16 November 2018

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

ART ANNOUNCES ITS HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

- NAV per ordinary and A share 178.4p: 30 September 2018 (172.9p: 31 March 2018)
- Basic earnings for the six months ended 30 September 2018 of 6.5p per ordinary and A share (18.5p per ordinary share and of 23.3p per A share for the year ended 31 March 2018)
- Adjusted earnings for the six months ended 30 Sept 2018 of 2.5p per ordinary and A share (3.5p per ordinary and A share for the year ended 31 March 2018) *
- Declaration of a quarterly dividend of 0.6p per ordinary and A share, expected to be paid on 14 December 2018
- Balanced portfolio: continued capital allocation to a mix of investments which balance income returns while creating potential for capital value growth, including a growing portfolio of mezzanine and first charge secured property loans
- Hamburg investment: acquisition of an industrial facility in Hamburg, Germany leased to a leading international group acquired for €16.7 million (£14.8 million) including acquisition costs
- Mezzanine loan investment: twelve facilities were completed during the six months to 30 September 2018 with £20.4 million invested at period end; post period end, further loans totalling £1.8 million have been funded
- Private rented sector residential: detailed planning consent was granted for a further 357 residential units in two buildings of up to 21 storeys at the Monk Bridge, Leeds site, resulting in a 36% uplift in the site's valuation during the period
- H2O shopping centre Madrid: positive growth in visitor numbers continues in 2018. A masterplan for the shopping centre has been created with a view to potentially creating additional leasable space and upgrading the centre's common areas
- Data centre Frankfurt: site enabling works including site remediation and the construction of an electricity receptor building have been completed; power upgrade funding and works are advancing on schedule

* The basis of the adjusted earnings per share is provided in note 9

David Jeffreys, Chairman of Alpha Real Trust, commented:

"ART's diversified portfolio provides a balance of investments that offer scope to deliver strong cashflows, capital value growth and attractive risk adjusted total returns. ART adopts a flexible investment approach which allows the Company to take advantage of new investment opportunities where it sees best value and to divest when accretive profit taking opportunities are identified.

The Company currently focusses on high return 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 that offer scope to generate long term income streams off a lower entry cost through development.

New investments continue to be secured. During the period the Company acquired an industrial facility in Hamburg, Germany for £14.8 million (€16.7 million) leased to a leading industrial group. ART continues to actively augment and diversify its portfolio of mezzanine loan investments. During the period a further £12.3 million was invested into the loan portfolio, with an additional £1.8 million invested post period end.

The Company has secured planning consent for all of its build-to-rent investments. During the period an enhanced *planning consent was granted for a further 357 residential units in two buildings of up to 21 storeys at the Monk Bridge, Leeds site, resulting in a material uplift in the site's valuation during the period.*

The Company remains well positioned to continue to deliver attractive returns through investing, realising and re-investing its capital in asset backed investment opportunities."

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

For further information please contact:

Alpha Real Trust Limited
David Jeffreys, Chairman, Alpha Real Trust +44 (0) 1481 231 100
Gordon Smith, Joint Fund Manager, Alpha Real Trust +44 (0) 207 391 4700
Brad Bauman, Joint Fund Manager, Alpha Real Trust +44 (0) 207 391 4700

Panmure Gordon, Broker to the Company
Richard Gray / Andrew Potts +44 (0) 20 7886 2500 Notes to editors:

About Alpha Real Trust
Alpha Real Trust Limited targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.
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 focusses on high return 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-rent investments. The current portfolio mix, excluding sundry assets/liabilities, is as follows:

	30 Sep 2018	31 Mar 2018
High return equity in property investments:	28.4%	21.7%
Ground rent investments:	11.7%	24.3%
Build-to-rent investments:	32.8%	28.2%
High return debt:	17.1%	11.0%
Other investments:	3.6%	9.4%
Cash:	6.4%	5.4%

Dividends

The current intention of the Directors is to pay a dividend quarterly to all shareholders. Any realised value from the Romulus investment is exclusively for the benefit of ART A shareholders, however this is unlikely to be material.

Listing

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

Management

The Company's Investment Manager is Alpha Real Capital LLP ("ARC"), whose team of investment and asset management professionals focus on the potential to enhance earnings in addition to adding value to the underlying assets, and also focus on the risk profile of each investment within the capital structure to best deliver 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 2018	12 months ended 31 March 2018	6 months ended 30 September 2017
Net asset value (£'000)	122,157	118,451	114,626
Net asset value per ordinary and A share	178.4p	172.9p	167.3p
Earnings per ordinary share (basic and diluted) (adjusted)*	2.5p	3.5p	3.0p
Earnings per A share (basic and diluted) (adjusted)*	2.5p	3.5p	3.0p
Earnings per ordinary share (basic and diluted)	6.5p	18.5p	13.3p
Earnings per A share (basic and diluted)**	6.5p	23.3p	17.7p
Dividend per share (paid during the period)***	1.8p	1.8p	1.2p
Special dividend per A share (paid during the period)	-	4.3p	4.3p

* The adjusted earnings per share includes adjustments for the effect of the fair value revaluation of investment property and indirect property investments, capital element on Investment Manager's fees, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 9 to the accounts.
** The difference in basic and diluted EPS between ordinary and A shares is due to the Romulus investment, which is exclusively for the benefit of ART A shareholders (note 9).
*** Dividends for the quarter ended 30 June 2018 were paid on 21 September 2018.

Chairman’s statement

I am pleased to present the Company’s half year report and accounts for the six months ended 30 September 2018.

It has been an active period for ART with new high return equity and debt investments completed, continuing to help deliver our strategy of maintaining a diversified portfolio of assets across various sectors that are capable of delivering attractive risk adjusted returns. We have also secured asset management successes, across the portfolio, notably in the build-to-rent assets.

Our target investment criteria currently focuses on high return 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.

Hamburg acquisition

During the period ART acquired an industrial facility in Hamburg, Germany, for £14.8 million (€16.7 million) including acquisition costs.

The property is leased to a leading international group, Veolia Umweltservice Nord GmbH, part of the Veolia group, an international industrial specialist in water, waste and energy management, with a 24-year unexpired operating lease term. Under the lease, the tenant is responsible for building maintenance and the passing rent of €0.9m p.a. has periodic inflation linked adjustments.

As part of the acquisition funding, ART has secured a €9.5 million fixed rate loan facility with a 10-year term.

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

This acquisition offers the Company the potential to benefit from a long term, secure and predictable, inflation-linked income stream which is expected to generate stable, high single digit income returns whilst contributing additional diversification to ART’s portfolio. In addition, the investment offers the potential for associated capital growth from an industrial location in a major German logistics and infrastructure hub.

New secured lending investment

ART continues to actively augment and diversify its portfolio of secured real estate loans and mezzanine loan investments. These loans are typically secured on real estate investment and development assets with high risk-adjusted income returns. As at 30 September 2018, ART had invested a total amount of £20.4 million across 22 loans, of which 12 loans were completed during the period. Post period end, a further two loans totalling £1.6 million were funded and an additional drawdown of £0.2m was made on an existing loan.

During the period three loans were repaid, one mezzanine loan generated an annualised return of circa 14.6% while a further mezzanine short duration loan generated an annualised return of circa 30.1%. The other loan repaid was a senior secured facility which generated an annualised return of circa 10.8%. Post period end, one loan was repaid for £0.3 million and a part payment for another loan was received amounting to £0.2 million.

Each loan will typically have a term of up to two years, a maximum 75% loan to value ratio and be targeted to generate high risk adjusted income returns. Repayment proceeds will be reinvested into new facilities where the Company is developing a strong pipeline of opportunities.

Private Rented Sector investment

The Company’s investments in the residential Private Rented Sector (“PRS”) in central Leeds and central Birmingham are opportunities that were secured early in the build-to-rent process. The investments offer the potential to create capital uplift in value through enhanced planning initially with the opportunity to develop and let in order to obtain longer term income returns at an attractive yield on cost. Detailed planning consent for both sites has been secured.

During the period, the Company announced that a further planning consent was granted in respect of the development site at Monk Bridge in Leeds. Detailed planning consent was originally granted in May 2017 for 307 PRS flats in three buildings and the restoration of the adjacent Grade II listed former railway arches as a raised park and ancillary retail, leisure and restaurant uses in the former arches below. In September 2018, detailed planning consent was granted for a further 357 residential units in two buildings of up to 21 storeys. The Company acquired the development site in December 2015 for a price of £3.75 million at which time the site had implemented planning consent for 269 residential units. Following the latest planning consent the site valuation has increased to £12.3 million, a 36.1% uplift during the period.

The Company is exploring ways to optimise the returns from its PRS investments and is exploring joint development and forward sale opportunities with potential partners.

Data centre investment

In October 2017 ART was granted detailed planning consent for a five-storey data centre extending to 40,338 square metres on a site in Frankfurt. Further, the local utility provider has also contracted to upgrade the power supply to the site to deliver a 35 Mega Volt Ampere (‘MVA’) dual feed power supply on a phased basis to 2020, synchronised with local electricity substation and cable route upgrades.

ART acquired the site in December 2017 following completion under the conditional contract, with the acquisition having being contingent on the target planning consent and the electricity supply being obtained. ART achieved detailed planning for a data centre building and its mechanical and electrical systems.

Site enabling works have been completed. This has involved undertaking pre-identified ground remediation works and the creation of an electricity receptor building. The site acquisition and enabling works have been funded from the Company’s cash reserves. Active marketing of the project to potential data centre occupiers and end users is underway.

H2O, Madrid

ART has a 30% stake in joint venture with CBRE Global Investors in the H2O shopping centre in Madrid. H2O continues to benefit from ongoing asset management initiatives. The centre attracted record visitor numbers in the first nine months of 2018, despite one of the main anchor tenants, the Mercadona supermarket, closing for a month to undertake a complete refurbishment of the store. An active leasing programme continues and, during the 9 months to September 2018, over 1,900 square metres of space leased to new operators or existing tenants seeking larger unit formats.

Working in conjunction with a masterplanning architect, a design plan for the shopping centre has been created. This has identified opportunities that are capable of being implemented in phases over the medium term. A value engineering exercise is underway to identify potential upgrades of the physical space and, subject to planning consent, the creation of new retail stores.

Galaxia, India

As announced in January 2015, the International Chamber of Commerce (ICC) Arbitration declared an award in favour of the Company with respect to its Galaxia investment, a joint venture with the Logix Group (“Logix”) regarding an 11.2-acre development site located in NOIDA, the National Capital Region (NCR), India. The total award amounted to £9.2 million based on exchange rates at the time. Additionally, a further 15% p.a. interest on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award.

Following challenges of the award by Logix, both the Delhi High Court and a division bench of the Delhi High Court upheld the award declared in favour of the Company and rejected Logix’s appeal. Logix appealed the dismissal before the Supreme Court of India. The Supreme Court admitted the appeal and ordered Logix to deposit INR 200 million (£2.2 million) with the court. In May 2018, the Supreme Court permitted the Company to unconditionally withdraw INR 100 million (£1.1 million), which has since been recovered by the Company, and the remaining INR 100 million (£1.1 million) deposited by Logix may be withdrawn by the Company upon provision of a bank guarantee acceptable to the Supreme Court. The next Supreme Court hearing is scheduled for November 2018.

ART has commenced execution of the award and the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The Court has also restrained Logix from alienating their immovable assets. ART continues to actively pursue Logix directors for the recovery of the award.

The sum awarded to ART has now accrued to £13.0 million at the current exchange rate.

The Directors, taking into consideration legal advice received following Logix’s challenge of the Award, consider it appropriate to carry this joint venture in its accounts at INR 350.0 million, which is the amount invested less the £1.1 million deposit withdrawal described above. The amount recognised in the account excludes the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Capital recycling and reinvestment

ART continues to actively manage its portfolio to enhance the value of the underlying assets and recycle capital from investments where profit taking and portfolio optimisation opportunities are identified. This successful capital recycling allows for capital to be reinvested in new opportunities that meet the Company’s return criteria.

Positioning for continued investment

The Company continues to maintain a pipeline of new investment opportunities under active review which compete for capital allocation. The increased investment in high return equity in property investments and high return debt completed during the period are examples of the opportunities being sought which cover both a range of markets and asset types.

ART benefits from the depth of experience, strength and size of the Investment Manager's business with a team of over 100 investment, asset management and debt restructuring professionals based throughout the UK and Europe. ART's active management approach has helped deliver improvements in underlying asset values, in both directly and indirectly held investments across our investment markets.

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

Results and dividends

Dividends

Adjusted earnings for the six months ended 30 September 2018 are £1.7 million (2.5 pence per ordinary share and A share, see note 9 of the financial statements). This compares with adjusted earnings per ordinary and A share of 3.00 pence for the same period in 2017.

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 14 December 2018 (ex-dividend date 29 November 2018 and record date 30 November 2018).

The dividends paid and declared for the six months to 30 September 2018 totalled 1.8 pence per ordinary share representing an annual dividend yield of 1.8% p.a. on the average share price over the twelve months to 30 September 2018.

The net asset value per ordinary and A share at 30 September 2018 is 178.4 pence per share (31 March 20108: 172.9 pence per share) (see note 10 of the financial statements).

Financing

ART's underlying investments are part funded through loan facilities with external debt providers, which are secured on underlying assets and are non-recourse to the Group's other asset investments.

As at 30 September 2018 the Group has one direct bank loan: a non-recourse facility used to finance the acquisition of the Hamburg property (see below).

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

Brexit

In June 2016, 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 sound. 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:€1.124 and £1:INR94.538.

Summary

ART's diversified portfolio provides a balance of investments that offer scope to deliver strong cashflows, capital value growth and attractive risk adjusted total returns. ART adopts a flexible investment approach which allows the Company to take advantage of new investment opportunities where it sees best value and to divest when accretive profit taking opportunities are identified.

The Company currently focusses on high return 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 that offer scope to generate long term income streams off a lower entry cost through development.

New investments continue to be secured. During the period the Company acquired an industrial facility in Hamburg, Germany for £14.8 million (€16.7 million) leased to a leading industrial group. ART continues to actively augment and diversify its portfolio of mezzanine loan investments. During the period a further £12.3 million was invested into the loan portfolio, with an additional £1.8 million invested post period end.

The Company has secured planning consent for all of its build-to-rent investments. During the period an enhanced planning consent was granted for a further 357 residential units in two buildings of up to 21 storeys at the Monk Bridge, Leeds site, resulting in a material uplift in the site's valuation during the period.

The Company remains well positioned to continue to deliver attractive returns through investing, realising and re-investing its capital in asset backed investment opportunities.

David Jeffreys
Chairman
15 November 2018

Investment review

Portfolio overview as at 30 September 2018

Investment name Investment type	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio[1]	Notes *
High return debt (17.1%)							
Secured senior finance							
Senior secured loans	£14.2m [2]	8.0% to 10.0% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt	11.9%	15
Secured mezzanine finance							
Second charge mezzanine loans	£6.2m [2]	12.0% to 20.0% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt	5.2%	15
High return equity in property investments (28.4%)							
H2O shopping centre							
Indirect property	£19.4m (€21.8m)	6.1% [4]	Spain	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; medium term moderately geared bank finance facility	16.3%	14
Long leased industrial facility, Hamburg							
Equity	£6.2m** (€7.0m)	n/a	Germany	Long leased industrial complex in major	Long term moderately geared bank finance facility	5.2%	n/a
Active UK Real Estate Fund plc							
Equity	£6.3m	n/a	UK	High-yield commercial UK portfolio	27.8% of ordinary shares in fund	5.2%	13
Cambourne Business Park							
Indirect property	£2.0m	10.2% [4]	UK	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility	1.7%	14
Ground rent investments (11.7%)							
Freehold Income Authorised Fund							
Ground rent fund	£13.9m	3.6% [5]	UK	Highly defensive income; freehold ground rents	No gearing; monthly liquidity	11.7%	13
Build-to-rent investments (32.8%)							
Unity and Armouries, Birmingham							
PRS development	£4.7m	n/a	UK	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial	3.9%	11
Monk Bridge, Leeds							
PRS development	£12.3m	n/a	UK	Central Leeds residential build-to-rent	Planning consent for 388,240 square feet / 664 units plus commercial	10.3%	11
Data centre, Frankfurt							
Direct property	£22.1m*** (€24.8m)	n/a	Germany	Site with planning and committed power for data centre use	Freehold site with no debt	18.6%	11
Other investments (3.6%)							
Galaxia							
Joint venture in arbitration	£3.7m (INR 350m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	3.1%	12
Europip plc							
Indirect equity	£0.3m (€0.3m)	n/a	N/A	Awaiting final shareholder distribution	47% of the total ordinary shares in fund	0.3%	13
Healthcare & Leisure Property Limited							
Indirect property	£0.2m	n/a	UK	Leisure property fund	No external gearing	0.2%	13
Cash and short term investments (6.4%)							
Cash	£7.9m	0.1%	UK	Current or 'on call' accounts		6.4%	n/a

* See notes to the financial statements for more details
** Property value net of associated debt including sundry assets/liabilities
*** Property value net of provision for deferred tax
[1] Percentage share shown based on NAV excluding the 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 2018
[5] 12 month income return; post tax

High return equity in property investments

Overview

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

There continues to be significant amounts of capital seeking investment opportunities globally that have the potential to deliver yield or high risk adjusted total returns. Cash deposit interest rates remain at close to zero while an increasingly stabilised debt market provides liquidity and an ability to borrow at relatively low interest rates. A combination of these factors continues to create high investor demand for real estate and asset backed sectors in general.

H2O Shopping Centre, Madrid

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
H2O	Indirect property	£19.4m (€21.8m)	6.1% *	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; 6-year term bank finance facility

* Yield on equity over six months to 30 September 2018

H2O shopping centre 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 52,425 square metres comprising 123 retail units. In addition to a multiplex cinema, supermarket (let to leading Spanish supermarket operator Mercadona) and restaurants, it has a large fashion retailer base, including some of the strongest international fashion brands, such as Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti.

Following the sale of a 70% equity interest in the H2O during 2017, ART retains a 30% stake in the joint venture. The continued equity interest allows ART to participate in the future growth of the centre. ARC, the investment manager of ART, continues to manage the shopping centre.

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

The asset management highlights are as follows:

- Valuation: +2.7% valuation increase over the year ending 31 March 2018
- Additional site: the H2O investment includes a small vacant site located in the same planning zone as H2O that was acquired during 2017. The site has over 11,000 square metres of allocated building rights. A planning application has been made to transfer part of these building rights to the H2O plot, which if successful, could create potential for the future expansion of the shopping centre.
- Centre occupancy: 93.3% by area as at 30 September 2018 (96.2% by rental value with short term temporary rent discounts also remaining in place to create further potential upside). Weighted average lease length to next break of 2.3 years and 9.0 years to expiry (30 September 2018).
- Footfall and sales: over the nine-month period to 30 September 2018, visitor numbers increased 1.5%, and like-for-like sales performance from tenants increased by 1.9% above the same period in 2017.
- Active leasing programme: during the 9 months to September 2018, over 1,900 square metres of space was leased to new operators or existing tenants seeking larger unit formats.
- Working in conjunction with a masterplanning architect, a design plan for the shopping centre has been created. This has identified opportunities that are capable of being implemented in phases over the medium term. A value engineering exercise is underway to identify target upgrades of the physical space and, subject to planning consent, the creation of new retail stores.

Active UK Real Estate Fund plc

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Active UK Real Estate Fund plc	Equity	£6.3m	n/a	High-yield commercial UK portfolio	27.8% of the total ordinary shares in fund

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 International Stock Exchange (www.tisegroup.com). Following certain strategic asset sales, AURE has repaid its outstanding debts and is now ungeared.

ART owns 27.8% of the share capital and voting rights in AURE (30 September 2018).

The following highlights were included in the latest AURE factsheet as at 30 June 2018 (published August 2018):

- Fund Performance & Benchmark Ranking: successful delivery of the business plan is reflected in AURE now being placed in the top 8% of performance against the 1-year IPD benchmark. AURE provided a 1-year return of 14.1% compared to the IPD benchmark of 9.4%.
- Increased NAV; the net asset value per share has increased by 10.6% from last year (30 June 2017), which equates to an increase of £2.2 million in net assets.
- Sales; a sale of an office building at 22.4% above its valuation from last quarter (31 March 2018) was completed during the period.

ARC is the investment manager 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.

Long leased industrial facility, Hamburg

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Industrial facility, Werner-Siemens-Straße Hamburg, Germany	Direct property	£6.2m**	n/a*	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Acquisition completed in August 2018
** Property value net of associated debt including sundry assets/liabilities

In August 2018 ART acquired an industrial facility in Hamburg, Germany for €16.7 million (£14.8 million) including acquisition costs, leased to a leading international group.

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

The property is leased to Veolia Umweltservice Nord GmbH, part of the Veolia group, an international industrial specialist in water, waste and energy management, with a 24-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

The Hamburg asset is funded by way of a €9.5 million (£8.5 million) non-recourse, fixed rate, bank debt facility which matures in 2028.

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

Cambourne Business Park, Phase 1000, Cambridge

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£2.0m	10.2% *	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility

* Yield on equity over 12 months to 30 September 2018

The Company has an investment of £2.0 million in a joint venture that owns Phase 1000 of Cambourne Business Park. The property consists of three Grade A specification modern office buildings constructed in 1999 and located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,767 square metres of lettable area, is self-contained and has 475 car parking spaces. Phase 1000 is situated at the front of the business park with good access and visibility.

Phase 1000 is a high-quality asset, fully let to Netcracker Technology EMEA Ltd, Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd') and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd, who signed a new 10 year lease for 43,300 square feet of space (previously occupied by Citrix Systems), representing approximately 41% of the investment's total office space. The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. ART's equity contribution of £1.1 million, which represented 10.0% of the total equity commitment at acquisition, is invested into a joint venture entity, a subsidiary of which holds the property. The property is currently delivering an equity income return of 10.2% per annum as at 30 September 2018.

The Cambourne asset is funded by way of a £14.0 million (as at 30 September 2018) non-recourse bank debt facility which matures in 2023.

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

High return debt

Overview

ART continues to remain focussed on creating a diversified portfolio of high return senior (first charge) loans and mezzanine (second charge) loans secured on real estate assets. ART seeks opportunities that it can fully underwrite with the support of the Investment Manager's asset-backed lending experience and knowledge of the underlying assets and sectors, or in partnership with specialist debt providers. Repayment proceeds from current lending is expected to be recycled into new loans.

Secured Finance

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Secured senior finance	First charge secured loans	£6.2m *	8-10%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£14.2m *	12%/20%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt and subordinated debt

* Including accrued coupon at the balance sheet date
** Annual coupon

In line with the objective of creating a diversified portfolio of smaller high return real estate backed loans, ART has extended its lending activity with twelve loans being advanced during the period.

As at 30 September 2018, ART had invested £20.4 million in smaller real estate loans. Post period end, a further two loans totalling £1.6 million were funded, an additional drawdown of £0.2m was made on an existing loan, one loan was repaid for £0.3 million and a part payment for another loan was received amounting to £0.2 million.

Further loan opportunities are continually being evaluated. Each loan will typically have term of up to two years, a maximum 75.0% loan to value ratio and is targeted to generate a high risk adjusted income return. Repayment proceeds will be rotated into new loan assets.

Build-to-rent investments

Overview

ART has achieved the significant milestone of securing planning consent for each of its build-to-rent investments. The Company's investment opportunities were secured early in the build-to-rent process. These investments offer the opportunity to create a higher yield on cost than is available from purchasing existing built investments of the same quality. The investments also offer scope for capital growth as the sites mature or planning enhancements are achieved.

Build-to-rent investments provide the Company with flexibility to add value by either constructing the development, funded with either equity capital, joint venture capital or debt, and subsequently holding the completed assets as investments; or, alternatively, forward selling all or some of the developed property.

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 and affords participation in a maturing market which is attracting greater institutional participation. The opportunity exists to create a portfolio delivering an attractive yield on equity.

Unity and Armouries, Birmingham

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Unity and Armouries, Birmingham	Direct property	£4.7m	n/a	Central Birmingham residential build-to-rent	Leasehold site with no debt Planning consent for 90,000 square feet / 162 units plus commercial

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

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

As at 30 September 2018, an independent valuation has been undertaken by GVA valuing the site at £4.7 million and also underwriting all of the current cost and value parameters currently assumed. The project has a potential gross development value in excess of £35 million.

Preferred construction partners have been selected. The project design team continues 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	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Monk Bridge, Leeds	Direct property	£12.3m	n/a	Central Leeds residential build-to-rent	Freehold site with no debt Planning consent for 388,240 square feet / 664 units plus commercial

ART owns Monk Bridge, a development site located in central Leeds. During the period, the Company announced that a further detailed planning consent was achieved in respect of the development.

Detailed planning consent was originally granted in May 2017 for 307 PRS flats in three buildings over 180,049 square feet of net saleable space and the restoration of the adjacent Grade II listed former railway arches as a raised park and ancillary retail, leisure and restaurant use over 25,080 square feet in 16 units in the former arches below.

In September 2018, detailed planning consent was granted for a further 357 residential units in two buildings of up to 21 storeys over 208,191 square feet of net saleable space.

The Company acquired the development site in December 2015 for a price of £3.75 million at which time the site had implemented planning consent for 269 residential units.

As at 30 September 2018, an independent valuation was undertaken by Savills valuing the site at £12.3 million, representing a 36% uplift during the period. The project has a potential estimated gross development value in excess of £153 million.

Preferred construction partners have been selected. The project design team continues 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.

Data centre, Frankfurt

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Data centre, Frankfurt	Direct property	£22.1m* (€24.8m)	n/a	Site with planning and committed power for data centre use	Freehold site with no debt Planning consent for 40,338 square metres

* Property value net of provision for deferred tax

ART owns an industrial site in Frankfurt, Germany, for which it has secured detailed planning consent for a five-story data centre extending to 40,338 square metres and a commitment from the local utility provider to install a 35 MVA a dual feed power supply to the site. The power supply, funded by ART, will be installed on a phased basis over the coming two years, synchronised with local electricity substation and cable route upgrades.

Site enabling works have been completed. These works included the undertaking of pre-identified ground remediation works and the creation of an electricity receptor building required to receive the upgraded electricity supply connection and to create site conditions that are suitable for the construction of a data centre.

The acquisition of the site and planning and design costs in addition to ongoing site preparation works and electricity connection costs are being funded by the Company's cash reserves. Including the cost of site acquisition and planning costs funded to date, the Company's total potential investment into the data centre project is estimated to be up to €27 million (£24.0 million).

As at 30 September 2018, an independent valuation was undertaken by Cushman and Wakefield valuing the site at €25.4 million (£22.6 million).

The Company's strategy is to secure a tenant pre-let and fund the balance of development costs with debt. Active marketing of the project to potential data centre occupiers and end users is already underway.

Freehold ground rent investments

Overview

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	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Freehold Income Authorised Fund	Ground rent fund	£13.9m	3.6% *	Highly defensive income; freehold ground rents	No gearing; monthly liquidity

* 12 months income return; post tax

The Company has invested £13.9 million as at 30 September 2018 in FIAF, an open-ended fund that invests in UK freehold ground rents with a net asset value of £295.8 million as at 30 September 2018.

During the period, ART redeemed £15.0 million of FIAF units and, post period end, the Group redeemed a further £3.0 million of FIAF units.

The following highlights were reported in the FIAF fact sheet as at 30 September 2018 (published in October 2018):

- FIAF owns over 65,000 freeholds with a gross annual ground rent income of circa £8.9 million
- FIAF continues its unbroken 25-year track record of positive inflation beating returns.
- 86% 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 13 August 2018, a 1% dilution levy will be applied to subscriptions into the Fund. This levy remains constantly under review at each dealing day.

ART's total return on its investment in FIAF was 8.5% (annualised post tax) for the six months ended 30 September 2018.

Cash balances

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Cash balance	Cash	£7.9m	0.1%	Current or 'on call' accounts	n/a

As at 30 September 2018, the Group had cash balances of £7.9 million.

Other investments

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Europip	Indirect equity	£0.3m (€0.3m)	n/a	Awaiting final shareholder distribution	47% of ordinary shares in fund

ART has a 47.0% stake in Europip (shares are non-voting), an Isle of Man domiciled open ended investment company.

The investment company is in the process of being wound-up. The remaining value of ART's investment in Europip is valued at £0.3 million and a further capital redemption distribution is expected in 2019.

A subsidiary of ARC, Alpha Real Property Investment Advisers LLP ('ARPIA') is the investment manager for Europip.

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£0.2m	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 2018, ART had £0.2 million invested in HLP. ART continues to receive income from its investment while HLP's underlying assets are sold.

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Galaxia	Joint venture in arbitration	£3.7m (INR 350m)	n/a	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award

ART invested INR 450.0 million (£4.8 million) in the Galaxia project, a joint venture agreement with Logix Group, 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.

In February 2011, ART recommenced arbitration proceedings against its development partner Logix Group ("Logix") in order to protect its Galaxia investment, an 11.2 acre development site, in NOIDA, the National Capital Region (NCR), India. In January 2015, the ICC Arbitral Tribunal 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 450.0 million (equivalent to £4.8 million using the period end exchange rate as at 30 September 2018) along with interest at 18% per annum from 31 January 2011 to 20 January 2015.
- All costs incurred towards the arbitration.
- A further 15% interest per annum on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award.

Logix challenged the validity of the arbitration award in the Delhi High Court and latterly to the Division Bench of the Delhi High Court. Both courts dismissed the respective appeals and upheld the award declared in favour of the Company. Logix appealed the dismissal before the Supreme Court of India. The Supreme Court admitted the appeal and ordered Logix to deposit £2.2 million (INR 200 million). In May 2018, the Supreme Court permitted the Company to unconditionally withdraw INR 100 million (£1.1 million) which has been received by the Company. The remaining INR 100 million (£1.1 million) deposited by Logix may be released against a bank guarantee suitable to the Supreme Court. The next Supreme court hearing is scheduled for November 2018.

ART has commenced execution of the award and the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The Court has also restrained Logix from alienating their immovable assets. ART continues to actively pursue Logix directors for the recovery of the award.

The sum awarded to ART, including the recovered deposits, has now accrued to £13.0 million at the current exchange rate.

The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to carry this joint venture in its accounts at INR 350.0 million, which is the amount invested less the £1.1 million deposit withdrawal described above. The amount recognised in the account excludes the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

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 attractive risk adjusted total returns.

ART continues to actively pursue new investment targets that have the potential to generate attractive risk adjusted total returns while undertaking selective divestment from the current portfolio where profit taking opportunities are identified to enable capital recycling.

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

15 November 2018

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 2018, 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; the following changes occurred during the period: on 30 May 2018, Roddy Sage ceased to be a Director and, on 8 October 2018, William Simpson was appointed as Director following Serena Tremlett’s resignation on the same day.

By order of the Board

Mel Torode
Director

15 November 2018

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 2018 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Use of our report

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half year report for the six months to 30 September 2018 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

15 November 2018

Condensed consolidated statement of comprehensive income

		For the six months ended 30 September 2018 (unaudited)			For the six months ended 30 September 2017 (unaudited)		
	Notes	Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	1,438	-	1,438	4,151	-	4,151
Change in the revaluation of investment property	11	-	1,604	1,604	-	1,652	1,652
Gains on financial assets and liabilities held at fair value through profit or loss	6	1,104	181	1,285	1,267	56	1,323
Total income		**2,542**	**1,785**	**4,327**	**5,418**	**1,708**	**7,126**
Profit on subsidiary disposal		-	-	-	-	4,191	4,191
Expenses							
Property operating expenses		(26)	-	(26)	(1,409)	-	(1,409)
Investment Manager's fee		(1,035)	-	(1,035)	(981)	-	(981)
Other administration costs		(550)	-	(550)	(580)	-	(580)
Total operating expenses		**(1,611)**	**-**	**(1,611)**	**(2,970)**	**-**	**(2,970)**
Operating profit		**931**	**1,785**	**2,716**	**2,448**	**5,899**	**8,347**
Share of profit/(loss) of joint ventures	14	831	980	1,811	258	225	483
Finance income	4	2	-	2	3	1,306	1,309
Finance costs	5	(23)	(34)	(57)	(646)	-	(646)
Profit before taxation		**1,741**	**2,731**	**4,472**	**2,063**	**7,430**	**9,493**
Taxation	7	(30)	(3)	(33)	(7)	-	(7)
Profit after taxation		**1,711**	**2,728**	**4,439**	**2,056**	**7,430**	**9,486**
Other comprehensive income for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	513	513	-	1,103	1,103
Reclassification of foreign exchange gains on translation of foreign operations following disposals		-	-	-	-	(3,987)	(3,987)
Other comprehensive income/(expense) for the period		**-**	**513**	**513**	**-**	**(2,884)**	**(2,884)**
Total comprehensive income for the period		**1,711**	**3,241**	**4,952**	**2,056**	**4,546**	**6,602**
Earnings per ordinary share (basic & diluted)	9			**6.5p**			**13.3p**
Earnings per A share (basic & diluted)	9			**6.5p**			**17.7p**
Adjusted earnings per ordinary share and A share (basic & diluted)	9			**2.5p**			**3.0p**

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

Condensed consolidated balance sheet

	Notes	30 September 2018 (unaudited) £'000	31 March 2018 (audited) £'000
Non-current assets			
Investment property	11	53,778	33,021
Joint venture in arbitration	12	3,702	4,921
Investments held at fair value	13	6,758	6,798
Investment in joint ventures	14	21,420	19,332
Loans advanced	15	10,333	3,283
		95,991	**67,355**
Current assets			
Investments held at fair value	13	13,857	33,692
Derivatives held at fair value through profit or loss		-	100
Loans advanced	15	10,096	9,817
Trade and other receivables	16	4,606	3,403
Cash and cash equivalents		7,868	6,273
		36,427	**53,285**
Total assets		**132,418**	**120,640**
Current liabilities			
Trade and other payables	17	(1,360)	(1,663)
Bank borrowings	18	(22)	-
Total current liabilities		**(1,382)**	**(1,663)**
Total assets less current liabilities		**131,036**	**118,977**
Non-current liabilities			
Bank borrowings	18	(8,342)	-
Deferred tax		(537)	(526)
Total non-current liabilities		**(8,879)**	**(526)**
Total liabilities		**(10,261)**	**(2,189)**
Net assets		**122,157**	**118,451**
Equity			
Share capital	19	-	-
Special reserve		78,248	78,261
Translation reserve		323	(190)
Capital reserve		23,608	20,880
Revenue reserve		19,978	19,500
Total equity		**122,157**	**118,451**
Net asset value per ordinary and A share	10	**178.4p**	**172.9p**

The financial statements were approved by the Board of Directors and authorised for issue on 15 November 2018. They were signed on its behalf by Mel Torode.

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

Condensed consolidated cash flow statement

	For the six months ended 30 Sep 2018 (unaudited) £'000	For the six months ended 30 Sep 2017 (unaudited) £'000
Operating activities: Profit for the period after taxation	4,439	9,486
Adjustments for:		
Change in revaluation of investment property	(1,604)	(1,652)
Net gains on financial assets and liabilities held at fair value through profit or loss	(1,285)	(1,323)
Profit on investment property disposal	-	(4,191)
Taxation	33	7
Share of profit of joint venture	(1,811)	(483)
Interest receivable on loans to third and related parties	(1,341)	(527)
Finance income	(2)	(1,309)
Finance cost	57	646
Operating cash flows before movements in working capital	**(1,514)**	**654**
Movement in trade and other receivables	446	(1,441)
Movement in trade and other payables	(325)	(2,324)
Cash flows used in operations	**(1,393)**	**(3,111)**
Interest received	2	3
Interest paid	(1)	(314)
Tax paid	(3)	(1)
Cash flows used in operating activities	**(1,395)**	**(3,423)**
Investing activities		
Acquisition of investments	-	(21,237)
Acquisition of investment property	(14,835)	-
Disposal of 70% equity interest in H2O	-	36,936
Cash disposed of as part of H2O partial disposal	-	(4,811)
Redemption on investments	20,330	5,269
Redemption on preference shares' investments	343	3,021
Capital return from investment receivable	1,106	-
Capital expenditure on investment property	(3,915)	(1,780)
Loan repayment from related party	-	13,678
Loans granted to third parties	(12,637)	(1,526)
Loans repayment from third parties	6,272	-
Loan interest received	379	792
Dividend income from other investments	505	4
Capital distribution from other investments	-	274
Cash flows (used in)/from investing activities	**(2,452)**	**30,620**
Financing activities		
Bank loan repayment	-	(60,810)
Bank loan advanced	8,400	55,622
Bank loan costs	(111)	(1,432)
Share buyback	(13)	(1,018)
Share buyback costs	-	(27)
Cash paid on maturity of foreign exchange forward	(16)	(1,406)
Foreign exchange forward collateral paid	(1,550)	(850)
Interest rate swaption paid	-	(290)
Ordinary dividends paid	(1,233)	(832)
Special dividend paid to A shareholders	-	(272)
Cash flows generated from/(used in) financing activities	**5,477**	**(11,315)**
Net increase in cash and cash equivalents	**1,630**	**15,882**
Cash and cash equivalents at beginning of period	**6,273**	**5,397**
Exchange translation movement	(35)	407
Cash and cash equivalents at end of period	**7,868**	**21,686**

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

For the six months ended 30 September 2017 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2017		**79,306**	**2,011**	**10,511**	**18,345**	**110,173**
Total comprehensive income for the period						
Profit for the period		-	-	7,430	2,056	9,486
Other comprehensive income for the period		-	(2,884)	-	-	(2,884)
Total comprehensive income for the period		**-**	**(2,884)**	**7,430**	**2,056**	**6,602**
Transactions with owners						
Dividends	8	-	-	(272)	(832)	(1,104)
Share buyback	19	(1,018)	-	-	-	(1,018)
Share buyback costs		(27)	-	-	-	(27)
Total transactions with owners		**(1,045)**	**-**	**(272)**	**(832)**	**(2,149)**
At 30 September 2017		**78,261**	**(873)**	**17,669**	**19,569**	**114,626**

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

Notes to the condensed consolidated financial statements for the period ended 30 September 2018

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currencies are Euro, Indian Rupees and Sterling. The presentation currency of the Group is Sterling. The period end exchange rate used is £1:INR94.538 (31 March 2018: £1:INR91.445) and the average rate for the period used is £1:INR91.276 (30 September 2017: £1:INR83.359). For Euro based transactions the period end exchange rate used is £1:€1.124 (31 March 2018: £1:€1.141) and the average rate for the period used is £1:€1.131 (30 September 2017: £1:€1.138).

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 15 November 2018 and signed by Mel Torode 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 2018 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 2018, 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 2018 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2019.

IFRS 9 Financial Instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Although the Group's application of IFRS 9 has resulted in changes to the classification of financial assets and liabilities, there has been no material impact on the carrying values of such financial instruments.

The following table summarises the financial assets and liabilities held by the Group, their treatment under IAS 39, the new treatment under IFRS 9 and the impact on the financial statements at 1 April 2018.

	Original classification under IAS39	New classification under IFRS9	Original carrying amount under IAS39 at 1 April 2018	New carrying amount under IFRS9 at 1 April 2018
			£'000	£'000
Financial assets				
Investments held at fair value (all equity)	FVTPL*	FVTPL*	40,490	40,490
Loans advanced	Loans and receivables	Amortised cost	13,100	13,100
Derivatives	FVTPL*	FVTPL*	100	100
Trade and other receivables	Loans and receivables	Amortised cost	3,403	3,403
Cash and cash equivalents	Loans and receivables	Amortised cost	6,273	6,273
Financial liabilities				
Trade and other payables	Amortised cost	Amortised cost	(1,663)	(1,663)

* Fair value through profit or loss

Details of new significant accounting policies and the nature and effect of the changes to the previous accounting policies are discussed below.

a) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI") – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss ("FVTPL").

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Group only has financial assets that are classified as amortised cost or FVTPL.

i. Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributed to its acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed in (b) below. Loans advanced, trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

ii. FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL which includes derivative financial assets. Financial assets at FVTPL are initially and subsequently measured at fair value.

b) Impairment of financial assets

IFRS 9 has introduced the Expected Credit Loss ("ECL") model which brings forward the timing of impairments.

i. Trade receivables

Under IFRS 9 for trade receivables, including lease receivables, the Company has elected to apply the simplified model as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach practical expedients are available to measure lifetime ECL but forward looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

The directors have concluded that any ECL on trade receivables would be highly immaterial to the financial statements due to the low credit risk of the relevant tenants.

ii. Other receivables

The directors have concluded that any ECL on other receivables would be highly immaterial to the financial statements due to:

- collateral being held in the form of a security deposit for the Group's hedging strategy which can be called back at any time with no capital loss should the Group decide to terminate its foreign exchange contracts before their contractual maturity;
- The credit risk and trustworthiness of law firms by whom cash on escrow is kept before completion of a given senior or mezzanine loan.

Accordingly, there has been no change in the allowance for impairment over these receivables in opening retained earnings at 1 April 2018 on transition to IFRS 9.

The remaining other receivables are immaterial to the financial statements and therefore no assessment of the ECL has been completed.

iii. Loans advanced

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

Considering the 'on demand' clause, the Group concluded that the loans are in stage 3 of the IFRS 9 model as should the loans be called on demand the borrowers would technically be in default as repayment would only be possible on demand if the property had already been sold.

The Group has calculated the lifetime ECLs of the loans advanced using the following three scenarios:

1. Credit criteria unchanged or strengthened since inception and expectation of repayment in full;
2. Credit criteria weakened since inception but expectation of full recovery;
3. Credit criteria significantly weakened and potential for repayment to not be fully achieved.

The criteria referred to above incorporate the following:

- Progress of development against plan;
- Borrower's financial position;
- Property market data.

In calculating the recoverable amounts under the three scenarios, the directors have taken into account the available collateral under the loan agreements including charges over property and other guarantees.

Based on the above process the directors have concluded that ECLs on loans advanced are immaterial to the financial statements.

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 2018 £'000	For the six months ended 30 September 2017 £'000
Rental income	97	2,520
Service charges	-	1,095
Rental revenue	**97**	**3,615**
Interest receivable on loans to related parties	-	359
Interest receivable on loans to third parties	1,341	168
Interest revenue	**1,341**	**527**
Other income	-	9
Other revenue	**-**	**9**
Total	**1,438**	**4,151**

The total rental revenue for the six months ended 30 September 2017 related to the H2O investment up to 4 August 2017; thereafter the Group has recognised its share of the H2O joint venture profit in its income statement (see note 14). The rental revenue for the six months ended 30 September 2018 relates to the Hamburg investment property.

4. Finance income

	For the six months ended 30 September 2018 £'000	For the six months ended 30 September 2017 £'000
Bank interest received	2	3
Foreign exchange gain	-	1,306
Total	**2**	**1,309**

5. Finance costs

	For the six months ended 30 September 2018 £'000	For the six months ended 30 September 2017 £'000
Interest on bank borrowings	23	646
Foreign exchange loss	34	-
Total	**57**	**646**

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 2018 £'000	For the six months ended 30 September 2017 £'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of investments	297	767
Movement in fair value of interest rate swaption	-	14
Undistributed investment income	501	1,263
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Gain realised on investments	-	407
Capital distribution from other investments	-	274
Realised loss on foreign exchange forward contract	(116)	(1,406)
Dividend received from investments held at fair value	1	4
Distributed investment income	602	-
Net gains on financial assets and liabilities held at fair value through profit or loss	**1,285**	**1,323**

7. Taxation

	For the six months ended 30 September 2018 £'000	For the six months ended 30 September 2017 £'000
Current tax	30	7
Deferred tax	3	-
Tax expense	**33**	**7**

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

The current tax charge is due in Cyprus, Luxembourg and the Netherlands. The deferred tax is provided in relation to German tax.

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

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

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2017	68,497	0.6p	410,981	6 April 2018
Quarter ended 31 March 2018	68,497	0.6p	410,981	20 July 2018
Quarter ended 30 June 2018	68,487	0.6p	410,975	21 September 2018
Total			**1,232,937**	

The Company will pay a dividend of 0.6p per share for the quarter ended 30 September 2018 on 14 December 2018.

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 2018	For the six months ended 30 September 2018	Year ended 31 March 2018	Year ended 31 March 2018	For the six months ended 30 September 2017	For the six months ended 30 September 2017
	Ordinary share	**A share**	**Ordinary share**	**A share**	**Ordinary share**	**A share**
Earnings per statement of comprehensive income (£'000)	4,119	320	11,703	1,336	8,383	1,103
Basic and diluted earnings pence per share	**6.5**	**6.5**	**18.5**	**23.3**	**13.3**	**17.7**
Earnings per statement of comprehensive income (£'000)	4,119	320	11,703	1,336	8,383	1,103
Net change in the revaluation of investment properties	(1,488)	(116)	(4,578)	(416)	(1,503)	(149)
Profit on subsidiary disposal	-	-	(3,924)	(357)	(3,813)	(378)
Movement in fair value of investments	(276)	(21)	(1,457)	(132)	(1,069)	(105)
Gain on interest rate swaption	-	-	(13)	(1)	(13)	(1)
Loss on foreign exchange forward	108	8	1,197	109	1,279	127
Movement in fair value of the joint ventures' interest rate swaption (mark to market)	(27)	(2)	(3)	-	5	-
Net change in the revaluation of the joint ventures' investment property	(882)	(69)	(1,348)	(122)	(209)	(21)
Investment Manager's fees (performance fee)	-	-	284	26	-	-
Deferred tax	3	-	482	44	-	-
Romulus capital return	-	-	-	(274)	-	(274)
Foreign exchange (gain)/loss	32	2	(145)	(13)	(1,189)	(117)
Adjusted earnings	**1,589**	**122**	**2,198**	**200**	**1,871**	**185**
Adjusted earnings (pence per share)	**2.5**	**2.5**	**3.5**	**3.5**	**3.0**	**3.0**
Weighted average number of shares ('000s)	**63,564**	**4,931**	**63,163**	**5,739**	**63,066**	**6,244**

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 2018 £'000	At 31 March 2018 £'000	At 30 September 2017 £'000
Net asset value (£'000)	122,157	118,451	114,626
Net asset value per ordinary and A share	**178.4p**	**172.9p**	**167.3p**
Number of ordinary and A shares ('000s)	**68,487**	**68,497**	**68,497**

11. Investment property

	30 September 2018 £'000	31 March 2018 £'000
Fair value of investment property at 1 April	**33,021**	**112,442**
Additions	14,835	11,262
Subsequent capital expenditure after acquisition	3,915	6,024
Movement in rent incentives/initial costs	-	(53)
Fair value adjustment in the period/year	1,604	4,994
Transfer of 70% equity interest in H2O	-	(107,449)
Foreign exchange movements	403	5,801
Fair value of investment property at 30 September / 31 March	**53,778**	**33,021**

Investment property comprises the Group's investments in Unity and Armouries (Birmingham) and Monk Bridge (Leeds), two investment properties in the course of development located in the United Kingdom, a data centre development at Borsigallee 1-7, Frankfurt, Germany and an investment property located in Hamburg (Werner-Siemens-Straße), Germany.

The fair value of the Unity and Armouries property in Birmingham (UK) of £4.7 million (31 March 2018: £4.7 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by GVA.

The fair value of the Monk Bridge property in Leeds (UK) of £12.3 million (31 March 2018: £9.0 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Savills.

The fair value of the data centre development of €25.4 million (£22.6 million) (31 March 2018: €22.0 million (£19.3 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman and Wakefield ('C&W').

On 21 August 2018, the Group complete the acquisition of an investment property located in Hamburg (Werner-Siemens-Straße), Germany for a consideration of €16.7 million (£14.8 million) including transaction costs, which has been partly funded by debt of €9.5 million (£8.5 million), provided by Nord (Bremer) LB, a German Bank. As at 30 September 2018, the £14.1 million cost of acquisition of this investment has been considered by the Directors to represent fair value at the balance sheet date; the relevant market activity since the investment was made is not considered to be significant in terms of value.

GVA, Savills and C&W are independent valuers and are not connected to the Group.

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

Foreign exchange movement is recognised in other comprehensive income.

12. Joint venture in arbitration

	30 September 2018 £'000	31 March 2018 £'000
As at 1 April	**4,921**	**5,535**
Capital return	(1,106)	-
Effect of foreign exchange	(113)	(614)
As at 30 September / 31 March	**3,702**	**4,921**

In 2007 the Group entered into a joint venture agreement with Logix Group. Shortly after entering into the agreement both parties entered into a Settlement Agreement to sell the land and distribute the proceeds. Logix did not complete their duties under the Settlement Agreement and the Group then entered into arbitration against Logix.

In January 2015, the International Chamber of Commerce ('ICC') Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group, which was found to have breached the Terms of the Shareholders Agreement with the Group. The ICC awarded the Group the return of its entire capital invested of INR 450.0 Million, with interest at 18% p.a. from 31 January 2011 to 20 January 2015, and the refund of all costs incurred towards the Arbitration. The total award amounted to £9.2 million (the "Award") based on exchange rates at the time. 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. The sum has now accrued to £14.1 million at the period end exchange rate. In April 2015, the Group was notified that Logix has filed a petition, under Section 34 of the Indian Arbitration and Conciliation Act 1996, before the Delhi High Court challenging the Award. The challenge to the Award was heard on several dates during the years 2015 and 2016: following these hearings, 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 appeal to the Arbitration claim. In February 2017, the Delhi High Court upheld the award and dismissed the Logix petition with costs. Following the hearings held in Delhi in April and May 2017, the division bench dismissed Logix's appeal. Logix have since appealed the dismissal to the Supreme Court of India. The Supreme Court admitted the appeal and ordered Logix to deposit £2.2 million (INR 200 million) with the court and has listed the matter for final disposal in July 2018 (subsequently postponed to November 2018). ART has commenced execution of the award and the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. In May 2018, the Supreme Court has permitted the Company to unconditionally withdraw INR 100 million (£1.1 million) and the remaining INR 100 million (£1.1 million) deposited by Logix against a bank guarantee. As at 31 March 2017, the Company had the residential property independently valued at approximately £6.0 million. ART continues to actively pursue Logix directors for the recovery of the Award.

The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to carry this joint venture in its accounts at INR 350.0 million, which is the amount invested less the £1.1 million deposit withdrawal described above. The amount recognised in the account excludes the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Foreign exchange movement is recognised in other comprehensive income.

13. Investments held at fair value

	30 September 2018 £'000	31 March 2018 £'000
Non-current		
As at 1 April	**6,798**	**7,814**
Additions during the period / year	-	1,260
Redemptions	(343)	(3,121)
Movement in fair value of investments	303	845
As at 30 September / 31 March	**6,758**	**6,798**

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

- Europip (participating redeemable preference shares): during the period, ART received £0.1 million as return of capital from Europip; Europip provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2018 was £0.3 million (31 March 2018: £0.4 million).
- HLP (participating redeemable preference shares): HLP provides half yearly valuations of the net asset value of its shares; during the period, HLP redeemed £0.3 million of shares; the net asset value of the investment has been calculated by using the redemption value as of that date, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £0.2 million (31 March 2018: £0.4 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 International Stock Exchange: the resulting fair value of the investment at period end was £6.3 million (31 March 2018: £6.0 million).

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

Investments held at fair value	**30 September 2018 £'000**	**31 March 2018 £'000**
Current		
As at 1 April	**33,692**	**26,113**
Additions during the period / year	-	20,000
Redemptions	(20,330)	(15,269)
Undistributed investment income in period / year	-	2,104
Movement in fair value of investments	495	744
As at 30 September / 31 March	**13,857**	**33,692**

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

- FIAF (income units): FIAF allows monthly redemptions and hence the investment is reported as a current asset; during the period, ART has redeemed £15.0 million of FIAF units. FIAF provides monthly pricing of its units. The market value of the investment as at 30 September 2018, based on the published price of the relevant units, was £13.9 million (31 March 2018: £28.4 million).
- ELM Trading (redeemable shares): during the period, ART redeemed all its shares in ELM Trading receiving a consideration of £5.3 million.

14. Investment in joint ventures

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

	H2O	**Cambourne**	**Total**	**H2O**	**Cambourne**	**Total**
	30 Sep 2018	**30 Sep 2018**	**30 Sep 2018**	**31 Mar 2018**	**31 Mar 2018**	**31 Mar 2018**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
As at 1 April	**17,653**	**1,679**	**19,332**	**-**	**1,538**	**1,538**
Transfer of 70% equity interest in H2O	-	-	-	15,979	-	15,979
Share of profit/(loss) of joint ventures						
Group's share of joint venture profits before fair value movements and dividends	773	58	831	677	138	815
Fair value adjustment for interest rate swaption	(26)	-	(26)	(18)	-	(18)
Fair value adjustment for investment property	749	257	1,006	1,488	3	1,491
Total share of profit/(loss) of joint ventures	**1,496**	**315**	**1,811**	**2,147**	**141**	**2,288**
Foreign exchange movements	277	-	277	(473)	-	(473)
As at 30 September / 31 March	**19,426**	**1,994**	**21,420**	**17,653**	**1,679**	**19,332**

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

- H2O shopping centre in Madrid, Spain: the Group holds a 30% equity investment in CBRE H2O Rivas Holding NV ('CBRE

H2O'), a company based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of H2O. CBRE H2O is a Euro denominated company hence the Group translates its share of this investment at the relevant period end exchange rate with movements in the period translated at the average rate for the period. As at 30 September 2018, the carrying value of ART's investment in CBRE H2O was £19.4 million (€21.8 million) (31 March 2018: £17.6 million (€20.1 million)).

- Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group holds a 10% equity investment in the Scholar Property Holdings Limited group, owner of the property. As at 30 September 2018, the carrying value of ART's investment in Scholar Property Holdings Limited was £2.0 million (31 March 2018: £1.7 million).

Foreign exchange movement is recognised in other comprehensive income.

The fair value of the H2O property in Madrid (Spain) of €130.4 million (£116.0 million) (31 March 2018: €126.9 million (£111.2 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"), an independent valuer not connected to the Group.

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) is £29.1 million (31 March 2018: £26.3 million), which has been arrived at on the basis of an independent valuation carried out at the balance sheet date by GVA, an independent valuer not connected to the Group.

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

15. Loans advanced

	30 September 2018 £'000	31 March 2018 £'000
Non-current		
Loans granted to third parties	9,973	3,224
Interest receivable from loans granted to third parties	360	59
Total	**10,333**	**3,283**
Current		
Loans granted to third parties	9,563	9,577
Interest receivable from loans granted to third parties	533	240
Total	**10,096**	**9,817**

As at 30 September 2018, the Group had granted a total of £20.4 million (31 March 2018: £12.8 million) of mezzanine loans to third parties. These comprised twenty-two loans, which assisted with the purchase of property developments. These facilities range from a 6 to 36 month term and entitle the Group to overall returns on the investment that range from 8% to 20.0%.

Post period end, a further two loans totalling £1.6 million were funded, an additional drawdown of £0.2m was made on an existing loan, one loan was repaid for £0.3 million and a part payment for another loan was received amounting to £0.2 million.

All loans mentioned above are relatively short term in nature and have been issued solely with the intention of collecting principal and interest.

16. Trade and other receivables

	30 September 2018 £'000	31 March 2018 £'000
Trade debtors	105	35
VAT	246	706
Collateral deposit	2,400	850
Other debtors	1,855	1,812
Total	**4,606**	**3,403**

The collateral deposit of £2.4 million (31 March 2018: £0.9 million) is a cash deposit with Barclays Bank PLC in Guernsey in relation to the foreign exchange forward contracts entered into by the Group at period end.

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

17. Trade and other payables

	30 September 2018 £'000	31 March 2018 £'000
Trade creditors	552	565
Investment Manager's fee payable	516	805
Accruals	112	118
Other creditors	140	153
Corporation tax	40	22
Total	**1,360**	**1,663**

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.

18. Bank borrowings

	30 September 2018 £'000	31 March 2018 £'000
Current liabilities: interest payable	22	-
Total current liabilities	**22**	**-**
Non-current liabilities: bank borrowings	8,342	
Total liabilities	**8,364**	**-**
The borrowings are repayable as follows:		
Interest payable	22	-
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	8,342	-
Total	**8,364**	**-**

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

	30 September 2018 £'000	31 March 2018 £'000
As at 1 April	**-**	**60,509**
Borrowings, additions	8,400	55,622
Deferred finance costs, additions	(111)	(1,432)
Repayment of borrowings	-	(60,810)
Amortisation of deferred finance costs	1	169
Disposal of 70% equity interest in H2O	-	(57,191)
Exchange differences on translation of foreign currencies	52	3,133
As at 30 September / 31 March	**8,342**	**-**

As at 30 September 2018, bank borrowings represent the Nord LB (a German bank) loan for €9.5 million (£8.5 million), which was used to partly fund the acquisition of the investment property in Hamburg (Werner-Siemens-Straße), Germany. This loan is composed of two tranches of €4.9 million and €4.6 million, which bear a 1.85% and 2.7% fixed rate respectively and that are due to mature in August 2028.

The borrowings are non-recourse to ART.

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2018.

	Other assets	Derivatives		Liabilities from financing activities		
	Cash £'000	Foreign exchange forward £'000	Interest rate swaption £'000	Interest payable £'000	Borrowings £'000	Total £'000
Net asset/(debt) as at 1 April 2018	**6,273**	**100**	**-**	**-**	**-**	**6,373**
Cash movements	1,682	16	-	-	(8,400)	(6,702)
Non cash movements						
Foreign exchange adjustments	(87)	-	-	-	(52)	(139)
Realised loss on foreign exchange forward contract	-	(116)	-	-	-	(116)
Loan fees paid	-	-	-	-	111	111
Loan fees amortisation and other costs	-	-	-	-	(1)	(1)
Interest charge	-	-	-	(22)	-	(22)
Net asset/(debt) as at 30 September 2018	**7,868**	**-**	**-**	**(22)**	**(8,342)**	**(496)**

19. Share capital

					Number of shares
Authorised					
Ordinary shares of no par value					Unlimited
Issued and fully paid	**Ordinary treasury**	**Ordinary external**	**Ordinary total**	**A shares external**	**Total shares**
At 1 April 2018	**6,702,586**	**63,462,102**	**70,164,688**	**5,034,804**	**75,199,492**
Share conversion	-	266,014	266,014	(266,014)	-
Shares bought back	10,000	(10,000)	-	-	-
At 30 September 2018	**6,712,586**	**63,718,116**	**70,430,702**	**4,768,790**	**75,199,492**

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.

During the period, the Company bought back 10,000 ordinary shares at a price (before expenses) of 129.4 pence per share and 266,014 A shares were converted into ordinary shares. As at 30 September 2018, the ordinary share capital of the Company was 70,430,702 (including 6,712,586 shares held in treasury). The Company also had 4,768,790 A shares in issue. The total voting rights in ART following the purchase and cancellation of ordinary shares was 68,486,906.

Post period end, the Company has bought back 1,584,564 ordinary shares at a price (before expenses) of 138.0 pence per share and 243,433 A shares were converted into ordinary shares. Of the purchased ordinary shares, 1,388,193 were cancelled and 196,371 shares will be held in treasury. At the date of signing these financial statements the ordinary share capital of the Company is 69,285,942 (including 6,908,957 shares held in treasury). The Company also has 4,525,357 A shares in issue. The total voting rights in ART, following the purchase and cancellation and purchase for treasury of ordinary shares, is 66,902,342.

20. Events after the balance sheet date

After the balance sheet date, the Company has bought back 1,584,564 ordinary shares and 243,433 A shares were converted into ordinary shares (Note 19).

On 18 October 2018, the Group redeemed £3.0 million of FIAF units.

On 25 October 2018, ART received a dividend payment from Scholar Property Holdings Limited of £0.2 million.

Post period end, a further two loans totalling £1.6 million were funded, an additional drawdown of £0.2m was made on an existing loan, one loan was repaid for £0.3 million and a part payment for another loan was received amounting to £0.2 million.

21. Related party transactions

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

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

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

The Company 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.

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 2018 is provided in note 17.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2018	**For the six months ended 30 September 2017**
David Jeffreys	17,000	17,250
Phillip Rose	11,500	11,500
Serena Tremlett*	18,000	17,250
Jeff Chowdhry	11,500	11,500
Roddy Sage**	-	11,500
Mel Torode	11,750	-
William Simpson***	-	-
Total	**69,750**	**69,000**

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

	30 September 2018 Number of ordinary shares held	31 March 2018 Number of ordinary shares held
David Jeffreys	10,000	10,000
Phillip Rose	892,220	139,695
Serena Tremlett*	15,000	15,000
Jeff Chowdhry	30,000	30,000
Roddy Sage**	-	-
William Simpson***	-	-

* Resigned on 8 October 2018.
** Ceased to be a Director on 30 May 2018.
*** Appointed on 8 October 2018.

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 2018 (31 March 2018: 22,550,000).

ARC did not hold any shares in the Company at 30 September 2018 (31 March 2018: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2018 Number of ordinary shares held	31 March 2018 Number of ordinary shares held
Rockmount Ventures Limited	2,257,575	-
IPGL Limited	-	3,010,100
Brian Frith	1,125,000	1,125,000
Phillip Rose	892,220	139,695
Brad Bauman	55,006	55,006

On 13 July 2018, IPGL Limited sold its entire shareholding in the Company to Rockmount Ventures Limited and Phillip Rose at a price of 133 pence per ordinary share.

Karl Devon-Lowe, a partner of ARC, received fees of £2,560 (31 March 2018: £7,100) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Mel Torode is the Operations Director of Estera Administration (Guernsey) Limited ('Estera'), the Company's administrator and secretary. During the period the Company paid Estera fees of £46,900 (31 March 2018: £92,300) and no amount was outstanding at period end.

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

		Financial assets and liabilities carrying value	
		30 September 2018 £'000	31 March 2018 £'000
Financial assets at fair value through profit or loss			
Investments held at fair value		20,615	40,490
Foreign exchange forward contract		-	100
Total financial assets at fair value through profit or loss		**20,615**	**40,590**

Fair value measurement

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

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

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

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

Level 1

- As at 30 September 2018, the Group does not hold any investment which can be categorised as Level 1.

Level 2

- The fair value of the interest rate swaption contract 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 International Stock Exchange.
- The fair value of the FIAF investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and based on observable inputs; this investment is therefore deemed to be a level 2 financial asset.

Level 3

- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board considers that any reasonable possible movement in the valuation of HLP's individual properties would not be material to the value of ART's investment.
- The fair value of the Europip investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of Europip's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. Europip's accounts are audited annually. As at 30 September 2018, Europip has sold its remaining property and has partly distributed the related proceeds to shareholders; Europip is currently preparing to distribute the final proceeds to shareholders.

Financial assets and liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2018.

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:

	Assets and liabilities measured at fair value			
	Level 1	**Level 2**	**Level 3**	**Total**
30 September 2018	**£'000**	**£'000**	**£'000**	**£'000**
Assets measured at fair value				
Non-current				
Investment property	-	-	53,778	**53,778**
Investments held at fair value	-	6,347	411	**6,758**
Current				
Investments held at fair value	-	13,857	-	**13,857**
Foreign exchange forward contract	-	-	-	**-**

31 March 2018	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property	-	-	33,021	**33,021**
Investments held at fair value	-	6,043	755	**6,798**
Current				
Investments held at fair value	-	28,356	5,336	**33,692**
Foreign exchange forward contract	-	100	-	**100**

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 2018.

Directors and Company information

Directors

David Jeffreys (Chairman)
Jeff Chowdhry
William Simpson
Phillip Rose
Mel Torode

Registered office

Old Bank Chambers
La Grande Rue
St Martin's
Guernsey GY4 6RT

Investment Manager

Alpha Real Capital LLP
Level 6, 338 Euston Road
London NW1 3BG

Administrator and secretary

Estera Administration (Guernsey) Limited
Old Bank Chambers
La Grande Rue
St Martin's
Guernsey GY4 6RT

Broker

Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Independent valuers in the UK

GVA
3 Brindley place
Birmingham B1 2JB

Savills
Ground Floor, City Point
12 King Street
Leeds LS1 2HL

Independent valuers in India

Colliers International (Hong Kong) Limited
Suite 5701 Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Independent valuers in Spain

Savills Aguirre Newman
José Abascal, 45
Madrid, 28003
Spain

Independent valuers in Germany

Cushman & Wakefield
Rathenauplatz, 1
Frankfurt, 60313
Germany

Independent Auditor

BDO Limited
Place du Pré, Rue du Pré
St Peter Port
Guernsey GY1 3LL

Tax advisors in Europe

KPMG LLP
15 Canada Square
London E14 5GL

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Legal advisors in Guernsey

Carey Olsen
PO Box 98, Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal advisors in the UK

Norton Rose
3 More London Riverside
London SE1 2AQ

Legal advisors in India

AZB & Partners
Plot A-8 Sector 4
NOIDA 201 301
India

Legal advisors in Spain

Ashurst LLP
Alcalá, 44
Madrid, 28014
Spain

Registrar

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

Shareholder information

Further information on the Company 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	16 November 2018	Quarter ended 30 September 2018	29 November 2018	30 November 2018	14 December 2018
Trading update (Qtr 3)	15 March 2019	Quarter ending 31 December 2018	28 March 2019	29 March 2019	5 April 2019
Annual report and dividend announcement	14 June 2019	Quarter ending 31 March 2019	27 June 2019	28 June 2019	19 July 2019
Annual report published	28 June 2019				
Annual General Meeting	9 August 2019				