Alpha Real Trust

Half year report 2022

For the six months ended 30 September 2022

Alpha Real 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.

Alpha Real Trust

Contents

www.alpharealtrustlimited.com

- NAV per ordinary share 219.6p as at 30 September 2022 (31 March 2022: 216.0p).
- Basic earnings for the six months ended 30 September 2022 of 0.4p per ordinary share (six months ended 30 September 2021: 2.5p per ordinary share).
- Adjusted earnings for the six months ended 30 September 2022 of 3.3p per ordinary share (six months ended 30 September 2021: 3.0p per ordinary share)*.
- Declaration of a quarterly dividend of 1.0p per ordinary share expected to be paid on 6 January 2023.

* The basis of the adjusted earnings per share is provided in note 7

Highlights

- **Robust financial position:** ART continues to adopt a cautious approach to new investment and has conserved cash as a result of the uncertainty that characterised the past year; this has placed the Company in a robust financial footing making it well positioned to take advantage of new investment opportunities.
- **Investment targets:** the Company is currently focussed on its loan portfolio and extending its wider investment strategy to target investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.
- **Long leased investments:** during the period the Company acquired for £4.3 million a UK hotel leased to Travelodge Hotels Limited, the United Kingdom's largest independent hotel brand, with a 20-year unexpired lease term. A similar investment was acquired by ART in June 2022 for £3.1 million. The current rents reflect a net initial yield in excess of 6% p.a. with the investments benefitting from inflation linked rent adjustments.
- **Diversified portfolio of secured senior and secured mezzanine loan investments:** as at 30 September 2022, the size of ART's drawn secured loan portfolio was £48.1 million, representing 38.5% of the investment portfolio.
- The senior portfolio has an average Loan to Value ('LTV')** of 64.4% based on loan commitments (with mezzanine loans having an LTV range of between 48.8% and 78.6% whilst the highest approved senior loan LTV is 72.9%).
- **Loan commitments:** including existing loans at the balance sheet date and loans committed post period end, ART's current total committed but undrawn loan commitments amount to £17.4 million.

** See page 5 for more details

Company's summary and objective

Strategy

ART 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 2022, excluding sundry assets/liabilities, was as follows:

	30 September 2022	31 March 2022
High return debt:	38.5%	27.3%
High return equity in property investments:	27.5%	18.8%
Other investments:	4.4%	13.1%
Cash:	29.6%	40.8%

The Company is currently focussed on its loan portfolio and extending its wider investment strategy to target investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

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.

The Company and the Investment Manager have extended the current management agreement for a further term of five years from the expiry of the current term on 21 December 2022. The Company believes this will provide the Company's shareholders with greater certainty going forward on the continued access to the management resources, and broader group support, of the Investment Manager which will assist the Company to continue to achieve its investment objectives. The annual management fee and performance fee arrangements remain unchanged.

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

219.6p

NAV per ordinary share 219.6p

3.3p

Adjusted earnings per ordinary share of 3.3p

2.0p

Dividend per ordinary share paid during the period

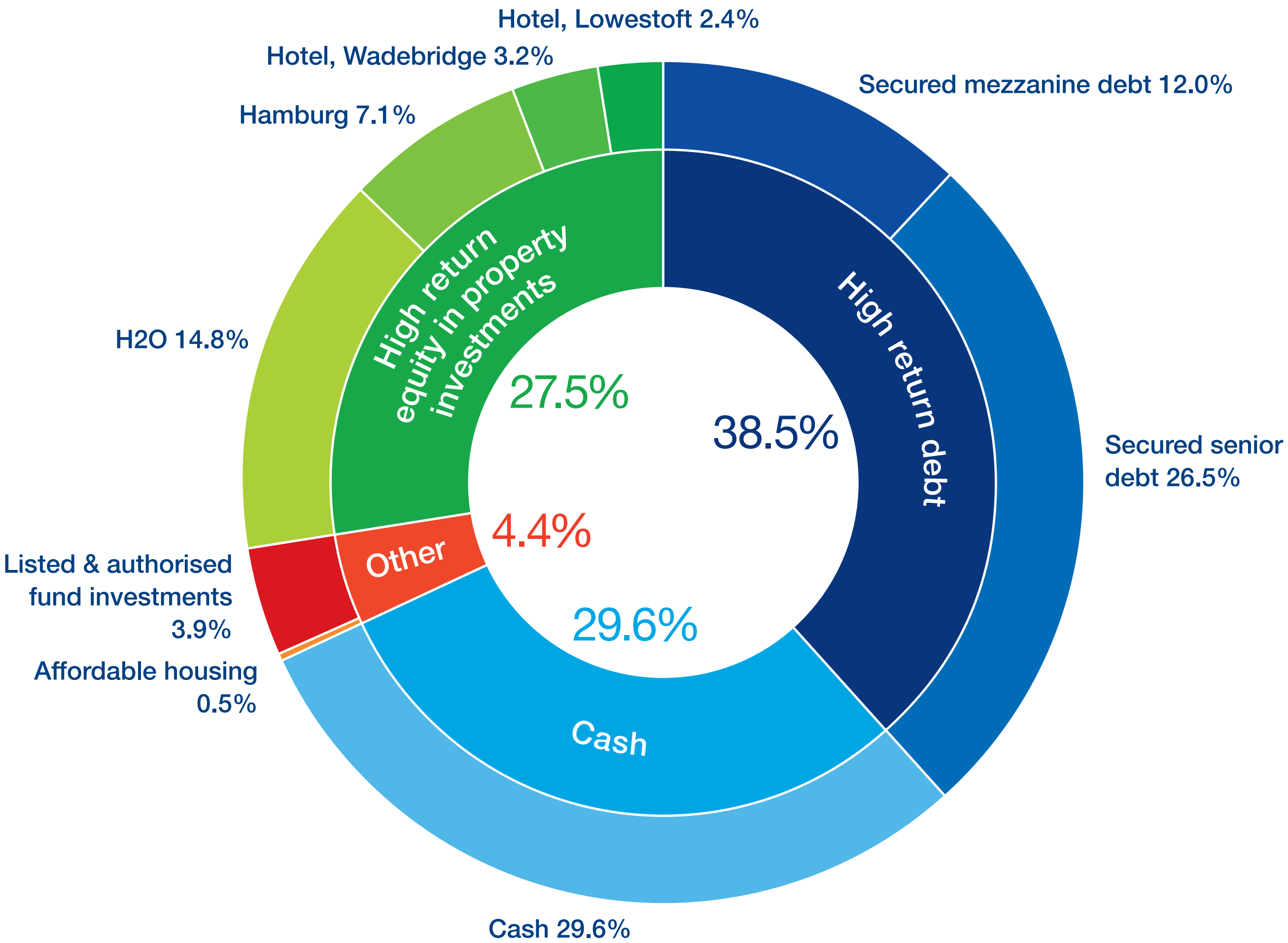
Company's summary and objective (continued)

Financial highlights

	6 months ended 30 September 2022	12 months ended 31 March 2022	6 months ended 30 September 2021
Net asset value (£'000)	125,025	133,256	127,585
Net asset value per ordinary share	219.6	216.0	208.5p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.3p	4.0p	3.0p
Earnings per ordinary share (basic and diluted)	0.4p	13.3p	2.5p
Dividend per ordinary share (paid during the period)	2.0p	4.0p	2.0p

* 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 7 to the accounts.

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) as at 30 September 2022 (see page 8 for further details).



Chairman's statement

William Simpson
Chairman

I am pleased to present the Company's half year report and accounts for the six months ended 30 September 2022.

ART's investment portfolio benefits from diversification across geographies, sectors and asset types. As inflationary pressures increasingly dominate the economic backdrop in which the Company operates, ART remains on a robust financial footing and is well placed to capitalise on new investment opportunities.

During the quarter there has been elevated volatility in the UK gilt market, with yields spiking in response to UK political events and subsequently normalising with support from Bank of England intervention. UK fiscal discipline remains under increased scrutiny from international financial markets. Combined with higher inflation and supply constraints evident across the UK and in Europe and substantial increases in borrowing costs, the impact of these events on real asset prices is yet to be determined.

The uncertain market will offer opportunities in the medium term for ART to opportunistically grow its diversified investment portfolio. In recent years the Company focused on recycling capital into cashflow driven investments. The Company is currently focussed on its loan portfolio and extending its wider investment strategy to target investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

ART continues to adhere to its disciplined strategy and investment underwriting principles which seek to manage risk through a combination of operational controls, diversification and an analysis of the underlying asset security.

> As inflationary pressures increasingly dominate the economic backdrop in which the Company operates, ART remains on a robust financial footing and is well placed to capitalise on new investment opportunities.

Investment in long leased assets

In August 2022 ART acquired a hotel in Wadebridge, Cornwall (UK) for £4.3 million (including acquisition costs). The property is leased to Travelodge Hotels Limited, the UK's largest independent hotel brand with more than 590 hotels. The hotel has a 20 year unexpired lease term.

Under the lease, the tenant is responsible for building maintenance and the passing rent of £0.3 million p.a. has inflation linked adjustments, reflecting a net initial yield in excess of 6.0% p.a.

The Wadebridge hotel is a 55-bedroom property that is held freehold and is situated on the outskirts of Wadebridge in the county of Cornwall. The hotel is in a well-connected location in close proximity to the A39. This follows from a June 2022 acquisition of a hotel in Lowestoft (UK), leased to Travelodge Hotels Limited, for £3.1 million (including acquisition costs) which also has a long term lease contract. The Lowestoft hotel is a 47-bedroom property that is held freehold and occupies a site of 1.08 acres in Lowestoft, a well-established and well connected area located in close proximity to the A47 which runs to Norwich. ART has acquired both assets for cash.

These acquisitions offer the Company the potential to benefit from a long term, predictable, inflation linked income stream whilst contributing additional diversification to ART's portfolio. In addition, the investments offer the potential for associated capital growth.

Diversified secured lending investment

The Company has a diversified portfolio of secured senior and mezzanine loan investments. The loans are typically secured on predominately residential real estate investment and development assets with attractive risk adjusted income returns. As at 30 September 2022, ART had committed £67.3 million across nineteen loans, of which £48.1 million (excluding a £3.2 million provision for Expected Credit Loss discussed below) was drawn.

The Company's debt portfolio comprises predominately floating rate loans. Borrowing rates are typically set at a margin over Bank of England ('BoE') Base Rate and benefit from rising interest rates as outstanding loans deliver increasing returns as loan rates track increases in the BoE Base Rate.

Chairman's statement (continued)

During the six months to 30 September 2022, four loans for £9.0 million (including accrued interest and exit fees) were fully repaid and a further £2.4 million (including accrued interest) was received as part repayments. Post period end, one loan of £1.1 million was drawn, additional drawdowns of £1.9 million were made on existing loans and part loan repayments were received amounting to £0.6 million (including accrued interest).

As at 30 September 2022, 68.8% of the Company's loan investments were senior loans and 31.2% were mezzanine loans. The senior portfolio has an average LTV of 64.4% based on loan commitments (with mezzanine loans having an LTV range of between 48.8% and 78.6% whilst the highest approved senior loan LTV is 72.9%). Portfolio loans are underwritten against value for investment loans or gross development value for development loans as relevant and collectively referred to as LTV in this report.

The largest individual loan in the portfolio as at 30 September 2022 is a senior loan of £11.1 million which represents 16.5% of committed loan capital and 8.9% of the Company's NAV.

Two loans in the portfolio have entered receivership: ART is closely working with stakeholders to maximise capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and have calculated an Expected Credit Loss ('ECL') on these two loans of approximately £2.3 million; the Group have also provided for an ECL on the remainder of the loans' portfolio for an additional £0.9 million: in total, the Group have provided for an ECL of £3.2 million in its consolidated accounts.

Aside from the two cases of receivership, illustrated above, the Company's loan portfolio has proved to be resilient despite the recent extended period of heightened macroeconomic uncertainty and risk. In terms of debt servicing, allowing for some temporary agreed extensions, interest and debt repayments have been received in accordance with the loan agreements. Where it is considered appropriate, on a case-by-case basis, underlying loan terms may be extended or varied with a view to maximising ART's risk adjusted returns and collateral security position. The Company's loan portfolio and new loan targets continue to be closely reviewed to consider the potential impact on construction timelines, building cost inflation and sales periods.

The underlying assets in the loan portfolio as at 30 September 2022 had geographic diversification with a London and Southeast focus. The South of England (including London) accounted for 49%, of which London accounted for 21%, of the committed capital within the loan investment portfolio.

H2O, Madrid

H2O, Madrid

ART has a 30% stake in a joint venture with CBRE Investment Management in the H2O shopping centre in Madrid.

H2O occupancy, by area, as at 30 September 2022 was 90.4%. The centre trading levels remain below the pre-covid highs, however a recovery is evident. In the calendar year to 30 September 2022, visitor numbers were approximately 12% below those of the same period in 2019 (pre-Covid) and 13% above the same period in 2021.

The residual impact of Covid-19 on tenant activities continues to affect the earnings of H2O compared to pre-Covid levels.

Other investments

Investment in listed and authorised funds

The Company invested a total of £6.0 million (value as at 30 September 2022: £4.8 million) across three investments that offered potential to generate attractive risk adjusted returns. Current market volatility and rise in interest rates has impacted the capital value of these investments. The investment yield offers a potentially accretive return to holding cash while the Company deploys capital in opportunities in line with its investment strategy. These funds invest in ungeared long-dated leased real estate, debt and infrastructure.

During the period the Company fully divested £5.3 million from a further investment, delivering a 8.1% capital return over the holding period.

Chairman's statement (continued)

Secured lending: London Fields

Results and dividends

Results

Basic earnings for the six months ended 30 September 2022 are £0.2 million (0.4 pence per ordinary share, see note 7 of the financial statements).

Adjusted earnings, which the Board believe is a more appropriate assessment of the operational income accruing to the Group's activities, for the six months ended 30 September 2022 are £1.9 million (3.3 pence per ordinary share, see note 7 of the financial statements). This compares with adjusted earnings per ordinary share of 3.0 pence in the same period last year. Earnings have increased primarily due to increased rental income following the UK hotels' acquisitions in Lowestoft and Wadebridge.

The net asset value per ordinary share at 30 September 2022 is 219.6 pence per share (31 March 2022: 216.0 pence per ordinary share) (see note 8 of the financial statements). The positive movement over the period reflects the impact of the share buyback (following the result of the tender offer in July 2022) combined with earnings (less dividends) and supported further by positive foreign exchange movements.

Dividends

The Board announces a dividend of 1.0 pence per ordinary share which is expected to be paid on 6 January 2023 (ex-dividend date 8 December 2022 and record date 9 December 2022).

The dividends paid and declared in respect of the twelve month period ended 30 September 2022 totalled 4.0 pence per ordinary share representing an annual dividend yield of 2.6% p.a. by reference to the average closing share price over the twelve months to 30 September 2022.

During the period, £249,783 dividends were paid in cash and £987,126 settled by scrip issue of shares.

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 calculated using 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 2022. 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 2022 to benefit from the scrip dividend alternative for the next dividend.

Financing

As at 30 September 2022 the Group has one direct bank loan of €9.5 million (£8.4 million), with no financial covenant tests, to a subsidiary used to finance the acquisition of the Hamburg property. The loan is secured over the Hamburg property and has no recourse to the other assets of the Group.

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

Share buybacks

Under the general authority, approved by Shareholders on 6 August 2021, the Company announced a tender offer on 29 June 2022 for up to 6,428,353 ordinary shares at a price (before expenses) of 175.0 pence per share. In July 2022, a total of 5,419,016 ordinary shares were validly tendered under the tender offer. All purchased ordinary shares are held in treasury.

During the period, the Company purchased 46,500 shares in the market at an average price of £1.51 per share: these shares are held in treasury.

Post period end, the Company made no share buybacks.

As at the date of this announcement, the ordinary share capital of the Company is 65,016,962 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company is 57,299,381.

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 and £1:INR89,923, as appropriate.

Chairman's statement (continued)

Russian invasion of Ukraine, Covid-19 pandemic and going concern

The Company has assessed potential impacts on the ART's portfolio arising from the Russian invasion of Ukraine. ART has no investments in Ukraine or Russia, nor exposure to any companies that have investments in, or links to, Ukraine or Russia. ART has no arrangements with any person currently on (or potentially on) any sanctions list, or links to Ukraine or Russia. The immediate economic impact of the invasion has been a sharp increase in the price of oil and other energy based commodities. ART has no direct exposure to these commodities. None of the borrowers or other counterparties in ART's loan book have links to Ukraine or Russia. It is too early to measure any impact or increased risk to the underlying values supporting ART's loan portfolio, but we do not expect any material change to these values on account of the conflict. The Board will continue to monitor the situation regularly, and will consider the wider impact on the economy (such as potential further increases in inflation and interest rates) and if there would be any potential material impact on ART's portfolio.

The Company has not been isolated from the ubiquitous impact of the Covid-19 pandemic on global economies. The Company's long term strategy remains resilient. The Company adopted a prudent short term strategy to move to cash conservation and a cautious approach to commitments to new investments during the financial periods affected. Alert to the impact of potentially reducing income returns, this approach supported a robust balance sheet position during these uncertain times. The Company continues to adopt this cautious approach to new investment and is conserving cash as a result of the uncertainty that has characterised the past few months; this ensures the Company retains a robust financial footing, making it well positioned to take advantage of new investment opportunities. As noted above, the Company held approximately 29.6% of its assets (excluding sundry net assets) in cash as at 30 September 2022 with limited current contractual capital commitments. While there is external financing in the Group's investment interests, this is limited and non-recourse to the Company; the borrowings in these special purpose vehicles are compliant with their banking covenants. While the Board's dividend policy intention is unchanged the Company continues to actively monitor its investments and the impact of these unusual economic circumstances on earnings and dividends. See the investment review section for more details on the pandemic's impact on relevant investments.

Bearing in mind the nature of the Group's business and assets, after making enquiries, with the support of revenue forecasts for the next twelve months and considering the above, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Secured lending: North London

Strategy and outlook

ART's investment portfolio benefits from diversification across geographies, sectors and asset types. As inflationary pressures increasingly dominate the economic backdrop in which the Company operates, ART remains on a robust financial footing and is well placed to capitalise on new investment opportunities. ART remains committed to growing its diversified investment portfolio. In recent years the Company focused on reducing exposure to direct development risk and recycling capital into cashflow driven investments. The Company is currently focussed on its loan portfolio and also on its wider investment strategy which targets investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

William Simpson
Chairman
24 November 2022

Investment review

Portfolio overview 30 September 2022

Investment	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]	Note*
High return debt (38.5%)							
Secured senior finance							
Senior secured loans (excluding committed but undrawn facilities of £19.2m)	£33.1m [2]	5.8% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt	26.5%	13
Secured mezzanine finance							
Second charge mezzanine loans	£15.0m [2]	15.7% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt	12.0%	13
High return equity in property investments (27.5%)							
H2O shopping centre							
Indirect property	£18.5m (€20.9m)	7.0% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; moderately geared bank finance facility	14.8%	12
Long leased industrial facility, Hamburg							
Direct property	£8.9m [5] (€10.0m)	6.2% [4]	Germany	Long leased industrial complex in major European industrial and logistics hub with RPI linked rent	Long term moderately geared bank finance facility	7.1%	9
Long leased hotel, Wadebridge							
Direct property	£4.0m	5.4% [6]	UK	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing	3.2%	9
Long leased hotel, Lowestoft							
Direct property	£3.0m	5.3% [6]	UK	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing	2.4%	9
Other investments (4.4%)							
Listed and authorised fund investments	£4.8m	5.9% [4]	UK & Channel Islands	Commercial real estate, infrastructure and debt funds	Short to medium term investment in listed and authorised funds	3.9%	11
Affordable housing							
Residential Investment	£0.6m	n/a	UK	High-yield residential UK portfolio	100% shareholding; no external gearing	0.5%	9
Cash and short-term investments (29.6%)							
Cash [7]	£37.0m	0.3% [8]	UK	'On call' and current accounts		29.6%	

* See notes to the financial statements for more details
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 The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period
4 Yield on equity over 12 months to 30 September 2022
5 Property value including sundry assets/liabilities, net of associated debt
6 Annualised monthly return
7 Group cash of £37.9m excluding cash held with the Hamburg holding company of £0.9m
8 Weighted average interest earned on call accounts

Investment review (continued)

Brad Bauman
Joint fund manager

Gordon Smith
Joint fund manager

High return debt

ART has a portfolio of secured loan investments which contribute a diversified return to the Company's earnings position. The portfolio comprises high return senior (first charge) loans and mezzanine (second charge) loans secured on real estate investment assets and developments. ART loan underwriting is supported by the Investment Manager's asset-backed lending experience, developer and investor relationships and knowledge of the underlying assets and sectors, in addition to the Group's partnerships with specialist debt providers.

Secured lending: Temple Fortune, London

St. Lawrence, Jersey

Senior development loan

Total commitment	£11,731,000
Loan type	Senior development loan
Loan term	24 months
LTV	63.00%
Underlying security	Development of eleven new build apartments

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	£33.1m *	5.8%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£15.0m *	15.7%**	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and secured subordinated debt

* Including accrued interest/coupon at the balance sheet date

** The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period

ART's portfolio of secured senior and mezzanine loan investments have increased in scale and diversity over the past year. 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 coupons.

As at 30 September 2022, ART had invested a total amount of £48.1 million across nineteen loans. Over the past twelve months the loan portfolio has increased by 37.0%.

During the six months to 30 September 2022, four loans for £9.0 million (including accrued interest and exit fees) were fully repaid and a further £2.4 million (including accrued interest) was received as part repayments. Post period end, one loan of £1.1 million was drawn, additional drawdowns of £1.9 million were made on existing loans and part loan repayments were received amounting to £0.6 million (including accrued interest).

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. As at 30 September 2022, the senior portfolio has an average LTV of 64.4% based on loan commitments (with mezzanine loans having an LTV range of between 48.8% and 78.6% whilst the highest approved senior loan LTV is 72.9%).

Two loans in the portfolio have entered receivership: ART is closely working with stakeholders to maximise capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and have calculated an ECL on these two loans of approximately £2.3 million; the Group have also provided for an ECL on the remainder of the loans' portfolio for an additional £0.9 million: in total, the Group have provided for an ECL of £3.2 million in its consolidated accounts.

As at 30 September 2022, ART had invested a total amount of £48.1 million across nineteen loans. Over the past twelve months the loan portfolio has increased by 37.0%.

Temple Fortune, London

Senior development loan

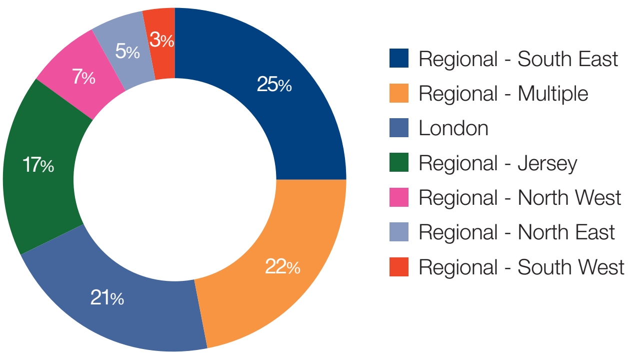
Total commitment	£8,600,000
Loan type	Senior development loan
Loan term	19 months
LTV	63.00%
Underlying security	Development of eight new build houses

Investment review (continued)

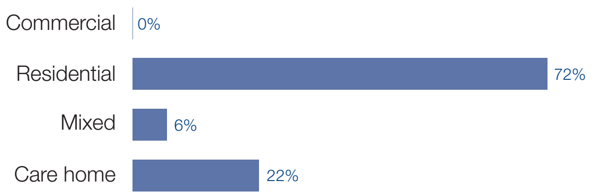
Current loan investment examples:

Location	Total commitment	Loan type	Loan term	Current LTV	Underlying security
Fleet, Hampshire	£1,704,000	Senior Development Loan	15	64.18%	Development of nine new build apartments
St. Lawrence, Jersey	£11,731,000	Senior Development Loan	24	63.00%	Development of eleven new build apartments
Temple Fortune, London	£8,600,000	Senior Development Loan	19	63.00%	Development of eight new build houses
Throughout the UK	£12,000,000	Mezzanine Investment Loan	36	61.31%	Refinance of a portfolio of six care homes

Loan portfolio by geography



Loan portfolio by asset class (% of commitment)

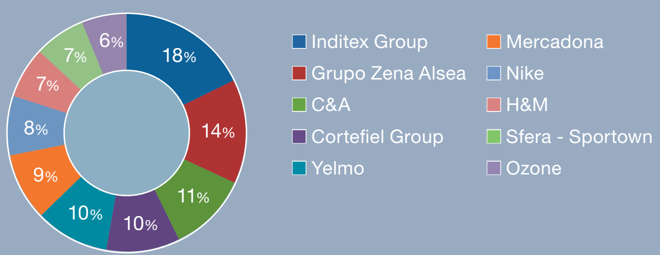


> ART's loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns from either current or capitalised interest or coupons.

H2O
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Mango, Cortefiel, H&M, C&A, JD Sports and Massimo Dutti
Area	54,354 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 2022 is 2.4 years to next break and 7.4 years to expiry.

Top ten tenants (30 September 2022)



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	£18.5m (€20.9m)	7.0%*	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 2022

ART has a 30% stake in joint venture with CBRE Investment Management in the H2O shopping centre in Madrid. H2O 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 54,354 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, JD Sports, Cortefiel, H&M and C&A.

It continues to be a challenging period for shopping centre assets. Whilst legislative restrictions on retailer trading hours and store capacities and indoor mask requirements have largely been relaxed to allow for normalised trading operations, the lingering social and economic impacts of Covid-19 continue to impact performance. This has resulted in supressed visitor numbers and tenant sales performance being recorded for most shopping centre assets in Spain and H2O is no exception.

H2O occupancy, by area, as at 30 September 2022 was 90.4%. The centre trading levels remain below the pre-covid highs, however a recovery is evident. In the calendar year to 30 September 2022, visitor numbers were approximately 12% below those of the same period in 2019 (pre-Covid) and 13% above the same period in 2021.

The lingering economic effect of Covid-19 on the retail sector is expected to continue to impact on the earnings of H2O for the financial year.

The asset management highlights are as follows:

- **Valuation:** 30 September 2022: €121.8 million (£108.0 million) (31 March 2022: €121.0 million (£102.1 million)).
- **Centre occupancy:** 90.4% by area as at 30 September 2022.
- **Weighted average lease length:** 2.4 years to next break and 7.4 years to expiry as at 30 September 2022.




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)

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	£8.9m* (€10.0m)	6.2%**	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Property value including sundry assets/liabilities and cash, net of associated debt
** Yield on equity over twelve months to 30 September 2022

ART has an investment of €10.0 million (£8.9 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 31 July 2028. The facility carries no financial covenant tests.

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.

Long leased hotel, Wadebridge, Cornwall

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Hotel, Wadebridge Cornwall, UK	Direct property	£4.0m	5.4%*	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing

* Annualised monthly return

ART has an investment of £4.0 million (property valuation as at 30 September 2022) in a 55-bedroom property, which is held freehold and is situated on the outskirts of Wadebridge in the county of Cornwall. The hotel is in a well-connected location in close proximity to the A39.

The property is leased to Travelodge Hotels Limited on a 20 year unexpired lease term. Under the lease, the tenant is responsible for building maintenance.

The passing rent of £0.3 million p.a. has inflation linked adjustments.

Investment review (continued)

Long leased hotel, Lowestoft

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Hotel, Lowestoft, UK	Direct property	£3.0m	5.3%*	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing

* Annualised monthly return

ART has an investment of £3.0 million (property valuation as at 30 September 2022) in a 47-bedroom property, which is held freehold and occupies a site of 1.08 acres in Lowestoft, a well established and well connected area located in close proximity to the A47 which runs to Norwich.

The property is leased to Travelodge Hotels Limited on an 18 year unexpired lease term. Under the lease, the tenant is responsible for building maintenance.

The passing rent of £0.2 million p.a. has inflation linked adjustments.

Other investments

Listed and authorised fund investments

Investment	Investment type	Carrying value	Income return*	Property type/underlying security	Investment notes
Sequoia Economic Infrastructure Income Fund Limited	Listed equity	£2.3m	5.5%	Listed investment fund	FTSE 250 infrastructure debt fund
GCP Infrastructure Investments Limited	Listed equity	£1.3m	6.7%	Listed investment fund	FTSE 250 infrastructure fund
GCP Asset Backed Income Fund Limited	Listed equity	£1.2m	6.1%	Listed investment fund	Diversified asset back debt fund
Total		**£4.8m**	**5.9%**		

* Yield on equity based on 12 months to 30 September 2022

The Company invested a total of £6.0 million (value as at 30 September 2022: £4.8 million) across three investments that offered potential to generate attractive risk adjusted returns. Current market volatility and rise in interest rates has impacted the capital value of these investments. The investment yield offers a potentially accretive return to holding cash while the Company deploys capital in opportunities in line with its investment strategy. These funds invest in ungeared long-dated leased real estate, debt and infrastructure.

During the period the Company fully divested £5.3 million from the investment in the Commercial Long Income PAIF, delivering a 8.1% capital return over the holding period.

Affordable housing

The Company's wholly owned investment, RealHousingCo Limited ('RHC') has obtained successful registration with the Regulator of Social Housing as a For Profit Registered Provider of affordable homes. This status provides RHC with a platform to undertake future investment in the affordable housing sector which offers scope to generate long term, inflation-linked returns while addressing the chronic undersupply of affordable homes in the UK.

RHC owns a residential property located in Liverpool (UK), which is comprised of seven units, all of which are occupied by private individuals, each with a six month term contract. The fair value of the Liverpool property as at 30 September 2022 was £0.6 million.

Investment review (continued)

Cash balances

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Cash balance *	Cash	£37.0m	0.3% **	'On call' and current accounts	n/a

* Group cash of £37.9m excluding cash held with the Hamburg holding company of £0.9m
** Weighted average interest earned on call accounts.

As at 30 September 2022, the Group had cash balances of £37.0 million, excluding cash held with the Hamburg holding company of £0.9 million.

The Group's cash is held with established banks with strong credit ratings.

Summary

ART has a diversified portfolio focussed on asset-backed lending and property investments in Western Europe. The Company is currently focussed on its loan portfolio and extending its wider investment strategy to target investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
24 November 2022

Principal risks and uncertainties

The principal risks and uncertainties facing the Group can be outlined as follows:

- Rental income, fair value of investment properties (directly or indirectly held) and fair value of the Group's equity investments are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group's investments and investment properties are located.
- The Group's loan investments are exposed to credit risk which arise by the potential failure of the Group's counter parties to discharge their obligations when falling due; this could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date; the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses their credit risk as a result.
- The Russian invasion of Ukraine is also considered to be a significant risk and uncertainty for the Group: this is discussed on the first paragraph of the above going concern section.

The Board believes that the above principal risks and uncertainties, which are discussed more extensively in the annual report for the year ended 31 March 2022, would be equally applicable to the remaining six month period of the current financial year.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union; and
- the half year report includes a fair review of the information required by DTR 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year, and their impact on the half year report, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the half year report includes a fair review of the information required by DTR 4.2.8R, being the related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period; and any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors of ART are listed on page 39.

By order of the Board

William Simpson
Chairman
24 November 2022

Independent review report

To Alpha Real Trust Limited

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-yearly financial report for the six months ended 30 September 2022 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2022 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.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ('ISRE (UK) 2410'). 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 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.

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 set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the 'Basis for conclusion' section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our 'Conclusions relating to going concern', are based on procedures that are less extensive than audit procedures, as described in the 'Basis for conclusion' paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance 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.

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

24 November 2022

Condensed consolidated statement of comprehensive income

		For the six months ended 30 September 2022 (unaudited)			For the six months ended 30 September 2021 (unaudited)		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Revenue	3	2,977	-	2,977	2,829	-	2,829
Change in the revaluation of investment properties	9	-	143	143	-	343	343
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	4	272	(1,406)	(1,134)	207	(361)	(154)
Total income/(expense)		**3,249**	**(1,263)**	**1,986**	**3,036**	**(18)**	**3,018**
Expenses							
Expected credit losses		-	(608)	(608)	-	-	-
Property operating expenses		(41)	-	(41)	(36)	-	(36)
Investment Manager's fee	20	(1,189)	-	(1,189)	(1,151)	-	(1,151)
Other administration costs		(476)	-	(476)	(427)	-	(427)
Total operating expenses		**(1,706)**	**(608)**	**(2,314)**	**(1,614)**	**-**	**(1,614)**
Operating profit/(loss)		**1,543**	**(1,871)**	**(328)**	**1,422**	**(18)**	**1,404**
Share of profit/(loss) of joint ventures and associates	12	525	324	849	497	(140)	357
Finance income		44	-	44	1	1	2
Finance costs		(100)	(66)	(166)	(101)	-	(101)
Profit/(loss) before taxation		**2,012**	**(1,613)**	**399**	**1,819**	**(157)**	**1,662**
Taxation	5	(66)	(112)	(178)	(7)	(116)	(123)
Profit/(loss) after taxation		**1,946**	**(1,725)**	**221**	**1,812**	**(273)**	**1,539**
Other comprehensive income/(expense) for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	1,478	1,478	-	361	361
Other comprehensive income for the period		**-**	**1,478**	**1,478**	**-**	**361**	**361**
Total comprehensive income/(expense) for the period		**1,946**	**(247)**	**1,699**	**1,812**	**88**	**1,900**
Earnings per ordinary share (basic & diluted)	7			**0.4p**			**2.5p**
Adjusted earnings per ordinary share (basic & diluted)	7			**3.3p**			**3.0p**

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 26 to 38 form an integral part of these financial statements.

Condensed consolidated balance sheet

	Notes	30 September 2022 (unaudited) £'000	31 March 2022 (audited) £'000
Non-current assets			
Investment property	9	24,330	15,984
Investment in joint ventures and associates	12	18,517	17,193
Loans advanced	13	30,369	13,093
		73,216	**46,270**
Current assets			
Joint venture in arbitration	10	-	5,868
Investments held at fair value	11	4,756	10,990
Derivatives held at fair value through profit or loss		-	88
Loans advanced	13	17,772	23,341
Collateral deposit	14	1,284	936
Trade and other receivables	15	150	13,711
Cash and cash equivalents		37,934	41,250
		61,896	**96,184**
Total assets		**135,112**	**142,454**
Current liabilities			
Derivatives held at fair value through profit or loss		(375)	-
Trade and other payables	16	(927)	(971)
Corporation tax		(31)	(12)
Bank borrowings	17	(32)	(29)
Total current liabilities		**(1,365)**	**(1,012)**
Total assets less current liabilities		**133,747**	**141,442**
Non-current liabilities			
Bank borrowings	17	(8,329)	(7,921)
Deferred tax		(393)	(265)
		(8,722)	**(8,186)**
Total liabilities		**(10,087)**	**(9,198)**
Net assets		**125,025**	**133,256**
Equity			
Share capital	18	-	-
Special reserve		59,550	68,243
Translation reserve		677	(801)
Capital reserve		42,292	44,017
Revenue reserve		22,506	21,797
Total equity		**125,025**	**133,256**
Net asset value per ordinary share	8	**219.6p**	**216.0p**

The financial statements were approved by the Board of Directors and authorised for issue on 24 November 2022. They were signed on its behalf by William Simpson.

The accompanying notes on pages 26 to 38 form an integral part of these financial statements.

William Simpson
Director

Condensed consolidated cash flow statement

	For the six months ended 30 September 2022 (unaudited) £'000	For the six months ended 30 September 2021 (unaudited) £'000
Operating activities		
Profit for the period after taxation	221	1,539
Adjustments for:		
Change in revaluation of investment property	(143)	(343)
Net losses on financial assets and liabilities held at fair value through profit or loss	1,134	154
Taxation	178	123
Share of profit of joint ventures and associates	(849)	(357)
Interest receivable on loans to third parties	(2,394)	(2,336)
Expected credit losses	608	-
Finance income	(44)	(2)
Finance cost	166	101
Operating cash flows before movements in working capital	**(1,123)**	**(1,121)**
Movements in working capital:		
Movement in trade and other receivables	(123)	(20)
Movement in trade and other payables	(43)	54
Cash flows used in operations	**(1,289)**	**(1,087)**
Loan interest received	1,091	979
Loans granted to third parties	(9,581)	(11,229)
Loans repaid by third parties	10,359	10,309
Cash returned from escrow for loans granted post year end	1,928	-
Interest received	44	1
Interest paid	(91)	(92)
Tax paid	(29)	(22)
Cash flows generated from/(used in) operating activities	**2,432**	**(1,141)**
Investing activities		
Acquisition of investments	-	(10,998)
Acquisition of investment property	(7,403)	-
Investment in joint ventures	-	(84)
Redemption on investments	5,348	-
Capital return from joint venture in arbitration	5,868	-
Dividend income from joint ventures and associates	411	-
Dividend income from investments	178	89
Collateral deposit increase	(348)	-
Cash flows generated from/(used in) investing activities	**4,054**	**(10,993)**
Financing activities		
Share issue costs	(78)	(21)
Share buyback	(9,553)	(150)
Share buyback costs	(49)	(1)
Ordinary dividends paid	(250)	(219)
Cash flows used in financing activities	**(9,930)**	**(391)**
Net decrease in cash and cash equivalents	**(3,444)**	**(12,525)**
Cash and cash equivalents at beginning of period	**41,250**	**68,213**
Exchange translation movement	128	12
Cash and cash equivalents at end of period	**37,934**	**55,700**

The accompanying notes on pages 26 to 38 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2022 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2022		**68,243**	**(801)**	**44,017**	**21,797**	**133,256**
Total comprehensive income/(expense) for the period						
Loss/(profit) for the period		-	-	(1,725)	1,946	221
Other comprehensive income for the period		-	1,478	-	-	1,478
Total comprehensive income/(expense) for the period		**-**	**1,478**	**(1,725)**	**1,946**	**1,699**
Transactions with owners						
Cash dividends	6	-	-	-	(250)	(250)
Scrip dividends	6	987	-	-	(987)	-
Share issue costs		(78)	-	-	-	(78)
Share buyback	20	(9,553)	-	-	-	(9,553)
Share buyback costs		(49)	-	-	-	(49)
Total transactions with owners		**(8,693)**	**-**	**-**	**(1,237)**	**(9,930)**
At 30 September 2022		**59,550**	**677**	**42,292**	**22,506**	**125,025**

For the six months ended 30 September 2021 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2021		**66,655**	**(677)**	**38,295**	**21,803**	**126,076**
Total comprehensive income/(expense) for the period						
Profit/(loss) for the period		-	-	(273)	1,812	1,539
Other comprehensive income for the period		-	361	-	-	361
Total comprehensive income/(expense) for the period		**-**	**361**	**(273)**	**1,812**	**1,900**
Transactions with owners						
Cash dividends	6	-	-	-	(219)	(219)
Scrip dividends	6	998	-	-	(998)	-
Share issue costs		(21)	-	-	-	(21)
Share buyback	20	(150)	-	-	-	(150)
Share buyback costs		(1)	-	-	-	(1)
Total transactions with owners		**826**	**-**	**-**	**(1,217)**	**(391)**
At 30 September 2021		**67,481**	**(316)**	**38,022**	**22,398**	**127,585**

The accompanying notes on pages 26 to 38 form an integral part of these financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2022

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:INR89,923 (31 March 2022: £1:INR99.678) and the average rate for the period used is £1:INR95.355 (30 September 2021: £1:INR102.634). For Euro based transactions the period end exchange rate used is £1:€1.128 (31 March 2022: £1:€1.185) and the average rate for the period used is £1:€1.174 (30 September 2021: £1:€1.165).

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 24 November 2022 and signed by William Simpson 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 2022 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 2022, 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 2022 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2023.

The Group continues to only have one operating segment.

3. Revenue

	For the six months ended 30 September 2022 £'000	For the six months ended 30 September 2021 £'000
Rental income	552	412
Service charges	26	26
Rental revenue	**578**	**438**
Interest receivable on loans to third parties	2,394	2,336
Interest revenue	**2,394**	**2,336**
Other income	5	55
Other revenue	**5**	**55**
Total	**2,977**	**2,829**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

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

	For the six months ended 30 September 2022 £'000	For the six months ended 30 September 2021 £'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of investments	(943)	(232)
Movement in fair value of foreign exchange forward contract	(463)	(47)
Undistributed investment income	57	-
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of loans	37	36
Dividends received from investments held at fair value	178	89
Net losses on financial assets and liabilities held at fair value through profit or loss	**(1,134)**	**(154)**

5. Taxation

	For the six months ended 30 September 2022 £'000	For the six months ended 30 September 2021 £'000
Current tax	66	7
Deferred tax	112	116
Tax expense	**178**	**123**

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 and Cyprus.

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.

A deferred tax liability has been provided for in relation to the Hamburg investment property in Germany.

6. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2021	12,545	1.0p	125,450	6 April 2022
Quarter ended 31 March 2022	12,433	1.0p	124,333	20 July 2022
Total paid in the period			**249,783**	
Quarter ended 30 June 2022	5,316	1.0p	53,160	26 October 2022
Total			**302,943**	

The Company will pay a dividend of 1.0p per share for the quarter ended 30 September 2022 on 6 January 2023.

In accordance with IAS 10, the dividends for quarters ended 30 June 2022 and 30 September 2022 have not been included in these financial statements as the dividends were declared or paid after the period end. The current intention of the Directors is to pay a dividend quarterly.

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

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

6. Dividends (continued)

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 2022, the Company issued 717,554 ordinary shares: on 6 April 2022, 346,379 were issued at the price of £1.42 and, on 20 July 2022, 371,175 were issued at the price of £1.34.

7. 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 2022	Year ended 31 March 2022	For the six months ended 30 September 2021
	Ordinary share	Ordinary share	Ordinary share
Earnings per statement of comprehensive income (£'000)	221	8,160	1,539
Basic and diluted earnings (pence per share)	**0.4p**	**13.3p**	**2.5p**
Earnings per statement of comprehensive income (£'000)	221	8,160	1,539
Net change in the revaluation of investment properties	(143)	(1,195)	(343)
Gain on joint venture in arbitration	-	(5,868)	-
Movement in fair value of investments	943	302	314
Movement in fair value of foreign exchange forward contract	463	(88)	47
Net change in the revaluation of the joint ventures' investment property	(324)	(500)	140
Expected credit losses	608	1,310	-
Foreign exchange loss/(gain)	66	265	(1)
Deferred tax	112	52	116
Adjusted earnings	**1,946**	**2,438**	**1,812**
Adjusted earnings (pence per share)	**3.3p**	**4.0p**	**3.0p**
Weighted average number of shares ('000s)	**59,778**	**61,311**	**61,074**

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.

8. Net asset value per share

	At 30 September 2022	At 31 March 2022	At 30 September 2021
	£'000	£'000	£'000
Net asset value (£'000)	125,025	133,256	127,585
Net asset value per ordinary share	**219.6p**	**216.0p**	**208.5p**
Number of ordinary shares ('000s)	**56,937**	**61,685**	**61,205**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

9. Investment property

	30 September 2022 £'000	31 March 2022 £'000
Fair value of investment property at 1 April	**15,984**	**14,918**
Additions	7,403	-
Fair value adjustment in the period/year	143	1,195
Foreign exchange movements	800	(129)
Fair value of investment property at 30 September / 31 March	**24,330**	**15,984**

Investment property is represented by a property located in Hamburg (Werner-Siemens-Straße), Germany, a residential property located in Liverpool, UK and two hotels located in the UK.

The fair value of the Hamburg property of €18.9 million (£16.8 million) (31 March 2022: €18.2 million (£15.4 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield ('C&W').

During the period, the Group acquired two UK hotels leased to Travelodge Hotels Limited, the United Kingdom's largest independent hotel brand, with a 20-year unexpired lease term. On 1 June 2022, ART acquired a hotel located in Lowestoft for £3.1 million (including acquisition costs) and, on 29 July 2022, ART acquired a hotel located in Wadebridge for £4.3 million (including acquisition costs).

The fair values of the two UK hotels of £4.0 million (located in Wadebridge) and £3.0 million (located in Lowestoft) have been arrived at on the basis of an independent valuation carried out at the balance sheet date by C&W.

The fair value of the Liverpool residential property of £0.6 million (31 March 2022: £0.6 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by ASL Chartered Surveyors & Valuers ('ASL').

C&W and ASL 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.

10. Joint venture in arbitration

	30 September 2022 £'000	31 March 2022 £'000
As at 1 April	**5,868**	**-**
Final proceeds receivable	-	5,868
Capital return	(5,868)	-
As at 30 September / 31 March	**-**	**5,868**

In February 2022, the Supreme Court of India issued an order concluding the litigation regarding the Company's Galaxia investment, a 50:50 joint venture with Logix in relation to an 11.2 acre development site located in NOIDA, the National Capital Region, India.

As part of a prior court ruling, Logix were permitted to sell the Galaxia site to raise capital for the award. The sale completed and the funds lodged by the purchaser with the Supreme Court have since been repatriated to ART in return for ART's subsidiary and Logix relinquishing their title interests.

The Company has commenced the liquidation process for the Cypriot structure which had been holding the Galaxia investment and estimates completion by the end of the calendar year 2022.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

11. Investments held at fair value

	30 September 2022 £'000	31 March 2022 £'000
Non-current		
As at 1 April	**-**	**31**
Movement in fair value of investments	-	-
Transfer to current	-	(31)
As at 30 September / 31 March	**-**	**-**
Current		
As at 1 April	**10,990**	**-**
Additions	-	10,998
Redemptions	(5,348)	-
Movement in fair value of investments	(886)	(39)
Transfer from non-current	-	31
As at 30 September / 31 March	**4,756**	**10,990**

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

- Sequoia Economic Infrastructure Income Fund Limited ('SEQI'), a listed fund: the market value of SEQI as at 30 September 2022 was £2.3 million.
- GCP Infrastructure Investments Limited ('GCP') a listed fund: the market value of GCP as at 30 September 2022 was £1.3 million.
- GCP Asset Backed Income Fund Limited ('GABI'): the market value of GABI as at 30 September 2022 was £1.2 million.
- Europip (participating redeemable preference shares): Europip has distributed its final liquidation proceeds to ART in August 2022 for £28,086; Europip is in the final phases of its liquidation process.
- 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 2022 was nil (31 March 2022: nil).

During the period ended 30 September 2022, the Group's investment in the Commercial Long Income PAIF ('CLIP') was fully redeemed for £5.3 million.

ARC is the Authorised Corporate Director and Alternative Investment Fund Manager of CLIP and TIME Investments, a subsidiary of ARC, is the Investment Manager.

12. 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:

	H2O 30 Sep 2022 £'000	SPHL 30 Sep 2022 £'000	Total 30 Sep 2022 £'000	H2O 31 Mar 2022 £'000	SPHL 31 Mar 2022 £'000	Total 31 Mar 2022 £'000
As at 1 April	**17,075**	**118**	**17,193**	**16,000**	**1,761**	**17,761**
Additions	-	-	-	-	84	84
Group's share of joint ventures' profits before fair value movements and dividends	525	-	525	1,162	53	1,215
Fair value adjustment for investment property	324	-	324	58	442	500
Dividends paid by joint venture and associate to the Group	(294)	-	(294)	-	(959)	(959)
Capital return	-	(118)	(118)	-	(1,263)	(1,263)
Foreign exchange movements	887	-	887	(145)	-	(145)
As at 30 September / 31 March	**18,517**	**-**	**18,517**	**17,075**	**118**	**17,193**

The Group's investments in joint ventures 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 2022, the carrying value of ART's investment in CBRE H2O was £18.5 million (€20.9 million) (31 March 2022: £17.1 million (€20.2 million)).
- Joint venture investment in the Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group held a 10% equity investment in the Scholar Property Holdings Limited ('SPHL') group, owner of the property. In August 2022, ART received the final liquidation proceeds for £118,000 and, in September 2022, SPHL was dissolved.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

12. Investment in joint ventures and associates (continued)

Foreign exchange movement is recognised in other comprehensive income.

The fair value of the H2O property in Madrid (Spain) of €121.8 million (£108.0 million) (31 March 2022: €121.0 million (£102.1 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Savills Aguirre Newman Valoraciones y Tasaciones S.A., an independent valuer 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".

The CBRE H2O group bank borrowings' balance as at 30 September 2022 is €63.3 million (£56.1 million): this loan is provided by Aareal Bank, carries an interest rate of EURIBOR plus 190 basis points and matures on 18 May 2024. The bank loan is secured by a first charge mortgage against the Spanish property.

The above borrowings are non-recourse to the Group's other investments.

13. Loans advanced

	30 September 2022	31 March 2022
	£'000	£'000
Non-current		
Loans granted to third parties	30,021	12,882
Interest receivable from loans granted to third parties	348	211
Total loans at amortised cost	**30,369**	**13,093**
Loans at fair value through profit or loss	-	-
Total non-current loans	**30,369**	**13,093**
Current		
Loans granted to third parties	18,056	22,945
Interest receivable from loans granted to third parties	2,366	2,473
Total loans at amortised cost	**20,422**	**25,418**
Loans at fair value through profit or loss	530	495
Expected credit losses	(3,180)	(2,572)
Total current loans	**17,772**	**23,341**

As at 30 September 2022, the Group had granted a total of £48.1 million (31 March 2022: £36.4 million) of secured senior and secured mezzanine loans to third parties. These comprised nineteen 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 15.7% for mezzanine loans and 5.8% for senior loans.

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.

Movement in expected credit losses can be summarised as follows:

	30 September 2022	31 March 2022
	£'000	£'000
Opening balance of ECL	**(2,572)**	**-**
Movement for the period (revenue)	-	(1,262)
Movement for the period (capital)	(608)	(1,310)
Closing balance of ECL	**(3,180)**	**(2,572)**

As at 30 September 2022 two loans in the portfolio are in receivership: ART is closely working with stakeholders to maximise their capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and have calculated an ECL on these two loans of approximately £2.3 million; the Group have also provided for an ECL on the remainder of the loans' portfolio for an additional £0.9 million: in total, the Group have provided for an ECL of £3.2 million in its consolidated accounts.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

13. Loans advanced (continued)

Loans maturity of the total £48.1 million loans granted by the Group at year end, can be analysed as follows:

	Less than 6 months	6 to 12 months	12 to 24 months	Over 24 months	Total
	£m	£m	£m	£m	£m
Non-current	-	-	30,369	-	**30,369**
Current	13,433	4,339	-	-	**17,772**

Post period end, one loan of £1.1 million was drawn, additional drawdowns of £1.9 million were made on existing loans and part loan repayments were received amounting to £0.6 million (including accrued interest).

Despite all of the loans having a set repayment term all but two of the loans have a repayable on demand feature so the Group may call for an early repayment of their principal, interest and applicable fees at any time.

Considering the 'on demand' clause, the Group concluded that the loans are in stage 3 of the IFRS 9 model as should the loans be called on demand the borrowers would technically be in default as repayment would only be possible on demand if the property had already been sold. One of the loans without a repayable on demand clause amounts to £3.7 million, matured during the period but is in the process of being extended; the second loan without a repayable on demand clause amounts to £11.1 million and matures on 1 April 2025; both loans remain in stage 1 of the IFRS 9 model.

14. Collateral deposit

	30 September 2022	31 March 2022
	£'000	£'000
Collateral deposit	1,284	936

The collateral deposit of £1.3 million (31 March 2022: £0.9 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 period end: this cash has been placed on deposit.

15. Trade and other receivables

	30 September 2022	31 March 2022
	£'000	£'000
Current		
Trade debtors	75	14
VAT	2	9
Other debtors	73	13,688
Total	**150**	**13,711**

The balance of other debtors as at 31 March 2022 represented funds held in escrow for two loan investments to be granted post year end: one of these loans completed in April 2022 for £11.8 million whilst the other loan investment for £1.9 million was aborted so the cash was returned to the Group.

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

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

16. Trade and other payables

	30 September 2022 £'000	31 March 2022 £'000
Trade creditors	32	60
Deferred revenue	48	1
Investment Manager's fee payable	566	610
Accruals	271	277
Other creditors	10	23
Total	**927**	**971**

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.

17. Bank borrowings

	30 September 2022 £'000	31 March 2022 £'000
Current liabilities: interest payable	32	29
Total current liabilities	**32**	**29**
Non-current liabilities: bank borrowings	8,329	7,921
Total liabilities	**8,361**	**7,950**
The borrowings are repayable as follows:		
Interest payable	32	29
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	8,329	7,921
Total	**8,361**	**7,950**

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

	30 September 2022 £'000	31 March 2022 £'000
As at 1 April	**7,921**	**7,973**
Amortisation of deferred finance costs	8	15
Exchange differences on translation of foreign currencies	400	(67)
As at 30 September / 31 March	**8,329**	**7,921**

As at 30 September 2022, bank borrowings represent the Nord LB (a German bank) loan principal for €9.5 million (£8.4 million), excluding deferred finance costs, 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 secured over the Hamburg property and have no recourse to the other assets of the Group and the facility carries no financial covenant tests. The fair value of bank borrowings at the balance sheet date is €9.6 million (£8.5 million).

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2022.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

17. Bank borrowings (continued)

	Other assets	Derivatives	Liabilities from financing activities		
	Cash	Foreign exchange forward	Interest payable	Borrowing	Total
	£'000	£'000	£'000	£'000	£'000
Net asset/(debt) as at 1 April 2022	**41,250**	**88**	**(29)**	**(7,921)**	**33,388**
Cash movements	(3,444)	-	91	-	(3,353)
Non cash movements					
Foreign exchange adjustments	128	-	6	(400)	(266)
Unrealised gain on foreign exchange forward contract	-	(463)	-		(463)
Loan fee amortisation and other costs	-	-	-	(8)	(8)
Interest charge	-	-	(100)	-	(100)
Net asset/(debt) as at 30 September 2022	**37,934**	**(375)**	**(32)**	**(8,329)**	**29,198**

	Other assets	Derivatives	Liabilities from financing activities		
	Cash	Foreign exchange forward	Interest payable	Borrowing	Total
	£'000	£'000	£'000	£'000	£'000
Net asset/(debt) as at 1 April 2021	**68,213**	**-**	**(29)**	**(7,973)**	**60,211**
Cash movements	(12,525)	-	92	-	(12,433)
Non cash movements					
Foreign exchange adjustments	12	-	7	(124)	(105)
Unrealised gain on foreign exchange forward contract	-	(47)	-	-	(47)
Loan fee amortisation and other costs	-	-	-	(8)	(8)
Interest charge	-	-	(101)	-	(101)
Net asset/(debt) as at 30 September 2021	**55,700**	**(47)**	**(31)**	**(8,105)**	**47,517**

18. 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 2022	**2,252,065**	**61,685,086**	**63,937,151**
Share issue for scrip dividend	-	717,554	717,554
Shares bought back	5,465,516	(5,465,516)	-
Shares cancelled following buyback	-	-	-
At 30 September 2022	**7,717,581**	**56,937,124**	**64,654,705**

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 6 August 2021, the Company announced a tender offer on 29 June 2022 for up to 6,428,353 ordinary shares at a price (before expenses) of 175.0 pence per share. In July 2022, a total of 5,419,016 ordinary shares were validly tendered under the tender offer. All purchased ordinary shares are held in treasury.

During the period, the Company purchased 46,500 shares in the market at an average price of £1.51 per share: these shares are held in treasury.

As at 30 September 2022, the ordinary share capital of the Company was 64,654,705 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company is 56,937,124.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

18. Share capital (continued)

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 2022, the Company issued 717,554 ordinary shares: on 6 April 2022, 346,379 were issued at the price of £1.42 and, on 20 July 2022, 371,175 were issued at the price of £1.34.

All transaction amounts in relation to the issue and buyback of shares in the period are recognised within the Special Reserve and shown in the Statement of Changes in Equity.

Post period end, the Company made no share buybacks.

On 26 October 2022, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2022, the Company issued 362,257 ordinary shares at the price of £1.43.

As at the date of this announcement, the ordinary share capital of the Company is 65,016,962 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company is 57,299,381.

19. Events after the balance sheet date

Post period end, one loan of £1.1 million was drawn, additional drawdowns of £1.9 million were made on existing loans and part loan repayments were received amounting to £0.6 million (including accrued interest).

On 26 October 2022, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2022, the Company issued 362,257 ordinary shares at the price of £1.43 (note 18).

As at the date of this announcement, the Company declares a quarterly dividend of 1.0p per ordinary share, which is expected to be paid on 6 January 2023.

20. 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 invested in CLIP, where ARC is the Authorised Corporate Director and Alternative Investment Fund Manager and TIME Investments, a subsidiary of ARC, is the Investment Manager. ARC rebated fees earned in relation to the Company's investment in CLIP.

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 2022 is provided in note 16.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

20. Related party transactions (continued)

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2022 £	For the six months ended 30 September 2021 £
David Jeffreys*	-	18,000
Phillip Rose	13,750	12,500
Jeff Chowdhry	13,750	12,500
Melanie Torode	27,811	28,000
William Simpson	19,750	12,500
Peter Griffin**	13,750	-
Total	**88,811**	**83,500**

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

	30 September 2022 Number of ordinary shares held	31 March 2022 Number of ordinary shares held
Phillip Rose	966,257	953,872
Jeff Chowdhry	5,000	5,000
Melanie Torode	-	-
William Simpson	18,000	18,000
Peter Griffin**	-	-

* retired on 30 September 2021 ** appointed on 30 September 2021

Alpha Global Property Securities Fund Pte. Ltd, a company registered in Singapore, owned directly by the partners of ARC, held 24,515,113 shares in the Company at 30 September 2022 (31 March 2022: 24,162,566).

ARC did not hold any shares in the Company at 30 September 2022 (31 March 2022: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2022 Number of ordinary shares held	31 March 2022 Number of ordinary shares held
Brian Frith	-	-
Phillip Rose	966,257	953,872
Brad Bauman	59,218	58,367

Karl Devon-Lowe, a partner of ARC, received fees of £2,500 (31 March 2022: £5,000) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

During the period the Company paid Ocorian fees of £45,200 (31 March 2022: £96,300) and no amount was outstanding at period end.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

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

Financial assets and liabilities carrying value	30 September 2022	31 March 2022
	£'000	£'000
Financial assets at fair value through profit or loss		
Investments held at fair value	4,756	10,990
Foreign exchange forward contract	-	88
Loans advanced	530	495
Total financial assets at fair value through profit or loss	**5,286**	**11,573**
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contract	(375)	-

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

- The fair values of the ART's investments in the SEQI, GCP and GABI shares, which are traded daily on the LSE, are based upon the market value of the shares at the balance sheet date.

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.
- The fair value of the CLIP investment, which can be traded daily as an open ended investment fund, is based upon daily valuations, provided by the issuer, of the net asset value of its accumulation shares.

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 was based upon the price provided by the issuer for the relevant share class owned: this was calculated by reference to the net asset value of the investment and principally driven by the fair value of Europip's underlying property investments. That net asset value was therefore mainly based on unobservable inputs and was deemed to be a level 3 financial asset. Europip's accounts were audited annually. Europip has distributed its final liquidation proceeds to ART in August 2022 for £28,086 and is in the final phases of its liquidation process.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2022

21. Financial assets and liabilities held at fair value through profit or loss (continued)

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 2022.

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.

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 2022 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				
Investment property	-	-	24,330	**24,330**
Loans advanced	-	-	530	530
Current				
Investments held at fair value	4,756	-	-	**4,756**
Liabilities measured at fair value				
Current				
Foreign exchange forward contract	-	(375)	-	**(375)**

31 March 2022 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				
Investment property	-	-	15,984	**15,984**
Loans advanced	-	-	495	**495**
Current				
Investments held at fair value	5,696	5,263	31	**10,990**
Foreign exchange forward contract	-	88	-	**88**

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 2022.

Directors and Company information

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Jeff Chowdhry
Peter Griffin
Phillip Rose
Melanie Torode

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Norton Rose
3 More London Riverside
London SE1 2AQ

Legal advisors in Spain
Ashurst LLP
Alcalá, 44
Madrid, 28014
Spain

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

Shareholder information

Further information on the Company, compliant with the SFS regulations, 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	25 Nov 2022	Quarter ended 30 Sept 2022	8 Dec 2022	9 Dec 2022	20 Dec 2022	5 Jan 2023	6 Jan 2023
Trading update (Qtr 3)	24 Feb 2023	Quarter ending 31 Dec 2022	9 Mar 2023	10 Mar 2023	22 Mar 2023	5 Apr 2023	6 Apr 2023
Annual report and dividend announcement	23 June 2023	Quarter ending 31 Mar 2023	6 Jul 2023	7 Jul 2023	13 Jul 2023	27 Jul 2023	28 Jul 2023
Annual report published	7 Jul 2023						
Annual General Meeting	7 Sept 2023						

Alpha Real Trust

www.alpharealtrustlimited.com

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