

Alpha Real Trust

1 September 2017

Alpha Real Trust Limited ("ARTL" or the "Company")

Tender Offer for up to 10,000,000 Ordinary Shares at 123.1p per Ordinary Share

A circular explaining the terms of a Tender Offer for up to 10,000,000 Ordinary Shares at 123.1 pence per Ordinary Share has today been posted to Shareholders (the "Circular").

Capitalised terms and expressions shall have the same meanings as those attributed to them in the Circular.

1. Introduction

The Company has recently realised a number of investments, including Industrial Multi Property Trust ("IMPT") and the partial sale of the H2O shopping centre in Madrid ("H2O"). Given these realisations, the Board believes a return of capital by way of tender offer is appropriate.

The Tender Offer will be conducted at a fixed price of 123.1 pence per Ordinary Share, being the Tender Offer Price which represents the average middle market closing price of an Ordinary Share for the 20 days prior to the Latest Practicable Date and a discount of 22.5 per cent. to the NAV per Ordinary Share as at the Latest Practicable Date.

2. Background

Following completion of the disposal of the Company's interest in 70% of H2O and its interests in IMPT, the Company has received a total of £46.2m in proceeds from these two disposals.

In light of the fact that the Company's Ordinary Shares are currently trading at a discount to the audited net asset value of the Company (such discount being approximately 19.8 per cent. as at the Latest Practicable Date, based on the NAV per Ordinary Share as at 31 March 2017 of 158.9 pence), the Board believes that it is in the Company's interests, and in the interest of Shareholders, to provide Qualifying Shareholders who wish to realise part or all of their investment in the Company with an opportunity to access liquidity which might otherwise not be available in the market.

The Board therefore wishes the Company to make a return of capital to Qualifying Shareholders by way of a tender offer for up to 10,000,000 Ordinary Shares, representing approximately 14.4 per cent. of the Voting Share Capital.

The Board has sought to ensure that as many Shareholders as possible can participate in the return of capital whilst allowing Shareholders individually to choose whether to participate in the Tender Offer or not (without incurring disproportionate costs in making the Tender Offer to persons other than Qualifying Shareholders). Qualifying Shareholders can decide whether to tender all or any of their Ordinary Shares under the Tender Offer or to continue to hold them.

The terms of the Share Purchase Authority permits the purchase by the Company of up to 17,323,871 Ordinary Shares pursuant to one or more market acquisitions (within the meaning of section 316 of the Companies Law). As the Class A Shares are unlisted and are not traded on a

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recognised investment exchange, it is not possible for the Class A Shares to be tendered under the Tender Offer and subsequently repurchased by the Company pursuant to the Repurchase Agreement.

However, Qualifying Class A Shareholders who wish to participate in the Tender Offer may do so if they convert some or all of their Class A Shares into Ordinary Shares prior to the Record Date. Ordinary Shares arising on conversion of any Class A Shares prior to the Record Date may be tendered by Qualifying Class A Shareholder under the Tender Offer on the same basis as the existing Ordinary Shares. Further details of the action to be taken by Qualifying Class A Shareholders who wish to participate in the Tender Offer are set out under the paragraph headed “Action to be taken” in Part 1 of the Circular.

Qualifying Shareholders tendering all of their Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) may be subject to scaling back (but not below their Basic Entitlement) and in this event they will still retain Ordinary Shares in the Company.

The Company is authorised to buy back up to 17,323,871 Ordinary Shares pursuant to the Share Purchase Authority which was approved by Shareholders on 1 April 2016 and any purchases made by the Company pursuant to that authority will benefit from the Panel Waiver which was also approved by the Independent Shareholders on 1 April 2016. Although the Share Purchase Authority will expire on 4 September 2017, in accordance with its terms, it will continue to apply to the Company’s purchase of any tendered Ordinary Shares (including Ordinary Shares arising on conversion of the Class A Shares) from Panmure Gordon pursuant to the Repurchase Agreement as that agreement has been entered into prior to the expiry of the Share Purchase Authority. Accordingly, such purchases by the Company will also continue to benefit from the Panel Waiver.

The Tender Offer will be financed from the Company’s existing cash resources. As at 30 August 2017, the Company had cash available in an amount of £38.5 million. The Tender Offer is conditional upon the Directors being satisfied that the Company will satisfy the solvency test as prescribed by the Companies Law. The solvency test will be satisfied if, immediately after the completion of the Tender Offer:

- the Company will be able to pay its debts as they become due;
- the value of the Company’s assets is greater than the value of its liabilities; and
- the Company satisfies any other requirements as to solvency imposed pursuant to its authorisation as an authorised closed-ended collective investment scheme.

Following the proposed Tender Offer, the Board of ARTL believes that the Company will remain in a net cash position with a strong balance sheet.

3. Summary information on the Tender Offer

Full details of the Tender Offer, including the terms and conditions on which it is being made, are set out in Part 4 of the Circular.

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The Tender Offer is only available to Qualifying Shareholders on the register of members of the Company on the Record Date in respect of the Ordinary Shares (including any Ordinary Shares arising on conversion of the Class A Shares) held by them on the Record Date.

Qualifying Shareholders can choose whether they want to tender all or any of their Ordinary Shares under the Tender Offer. Qualifying Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so. Qualifying Class A Shareholders who wish to participate in the Tender Offer may do so, if and to the extent that they convert some or all of their Class A Shares into Ordinary Shares prior to the Record Date. In accordance with the Articles, Class A Shares will convert into Ordinary Shares on a “one for one” basis.

The Tender Offer involves the following:

- Panmure Gordon, acting as principal, has irrevocably committed to purchase up to 10,000,000 Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) at the Tender Offer Price on and subject to the terms and conditions of the Tender Offer and to sell such tendered Ordinary Shares to the Company pursuant to the Repurchase Agreement.
- the Company will acquire all of the tendered Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) from Panmure Gordon pursuant to the existing Share Purchase Authority and such Ordinary Shares will then be cancelled.
- 10,000,000 Ordinary Shares represent approximately 14.4 per cent. of the current Voting Share Capital of the Company (excluding Ordinary Shares held in treasury).
- All Qualifying Shareholders (including Qualifying Class A Shareholders who choose to convert some or all of their Class A Shares into Ordinary Shares prior to the Record Date) are being given the opportunity to participate in the Tender Offer.
- Qualifying Shareholders may tender such number of Ordinary Shares (including Ordinary Shares arising on conversion of the Class A Shares) under the Tender Offer as they choose.
- Qualifying Shareholders do not have to tender any of their Ordinary Shares if they do not wish to do so.
- All Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) tendered by any Qualifying Shareholder up to their Basic Entitlement (which represents such Qualifying Shareholder’s *pro rata* share of the maximum number of Ordinary Shares to be acquired under the Tender Offer) will be accepted in full on and subject to the terms and conditions of the Tender Offer set out in Part 4 of the Circular and, in the case of Ordinary Shares held in certificated form, the Tender Form.

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- Each Qualifying Shareholder's Basic Entitlement will be calculated by the Registrars as at the Record Date by reference to the Qualifying Shareholder's holding of Ordinary Shares as at that date.
- If the number of Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) validly tendered is 10,000,000 or less, all such Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) will be purchased under the Tender Offer on and subject to the terms and conditions of the Tender Offer set out in Part 4 of the Circular.
- If the number of Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) validly tendered is more than 10,000,000, tenders will be accepted in the order set out below:
 - a. all Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) tendered by Qualifying Shareholders up to their Basic Entitlement will be accepted in full; and
 - b. tenders of Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) in excess of the Qualifying Shareholders' Basic Entitlements will be satisfied *pro rata* in proportion to the amount tendered in excess of Basic Entitlements (rounded down to the nearest whole number of Ordinary Shares) or otherwise at the discretion of Panmure Gordon, in consultation with the Board.
- Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) will be purchased without commissions and dealing charges.
- Qualifying Shareholders are able to tender their Ordinary Shares until 3.00 p.m. on the closing date of the Tender Offer, which is 26 September 2017. In order to participate in the Tender Offer:
 - Qualifying Class A Shareholders who wish to participate in the Tender Offer must convert some or all of their Class A Shares into Ordinary Shares prior to the Record Date by completing and returning a Conversion Notice, together with any share certificate(s) and/or other document(s) of title in respect of the Class A Shares to be converted in accordance with the instructions printed thereon by no later than 5.00 p.m. on 14 September 2017;
 - Qualifying Shareholders (including Qualifying Class A Shareholders who have submitted a Conversion Notice as described above) holding Ordinary Shares in certificated form as at the Record Date must return the accompanying personalised Tender Form together, except in the case of Qualifying Class A Shareholders who have submitted a Conversion Notice, with any share certificate(s) and/or other document(s) of title in accordance with the instructions set out on the Tender Form by 3.00 p.m. on 26 September 2017; and

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- Qualifying Shareholders holding Ordinary Shares in uncertificated form (that is, in CREST) are directed to paragraph 3.2 of Part 4 of the Circular which details specific procedures for those holders.

Qualifying Shareholders who choose not to participate in the Tender Offer and who therefore do not tender their Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) will not receive any cash proceeds in respect of their Ordinary Shares under the Tender Offer but will benefit from owning a greater percentage of the Voting Share Capital as there will be fewer Shares in issue after completion of the Tender Offer and the subsequent repurchase of the tendered Ordinary Shares by the Company pursuant to the Repurchase Agreement.

Ordinary Shares may be traded in the normal way during the period in which the Tender Offer remains open, but Qualifying Shareholders should note that, once tendered, their Ordinary Shares (including any Ordinary Shares arising on conversion of Class A Shares) may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

The purchase from Qualifying Shareholders and the subsequent sale of the tendered Ordinary Shares to the Company will be effected by Panmure Gordon, as principal, "On Exchange" in accordance with the Rules of the London Stock Exchange.

The Tender Offer is only available to Qualifying Shareholders and is not available to Shareholders in Australia, Canada, Japan, the Republic of South Africa or the United States of America or to Shareholders who are otherwise within a Restricted Territory.

Any rights of Qualifying Shareholders who choose not to tender their Ordinary Shares, and Class A Shareholders who choose not to convert any of their Class A Shares in order to participate in the Tender Offer, will be unaffected by the Tender Offer.

The Directors reserve the right, at any time prior to the announcement that the Tender Offer has become unconditional in all respects, to decline from proceeding with the Tender Offer if they conclude that its implementation is no longer in the interests of the Company and/or Shareholders as a whole.

4. Status of the Class A Shares

On 15 June 2017, the Company announced that it had received proceeds from its investment in Romulus High Income Trust plc ("Romulus") and so paid a special dividend of 4.3346p per Class A Shares to all Class A Shareholders on 7 July 2017.

Romulus was acquired as part of the Property Investment Portfolio plc ("PIP") portfolio in 2012. ARTL ascribed no value to Romulus for the purposes of its acquisition of the PIP portfolio, with any realised value from Romulus being passed to former PIP shareholders by way of the Class A Shares. Romulus represents the final asset from the PIP portfolio in respect of which Class A Shareholders have separate rights to Ordinary Shareholders. As previously announced, the Company has been advised that following this distribution Romulus will be liquidated and no further distributions to the Class A Shareholders are currently anticipated.

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In view of the above, the Directors expect that going forwards the Class A Shares and the Ordinary Shares will have exactly the same rights to future dividends and distributions. However, the Board does not intend to exercise its right to give a Compulsory Conversion Notice in accordance with the Articles, which would convert all the outstanding Class A Shares into Ordinary Shares on a “one for one” basis until such time as the liquidation of Romulus has been completed and it is certain that no further distributions will be received from the liquidators of Romulus.

As all the Class A Shares are unlisted and do not trade on a recognised investment exchange, the acquisition of Class A Shares by the Company in connection with the Tender Offer and the subsequent repurchase of such shares pursuant to the Repurchase Agreement would not fall within the scope of the existing Share Purchase Authority as such acquisitions would not be “market acquisitions” as prescribed by the terms of the Share Purchase Authority. However, Qualifying Class A Shareholders who wish to participate in the Tender Offer may do so if they convert their Class A Shares into Ordinary Shares on a “one for one” basis prior to the Record Date. Qualifying Class A Shareholders who wish to do so should complete and return a Conversion Notice specifying the number of Class A Shares they wish to convert and submit a Tender Form in respect of some or all of the Ordinary Shares arising on such conversion. Further details of the action to be taken by Qualifying Class A Shareholders who wish to participate in the Tender Offer are set out under the paragraph headed “Action to be taken” in Part 1 of the Circular.

5. The City Code and the Panel Rule 9 Waiver

Under Rule 9 of the City Code (“Rule 9”) any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of security whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

An offer under Rule 9 must be in cash and at the highest price paid within the twelve months prior to the announcement of the offer for any interest in shares in the Company by the person required to make the offer or any person acting in concert with him.

Under the City Code, the partners in ARC are deemed to be acting in concert with ARC.

The aggregate shareholding of ARC and the ARC Concert Parties in the Company as at the Latest Practicable Date was 26,890,731 Ordinary Shares and nil Class A Shares, being 38.8 per cent. of the Voting Share Capital as set out in the table below. The table below also sets out details of the maximum number of Ordinary Shares and the percentage of Voting Share Capital of the Company which would be held by ARC and the ARC Concert Parties were the maximum number of Ordinary Shares to be tendered under the Tender Offer and subsequently repurchased by the Company from Panmure Gordon, assuming that neither ARC nor any of the ARC Concert Parties tender any of their Ordinary Shares under the Tender Offer:

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	As at the Latest Practicable Date		In the event the Tender Offer is fully taken up	
Shareholder	Number of Ordinary Shares	% of Voting Share Capital	Number of Ordinary Shares	% of Voting Share Capital of the Company
ARC	22,550,000	32.5	22,550,000	38.0
ARC Concert Parties	4,340,731	6.3	4,340,731	7.3
Total	26,890,731	38.8	26,890,731	45.3

The Panel agreed in March 2016 to waive the obligation to make a general offer that would otherwise arise as a result of any exercise of the Share Purchase Authority, and this was approved by the Shareholders (other than ARC and the ARC Concert Parties who, in accordance with the City Code, did not vote on Panel Waiver Resolution) on 1 April 2016. As referred to above, although the Share Purchase Authority will expire on 4 September 2017, in accordance with its terms, it will continue to apply to the Company's purchase of any tendered Ordinary Shares (including Ordinary Shares arising on conversion of the Class A Shares) from Panmure Gordon pursuant to the Repurchase Agreement as that agreement has been entered into prior to the expiry of the Share Purchase Authority. Accordingly, any increase in the percentage of Voting Share Capital held by ARC and the ARC Concert Parties as a result of the implementation of the Tender Offer and the subsequent repurchase of the tendered Ordinary Shares by the Company will not require ARC and the ARC Concert Parties to make an offer under Rule 9 in continuing reliance on the Panel Waiver.

Further information on ARC and the ARC Concert Parties can be found in paragraph 3 of Part 6 of the Circular.

6. Overseas Shareholders

The attention of Shareholders who are not resident in the United Kingdom is drawn to paragraph 9 of Part 4 of the Circular headed "Restricted Shareholders and other Overseas Shareholders".

7. Recommendation

The Board is making no recommendation to Qualifying Shareholders in relation to participation in the Tender Offer itself or in relation to the conversion of any Class A Shares into Ordinary Shares in order to participate in the Tender Offer. Whether or not Qualifying Shareholders decide to tender all or any of their Ordinary Shares or, in the case of Qualifying Class A Shareholders, to convert all or any of the Class A Shares into Ordinary Shares in order to participate in the Tender Offer, will depend, among other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Qualifying Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.

None of the Directors or ARC intends to tender any of their Ordinary Shares pursuant to the Tender Offer.

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If you are in any doubt about the contents of the Circular or the action you should take, you should seek your own independent financial or legal advice immediately.

8. Expected Timetable of Principal Events

The expected timetable for the Tender Offer is as follows:

Latest time and date for receipt of Conversion Notices, accompanied by the relevant share certificate(s) or other document(s) of title, for Class A Shareholders wishing to participate in the Tender Offer	5.00 p.m. on 14 September 2017
Conversion of Class A Shares into Ordinary Shares in respect of which a Conversion Notice has been given	25 September 2017
Admission to the SFS of Ordinary Shares arising on conversion of Class A Shares in respect of which a Conversion Notice has been given	8.00 a.m. on 25 September 2017
Latest time and date for receipt of Tender Forms or for settlement of TTE Instructions in respect of the Tender Offer	3.00 p.m. on 26 September 2017
Record Date for participation in the Tender Offer	6.00 p.m. on 26 September 2017
Results of the Tender Offer announced	27 September 2017
Settlement date: cheques despatched and CREST accounts credited with proceeds in respect of successfully tendered Ordinary Shares (including Ordinary Shares arising on conversion of Class A Shares)	from 2 October 2017
Balancing certificates despatched and CREST accounts credited in respect of unsold Ordinary Shares (including Ordinary Shares arising on conversion of Class A Shares)	week commencing 9 October 2017

Capitalised terms and expressions shall have the same meanings as those attributed to them in the Circular.

A copy of the Circular will shortly be available for inspection on the National Storage Mechanism at www.hemscott.com/nsm.do and is available for download from the Company's website <http://www.alpharealtrustlimited.com/>.

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