18 November 2016

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

ALPHA REAL TRUST ANNOUNCES ITS HALF YEAR REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

- NAV per share 151.9p: 30 September 2016 (137.9p: 31 March 2016)
- Adjusted earnings per share of 3.9p for the six months ended 30 September 2016 (3.0p: six months ended 30 September 2015)
- Declaration of a quarterly dividend of 0.6p per share, expected to be paid on 16 December 2016
- Basic earnings per share of 10.1p for the six months ended 30 September 2016 (11.2p: six months ended 30 September 2015)
- Balanced portfolio: continued capital allocation to a mix of investments which balance a weighting towards income returns while creating potential for capital value growth
- Mezzanine loan investment: post period end, ART invested £1.7 million in a new mezzanine loan secured on a hotel located in central Newcastle. The loan has a 3 year term and earns an annualised return in excess of 15%
- German acquisition: post period end, ART entered into an agreement to purchase, subject to planning, an industrial site which has potential for the development of a data centre
- Asset management successes: active leasing in both directly and indirectly held investments with benchmark outperformance recorded in Spain and the UK
- H2O valuation has increased by 5.7% from 31 March 2016 (on an underlying Euro basis) to €112.6 million, aided by strong leasing activity and continuing asset management initiatives undertaken by ART. The Madrid shopping centre continues to attract record visitor numbers in the year to date, increasing 9.9% versus the same period in 2015
- 95.1% of the Company's portfolio is allocated to investments in the UK and Europe that are or are expected to be income producing
- Income from investments, both equity and high yield debt, continue to add to the Company´s earnings position.

David Jeffreys, Chairman of Alpha Real Trust, commented:

"ART's portfolio provides a balance of stable high yielding assets and investments that offer scope to deliver strong cashflows, capital value growth and high risk adjusted total returns.

During the period, ART has achieved notable asset management successes within the portfolio's underlying assets. The H2O Madrid shopping centre continues to attract record visitor numbers which has enabled our tenants to deliver strong retail sales growth and helped the centre secure new lease signings. Leasing success is also being reported in the IMPT and AURE portfolios in the UK, which bodes well for rental growth potential.

The Company's earning position continues to be supported by underlying asset performance. In addition, capital recycling is anticipated to continue as a number of selected strategic divestments are planned to obtain prices that are accretive to returns.

The delivery of the "build to own" strategy for the PRS investments is being advanced with planning and project design improvements underway. This strategy will be considered across asset types when other investments are identified that represent similar opportunities to generate long term income streams off a lower entry cost.

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. The new mezzanine loan investments in the UK and the site acquisition in Germany demonstrate our approach to secure a balanced risk weighted portfolio of assets that meet ART's selective investment criteria and achieve a balance of diversified income and potential for capital growth.

ART has the financial reserves and agility to capitalise on investment opportunities that meet its investment criteria. We remain well placed to find value for our investors across asset backed investment and debt markets in the UK and Europe."

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

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

ART currently focuses on high-yielding property, infrastructure and asset backed debt and equity investments in Western Europe that are capable of delivering strong risk adjusted cash flows, including build to own investments. The current portfolio mix, excluding sundry assets/liabilities, is as follows:

High yielding debt:	16.5%
High yielding equity in property investments:	44.5%
Ground rent investments:	19.4%
Other investments:	8.7%
Build-to-own investments:	6.6%
Cash:	4.3%

Dividends

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

Listing

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

Management

The Company's Investment Manager is Alpha Real Capital LLP ("ARC"), whose team of investment and asset management professionals focus on the potential to enhance earnings in addition to adding value to the underlying assets and also 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

	6 months ended 30 September 2016	**12 months ended 31 March 2016**	**6 months ended 30 September 2015**
Net asset value (£'000)	105,317	95,621	86,748
Net asset value per share	151.9p	137.9p	123.5p
Earnings per share (basic and diluted) (adjusted)*	3.9p	7.0p	3.0p
Earnings per share (basic and diluted)	10.1p	23.1p	11.2p
Dividend per share (paid during the period)	1.2p	2.4p	1.2p

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

Chairman’s statement

I am pleased to present the Company’s half year report for the six months ended 30 September 2016.

It has been an active period for ART with asset management successes, new investments and disposals of non-core assets contributing to enhance the Company’s investment portfolio. During the period the net asset value has improved, reflecting the strengthening of our asset and earnings base.

Our portfolio mix is continuously reviewed to achieve a balanced mix of investments that have an overall weighting towards income returns while creating potential for future income earning assets and capital value growth. The Company continues to look at new investment opportunities that offer attractive risk adjusted total returns.

ART's current investment focus is on high-yielding property and asset backed debt and equity assets in Western Europe. The Company will consider standing investments and assets that offer scope to generate long term income streams off a lower entry cost. With an eye on balancing income and capital value growth, the Company will also consider investments that, with active asset management, are capable of being repositioned, developed or where enhanced planning can be secured to generate high risk adjusted total returns. Diverse asset types will be considered and the Company is prepared to enter early in the “build to own” process on specific investments in order to target significant risk adjusted rewards. This approach provides ART with the flexibility to take advantage of new investment opportunities where we see best value.

Renewal of AURE mezzanine investment

The Company’s successful mezzanine loan investments to Active UK Real Estate Fund (“AURE”), Industrial Multi Property Trust plc (“IMPT”) and European Property Investment Portfolio plc (“Europip”) (now repaid) have provided double digit income returns.

The ART loan to AURE was partially repaid by £2.5 million in August 2016 from the proceeds of the sale of a non-core asset. Post period end, the Board has authorised a two year extension of the facility which continues to earn a coupon of 9.0% per annum; arrangement and exit fees will be payable on this extension.

New mezzanine investment

Post period end, ART has provided a £1.7 million mezzanine loan secured on a hotel located in central Newcastle. The hotel opened in 2009 and is currently operated under a franchise agreement from Intercontinental Hotels Group (“IHG”) as a Staybridge Suites, IHG’s extended stay brand. The hotel has a strong corporate customer base with the hotel benefiting from contracts with large international brands with operations in the vicinity.

The £1.7 million facility has a 3 year term and earns an annualised return in excess of 15%. The facility earns an arrangement fee on drawdown and scaled exit fees depending on the repayment date. Based on the underlying value of the asset as at June 2016 and the balance of the senior bank debt facility, ART’s mezzanine loan sits between 63.1% and 75.4% loan to value.

The new Newcastle Staybridge loan increases the size and diversity of ART's mezzanine loan portfolio. Looking ahead, the Company remains alert to further investment of this type across both real estate and asset backed sectors.

Private Rented Sector residential investment

The Company’s investments in the residential Private Rented Sector (“PRS”) in central Leeds and central Birmingham are good examples of its targeting opportunities early in the “build to own” process in order to create resilient equity income returns at an attractive yield on cost. The PRS investments assist in building a portfolio of critical mass to afford participation in a maturing market which is attracting greater institutional participation.

The sites have extant planning consents which are being reviewed to enhance the suitability for PRS use of the developments. Separate design and development teams have been appointed for each asset based on their respective experience in the PRS sector and in each local market. Detailed project design and cost plans are being advanced in collaboration with identified preferred construction partners and in consultation with the relevant local authorities. In parallel, potential capital partners are being identified. The sites are held at fair value in the Company’s accounts and it is pleasing to note that comparable site transactions have continued to demonstrate a robust market and there is evidence of growth in values of complete flats and projected rent levels.

Asset management successes

The performance of ART’s direct and indirectly held equity investments in real estate continued to benefit from successful asset management initiatives. This is evident both in the UK and in other markets across Europe.

In Spain, the H2O shopping centre investment in Madrid had a revaluation increase of 5.7% during the period. Over the year to date to 30 September 2016, record visitor levels have been recorded, increasing by 9.9% over the same period in 2015. It is worth noting that annual visitor numbers have increased by 35% during the total period of ART's ownership to date. Like-for-like tenant sales growth has also improved strongly. It is pleasing to note that in addition to attracting new tenants to the centre, with 14 new contracts signed this year, some of the current tenants are expanding and upgrading their stores. Of particular note, H&M has agreed to a significant expansion of its store.

AURE is placed in the top 7% of performance against the IPD benchmark over the year to June 2016, providing a return for the first six months of the year of 5.9% compared to the IPD benchmark of 2.6%. Underlying asset value increases have been reported within the Company's IMPT investment, with new leasing and lease renewals equating to 10.2% of estimated rental value undertaken in the first half of the year.

Our investment in Freehold Investment Authorised Fund ("FIAF"), that holds a diversified ground rent portfolio, continues to generate high risk-adjusted returns and stable cashflows which assist the Company's earnings whilst offering monthly liquidity. In its latest trading update, FIAF announced a total return of 4.67% for the six month period ended 30 September 2016, including an income return of 2.47%.

Data centre investment

Post period end, ART entered into an agreement to purchase, subject to planning, an industrial site in Frankfurt which it has identified as being suitable for the development of a data centre, where the high barriers of entry to this sector are potentially capable of being met.

ART has entered into a binding agreement to purchase the asset subject to securing planning consent for a data centre with a minimum gross external area of 23,000 square metres and a specified minimum electrical power supply with a dual feed for the proposed development. If the power and planning conditions are not secured by agreed target dates during 2017, ART may terminate the agreement. ART has created a new special purpose vehicle ("SPV") to enter into the acquisition contract and undertake the development. The planning and pre-development costs will be funded by ART to the new SPV and are estimated to cost up to €2.6 million net of refundable costs. To date, €1.0 million (£0.9 million) has been funded. This includes real estate transfer tax of €0.8 million which would be refundable if the transaction does not complete.

If the requisite planning and electrical supply are confirmed, then the agreed site purchase price will be payable. The investment offers ART the opportunity to sell the site with enhanced planning and a pre-let to a data centre operator or to enter the development process and build and hold the leased development for income. Development finance will be sought to part fund the development cost and site value, minimising further equity investment to complete the development.

Capital recycling and balanced reinvestment

ART actively manages its liquid reserves position which continues to be replenished via capital recycling from the sale of non-core assets, loan repayments or strategic full or partial disinvestment from assets that allow for profit-taking and portfolio mix risk management benefits. This allows for capital allocation to new investments that benefit from or have scope to deliver strong cashflows. The post period end Newcastle Staybridge mezzanine investment, the renewal of the AURE mezzanine facility and the acquisition of the Frankfurt site with value upside potential subject to planning are indicative of the balanced reinvestment being targeted.

ART retains active liquid resources to secure new investment opportunities and undertake value-adding asset management capex investment within the current portfolio.

Strengthening of earnings and positioning for continued growth

Earnings are maintained at robust levels as a consequence of ART's investment policy of targeting investments and allocation of capital to income focused investments or investments which are capable of generating strong and growing cashflows. ART has maintained its policy of paying quarterly dividends during the period and I am pleased to announce that the Company declares a dividend, for the quarter ended 30 September 2016, of 0.6p per share.

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. ART's active management approach has helped deliver improvements in underlying asset values, in both directly held investments across our investment markets.

ART continues to actively source new investment opportunities and has the agility and financial reserves to capitalise on those that meet its investment criteria.

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

Results and dividends

Dividends

Adjusted earnings for the period are £2.7 million and adjusted earnings per share for the period are 3.9 pence (see note 9 of the financial statements). This compares with adjusted earnings per share of 3.0 pence for the same period in 2015.

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 16 December 2016 (Ex dividend date 1 December 2016 and record date 2 December 2016).

The dividends paid and declared for the twelve month period to 30 September 2016 total 2.4 pence per share, representing an annual dividend yield of 2.9% p.a. on average share price over the period.

The net asset value per share at 30 September 2016 is 151.9 pence (31 March 2016: 137.9 pence per share) (see note 10 of the half year report).

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 €71.2 million (£61.5 million), which, following capital repayments, represents a reduction of €3.8 million from the initial €75.0 million advance. The company has successfully reduced loan to value levels for this asset to 63%, which positions the Company well to refinance the asset prior to the maturity of the current debt facility. The bank facilities do not have a loan to value covenant and there remains headroom in relation to the interest cover ratio covenant; rental income continues to provide a substantial surplus in excess of finance charges.

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

Brexit

During the period, the "Brexit" Referendum was held, in which the United Kingdom voted to leave the European Union. No material adverse impacts have been noted within the Company's portfolio to date. However, given the unprecedented decision, the Board continues to monitor the situation for potential risks to the Company's investments. Equally, the Board remains alert to possible new investment opportunities that may arise.

Despite a pre and post-Brexit pause, transaction volumes across the Company's investment markets remain high. In some markets and sectors, investors are failing to deploy capital citing the limited availability of good quality opportunities.

Foreign currency

The Board monitors foreign exchange exposures and considers hedging where appropriate and has noted the increased market volatility in exchange rates following the Brexit Referendum result. All foreign currency balances have been translated at the period-end rates of £1:€1.158, £1:NOK10.402 and £1:INR86.821.

Share buyback

On 9 March 2016, the Company published a circular giving notice of an Extraordinary General Meeting on 1 April 2016. 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 2017 and (ii) 4 September 2017. The shareholders approved the proposal.

During the period, the Company made no share buybacks.

Summary

ART's portfolio provides a balance of stable high yielding assets and investments that offer scope to deliver strong cashflows, capital value growth and high risk adjusted total returns.

During the period, ART has achieved notable asset management successes within the portfolio's underlying assets. The H2O Madrid shopping centre continues to attract record visitor numbers which has enabled our tenants to deliver strong retail sales growth and helped the centre secure new lease signings. Leasing success is also being reported in the IMPT and AURE portfolios in the UK, which bodes well for rental growth potential.

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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. The new mezzanine loan investments in the UK and the site acquisition in Germany demonstrate our approach to secure a balanced risk weighted portfolio of assets that meet ART's selective investment criteria and achieve a balance of diversified income and potential for capital growth.

ART has the financial reserves and agility to capitalise on investment opportunities that meet its investment criteria. We remain well placed to find value for our investors across asset backed investment and debt markets in the UK and Europe.

David Jeffreys
Chairman

17 November 2016

Investment review

Portfolio overview as at 30 September 2016

Investment name Investment type	Investment value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio[1]
High yielding debt (16.5%)						
Active UK Real Estate Fund plc ("AURE") Mezzanine loan	£7.2m [2]	9.0% [3]	UK	High-yield diversified portfolio	Preferred capital structure	6.8%
Industrial Multi Property Trust plc ("IMPT") Subordinated debt	£10.3m [2]	15.0% [3]	UK	High-yield diversified portfolio	Unsecured subordinated debt	9.7%
High yielding equity in property investments (44.5%)						
H2O shopping centre Direct property	£39.1m (€45.3m)	10.7% [4]	Spain	High-yield, dominant Madrid shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant	36.9%
Active UK Real Estate Fund plc Equity	£3.5m	n/a	UK	High-yield commercial portfolio	20.5% of ordinary shares in fund	3.3%
Cambourne Business Park Indirect property	£1.5m	11.0% [4]	UK	High-yield business park located in Cambridge	Bank facility at 60.0% LTV for 2 years then 55% till maturity (current interest cover of 2.0 times covenant level)	1.4%
Industrial Multi Property Trust plc Equity	£3.1m	n/a	UK	High-yield diversified portfolio	19% of ordinary shares in fund	2.9%
Ground rent investments (19.4%)						
Freehold Income Authorised Fund Ground rent fund	£20.4m	4.0% [5]	UK	Highly defensive income; freehold ground rents	No gearing; monthly liquidity	19.4%
Build-to-own investments (6.6%)						
Unity and Armouries PRS development	£2.8m	n/a	UK	Central Birmingham residential build to own	Planning consent for 90,000 square feet / 162 units plus commercial	2.6%
Monk Bridge PRS development	£4.2m	n/a	UK	Central Leeds residential build to own	Planning consent for 140,000 square feet / 269 units plus commercial	4.0%
Other investments (8.7%)						
Galaxia Indirect property	£5.2m (INR 450m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	4.9%
Europip plc Indirect property	£2.4m (€2.8m)	n/a	Norway	A geared logistics and office investment	47% of ordinary shares in fund with medium term debt	2.3%
Healthcare & Leisure Property Limited Indirect property	£1.6m	n/a	UK	Leisure property fund	No external gearing	1.5%
Cash (4.3%)						
Cash (Company only)	£4.6m	0.1-1%	UK	Current or 'on call' accounts		4.3%

[1] Percentage share shown based on NAV excluding the rent company's sundry assets/liabilities
[2] Including accrued coupon at the balance sheet date
[3] Annual coupon
[4] Yield on equity over 12 months to 30 September 2016 (note: H2O yield on cost 20.5%, Cambourne yield on cost 13.5%)
[5] 12 months income return; post tax

High yielding equity in property investments

Property market overview

There is still an abundance of capital globally which is looking for investment opportunities that have the potential to deliver yield or high risk adjusted total returns. The effects of sustained low interest rates and the greater availability of debt funding along with a desire for yield above cash deposit interest rates of close to zero, continue to create high investor demand for real estate and asset backed sectors in general.

The next phase of the current property cycle is likely to see income growth having a greater weighting within total returns, although, to date, rental growth has lagged increased pricing recorded in the investment market. There are signs that occupier demand is improving across the Company´s portfolio with an improving volume of new leases signed in the AURE and IMPT portfolios in the UK and at the H2O shopping centre in Spain where replacement tenants that enhance the commercial mix and are willing to pay higher rent are increasingly being identified. ART continues to remain focused on investments that offer the potential to deliver high risk-adjusted returns by way of 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.

Active UK Real Estate Fund plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Active UK Real Estate Fund plc	Equity	£3.5m	n/a	High-yield commercial UK portfolio	20.5% of ordinary capital

AURE is a fund that invests in a portfolio of high yielding UK commercial property and aims to deliver a high and stable income yield, together with the potential for capital appreciation. AURE's shares are listed on the Channel Islands Securities Exchange (www.thecise.com).

ART holds 20.5% of the share capital and voting rights in AURE, representing £3.5 million in equity value based on AURE’s share price, as at 30 September 2016.

The following highlights were included in AURE's quarterly update for the period ended 30 June 2016 (published August 2016):

- Portfolio valuation: £49.0 million for the 13 property portfolio.
- Valuation uplift: following a number of successful value-add initiatives, the portfolio valuation has increased by 1.6% between March and June 2016. This equates to an increase in underlying property values of £0.8 million.
- Fund performance and benchmark ranking: successful delivery of asset level business plans is reflected in AURE being placed in the top 7% of performance against the IPD benchmark over the year to date (June 2016). AURE provided a year to date return of 5.9% compared to the IPD benchmark of 2.6%.
- Increased NAV: over the 12 months to 30 June 2016 the net asset value per share has increased by 8.0%.

ARC is the promoter, investment manager and distributor of AURE.

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

Industrial Multi Property Trust plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Industrial Multi Property Trust plc	Equity	£3.1m	n/a	High-yield diversified UK portfolio	19.0% of ordinary capital

ART holds 19.0% of IMPT’s ordinary share capital, representing £3.1 million in equity value based on IMPT’s share price, as at 30 September 2016.

IMPT, listed on the SFS, is a UK property fund with a regionally diversified UK portfolio of multi-let light industrial and office properties.

The following highlights were included in IMPT's financial report for the half year ended 30 June 2016 (published August 2016):

- Portfolio valuation: £85.1 million (at 30 June 2016) for the 50 plus property portfolio (£81.6 million as at 31 December 2015), an increase of £3.5 million (+4.3%) during the six month period.
- Adjusted net asset value per ordinary share increased: 296 pence as at 30 June 2016 (261 pence at 31 December 2015).
- New lettings: 27 new lettings and 11 lease renewals achieved during the six months to 30 June 2016 (represents 10.2% of the estimated rental value of the total portfolio based on the final achievable annual rent including stepped rent).
- Additional contracted rent: £0.3 million per annum of additional passing rent is contracted to start during the twelve months to 30 June 2017, benefitting cash flow.
- Occupancy improved: the occupancy level by estimated rental value stood at 90.2% as at 31 July 2016 (compared with 89.9% as at 30 June 2016 and 89.3% as at 31 December 2015).

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	£1.5m	11.0% p.a. [4]	High-yield business park	Bank facility at 60.0% LTV for 2 years then 55.0% till maturity (current interest cover of 2.0 times covenant level)

[4] Yield on equity over 12 months to 30 September 2016 (Yield on cost: 13.5%)

The Company has invested £1.5 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 9,600 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 Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd'). The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. ART's equity contribution of £1.1 million, which represents 10.0% of the total equity commitment, is invested into a 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 11.0% as at 30 September 2016.

In February 2016 the non-recourse bank debt facility secured on the Cambourne asset was refinanced with a new four year £14.0 million facility on maturity of the previous £10.8 million loan.

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

H2O Shopping Centre, Madrid

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
H2O	Direct property	£39.1m (€45.3m)	10.7% p.a. [4]	High-yield, dominant shopping centre	Debt facility with no LTV covenant and a 1.1x ICR covenant

[4] Yield on equity over 12 months to 30 September 2016 (Yield on cost: 20.5%)

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 approximately 52,000 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 invested €5.6 million in capital improvements.

The asset management highlights are as follows:

- Valuation: 5.7% valuation increase during the half year to 30 September 2016.
- Centre occupancy: 86.6% by area as at 30 September 2016 (94.9% by rental value with short term temporary rent discounts also remaining in place to create further potential upside).
- Footfall: the year to date visitor numbers at H2O reached record levels in 2016, increasing 9.9% for the period to 30 September 2016 assisted by the upgraded physical space, presence of new brands and an improving commercial mix.
- Sales growth: tenant sales performance is improving with like for like year to date sales increases of 6.2% recorded in 2016, with some key brands recording double digit growth; this reflects the greater visitor numbers at the centre and the improving economic environment in Spain.
- Lease length: weighted average lease length of 2.5 years and 9.7 years to expiry (as at 30 September 2016).
- Leasing: in the year 2016 to date, 14 leases have been signed with new retail and restaurant brands, with positive momentum continuing.
- Current occupiers continue to upgrade and expand their stores: during the period H&M extended their lease and agreed to expand their current store by 478 square metres.
- Cost control and environmental efficiencies: an active cost management exercise continues to be implemented to reduce the centre´s operating costs and improve the quality and efficiency of services. Upgraded electricity and water management systems have recently been installed.
- Marketing: innovative events continue to be carried out to attract new visitors and increase dwell time with the Lego Fun Factory kids play area continuing to attract a high number of new and repeat visitors.

High yielding debt

Market overview

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 greater liquidity and debt availability.

The increased availability of debt from both traditional and new lenders in the market which reflected a perception that risks and asset pricing had normalised or improved was expected to be tested in the immediate period post the UK Brexit referendum however any impact appears to have been muted with lending markets remaining liquid and competitive.

ART’s loan investments in AURE and IMPT continue to perform well with the loan to value ratios continuing to reduce as a result of value increases in the underlying assets and the proceeds from the sale of selected non-core assets continuing to be used to amortise the total debt position in each fund. As a result, the risk adjusted return from each of ART's loan investments has been enhanced. The exit positions upon refinancing for the Company’s debt investments are increasingly protected.

Although this remains a competitive environment, ART continues to explore new high yielding subordinated debt mezzanine lending and preferred equity opportunities and with the support of the Investment Manager's experience, has a relative advantage in the less crowded market for smaller transactions in non-prime sectors where a demonstrably strong knowledge of the underlying assets is required. The post period end loan investment (not included in the half year financial position reported) secured on the central Newcastle, Staybridge Suites hotel exemplifies this. The new £1.7 million mezzanine loan earns a 15% coupon plus entry and exit fees. The hotel which has 128 suites, opened in 2009 and is currently operated under a franchise agreement from Intercontinental Hotels Group (“IHG”) as a Staybridge Suites, IHG’s extended stay brand. The hotel has a strong corporate customer base with the hotel benefiting from contracts with large international brands with operations in the vicinity. Based on the underlying value of the asset of (as at June 2016) and the balance of the senior bank debt facility, ART’s mezzanine loan sits between 63.1% and 75.4% loan to value.

Active UK Real Estate Fund plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Active UK Real Estate Fund plc	Mezzanine loan	£7.2m [2]	9.0% p.a. [3]	High-yield commercial UK portfolio	Preferred capital structure

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

In addition to the recent equity investment (described above) ART provides a mezzanine loan to AURE with a balance of £7.2 million as at 30 September 2016, which had been amortised from £9.1m during the period using proceeds of the sale of non-core assets. Post period end, the Board has authorised a two year extension of the facility which continues to earn a coupon of 9.0% per annum; arrangement and exit fees will be payable on this extension.

Based upon the value of the underlying AURE portfolio of £49.0 million (valuation as at 30 June 2016) and the balance of the bank finance of £19.6 million as at 30 June 2016, this reflects a loan to value ratio of 39.9%. ART's mezzanine finance position sits between 39.9% and 54.4% 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	£10.3m [2]	15.0% p.a. [3]	High-yield diversified UK portfolio	Unsecured subordinated debt

[2] Including rolled up and accrued coupon at the balance sheet date
[3] Annual coupon

Further to its equity investment (described above) ART provides a subordinated debt facility to IMPT of £10.0 million (£10.3 million including accrued coupon). The loan has a five-year term, expiring in December 2018, and earns a coupon of 15.0% per annum.

Based on the underlying value of the IMPT portfolio of £85.1 million (published valuation as at 30 June 2016), and the balance of the external bank and mezzanine finance of £52.4 million as at 30 June 2016, this reflects a loan to value ratio of 61.6%. ART's subordinated loan sits between 61.6% and 73.3% loan to value.

Build-to-own investments: Private Rented Sector

ART's investment in the PRS sector targets the increasing growth opportunities identified in the private rented residential market as a result of rising occupier demand and an undersupply of accommodation. The opportunity exists to create a portfolio delivering a high yielding return on equity. The securing of a portfolio of critical mass will afford participation in a maturing market which is attracting greater institutional investment.

The Company's PRS investments offer scope to create resilient equity income returns at an attractive yield on cost, with potential for operating leverage to further enhance returns. The investments also offer scope for capital growth as the sites mature or planning is enhanced.

The investments provide the Company with flexibility to add value by either constructing the development, funded with either partnership equity capital, debt or contractor finance, and subsequently holding the completed assets as investments; or, alternatively, forward selling all or some of the developed units. ART may also potentially benefit from government support for borrowings secured against PRS assets under the private rented sector housing guarantee scheme.

Unity and Armouries, Birmingham

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Unity and Armouries, Birmingham	Direct property	£2.8m	n/a	Central Birmingham residential build to own	Planning consent for 90,000 square feet / 162 units plus commercial

ART owns Unity and Armouries, a development located in central Birmingham with planning consent for 90,000 net developable square feet comprising 162 residential apartments with ground floor commercial areas.

There are no outstanding Section 106/Community Infrastructure Levy requirements and the site has an affordable unit designation for nine flats. The current proposal provides for 2,892 square feet of commercial space and 98 car parking spaces.

ART has invested £2.8 million, including site acquisition and pre-development costs, in Unity and Armouries. The project has a potential gross development value in excess of £33 million.

The project design team is working with the preferred construction partner to review the existing detailed planning consent for possible enhancements to meet best in class PRS requirements and a value engineering process is underway to identify the most efficient and effective construction processes and potential cost savings.

Monk Bridge, Leeds

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Monk Bridge, Leeds	Direct property	£4.2m	n/a	Central Leeds residential build to own	Planning consent for 140,000 square feet / 269 units plus commercial opportunities

ART owns Monk Bridge, a central Leeds development site. The site has a total area of 1.7 hectares (4.2 acres) with implemented planning consent for 269 units totalling 140,000 square feet across two buildings with potential for ground floor commercial development within existing disused railway arches. The development earlier had outline consent, now lapsed, for 720 units, totalling 392,000 net saleable square feet.

ART has invested £4.2 million, including site acquisition and pre-development costs, in the Monk Bridge development. The project has a potential gross development value in excess of £55 million.

The design team has been selected and the project design is being reviewed to potentially enhance the detailed planning consent to meet best in class PRS requirements. Incorporation of commercial use with the arches of a disused viaduct located on the site is being investigated.

Freehold ground rent investments

ART invests 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. The investment 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	£20.4m	4.4% p.a. [5]	Highly defensive income; freehold ground rents	No gearing; monthly liquidity

[5] 12 months income return; post tax

The Company has invested £20.4 million as at 30 September 2016 in FIAF, an open-ended fund that invests in UK freehold ground rents with a net asset value of £250.9 million as at 30 September 2016.

The following highlights were reported in the FIAF fact sheet as at 30 September 2016 (published in October 2016):

- FIAF continues its unbroken 23 year track record of positive inflation beating returns.
- 85% of its freeholds have a form of inflation protection through periodic uplifts linked to Retail Price Index (RPI), property values or fixed uplifts.
- As of 12 April 2016, a 2.5% dilution levy will be applied to subscriptions into FIAF. This levy remains constantly under review.

ART's total return on its investment in FIAF was 8.4% (annualised post tax) for the six months ending 30 September 2016.

Cash balances

Investment	Investment type	Investment value	Income return	Property type / current underlying security	Investment notes
Cash balance	Cash	£4.6m	0.1 – 1.0% p.a.	Cash deposits / current accounts	Held between banks with a range of deposit maturities

As at 30 September 2016, the Company had cash balances of £4.6 million.

Other investments

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Europip Norway	Indirect property	£2.4m (€2.8m)	n/a	A geared office and logistics investment vehicle	47.0% of ordinary shares in fund with medium term debt

ART has a 47.0% stake in Europip (shares are non-voting), an Isle of Man domiciled open ended investment company. Europip invested in directly owned commercial property portfolio in Norway.

The portfolio is undergoing an orderly realisation process. During the period, ART received £0.3 million from Europip following the sale of the penultimate portfolio asset.

As at 30 September 2016, the value of the single remaining asset is NOK 45.0 million (£4.3 million). Europip has a bank loan, with a balance of £1.35 million (NOK 14.0 million) as at 30 September 2016; reflecting a LTV of 31% against the single asset. The loan matures in January 2020.

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.

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£1.6m	n/a	Leisure property fund	No external gearing

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 30 September 2016, ART had £1.6 million invested in HLP. HLP subsequently holds minority stakes in the underlying investments.

Post period end, ART received a £0.1 million redemption from HLP; ART continues to receive income from its investment while HLP's underlying assets are sold.

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Galaxia	Direct property	£5.2m (INR 450m)	n/a	Development site in NOIDA, Delhi, NCR	Asset held for sale

ART invested INR 450 million (£4.7 million) in the Galaxia project, a development site extending to 11.2 acres 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 50.0% 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 £5.2 million using an exchange rate of INR86.821 as at 30 September 2016) along with interest at 18.0% per annum from 31 January 2011 to 20 January 2015.
- All costs incurred towards the arbitration.

- A further 15.0% 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.

Logix have appealed the Arbitral Tribunal decision in the Delhi High Court and hearings are ongoing.

The Company is actively seeking recovery of the sums awarded and a charge over the private residence of the principals of Logix, Shakti Nath, Meena Nath and Vikram Nath, has been granted by the courts of India.

Following the determination of the arbitration noted above, the award to the Company represents a potential realisation of approximately £9.9 million based on 30 September 2016 exchange rates. ART continues to hold the indirect investment at INR 450 million (£5.2 million) in the accounts due to uncertainty over timing and final value.

Summary

ART's portfolio provides a balance of stable high yielding investments and investments that offer scope to deliver strong cashflows and potential for capital value increases to deliver high risk adjusted returns.

Asset management successes within the direct and indirectly held assets are helping improve the value of ART’s investments. The Company's earnings position continues to be supported by underlying asset performance. Capital recycling is anticipated to continue as a small number of selected strategic divestments are planned to benefit from transactions that are accretive to returns.

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.

We remain opportunistic in terms of new investments and continually evaluate possible investment targets. ART seeks to continue to deliver balance of stable income and potential for capital growth across its overall portfolio.

In situations that require a creative solution to unlock value, we remain innovative and are able to access new opportunities not only via direct assets that require asset management but also via the restructuring or recapitalisation of property investment vehicles or via share purchases.

ART continues to be well placed to maximise the value of its current portfolio and to identify and secure new investment opportunities as they are identified.

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

17 November 2016

Principal risks and uncertainties

The principal risks and uncertainties facing the ART Group (the “Group”) can be outlined as follows:

- Rental income, fair value of investment properties (directly or indirectly held) and fair value of the Group’s equity investments are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group’s investments and investment properties are located.
- The Group’s loan investments are exposed to credit risk which arise by the potential failure of the Group’s counter parties to discharge their obligations when falling due; this could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date; the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses their credit risk as a result.
- In June 2016, the “Brexit” Referendum was held, in which the United Kingdom voted to leave the European Union. No material adverse impacts have affected the Group’s portfolio to date although an increased market volatility in exchange rates has been noted. The Board will continue to monitor the situation for potential risks to the Group’s investments.

The Board believes that the above principal risks and uncertainties, which are discussed more extensively in the annual report for the year ended 31 March 2016, would be equally applicable to the remaining six month period of the current financial year.

Statement of Directors’ Responsibilities

The Directors confirm that to the best of their knowledge:

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

The Directors of Alpha Real Trust Limited are listed below and have been Directors throughout the period.

By order of the Board

David Jeffreys
Chairman

17 November 2016

Independent review report

To Alpha Real Trust Limited

Introduction

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half year report for the six months ended 30 September 2016 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half year report for the six months to 30 September 2016 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited

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

17 November 2016

Condensed consolidated statement of comprehensive income

		For the six months ended 30 September 2016 (unaudited)			For the six months ended 30 September 2015 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	4,775	-	4,775	3,773	-	3,773
Change in the revaluation of investment property	11	-	4,662	4,662	-	4,800	4,800
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	6	916	(446)	470	734	1,039	1,773
Total income		**5,691**	**4,216**	**9,907**	**4,507**	**5,839**	**10,346**
Profit on investment property disposal		-	138	138	-	-	-
Expenses							
Property operating expenses		(2,000)	-	(2,000)	(1,734)	-	(1,734)
Investment Manager's fee		(920)	-	(920)	(817)	-	(817)
Other administration costs		(433)	-	(433)	(445)	-	(445)
Total operating expenses		**(3,353)**	**-**	**(3,353)**	**(2,996)**	**-**	**(2,996)**
Operating profit		**2,338**	**4,354**	**6,692**	**1,511**	**5,839**	**7,350**
Share of profit/(loss) of joint venture	14	61	(13)	48	43	(22)	21
Finance income	4	1,183	-	1,183	1,411	-	1,411
Finance costs	5	(878)	(23)	(901)	(851)	-	(851)
Profit before taxation		**2,704**	**4,318**	**7,022**	**2,114**	**5,817**	**7,931**
Taxation	7	(15)	-	(15)	(9)	-	(9)
Profit after taxation		**2,689**	**4,318**	**7,007**	**2,105**	**5,817**	**7,922**
Other comprehensive income/(expense) for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		**-**	3,521	3,521	**-**	(4)	(4)
Other comprehensive income/(expense) for the period		**-**	**3,521**	**3,521**	**-**	**(4)**	**(4)**
Total comprehensive income for the period		**2,689**	**7,839**	**10,528**	**2,105**	**5,813**	**7,918**
Earnings per share (basic & diluted)	9			**10.1p**			**11.2p**
Adjusted earnings per share (basic & diluted)	9			**3.9p**			**3.0p**

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

Condensed consolidated balance sheet

	Notes	30 September 2016 (unaudited) £'000	31 March 2016 (audited) £'000
Non-current assets			
Investment property	11	104,217	91,971
Indirect property investment held at fair value	12	5,183	4,738
Investments held at fair value	13	10,630	10,439
Investment in joint venture	14	1,474	1,596
Trade and other receivables	15	17,100	10,000
		138,604	**118,744**
Current assets			
Investments held at fair value	13	20,356	20,931
Trade and other receivables	15	3,069	12,883
Cash and cash equivalents		7,617	3,863
		31,042	**37,677**
Total assets		**169,646**	**156,421**
Current liabilities			
Derivatives held at fair value through profit or loss	21	(287)	(745)
Trade and other payables	16	(2,695)	(4,000)
Bank borrowings	17	(581)	(543)
		(3,563)	**(5,288)**
Total assets less current liabilities		**166,083**	**151,133**
Non-current liabilities			
Bank borrowings	17	(60,766)	(55,512)
Total liabilities		**(64,329)**	**(60,800)**
Net assets		**105,317**	**95,621**
Equity			
Share capital	18	-	-
Special reserve		79,306	79,306
Translation reserve		2,202	(1,319)
Capital reserve		7,094	2,776
Revenue reserve		16,715	14,858
Total equity		**105,317**	**95,621**
Net asset value per ordinary share	10	**151.9p**	**137.9p**

The financial statements were approved by the Board of Directors and authorised for issue on 17 November 2016. They were signed on its behalf by David Jeffreys.

David Jeffreys
Director

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

Condensed consolidated cash flow statement

	For the six months ended 30 September 2016 (unaudited) £'000	For the six months ended 30 September 2015 (unaudited) £'000
Operating activities		
Profit for the period after taxation	7,007	7,922
Adjustments for:		
Change in revaluation of investment property	(4,662)	(4,800)
Net gains on financial assets and liabilities held at fair value through profit or loss	(470)	(1,773)
Profit on investment property disposal	(138)	-
Taxation	15	9
Share of profit of joint venture	(48)	(21)
Finance income	(1,183)	(1,411)
Finance cost	901	851
Operating cash flows before movements in working capital	**1,422**	**777**
Movements in working capital:		
Increase in trade and other receivables	(561)	(12)
(Decrease)/increase in trade and other payables	(1,313)	20
Cash flows (used in)/from operations	**(452)**	**785**
Interest received	7	51
Interest paid	(772)	(752)
Tax paid	(8)	(13)
Cash flows (used in)/from operating activities	**(1,225)**	**71**
Investing activities		
Acquisition of investments	(1,000)	(3,196)
Acquisition of investment property	-	(2,132)
Proceeds on disposal of investment property	1,890	-
Redemption on investments	2,530	405
Redemption on preference shares' investments	253	500
Capital expenditure on investment property	(1,057)	(63)
Loan repayment from related party	2,500	786
Loan interest received	1,205	898
Dividend income from joint venture	40	41
Dividend income from other investments	15	334
Cash flows from/(used in) investing activities	**6,376**	**(2,427)**
Financing activities		
Share buyback	-	(247)
Share buyback costs	-	(1)
Share issue costs	-	(12)
Cash (paid)/received on maturity of foreign exchange forward	(1,348)	347
Foreign exchange forward collateral received /(paid)	605	(80)
Ordinary dividends paid	(832)	(845)
Cash flows used in financing activities	**(1,575)**	**(838)**
Net increase/(decrease) in cash and cash equivalents	**3,576**	**(3,194)**
Cash and cash equivalents at beginning of period	**3,863**	**14,817**
Exchange translation movement	178	33
Cash and cash equivalents at end of period	**7,617**	**11,656**

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

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2016 (unaudited)	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2016	**79,306**	**(1,319)**	**2,776**	**14,858**	**95,621**
Total comprehensive income for the period					
Profit for the period	-	-	4,318	2,689	7,007
Other comprehensive income for the period	-	3,521	-	-	3,521
Total comprehensive income for the period	**-**	**3,521**	**4,318**	**2,689**	**10,528**
Transactions with owners					
Dividends	-	-	-	(832)	(832)
Share issue costs	-	-	-	-	-
Share buyback	-	-	-	-	-
Share buyback costs	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**(832)**	**(832)**
At 30 September 2016	**79,306**	**2,202**	**7,094**	**16,715**	**105,317**

For the six months ended 30 September 2015 (unaudited)	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2015	**80,277**	**(3,423)**	**(8,560)**	**11,641**	**79,935**
Total comprehensive income/(expense) for the period					
Profit for the period	-	-	5,817	2,105	7,922
Other comprehensive expense for the period	-	(4)	-	-	(4)
Total comprehensive income/(expense) for the period	**-**	**(4)**	**5,817**	**2,105**	**7,918**
Transactions with owners					
Dividends	-	-	-	(845)	(845)
Share issue costs	(12)	-	-	-	(12)
Share buyback	(247)	-	-	-	(247)
Share buyback costs	(1)	-	-	-	(1)
Total transactions with owners	**(260)**	**-**	**-**	**(845)**	**(1,105)**
At 30 September 2015	**80,017**	**(3,427)**	**(2,743)**	**12,901**	**86,748**

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

Notes to the condensed consolidated financial statements for the period ended 30 September 2016

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currencies are either Euro or Indian Rupees. The presentation currency of the Group is Sterling. The period end exchange rate used is £1:INR86.821 (31 March 2016: £1:INR94.969) and the average rate for the period used is £1:INR91.916 (30 September 2015: £1: INR98.697). For Euro based transactions the period end exchange rate used is £1:€1.158 (31 March 2016: £1:€1.265) and the average rate for the period used is £1:€1.223 (30 September 2015: £1:€ 1.389).

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. The half year report was approved and authorised for issue on 17 November 2016 and signed by David Jeffreys on behalf of the Board.

2. Significant accounting policies

Basis of preparation

The unaudited condensed consolidated financial statements in the half year report for the six months ended 30 September 2016 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report and condensed consolidated financial statements should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 March 2016, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company's website (www.alpharealtrustlimited.com).

The accounting policies adopted and methods of computation followed in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2016 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2017.

The preparation of the half year report requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the half year report. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the half year report, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

3. Revenue

	For the six months ended 30 September 2016 £'000	For the six months ended 30 September 2015 £'000
Rental income	3,454	2,725
Service charges	1,320	1,037
Other income	1	11
Total	**4,775**	**3,773**

4. Finance income

	For the six months ended 30 September 2016 £'000	For the six months ended 30 September 2015 £'000
Bank interest received	7	51
Interest receivable on loans to related parties	1,176	1,360
Total	**1,183**	**1,411**

5. Finance costs

	For the six months ended 30 September 2016 £'000	For the six months ended 30 September 2015 £'000
Interest on bank borrowings	878	851
Foreign exchange loss	23	-
Total	**901**	**851**

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

	For the six months ended 30 September 2016 £'000	For the six months ended 30 September 2015 £'000
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	-	(10)
Movement in fair value of the foreign exchange forward	(890)	(114)
Movement in fair value of investments	444	1,163
Undistributed investment income	901	400
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Distributed investment income	-	318
Dividends received from investments	15	16
Net gains on financial assets and liabilities held at fair value through profit or loss	**470**	**1,773**

7. Taxation

	For the six months ended 30 September 2016 £'000	For the six months ended 30 September 2015 £'000
Current tax	15	9
Deferred tax	-	-
Tax expense	**15**	**9**

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £1,200 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, United Kingdom, the Netherlands, Spain, Cyprus, Jersey and India.

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

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.

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

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 March 2016	69,323	0.6p	415,939	22 July 2016
Quarter ended 30 June 2016	69,323	0.6p	415,939	23 September 2016
Total			**831,878**	

The Company will pay a dividend of 0.6p per share for the quarter ended 30 September 2016 on 16 December 2016.

This dividend has not been included as a liability in the half year report.

9. Earnings per share

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

	For the six months ended 30 September 2016	Year ended 31 March 2016	For the six months ended 30 September 2015
Earnings per statement of comprehensive income (£'000)	7,007	16,237	7,922
Basic and diluted earnings pence per share	**10.1p**	**23.1p**	**11.2p**
Earnings per statement of comprehensive income (£'000)	7,007	16,237	7,922
Net change in the revaluation of investment properties	(4,662)	(11,967)	(4,800)
Profit on investment property disposal	(138)	-	-
Movement in fair value of investment in ordinary shares	(320)	(2,271)	(1,561)
Movement in fair value of investments in redeemable preference shares	(124)	694	398
Movement in fair value of interest rate cap (mark to market)	-	10	10
Movement in fair value of the foreign exchange forward (mark to market)	890	787	114
Movement in fair value of the joint venture's interest rate swap (mark to market)	-	(7)	(5)
Net change in the revaluation of the joint venture's investment property	13	27	27
Investment Manager's fees (performance fee)	-	1,440	
Foreign exchange loss/(gain)	23	(49)	-
Adjusted earnings	**2,689**	**4,901**	**2,105**
Adjusted earnings per ordinary share	**3.9p**	**7.0p**	**3.0p**
Weighted average number of ordinary shares (000's)	**69,323**	**70,143**	**70,584**

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

10. Net asset value per share

	At 30 September 2016 £'000	At 31 March 2016 £'000	At 30 September 2015 £'000
Net asset value (£'000)	105,317	95,621	86,748
Net asset value per ordinary share	**151.9p**	**137.9p**	**123.5p**
Number of ordinary shares (000's)	**69,323**	**69,323**	**70,263**

11. Investment property

	30 September 2016 £'000	31 March 2016 £'000
Fair value of investment property at 1 April	**91,971**	**65,544**
Additions	-	7,781
Subsequent capital expenditure after acquisition	1,057	227
Disposals	(1,752)	-
Movement in rent incentives/initial costs	220	187
Fair value adjustment in the period/year	4,662	11,967
Foreign exchange movements	8,059	6,265
Fair value of investment property at 30 September / 31 March	**104,217**	**91,971**

Investment property comprises the Group's investments in the H2O shopping centre in Madrid, Spain and Unity and Armouries (Birmingham) and Monk Bridge (Leeds), two investment properties in the course of development located in the United Kingdom.

The fair value of the H2O property of €112.6 million (£97.2 million) (31 March 2016: €106.5 million, £84.2 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ("Aguirre"). 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".

The H2O property has been pledged as security for the borrowings in the Spanish SPV in which the property is held (note 17).

The period end values of Unity and Armouries of £2.8 million (31 March 2016: £2.5 million) and Monk Bridge of £4.2 million (31 March 2016: £3.8 million) have been considered by the Directors to represent fair value at the balance sheet date; the relevant market activity since the investments were made is not considered to be significant in terms of value. Upon commencement of construction, the valuations for these investments will be carried out by independent valuers in accordance with the Company's accounting policy.

On 2 August 2016, the Group sold its investment at "Acharn", Killin, Perthshire, Scotland to Biomass Energy Renewables LLP ('BERL') for £1.9 million. The site had been acquired in December 2015 and the Group had invested a total of £1.5 million by the year ended 31 March 2016. A further £0.3 million was invested after year end up to completion, thus generating a profit for the Group of £0.1 million.

12. Indirect property investment held at fair value

	30 September 2016 £'000	31 March 2016 £'000
As at 1 April	**4,738**	**4,851**
Effect of foreign exchange	445	(113)
As at 30 September / 31 March	**5,183**	**4,738**

The Galaxia investment is carried at a fair value of INR 450 million (£5.2 million). The Company has a 50% shareholding in the SPV which controls the Galaxia site. Following breaches, arbitration proceedings commenced in 2011 against ART's development partner, in order to protect the investment. 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. The ICC awarded the Group a total award amounting to £9.9million (the "Award") based on 30 September 2016 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 filed a petition, under Section 34 of the Indian Arbitration and Conciliation Act 1996, before the Delhi High Court challenging the Award. The challenge to the Award was heard on 15 July 2015, 7 December 2015, 24 May 2016 and 14 July 2016 with a further hearing scheduled for 7 December 2016. The Delhi High Court has ordered that the site be placed in a court monitored auction process, with proceeds to be used to repay outstanding ground lease rents with the balance to be held until the outcome of the Arbitration claim. The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to continue to value the indirect investment at INR 450 million, which is the amount invested but excludes penalty interest payment and other payments awarded in ART's favour due to uncertainty over timing and final value of the Award.

13. Investments held at fair value

	30 September 2016 £'000	31 March 2016 £'000
Non-current		
As at 1 April	**10,439**	**6,566**
Additions during the period / year	-	3,200
Redemptions	(253)	(905)
Movement in fair value of investments	444	1,578
As at 30 September / 31 March	**10,630**	**10,439**

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

- Europip (participating redeemable preference shares); Europip provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at period end was £2.4 million (31 March 2016: £2.5 million);
- IMPT (ordinary shares); the ordinary shares of IMPT are traded on the LSE (SFS) and are valued quarterly by reference to market price; the market value of the investment at period end was £3.1 million (31 March 2016: £2.4 million);
- HLP (participating redeemable preference shares); HLP provides half yearly valuations of the net asset value of its shares; the net asset value of the investment has been calculated by using the unaudited value provided by the directors of HLP on 5 September 2016, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £1.6 million (31 March 2016: £1.6 million);
- AURE (ordinary shares); the investment is fair-valued by reference to the dealing price of the shares provided monthly by AURE, which is published on the Channel Islands Securities Exchange: the resulting fair value of the investment at period end was £3.5 million (31 March 2016: £4.0 million);
- ART also has an investment in Romulus. Any realised value from this investment is passed exclusively to ART A shareholders. As at 30 September 2016, the net asset value of ART's investment in Romulus was nil (31 March 2016: 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	30 September 2016 £'000	31 March 2016 £'000
Current		
As at 1 April	**20,931**	**15,868**
Additions during the period / year	1,000	4,000
Redemptions	(2,400)	-
Distributed investment income in period / year	-	(318)
Undistributed investment income in period / year	825	1,381
As at 30 September / 31 March	**20,356**	**20,931**

The Group has invested in income units of FIAF. FIAF allows monthly redemptions and hence the investment is reported as a current asset. During the period ended 30 September 2016, ART has made net redemptions of £1.4 million of FIAF units. FIAF provides monthly pricing of its units. The investment has been valued at the published price of the relevant units in FIAF as at 30 September 2016.

14. Investment in joint venture

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

	30 September 2016 £'000	31 March 2016 £'000
As at 1 April	**1,596**	**1,563**
Group's share of joint venture profits before fair value movements and dividends	61	94
Fair value adjustment for interest rate swap	-	7
Fair value adjustment for investment property	(13)	(27)
Equity refund	(130)	-
Dividends paid by joint venture to the Group	(40)	(41)
As at 30 September / 31 March	**1,474**	**1,596**

15. Trade and other receivables

	30 September 2016 £'000	31 March 2016 £'000
Non-current		
Loan granted to related parties	**17,100**	**10,000**
Total	**17,100**	**10,000**
Current		
Trade debtors	1,178	1,246
VAT	180	111
Loan granted to related party	-	9,600
Other debtors	1,306	1,492
Interest receivable from loans granted to related parties	405	434
Total	**3,069**	**12,883**

Loans granted to related parties can be detailed as follows:

- £10.0 million (31 March 2016: £10.0 million) unsecured loan to IMPT, expiring in December 2018 and carrying a coupon of 15% per annum.
- £7.1 million (31 March 2016: £9.6 million) loan to AURE, expiring in November 2018 and carrying a coupon of 9% per annum. 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.

The loans to AURE and IMPT are relatively short term in nature and have been issued solely with the intention of collecting principal and interest. They do not form part of the portfolio of assets which management assesses on a fair value basis and, in consequence, they have not been designated at fair value through profit or loss or presented as part of the group's investment portfolio in the consolidated balance sheet.

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

16. Trade and other payables

	30 September 2016 £'000	31 March 2016 £'000
Trade creditors	1,679	1,906
Investment Manager's fee payable	463	1,847
Accruals	367	233
Other creditors	178	13
Corporation tax	8	1
Total	**2,695**	**4,000**

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

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

17. Bank borrowings

	30 September 2016 £'000	31 March 2016 £'000
Current liabilities: interest payable	112	114
Current liabilities: repayments	469	429
Total current liabilities	**581**	**543**
Non-current liabilities: bank borrowings	60,766	55,512
Total liabilities	**61,347**	**56,055**
The borrowings are repayable as follows:		
Interest payable	112	114
On demand or within one year	469	429
In the second to fifth years inclusive	60,766	55,512
After five years	-	-
Total	**61,347**	**56,055**

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

	30 September 2016 £'000	31 March 2016 £'000
As at 1 April	**55,512**	**51,557**
Repayment of borrowings	-	(398)
Reclassification to current liabilities	(39)	(32)
Amortisation of deferred finance costs	117	211
Exchange differences on translation of foreign currencies	5,176	4,174
As at 30 September / 31 March	**60,766**	**55,512**

The bank borrowings represent the syndicated loan finance provided to the Spanish SPV, owner of the H2O property in Madrid, Spain (see note 11).

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 capital repayments as reflected in the repayment table above; the balance of the loans after capital repayments 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 original principal borrowings of €75 million.

18. 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 2016	**6,794,398**	**61,834,950**	**68,629,348**	**7,488,267**	**76,117,615**
Share conversion	-	619,210	619,210	(619,210)	-
At 30 September 2016	**6,794,398**	**62,454,160**	**69,248,558**	**6,869,057**	**76,117,615**

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 of participation in the Company's investment in Romulus and the right to convert into ordinary shares at a rate of 1 to 1.

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

On 9 March 2016, the Company published a circular giving notice of an Extraordinary General Meeting on 1 April 2016. 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 2017 and (ii) 4 September 2017. The shareholders approved the proposal.

During the period, the Company made no share buybacks. As at 30 September 2016, the ordinary share capital of the Company was 69,248,558 (including 6,794,398 shares held in treasury). The Company also had 6,869,057 A shares in issue. The total voting rights in ART, following the purchase and cancellation and purchase for treasury of ordinary shares, was 69,323,217.

Post period end, the Company has made no share buybacks and 50,733 A shares were converted into ordinary shares. At the date of signing these financial statements the ordinary share capital of the Company was 69,299,291 (including 6,794,398 shares held in treasury). The Company also has 6,818,324 A shares in issue. The total voting rights in ART are unchanged at 69,323,217.

19. Events after the balance sheet date

After the balance sheet date, a total of 50,733 A Shares were converted into Ordinary Shares (Note 18).

On 25 October 2016, ART invested £1.7 million in a new mezzanine loan secured on a hotel located in central Newcastle, United Kingdom. The loan has a 3 year term and earns a 15% annual coupon (reduced in the first year) plus entry and exit fees.

On 4 November 2016, ART entered into an agreement to purchase, subject to planning, an industrial site in Frankfurt which it has identified as being suitable for the development of a data centre. The initial investment to date amounts to €1.0 million (£0.9 million).

Post period end, the Board has authorised a two year extension of the £7.1 million loan facility granted to AURE, which continues to earn a coupon of 9.0% per annum; arrangement and exit fees will be payable on this extension.

The Company will pay a dividend of 0.6p per share for the quarter ended 30 September 2016 on 16 December 2016 (note 8).

20. Related party transactions

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

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Group, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 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 counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Group's net asset value attributable to the H2O investment.

The Company has invested in IMPT where ARC is the Investment Manager. Mark Rattigan, a 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. Brad Bauman, a partner of ARC, is a Director 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 Romulus, where ARPIA, a subsidiary of ARC, is Trust Manager and Property Manager. ARC rebates fees earned in relation to the Company's investment in Romulus.

The Company has invested in 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.

During the period, the Group disposed of its investment at "Acharn", Killin, Perthshire, Scotland (note 11). ARPIA, a subsidiary of ARC, provides investment management services to the owners of BERL.

Details of the Investment Manager's fees for the current period are disclosed on the face of the condensed consolidated statement of comprehensive income and the balance payable at 30 September 2016 is provided in note 16.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2016	For the six months ended 30 September 2015
David Jeffreys	17,625	15,750
Phillip Rose	11,500	11,000
Serena Tremlett	17,750	17,250
Jeff Chowdhry	11,500	11,000
Roddy Sage	11,500	11,000
Total	**69,875**	**66,000**

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

	30 September 2016 Number of ordinary shares held	31 March 2016 Number of ordinary shares held
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	-	-

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 30 September 2016 (31 March 2016: 22,550,000).

ARC did not hold any shares in the Company at 30 September 2016 (31 March 2016: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2016 Number of ordinary shares held	31 March 2016 Number of ordinary 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

Karl Devon-Lowe, a partner of ARC, received fees of £2,500 in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company's administrator and secretary. During the period the Company paid Morgan Sharpe Administration Limited fees of £45,200 (31 March 2015: £95,300).

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

	30 September 2016 £'000	31 March 2016 £'000
Non-current assets		
Investments held at fair value	10,630	10,439
Indirect property investment held at fair value	5,183	4,738
Interest rate cap	-	-
Total non-current assets	**15,813**	**15,177**
Current assets		
Investments held at fair value	20,356	20,931
Total current assets	**20,356**	**20,931**
Current liabilities		
Foreign exchange forward contract	(287)	(745)
Total current liabilities	**(287)**	**(745)**
Total	**35,882**	**35,363**

Fair value measurement

The Group discloses fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

Level 1

- The fair 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.

Level 2

- 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 applicable forward market rate provided by the contractual counter party.
- The fair value of the investment in AURE is based upon the dealing price of the shares provided by AURE at the balance sheet date, which is published on the Channel Islands Securities Exchange.
- The fair value of the FIAF, 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.

Level 3

- The fair value of the Galaxia indirect property investment is based on quarterly Directors' estimates of the recoverable amount based upon legal advice.

Financial assets and liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2016.

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

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

As at 30 September 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments held at fair value	3,072	27,914	-	30,986
Indirect property investment at fair value	-	-	5,183	5,183
Interest rate cap	-	-	-	-
Foreign exchange forward	-	(287)	-	(287)
Total	**3,072**	**27,627**	**5,183**	**35,882**

As at 31 March 2016	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Investments held at fair value	2,352	29,018	-	31,370
Indirect property investment at fair value	-	-	4,738	4,738
Interest rate cap	-	-	-	-
Foreign exchange forward	-	(745)	-	(745)
Total	**2,352**	**28,273**	**4,738**	**35,363**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 September 2016.

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Jeff Chowdhry
Roddy Sage
Phillip Rose
Serena Tremlett

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Further information on the Company can be found at the Company's website:

www.alpharealtrustlimited.com

Dividends

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

Share price

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

Change of address

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

Investment Manager

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

Financial calendar

Financial reporting	Reporting/Meeting dates	Dividend period	Ex-dividend date	Record date	Payment date
Half year report and dividend announcement	18 November 2016	Quarter ended 30 September 2016	1 December 2016	2 December 2016	16 December 2016
Trading update (Qtr 3)	3 March 2017	Quarter ending 31 December 2016	16 March 2017	17 March 2017	24 March 2017
Annual report and dividend announcement	16 June 2017	Quarter ending 31 March 2017	29 June 2017	30 June 2017	21 July 2017
Annual report published	30 June 2017				
Annual General Meeting	7 August 2017				