14 June 2019

ALPHA REAL TRUST LIMITED (“ART” OR THE “COMPANY”)

ART ANNOUNCES ITS FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2019

- NAV per ordinary and A share 204.3p: 31 March 2019 (172.9p: 31 March 2018)

- Basic earnings for the year ended 31 March 2019 of 33.1p per ordinary share and 33.5p per A share (18.5p per ordinary share and 23.3p per A share for the year ended 31 March 2018)

- Adjusted earnings for the year ended 31 March 2019 of 3.9p per ordinary and A share (3.5p per ordinary and A share for year ended 31 March 2018) *

- Declaration of a quarterly dividend of 0.8p per ordinary share, expected to be paid on 19 July 2019 (increased from 0.6p per ordinary share for the comparable period in 2018, an increase of 33%)

- Total shareholder return: NAV growth of 15.4% over the year ended 31 March 2019, principally driven by realised gains on sales of investments

- Portfolio profit taking and de-risking: sales of the Company’s build-to-rent investments; sale of the Frankfurt data centre site for €44.8 million and the Monk Bridge, Leeds Private Rented Sector residential site for £15.2 million

- Capital recycling: the sale proceeds of the Frankfurt and Leeds projects are to be primarily redeployed into the Company’s growing secured senior and mezzanine debt portfolio.

- Increased portfolio weighting towards secured loan investment: over the year ended 31 March 2019, the size of ART’s secured loan portfolio almost tripled. £36.1 million invested at 31 March 2019; post year end, further loans totalling £4.7 million have been funded

- H2O shopping centre Madrid: following record visitor numbers in 2018 the positive trend has continued in 2019 with a 3.3% increase recorded in the three months to 31 March 2019.

* 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 has substantially increased the weighting towards cashflow driven investments, particularly senior debt, whilst retaining scope for creating capital value growth. Following an active period of capital recycling, ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk-adjusted cashflows.

Over the past year capital recycling has focussed on portfolio optimisation as well as profit-taking by reducing exposure to development and leasing risk. The sale of the Company's data centre site in Frankfurt and its residential site in Leeds were completed, following the securing of significantly enhanced planning consents under the Company's ownership. These sales have helped deliver 15.4% growth in ART's NAV per ordinary share over the year ended 31 March 2019.

ART continues to actively augment and diversify its portfolio of secured real estate loan and secured mezzanine loan investments which are expected to enhance the Company's current earnings. Over the past year the loan portfolio has increased almost threefold, with £13.2 million of investment into the secured loan portfolio completing in the quarter ending 31 March 2019, with an additional £4.7 million of loans granted post period end.

The Company is actively repositioning its investments to deliver attractive income returns. For the medium term, the Company's returns are likely to see greater contributions from the growing senior debt and mezzanine loan portfolio and less from capital gains. The Company maintains an active pipeline of potential new secured senior and mezzanine loans and equity investment opportunities under review."

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

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Notes to editors:

About Alpha Real Trust
Alpha Real Trust Limited targets investment, 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” or “Trust”) targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. The portfolio mix at 31 March 2019, excluding sundry assets/liabilities, was as follows:

	31 Mar 2019	31 Mar 2018
High yielding equity in property investments:	25.1%	21.7%
Ground rent investments:	-	24.3%
Build-to-rent investments:	-	28.2%
High yielding debt:	26.3%	11.0%
Other investments:	6.3%	9.4%
Cash:	42.3%	5.4%

The Company currently plans to invest the majority of its cash into secured senior or mezzanine debt.

Dividends

The current intention of the Directors is to pay a dividend and offer a scrip dividend alternative quarterly to all shareholders.

Listing

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

Management

The Company’s Investment Manager is Alpha Real Capital LLP (“ARC”), whose team of investment and asset management professionals focus on the potential to enhance earnings in addition to adding value to the underlying assets, and also focus on the risk profile of each investment within the capital structure to best deliver attractive risk adjusted returns.

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

Financial highlights

	12 months ended 31 March 2019	6 months ended 30 September 2018	12 months ended 31 March 2018
Net asset value (£’000)	136,673	122,157	118,451
Net asset value per ordinary and A share	204.3p	178.4p	172.9p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.9p	2.5p	3.5p
Earnings per A share (basic and diluted) (adjusted)*	3.9p	2.5p	3.5p
Total earnings per ordinary and A share (basic and diluted) (adjusted)*	3.9p	2.5p	3.5p
Earnings per ordinary share (basic and diluted)	33.1p	6.5p	18.5p
Earnings per A share (basic and diluted)**	33.5p	6.5p	23.3p
Total earnings per ordinary and A share (basic and diluted)	33.2p	6.5p	18.9p
Dividend per share (paid during the period)	2.4p	1.8p	1.8p
Special dividend per A share (paid during the period)	-	-	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 was exclusively for the benefit of ART A shareholders (note 9).

Chairman's statement

I am pleased to present the Company's annual report and accounts for the year ended 31 March 2019.

It has been an active year for ART in which the Company's directly and indirectly held investments have benefited from an active management approach. ART continues to de-risk its investment portfolio. Over the past year capital recycling has focussed on portfolio optimisation as well as profit-taking by reducing exposure to development and leasing risk. This investment policy has helped ART deliver a significant increase in total shareholder return, with NAV growth per ordinary share of 15.4% achieved over the year ended 31 March 2019.

Income focussed investment

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. In line with this focus, recycled capital is predominantly being deployed to augment and diversify its portfolio of secured real estate senior and mezzanine loan investments. Over the medium term the Company's returns are likely to see greater contributions from the growing senior debt and mezzanine loan portfolio and less from capital gains.

The Company continues to maintain a pipeline of new investment opportunities under active review which compete for capital allocation. ART benefits from the depth of experience, strength and size of its Investment Manager. Alpha Real Capital has a team of over one hundred investment, asset management and debt 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.

Sale of Frankfurt data centre site

As announced on 14 February 2019, the sale of the Company's data centre site in Frankfurt completed for €44.8 million, materially ahead of the Company's latest published value for the site.

ART originally acquired an interest in the site by way of an option-to-acquire, subject to obtaining power and planning enhancements, which the Company funded during the option period. ART's site enhancement strategy involved a detailed design and pre-development process for the building and its mechanical and electrical systems that led to the grant of planning consent for a five-storey data centre extending to over 40,000 square metres. In parallel, an agreement was reached with the local utility provider who contracted to upgrade the power supply to the site to deliver a 35 Mega Volt Ampere dual feed power supply on a phased basis to 2020, synchronised with local electricity substation and cable route upgrades. The Company also undertook site enabling works to complete pre-identified ground remediation works and create an electricity receptor building capable of accommodating the upgraded power supply.

Sale of Leeds PRS

As announced on 1 March 2019, the Company completed the sale of its private rental sector residential development site, 'Monk Bridge' in Leeds for £15.2 million.

The Company acquired the development site in December 2015 at which time the site had implemented planning consent for 269 residential units. Detailed consent was subsequently granted for a further 395 residential units in the development over 5 buildings of up to 21 storeys. Full planning permission was obtained for the site which has a residential and commercial net lettable area of approximately 386,000 square feet and 16,000 square feet respectively.

The sale price was above the Company's latest published value for the site. ART sold the site with the benefit of full detailed planning permission and completed final stage plans.

New secured lending investment

Following the successful capital recycling mentioned above, ART is actively augmenting and diversifying its portfolio of secured senior and secured mezzanine loan investments which are expected to increase the Company's current earnings. ART has a portfolio of secured senior and mezzanine loan investments which continues to increase in scale and diversity. These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns.

As at 31 March 2019, ART had invested a total amount of £36.1 million across thirty two loans, of which five were completed during the quarter to 31 March 2019. Over the past year the loan portfolio has almost tripled, with £13.2 million of investment into the secured loan portfolio completing in the quarter ending 31 March 2019, with an additional £4.7 million of loans granted post year end.

During the quarter to 31 March 2019, one mezzanine loan was repaid for £0.7 million, generating an annualised return of 14.0%, and a senior loan was partly repaid for £0.7 million. Post year end, loan repayments of £4.8 million were received.

The Company is currently targeting up to £85 million for investment in secured senior and mezzanine loans.

Each loan will typically have a term of up to two years, a maximum 75% loan to value ratio and be targeted to generate attractive risk-adjusted income returns. Repayment proceeds will be reinvested into new facilities. The Company continues to develop a strong pipeline of new lending opportunities.

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 2018 and the strong trend has continued into 2019, with visitor numbers increasing 3.3% over the three month period to 31 March 2019 above the same period in 2018.

The H2O investment includes a small vacant site located in the same planning zone as H2O that was acquired during 2017. The site had over 11,000 square metres of allocated building rights. Post year end, following a successful planning process which involved an amendment to the local zoning plan, 9,000 square metres of these building rights have been transferred to the H2O plot which, subject to obtaining building licences, creates potential for the future expansion of the shopping centre.

An active leasing programme continues as part of ART's active management approach to enhance the asset. Indicative of this approach is the recent commercialisation of an underutilised landscaped area that forms part of the shopping centre with leases signed for two new standalone restaurants.

Long leased industrial facility, Hamburg

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 23-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

The Hamburg asset is funded by way of a €9.5 million (£8.2 million) non-recourse, fixed rate, bank debt facility which matures in 2028.

The Hamburg investment has delivered an annualised income return of 7.3% per annum for the period since acquisition to the balance sheet date.

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

Results and dividends

As noted above, the Group made a significant profit on investment disposals of £18.0 million and these generated over £50 million of cash in the last quarter of the year ended 31 March 2019.

Share buybacks

Under the general authority, approved by shareholders on 5 January 2018, the Company announced a tender offer on 5 October 2018 for up to 5,000,000 ordinary shares at a price (before expenses) of 138.0 pence per share. During the year, in total, 1,584,564 ordinary shares were validly tendered under the tender offer. Of the purchased ordinary shares, 1,388,193 were cancelled and 196,371 shares will be held in treasury.

The Company renewed its general authority to buy back shares at an extraordinary general meeting on 8 January 2019.

No shares have been bought by the Company since it announced on 19 January 2019 the intention to buy back its ordinary shares using existing cash resources, pursuant to the general authority granted by shareholders.

Dividends

Adjusted earnings for the year ended 31 March 2019 are £2.7 million (3.9 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 3.5 pence for the same period in 2018.

In line with its aim to pay dividends quarterly, the Board announces a dividend of 0.8 pence per share which is expected to be paid on 19 July 2019 (ex-dividend date 27 June 2019 and record date 28 June 2019).

The dividends paid and declared for the year ended 31 March 2019 totalled 2.4 pence per ordinary share representing an annual dividend yield of 1.8% p.a. on the average share price over the twelve months to 31 March 2019.

The net asset value per ordinary and A share at 31 March 2019 is 204.3 pence per share (31 March 2018: 172.9 pence per share) (see note 10 of the financial statements).

Scrip dividend alternative

Shareholders of the Company have the option to receive shares in the Company in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time.

The number of ordinary shares that an Ordinary Shareholder will receive under the Scrip Dividend Alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board has elected to offer the scrip dividend alternative to Shareholders for the dividend for the quarter ended 31 March 2019. Shareholders who returned the Scrip Mandate Form and elected to receive the scrip dividend alternative will receive shares in lieu of the next dividend. Shareholders who have not previously elected receive scrip may complete a Scrip Mandate Form (this can be obtained from the registrar: contact Computershare (details below)), which must be returned by 5 July 2019 to benefit from the scrip dividend alternative for the next dividend.

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 31 March 2019 the Group has one direct bank loan of €9.5 million (£8.2 million), a non-recourse facility used to finance the acquisition of the Hamburg property.

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

Brexit

While the UK Parliament has demonstrated its wish to avoid a 'no-deal Brexit', there appears little consensus about what form any future arrangement with the European Union should take. No material adverse impacts have been noted within the Company's portfolio to date and risks are mitigated by the Company's investments held in Europe. However, the Board continues to monitor the situation for potential risks to the Company's investments. The economic backdrop is highly dynamic and the spread of possible outcomes is wide. In this context, ART is well placed to both weather market volatility and take advantage of any dislocation should it arise.

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 decision. All foreign currency balances have been translated at the period-end rates of £1:€1.161 and £1:INR90.155.

Summary

ART's diversified portfolio has substantially increased the weighting towards cashflow driven investments, particularly senior debt, whilst retaining scope for creating capital value growth. Following an active period of capital recycling, ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk-adjusted cashflows.

Over the past year capital recycling has focussed on portfolio optimisation as well as profit-taking by reducing exposure to development and leasing risk. The sale of the Company's data centre site in Frankfurt and its residential site in Leeds were completed, following the securing of significantly enhanced planning consents under the Company's ownership. These sales have helped deliver 15.4% growth in ART's NAV per ordinary share over the year ended 31 March 2019.

ART continues to actively augment and diversify its portfolio of secured real estate loan and secured mezzanine loan investments which are expected to enhance the Company's current earnings. Over the past year the loan portfolio has increased almost threefold, with £13.2 million of investment into the secured loan portfolio completing in the quarter ending 31 March 2019, with an additional £4.7 million of loans granted post period end.

The Company is actively repositioning its investments to deliver attractive income returns. For the medium term, the Company's returns are likely to see greater contributions from the growing senior debt and mezzanine loan portfolio and less from capital gains. The Company maintains an active pipeline of potential new secured senior and mezzanine loans and equity investment opportunities under review.

David Jeffreys
Chairman
13 June 2019

Investment review

Portfolio overview as at 31 March 2019

Investment name Investment type	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio[1]	Note*
High return debt (26.3%)							
Secured senior finance							
Senior secured loans	£18.7m [2]	10.8% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt	13.6%	17
Secured mezzanine finance							
Second charge mezzanine loans	£17.4m [2]	15.7% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt	12.7%	17
High return equity in property investments (25.1%)							
H2O shopping centre							
Indirect property	£19.4m (€22.5m)	6.0% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; medium term moderately geared bank finance facility	14.1%	12
Long leased industrial facility, Hamburg							
Direct property	£6.0m** (€7.0m)	7.3% [5]	Germany	Long leased industrial complex in major European industrial and logistic hub	Long term moderately geared bank finance facility	4.4%	13
Alpha UK Property Fund Asset Company (No 2)							
Indirect property	£7.4m	7.7% [5]	UK	High-yield commercial UK portfolio	33.6% of ordinary shares in the company	5.4%	12
Cambourne Business Park							
Indirect property	£1.7m	9.4% [4]	UK	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility	1.2%	12
Other investments (6.3%)							
Unity and Armouries, Birmingham							
PRS development, held for sale	£4.5m	n/a	UK	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus	3.3%	14
Galaxia							
Joint venture in arbitration	£3.9m (INR 350m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	2.8%	15
Europip plc							
Indirect equity	£0.2m (€0.2m)	n/a	N/A	Awaiting final shareholder distribution	47% of the total ordinary shares in fund	0.1%	16
Healthcare & Leisure Property Limited							
Indirect property	£0.2m	n/a	UK	Leisure property fund	No external gearing	0.1%	16
Cash and short-term investments (42.3%)							
Cash	£58.2m [7]	0.8% [6]	UK	Short term deposits, 'on call' and current accounts		42.3%	

* See notes to the financial statements for more details
** Property value net of associated debt including sundry assets/liabilities
[1] Percentage share shown based on NAV excluding the company's sundry assets/liabilities
[2] Including accrued interest/coupon at the balance sheet date
[3] Weighted average income return
[4] Yield on equity over twelve months to 31 March 2019
[5] Annualised income return; post tax
[6] weighted average interest earned on current deposits
[7] excluding £1.3m on deposit, which does not meet the cash and cash equivalent definition

High return debt

Overview

ART is actively augmenting and diversifying its portfolio of secured loan investments which is expected to increase the Company's current earnings. This will however limit the opportunity to benefit from potential capital gains from these investments.

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 progressively 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	£18.7m *	10.8%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£17.4m *	15.7%**	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and subordinated debt

* Including accrued interest/coupon at the balance sheet date
** Weighted average income return

ART has a portfolio of secured senior and mezzanine loan investments which continues to increase in scale and diversity. These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns from either current or capitalised interest or coupon.

As at 31 March 2019, ART had invested a total amount of £36.1 million across thirty two loans. Over the past year the loan portfolio has increased almost threefold with £13.2 million of investment into the secured loan portfolio completing in the quarter ended 31 March 2019, with an additional £4.7 million of loans granted post year end.

During the quarter to 31 March 2019, one mezzanine loan was repaid for £0.7 million, generating an annualised return of 14.0%, and a senior loan was partly repaid for £0.7 million. Post year end, loan repayments of £4.8 million were received.

Each loan will typically have a term of up to two years, a maximum 75% loan to value ratio and be targeted to generate attractive risk-adjusted income returns.

Repayment proceeds will be reinvested into new facilities. The Company continues to develop a strong pipeline of new lending opportunities.

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.

H2O Shopping Centre, Madrid

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
H2O	Indirect property	£19.4m (€22.5m)	6.0%*	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; 6-year term bank finance facility

* Yield on equity over twelve months to 31 March 2019

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 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 bank 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: +3.6% valuation increase over the year ending 31 March 2019.
- Centre occupancy: 93% by area as at 31 March 2019 (96% 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 2.1 years and 8.6 years to expiry (31 March 2019).
- Footfall: record visitor numbers to the shopping centre were recorded in 2018 and the positive trend has continued into 2019, with footfall for the first three months of the year to 31 March 2019 increasing 3.3% over the same period in 2018.
- Building rights transfer: the H2O investment includes a small vacant site located in the same planning zone as H2O that was acquired during 2017. The site had over 11,000 square metres of allocated building rights. Post period end, following a successful planning process which involved an amendment to the local zoning plan, 9,000 square metres of these building rights have been transferred to the H2O plot which, subject to obtaining building licences, creates potential for the future expansion of the shopping centre.
- An active leasing programme continues as part of ART's active management approach to enhance the asset. Indicative of this approach is the recent commercialisation of an underutilised landscaped area that forms part of the shopping centre with two new standalone restaurants, one of which is opened and one pre-let subject to planning consent.
- A masterplan design plan for the shopping centre has been created which is capable of being implemented in phases over the medium term. A value engineering exercise is underway to identify target upgrades of the physical space with an initial focus on creating, subject to planning consent, new leasable area and limited cost-efficient upgrades to the physical space.

UK industrial portfolio

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Alpha UK Property Fund Asset Company (No 2) Limited	Indirect property	£7.4m	7.7%*	High-yield commercial UK portfolio	33.6% of the total ordinary shares in the company

* Annualised income return; post tax

ART owns 33.6% of Alpha UK Property Fund Asset Company (No 2) Limited ('Alpha2') shares, a company that was previously part of Active UK Real Estate Fund plc ('AURE').

In November 2018, ART, along with a majority of investors, voted in favour of a recommended proposal for the winding up of AURE and its de-listing from The International Stock Exchange. AURE was subsequently delisted on 23 November 2018 and was placed in a solvent winding-up. ART received shares in AURE's subsidiary, Alpha2, by way of an in specie distribution.

ART currently owns 33.6% of Alpha2 ordinary share capital.

This is a portfolio of five high yielding UK commercial properties with a valuation of £20.4m. Following a number of strategic sales, external borrowings have been repaid and the portfolio is ungeared.

The portfolio is focussed on industrial properties. As at 31 March 2019 the portfolio was fully leased with a weighted unexpired term to the first tenant break of 6.3 years and to lease expiry of 7.0 years.

ARC is the investment manager of Alpha2.

ARC is pursuing value enhancement opportunities in the Alpha2 portfolio assets to increase net income and improve the profile of this income through lease extensions, renewals and reducing unrecoverable void costs. Strategic asset sales where accretive to the company will be considered.

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	£6.0m*	7.3%**	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Property value net of associated debt including sundry assets/liabilities
** Annualised income return; post tax

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 23-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

The Hamburg asset is funded by way of a €9.5 million (£8.2 million) non-recourse, fixed rate, bank debt facility which matures in 2028.

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

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	£1.7m	9.4% *	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility

* Yield on equity over twelve months to 31 March 2019

The Company has an investment of £1.7 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. 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 9.4% per annum as at 31 March 2019.

The Cambourne asset is funded by way of a £13.8 million (as at 31 March 2019) 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.

Cash balances

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Cash balance	Cash	£58.2m	0.8% *	Short term deposits, 'on call' and current accounts	n/a

* weighted average interest earned on current deposits

As at 31 March 2019, the Group had cash balances of £58.2 million.

Other investments

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	£4.5m	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. Following a sale of the Company's other build to rent residential investments, a sale of the investment is being pursued.

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 square feet) and car parking spaces.

As at 31 March 2019, an independent valuation has been undertaken by GVA valuing the site at £4.5 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.

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Europip	Indirect equity	£0.2m (€0.2m)	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 was valued at £0.2 million at the balance sheet date: post year end, ART received a part redemption from Europip of approximately £193,000, reducing the Company's residual investment in Europip to approximately £30,000.

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 31 March 2019, 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, India

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Galaxia	Joint venture in arbitration	£3.9m (INR 350m)	n/a	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award

The Galaxia project is a joint venture with Logix Group, to develop a 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 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 million (equivalent to £5.0 million using the period end exchange rate as at 31 March 2019) along with interest at 18% per annum from 31 January 2011 to 20 January 2015.
- All its 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 INR 200 million (£2.2 million). In May 2018, the Supreme Court permitted the Company to unconditionally withdraw INR 100 million (£1.1 million). The remaining INR 100 million (£1.1 million) deposited by Logix may be released to the Company against a bank guarantee suitable to the Supreme Court. Following a number of postponements to scheduled hearings, the next Supreme Court hearing is scheduled for July 2019.

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 £14.3 million at the period end exchange rates. The Directors, taking into consideration legal advice received following Logix’s challenge of the Award and following the recovery of INR 100 million (£1.1 million) noted above, consider it appropriate to carry this joint venture in its accounts at INR 350 million (£3.9 million). The amount recognised in the accounts does not include the additional compensation awarded by the courts due to uncertainty over timing and final value of the award.

Summary

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. ART continues to actively pursue, and is well positioned to secure, new investment targets.

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

13 June 2019

Directors

David Jeffreys (aged 59)

Chairman

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

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

Phillip Rose (aged 59)

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

Phillip is currently CEO of Alpha Real Capital LLP and has been a member of the Management Committee for Hermes Property Unit Trust and its Audit Committee, and has been a Non-Executive Director of Great Portland Estates plc.

William Simpson (aged 63)

William Simpson has over 30 years' experience as a lawyer in financial services, 28 of them in Guernsey. His focus has been on regulated and unregulated investment vehicles, encompassing banking, finance, corporate, investment, trust and regulatory work.

William studied law at Leeds University and practised at the Bar in England before moving to the Cayman Islands and then the British Virgin Islands. William was a partner at Ozannes, now Mourant, and then managing partner of Ogier Guernsey, during which time he also served on the Ogier Group board.

In 2017 William became an independent legal consultant and remains a director of a number of Guernsey based financial services companies. William is a member of the English, Virgin Islands and Guernsey Bars and is also a member of The Society of Trust and Estate Practitioners.

Jeff Chowdhry (aged 58)

Jeff has over 35 years of investment experience, the last 25 of which have been in Emerging Markets, focusing on key countries in Asia, Latin America and EMEA.

Jeff began his career in 1982 and has held portfolio management positions at Royal Insurance plc and BZW Investment Management where he launched and managed one of the very first India funds available to foreign investors.

He has held a number of senior positions at F&C Asset Management (now BMO) including Head of Emerging Market Equities, leading a team of 12 investment professionals responsible for over $5 billion in AUM.

Currently, Jeff is Non Executive Chairman of RLC Ventures. He has an MBA from Kingston Business School and a BSc (Hons) in Economics from Brunel University, London.

Melanie Torode (aged 39)

Mel Torode has 20 years' experience in the fund administration industry specifically including private equity, property and mezzanine debt and is the Operations Director of Estera Guernsey. She oversees the operational function of the Guernsey office as well as retains strategic oversight of a large portfolio of fund clients and contributes to business development.

Prior to founding Morgan Sharpe in April 2008 (a fund administration company sold to Estera in 2017), Mel was the Company Secretary of Assura Administration, overseeing the administration of listed property funds.

Mel began her career at Guernsey International Fund Managers (now Northern Trust), working on large private equity funds and European holding companies, moving to Mourant International Finance Administration (now State Street) where she spent more than two years concentrating primarily on listed property funds.

Mel is an experienced Non-Executive Director with a portfolio consisting of funds, general partners and associated Guernsey and European holding companies.

Directors' and Corporate Governance report

The Directors present their report and financial statements of the Alpha Real Trust Limited group ("the Group") for the year ended 31 March 2019.

Principal activities and status

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

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

Business review, results and dividend

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

The results for the year to 31 March 2019 are set out in the financial statements.

On 15 March 2019, the Company declared a dividend of 0.8p per share, which was paid to shareholders on 26 April 2019. The intention of the Company is to pay a dividend quarterly.

Share buybacks

Under the general authority, approved by shareholders on 5 January 2018, the Company announced a tender offer on 5 October 2018 for up to 5,000,000 ordinary shares at a price (before expenses) of 138.0 pence per share. During the year, in total, 1,584,564 ordinary shares were validly tendered under the tender offer. Of the purchased ordinary shares, 1,388,193 were cancelled and 196,371 shares will be held in treasury.

The Company renewed its general authority to buy back shares at an extraordinary general meeting on 8 January 2019.

No shares have been bought by the Company since it announced on 19 January 2019 the intention to buy back its ordinary shares using existing cash resources, pursuant to the general authority granted by shareholders.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2018: for this period, scrip dividend alternative elections were received in respect of 43,643,712 shares of the Company, which has resulted in the issue of 216,698 new ordinary shares in April 2019.

Further details on dividends are given in note 8 of the financial statements.

Corporate governance

As a Guernsey registered company traded on SFS, the Company is not required to comply with the UK Corporate Governance Code ("UK Code"). However, as a company authorised by the Guernsey Financial Services Commission ("GFSC"), it is required to follow the principles and guidance set out in the Finance Sector Code of Corporate Governance issued by the GFSC and effective from 1 January 2012 (re-issued in 2016, effective from 1 April 2016 year ends onwards) ("Guernsey Code"). Compliance with the Guernsey Code and general principles of good corporate governance are reviewed by the Board at least annually and, at the date of signing these financial statements, the Board is satisfied that the Company is fully compliant with the Guernsey Code. The Guernsey Code is available for consultation on the GFSC website: www.gfsc.gg.

The Board

Biographies of the Directors are set out above. The initial Directors were appointed on 15 May 2006. During the current year, Roddy Sage and Serena Tremlett ceased to be a Director and Melanie Torode and William Simpson joined the Board.

The Directors' interests in the shares of the Company as at 31 March 2019 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 March 2019	Number of ordinary shares 31 March 2018
David Jeffreys	15,000	10,000
Phillip Rose	892,220	139,695
Serena Tremlett*	15,000	15,000
Jeff Chowdhry	10,000	30,000
Roddy Sage**	-	-
Melanie Torode***	-	-
William Simpson****	-	-

* resigned on 8 October 2018
** ceased to be a Director, as announced on 30 May 2018
*** appointed on 1 June 2018
**** appointed on 8 October 2018

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

The Annual General Meeting of the Company will take place on 9 August 2019. At this meeting, David Jeffreys and William Simpson will retire and submit themselves for re-election. The remainder of the Board recommend their re-appointment and confirm the independence of William Simpson.

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

Operations of the Board

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

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

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

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

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

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

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

The Board meets at least quarterly and as required from time to time to consider specific issues reserved for decision by the Board, as noted above.

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

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

- The Group's financial position including relationships with bankers, borrowers and lenders.

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

The Company's service providers issue reports on their own internal controls and these reports are considered by the Board periodically.

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

Board and Directors' appraisals

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

Board Meeting attendance

The table below shows the attendance at Board meetings during the year to 31 March 2019:

	No of meetings attended
David Jeffreys	21
Phillip Rose	4
Serena Tremlett*	2
Jeff Chowdhry	14
Roddy Sage**	1
Melanie Torode***	17
William Simpson****	17
No. of meetings during the year	**21**

* resigned on 8 October 2018
** ceased to be a Director, as announced on 30 May 2018
*** appointed on 1 June 2018
**** appointed on 8 October 2018

Directors' and officers' insurance

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

Board Committees

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

Audit and Risk Committee

During the year, Jeff Chowdhry replaced Roddy Sage and William Simpson replaced Serena Tremlett on the Audit and Risk Committee. The Audit and Risk Committee consists of David Jeffreys (Chairman), Jeff Chowdhry and William Simpson. The Board is satisfied that David Jeffreys continues to have the requisite recent and relevant financial experience to fulfil his role as Chairman of the Audit and Risk Committee.

Role of the Committee

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

- The engagement, review of the work carried out by and the performance of the Group's external auditor
- To monitor and review the independence, objectivity and effectiveness of the external auditor
- To develop and apply a policy for the engagement of the external audit firm to provide non-audit services

- To assist the Board in discharging its duty to ensure that financial statements comply with all legal requirements
- To review the Group's financial reporting and internal control policies and to ensure that the procedures for the identification, assessment and reporting of risks are adequate
- To review regularly the need for an internal audit function
- To monitor the integrity of the Group's financial statements, including its annual and half-year reports and announcements relating to its financial performance, reviewing the significant financial reporting issues and judgements which they contain
- To review the consistency of accounting policies and practices
- To review and challenge where necessary the financial results of the Group before submission to the Board.

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

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

Committee meeting attendance

	No of meetings attended
David Jeffreys	4
Roddy Sage**	1
Serena Tremlett*	2
William Simpson***	2
Jeff Chowdhry	2
No. of meetings during the year	**4**

* resigned on 8 October 2018
** ceased to be a Director, as announced on 30 May 2018
*** appointed on 8 October 2018

Policy for non audit services

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

Internal audit

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

Nomination Committee and attendance

During the year, Melanie Torode replaced Serena Tremlett on the Nomination Committee.

The Nomination Committee consists of David Jeffreys (Chairman), Phillip Rose and Melanie Torode.

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

Remuneration Committee and attendance

During the year, Melanie Torode replaced Serena Tremlett on the Remuneration Committee.

The Remuneration Committee consists of Melanie Torode (Chairman), Jeff Chowdhry and David Jeffreys.

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

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

Remuneration report

The aggregate fees payable to the Directors are limited to £200,000 per annum under the Company's Articles and the annual fees payable to each Director have been increased by only 10% (Chairman) and 15% (other Directors) since the Company's shares were listed in 2006. The fees payable to the Directors are expected to reflect their expertise, responsibilities and time spent on the business of the Group, taking into account market equivalents, the activities, the size of the Group and market conditions. Under their respective appointment letters, each Director is entitled to an annual fee together with a provision for reimbursement for any reasonable out of pocket expenses.

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

	Year ended 31 March 2019 £	**Year ended 31 March 2018 £**
David Jeffreys	33,000	33,910
Phillip Rose	23,000	23,000
Serena Tremlett*	18,950	36,318
Jeff Chowdhry	23,000	23,000
Roddy Sage**	-	23,000
William Simpson***	11,063	-
Melanie Torode***	32,453	-
Total	**141,466**	**139,228**

* resigned on 8 October 2018
** ceased to be a Director, as announced on 30 May 2018
*** appointed on 1 June 2018

Internal control and risk management

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

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

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

Investment management agreement

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

Substantial shareholding

Shareholders with holdings of more than 3 per cent of the voting rights of the Company as at 20 May 2019 were as follows:

Name of investor	Number of voting rights	% held
Alpha Global Property Securities Fund Pte. Ltd	22,661,980	33.76
Billien Limited	14,224,882	21.19
Armstrong Investments	5,235,000	7.80
Miton Asset Management	3,995,000	5.95
Charles Stanley	2,632,922	3.92
Rockmount Ventures	2,268,785	3.38
Amiya Capital	2,210,924	3.29

Shareholder relations

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

Directors’ Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with the applicable law and regulations.

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

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

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

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

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

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

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

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

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

Going concern

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

Annual General Meeting

The AGM of the Company will be held in Guernsey at 9.00 am on 9 August 2019 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The meeting will be held to receive the Annual Report and Financial Statements, re-elect Directors and propose the reappointment of the auditor and that the Directors be authorised to determine the auditor's remuneration.

Independent Auditor

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

By order of the Board,

David Jeffreys

Director

Melanie Torode

Director

13 June 2019

Directors' statement pursuant to the Disclosure Guidance and Transparency Rules

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

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- The Chairman's statement and the investment review include a fair review of the development and performance of the business and the position of the Group and note 25 to the financial statements provides a description of the principal risks and uncertainties that the Group faces. "Brexit" is also considered to be a significant risk and uncertainty for the Group that the Board will continue to monitor.

By order of the Board,

David Jeffreys	**Melanie Torode**
Director	**Director**

13 June 2019

Independent Auditor's Report

To the Members of Alpha Real Trust Limited

1.1 Opinion

We have audited the consolidated financial statements of Alpha Real Trust Limited (the "parent company") and its subsidiaries (the group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

1.2 Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

1.3 Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	Audit Response
Property valuations (notes 2(a), 2(b), 12, 13, 14 and 26) The group holds several investment properties within its subsidiaries, joint ventures and associate structures. All properties have independent RICS valuations performed by independent valuations. Such property valuations are a highly subjective area as the valuers will make judgements as to property yields, quality of tenants, development costs and other variables to arrive at the current open market value of the property. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the consolidated statement of comprehensive income and the consolidated balance sheet.	For all independent property valuations, we evaluated the competence of the external valuers, which included consideration of their qualifications and expertise. We read the terms of engagement with the group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We have read the valuation reports for the properties, discussed the basis of the property valuations with the valuers to understand the process undertaken by them and confirmed that the valuations were prepared in accordance with professional valuation standards and IFRS. We have considered the reasonableness of the inputs used by the valuers in the valuation, such as the terms of void periods, rent free periods and other assumptions that impact the value.
IFRS 9 in respect of loans advanced (note 2(a), 2(b) and 17) The group has adopted IFRS 9 on 1 April 2018 which introduced significant changes to the estimation of impairment. IFRS 9 now requires losses to be recognised on an expected, forward looking basis, reflecting the group's view of potential future economic events. As a result of the implementation of IFRS 9, the group adopted a new methodology which incorporated a number of estimates that are required to determine the impairment provisions under IFRS 9. The group's activities include advancing senior loans and mezzanine loans secured over real estate assets. The amounts advanced represent a material balance in the financial statements and the impairment assessment required the use of estimates and significant judgements by the directors. This is the main area that is impacted by the application of IFRS 9.	We obtained and challenged, through the use of our own technical specialists, management's overall conclusions in relation to their IFRS 9 implementation and in particular in relation to the conclusions around business models and the classification impact on the group's loans advanced. Further analysis was obtained from management in relation to the loans and the new expected credit loss methodology applied. Through challenge, discussion and review of example scenarios, we gained a detailed understanding of and evaluated the expected credit loss methodology applied. This was undertaken with reference to accounting standards and industry practice. We tested the methodology used in determining the amortised cost amount and recognition of any impairment loss. Our testing included: • conducting a review of the methodology, including key assumptions and parameters to check it is in line with IFRS 9 and appropriate given our understanding of the loans advanced; • assessing the appropriateness of staging criteria assumptions and adherence to IFRS 9 requirements; • evaluating the reasonableness of economic scenarios applied; • we tested, on a sample basis, the application of the methodology, data utilised and judgements applied by obtaining and challenging through discussion the underlying documentation utilised by management.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgment, we determined materiality for the financial statements as a whole to be £2,250,000 (2018: £2,110,000), which is based on a level of 1.5% (2018: 1.75%) of total assets. We considered total assets to be the most appropriate benchmark due to the group being an investment fund with the objective of long-term capital growth.

Performance materiality for the group has been set at £1,688,000 (2018: £1,583,000) which is 75% (2018: 75%) of materiality. This has been set based upon the control environment in place, the directors' assessment of risk and our past experience of adjustments.

International Standards on Auditing (UK) also allow the auditor to set a lower materiality for particular classes of transaction, balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. In this context, we set a lower level of materiality of £225,000 (2018: £211,000) to apply to sensitive fees including: management fees, performance fees, legal fees, directors' fees and audit fees.

Component materiality has been set for the components which are significant to the group financial statements. Materiality for these components has been set at £1,125,000 (2018: £1,000,000).

We agreed with the audit committee that we would report to the committee all individual audit differences identified during the course of our audit in excess of £68,000 (2018: £63,300). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

We tailored the scope of our audit taking into account the nature of the group's investments, involvement of the Investment Manager, the accounting and reporting environment and the industry in which the group operates.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment we considered the group's interaction with the Investment Manager. We assessed the control environment in place within the group to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

The group consists of the parent company, numerous subsidiaries and three joint venture and associate entities. We concluded that the most effective audit approach to the group, with the exception of the joint venture and associate structures, was to audit the consolidated financial statements as if they were one entity, during which we have performed audit procedures on all key risk areas. The materiality applied was that calculated above which had been based on the consolidated financial information.

For the H2O joint venture entity, we assessed the property holding companies within this structure as a significant component. The audit work on these property holding companies was completed by the component auditor and reviewed by us. In addition to the work performed by the component auditor, we have performed audit procedures on all key risk areas.

For the remaining two joint venture and associate entities we concluded that they were significant due to risks identified only and not size. These components were not subject to full scope audits but instead we performed audit procedures over all of the risk areas identified.

1.4 Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of Directors

As explained more fully in the Directors' and Corporate Governance report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

1.5 Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at:https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The engagement director on the audit resulting in this independent auditor's report is Justin Hallett.

Use of our report

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

....
Justin Marc Hallett FCA

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

Date: 13 June 2019

Consolidated statement of comprehensive income

	Notes	For the year ended 31 March 2019 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 March 2018 Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	3,237	-	3,237	4,662	-	4,662
Change in the revaluation of investment property	13	-	1,316	1,316	-	4,994	4,994
Gains on financial assets and liabilities held at fair value through profit or loss	25	1,451	689	2,140	2,412	571	2,983
Profit on investment property disposal		-	18,061	18,061	-	-	-
Profit on subsidiary disposal		-	-	-	-	4,281	4,281
Expenses							
Property operating expenses	3	(96)	-	(96)	(1,438)	-	(1,438)
Investment Manager's fee	24	(2,236)	(771)	(3,007)	(2,033)	(310)	(2,343)
Other administration costs	4	(1,217)	-	(1,217)	(1,342)	-	(1,342)
Total operating expenses		**(3,549)**	**(771)**	**(4,320)**	**(4,813)**	**(310)**	**(5,123)**
Operating profit		**1,139**	**19,295**	**20,434**	**2,261**	**9,536**	**11,797**
Share of profit/(loss) of joint ventures and associates	12	1,678	1,917	3,595	815	1,473	2,288
Finance income	5	31	734	765	8	158	166
Finance costs	6	(123)	-	(123)	(648)	-	(648)
Profit before taxation		**2,725**	**21,946**	**24,671**	**2,436**	**11,167**	**13,603**
Taxation	7	(57)	(2,123)	(2,180)	(38)	(526)	(564)
Profit for the year		**2,668**	**19,823**	**22,491**	**2,398**	**10,641**	**13,039**
Other comprehensive income/(expense) for the year							
Items that may be classified to profit and loss in subsequent periods							
Exchange differences arising on translation of foreign operations		-	(392)	(392)	-	1,786	1,786
Reclassification of foreign exchange gains on translation of foreign operations following disposals		-	-	-	-	(3,987)	(3,987)
Other comprehensive expense for the year		**-**	**(392)**	**(392)**	**-**	**(2,201)**	**(2,201)**
Total comprehensive income for the year		**2,668**	**19,431**	**22,099**	**2,398**	**8,440**	**10,838**
Earnings per ordinary share (basic & diluted)	9			**33.1p**			**18.5p**
Earnings per A share (basic & diluted)	9			**33.5p**			**23.3p**
Total earnings per ordinary and A share (basic & diluted)	9			**33.2p**			**18.9p**
Adjusted earnings per ordinary and A share (basic & diluted)	9			**3.9p**			**3.5p**

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

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

Consolidated balance sheet

	Notes	31 March 2019 £'000	31 March 2018 £'000
Non-current assets			
Investment property	13	13,764	33,021
Joint venture in arbitration	15	3,882	4,921
Investments held at fair value	16	390	6,798
Investment in joint ventures and associates	12	28,535	19,332
Loans advanced	17	15,036	3,283
Trade and other receivables	18	1,929	-
		63,536	**67,355**
Current assets			
Investments held at fair value	16	-	33,692
Asset held for sale	14	4,500	-
Derivatives held at fair value through profit or loss	25	514	100
Loans advanced	17	21,100	9,817
Collateral deposit	18	1,302	850
Trade and other receivables	18	353	2,553
Cash and cash equivalents		58,181	6,273
		85,950	**53,285**
Total assets		**149,486**	**120,640**
Current liabilities			
Trade and other payables	19	(2,097)	(1,641)
Corporation tax	7	(2,647)	(22)
Bank borrowings	20	(30)	-
		(4,774)	**(1,663)**
Total assets less current liabilities		**144,712**	**118,977**
Non-current liabilities			
Bank borrowings	20	(8,039)	-
Deferred tax	7	-	(526)
		(8,039)	**(526)**
Total liabilities		**(12,813)**	**(2,189)**
Net assets		**136,673**	**118,451**
Equity			
Share capital	21	**-**	-
Special reserve	22	76,032	78,261
Translation reserve	22	(582)	(190)
Capital reserve	22	40,689	20,880
Revenue reserve	22	20,534	19,500
Total equity		**136,673**	**118,451**
Net asset value per ordinary share	10	**204.3p**	**172.9p**

The financial statements were approved by the Board of Directors and authorised for issue on 13 June 2019. They were signed on its behalf by David Jeffreys and Melanie Torode.

David Jeffreys
Director

Melanie Torode
Director

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

Consolidated cash flow statement

	For the year ended 31 Mar 2019 £'000	For the year ended 31 Mar 2018 £'000
Operating activities		
Profit for the year after taxation	22,491	13,039
Adjustments for:		
Change in revaluation of investment property	(1,316)	(4,994)
Net gains on financial assets and liabilities held at fair value through profit or loss	(2,140)	(2,983)
Profit on subsidiary and investment property disposals	(18,061)	(4,281)
Taxation	2,180	564
Share of profit of joint ventures and associates	(3,595)	(2,288)
Interest receivable on loans to third parties	(2,709)	(1,017)
Finance income	(765)	(166)
Finance costs	123	648
Operating cash flows before movements in working capital	**(3,792)**	**(1,478)**
Movements in working capital:		
Movement in trade and other receivables	2,416	(1,451)
Movement in trade and other payables	457	(1,745)
Cash flows (used in)/from operations	**(919)**	**(4,674)**
Interest received	31	8
Interest paid	(93)	(315)
Tax paid	(82)	(28)
Cash flows used in operating activities	**(1,063)**	**(5,009)**
Investing activities		
Acquisition of investments	-	(21,260)
Acquisition of investment property	(14,795)	(11,262)
Disposal of 70% equity interest in H2O, net of cash disposed	-	32,474
Proceeds on disposal of subsidiary and investment property	52,474	-
Redemption of investments	34,065	15,269
Redemption on preference shares' investment	343	3,121
Capital expenditure on investment property	(5,203)	(5,543)
Loan repayments from related parties	-	13,678
Loan interest received	1,061	956
Loans granted to third parties	(32,586)	(12,679)
Loans repaid by third parties	11,465	2,000
Dividend income from joint venture	385	-
Dividend income from other investments	805	105
Capital distribution from other investments	14	274
Capital return from joint venture in arbitration	1,107	-
Collateral deposit increase	(452)	(850)
Cash flows from investing activities	**48,683**	**16,283**
Continues on following page		

Financing activities		
Bank loan repayment	-	(60,810)
Bank loan advanced	8,377	55,622
Bank loan costs	(151)	(1,432)
Share buyback	(2,200)	(1,018)
Share buyback costs	(29)	(27)
Cash paid on maturity of foreign exchange forward	(118)	(1,406)
Interest rate swaption paid	-	(290)
Ordinary dividends paid	(1,634)	(1,243)
Special dividend paid to A shareholders	(14)	(272)
Cash flows used in/(from) financing activities	**4,231**	**(10,876)**
Net increase in cash and cash equivalents	**51,851**	**398**
Cash and cash equivalents at beginning of year	**6,273**	**5,397**
Exchange translation movement	57	478
Cash and cash equivalents at end of year	**58,181**	**6,273**

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

Consolidated statement of changes in equity

For the year ended 31 March 2018	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 year					
Profit for the year	-	-	10,641	2,398	13,039
Exchange differences arising on translation of foreign operations	-	1,786	-	-	1,786
Reclassification of foreign exchange gains on translation of foreign operations following disposals	-	(3,987)	-	-	(3,987)
Total comprehensive income for the year	**-**	**(2,201)**	**10,641**	**2,398**	**10,838**
Transactions with owners					
Dividends	-	-	(272)	(1,243)	(1,515)
Share buyback	(1,018)	-	-	-	(1,018)
Share buyback costs	(27)	-	-	-	(27)
Total transactions with owners	**(1,045)**	**-**	**(272)**	**(1,243)**	**(2,560)**
At 31 March 2018	**78,261**	**(190)**	**20,880**	**19,500**	**118,451**
Notes 21, 22					

For the year ended 31 March 2019	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 year					
Profit for the year	-	-	19,823	2,668	22,491
Exchange differences arising on translation of foreign operations	-	(392)	-	-	(392)
Total comprehensive income for the year	**-**	**(392)**	**19,823**	**2,668**	**22,099**
Transactions with owners					
Dividends	-	-	(14)	(1,634)	(1,648)
Share buyback	(2,200)	-	-	-	(2,200)
Share buyback costs	(29)	-	-	-	(29)
Total transactions with owners	**(2,229)**	**-**	**(14)**	**(1,634)**	**(3,877)**
At 31 March 2019	**76,032**	**(582)**	**40,689**	**20,534**	**136,673**
Notes 21, 22					

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

Notes to the financial statements for the year ended 31 March 2019

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given below. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The financial statements were approved and authorised for issue on 13 June 2019 and signed by David Jeffreys and Melanie Torode on behalf of the Board.

2. (a) Significant accounting policies

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

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

Basis of preparation

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

Going concern

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

(a) Adoption of new and revised Standards

The following new standards or interpretations, which were effective for the first time for periods beginning on or after 1 January 2018, impacted the Group's accounting policies:

IFRS 9: Financial instruments

IFRS 15: Revenue from contracts with customers

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 replaced 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 in more detailed on the 'financial instruments' section.

IFRS 15: Revenue from contracts with customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaced IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. As the Group's revenue is mainly derived from senior and mezzanine loan interest and applicable fees and leases, which are scoped out by IFRS 15, the application of IFRS 15 has not changed the nature or timing of revenue recognised.

(b) Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, there are a number of standards and interpretations, which have not been applied in these financial statements that were in issue but not yet effective. Those which may have an effect on the Group's financial statements are set out below:

IFRS 16: Leases - for accounting periods commencing on or after 1 January 2019

IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, a lessor will continue to classify its leases as finance leases or operating leases, and account for those two types of leases differently. Therefore, the Directors anticipate that the adoption of this standard will not have a material impact on the financial statements of the Group.

The principal accounting policies adopted are set out below.

Basis of consolidation

(a) Subsidiaries

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

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

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

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

ART holds a number of direct property investments through subsidiary undertakings. The Group is actively involved in the management of these property investments and its investment plans do not include specified exit strategies for these investments. As a result, ART plans to hold these property investments indefinitely. ART reports its investment properties at fair value in its financial statements but this is not the primary measurement attribute used by management to evaluate the performance of these investments. In addition, ART holds a number of loans through subsidiary undertakings and management do not measure the performance of these on a fair value basis. In consequence, management have concluded that ART does not meet the definition of an investment entity and the subsidiaries have been consolidated into the Group's balance sheet, rather than being carried at fair value.

When a partial disposal of a subsidiary occurs which causes the entity to no longer be controlled and hence no longer a subsidiary, the Company derecognises the subsidiary and recognises the retained interest initially at fair value.

When calculating the profit or loss on disposal the Company measures the retained interest at fair value and includes this in the fair value of the consideration received. The profit or loss on disposal is the difference between the fair value of the consideration received and the carrying value of the assets and liabilities disposed of, as reduced by transactions costs incurred and any foreign currency gains or losses recycled on disposal as per the foreign currency accounting policy in respect of group companies.

(b) Joint ventures and associates

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

The Group also applies IAS 28: this standard defines an associate as an entity over which an investor exercises significant influence. Under IAS 28 significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies and, where an entity holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it is presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case. The Group has assessed the nature of its investment in Alpha UK Property Fund Asset Company ("No 2") Limited ('Alpha2') and determined this to be an associate. Associates are accounted for using the equity method.

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

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

The Galaxia joint venture is classified as joint venture in arbitration and has been included within the financial statements based on the current estimate of realisable value to the Group.

Presentation of statement of comprehensive income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information, which analyses the statement of comprehensive income between items of a revenue and capital nature, has been presented alongside the statement of comprehensive income (see note 22).

Revenue recognition

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

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

Other income is recognised when received.

Leasing

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

Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the year.

(c) Group companies

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

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

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

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

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

For Euro based balances the year end exchange rate used is £1:€1.161 (2018: £1:€1.141) and the average rate for the year used is £1:€1.134 (2018: £1:€1.134). The year-end exchange rate used for Indian rupee (INR) balances is £1:INR90.155 (2018: £1:INR91.445) and the average rate for the year used is £1:INR91.777 (2018: £1:INR85.526).

Expenses

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the statement of comprehensive income, all expenses have been presented as revenue items except expenses which are incidental to the acquisition of an investment property which are included within the cost of that investment property. The Investment Manager’s performance fee is charged to the capital column in the statement of comprehensive income in order to reflect that the fee is due primarily to the capital performance of the Group.

Taxation

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £1,200 was payable to the States of Guernsey in respect of this exemption for the year. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Group has subsidiary operations in Cyprus and India. The Group also holds investments in Spain, owned through investment entities in Luxembourg and the Netherlands, in Germany, owned through a limited partnership incorporated in Germany with corporate partners incorporated in Luxembourg, in the United Kingdom either directly or owned through investment entities incorporated in Jersey (Cambourne) or owned through limited partnerships incorporated in the UK (PRS investment). The Group may therefore be liable to taxation in these overseas jurisdictions.

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

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

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

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

Dividends

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost being the fair value of consideration given including related transaction costs.

After initial recognition at cost and/or upon commencement of construction, investment property is carried at its fair value based on half yearly professional valuations made by independent valuers. The valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors Appraisal and Valuation manual and the International Valuation Standards Committee.

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

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

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered by sale rather than by continuing use in the business. For this to be the case, the asset must be available for immediate sale in its present condition, management must be committed to and have initiated a plan to sell the asset which, when initiated, was expected to result in a completed sale within twelve months. Property assets that are classified as held for sale are measured at fair value in accordance with IAS 40 Investment Property.

Segmental reporting

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

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

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

With the exception of the Galaxia's joint venture in arbitration (note 15), all of the Group's non-current assets are located in Europe.

Financial instruments

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

(a) Financial assets

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.

(a) (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.

Cash deposits with banks that cannot be accessed within a period of three months are not considered to be cash and cash equivalents.

(a) (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.

Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability

or

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(a) (iii) 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 Group 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 of the underlying banks which are utilised by the 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 and at the year ended 31 March 2019.

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.

(b) Financial liabilities

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

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

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

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

The fair value of the Group's derivatives is based on the valuations as described in note 26.

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

Other financial liabilities include the following items:

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

(b) (iii) Derecognition of financial liabilities

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

(c) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares and class A shares are classified as equity instruments. For the purposes of the disclosures given in note 21 the Group considers all its share capital, share premium and all other reserves as equity. The Group is not subject to any externally imposed capital requirements.

(d) Effective interest rate method

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

2. (b) Significant accounting estimates and judgements

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

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

(a) Investment property

The Group uses the valuations carried out by its independent valuers as the fair value of its investment properties. The valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Investment property which is in the course of construction is carried at cost plus associated costs and this has been considered by the Directors to represent fair value at the balance sheet date: upon commencement of construction, valuations will be carried out by independent valuers. Refer to notes 13 and 26 for further details.

(b) Estimate of fair value of joint venture in arbitration - Galaxia

The Galaxia joint venture is classified as a joint venture in arbitration and has been included within the financial statements based on the current estimate of realisable value to the Group (see note 15).

The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to carry this investment in its accounts as a receivable of INR 350.0 million, which is the residual amount invested but excludes penalty interest payment and other amounts awarded in ART's favour due to uncertainty over timing and final value of the Award.

(c) Loans advanced – ECLs

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.

2. (c) Significant transactions: part disposal of H2O (Madrid, Spain)

On 4 August 2017, the Group disposed of 70% of its equity interest in the H2O shopping centre in Madrid, Spain ('H2O'), to CBRE European Co-Investment Fund ('CBRE'), managed by CBRE Global Investors, for €41.3 million (£37.3 million). The 30% investment retained by ART is made via its Dutch subsidiary, KMS Holding NV, into CBRE H2O Rivas Holding NV ('CBRE H2O'), a company also based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of the H2O shopping centre (Alpha Tiger Spain 1, SLU, Alpha Tiger Spain 2, SLU and Alpha Tiger Spain 3).

As per the joint venture agreement, entered into by ART and CBRE, there are no different voting rights attached to the ordinary shares of CBRE H2O; risks and rewards are shared as per the investment ratio of ART (30%) and CBRE (70%); CBRE H2O has a management board comprised of two directors, one appointed by ART and one by CBRE; the joint venture business needs to be conducted by unanimous vote of each director or, in case of decisions escalated to the shareholders, by unanimous vote of each shareholder. As of 4 August 2017, ART has therefore no power to directly govern the financial and operating policies of H2O; accordingly, the Group no longer consolidates its interest in the structure holding H2O since that date: in compliance with IFRS 11 (Joint Arrangements), the Group has adopted the equity method of accounting for its joint venture. Income and expenses related to the H2O investment have been recognised in the statement of comprehensive income up to 4 August 2017; thereafter the Group has recognised its share of the joint venture profit up to the year end (note 12).

3. Revenue

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Rental income	486	2,535
Service charge income	42	1,099
Rental revenue	**528**	**3,634**
Interest receivable on loans to related parties	-	359
Interest receivable on loans to third parties (note 17)	2,709	658
Interest revenue	**2,709**	**1,017**
Other income	-	11
Other revenue	**-**	**11**
Total	**3,237**	**4,662**

At 31 March 2019, the Group recognised non recoverable property operating expenditure as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Service charge income	42	1,099
Property operating expenditure	(96)	(1,438)
Non recoverable property operating expenditure	**(54)**	**(339)**

The Group recognises revenue from its investment in one property: a long leased industrial facility in Hamburg, Germany.

The Hamburg 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.

At 31 March 2019, the Group had contracted with its tenant in Hamburg for the following future minimum lease payments:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Within one year	754	-
In the second to fifth years inclusive	3,018	-
After five years	13,393	-
Total	**17,165**	**-**

4. Other administration costs

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Auditors' remuneration for audit services	94	90
Accounting and administrative fees	443	538
Non-executive directors' fees	141	139
Other professional fees	539	575
Total	**1,217**	**1,342**

5. Finance income

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Bank interest receivable	31	8
Foreign exchange gain	734	158
Total	**765**	**166**

6. Finance costs

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest on bank borrowings	123	648
Total	**123**	**648**

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

7. Taxation

(a) Parent Company

The Parent Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £1,200 (31 March 2018: £1,200) was payable to the States of Guernsey in respect of this exemption for the year. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in its overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, the United Kingdom, Germany, the Netherlands, Spain, Cyprus, Jersey and India.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Deferred tax	(526)	526
Current tax	2,706	38
Tax Expense	**2,180**	**564**

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

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Tax expense reconciliation		
Profit before taxation	24,671	13,603
Less: income not taxable	(18,586)	(40,901)
Add: expenditure not deductible	7,468	30,529
Un-provided deferred tax asset movement	184	206
Total	**13,737**	**3,437**

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Analysed as arising from		
Cyprus entities	114	42
Dutch entity	176	72
India entity	-	-
Luxembourg entities	-	-
German investment	13,447	3,323
UK investment	-	-
Total	**13,737**	**3,437**

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

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cypriot taxation at 12.50%	14	5
Dutch taxation at 20%	35	14
India taxation at 22.66%	-	-
Luxembourg entities at an average rate of 29.22% *	3	19
German taxation at 15.825%	2,128	526
UK taxation at 20%	-	-
Total	**2,180**	**564**

*The taxation incurred in Luxembourg mainly relates to the minimum net wealth tax charge of €4,815 per entity.

(c) Deferred taxation

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

	Revaluation of Investment Property £'000	Accelerated tax depreciation £'000	Tax Losses £'000	Other temporary differences £'000	Total £'000
At 31 March 2017	**-**	**4**	**(425)**	**421**	**-**
Release to income	526	(4)	306	(302)	526
At 31 March 2018	**526**	**-**	**(119)**	**119**	**526**
Release to income	(526)	-	(61)	61	(526)
At 31 March 2019	**-**	**-**	**(180)**	**180**	**-**

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

	2019 £'000	2018 £'000
Deferred tax liabilities	180	645
Deferred tax assets	(180)	(119)
Total	**-**	**526**

At the balance sheet date the Group has unused tax losses of £0.6 million (2018: £0.5 million). Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses at the year end.

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.

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	68,496	0.6p	410,975	21 September 2018
Quarter ended 30 September 2018	66,902	0.6p	401,414	14 December 2018
Total			**1,634,351**	

During the quarter ended 31 December 2018, ART received the final liquidation proceeds from its investment in Romulus, which generated £13,686 for ART A shareholders: this amount was therefore paid to ART A shareholders as a special dividend on 4 January 2019. Consequently, on 24 January 2019, all outstanding A shares were mandatorily converted into ordinary shares.

On 26 April 2019, the Company paid a dividend for the quarter ended 31 December 2018 of £186,069 (0.8p per share).

The Company will pay a dividend for the quarter ended 31 March 2019 on 19 July 2019. In accordance with IAS 10, this dividend has not been included in these financial statements as the dividend was declared and paid after the year end. The current intention of the Directors is to pay a dividend quarterly.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2018: elections were received in respect of 43,643,712 shares, which resulted in the issue of 216,698 new ordinary shares. These shares have been issued at a price of 161.1 pence each and were rank pari passu in all respects with the Company's existing issued ordinary shares. These new shares have been admitted to trading on the SFS of the LSE on 8 May 2019.

9. Earnings per share

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

	Year ended 31 March 2019	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2018	Year ended 31 March 2018	Year ended 31 March 2018
	Ordinary share	**A share**	**Total**	**Ordinary share**	**A share**	**Total**
Earnings per statement of comprehensive income (£'000)	21,181	1,310	22,491	11,703	1,336	13,039
Basic and diluted earnings pence per share	**33.1**	**33.5**	**33.2**	**18.5**	**23.3**	**18.9**
Earnings per statement of comprehensive income (£'000)	21,181	1,310	22,491	11,703	1,336	13,039
Net change in the revaluation of investment properties	(1,240)	(76)	(1,316)	(4,578)	(416)	(4,994)
Profit on subsidiary disposal	-	-	-	(3,924)	(357)	(4,281)
Profit on investment property disposal	(17,020)	(1,041)	(18,061)	-	-	-
Movement in fair value of investments	(260)	(17)	(277)	(1,457)	(132)	(1,589)
Gain on interest rate swaption	-	-	-	(13)	(1)	(14)
Loss on foreign exchange forward	(375)	(23)	(398)	1,197	109	1,306
Movement in fair value of the joint ventures' interest rate swaption (mark to market)	-	-	-	(3)	-	(3)
Net change in the revaluation of the joint ventures' and associates' investment property	(1,807)	(110)	(1,917)	(1,348)	(122)	(1,470)
Investment Manager's fees (performance fee)	726	45	771	284	26	310
Tax and deferred tax	2,000	123	2,123	482	44	526
Romulus capital return	-	(14)	(14)	-	(274)	(274)
Foreign exchange (gain)/loss	(692)	(42)	(734)	(145)	(13)	(158)
Adjusted earnings	**2,513**	**155**	**2,668**	**2,198**	**200**	**2,398**
Adjusted earnings per share	**3.9**	**3.9**	**3.9**	**3.5**	**3.5**	**3.5**
Weighted average number of shares ('000s)	**63,905**	**3,907**	**67,812**	**63,163**	**5,739**	**68,902**

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

	31 March 2019	31 March 2018
Net asset value (£'000)	136,673	118,451
Net asset value per ordinary share	**204.3p**	**172.9p**
Total number of shares ('000s)	**66,902**	**68,497**

11. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2019, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of shares/units	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary shares	100	Cyprus	Holding Company
Luxco 111 SARL	Ordinary shares	100	Luxembourg	Holding Company
Skyred International SARL	Ordinary shares	100	Luxembourg	Holding Company
Iron Bridge Finance Luxembourg SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Rock Rose SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Rock Rose 2 SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Guava SARL	Ordinary shares	100	Luxembourg	Holding Company
KMS Holding NV	Ordinary shares	100	Netherlands	Holding Company
Alpha Tiger Guernsey Holdings No.1 Ltd	Ordinary shares	100	Guernsey	Holding Company
ART Germany 1 Ltd	Ordinary shares	100	Guernsey	Property Company
Realhousingco Ltd	Ordinary shares	100	United Kingdom	Property Company

During the year, ART disposed of ART Resi Unit Trust, which, at point of disposal, held the Monk Bridge PRS development in Leeds in the UK.

The Group also owns one limited partnership in Germany (Sixteen Rock Rose Sàrl & Co Vermögensverwaltungs KG), which held its Frankfurt data centre investment, sold on 13 February 2019.

12. Investment in joint ventures and associates

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

	Alpha2	H2O	SPHL	Total	H2O	SPHL	Total
	31 March 2019 £'000	31 March 2019 £'000	31 March 2019 £'000	31 March 2019 £'000	31 March 2018 £'000	31 March 2018 £'000	31 March 2018 £'000
As at 1 April	**-**	**17,653**	**1,679**	**19,332**	**-**	**1,538**	**1,538**
Additions	6,347	-	-	6,347	-	-	-
Transfer of 70% equity interest in H2O	-	-	-	-	15,979	-	15,979
Group's share of joint venture and associate profits before fair value movements and dividends	196	1,355	127	1,678	677	138	815
Fair value adjustment for interest rate swaption	-	(63)	-	(63)	(18)	-	(18)
Fair value adjustment for investment property	860	843	277	1,980	1,488	3	1,491
Dividends paid by joint venture and associate to the Group	-	-	(385)	(385)	-	-	-
Foreign exchange movements	-	(354)	-	(354)	(473)	-	(473)
As at 31 March	**7,403**	**19,434**	**1,698**	**28,535**	**17,653**	**1,679**	**19,332**

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

- Joint venture investment in the H2O shopping centre in Madrid, Spain: the Group holds a 30% equity investment in CBRE H2O Rivas Holding NV ('CBRE H2O'), a company based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of H2O. CBRE H2O is a Euro denominated company hence the Group translates its share of this investment at the relevant year end exchange rate with movements in the period translated at the average rate for the period. As at 31 March 2019, the carrying value of ART's investment in CBRE H2O was £19.4 million (€22.5 million) (31 March 2018: £17.6 million (€20.1 million)).
- Joint venture investment in the Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group holds a 10% equity investment in the Scholar Property Holdings Limited ('SPHL') group, owner of the property. As at 31 March 2019, the carrying value of ART's investment in Scholar Property Holdings Limited was £1.7 million (31 March 2018: £1.7 million).
- Associate investment in a portfolio of investment properties in the UK industrial sector: the Group holds a 33.6% equity investment in Alpha UK Property Fund Asset Company ("No 2") Limited ('Alpha2'), owner of five industrial assets in the United Kingdom. As at 31 March 2019, the carrying value of ART's investment in Alpha2 was £7.4 million (31 March 2018: £6.0 million) (see note 16).

Foreign exchange movement is recognised in other comprehensive income.

The investments in CBRE H2O and Alpha2 are deemed to be significant and material for the Group; the CBRE H2O and Alpha2 financial information can therefore be summarised as follows:

	Alpha2	**H2O**	**H2O**
Statement of comprehensive income	**Year ended 31 March 2019 £'000**	**Year ended 31 March 2019 £'000**	**4 August 2017 to 31 March 2018 £'000**
Revenue	906	11,313	6,768
Change in the revaluation of investment property	2,557	2,810	4,960
Total income	**3,463**	**14,123**	**11,728**
Operating expenses	(323)	(5,055)	(3,644)
Operating profit	**3,140**	**9,068**	**8,084**
Finance costs	-	(1,522)	(922)
Profit before taxation	**3,140**	**7,546**	**7,162**
Taxation	-	(960)	-
Profit for the period	**3,140**	**6,586**	**7,162**
Other comprehensive income/(expense)	-	-	-
Total comprehensive income	**3,140**	**6,586**	**7,162**

	Alpha2	H2O	H2O
Balance sheet	**31 March 2019 £'000**	**31 March 2019 £'000**	**31 March 2018 £'000**
Investment property	20,375	113,243	111,218
Derivatives held at fair value through profit or loss	-	10	218
Non-current assets	**20,375**	**113,253**	**111,436**
Trade debtors	234	1,449	1,181
Other debtors	448	449	469
Cash	1,794	7,623	5,533
Current assets	**2,476**	**9,521**	**7,183**
Trade and other payables	(834)	(2,967)	(4,003)
Bank borrowings	-	(123)	(123)
Current liabilities	**(834)**	**(3,090)**	**(4,126)**
Bank borrowings	-	(54,903)	(55,650)
Non-current liabilities	**-**	**(54,903)**	**(55,650)**
Net assets	**22,017**	**64,781**	**58,843**
Equity	40,883	51,728	51,728
Translation reserve	-	(892)	(47)
Capital and revenue reserve	(18,866)	13,945	7,162
Total equity	**22,017**	**64,781**	**58,843**

The fair value of the H2O property in Madrid (Spain) of €131.5 million (£113.2 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 Savills Aguirre Newman Valoraciones y Tasaciones S.A. ("Savills Aguirre"), an independent valuer not connected to the Group.

The fair value of the investment property portfolio of Alpha2 of £20.4 million (31 March 2018: £17.4 million, like for like) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by CBRE Limited ("CBRE"), an independent valuer not connected to the Group.

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

The fair value of the H2O property and the investment property portfolio of Alpha2 are based on unobservable inputs. The following methods, assumptions and inputs were used to estimate fair values of the investment properties:

31 March 2019 – H2O Shopping centre, Madrid (Spain)					
Class of investment property	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
Europe	£113,243 (€131,475)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€170.6
				Discount rate	12.90%

31 March 2018 – H2O Shopping centre, Madrid (Spain)					
Class of investment property	**Carrying amount / fair value ’000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
Europe	£111,218 (€126,900)	51,825	Discounted cash flow	Gross Estimated Rental Value (‘ERV’) per sqm p.a.	€216.8
				Discount rate	13.00%

31 March 2019 – Alpha2 investment property portfolio (five UK industrial assets)					
Class of investment properties	**Carrying amount / fair value ’000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
UK	£20,375	42,070	Comparable transactions analysis	Comparable evidence	Not applicable

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) of £30.5 million (31 March 2018: £26.3 million (Directors’ valuation)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Avison Young, an independent valuer not connected to the Group.

The CBRE H2O group bank borrowings represent the €65.0 million provided by Aareal Bank to Alpha Tiger Spain 1, SLU less the balance of unamortised deferred finance costs of €1.3 million. This loan has a 1.887% fixed coupon, matures on 18 May 2024 and is secured by a first charge mortgage against the Spanish property. The borrowings are non-recourse to the Group’s other investments.

The Scholar Property Holdings Limited group bank borrowings’ balance as at 31 March 2019 is £13.8 million: this is a loan provided by Natwest PLC to Scholar Property Investments Limited, which is secured by a first charge mortgage against the UK property. This loan has a 2.0% margin over 3 month LIBOR and matures on 6 September 2023.

Alpha2 has no bank borrowings.

13. Investment property

	31 March 2019 £’000	**31 March 2018 £’000**
Fair value of investment property at 1 April	**33,021**	**112,442**
Additions	14,795	11,262
Subsequent capital expenditure after acquisition	5,203	6,024
Disposals	(35,864)	-
Movement in rent incentives/initial costs	-	(53)
Fair value adjustment in the year	1,316	4,994
Transfer of 70% equity interest in H2O	-	(107,449)
Foreign exchange movement	(207)	5,801
Transfer to asset held for sale	(4,500)	-
Fair value of investment property at 31 March	**13,764**	**33,021**

Investment property is represented by an investment property located in Hamburg (Werner-Siemens-Straße), Germany.

The Unity and Armouries property in Birmingham (UK) has been actively marketed for disposal at the balance sheet date so it was reclassified as asset held for sale (note 14).

On 21 August 2018, the Group completed 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 (£8.2 million), provided by Nord (Bremer) LB, a German Bank. The fair value of the Hamburg property of €16.0 million (£13.8 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield (‘C&W’) (note 26).

On 13 February 2019, the Group completed the sale of the data centre development at Borsigallee 1-7 in Frankfurt (Germany) for a total consideration of €44.8 million (£39.5 million).

On 28 February 2019, the Group disposed of its Monk Bridge investment property in Leeds (UK) to Highline Holdings Limited and

Whitehall Holdings Limited, wholly-owned subsidiary entities of City Developments Limited (CDL), for a total consideration of £15.2 million.

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.

14. Asset held for sale

	31 March 2019 £'000	31 March 2018 £'000
Fair value at 1 April	**-**	**-**
Transfer from investment property	4,500	-
Fair value at 31 March	**4,500**	**-**

Asset held for sale is represented by the Unity and Armouries property in Birmingham (UK), which is being actively marketed for disposal.

The fair value of the Unity and Armouries property in Birmingham (UK) of £4.5 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 (note 26).

GVA 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".

15. Joint venture in arbitration

	31 March 2019 £'000	31 March 2018 £'000
As at 1 April	**4,921**	**5,535**
Capital return	(1,106)	-
Foreign exchange movement	67	(614)
As at 31 March	**3,882**	**4,921**

The Galaxia investment is carried at INR 350.0 million (£3.9 million) (31 March 2018: INR 450.0 million, £4.9 million), adjusted to reflect the recovery by the Company of INR 100 million (£1.1 million) during the period.

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 responsibilities under the Settlement Agreement and the Group then initiated 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 £14.3 million at the period end exchange rate.

Logix appealed the ICC decision at the Delhi High Court but the court ruled in the Group's favour. Logix continues to appeal at the Supreme Court of India. As a result of this process, the Supreme Court ordered Logix to deposit £2.2 million (INR 200 million) with the court and permitted the Company to unconditionally withdraw INR 100 million (£1.1 million), with the remaining INR 100 million (£1.1 million) available to the Group subject to provision of a bank guarantee acceptable to the Supreme Court. ART continues to actively pursue Logix and its 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 the Company's accounts at INR 350.0 million, which is the amount invested less the INR 100 million (£1.1 million) deposit recovery described above. The amount recognised in the accounts 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.

16. Investments held at fair value

	31 March 2019 £'000	31 March 2018 £'000
Non-current		
As at 1 April	**6,798**	**7,814**
Additions during the year	-	1,260
Disposals	(6,347)	-
Redemptions during the year	(343)	(3,121)
Movement in fair value of investments	282	845
As at 31 March	**390**	**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 year, 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 31 March 2019 was £0.2 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 year, HLP redeemed a total of £0.3 million of shares; HLP provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2019 was £0.2 million (31 March 2018: £0.4 million).
- AURE (ordinary shares): in November 2018, ART, along with a majority of investors, voted in favour of a recommended proposal for the winding up of AURE and its de-listing from The International Stock Exchange. AURE was subsequently delisted on 23 November 2018 and was placed in a solvent winding-up. ART received shares in AURE's subsidiary, Alpha2, by way of an in specie distribution. Consequently, ART owns 33.6% of Alpha2 and the Group has accounted for this investment as an associate (see note 12).

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

	31 March 2019 £'000	31 March 2018 £'000
Current		
As at 1 April	**33,692**	**26,113**
Additions during the year	-	20,000
Redemptions during the year	(34,065)	(15,269)
Undistributed investment income in year	-	2,104
Movement in fair value of investments	373	744
As at 31 March	**-**	**33,692**

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

- FIAF (income units): during the year, ART has redeemed the whole of its investment in FIAF units for a total of £28.7 million.
- ELM Trading (redeemable shares): during the year, ART redeemed all its shares in ELM Trading receiving a consideration of £5.3 million.
- ART also had an investment in Romulus. Any realised value from this investment had to be passed exclusively to ART A shareholders. In December 2018, ART received a final capital return of circa £14,500 from Romulus. ART has therefore paid a final special dividend to holders of ART A Shares of circa £13,700, after deducting administrative costs.

17. Loans advanced

	31 March 2019 £'000	31 March 2018 £'000
Non-current		
Loans granted to third parties	14,983	3,224
Interest receivable from loans granted to third parties	53	59
Total loans at amortised cost	**15,036**	**3,283**
Loans at fair value through profit or loss	**-**	**-**
Total non-current loans	**15,036**	**3,283**
Current		
Loans granted to third parties	16,363	9,577
Interest receivable from loans granted to third parties	1,026	240
Total loans at amortised cost	17,389	9,817
Loans at fair value through profit or loss	3,711	-
Total current loans	**21,100**	**9,817**

As at 31 March 2019, the Group had granted a total of £35.1 million (31 March 2018: £12.8 million) of senior and mezzanine loans to third parties. These comprised thirty two loans to UK entities, which assisted with the purchase of property developments, predominantly residential, in the UK. These facilities typically range from a 6 to 36 month term and entitle the Group to a weighted average overall return on the investment of 15.7% for mezzanine loans and 10.8% for senior loans.

All senior and mezzanine loans granted by the Group are secured asset backed real estate loans. Senior loans have a first charge security and mezzanine loans have a second charge security on the property developments.

Loans at fair value through profit or loss represents loans that failed the 'solely payment of principal and interest' criteria of IFRS 9 to be measured at amortised cost: this is due to a loan facility agreement's clause that links those loans to a return other than interest.

Loans maturity of the total £35.1 million loans granted by the Group at year end, can be analysed as follows:

	Less than 6 months £'m	Between 6 to 12 months £'m	Between 12 to 24 months £'m	Over 24 months £'m	Total £'m
Non-current	-	-	14,983	-	**14,983**
Current	5,819	14,256	-	-	**20,075**

As at 31 March 2019, no loans are overdue for payment.

Post year end, further loans totalling £4.7 million have been funded and loan repayments of £4.8 million were received.

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 (see note 2(b)(c)): based on this process the Directors have concluded that ECLs on loans advanced are immaterial to the financial statements.

18. Trade and other receivables

	31 March 2019 £'000	31 March 2018 £'000
Non-current		
Other debtors	1,929	-
Total	**1,929**	**-**
Current		
Trade debtors	28	35
VAT	28	706
Other debtors	297	1,812
Total	**353**	**2,553**

Other debtors of £1.9 million represent a residual receivable of the investment properties disposed of during the year.

The collateral deposit of £1.3 million (31 March 2018: £0.9 million), now separately disclosed on the balance sheet, is a cash deposit with Barclays Bank PLC ('Barclays') in Guernsey in relation to the foreign exchange forward contract entered into by the Group at year end: this cash has been placed on deposit for twelve month to match the maturity of the contract.

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. See note 2(a)(a)(iii) 'financial instruments' for more details.

19. Trade and other payables

	31 March 2019 £'000	31 March 2018 £'000
Trade creditors	356	565
Investment Manager's fee payable	1,439	805
Accruals	289	118
Other creditors	13	153
Total	**2,097**	**1,641**

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

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

20. Bank borrowings

	31 March 2019 £'000	31 March 2018 £'000
Current liabilities: interest payable	30	-
Current liabilities: bank borrowings	-	-
Total current liabilities	**30**	**-**
Non-current liabilities: bank borrowings	8,039	-
Total liabilities	**8,069**	**-**
The borrowings are repayable as follows:		
Interest payable	30	-
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	8,039	-
Total	**8,069**	**-**

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

	31 March 2019 £'000	31 March 2018 £'000
As at 1 April	**-**	**60,509**
Borrowings, additions	8,377	55,622
Deferred finance costs, additions	(151)	(1,432)
Repayment of borrowings	-	(60,810)
Amortisation of deferred finance costs	4	169
Disposal of 70% equity interest in H2O	-	(57,191)
Foreign exchange movement	(191)	3,133
As at 31 March	**8,039**	**-**

As at 31 March 2019, bank borrowings represent the Nord LB (a German bank) loan for €9.5 million (£8.2 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.

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

The tables below set out an analysis of net debt and the movements in net debt for the year ended 31 March 2019 and prior year.

	Other assets	Derivatives	Liabilities from financing activities		
	Cash £'000	Foreign exchange forward £'000	Interest payable £'000	Borrowings £'000	Total £'000
Net asset/(debt) as at 1 April 2018	**6,273**	**100**	**-**	**-**	**6,373**
Cash movements	51,951	17	93	(8,226)	43,835
Non cash movements					
Foreign exchange adjustments	(43)	-	-	191	148
Unrealised gain on foreign exchange forward contract	-	397	-	-	397
Loan fee amortisation and other costs	-	-	(8)	(4)	(12)
Interest charge	-	-	(115)	-	(115)
Net asset/(debt) as at 31 March 2019	**58,181**	**514**	**(30)**	**(8,039)**	**50,626**

	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 2017	**5,397**	**-**	**-**	**(109)**	**(60,509)**	**(55,221)**
Cash movements	398	1,406	290	315	6,620	9,029
Non cash movements						
Foreign exchange adjustments	478	-	-	-	(3,133)	(2,655)
Realised gain on foreign exchange forward contract	-	(1,306)	-	-	-	(1,306)
Realised gain on interest rate swaption contract	-	-	14	-	-	14
Loan fee amortisation and other costs	-	-	-	169	(169)	-
Interest charge	-	-	-	(648)	-	(648)
Disposal of 70% equity interest in H2O	-	-	(304)	273	57,191	57,160
Net asset/(debt) as at 31 March 2018	**6,273**	**100**	**-**	**-**	**-**	**6,373**

21. Share capital

					Number of shares
Authorised					
Ordinary shares of no par value					Unlimited
	Ordinary	**Ordinary**	**Ordinary**	**A shares**	**Total**
Issued and fully paid	**treasury**	**external**	**total**	**external**	**shares**
At 1 April 2017	**6,794,398**	**62,986,175**	**69,780,573**	**6,337,042**	**76,117,615**
Share conversion	-	1,302,238	1,302,238	(1,302,238)	-
Shares cancelled following buyback	(918,123)	-	(918,123)	-	(918,123)
Shares bought back	826,311	(826,311)	-	-	-
At 1 April 2018	**6,702,586**	**63,462,102**	**70,164,688**	**5,034,804**	**75,199,492**
Share conversion	-	5,034,804	5,034,804	(5,034,804)	-
Shares cancelled following buyback	-	(1,388,193)	(1,388,193)	-	(1,388,193)
Shares bought back	206,371	(206,371)	-	-	-
At 31 March 2019	**6,908,957**	**66,902,342**	**73,811,299**	**-**	**73,811,299**

Up to 24 January 2019, the Company had one class of ordinary shares, which carried no right to fixed income, and class A shares, which carried the same rights as ordinary shares save that class A shares carried the additional right to participation in the Company's investment in Romulus and the right to convert into ordinary shares on a one for one basis.

On 24 January 2019, following the payment of the final special dividend to holders of A shares from the Company's investment in Romulus, all outstanding A shares were mandatorily converted into ordinary shares.

Under the general authority, approved by shareholders on 5 January 2018, the Company announced a tender offer on 5 October 2018 for up to 5,000,000 ordinary shares at a price (before expenses) of 138.0 pence per share. In total, 1,584,564 ordinary shares were validly tendered under the tender offer, representing approximately 2.3 per cent of the Company's voting shares in issue as at 26 October 2018 (excluding ordinary shares held in treasury). Of the purchased ordinary shares, 1,388,193 were cancelled and 206,371 shares will be held in treasury.

As at 31 March 2019, the ordinary share capital of the Company, following the purchase and cancellation of those ordinary shares, was 73,811,299 (including 6,908,957 shares held in treasury). The total voting rights in ART following the purchase and cancellation of ordinary shares was 66,902,342.

The Company renewed its general authority to buy back shares at an extraordinary general meeting on 8 January 2019.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2018: elections were received in respect of 43,643,712 shares, which resulted in the issue of 216,698 new ordinary shares. These shares have been issued at a price of 161.1 pence each and were rank pari passu in all respects with the Company's existing issued ordinary shares. These new shares have been admitted to trading on the SFS of the LSE on 8 May 2019.

Post year end, the Company has purchased 52,124 of its own shares, which will be held in treasury. At the date of signing these financial statements the ordinary share capital of the Company was 74,027,997 (including 6,961,081 shares held in treasury). The total voting rights in ART following the purchase of ordinary shares were 67,066,916.

22. Reserves

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

Special reserve

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

Translation reserve

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

Capital reserve

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

Revenue reserve

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

23. Events after the balance sheet date

Between April and June 2019, further loans totalling £4.7 million have been funded and loan repayments of £4.8 million were received.

In April 2019, scrip dividend alternative elections were received in respect of 43,643,712 shares of the Company, which has resulted in the issue of 216,698 new ordinary shares.

Between April and June 2019, the Company has purchased 52,124 of its own shares, which will be held in treasury.

On 26 April 2019, the Company paid a dividend for the quarter ended 31 December 2018 of £186,069 (0.8p per share).

On 9 May 2019, ART received £0.2 million as part redemption from Europip.

24. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. ARC is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company. The current management agreement with the Investment Manager will expire on 21 December 2022.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. During the year a total of £2.2 million (31 March 2018: £1.7 million), net of rebates, was billed by ARC to ART. As at 31 March 2019, a total of £0.6 million (31 March 2018: £0.5 million) was outstanding.

The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark. As at 31 March 2019, a performance fee of £0.8 million (31 March 2018: £0.3 million) was due to ARC.

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.

In August 2018, ART acquired an industrial facility in Hamburg, Germany from Alpha German Property Income Trust Limited (in liquidation), where ARC was the Investment Manager, for €16.7 million (£14.8 million) including acquisition costs.

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

The Company had invested in ELM Trading where the Board of Directors is drawn from the partners and employees of ARPIA, a subsidiary of ARC. ARC rebated fees earned in relation to the Company's investment in ELM Trading.

The Company had invested in AURE (currently in liquidation) and invests in Alpha2, where ARC is the Investment Manager. Brad Bauman, a partner of ARC, is a Director on the Board of AURE and Alpha2. ARC rebated fees earned in relation to the Company's investment in AURE and currently rebates fees earned in relation to the Company's investment in Alpha2.

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 had invested in Romulus, where ARPIA, a subsidiary of ARC, is Trust Manager and Property Manager. ARC rebated 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.

Total rebates for the year were £0.7 million (31 March 2018: £0.9 million).

Details of the Investment Manager's fees for the year are disclosed on the face of the consolidated statement of comprehensive income and the balance payable at 31 March 2019 is provided in note 19.

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, held 22,550,000 shares in the Company at 31 March 2019 (31 March 2018: 22,550,000).

ARC did not hold any shares in the Company at 31 March 2019 (31 March 2018: nil).

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2019:

	31 March 2019 **Number of shares held**	**31 March 2018** **Number of 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.

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

Karl Devon-Lowe, a partner of ARC, received fees of £5,100 (31 March 2018: £7,100) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Melanie 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 £96,500 (31 March 2018: £92,300) and no amount was outstanding at period end.

25. Financial instruments risk exposure and management

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

Principal financial instruments

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

		Financial assets and liabilities carrying value	
		31 March 2019 £'000	**31 March 2018 £'000**
Financial assets at fair value through profit or loss			
Investments held at fair value		390	40,490
Foreign exchange forward contract		514	100
Loans advanced		3,711	-
Total financial assets at fair value through profit or loss		**4,615**	**40,590**
Financial assets at amortised cost			
Loans advanced		32,425	13,100
Collateral deposit		1,302	850
Trade and other receivables		2,282	2,553
Cash and cash equivalents		58,181	6,273
Total loans and receivables		**94,190**	**22,776**
Total financial assets		**98,805**	**63,366**
Financial liabilities at amortised cost			
Trade and other payables		(2,097)	(1,641)
Bank borrowings		(8,069)	-
Total financial liabilities		**(10,166)**	**(1,641)**

Net changes in realised and unrealised gains or losses on financial instruments at fair value through profit or loss can be summarised as follows:

		31 March 2019 £'000	**31 March 2018 £'000**
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Unrealised gain on foreign exchange forward contract		514	100
Movement in fair value of investments		297	1,863
Movement in fair value of interest rate swaption		-	14
Movement in fair value of loans advanced		267	-
Undistributed investment income		-	2,307
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Realised loss on foreign exchange forward contract		(116)	(1,406)
Dividend received from investments held at fair value		1	7
Distributed investment income		1,177	98
Net gains on financial assets and liabilities held at fair value through profit or loss		**2,140**	**2,983**

Net interest income can be summarised as follows:

		31 March 2019 £'000	**31 March 2018 £'000**
Bank interest receivable		31	8
Interest receivable on loans granted to related parties		-	359
Interest receivable on loans granted to third parties		2,709	658
Interest on bank borrowings		(123)	(648)
Net interest income		**2,617**	**377**

General objectives, policies and processes

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

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

Project monitoring

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

Credit risk

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

At 31 March 2019, trade and other receivables past due but not impaired amounted to nil (31 March 2018: nil).

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

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

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

The Group owns a portfolio of secured real estate loans and mezzanine loan investments. These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns. The Group receives monthly updates from its investment advisors regarding the credit worthiness of the borrowers and values of the real estate investment and development assets, which the loans are secured on, and assesses the recoverability of each loan investment.

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450.0 million and an additional preferred return and profit. As detailed in note 15, in January 2015, the ICC Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group. The Award granted by the ICC to the Group equals £14.3 million, based on year end exchange rates, plus 15% p.a. interest on all sums awarded until the actual date of payment by Logix. Logix have since appealed to the Supreme Court of India, which admitted the appeal and ordered Logix to deposit £2.2 million (INR 200 million) with the court: in May 2018, the Supreme Court 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.

The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to continue to value the indirect investment at INR 350.0 million, which is the amount invested less the INR 100 million (£1.1 million) deposit withdrawal but excludes penalty interest payment and other payments awarded in ART's favour due to uncertainty over timing and final value of the Award.

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

Liquidity risk

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

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

31 March 2019	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000	Total carrying amount £'000
Trade and other payables	2,097	-	-	-	**2,097**	**2,097**
Interest payable on bank borrowings	185	185	555	804	**1,729**	**30**
Bank borrowings	-	-	-	8,039	**8,039**	**8,039**
Total	**2,282**	**185**	**555**	**8,843**	**11,865**	**10,166**

31 March 2018	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000	Total carrying amount £'000
Trade and other payables	1,641	-	-	-	**1,641**	**1,641**
Interest payable on bank borrowings	-	-	-	-	**-**	**-**
Bank borrowings	-	-	-	-	**-**	**-**
Total	**1,641**	**-**	**-**	**-**	**1,641**	**1,641**

Market risk

(a) Foreign exchange risk

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

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

During the year, the Group entered into a one year contract to hedge €14.2 million of its Euro exposure in the balance sheet; this contract will terminate on 3 October 2019.

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

A strengthening of the Rupee by 10% against Sterling (representing management's assessment of a reasonably possible change) would increase the net assets by £431,000 (2018: £547,000). A weakening of the Rupee by 10% would decrease net assets by £353,000 (2018: £447,000). A strengthening of the Euro by 5 cents would increase the net assets by £1,142,000 (2018: £1,693,000). A weakening of the Euro by 5 cents would decrease net assets by £1,048,000 (2018: £1,551,000).

(b) Cash flow and fair value interest rate risk

The Group's interest rate risk arose primarily from bank borrowings. The Group is not directly exposed to interest rate risk related to bank borrowings: the bank debt of ART Germany 1 Ltd, owner of the Hamburg investment property in Germany, bears a fixed coupon until maturity in 2028 (note 20).

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

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

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

For the Group, a decrease of 25 basis points in interest rates would result in a £0.2 million decrease in post-tax profits (2018: negligible). An increase of 25 basis points in interest rates would result in a £0.2 million increase in post-tax profits (2018: negligible).

(c) Price risk

The Group has invested in participating redeemable preference shares in Europip and HLP; the value of these shares is assessed regularly and is subject to fluctuation: Europip provide pricing quarterly and HLP half yearly.

If the price of the aggregated investments in ordinary and participating redeemable preference shares had increased by 5%, with all other variables held constant, this would have increased the net assets value of the Group by £20,000 (31 March 2018: £38,000). Conversely, if the price of the aggregated investments in ordinary and participating redeemable preference shares had decreased by 5% this would have decreased the net assets value of the Group by £20,000 (31 March 2018: £38,000).

(d) Fair values

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments
- The fair value of the foreign exchange forward contract is determined by reference to the year end forward market rate and based on observable inputs; this investment is therefore deemed to be a level 2 financial asset (see note 26)
- 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 level 3 financial assets (see note 26).
- 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 level 3 financial assets (see note 26). Europip's accounts are audited annually. As at 31 March 2019, Europip holds no investment property and is preparing to distribute its final liquidation proceeds to shareholders

- The loans at fair value have been valued based on the discounted cash flow of the respective instruments. Due to the short time since inception and to maturity there has not been a material movement in discount rates or cashflows.

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

Capital risk management

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

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

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

26. Fair value measurement

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

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

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

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

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

The Group's valuers derive the fair value of the investment property by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom.

The valuation approach adopted by valuers differs between investment property available to rent (H2O, Cambourne and Alpha2 portfolio) and investment property under development (Unity and Armouries).

The valuation approach for investment property available to rent is based on discounting the future net income receivable from properties to arrive at the net present value of that future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to vacant units. The consideration basis for this calculation excludes the effects of any taxes on the net income. The discount factors used to calculate fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets. A decrease in the net rental income or an increase in the discount rate will decrease the fair value of the investment property.

The valuation approach for investment property under development is based on the residual development appraisal, which assesses the amount a developer can afford to spend for an undeveloped site and project, considering the potential income from sale of the site and total cost for its full construction. The potential sale price is based on the income capitalisation approach whereby the estimated rental value for the investment property has been capitalised in perpetuity. The valuation also considers comparable evidence for land transactions with similar parameters and market locations.

The investments and loans advanced held at fair value and derivative contracts are valued on a recurring basis as indicated in note 26.

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

31 March 2019	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property (note 13, 14)	-	-	18,264	**18,264**
Investments held at fair value (note 16)	-	-	390	**390**
Loans advanced	-	-	3,711	**3,711**
Current				
Foreign exchange forward contract (note 25)	-	514	-	**514**

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 (note 13)	-	-	33,021	**33,021**
Investments held at fair value (note 16)	-	6,043	755	**6,798**
Current				
Investments held at fair value (note 16)	-	28,356	5,336	**33,692**
Foreign exchange forward contract (note 25)	-	100	-	**100**

The carrying amounts of the Group's financial liabilities and assets not carried at fair value through profit or loss are a reasonable approximation of their fair values due to either their short term nature or short period of time since they were acquired.

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

Movements in level 3 of the fair value measurements, during the year ended 31 March 2019 and prior year, can be summarised as follows:

	Loans advanced £'000	Investment property and asset held for sale £'000	Indirect property investment at fair value £'000	Investments held at fair value £'000
At 1 April 2018	**-**	**33,021**	**6,091**	**39,112**
Additions	3,444	14,795	-	18,239
Subsequent capital expenditure after acquisition	-	5,203	-	5,203
Disposals	-	(33,441)	(5,336)	(38,777)
Redemptions	-	-	(343)	(343)
Fair value adjustment	267	(1,107)	(22)	(862)
Effect of foreign exchange	-	(207)	-	(207)
At 31 March 2019	**3,711**	**18,264**	**390**	**22,365**

	Investment property £'000	Investments held at fair value £'000	Total £'000
At 1 April 2017	**112,442**	**3,873**	**116,315**
Additions	11,262	15,000	26,262
Subsequent capital expenditure after acquisition	6,024	-	6,024
Redemptions	-	(13,121)	(13,121)
Movement in rent incentives/initial costs	(53)	-	(53)
Fair value adjustment	4,994	339	5,333
Transfer of 70% equity interest in H2O (note 2)	(107,449)	-	(107,449)
Effect of foreign exchange	5,801	-	5,801
At 31 March 2018	**33,021**	**6,091**	**39,112**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the year ended 31 March 2019 and prior year.

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

31 March 2019 - Unity and Armouries, Birmingham (UK)					
Class of investment property	**Carrying amount / fair value ’000**	**Area (square feet)**	**Valuation technique**	**Significant unobservable inputs**	**Range/Value**
Europe	£4,500	90,000 net developable square feet	Income capitalisation and residual development appraisal	Investment yield	4.3%
				Market rent	£925/£1,200
				Development costs	£209
				Developer’s profits	18%/19%

31 March 2018 - Unity and Armouries, Birmingham (UK)					
Class of investment property	**Carrying amount / fair value ’000**	**Area (square feet)**	**Valuation technique**	**Significant unobservable inputs**	**Range/Value**
Europe	£4,740	90,000 net developable square feet	Income capitalisation and residual development appraisal	Investment yield	4.3%
				Market rent	£925/£1,200
				Development costs	£206
				Developer’s profits	19%

31 March 2019 - Hamburg (Werner-Siemens-Straße), Germany					
Class of investment property	**Carrying amount / fair value ’000**	**Area (acres)**	**Valuation technique**	**Significant unobservable inputs**	**Value**
Europe	€15,980 (£13,764)	11.8	Discounted cash flow	Gross Estimated Rental Value (‘ERV’) per sqm p.a.	€60
				Discount rate	5.00%

Directors and Company information

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Melanie Torode
Phillip Rose
William Simpson

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Shareholder information

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

www.alpharealtrustlimited.com

Share price

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

Change of address

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

Investment Manager

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

Financial calendar

Financial reporting	Reporting/ Meeting dates	Dividend period	Ex-dividend date	Record date	Last date for election to scrip dividend (if applicable)	Share certificates posted (if applicable)	Payment date
Annual report published and dividend announcement	28 June 2019	Quarter ended 31 March 2019	27 June 2019	28 June 2019	5 July 2019	18 July 2019	19 July 2019
Annual General Meeting	9 August 2019						
Trading update statement (Quarter 1)	13 September 2019	Quarter ending 30 June 2019	26 September 2019	27 September 2019	4 October 2019	17 October 2019	18 October 2019
Half year report	29 November 2019	Quarter ending 30 September 2019	12 December 2019	13 December 2019	20 December 2019	9 January 2020	10 January 2020