19 June 2015

ALPHA REAL TRUST LIMITED ("ART" OR THE "COMPANY")

ALPHA REAL TRUST ANNOUNCES ITS ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

Highlights include:

- NAV per share 113.2p: 31 March 2015 (107.0p: 31 March 2014)
- Adjusted earnings per share of 7.5p for the year ended 31 March 2015 (40% up from prior year 5.3p)
- Continued earnings growth: income from core and non-core investments, both equity and high yield debt continue to add to the Group's earnings position
- Declaration of an increased dividend of 0.6p per share, expected to be paid on 17 July 2015
- Sale of non-core investments: sale of the final assets in BCP released £2.7 million for reinvestment in opportunities across the asset-backed spectrum that offer high risk-adjusted total returns
- Galaxia arbitration awarded in the Group's favour: award for the original amount invested, plus penalty interest and costs. Award subject to Section 34 challenge in Indian Courts by Logix
- AURE loan refinance: as part of a wider refinancing of AURE's loan facilities, in which the Company was repaid £2.3 million, ART provided a new mezzanine loan facility of £10.3 million for a two year term expiring November 2016. The loan earns a coupon of 9% plus entry, exit and extension fees. The loan was repaid during the quarter to £9.6 million
- Europip loan refinance: ART extended its loan to Europip for 2 years. The new loan earns a coupon of 9% per annum plus entry, exit and, where applicable, early prepayment fees; the loan was repaid during the quarter to £1.3 million
- Europip capital recycling: £3.5 million of capital returned to ART for reinvestment as a result of strategic asset sales and renegotiated bank finance terms
- H2O: as a result of asset management initiatives, including an improved tenant mix and physical upgrades undertaken by ART, the Madrid shopping centre attracted record visitor numbers
- H2O: 17 new lease contracts signed in 2014, with 5 new contracts already signed in 2015
- 93% of the Group's investment portfolio is in income producing investments in the UK and Europe

David Jeffreys, Chairman of Alpha Real Trust, commented:

"ART has had a positive year with earnings continuing to grow. Value adding asset management and improved leasing have contributed to the value increases recorded in the Company's directly and indirectly held investments.

Taking advantage of the improving economic backdrop and increased investment market activity and pricing, the Company has sold a number of its non-core investments.

As ART's current investment portfolio is being improved, we continue to seek new opportunities focused around the twin strategy of investing in debt investments where capital can benefit from a preferred risk position and asset investments and co-investments with substantial cash flows or scope for high risk-adjusted returns. The Company is actively sourcing and analysing new investment opportunities and has the agility and financial reserves to capitalise on those that meet its investment criteria. Our improving earnings and enhanced cash reserves position the Company strongly for continued progress in the year ahead."

The Investment Manager of Alpha Real Trust is Alpha Real Capital LLP.

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Notes to editors:

About Alpha Real Trust

Alpha Real Trust Limited targets investment opportunities across the asset-backed spectrum, including real estate operating companies, securities, services and other related businesses that offer high risk adjusted total returns.

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

About Alpha Real Capital LLP

Alpha Real Capital is a value-adding international property fund management group.

Alpha Real Capital is the Investment Manager to ART. Brad Bauman and Gordon Smith of Alpha Real Capital are joint Fund Managers to ART. Both have experience in the real estate and finance industries throughout the UK, Europe and Asia.

For more information on Alpha Real Capital please visit www.alpharealcapital.com.

Trust summary and objective

Strategy

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

ART currently focuses on high-yielding property debt and equity investments in Western Europe that benefit from underlying strong cash flows. The current portfolio mix, excluding sundry assets/liabilities, is as follows:

High yielding debt:	28.4%
High yielding equity in property investments:	26.4%
Ground rent investments:	19.7%
Other investments:	9.0%
Cash:	16.5%

Dividends

The current intention of the Directors is to pay a dividend quarterly.

Listing

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

Management

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

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

Financial highlights

	Year ended 31 March 2015	6 months ended 30 September 2014	Year ended 31 March 2014
Net asset value (£'000)	79,935	76,473	75,693
Net asset value per share	113.2p	108.3p	107.0p
Earnings per share (adjusted - basic and diluted)*	7.5p	3.0p	5.3p
Earnings per share (basic and diluted)	10.2p	3.3p	2.2p
Dividend per share (paid during the period)	2.1p	1.1p	2.6p

* The adjusted earnings per share includes adjustments for the effect of the fair value revaluation of investment properties and indirect property investments and the fair value movements on financial assets. Full analysis is provided in note 9 to the financial statements.

Chairman's statement

I am pleased to present the Company's annual report for the year ended 31 March 2015.

It has been a very active period for ART across all of its investment sectors with active asset management, new investment and capital recycling all playing an important role in a year of consolidation and growth.

The backdrop of an improving economic environment has assisted the Company in achieving successful disposals of non-core assets. ART is in a strong position with the cash resources at year end to continue to prudently invest. The flexibility provided by our strategy of focusing on high-yielding property debt and equity investments in Western Europe that benefit from underlying strong cash flows or scope for high risk-adjusted total returns has meant that ART is well placed to adapt to opportunities and take advantage of new investments. We continue to remain disciplined about new investments and asset selection. Whilst selective, we also remain creative and are alert to opportunities that require complex investment structures. This approach has served us well in the past and provides an advantage in selected markets in which investment activity and asset pricing could be perceived to be running slightly ahead of currently demonstrable occupational market fundamentals, making direct asset purchases less attractive.

The Company's earnings continue to increase as a consequence of ART's investment policy of targeting investments and allocation of capital to income focused investments or investments which will generate strong and growing cashflows. The Company has maintained its policy of paying quarterly dividends during the period and I am pleased to announce that, supported by improving earnings, the Company declares an increased quarterly dividend of 0.6p per share, relating to the quarter ended 31 March 2015, which is expected to be paid on 17 July 2015.

Equity investments

ART's direct and indirectly held equity investments in real estate continue to perform strongly. This is evident both in the UK and in other markets across Europe. In Spain, the H2O shopping centre investment in Madrid attracted a record number of annual visitors in 2014 and also recorded increasingly positive like-for-like tenant sales growth. This reflects the asset management improvements implemented under the Company's ownership which include an improved commercial mix, upgraded public areas, a new lakeside leisure area and unique marketing events. There are signs that economic growth in Spain is also building, which bodes well for the asset's future performance.

During the year, underlying asset value increases have been reported within the Company's Industrial Multi Property Trust plc ("IMPT") and Active UK Real Estate Fund ("AURE") investments in the UK. In addition to investor sentiment improving as risk premiums reduce and pricing improves, increased leasing activity also points to an improvement in the underlying occupier market. The Company's investment in Freehold Investment Authorised Fund ("FIAF"), whose stable cashflows provide support to the Company's earnings and portfolio balance, performed strongly delivering a total return of 8.6% during the year.

Debt investments

ART refinanced or extended the terms of its high yielding debt investments in Europip and AURE during the period. In general, the broadening of the debt market supply has meant that ART's debt investments are in some cases now yielding returns in excess of the market.

Underlying asset values have benefited from an improvement in the wider investment market resulting in enhanced credit quality as loan to value ratios have either improved or are more firmly supported as a result of both greater liquidity and debt availability. The increased real estate investor sentiment and liquidity in the market has facilitated sales of non-core assets from the Europip portfolio, which have enabled ART's loan investment to be repaid from £4.3 million in December 2014 to £1.3 million in March 2015.

Capital recycling

Recycling of capital from mature and non-core investments has continued, providing the opportunity for new investment that offers scope for higher risk-adjusted returns. To this end, the remaining investment in Business Centre Properties Limited ("BCP") was substantially redeemed. BCP was acquired in late 2012 as part of the larger Property Investment Portfolio Plc portfolio and was one of the assets within the portfolio deemed to be non-core. A successful managed sell-down of the assets within BCP has now been completed.

There have been further strategic asset sales in the Company´s Europip investment in Norway where proceeds from the sale of non-core assets will allow further amortisation of ART's high yielding loan to Europip in addition to amortisation of Europip's senior bank loan facility.

Arbitration process in India

During the year, the International Chamber of Commerce ("ICC") Arbitration declared an award in favour of the Company with respect to its Galaxia investment, a joint venture with the Logix Group (“Logix”) located in an 11.2 acre Special Economic Zone, in NOIDA, the National Capital Region, India. The Arbitral Tribunal by a majority decreed that Logix and its principals had breached the Terms of the Shareholders Agreement and has awarded the Company:

- Return of its entire capital invested of INR 450 Million (equivalent to £4.9 million at year end exchange rate of £1:INR92.756) along with interest at 18% p.a. from 31 January 2011 to 20 January 2015.
- All costs incurred towards the Arbitration.

The total award amounts to £9.2 million based on year end exchange rates. Additionally, a further 15% p.a. interest on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award. The Arbitral Tribunal has also ruled that the Company has no obligation or liability to fund the outstanding NOIDA lease rent under the Shareholders Agreement.

Following the determination of the arbitration noted above, the award to the Company represents a potential realisation of approximately £9.2 million. The Directors continue to hold the indirect investment at INR 450 million (£4.9 million) in the financial statements due to uncertainty over timing and final value.

As previously announced, the Company has been notified that Logix has filed a petition under Section 34 of the Indian Arbitration and Conciliation Act, 1996 before the Delhi High Court challenging the award. The matter has been adjourned for a hearing planned for July 2015. This matter will continue to be robustly pursued by the Company to seek full recovery of the sums awarded.

Continued growth

The Company is continuously evaluating new investment opportunities. ART´s investment policy to target both asset backed investments and investment in high yield debt markets will allow it to continue to capitalise on new investment opportunities and optimise returns. The Company's liquid reserves and ability to transact quickly make it well placed to secure suitable opportunities.

ART is committed to its disciplined strategy and investment principles which focus on opportunities that can deliver high risk-adjusted total returns, while seeking to manage risk through a combination of operational controls, diversification and preferred capital positions. For the Company´s investments that sit outside the core portfolio of equity investments and preferred loan facilities, a managed exit is anticipated over a phased period in order to recycle capital into new investment opportunities.

The Company is actively seeking to increase the yield and underlying capital value of its portfolio by enhanced performance from existing investments, asset management initiatives and by additional investment, funded from its cash and liquid holdings, strong cashflow and capital recycling.

A detailed summary of the Company’s investments is contained within the investment review section of this annual report.

Results and dividends

Dividends

Adjusted earnings for the year show a profit after interest and tax of £5.3 million and adjusted earnings per share for the year of 7.5 pence (see note 9 of the financial statements). This compares with adjusted earnings per share of 5.3 pence for the previous year ended 31 March 2014. The increase is mainly the result of the incremental income received from the Company’s investments in IMPT and FIAF together with an improved performance at H2O and lower costs incurred for the Galaxia investment arbitration proceedings.

In line with its aim to pay dividends quarterly, the Board announces a dividend of 0.6 pence per share which is expected to be paid on 17 July 2015 (Ex dividend date 2 July 2015 and record date 3 July 2015).

The dividends paid and declared for the twelve months to 31 March 2015 total 2.175 pence per share, representing a dividend yield of 4.0% p.a. on average share price over the period and 1.9% on current net asset value.

The net asset value per share at 31 March 2015 is 113.2 pence (31 March 2014: 107.0 pence per share) (see note 10 of the financial statements).

Financing

Some of ART’s underlying investments are part funded through non-recourse loan facilities with external debt providers.

For the H2O shopping centre, bank borrowings now stand at €71.7 million (£52.5 million), which, following repayments, represents a reduction of €3.3 million from the initial €75.0 million borrowed. The bank facilities do not have any loan to value covenants and there is sufficient headroom in relation to the interest cover ratio covenants. There continues to be a substantial surplus of rental income in excess of finance charges.

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

Foreign currency

The Board monitors foreign exchange exposures and considers hedging where appropriate. All foreign currency balances have been translated at the period-end rates of £1:€1.367, £1:NOK11.853 and £1:INR92.756.

Share buyback

On 13 August 2014, the Company published a circular giving notice of its Annual General Meeting on 5 September 2014. The proposed resolutions, including those in relation to the Takeover Panel Waiver and the Share Purchase Authority were approved by shareholders. This allows the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the Annual General Meeting of the Company in 2016, and (ii) 4 March 2016.

Summary

ART has had a positive year with earnings continuing to grow. Value adding asset management and improved leasing have contributed to the value increases recorded in the Company's directly and indirectly held investments.

The Company has successfully renewed its debt investments in Europip Norway and in AURE, maintaining broadly the same level of returns with improving credit quality.

Taking advantage of the improving economic backdrop and increased investment market activity and pricing, the Company has sold a number of its non-core investments. Sales of assets from Europip's Norwegian portfolio and of the remaining assets in the BCP investment has allowed capital to be recycled allowing for reinvestment into high yielding opportunities in line with ART's strategy.

As ART's current investment portfolio is being improved, we continue to seek new opportunities focused around the twin strategy of investing in debt investments where capital can benefit from a preferred risk position and asset investments and co-investments with substantial cash flows or scope for high risk-adjusted returns. The Company is actively sourcing and analysing new investment opportunities and has the agility and financial reserves to capitalise on those that meet its investment criteria. Our improving earnings and enhanced cash reserves position the Company strongly for continued progress in the year ahead.

David Jeffreys
Chairman

18 June 2015

Investment review

Portfolio Summary

Investment name Investment type	Investment value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]
High yielding debt (28.4%)						
Active UK Real Estate Fund plc ("AURE")						
Mezzanine loan	£9.8m [2]	9.0% [3]	UK	High-yield diversified portfolio	Preferred capital structure	12.2%
Industrial Multi Property Trust plc ("IMPT")						
Subordinated debt	£11.8m [2]	15.0% [3]	UK	High-yield diversified portfolio	Unsecured subordinated debt	14.6%
Europip plc						
Mezzanine loan	£1.3m [2]	9.0% [3]	Norway	Logistics, office and retail	Secured mezzanine loan	1.6%
High yielding equity in property investments (26.4%)						
H2O shopping centre						
Direct property	£15.6m (€21.3m)	13.5% [4]	Spain	High-yield, dominant Madrid shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant	19.3%
Europip plc						
Indirect property	£3.3m (€4.5m)	7.6% [4]	Norway	A geared property investment vehicle invested in logistics, office and retail properties	Recently extended senior and mezzanine loan position	4.1%
Cambourne Business Park						
Indirect property	£1.6m	12.5% [4]	UK	High-yield business park located in Cambridge	Bank facility at 50% LTV (current interest cover of 2.4 times covenant level)	2.0%
Industrial Multi Property Trust plc						
Equity	£0.8m	n/a	UK	High-yield diversified portfolio	19% of ordinary shares in fund with medium term debt	1.0%
Ground rent investments (19.7%)						
Freehold Income Authorised Fund						
Ground rent fund	£15.9m	3.9% [5]	UK	Highly defensive income; freehold ground rents	No gearing; monthly liquidity	19.7%
Other investments (9.0%)						
Galaxia						
Indirect property	£4.9m (INR 450m)	n/a	India	Special Economic Zone development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	6.1%
Healthcare & Leisure Property Limited						
Indirect property	£2.0m	8.8% [6]	UK	Leisure property fund	No external gearing	2.5%
Other	£0.3m	n/a	Varied	Varied	Varied	0.4%
Cash (16.5%)						
Cash (Company only)	£13.3m	0.1-1%	UK	Current or 'on call' accounts		16.5%

[1] Percentage share shown based on NAV excluding parent company's sundry assets/liabilities
[2] Including accrued interest at the balance sheet date
[3] Annual coupon
[4] Over 12 months to 31 March 2015
[5] 12 months income return; post tax
[6] Return on the average investment during the ownership period

High yielding debt

Market overview

Over the past year, there has been a marked change in in the availability of debt finance. Although still not at the levels reached in 2007, a general sentiment that the real estate markets have normalised has lead to higher loan to value ratios accompanied by lower financing margins.

There is a consensus view that the next move for base interest rates will inevitably be upwards, although the forecasted timing of such a move is regularly postponed. Whilst moving off historic interest rate lows is almost inevitable, the initial increase is likely to be greater in symbolism than in quantum. From the current low base, even a moderate increase in base rates will still leave interest rates at comparative historic lows. This outlook, combined with recent reductions in lending margins, is helping to support a positive outlook for assets generally and real estate in particular. This trend is positive news for ART´s equity investments whose values and liquidity are further enhanced, and for the Company's debt investments which have increasingly protected exit positions upon refinancing.

Whilst there is increased competition within the lending market, it remains less competitive for smaller transactions in non-prime sectors where a strong knowledge of the underlying assets is required. The acquisition and refinancing needs of many real estate investment vehicles throughout Europe remain high and opportunities for lenders with real estate debt expertise continue to remain attractive although this remains a competitive environment.

The increased liquidity in debt markets and number of new lenders entering the market helps underwrite exit assumptions for ART's current debt and mezzanine investments whilst also contributing to improving assumptions for returns on net asset values which will benefit the valuations of the Company´s equity investment portfolio. As evidenced by the refinance and extension of the Europip and AURE loan facilities during the year, ART remains well positioned to take advantage of further debt investment opportunities as they are identified.

Active UK Real Estate Fund plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Alpha UK Real Estate Fund plc	Mezzanine loan	£9.8m [2]	9.0% p.a. [3]	High-yield diversified UK portfolio	Preferred capital structure

[2] Including accrued interest at the balance sheet date
[3] Annual coupon

During November 2014, AURE refinanced its borrowings adding a second tranche to its bank debt and reducing the overall cost of the debt.

As part of a larger refinancing of AURE's loan facilities, in which £2.3 million was repaid to ART, ART provided a new mezzanine loan facility of £10.3 million for a two year term expiring November 2016. Since funding, the loan principal has been repaid to £9.6 million.

The loan earns a coupon of 9% per annum plus upfront and exit fees in addition to an extension fee if the loan is not repaid within the first year.

Based upon the value of the underlying AURE portfolio of £47.9 million as at 31 March 2015 and the balance of the bank debt of £22.1 million as at 31 March 2015, the senior lender's loan to value ratio is 46.1%. ART´s loan position sits between 46.1% and 66.1% loan to value.

Industrial Multi Property Trust plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Industrial Multi Property Trust plc	Subordinated debt	£11.8m [2]	15.0% p.a. [3]	High-yield diversified UK portfolio	Unsecured subordinated debt

[2] Including accrued interest at the balance sheet date
[3] Annual coupon

Further to its equity investment (described below) ART has provided a loan to IMPT.

As part of the refinancing of IMPT in December 2013, ART provided a new subordinated debt facility of £11.5 million (£11.8 million including accrued interest). The loan has a five-year term, expiring in December 2018, and earns a coupon of 15% per annum.

Based on the value of the IMPT portfolio of £80.8 million (31 March 2015 valuation), and the balance of the bank and mezzanine finance of £53.2 million as at 31 March 2015, this reflects a loan to value ratio of 65.8%. ART's subordinated loan sits between 65.8% and 80.1% loan to value.

European Property Investment Portfolio plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Europip loan	Mezzanine loan	£1.3m [2]	9.0% p.a.[3]	Office and logistics	Secured mezzanine loan

[2] Including accrued interest at the balance sheet date
[3] Annual coupon

Further to the equity investment (described below) ART has provided mezzanine finance to Europip. ART has a charge over Europip´s portfolio of commercial assets ranking after the senior lender's charge over the Norway portfolio and Mosaic investments. In addition, ART has the right to take a charge over a single unencumbered property within the Norway portfolio, which is outside the senior lender's security pool of assets.

During November 2014 ART extended the term of the current loan facility to Europip amounting to £4.3 million until 27 November 2016. In addition to an upfront fee paid at the time of signing, the new loan earns a coupon of 9% per annum plus an exit fee of 1%; additionally, a 2% fee will apply should the facility not be repaid within 12 months.

Following the sale of the Roykenveien property, £2.1 million of the ART loan was partially repaid during January 2015. A further £0.9 million was paid down in December 2014 following the release of a cash reserve held by the senior lender. These two repayments have reduced the ART loan balance to £1.3 million (NOK 15.4 million) including accrued interest, as at 31 March 2015.

The value of the portfolio of five assets was £24.4 million (NOK 289 million) based on the 31 December 2014 valuation, and the balance of the bank debt was £14.4 million (NOK 171.2 million). As at 31 March 2015, including the property which is outside the senior lender's security pool of assets, ART's loan position sits between 59.2% and 64.5% loan to value.

Post balance sheet, following the sale of the Hvamsvingen property, £0.8 of the ART loan was repaid, reducing the ART loan balance to £0.5 million (NOK 5.9 million).

High yielding equity in property investments

Commercial property market overview

The UK and European economies in which ART operates have continued to progress towards economic stabilisation and growth despite hesitant macro-economic indicators from the Eurozone and headwinds from political uncertainties. Investor sentiment remains optimistic and there appears to be an increasingly confident view that the recovery will continue. As the year has progressed, there has not only been an increased level of market transaction volumes and pricing for real estate and asset backed investments but also a broadening of investment searches for both asset types and geography, indicating a more optimistic market outlook.

The narrow investor focus on prime assets that prevailed in recent years is increasingly giving way to an objective analysis of strengths and weakness of broader commercial property and asset backed investments. An acceptance of a stabilisation of asset values in most markets, the low interest rate environment and the greater availability of debt funding has led to investors broadening their investment criteria to seek higher yielding assets in tandem with a higher appetite for risk with the confidence that total returns in these markets are likely to outstrip returns from low yielding prime assets, particularly on a risk-adjusted basis. This bodes well for ART's portfolio. The rebound in asset values in Spain has continued and this is evident at the Company´s H2O shopping centre in Madrid where value in Euro has increased by 6% during the year.

Demand from occupiers across the Company´s investment markets is showing signs of improvement. This is evident across the Company´s portfolio with a high volume of new leases signed in the AURE and IMPT portfolios in the UK and also at H2O in Spain. Whilst occupier demand and leasing activity has increased, rental growth remains subdued. Increased leasing activity is however laying the foundation for improving rental growth prospects. For now however, with the exception of prime assets in prime locations, it appears "weight of money", availability of debt finance and a relative scarcity of quality available investment stock and not rental growth is driving investment transaction values.

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

Industrial Multi Property Trust plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Industrial Multi Property Trust plc	Equity	£0.8m	n/a	High-yield diversified UK portfolio	19% of ordinary capital

ART has 19% of IMPT's ordinary share capital, representing £0.8 million in equity value based on IMPT's share price, as at 31 March 2015.

IMPT, listed on the SFM, is a UK property fund with a regionally diversified UK portfolio of over 50 multi-let light industrial and office properties valued at £80.8 million (at 31 March 2015).

The following highlights were included in IMPT's trading statement for the quarter ended 31 March 2015 (published May 2015):

- Adjusted net asset value per ordinary share - 227 pence as at 31 March 2015 (220 pence at 31 December 2014), an increase of 7 pence (+3.1%)
- Adjusted earnings per ordinary share - loss of 3.6 pence for the three months to 31 March 2015 (loss of 19.4 pence for the twelve months to 31 December 2014)
- Portfolio valuation increased - the group's property portfolio was valued at £80.8 million as at 31 March 2015 (£79.9 million as at 31 December 2014), an increase of £0.9 million (+1.1%)
- Occupancy improved - the occupancy level by estimated rental value stood at 87.3% as at 31 March 2015, compared with 86.5% as at 31 December 2014, an increase of 0.8%
- New lettings achieved - 22 new lettings and 13 lease renewals achieved during the quarter ended 31 March 2015 (representing 7.6% of the estimated rental value of the total portfolio, based on the final achievable annual rent including stepped rent).

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

Cambourne Business Park, Phase 1000, Cambridge

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£1.6m	12.5% p.a. [4]	High-yield business park	Bank facility at 50% LTV (current interest cover of 2.4 times covenant level)

[4] Over 12 months to 31 March 2015

The Company has invested £1.2 million in a joint venture that owns Phase 1000 of Cambourne Business Park. The property consists of three Grade A specification modern office buildings constructed in 1999 and located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,767 square metres of lettable area, is self-contained and has 475 car parking spaces. Phase 1000 is situated at the front of the business park with good access and visibility.

Phase 1000 is a high quality asset, fully let to Netcracker Technology EMEA Ltd, Citrix Systems and Regus. The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. Bank finance of £10.8 million was obtained. ART´s equity contribution of £1.2 million, which represents 10% of the total equity commitment, was invested into a newly formed joint venture entity, a subsidiary of which holds the property. The property was acquired for an 8.5% net initial yield and is currently delivering an annualised income return of 12.9% as at 30 September 2014.

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

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Europip Norway	Indirect property	£3.3m (€4.5m)	7.6% p.a.[4]	A geared property investment vehicle invested in offices and logistics properties in Norway	Recently refinanced senior and mezzanine loan position
Europip Mosaic	Indirect property	£0.3m (€0.4m)	n/a	Minority investment in a central European commercial property fund	Property held via investment vehicles, varying debt levels

[4] Over 12 months to 31 March 2015

As part of the Property Investment Portfolio transaction, ART acquired a 47% stake in Europip (shares are non-voting), an Isle of Man domiciled open ended investment company. Europip invests in a directly owned commercial property portfolio in Norway and holds a minority interest in Mosaic Property CEE Limited ("Mosaic"), a Central European focused commercial property fund.

The Norwegian portfolio of directly owned commercial properties is concentrated around Oslo. The value of the five asset portfolio as at 31 March 2015 is NOK 289 million (£24.4 million), based on the 31 December 2014 valuation, with a passing rental level of NOK 27.6 million (£2.3 million). The Norwegian portfolio's occupancy rate was 98% by rental value and the weighted average lease length was 3.5 years as at 31 March 2015.

In January 2015 a two year extension of the bank facility and a reduction of the margin to 1.95% was negotiated with the Europip lending bank. The revised loan maturity date is 15 January 2020. The facility is to be amortised at 3% of the loan balance per annum from cashflows, so reducing pro-rata in the event of property sales. £17.7 million (NOK 210 million) of this facility has been fixed for five years at a NIBOR rate of 2.49% p.a. As at 31 March 2015, the debt balance was £14.4 million (NOK 171.2 million); reflecting a LTV of 59.2%.

A subsidiary of ARC, Alpha Real Property Investment Advisers LLP ("ARPIA") is the investment manager for the Norway portfolio and Malling & Co. is responsible for the day to day property management.

H2O Shopping Centre, Madrid

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
H2O	Direct property	£15.6m (€21.3m)	13.5% p.a. [4]	High-yield, dominant shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant

[4] Over 12 months to 31 March 2015

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

The H2O shopping centre was acquired in April 2010 and to date ART has committed €5.3 million in capital improvements.

The asset management highlights are as follows:

- Centre occupancy: 90.1% by rental value (82.2% by area) as at 30 April 2015.
- Footfall: the visitor numbers at H2O reached record levels in 2014 with footfall continuing to be assisted by the presence of the new brands and an improved commercial mix; this positive trend has continued into 2015.
- Sales growth: tenant sales performance is improving and the positive growth registered in 2014 has continued into 2015; this reflects the greater visitor numbers at the centre and the improving economic environment in Spain.
- Lease length: weighted average lease length of 1.9 years to next break and 10.3 years to expiry (as at 30 April 2015).
- Leasing: 2014 was a highly successful year for new leasing with 17 new leases signed (including 4 current tenant expansions / relocations). The positive momentum has continued into 2015 with 5 new leases signed, 3 of which are to upgrade current tenants.

- Lakeside experience: the new lakeside “fun boulevard” and cafe and bars kiosks that were created under ART's ownership have been enlarged and now serve as a social destination for the local population; this offer was reinforced with the letting to two leading restaurant brands in 2014.
- Cost control: an active cost management exercise continues to be implemented to reduce the centre´s operating costs and improve the quality and efficiency of services, in 2014 the building management system and a number of large supplier contracts were renegotiated.
- Marketing: innovative events continue to be carried out to attract new visitors, build customer loyalty and increase dwell time; an extended kid’s summer camp has been held during recent months and the exclusive Lego themed play area continues to perform strongly.

Ground rent investments

The Company holds an investment in a fund which holds a diversified portfolio of UK residential property freehold ground rents with a view to achieving steady and predictable returns, a consistent income stream and prospects for growth.

A ground rent is the payment made by the lessee of a property to the freeholder of that property. It represents the underlying freehold interest in a property which is subject to a lease for a period of time usually between 99 and 999 years.

Freehold Income Authorised Fund (“FIAF”)

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Freehold Income Authorised Fund	Equity in ground rent fund	£15.9m	3.9% p.a. [5]	Highly defensive income; freehold ground rents	No gearing; monthly liquidity

[5] 12 months income return; post tax

The Company has invested a total of £15.9 million as at 31 March 2015 in FIAF, an open-ended fund that invests in UK freehold ground rents with a net asset value of £230.6 million as at 31 March 2015.

The following highlights were reported in the FIAF fact sheet as at 31 March 2015 (published in April 2015):

- FIAF continues its unbroken 22 year track record of positive inflation beating returns, generating a total return for the year ended 31 March 2015 of 9.64% (based on Gross A Accumulation share class) (*) of which 2.20% was distributed as income at the end of November 2014, with 2.72% expected to be distributed at the end of May 2015 i.e. an income distribution for the year of 4.92%.
- 81% of its freeholds have a form of inflation protection through periodic uplifts linked to Retail Price Index, property values or fixed uplifts.
- No debt had been drawn and cash reserves are £38.7 million as at 31 March 2015.
- As of 13 October 2014 a 5% dilution levy applies to all new subscriptions into FIAF.

(*) Note: ART holds a different class of shares. ART total return on its investment is 8.6% for the period.

ARC is the Authorised Corporate Director and ARPIA, a subsidiary of ARC, is the investment manager of FIAF.

Cash

Cash balances

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Cash balance	Cash	£13.3m	0.1 - 1% p.a.	Cash deposits / current accounts	Held between banks with a range of deposit maturities

As at 31 March 2015, the Company had cash balances of £13.3 million.

Other investments

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£2.0m	8.8% p.a.[6]	Leisure property fund	No external gearing

[6] Return over the average investment during the ownership period

HLP has invested in companies operating in the hotel, care home, house building and leisure sectors throughout the UK. HLP's investments are predominantly un-geared.

HLP is managed by Albion Ventures LLP, a specialist UK venture capital manager. No new investments are being made by HLP.

As at 31 March 2015, ART had £2.0 million invested in HLP. HLP subsequently holds minority stakes in the underlying investments.

Post balance sheet, ART received £0.5 million as redemption from HLP, which reduced ART's investment in HLP to £1.5 million.

ART continues to receive income from its investment while HLP's underlying assets are sold. HLP has delivered a return of 8.8% over the average investment during ART's ownership period, and ART will continue to benefit from its share of net proceeds from the sales of the underlying assets as they are progressed.

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Galaxia	Indirect property	£4.9m (INR 450m)	n/a	Special Economic Zone development site	Asset held for sale

ART invested INR 450 million (£4.9 million) in the Galaxia project, a development site extending to 11.2 acres which enjoys SEZ status with the potential to develop 1.2 million square feet. Galaxia is located in NOIDA, an established, well planned suburb of Delhi that continues to benefit from new infrastructure projects and is one of the principal office micro-markets in India. The Company has a 50% shareholding in the SPV which controls the Galaxia site. There are no bank borrowings on the asset.

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

During January 2015, the Arbitral Tribunal, by a majority, decreed that Logix and its principals had breached the terms of the shareholders agreement and has awarded the Company:

- Return of its entire capital invested of INR 450 Million (equivalent to £4.9m using an exchange rate of 92.756 as at 31 March 2015) along with interest at 18% per annum from 31 January 2011 to 20 January 2015.
- All costs incurred towards the arbitration.
- A further 15% interest per annum on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award.

The Arbitral Tribunal has also ruled that the Company has no obligation or liability to fund the outstanding NOIDA lease rent under the Shareholders Agreement.

The Company will actively seek full recovery of the sums awarded. To this end the Company has been awarded by the courts of India a charge over the private residence of the principals of Logix: Shakti Nath, Meena Nath and Vikram Nath.

In April 2015, the Company has been notified that Logix has filed a petition under Section 34 of the Indian Arbitration and Conciliation Act, 1996 before the Delhi High Court challenging the Award made in favour of the Company by the International Court of Arbitration in January 2015.

Following the determination of the arbitration noted above, the award to the Company represents a potential realisation of approximately £9.2 million. ART continues to hold the indirect investment at INR 450 million (£4.9 million) in the financial statements due to uncertainty over timing and final value.

Summary

Real estate investment markets in which the Company operates have become more stable over the past year. Although degrees of variance still exist between ART's investment markets, there has been a marked improvement in real estate investment volumes and values in line with a more positive investor sentiment. Investment activity has continued to widen beyond prime assets and markets to broader geographic markets and asset types which bodes well for the value of the Company's portfolio.

The Company has had an active year across its high yielding debt and high yielding equity investment portfolio. Two of the high yielding debt investments have been refinanced, and despite additional competition, loan terms have been broadly maintained.

Asset management of the underlying real estate equity investments has yielded successes across the UK, Norway and Spain, with record visitor numbers recorded in the H2O shopping centre in Madrid. Occupier demand is increasing with leasing activity across the Company's portfolio, with positive results recorded at IMPT and H2O. Improving occupier demand is generally a precursor to rental growth although this is not yet prevalent outside the prime markets and assets.

ART benefits from the depth of experience, strength and size of the Investment Manager’s business with various funds under management and debt structuring, investment and asset management professionals based throughout Europe. The Company continues to source new investment opportunities with strong cash-flows and/or managed risk profiles that are accretive to its earnings position.

The Company remains active in both its target investment sectors of high yield debt and equity in assets with high risk-adjusted returns typically when there is scope to add value through active asset management and/or the restructuring or recapitalisation of property investment vehicles.

ART remains well placed to find value for its investors and to capitalise on new investment opportunities across asset backed investment and debt markets in the UK and Europe.

Brad Bauman and Gordon Smith

For and on behalf of the Investment Manager

18 June 2015

Directors

David Jeffreys (aged 55)

Chairman

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

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

In addition to the Company, David is a director of the following listed companies: Alpha Pyrenees Trust Limited and Tetragon Financial Group Limited.

Phillip Rose (aged 55)

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

Phillip is currently CEO of Alpha Real Capital LLP and is a member of the Management Committee for Hermes Property Unit Trust and its Audit Committee.

Serena Tremlett (aged 50)

Serena has over 25 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 18 years.

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

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

Jeff Chowdhry (aged 55)

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

Roddy Sage (aged 62)

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

Directors' and Corporate Governance report

The Directors present their report and financial statements of the Alpha Real Trust Limited group ("the Group") for the year ended 31 March 2015.

Principal activities and status

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

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

Business review, results and dividend

A review of the business during the year is contained in the Chairman's Statement above.

The results for the year to 31 March 2015 are set out in the financial statements.

On 13 February 2015, the Company declared a dividend of 0.525p per share, which was paid to shareholders on 20 March 2015. The current intention of the Company is to pay a dividend quarterly. Further details on dividends are given in note 8 of the financial statements.

Corporate governance

As a Guernsey registered company traded on SFM, the Company is not required to comply with The UK Corporate Governance Code ("UK Code"). However, as a company authorised by the Guernsey Financial Services Commission ("GFSC"), it is required to follow the principles and guidance set out in the Finance Sector Code of Corporate Governance issued by the GFSC and effective from 1 January 2012 ("Guernsey Code"). Compliance with the Guernsey Code and general principles of good corporate governance are reviewed by the Board at least annually and, at the date of signing these financial statements, the Board is satisfied that the Company is fully compliant with the Guernsey Code. The Guernsey Code is available for consultation on the GFSC website: www.gfsc.gg.

The Board

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

The Directors' interests in the shares of the Company as at 31 March 2015 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 March 2015	Number of ordinary shares 31 March 2014
David Jeffreys	10,000	10,000
Phillip Rose	139,695	139,695
Serena Tremlett	15,000	15,000
Jeff Chowdhry	40,000	40,000
Roddy Sage	-	-

Non-executive directors are not appointed for specified terms; appointments of Board members can be terminated at any time without penalty and the Company's Articles of Association ("Articles") require each Director to retire and submit himself/herself to re-election by the shareholders at every third year. In addition, the Board believes that continuity and experience adds to its strength.

The Annual General Meeting of the Company will take place on 12 August 2015. At this meeting, Serena Tremlett and David Jeffreys will retire and submit themselves for re-election. The remainder of the Board recommend their re-appointment and confirm their independence.

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

Operations of the Board

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

1) Review the overall objectives for the Company and set the Company's strategy for fulfilling those objectives within an appropriate

risk framework

2) Consider any shifts in strategy that it considers may be appropriate in light of market conditions

3) Review the capital structure of the Company including consideration of any appropriate use of gearing both for the Company and in any joint ventures in which the Company may invest from time to time

4) Appoint the Investment Manager, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings

5) Review key elements of the Company's performance including Net Asset Value and payment of dividends.

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

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

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

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

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

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

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

Board and Directors' appraisals

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

Board Meeting attendance

The table below shows the attendance at Board meetings during the year to 31 March 2015:

Director	No of meetings attended
David Jeffreys	13
Phillip Rose	4
Serena Tremlett	11
Jeff Chowdhry	8
Roddy Sage	9
No. of meetings during the year	**13**

Directors' and officers' insurance

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

Board Committees

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

Audit Committee

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

Role of the Committee

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

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

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

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

Committee meeting attendance

Director	No of meetings attended
David Jeffreys	4
Roddy Sage	3
Serena Tremlett	3
No. of meetings during the year	**4**

Policy for non audit services

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

Internal audit

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

Nomination Committee and attendance

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

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

Remuneration Committee and attendance

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

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

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

Remuneration report

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

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

	Year ended 31 March 2015 £	**Year ended 31 March 2014 £**
David Jeffreys	31,500	31,500
Phillip Rose	22,000	22,000
Serena Tremlett	34,500	32,583
Jeff Chowdhry	22,000	22,000
Roddy Sage	22,000	22,000
Total	**132,000**	**130,083**

Internal control and risk management

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

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

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

Investment management agreement

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

Substantial shareholding

Shareholders with holdings of more than 3 per cent of the voting rights of the Company as at 20 May 2015 were as follows:

Name of investor	Number of voting rights	% held
Alpha Global Property Securities Fund Pte. Ltd	22,550,000	32.01
Billien Limited	14,154,593	20.10
Armstrong Investments	4,000,000	5.68
IPGL Limited	3,010,100	4.27
Miton Asset Management	2,780,000	3.95
Charles Stanley	2,741,966	3.89
Amiya Capital	2,600,000	3.69

Shareholder relations

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

Directors' Responsibilities' Statement

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

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

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

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

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

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

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

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

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

Going concern

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

Annual General Meeting

The AGM of the Company will be held in Guernsey at 9.00 am on 12 August 2015 at Old Bank Chambers, La Grande Rue, St Martin's, Guernsey. The meeting will be held to receive the Annual Report and Financial Statements, re-elect Directors and propose the reappointment of the auditor and that the Directors be authorised to determine the auditor's remuneration.

Independent Auditor

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

By order of the Board,

David Jeffreys

Director

Serena Tremlett

Director

18 June 2015

Directors' statement pursuant to the Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' and corporate governance report confirm that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- The Chairman's statement and the investment review include a fair review of the development and performance of the business and the position of the Group and note 23 to the financial statements provides a description of the principal risks and uncertainties that the Group faces.

By order of the Board,

David Jeffreys

Director

Serena Tremlett

Director

18 June 2015

Independent Auditor's Report

To the Members of Alpha Real Trust Limited

We have audited the consolidated financial statements of Alpha Real Trust Limited for the year ended 31 March 2015 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of the directors and auditor

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

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2015 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

....
Richard Michael Searle FCA

For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré
Rue du Pré
St Peter Port
Guernsey

Date: 18 June 2015

Consolidated statement of comprehensive income

	Notes	For the year ended 31 March 2015 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 March 2014 Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	8,178	-	8,178	8,243	-	8,243
Change in the revaluation of investment property	13	-	2,721	2,721	-	(658)	(658)
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss	23	1,407	(1,131)	276	1,253	(1,539)	(286)
Total income		**9,585**	**1,590**	**11,175**	**9,496**	**(2,197)**	**7,299**
Expenses							
Property operating expenses	3	(3,615)	-	(3,615)	(3,940)	-	(3,940)
Investment Manager's fee		(1,581)	-	(1,581)	(1,707)	-	(1,707)
Other administration costs	4	(823)	-	(823)	(1,244)	-	(1,244)
Total operating expenses		**(6,019)**	**-**	**(6,019)**	**(6,891)**	**-**	**(6,891)**
Operating profit/(loss)		**3,566**	**1,590**	**5,156**	**2,605**	**(2,197)**	**408**
Share of profit of joint venture		131	342	473	135	15	150
Finance income	5	3,496	-	3,496	3,116	4	3,120
Finance costs	6	(1,899)	(2)	(1,901)	(2,098)	-	(2,098)
Profit/(loss) before taxation		**5,294**	**1,930**	**7,224**	**3,758**	**(2,178)**	**1,580**
Taxation	7	(10)	-	(10)	(10)	-	(10)
Profit/(loss) for the year		**5,284**	**1,930**	**7,214**	**3,748**	**(2,178)**	**1,570**
Other comprehensive expense for the year							
Items that may be classified to profit and loss in subsequent periods							
Exchange differences arising on translation of foreign operations		**-**	**(1,338)**	**(1,338)**	**-**	**(1,176)**	**(1,176)**
Other comprehensive expense for the year		**-**	**(1,338)**	**(1,338)**	**-**	**(1,176)**	**(1,176)**
Total comprehensive income/(expense) for the year		**5,284**	**592**	**5,876**	**3,748**	**(3,354)**	**394**
Earnings per share (basic & diluted)	9			**10.2p**			**2.2p**
Adjusted earnings per share (basic & diluted)	9			**7.5p**			**5.3p**

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 form an integral part of the financial statements.

Consolidated balance sheet

	Notes	31 March 2015 £'000	31 March 2014 £'000
Non-current assets			
Investment property	13	65,544	69,942
Indirect property investment held at fair value	14	4,851	4,525
Investments held at fair value	15	6,566	11,275
Investment in joint venture	12	1,563	1,214
Derivatives held at fair value through profit or loss	23	11	63
Trade and other receivables	16	22,443	11,500
		100,978	**98,519**
Current assets			
Investments held at fair value	15	15,868	13,145
Derivatives held at fair value through profit or loss	23	388	159
Trade and other receivables	16	2,303	19,135
Cash and cash equivalents		14,817	5,444
		33,376	**37,883**
Total assets		**134,354**	**136,402**
Current liabilities			
Trade and other payables	17	(2,347)	(1,374)
Bank borrowings	18	(515)	(595)
		(2,862)	**(1,969)**
Total assets less current liabilities		**131,492**	**134,433**
Non-current liabilities			
Bank borrowings	18	(51,557)	(58,740)
Total liabilities		**(54,419)**	**(60,709)**
Net assets		**79,935**	**75,693**
Equity			
Share capital	19	**-**	**-**
Special reserve	20	80,277	80,296
Translation reserve	20	(3,423)	(2,085)
Capital reserve	20	(8,560)	(10,358)
Revenue reserve	20	11,641	7,840
Total equity		**79,935**	**75,693**
Net asset value per ordinary share	10	**113.2p**	**107.0p**

The financial statements were approved by the Board of Directors and authorised for issue on 18 June 2015. They were signed on its behalf by David Jeffreys and Serena Tremlett.

David Jeffreys
Director

Serena Tremlett
Director

The accompanying notes form an integral part of the financial statements.

Consolidated cash flow statement

	For the year ended 31 March 2015 £'000	For the year ended 31 March 2014 £'000
Operating activities		
Profit for the year after taxation	7,214	1,570
Adjustments for:		
Change in revaluation of investment property	(2,721)	658
Net (gains)/losses on financial assets and liabilities held at fair value through profit or loss	(276)	286
Taxation	10	10
Share of profit of joint venture	(473)	(150)
Finance income	(3,496)	(3,120)
Finance cost	1,901	2,098
Operating cash flows before movements in working capital	**2,159**	**1,352**
Movements in working capital:		
(Increase)/decrease in trade and other receivables	(1,574)	286
Decrease/(increase) in trade and other payables	969	(1,650)
Cash from/(used in) operations	**1,554**	**(12)**
Interest received	58	91
Interest paid	(1,763)	(1,938)
Taxation paid	(6)	(118)
Cash flows used in operating activities	**(157)**	**(1,977)**
Investing activities		
Acquisition of investments	(2,000)	-
Redemption of investments	2,595	2,500
Redemption on preference shares' investment	350	100
Capital expenditure on investment property	(602)	(417)
Loan granted to related parties	-	(8,880)
Loan repayments from related parties	7,266	4,347
Loan interest received	2,747	736
CULS interest received	352	240
Dividend income from joint venture	124	139
Dividend income from other investments	711	779
Cash flows from/(used in) investing activities	**11,543**	**(456)**
Financing activities		
Bank loan repayments	(426)	(916)
Share buyback	-	(1,659)
Share buyback costs	-	(4)
Share issue costs	(19)	(29)
Currency option settlement	-	142
Foreign exchange forward settlement	322	-
Foreign exchange forward collateral received/(paid)	62	(362)
Special dividend paid to A shareholders	(132)	-
Dividends paid	(1,483)	(1,876)
Cash flows used in financing activities	**(1,676)**	**(4,704)**
Net increase/(decrease) in cash and cash equivalents	**9,710**	**(7,137)**
Cash and cash equivalents at beginning of year	**5,444**	**12,602**
Exchange translation movement	(337)	(21)
Cash and cash equivalents at end of year	**14,817**	**5,444**

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2014	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2013	**81,381**	**(909)**	**(8,180)**	**5,968**	**78,260**
Total comprehensive income/(expense) for the year					
Profit/(loss) for the year	-	-	(2,178)	3,748	1,570
Other comprehensive expense for the year	-	(1,176)	-	-	(1,176)
Total comprehensive (expense)/income for the year	**-**	**(1,176)**	**(2,178)**	**3,748**	**394**
Transactions with owners					
Dividends	-	-	-	(1,876)	(1,876)
Share issue costs	(29)	-	-	-	(29)
Share buyback	(1,053)	-	-	-	(1,053)
Share buyback costs	(3)	-	-	-	(3)
Total transactions with owners	**(1,085)**	**-**	**-**	**(1,876)**	**(2,961)**
At 31 March 2014	**80,296**	**(2,085)**	**(10,358)**	**7,840**	**75,693**
Notes 19, 20					

For the year ended 31 March 2015	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2014	**80,296**	**(2,085)**	**(10,358)**	**7,840**	**75,693**
Total comprehensive income/(expense) for the year					
Profit for the year	-	-	1,930	5,284	7,214
Other comprehensive expense for the year	-	(1,338)	-	-	(1,338)
Total comprehensive (expense)/income for the year	**-**	**(1,338)**	**1,930**	**5,284**	**5,876**
Transactions with owners					
Dividends	-	-	(132)	(1,483)	(1,615)
Share issue costs	(19)	-	-	-	(19)
Share buyback	-	-	-	-	-
Share buyback costs	-	-	-	-	-
Total transactions with owners	**(19)**	**-**	**(132)**	**(1,483)**	**(1,634)**
At 31 March 2015	**80,277**	**(3,423)**	**(8,560)**	**11,641**	**79,935**
Notes 19, 20					

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 March 2015

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given below. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement above. The financial statements were approved and authorised for issue on 18 June 2015 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

2. (a) Significant accounting policies

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

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

Basis of preparation

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

During the year, the Directors have reconsidered the layout of the consolidated statement of comprehensive income. Accordingly, the order that certain items appear has been changed and two items have been reclassified. The comparatives have been amended on a consistent basis which has required the transfer of £1,412,000 of gains on investments held at fair value and on the settlement of the foreign exchange forward contract from finance income to net gains on financial assets and liabilities held at fair value through profit or loss and the transfer of £1,698,000 of losses on investments held at fair value and on currency options and interest rate cap contracts to net losses on financial assets and liabilities held at fair value through profit or loss. This has had no impact on the reported profit before tax or on net assets so a third consolidated statement of financial position has not been presented as would ordinarily be required by IAS 1:10(f).

a) Adoption of new and revised Standards

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

Revised and amended Standards

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

IAS 36: **Impairment of Assets - Amendments for Recoverable Amount Disclosures for Non-Financial Assets -** for accounting periods commencing on or after 1 January 2014

IAS 39: **Financial Instruments: Recognition and Measurement - Amendments for Novation of Derivatives and Continuation and Hedge Accounting** – effective when IFRS 9 is applied*.

Interpretations

No interpretations, relevant for the Group, were issued or revised during the year.

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

b) Standards and Interpretations in issue and not yet effective

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

IFRS 9: **Financial Instruments –** for accounting periods commencing on or after 1 January 2018*

IFRS 15: **Revenue from Contracts with Customers -** for accounting periods commencing on or after 1 January 2017*

Revised and amended Standards

IFRS 7: **Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9** - for accounting periods commencing on or after 1 January 2018*

IFRS 10: **Consolidated Financial Statements - amended for sale or contribution of assets between an investor and its associate or joint venture** - for accounting periods commencing on or after 1 January 2016*

IFRS 11: **Joint Arrangements - amended by accounting for acquisitions of interest in joint operations** - for accounting periods commencing on or after 1 January 2016*

IAS 27: **Separate Financial Statements - amended by equity method in separate financial statements** - for accounting periods commencing on or after 1 January 2016*

IAS 28: **Investments in Associates and Joint Ventures - amended for sale or contribution of assets between an investor and its associate or joint venture** - for accounting periods commencing on or after 1 January 2016*

*Still to be endorsed by the EU

Interpretations

No interpretations, relevant for the Group, are currently in issue.

In December 2013, the IASB issued further improvements to IFRS, which have become effective for accounting periods commencing on or after 1 July 2014. These cover amendments to nine standards.

In September 2014, the IASB issued further improvements to IFRS, which will become effective for accounting periods commencing on or after 1 January 2016 (still to receive endorsement by the EU). These cover amendments to five standards.

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

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets (payments that are solely payments of principal and interest). The recognition and de-recognition requirements for financial assets and financial liabilities are unchanged from those set out in IAS 39.

The classification and measurement requirements of financial liabilities are broadly similar to IAS 39 although the requirements relating to financial liabilities measured at fair value have been amended so that changes in fair value related to an entity's own credit risk are generally recognised directly in other comprehensive income. IFRS 9 requires one impairment method which would replace the various different methods indicated by IAS 39 that arise from the different categories' classification. At the time of adoption of the new standard it is expected only that the Group's financial assets will be required to be classified in accordance with the new standard and no changes in measurement will be required.

The principal accounting policies adopted are set out below.

Basis of consolidation

a) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the Company, made up to 31 March each year. Control is achieved where the Company has power over the investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power to affect the amount of the investor's returns.

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

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

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

b) Joint ventures

The Group applies IFRS 11 to its joint arrangement. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Presentation of statement of comprehensive income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information, which analyses the statement of comprehensive income between items of a revenue and capital nature, has been presented alongside the statement of comprehensive income (see note 20).

Revenue recognition

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

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

Other income is recognised when received.

Leasing

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

Foreign currencies

a) Functional and presentation currency

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

b) Transactions and balances

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in other comprehensive income/(expense).

c) Group companies

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

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

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

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

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

For Euro based balances the year end exchange rate used is £1:€1.367 (2014: £1:€1.210) and the average rate for the year used is £1:€1.274 (2014: £1:€1.186). The year-end exchange rate used for Indian rupee (INR) balances is £1:INR 92.756 (2014: £1:INR 99.418) and the average rate for the year used is £1:INR 98.408 (2014: £1:INR 95.890).

Expenses

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

Borrowing costs

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

Taxation

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

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

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

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

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

Dividends

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

Fair value measurement

The Group measures certain financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at the end of each reporting period, using recognised valuation techniques and following the principles of IFRS 13. In addition, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group 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.

Investment property

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

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

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

Segmental reporting

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

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

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

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

Financial instruments

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

a) Financial assets

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

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

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

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

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

Recognition

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

Measurement

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

(a) (ii) Loans and receivables

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

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

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

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

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

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

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

(a) (iv) Derecognition of financial assets

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

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

(b) Financial liabilities

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

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

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

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

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

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

Other financial liabilities include the following items:

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

(b) (iii) Derecognition of financial liabilities

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

(c) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares and class A shares are classified as equity instruments. For the purposes of the disclosures given in note 23 the Group considers all its share capital, share premium and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

(d) Effective interest rate method

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

2. (b) Significant accounting estimates and judgements

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

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

(a) Investment property

The Group uses the valuation carried out by its independent valuers as the fair value of its investment property. The valuation is based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Refer to note 13 for further details.

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

The property interest in Galaxia is classified as an indirect property investment held at fair value through profit or loss and has been included within the financial statements based on the current estimate of realisable value to the Group. In January 2015, the International Chamber of Commerce ('ICC') Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group, which was found to have breached the Terms of the Shareholders Agreement with the Group. The ICC awarded the Group the return of its entire capital invested of INR 450 Million, with interest at 18% p.a. from 31 January 2011 to 20 January 2015, and the refund of all costs incurred towards the Arbitration. The total award amounts to £9.2million (the "Award") based on year end exchange rates. Additionally, a further 15% p.a. interest on all sums was awarded to the Group from 20 January 2015 until the actual date of payment by Logix of the Award. In April 2015, the Group was notified that Logix has filed a petition, under Section 34 of the Indian Arbitration and Conciliation Act 1996, before the Delhi High Court challenging the Award. The matter has been adjourned for a hearing on 15 July 2015. The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it prudent to continue to value the indirect investment at INR 450 million due to uncertainty over timing and final value of the Award.

(c) Fair value of derivative contracts

(c) (i) Interest rate cap

The Group estimates the fair value of its derivative interest rate cap contracts based on valuation techniques employed by the contractual counter parties. These techniques are significantly affected by the assumptions used, including discount rates and future cash flows. Further details are given in note 23.

(c) (ii) Fair value of foreign exchange forward contract

The Group estimates the fair value of its foreign exchange forward contract by reference to the difference between the contracted rate as per the contract with the contractual counter party and the relevant forward exchange rate at the balance sheet date. Further details are given in note 23.

(d) Income and deferred taxation

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

3. Revenue

	Year ended 31 March 2015 £'000	**Year ended 31 March 2014 £'000**
Rental income	5,981	6,084
Service charge income	2,182	2,138
Other income	15	21
Total	**8,178**	**8,243**

At 31 March 2015, the Group recognised non recoverable property operating expenditure as follows:

	Year ended 31 March 2015 £'000	**Year ended 31 March 2014 £'000**
Service charge income	2,182	2,138
Property operating expenditure	(3,615)	(3,940)
Non recoverable property operating expenditure	**(1,433)**	**(1,802)**

The Group recognises revenue from its investment in one property: the H2O Shopping Centre in Madrid, Spain.

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

At 31 March 2015, the Group had contracted with tenants at the H2O Shopping Centre for the following future minimum lease payments:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Within one year	5,025	5,158
In the second to fifth years inclusive	8,966	9,050
After five years	2,343	2,797
Total	**16,334**	**17,005**

4. Other administration costs

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Auditors' remuneration for audit services	83	98
Accounting and administrative fees	293	333
Non-executive directors' fees	132	130
Other professional fees	315	683
Total	**823**	**1,244**

The Group has no employees.

5. Finance income

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Bank interest receivable	58	91
Interest receivable on convertible loan stock	516	1,011
Interest receivable on loans to related parties	2,922	2,014
Foreign exchange gain	-	4
Total	**3,496**	**3,120**

6. Finance costs

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Interest on bank borrowings	1,899	2,098
Foreign exchange loss	2	-
Total	**1,901**	**2,098**

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

7. Taxation

(a) Parent Company

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

In December 2013, the Company's subsidiary in Spain, Alpha Tiger Spain 1, SLU ('ATS1'), which owns the H2O property, entered into a new Spanish tax regime: Sociedades Anónimas Cotizadas de Inversión en el Mercado Inmobiliario ("SOCIMI"). Under this regime, there is no Corporate Income Tax although ATS1 is subject to distribution rules on income and gains.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Deferred tax	-	-
Current tax	10	10
Tax Expense	**10**	**10**

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Tax expense reconciliation		
Profit for the year	7,224	1,580
Less: income not taxable	(8,057)	(7,156)
Add: expenditure not deductible	4,021	4,782
Un-provided deferred tax asset	(3,149)	837
Total	**39**	**43**

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Analysed as arising from		
India entity	-	-
Cyprus entities	39	43
Luxembourg entities	-	-
UK investment	-	-
Total	**39**	**43**

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
India taxation at 22.66%	-	-
Cypriot taxation at 12.50%	5	5
Luxembourg entities at an average rate of 29.22% *	5	5
UK taxation at 20%	-	-
Total	**10**	**10**

*The taxation incurred in Luxembourg mainly relates to the minimum corporate tax charge of €3,210 per entity.

(c) Deferred taxation

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

	Revaluation of Investment Property £'000	Accelerated tax depreciation £'000	Tax Losses £'000	Other temporary differences £'000	Total £'000
At 31 March 2013	**(712)**	**578**	**(411)**	**545**	**-**
Release to income	712	(578)	376	(510)	-
At 31 March 2014	**-**	**-**	**(35)**	**35**	**-**
Release to income	-	3	(237)	234	-
At 31 March 2015	**-**	**3**	**(272)**	**269**	**-**

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

	2015 £'000	2014 £'000
Deferred tax liabilities	272	35
Deferred tax assets	(272)	(35)
Total	-	-

At the balance sheet date the Group has unused tax losses of £1.7 million (2014: £1.5 million). Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses.

Unused tax losses in Luxembourg, Spain and the United Kingdom can be carried forward indefinitely. Unused tax losses in The Netherlands can be carried forward for 9 years. Unused tax losses in Cyprus can be carried forward for 5 years.

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date
Quarter ended 31 March 2014	70,614	0.525p	370,723	1 August 2014
Quarter ended 30 June 2014	70,614	0.525p	370,723	26 September 2014
Quarter ended 30 September 2014	70,614	0.525p	370,723	19 December 2014
Quarter ended 31 December 2014	70,614	0.525p	370,723	20 March 2015
Total			**1,482,892**	

In addition, during the year ended 31 March 2014, ACE disposed of its property portfolio, which, following the liquidation of ACE, generated approximately £0.1m for ART A shareholders: this amount was therefore paid to ART A shareholders as a special dividend on 15 August 2014.

The Company will pay a dividend for the quarter ended 31 March 2015 on 17 July 2015. In accordance with IAS 10, this dividend has not been included in these financial statements as the dividend was declared and paid after the year end. The current intention of the Company is to pay a dividend quarterly.

9. Earnings per share

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

	1 April 2014 to 31 March 2015	1 April 2014 to 30 September 2014	1 April 2013 to 31 March 2014
Earnings per statement of comprehensive income (£'000)	7,214	2,362	1,570
Basic and diluted earnings pence per share	**10.2p**	**3.3p**	**2.2p**
Earnings per income statement (£'000)	7,214	2,362	1,570
Net change in the revaluation of investment property	(2,721)	(683)	658
Movement in fair value of investment in ordinary shares	409	409	(944)
Movement in fair value of investments in redeemable preference shares	1,225	272	2,438
Movement in fair value of interest rate cap (mark to market)	48	52	94
Movement in fair value of currency swaps (mark to market)	-	-	110
Movement in fair value of the foreign exchange forward (mark to market)	(551)	(247)	(159)
Movement in fair value of the joint venture's interest rate swap (mark to market)	(7)	(4)	(15)
Net change in the revaluation of the joint venture's investment property	(335)	(20)	-
Foreign exchange loss/(gain)	2	(3)	(4)
Adjusted earnings	**5,284**	**2,138**	**3,748**
Adjusted earnings per share	**7.5p**	**3.0p**	**5.3p**
Weighted average number of ordinary shares (000's)	**70,614**	**70,614**	**71,110**

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 Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

10. Net asset value per share

	31 March 2015	30 September 2014	31 March 2014
Net asset value (£'000)	79,935	76,473	75,693
Net asset value per ordinary share	**113.2p***	**108.3p***	**107.0p***
Total number of shares (000's)	**70,614**	**70,614**	**70,614**

*The net asset value per ordinary share for the year ended 31 March 2014 has been calculated by deducting from the net asset value the proceeds realised from ACE's portfolio disposal (£0.1m), which were due to ART's A shareholders, who were formerly shareholders in PIP. The net asset value per A shares as at 31 March 2014 was 107.9p. Following distribution of the £0.1m proceeds to ART's A shareholders on 15 August 2014, the net asset value per share as at 30 September 2014 and as at 31 March 2015 is the same for all ART's shareholders.

11. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2015, including the name, country of incorporation and the proportion of ownership interest is given below.

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

12. Investment in joint venture

The joint venture in the Scholar Property Holdings Limited group (Cambourne) is accounted for by equity accounting.

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
As at 1 April	**1,214**	**1,203**
Group's share of joint venture profits before fair value movements and dividends	131	135
Fair value adjustment for interest rate swap	7	15
Fair value adjustment for investment property	335	-
Dividends paid by joint venture to the Group	(124)	(139)
As at 31 March	**1,563**	**1,214**

13. Investment property

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Fair value of investment property at 1 April	**69,942**	**71,433**
Subsequent capital expenditure after acquisition	602	417
Movement in rent incentives/initial costs	576	226
Fair value adjustment in the year	2,721	(658)
Foreign exchange movement	(8,297)	(1,476)
Fair value of investment property at 31 March	**65,544**	**69,942**

The fair value of the H2O property has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ("Aguirre"). Aguirre are independent valuers and are not connected to the Group.

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors 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". See note 24 for details of the property valuation.

The H2O property has been pledged as security for the borrowings in the Spanish SPV in which the property is held (note 18).

Foreign exchange movement is recognised in other comprehensive income/(expense).

14. Indirect property investment held at fair value

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
As at 1 April	**4,525**	**5,451**
Foreign exchange movement	326	(926)
As at 31 March	**4,851**	**4,525**

The Galaxia investment is carried at a fair value of INR 450 million (£4.9 million).

See note 2 (b)(b) for more details,

Foreign exchange movement is recognised in other comprehensive income/(expense).

15. Investments held at fair value

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Non-current		
As at 1 April	**11,275**	**12,869**
Additions during the year	-	-
Redemptions during the year	(2,945)	(100)
Distributed investment income during the year	(130)	-
Movement in fair value of investments	(1,634)	(1,494)
As at 31 March	**6,566**	**11,275**

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

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

- £0.5m in ordinary shares of IMPT; the ordinary shares are traded on the LSE and are therefore valued quarterly by market price; the market price of the investment as at 31 March 2015 was £0.8m (2014: £1.2m).
- £3.2m in participating redeemable preference shares of BCP; the fund provides quarterly valuations of the net asset value of its shares; during the year ended 31 March 2015, BCP, following the disposal of its property portfolio, redeemed a total of £2.6m of shares (circa 95% of ART's holding) and entered into a voluntary liquidation process; the net asset value of the investment as at 31 March 2015 of £0.1m reflects the estimated amount receivable by ART at the end of BCP's liquidation process.
- £6.4m in participating redeemable preference shares of Europip, which provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2015 was £3.6m (2014: £5.0m).
- £3.7m in participating redeemable preference shares of HLP, which provides half yearly valuations of the net asset value of its shares; during the year ended 31 March 2015, HLP redeemed a total of £0.4m of shares (2014: £0.1m); the net asset value of the investment has been calculated by using the unaudited value provided by the directors of HLP on 5 March 2015, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £2.0m (2014: £2.3m).

ART has also acquired from PIP, at an ascribed zero value, the investments in ACE and Romulus. Any realised value from these investments is passed exclusively to ART A shareholders.

During the year ended 31 March 2014, ACE disposed of its property portfolio, which, following the liquidation of ACE, generated £0.1m for ART A shareholders: this amount was therefore paid to ART A shareholders as a special dividend on 15 August 2014. ACE was formally dissolved on 29 October 2014.

As at 31 March 2015, the net asset value of ART's investment in Romulus was nil (2014: nil).

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

Investments held at fair value	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Current		
As at 1 April	**13,145**	**15,252**
Additions during the year	2,000	-
Redemptions during the year	-	(2,500)
Distributed investment income in year	(250)	(454)
Undistributed investment income in year	973	847
As at 31 March	**15,868**	**13,145**

The Group has invested in income units of FIAF. FIAF allows monthly redemptions and hence the investment is reported as a current asset. On 20 June 2012, the Group invested a further £4m in FIAF. On 3 December 2012, following the completion of the PIP acquisition, the Group acquired an additional £4.6m of FIAF units. During the year ended 31 March 2014, ART made net redemptions of FIAF units amounting to £2.5m. On 12 August 2014, the Group invested a further £2m in FIAF. FIAF provides monthly valuations of the net asset value of its units. The investment has been valued at the net asset value of FIAF as at 31 March 2015.

16. Trade and other receivables

	31 March 2015 £'000	31 March 2014 £'000
Non-current		
Loan granted to related party	**22,443**	**11,500**
Total	**22,443**	**11,500**
Current		
Convertible Loan	-	7,823
Trade debtors	1,225	73
VAT	99	81
Loans granted to related parties	-	9,080
Other debtors	518	650
Interest receivable from loans granted to related parties	461	482
Interest receivable from CULS and Convertible Loan	-	946
Total	**2,303**	**19,135**

On 9 August 2010, the Company subscribed for £4.75 million of CULS in IMPT. The CULS carried an annual coupon of 4.75% and could have been converted at any time up to and including 30 June 2013 into Ordinary Shares at a Conversion Price of 31 pence. The settlement of the CULS annual coupon was made as a Payment In Kind ("PIK") by the issuance of further CULS at each relevant date. The CULS attracted an 18% redemption premium if not converted. Additionally, IMPT had issued 4 million share options to the Company at an exercise price of 50 pence per share.

On 1 July 2013, ART announced the redemption of all outstanding IMPT CULS in full at par plus the payment of the premium of 18 per cent. The Preference Shares stapled to the CULS have automatically been redeemed and the associated options have expired without being exercised. The redemption amount was £6.4 million, which ART agreed to provide to IMPT as unsecured loan, earning a coupon of 15% per annum compounded quarterly. On 6 December 2013, ART agreed to provide IMPT with a net additional investment of £4.6 million, which was incorporated with the existing £6.4 million loan plus £0.5 million of accrued interest into a new unsecured loan amounting to £11.5 million. The new unsecured loan is for five years expiring in December 2018 and carries a coupon of 15% per annum. The IMPT loan balance as at 31 March 2015 is £11.8 million, which reflects the principal agreed for the new unsecured loan of £11.5 million plus accrued interest of £0.3 million.

On 18 October 2011, the Company completed the investment of £7.5 million by way of a three year Convertible Loan in AURE. The loan could have been converted at any time up to expiry (20 November 2014) into ordinary shares at an effective price of 41.4p per Fund share. The Convertible Loan had an annual coupon of 6% payable quarterly in cash and was redeemable at a premium of 14% to its face value. In November 2014, the Convertible Loan expired and the conversion option was not exercised. At that date, the redemption amount of the Convertible Loan was £8.9 million and, as part of a larger refinancing of AURE's loan facilities, the Convertible Loan was rolled up into a new mezzanine loan facility provided by ART to AURE of £10.3 million. As part of this restructuring process, ART received £2.3 million in cash. The new loan facility is for two years expiring in November 2016 and earns a coupon of 9% per annum plus applicable fees. The loan is unsecured but ART has the ability to request AURE to provide a first legal charge security over its non-core assets, once certain conditions on AURE's bank borrowings are met, and a second priority charge over AURE's other assets.

On 27 September 2013, the Company granted a £6.0 million one year loan to AURE. The loan had an annual coupon of 9% and was unsecured. The loan was partly repaid in November 2013 by £1.8 million and by a further £0.8 million up to November 2014, at which point the loan, with an outstanding balance of £3.5 million, was included as part of the restructuring into a new mezzanine loan facility provided by ART to AURE of £10.3 million, as described above.

On 3 December 2012, following the completion of the PIP acquisition, the Company acquired a one year loan receivable granted to Europip amounting to £6.8 million. On 27 November 2012 the Company had also advanced an additional £2 million loan to Europip, which was fully repaid by April 2013. The remaining loan had an annual coupon of 9%, which was capitalised quarterly if unpaid, and had share pledges, as security, over two of the un-geared Europip Norwegian assets and additional rights over proceeds released from the Europip's Mosaic investment. In November 2013, the loan was extended by one year. During the year ended 31 March 2014, Europip made part repayments towards the loan of £2.6 million and in October 2014 a further repayment of £0.6 million. In November 2014 the loan was rolled up into a new £4.3 million facility granted for a further two years on substantially the same terms. Up to 31 March 2015, Europip made further repayments amounting to £3.0 million. As at 31 March 2015, the balance of the loan granted to Europip is therefore £1.3 million (2014: £5.0 million, including £0.1 million of accrued interest).

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

17. Trade and other payables

	31 March 2015 £'000	31 March 2014 £'000
Trade creditors	1,685	607
Investment Manager's fee payable	390	432
Accruals	252	333
Other creditors	15	-
Corporation tax	5	2
Total	**2,347**	**1,374**

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

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

18. Bank borrowings

	31 March 2015 £'000	31 March 2014 £'000
Current liabilities: interest payable	118	146
Current liabilities: repayments	397	449
Total current liabilities	**515**	**595**
Non-current liabilities: bank borrowings	51,557	58,740
Total liabilities	**52,072**	**59,335**
The borrowings are repayable as follows:		
Interest payable	118	146
On demand or within one year	397	449
In the second to fifth years inclusive	51,557	58,740
After five years	-	-
Total	**52,072**	**59,335**

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

	Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
As at 1 April	**58,740**	**60,736**
Repayment of borrowings	(426)	(916)
Reclassification to current liabilities	52	9
Deferred finance costs	(194)	-
Amortisation of deferred finance costs	151	160
Foreign exchange movement	(6,766)	(1,249)
As at 31 March	**51,557**	**58,740**

The bank borrowings represent the syndicated loan finance provided to the Spanish SPV, owner of the H2O property in Madrid, Spain.

The Spanish SPV loan was originally provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-Thuringen Girozentrale). In August 2014, Deutsche Hypothekenbank transferred its share of the loan to MHB Bank AG, a subsidiary of the Lone Star group. The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning SPV has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million (note 23).

Foreign exchange movement is recognised in other comprehensive income/(expense).

19. Share capital

					Number of shares
Authorised					
Ordinary shares of no par value					Unlimited
	Ordinary	**Ordinary**	**Ordinary**	**A shares**	**Total**
Issued and fully paid	**treasury**	**external**	**total**	**external**	**shares**
At 1 April 2014	**6,009,974**	**55,465,727**	**61,475,701**	**15,148,128**	**76,623,829**
Share conversion	-	5,297,702	5,297,702	(5,297,702)	-
Shares cancelled following buyback	-	-	-	-	-
Shares bought back	-	-	-	-	-
At 31 March 2015	**6,009,974**	**60,763,429**	**66,773,403**	**9,850,426**	**76,623,829**

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

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

On 13 August 2014, the Company published a circular giving notice of its Annual General Meeting on 5 September 2014. Consistent with the Company's commitment to shareholder value, the Company asked its shareholders to approve a general authority allowing the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the Annual General Meeting of the Company in 2016 and (ii) 4 March 2016. The shareholders approved the proposal.

During the year ended 31 March 2015, the Company made no share buybacks and 5,297,702 A shares were converted into ordinary shares. As at 31 March 2015, the ordinary share capital of the Company was 66,763,429 (including 6,009,974 shares held in treasury). The Company also had 9,850,426 A shares in issue. The total voting rights in ART were 76,623,829.

Post year end, the Company has made no share buybacks and 532,750 A shares were converted into ordinary shares. At the date of signing these financial statements the ordinary share capital of the Company was 67,306,153 (including 6,009,974 shares held in treasury). The Company also has 9,317,676 A shares in issue. The total voting rights in ART are unchanged at 76,623,829.

20. Reserves

The movements in the reserves for the Group are shown above.

Special reserve

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

Translation reserve

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations. These amounts may be subsequently reclassified to profit or loss.

Capital reserve

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

Revenue reserve

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

21. Events after the balance sheet date

After the balance sheet date, a total of 532,750 A Shares were converted into Ordinary Shares (Note 19). In April 2015, ART received a £0.5 million redemption from HLP, bringing ART's current investment in HLP down to £1.6 million. In May 2015, ART also received a £0.8 million capital repayment from Europip, reducing ART's loan investment in Europip to £0.5 million.

22. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

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

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

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

The Company has invested in IMPT where ARC is the Investment Manager. Mark Rattigan, as partner of ARC, is a Director on the Board of IMPT. ARC rebates fees earned in relation to the Company's investment in IMPT.

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

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

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

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

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

The Company had invested in ACE, where ARPIA, a subsidiary of ARC, was property investment adviser. ARC rebated fees earned in relation to the Company's investment in ACE. ACE was dissolved on 29 October 2014.

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

Loans granted to related parties include loans granted to IMPT, AURE and Europip. Details of the loan amounts outstanding and interest receivable as at year end are provided in note 16.

Details of the Investment Manager's fees for the year are disclosed on the face of the consolidated statement of comprehensive income and the balance payable at 31 March 2015 is provided in note 17.

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, held 22,550,000 shares in the Company at 31 March 2015 (31 March 2014: 20,000,000).

ARC did not hold any shares in the Company at 31 March 2015 (31 March 2014: 2,550,000). The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2015:

	31 March 2015 Number of shares held	31 March 2014 Number of shares held
IPGL Limited	3,010,100	3,010,100
Brian Frith	1,125,000	1,125,000
Phillip Rose	139,695	139,695
Brad Bauman	55,006	55,006
Ronald Armist	500	500

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

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company's Administrator and Secretary. During the year the Company paid Morgan Sharpe Administration Limited fees of £81,000 (2014: £77,000) and no amount was outstanding at year end.

23. Financial instruments risk exposure and management

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

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

Principal financial instruments

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

		Financial assets and liabilities carrying value	
		31 March 2015 £'000	31 March 2014 £'000
Current financial assets			
Investment held at fair value		15,868	13,145
Trade and other receivables		2,303	19,135
Cash and cash equivalents		14,817	5,444
Derivatives held at fair value through profit or loss			
Foreign exchange forward contract		388	159
Total current financial assets		**33,376**	**37,883**
Non-current financial assets			
Derivatives held at fair value through profit or loss			
Interest rate cap		11	63
Total derivatives held at fair value through profit or loss		**11**	**63**
Investments held at fair value		6,566	11,275
Indirect property investment at fair value		4,851	4,525
Trade and other receivables		22,443	11,500
Total non-current financial assets		**33,871**	**27,363**
Total financial assets		**67,247**	**65,246**
Current financial liabilities			
Trade and other payables		(2,347)	(1,374)
Bank borrowings		(515)	(595)
Total current financial liabilities		**(2,862)**	**(1,969)**
Non-current financial liabilities			
Bank borrowings		(51,557)	(58,740)
Total non-current financial liabilities		**(51,557)**	**(58,740)**
Total financial liabilities		**(54,419)**	**(60,709)**

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

		Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Realised gains or losses on loans and receivables			
Bank interest receivable		58	91
Interest receivable on convertible loan stock		516	1,011
Interest receivable on loans granted to related parties		2,922	2,014
Impairment of trade and other receivables		(67)	33
Net realised gains on loans and receivables		**3,429**	**3,149**
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Movement in fair value of interest rate cap		(48)	(94)
Movement in fair value of currency swap		-	(110)
Movement in fair value of foreign exchange forward contract		551	159
Movement in fair value of investments		(1,634)	(1,494)
Undistributed investment income		831	474
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Dividend received from investments held at fair value		64	88
Distributed investment income		512	691
Net gains/(losses) on financial assets and liabilities held at fair value through profit or loss		**276**	**(286)**

Net interest income can be summarised as follows:

		Year ended 31 March 2015 £'000	Year ended 31 March 2014 £'000
Bank interest receivable		58	91
Interest receivable on convertible loan stock		516	1,011
Interest receivable on loans granted to related parties		2,922	2,014
Interest on bank borrowings		(1,899)	(2,098)
Net interest income		**1,597**	**1,018**

General objectives, policies and processes

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

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

Project monitoring

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

Credit risk

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

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

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

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

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

Liquidity risk

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

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

31 March 2015	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	2,342	-	-	-	**2,342**
Interest payable on bank borrowings	1,509	1,498	761	-	**3,768**
Bank borrowings	397	397	51,687	-	**52,481**
Total	**4,248**	**1,895**	**52,448**	**-**	**58,591**

31 March 2014	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000
Trade and other payables	1,372	-	-	-	**1,372**
Interest payable on bank borrowings	1,877	1,863	2,793	-	**6,533**
Bank borrowings	449	449	58,842	-	**59,740**
Total	**3,698**	**2,312**	**61,635**	**-**	**67,645**

Market risk

a) Foreign exchange risk

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

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

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure through a foreign exchange forward contract: the Group entered into this contract to hedge €5 million of Euro exposure.

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

A strengthening of the Rupee by 5 Rupees against Sterling (representing management's assessment of a reasonably possible change) would increase the net assets by £276,000 (2014: £240,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £248,000 (2014: £217,000). A strengthening of the Euro by 5 cents would increase the net assets by £578,000 (2014: £500,000). A weakening of the Euro by 5 cents would decrease net assets by £537,000 (2014: £544,000).

b) Cash flow and fair value interest rate risk

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

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

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

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

For the Group, a decrease of 100 basis points in interest rates would result in an increase in post-tax profits of £386,000 (2014: £555,000). An increase of 100 basis points in interest rates would result in a decrease in post tax profits of £386,000 (2014: £555,000).

c) Price risk

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return and profit. As detailed in note 14, in January 2015, the ICC Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group. The Award granted by the ICC to the Group equals £9.2million, based on year end exchange rates; plus 15% p.a. interest on all sums awarded until the actual date of payment by Logix. The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it prudent to continue to value the indirect investment at INR 450 million due to uncertainty over timing and final value of the Award.

The Group has invested in income units of FIAF, a fund offering monthly redemptions (note 15). FIAF is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

The Group has invested in IMPT's ordinary shares, which are traded on the LSE so are subject to market fluctuation.

The Group has invested in Participating Redeemable Preference Shares in Europip, BCP and HLP; the value of these shares is assessed regularly and is subject to fluctuation: Europip and BCP provide pricing quarterly and HLP provides pricing half yearly.

If the price of the aggregated investments in Participating Redeemable Preference Shares had increased by 5%, with all other variables held constant, this would have increased the net assets value of the Group by £287,000 (31 March 2014: £495,000). Conversely, if the price of the aggregated investments in Participating Redeemable Preference Shares had decreased by 5% this would have decreased the net assets value of the Group by £287,000 (31 March 2014: £495,000).

d) Fair values

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments
- The fair value of the derivative interest rate cap contracts is determined by reference to an applicable valuation model employed by the contractual counter parties; valuations are provided quarterly
- The fair value of the foreign exchange forward contract is determined by reference to the quarter end one year forward market rate provided by the contractual counter party
- The fair value of the Galaxia investment is based on quarterly Directors' estimate of the recoverable amount based upon legal advice
- The fair value of the investment in IMPT's ordinary shares, which are traded on the LSE, is based upon the mid price of the ordinary shares at the balance sheet date
- The fair value of the FIAF, BCP, HLP and Europip's investments is based upon the price provided by the issuers for the relevant share class owned: this is calculated by reference to the net asset value of the respective investment. These net asset values are based on observable inputs and therefore are deemed to be level 2 financial assets (see note 24).

As a result the carrying values less impairment provision of loans and receivables and financial liabilities measured at amortised cost are approximate to their fair values.

Note 24 contains details regarding the fair value measurement of the interest rate cap contracts.

Capital risk management

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

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

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

24. Fair value measurement

IFRS 13 requires disclosure of the fair value measurement of the Group's assets and liabilities, the related valuation techniques, the valuations' recurrence and the inputs used to assess and develop those measurements.

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 asset or liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Assets and liabilities are classified in their entirety into one of the three levels.

Investment property is valued on a recurring basis: half yearly.

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

Indirect property investment at fair value, investments held at fair value, derivative contracts and the Convertible Loan's option are valued on a recurring basis as indicated in note 23.

The following table shows an analysis of the fair values of assets and liabilities recognised in the balance sheet by level of the fair value hierarchy described above:

	Assets and liabilities measured at fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
31 March 2015	**£'000**	**£'000**	**£'000**	**£'000**
Assets measured at fair value				
Non-current				
Investment property (note 13)	-	-	65,544	**65,544**
Indirect property investment at fair value (note 14)	-	-	4,851	**4,851**
Investments held at fair value	834	5,732	-	**6,566**
Interest rate cap	-	11	-	**11**
Current				
Investments held at fair value	-	15,868	-	**15,868**
Foreign exchange forward contract	-	388	-	**388**
Assets for which fair values are disclosed				
Non-current				
Trade and other receivables	-	22,443	-	**22,443**
Current				
Trade and other receivables	-	2,303	-	**2,303**
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(2,347)	-	**(2,347)**
Bank borrowings	-	(515)	-	**(515)**
Non-current				
Bank borrowings	-	(51,557)	-	**(51,557)**

31 March 2014	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property (note 13)	-	-	69,942	**69,942**
Indirect property investment at fair value (note 14)	-	-	4,525	**4,525**
Investments held at fair value	1,243	10,032	-	**11,275**
Interest rate cap	-	63	-	**63**
Current				
Investments held at fair value	-	13,145	-	**13,145**
Foreign exchange forward contract	-	159	-	**159**
Assets for which fair values are disclosed				
Non-current				
Trade and other receivables	-	11,500	-	**11,500**
Current				
Trade and other receivables	-	19,135	-	**19,135**
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(1,374)	-	**(1,374)**
Bank borrowings	-	(595)	-	**(595)**
Non-current				
Bank borrowings	-	(58,740)	-	**(58,740)**

The Group 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.

Movements in level 3 of the fair value measurements, during the year ended 31 March 2015, can be summarised as follows:

	Investment property £'000	Indirect property investment at fair value £'000
At 1 April 2014	**69,942**	**4,525**
Subsequent capital expenditure after acquisition	602	-
Movement in rent incentives/initial costs	576	-
Fair value adjustment	2,721	-
Effect of foreign exchange	(8,297)	326
At 31 March 2015	**65,544**	**4,851**

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 year ended 31 March 2015.

The fair value of investment property is based on unobservable inputs and it is therefore disclosed as level 3. The following methods, assumptions and inputs were used to estimate fair values of investment property:

31 March 2015					
Class of investment property	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Range/value**
Europe	£65,544 (€89,598)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€6.00/€129.50
				Discount rate	11.75%

31 March 2014					
Class of investment property	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Range/value**
Europe	£69,942 (€84,630)	51,825	Discounted cash flow	Gross ERV per sqm p.a.	€6.00/€129.50
				Discount rate	11.75%

The high rage of ERVs reflects the nature of the shopping centre assets which typically comprise units ranging from in-mall kiosks of less than 10 square metres to large floorplate retailers which can occupy units in excess of 3,000 square metres.

The Directors assessed at the balance sheet date whether the Group's investment property is being exploited according to its highest and best use and they are satisfied that this is the case.

25. Commitments

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

Directors and Company information

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Shareholder information

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

www.alpharealtrustlimited.com

Share price

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

Change of address

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

Investment Manager

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

Financial calendar

Financial reporting	Reporting/Meeting dates	Dividend period	Ex-dividend date	Record date	Payment date
Annual report published	26 June 2015	Quarter ending 31 March 2015	2 July 2015	3 July 2015	17 July 2015
Annual General Meeting	12 August 2015				
Trading update statement (Qtr 1)	13 August 2015	Quarter ending 30 June 2015	27 August 2015	28 August 2015	25 September 2015
Half year report	11 November 2015	Quarter ending 30 September 2015	3 December 2015	4 December 2015	18 December 2015