2018 £'000
Rental income	445	97
Service charges	19	-
Rental revenue	**464**	**97**
Interest receivable on loans to third parties	2,263	1,341
Interest revenue	**2,263**	**1,341**
Other income	2	-
Other revenue	**2**	**-**
Total	**2,729**	**1,438**

The rental revenue for the six months ended 30 September 2018 relates to the Hamburg investment property. As from 18 September 2019, rental revenue also includes the rental income generated by the Alpha2 investment property portfolio.

4. Finance income

	For the six months ended 30 September 2019 £'000	For the six months ended 30 September 2018 £'000
Bank interest received	94	2
Foreign exchange gain	-	-
Total	**94**	**2**

5. Finance costs

	For the six months ended 30 September 2019 £'000	For the six months ended 30 September 2018 £'000
Interest on bank borrowings	104	23
Foreign exchange loss	42	34
Total	**146**	**57**

Notes to the financial statements (continued)

For the six months ended 30 September 2019

6. Net gains and losses on financial assets and liabilities held at fair value through profit or loss

	For the six months ended 30 September 2019	For the six months ended 30 September 2018
	£'000	£'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of investments	1	297
Movement in fair value of foreign exchange forward contract	(349)	-
Undistributed investment income	-	501
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Realised loss on foreign exchange forward contract	-	(116)
Dividend received from investments held at fair value	-	1
Distributed investment income	-	602
Movement in fair value of loans	207	-
Net (losses)/gains on financial assets and liabilities held at fair value through profit or loss	**(141)**	**1,285**

7. Taxation

	For the six months ended 30 September 2019	For the six months ended 30 September 2018
	£'000	£'000
Current tax	23	30
Deferred tax	-	3
Tax expense	**23**	**33**

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £1,200 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, Germany, Cyprus, Jersey and India.

The current tax charge is due in Cyprus, Luxembourg and the Netherlands.

Unused tax losses in Luxembourg, Spain, Germany and the United Kingdom can be carried forward indefinitely. Unused tax losses in the Netherlands can be carried forward for nine years. Unused tax losses in Cyprus can be carried forward for five years.

Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the Group's unused tax losses.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2018	23,259	0.8p	186,069	26 April 2019
Quarter ended 31 March 2019	23,117	0.8p	184,933	19 July 2019
Quarter ended 30 June 2019	12,572	1.0p	125,717	18 October 2019
Total			**496,719**	

The Company will pay a dividend of 1.0p per share for the quarter ended 30 September 2019 on 10 January 2020.

Dividends paid and payable after the balance sheet date have not been included as a liability in the half year report.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares: during the six month period ended 30 September 2019, the Company issued 419,832 ordinary shares.

9. Earnings per share

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

	For the six months ended 30 September 2019	Year ended 31 March 2019	Year ended 31 March 2019	For the six months ended 30 September 2018	For the six months ended 30 September 2018
	Ordinary share	Ordinary share	A share	Ordinary share	A share
Earnings per statement of comprehensive income (£'000)	1,674	21,181	1,310	4,119	320
Basic and diluted earnings pence per share	**2.7**	**33.1**	**33.5**	**6.5**	**6.5**
Earnings per statement of comprehensive income (£'000)	1,674	21,181	1,310	4,119	320
Net change in the revaluation of investment properties	(697)	(1,240)	(76)	(1,488)	(116)
Profit on investment property disposal	-	(17,020)	(1,041)		
Movement in fair value of investments	(1)	(260)	(17)	(276)	(21)
Movement in fair value of foreign exchange forward contract	349	(375)	(23)	108	8
Movement in fair value of the joint ventures' interest rate swaption (mark to market)	3	-	-	(27)	(2)
Net change in the revaluation of the joint ventures' and associates' investment property	470	(1,807)	(110)	(882)	(69)
Investment Manager's fees (performance fee)	-	726	45	-	-
Deferred tax	-	2,000	123	3	-
Romulus capital return	-	-	(14)	-	-
Foreign exchange (gain)/loss	42	(692)	(42)	32	2
Adjusted earnings	**1,840**	**2,513**	**155**	**1,589**	**122**
Adjusted earnings (pence per share)	**3.0**	**3.9**	**3.9**	**2.5**	**2.5**
Weighted average number of shares ('000s)	**61,219**	**63,905**	**3,907**	**63,564**	**4,931**

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

Notes to the financial statements (continued)

For the six months ended 30 September 2019

10. Net asset value per share

	At 30 September 2019 £'000	At 31 March 2019 £'000	At 30 September 2018 £'000
Net asset value (£'000)	126,440	136,673	122,157
Net asset value per ordinary and A share	**213.5p**	**204.3p**	**178.4p**
Number of ordinary and A shares ('000s)	**59,225**	**66,902**	**68,497**

11. Investment property

	30 September 2019 £'000	31 March 2019 £'000
Fair value of investment property at 1 April	**13,764**	**33,021**
Additions	-	14,795
Subsequent capital expenditure after acquisition	-	5,203
Disposals	-	(35,864)
Fair value adjustment in the period/year	697	1,316
Foreign exchange movements	433	(207)
Transfer to asset held for sale	-	(4,500)
Fair value of investment property at 30 September / 31 March	**14,894**	**13,764**

Investment property comprises an investment property located in Hamburg (Werner-Siemens-Straße), Germany.

The fair value of the Hamburg property of €16.8 million (£14.9 million) (31 March 2019: €16.0 million (£13.8 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield ('C&W').

C&W 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 Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "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".

Foreign exchange movement is recognised in other comprehensive income.

12. Assets held for sale

	30 September 2019 £'000	31 March 2019 £'000
Fair value at 1 April	**4,500**	**-**
Additions	8,225	
Transfer from investment property	-	4,500
Fair value of investment property at 30 September / 31 March	**12,725**	**4,500**

Asset held for sale is represented by the Unity and Armouries property in Birmingham (UK) and two industrial assets located in the UK, part of the Alpha2 property investment portfolio, which are all being actively marketed for disposal.

The fair value of the Unity and Armouries property of £4.5 million (31 March 2019: £4.5 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by GVA.

The fair value of the Alpha2 property investment portfolio of £8.3 million has been arrived at on the basis of an independent valuation carried out at the balance sheet date by CBRE for one asset (£5.3 million) and on the basis of a directors' valuation for the other asset (£3.0 million).

GVA and CBRE 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 Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "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".

Notes to the financial statements (continued)

For the six months ended 30 September 2019

13. Joint venture in arbitration

	30 September 2019 £'000	31 March 2019 £'000
As at 1 April	**3,882**	**4,921**
Capital return	-	(1,106)
Effect of foreign exchange	142	67
As at 30 September / 31 March	**4,024**	**3,882**

The Galaxia investment is carried at INR 350.0 million (£4.0 million) (31 March 2019: INR 350.0 million, £3.9 million).

Following a breach of the terms of the shareholders agreement by its joint venture partner, Logix Group ("Logix"), ART initiated arbitration proceedings which were awarded in the Company's favour. ART subsequently successfully defended appeals by Logix at the Delhi High Court. Logix latterly appealed to the Supreme Court of India, where hearings are on-going.

ART continues to actively pursue Logix directors for the recovery of the award. As at 30 September 2019, the sum awarded to ART, including the previously recovered deposits, has accrued to £15.5 million at the period end exchange rates. The Directors, taking into consideration legal advice received following Logix's challenge of the Award and following the recovery of INR 100 million (£1.1 million) deposited by Logix at the Supreme Court, consider it appropriate to carry this joint venture in its accounts at INR 350 million (£4.0 million) (31 March 2019: INR 350 million (£3.9 million)). The amount recognised in the accounts does not include the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Post period end, in November 2019, the Supreme Court ruled that ART was entitled to withdraw a further INR 100 million (£1.1 million) deposited by Logix with the court. The Company has since made an application to withdraw funds. Further hearings are scheduled for December 2019.

Foreign exchange movement is recognised in other comprehensive income.

14. Investments held at fair value

	30 September 2019 £'000	31 March 2019 £'000
Non-current		
As at 1 April	**390**	**6,798**
Disposals	-	(6,347)
Redemptions	(193)	(343)
Movement in fair value of investments	1	282
As at 30 September / 31 March	**198**	**390**

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

- Europip (participating redeemable preference shares): during the period, ART received £0.2 million as return of capital from Europip; Europip provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2019 was approximately £30,000 (31 March 2019: £0.2 million).
- HLP (participating redeemable preference shares): HLP provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2019 was £0.2 million (31 March 2019: £0.2 million).

The Board considers that the investments in Europip and HLP will be held for the long term and has therefore disclosed them as non-current assets.

Investments held at fair value	30 September 2019 £'000	31 March 2019 £'000
Current		
As at 1 April	**-**	**33,692**
Additions during the period / year	-	-
Redemptions	-	(34,065)
Undistributed investment income in period / year	-	-
Movement in fair value of investments	-	373
As at 30 September / 31 March	**-**	**-**

As at 30 September 2019, the Group had no current investments held at fair value.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

15. Investment in joint ventures and associates

The movement in the Group's share of net assets of the joint ventures and associates can be summarised as follows:

	Alpha2 30 Sep 2019 £'000	H2O 30 Sep 2019 £'000	SPHL 30 Sep 2019 £'000	Total 30 Sep 2019 £'000	Alpha2 31 Mar 2019 £'000	H2O 31 Mar 2019 £'000	SPHL 31 Mar 2019 £'000	Total 31 Mar 2019 £'000
As at 1 April	**7,403**	**19,434**	**1,698**	**28,535**	**-**	**17,653**	**1,679**	**19,332**
Additions	-	-	-	-	6,347	-	-	6,347
Group's share of joint venture and associate profits before fair value movements and dividends	117	657	69	843	196	1,355	127	1,678
Fair value adjustment for interest rate swaption	-	(3)	-	(3)	-	(63)	-	(63)
Fair value adjustment for investment property	(421)	(14)	(35)	(470)	860	843	277	1,980
Dividends paid by joint venture and associate to the Group	(1,597)	(1,159)	(20)	(2,776)	-	-	(385)	(385)
Foreign exchange movements	-	569	-	569	-	(354)	-	(354)
Transfer of the associate's assets and liabilities for consolidation (note 2)	(5,502)	-	-	(5,502)	-	-	-	-
As at 30 September / 31 March	**-**	**19,484**	**1,712**	**21,196**	**7,403**	**19,434**	**1,698**	**28,535**

The Group's investments in joint ventures and associates can be summarised as follows:

- Joint venture investment in the H2O shopping centre in Madrid, Spain: the Group holds a 30% equity investment in CBRE H2O Rivas Holding NV ('CBRE H2O'), a company based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of H2O. CBRE H2O is a euro denominated company hence the Group translates its share of this investment at the relevant year end exchange rate with movements in the period translated at the average rate for the period. As at 30 September 2019, the carrying value of ART's investment in CBRE H2O was £19.5 million (€22.0 million) (31 March 2019: £19.4 million (€22.5 million)).
- Joint venture investment in the Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group holds a 10% equity investment in the Scholar Property Holdings Limited ('SPHL') group, owner of the property. As at 30 September 2019, the carrying value of ART's investment in Scholar Property Holdings Limited was £1.7 million (31 March 2019: £1.7 million).
- Associate investment in a portfolio of investment properties in the UK industrial sector: until 18 September 2019, the Group held a 33.6% equity investment in Alpha2, owner of two industrial assets in the United Kingdom. On 18 September 2019, the Group acquired the remaining 66.4% of the Alpha2 shares from Antler Investment Holdings Limited, a related party to the Group. As from 18 September 2019, the Group has therefore consolidated its 100% investment in Alpha2.

Foreign exchange movement is recognised in other comprehensive income.

The fair value of the H2O property in Madrid (Spain) of €131.7 million (£116.8 million) (31 March 2019: €130.4 million (£116.0 million) 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"), an independent valuer not connected to the Group.

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) is £30.5 million (31 March 2019: £30.5 million), which has been arrived at on the basis of a Directors' valuation.

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "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".

Notes to the financial statements (continued)

For the six months ended 30 September 2019

16. Loans advanced

	30 September 2019 £'000	31 March 2019 £'000
Non-current		
Loans to third parties	15,644	15,036
Total loans at amortised cost	**15,644**	**15,036**
Loans at fair value through profit or loss	-	-
Total non-current loans	**15,644**	**15,036**
Current		
Loans to third parties	27,592	17,389
Total loans at amortised cost	**27,592**	**17,389**
Loans at fair value through profit or loss	4,305	3,711
Total current loans	**31,897**	**21,100**

As at 30 September 2019, the Group had granted a total of £47.5 million (31 March 2019: £35.1 million) of secured senior and secured mezzanine loans to third parties. These comprised thirty-eight loans to UK entities, which assisted with the purchase of property developments, predominantly residential, in the UK. These facilities typically range from a 6 to 36 month term and entitle the Group to a weighted average overall return on the investment of 15.1% for mezzanine loans and 11.8% for senior loans.

Post period end, a further two loans totalling £2.0 million were funded, additional drawdowns of £1.4 million were made on existing loans and part payments for other loans were received amounting to £3.4 million.

All senior and mezzanine loans granted by the Group are secured asset backed real estate loans. Senior loans have a first charge security and mezzanine loans have a second charge security on the property developments.

Loans at fair value through profit or loss represents loans that failed the 'solely payment of principal and interest' criteria of IFRS 9 to be measured at amortised cost: this is due to a loan facility agreement's clause that links those loans to a return other than interest.

17. Collateral deposit

	30 September 2019 £'000	31 March 2019 £'000
Collateral deposit	1,286	1,302

The collateral deposit of £1.3 million (31 March 2019: £1.3 million) is a cash deposit with Barclays Bank PLC ('Barclays') in Guernsey in relation to the foreign exchange forward contract entered into by the Group at year end: this cash has been placed on deposit.

18. Trade and other receivables

	30 September 2019 £'000	31 March 2019 £'000
Non-current		
Other debtors	-	1,929
Total	**-**	**1,929**
Current		
Trade debtors	222	28
VAT	21	28
Rent deposit	2,000	-
Other debtors	3,181	297
Total	**5,424**	**353**

Other debtors comprise a £2.0 million (€2.3 million) residual receivable for an investment property disposed of in the prior year (31 March 2019: £1.9 million (€2.3 million)): this is due to be received in August 2020), £0.3 million cash held by property managers and £0.6 million cash held in escrow with lawyers.

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

Notes to the financial statements (continued)

For the six months ended 30 September 2019

19. Trade and other payables

	30 September 2019 £'000	31 March 2019 £'000
Trade creditors	511	356
Investment Manager's fee payable	599	1,439
Accruals	231	289
Other creditors	49	13
Total	**1,390**	**2,097**

Trade and other payables primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk 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 their fair value.

20. Bank borrowings

	30 September 2019 £'000	31 March 2019 £'000
Current liabilities: interest payable	32	30
Total current liabilities	**32**	**30**
Non-current liabilities: bank borrowings	8,282	8,039
Total liabilities	**8,314**	**8,069**
The borrowings are repayable as follows:		
Interest payable	32	30
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	8,282	8,039
Total	**8,314**	**8,069**

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

	30 September 2019 £'000	31 March 2019 £'000
As at 1 April	**8,039**	**-**
Borrowings, additions	-	8,377
Deferred finance costs, additions	-	(151)
Amortisation of deferred finance costs	8	4
Exchange differences on translation of foreign currencies	235	(191)
As at 30 September / 31 March	**8,282**	**8,039**

As at 30 September 2019, bank borrowings represent the Nord LB (a German bank) loan for €9.5 million (£8.4 million), which was used to partly fund the acquisition of the investment property in Hamburg (Werner-Siemens-Straße), Germany. This loan is composed of two tranches of €4.9 million and €4.6 million, which bear a 1.85% and 2.7% fixed rate respectively and that are due to mature in August 2028.

The borrowings are non-recourse to ART.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

20. Bank borrowings (continued)

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2019.

	Derivatives	Liabilities from financing activities		
	Foreign exchange forward	Interest payable	Borrowing	Total
	£'000	£'000	£'000	£'000
Net asset/(debt) as at 1 April 2019	**514**	**(30)**	**(8,039)**	**(7,555)**
Cash movements	-	95	-	95
Non cash movements				
Foreign exchange adjustments	-	7	(235)	(228)
Unrealised loss on foreign exchange forward contract	(349)	-	-	(349)
Loan fee amortisation and other costs	-	-	(8)	(8)
Interest charge	-	(104)	-	(104)
Net asset/(debt) as at 30 September 2019	**165**	**(32)**	**(8,282)**	**(8,149)**

	Derivatives		Liabilities from financing activities		
	Foreign exchange forward	Interest rate swaption	Interest payable	Borrowing	Total
	£'000	£'000	£'000	£'000	£'000
Net asset/(debt) as at 1 April 2018	**100**	**-**	**-**	**-**	**100**
Cash movements	16	-	-	(8,400)	(8,384)
Non cash movements					
Foreign exchange adjustments	-	-	-	(52)	(52)
Realised loss on foreign exchange forward contract	(116)	-	-	-	(116)
Loan fees paid	-	-	-	111	111
Loan fees amortisation and other costs	-	-	-	(1)	(1)
Interest charge	-	-	(22)	-	(22)
Net asset/(debt) as at 30 September 2018	**-**	**-**	**(22)**	**(8,342)**	**(8,364)**

21. Share capital

	Number of shares
Authorised	
Ordinary shares of no par value	Unlimited

Issued and fully paid	Ordinary treasury	Ordinary external	Ordinary total
At 1 April 2019	**6,908,957**	**66,902,342**	**73,811,299**
Share issue for scrip dividend	-	419,832	419,832
Share issue from treasury (note 2)	(5,030,284)	5,030,284	-
Shares bought back	62,124	(62,124)	-
Shares cancelled following buyback	-	(13,065,348)	(13,065,348)
At 30 September 2019	**1,940,797**	**59,224,986**	**61,165,783**

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

Under the general authority, approved by Shareholders on 8 January 2019, the Company announced a tender offer on 14 June 2019 for up to 16,666,771 ordinary shares at a price (before expenses) of 175.0 pence per share. In total 13,065,348 ordinary shares were validly tendered under the tender offer for a total cost of £22.9 million. All purchased ordinary shares were cancelled.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

21. Share capital (continued)

During the period, the Company additionally purchased 62,124 shares in the market at the weighted average price per share of 155p (total cost of £0.1 million) and, in September 2019, ART re-issued from treasury 5,030,284 ordinary shares as consideration for Alpha2. The 5,030,284 ordinary shares were issued at an issue price equivalent to ART's estimated adjusted net asset value of 211.4p per share based upon the Company's net asset value as at 30 June 2019 with adjustments made for dividends paid and share buybacks completed, including the Company's tender offer, following this date. The total consideration was therefore £10.6 million and has been accounted for as a share based payment in accordance with IFRS 2.

As at 30 September 2019, the ordinary share capital of the Company was 61,165,783 (including 1,940,797 ordinary shares held in treasury) and the total voting rights in the Company is 59,224,986.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares. During the six month period ended 30 September 2019, the Company issued 419,832 ordinary shares: on 26 April 2019, 216,698 were issued at the price of £1.611 and, on 19 July 2019, 203,134 were issued at the price of £1.731.

Post period end, the Company made no share buybacks. On 18 October 2019, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2019, the Company issued 231,625 ordinary shares at the price of £1.797. At the date of signing these financial statements the ordinary share capital of the Company is 61,397,408 (including 1,940,797 ordinary shares held in treasury) and the total voting rights in the Company is 59,456,611.

22. Events after the balance sheet date

Post period end, a further two loans totalling £2.0 million were funded, additional drawdowns of £1.4 million were made on existing loans and part payments for other loans were received amounting to £3.4 million.

Post period end, the sale of the penultimate asset in the Alpha2 portfolio completed realising proceeds of £5.2 million. The sale price was in line with the asset's 30 September 2019 valuation.

On 18 October 2019, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2019, the Company issued 231,625 ordinary shares at the price of £1.797 (note 21).

On 22 Friday 2019, the Group completed the acquisition of an investment property located in Liverpool, UK, for £0.6 million.

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 Management Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2% of the net assets of the Group, 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 three year high water mark.

Prior to the 70% disposal of the H2O property, ARC had a management agreement directly with the H2O property company, Alpha Tiger Spain 1, SLU ('ATS1') under which it earned a fee of 0.9% per annum based upon the gross assets of ATS1. In order to avoid double counting of fees, ARC provided a rebate to the Company of a proportion of its fee equivalent to the value of the Group's net asset value attributable to the H2O investment. Subsequent to the sale of ATS1 to CBRE H2O Rivas Holding NV ('CBRE H2O'), ARC has been appointed as Asset Manager to ATS1 and Investment Manager to CBRE H2O. ARC has agreed to rebate to ART all of the fees charged by ARC directly to CBRE H2O and ATS1 that relate to the Company's 30% share in CBRE H2O.

The Company invests in Alpha2, where ARC is the Investment Manager. ARC rebates fees earned in relation to the Company's investment in Alpha2.

In September 2019, the Company announced that it acquired 66.4% of the shares in Alpha2. The acquisition increased ART's ownership interest in Alpha2 to 100% (note 2). The shares in Alpha2 were purchased from Antler Investment Holdings Limited, a related party to the Company.

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.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

23. Related party transactions (continued)

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 condensed consolidated statement of comprehensive income and the balance payable at 30 September 2019 is provided in note 19.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2019	For the six months ended 30 September 2018
	£	£
David Jeffreys	18,000	17,000
Phillip Rose	12,500	11,500
Jeff Chowdhry	12,500	11,500
Melanie Torode	23,750	11,750
William Simpson	12,500	-
Serena Tremlett*	-	18,000
Total	**79,250**	**69,750**

* Resigned on 8 October 2018

The Directors' interests in the shares of the Company are detailed below:

	30 September 2019	31 March 2019
	Number of ordinary shares held	Number of ordinary shares held
David Jeffreys	15,000	15,000
Phillip Rose	899,833	892,220
Jeff Chowdhry	10,000	10,000
Melanie Torode	-	-
William Simpson	-	-

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, held 22,766,714 shares in the Company at 30 September 2019 (31 March 2019: 22,550,000).

ARC did not hold any shares in the Company at 30 September 2019 (31 March 2019: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2019	31 March 2019
	Number of ordinary shares held	Number of ordinary shares held
Rockmount Ventures Limited	2,279,270	2,257,575
Brian Frith	1,125,000	1,125,000
Phillip Rose	899,833	892,220
Brad Bauman	55,006	55,006

Karl Devon-Lowe, a partner of ARC, received fees of £4,183 (31 March 2019: £5,100) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Melanie Torode is the Operations Director of Estera Administration (Guernsey) Limited ('Estera'), the Company's administrator and secretary. During the period the Company paid Estera fees of £47,400 (31 March 2019: £96,500) and no amount was outstanding at period end.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

24. Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities carrying value	30 September 2019 £'000	31 March 2019 £'000
Financial assets at fair value through profit or loss		
Investments held at fair value	198	390
Foreign exchange forward contract	165	514
Loans advanced	4,305	3,711
Total financial assets at fair value through profit or loss	**4,668**	**4,615**

Fair value measurement

The Group discloses 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 instruments are classified in their entirety into one of the three levels.

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

Level 1

- As at 30 September 2019, the Group does not hold any investment which can be categorised as Level 1.

Level 2

- The fair value of the foreign exchange forward contract is determined by reference to the quarter end applicable forward market rate provided by the contractual counter party.

Level 3

- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board considers that any reasonable possible movement in the valuation of HLP's individual properties would not be material to the value of ART's investment.
- The fair value of the Europip investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of Europip's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. Europip's accounts are audited annually. As at 30 September 2019, Europip has sold its remaining property and has partly distributed the related proceeds to shareholders; Europip is currently preparing to distribute the final proceeds to shareholders.

Financial assets and liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2019.

The Board determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the financial statements (continued)

For the six months ended 30 September 2019

24. Financial assets and liabilities held at fair value through profit or loss (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 described above:

30 September 2019 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investments held at fair value	-	-	198	**198**
Current				
Loans advanced	-	-	4,305	4,305
Foreign exchange forward contract	-	165	-	**165**

31 March 2019 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investments held at fair value	-	-	390	**390**
Loans advanced	-	-	3,711	**3,711**
Current				
Foreign exchange forward contract	-	514	-	**514**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 September 2019.

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Jeff Chowdhry
William Simpson
Phillip Rose
Melanie Torode

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Ashurst LLP
Alcalá, 44
Madrid, 28014
Spain

Registrar

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

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Shareholder information

Further information on the Company can be found at the Company's website: www.alpharealtrustlimited.com

Dividends

Ordinary dividends are declared and paid quarterly. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Mandates may be obtained from the Company's Registrar. Where dividends are paid directly to shareholders' bank accounts, dividend vouchers are sent directly to shareholders' registered addresses.

Share price

The Company's Ordinary Shares are listed on the SFS of the LSE.

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	Last date for election to scrip dividend (if applicable)	Share certificates posted (if applicable)	Payment date
Half year report and dividend announcement	29 Nov 2019	Quarter ended 30 Sep 2019	12 Dec 2019	13 Dec 2019	20 Dec 2019	9 Jan 2020	10 Jan 2020
Trading update (Qtr 3)	28 Feb 2020	Quarter ending 31 Dec 2019	12 Mar 2020	13 Mar 2020	26 Mar 2020	8 Apr 2020	9 Apr 2020
Annual report and dividend announcement	12 Jun 2020	Quarter ending 31 Mar 2020	25 Jun 2020	26 Jun 2020	3 Jul 2020	16 Jul 2020	17 Jul 2020
Annual report published	26 Jun 2020						
Annual General Meeting	7 Aug 2020						

Alpha Real Trust

www.alpharealtrustlimited.com

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