Alpha Real Trust

Half year report

For the six months ended 30 September 2021

2021

Alpha Real Trust

Contents

www.alpharealtrustlimited.com

Alpha Real 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.

Highlights

- NAV per ordinary share 208.5p as at 30 September 2021 (31 March 2021: 207.7p).
- Adjusted earnings for the six months ended 30 September 2021 of 3.0p per ordinary share (six months ended 30 September 2020: 1.6p per ordinary share)*.
- Basic earnings for the six months ended 30 September 2021 of 2.5p per ordinary share (six months ended 30 September 2020: losses of 1.3p per ordinary share).
- Declaration of a quarterly dividend of 1.0p per ordinary share expected to be paid on 7 January 2022.

- **Robust financial position:** ART adopted a cautious approach to new investment and conserved cash as a result of the uncertainty that characterised the past financial year. As economies re-open post Covid-19, the Company's robust financial footing makes it well positioned to take advantage of new investment opportunities.
- **Diversified portfolio of secured senior and secured mezzanine loan investments:** as at 30 September 2021, the size of ART's drawn secured loan portfolio was £35.1 million, representing 27.5% of the investment portfolio.
- **New loan investments:** after a strategic pause to evaluate how the effects of the economic shock from Covid-19 unfolded, new lending has now recommenced. Growth of the loan portfolio remains a key focus for ART and is expected to attract larger allocation of capital for new investments.
- The senior portfolio has an average Loan to Value ('LTV')** of 49.8% based on loan commitments (with mezzanine loans having a LTV range of between 54.8% and 78.6% whilst the highest approved senior loan LTV is 72.9%).

* The basis of the adjusted earnings per share is provided in note 7 ** See page 4 for more details

Company's summary and objective

Strategy

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

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows.

The Company currently plans to invest the majority of its cash into secured senior or secured mezzanine debt and grow its diversified loan portfolio whilst retaining scope for further investments to deliver attractive risk adjusted returns including potential capital gains through its wider investment strategy.

The portfolio mix at 30 September 2021, excluding sundry assets/liabilities, was as follows:

	30 September 2021	31 March 2021
High return debt	27.6%	26.1%
High return equity in property investments	20.3%	19.5%
Other investments	8.9%	0.5%
Cash	43.2%	53.9%

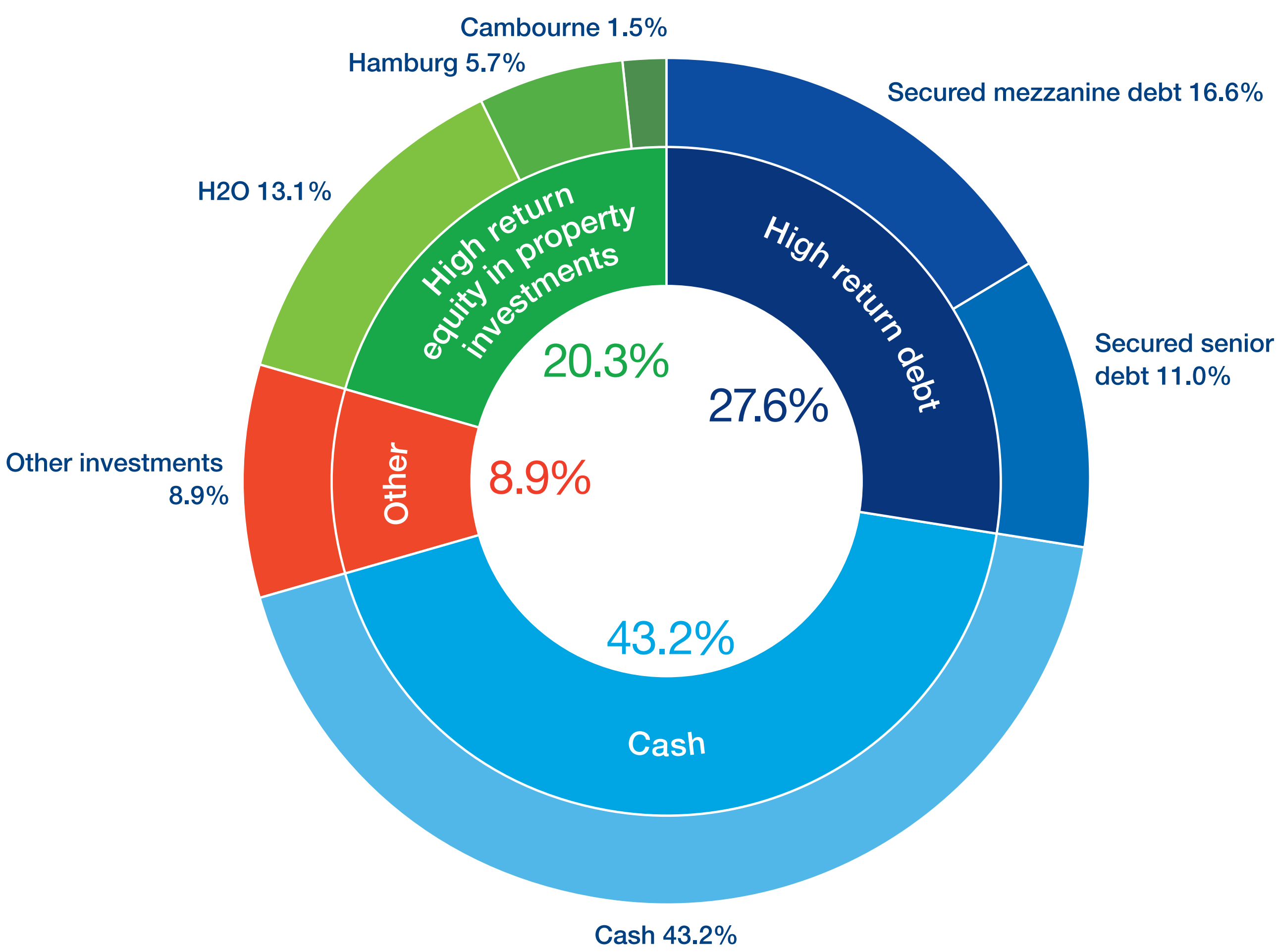
Dividends

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.

Company's asset allocation by sector and investment (by percentage of Group's NAV, based on the balance sheet carrying values, excluding the Company's sundry assets/liabilities) as at 30 September 2021 (see page 8 for further details).



Company's summary and objective (continued)


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.

The Company and the Investment Manager have extended the current management agreement for a further term of five years from the expiry of the current term on 21 December 2022. The Company believes this will provide the Company's shareholders with greater certainty going forward on the continued access to the management resources, and broader group support, of the Investment Manager which will assist the Company to continue to achieve its investment objectives. The annual management fee and performance fee arrangements remain unchanged.

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

208.5p

NAV per share 208.5p

3.0p

Adjusted earnings per share of 3.0p

2.0p

Dividend per ordinary share paid during the year

Financial highlights

	6 months ended 30 September 2021	12 months ended 31 March 2021	6 months ended 30 September 2020
Net asset value (£'000)	127,585	126,076	127,055
Net asset value per ordinary share	208.5p	207.7p	211.1p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.0p	3.4p	1.6p
Earnings/(losses) per ordinary share (basic and diluted)	2.5p	0.0p	(1.3)p
Dividend per ordinary share (paid during the period)	2.0p	4.0p	2.0p

* 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 7 to the accounts.

Chairman's statement

William Simpson
Chairman

I am pleased to present the Company's half year report and accounts for the six months ended 30 September 2021.

Prior to the emergence of Covid-19, the Company had focused on recycling capital into asset backed lending while reducing exposure to development risk. As a result of the uncertainty that characterised the past financial year, ART adopted a cautious approach to new investment and conserved cash. This has served the Company well and ART benefits from a robust financial footing that makes it well placed to capitalise on new investment opportunities.

Whilst the economic and social impact of Covid-19 continues to dominate the economic backdrop in which the Company operates, economies are taking positive steps towards stabilisation. ART has reactivated its investment activities and remains committed to growing its diversified portfolio with a dominant weighting towards cashflow driven investments. The Company is currently focussed on continuing to grow its diversified loan portfolio whilst retaining scope to deliver attractive risk adjusted cashflows and capital gains through its wider investment strategy.

ART's investment portfolio benefits from diversification across geographies, sectors and asset types. The Company continues to adhere to its disciplined strategy and investment principles which seek to manage risk through a combination of operational controls, diversification and an analysis of the underlying asset security.

Diversified secured lending investment

The Company has a diversified portfolio of senior and mezzanine secured loan investments. The loans are typically secured on real estate investment and development assets with attractive risk adjusted income returns. The growth of the loan portfolio remains a key investment objective for ART and is likely to attract a dominant weighting of capital allocated for new investments.

As at 30 September 2021, ART had committed £36.6 million across six senior and fourteen mezzanine loan investments, of which £35.1 million was drawn.

Despite the recent extended period of heightened uncertainty and risk, the Company's loan portfolio has proved to be resilient. In terms of debt servicing, allowing for some temporary agreed extensions, interest and debt repayments have been received in accordance with the loan agreements with the exception of one loan where the borrower has entered receivership and ART is closely working with stakeholders to maximise capital recovery. In this instance, ART is actively working with the receiver to recover the loan amount of £3,566,000 (including accrued interest and applicable fees), which collectively represent 10.2% of the total loan portfolio as at 30 September 2021. The Group has considered that the security on this loan (which is a combination of a first charge over the property and personal guarantees) indicates that the estimated Expected Credit Loss ('ECL') on this loan is immaterial.

During the six months to 30 September 2021, six loans totalling £9.5 million (including accrued interest and exit fees) were fully repaid and a further £1.8 million (including accrued interest) was received as part repayments. Post period end, one new loan of £2.1 million was drawn and additional drawdowns of £0.2 million were made on existing loans, two loans were fully repaid for £2.1 million and part payments for other loans were received amounting to £0.1 million (including accrued interest). Where it is considered appropriate, on a case-by-case basis, underlying loan terms may be extended or varied with a view to maximising ART's risk adjusted returns and collateral security position.

The largest individual loan in the portfolio as at 30 September 2021 is a mezzanine loan of £3,569,000 which represents 9.8% of the loan portfolio (including commitments) and 2.8% of the Company's NAV.

Portfolio loans are underwritten against value for investment loans or gross development value for development loans as relevant and collectively referred to as LTV in this report. As at 30 September 2021, 39.9% of the Company's loan investments were senior loans and 60.1% were mezzanine loans. The portfolio has an average LTV of 59.8% based on commitments, i.e. including amounts available for drawing. Mezzanine loans have a LTV range of between 54.8% and 78.6% whilst the highest approved senior loan LTV is 72.9%.

The underlying assets in the loan portfolio as at 30 September 2021 had geographic diversification with a London and South East focus. The South of England (including London) accounted for 60%, of which London accounted for 38%, of the committed capital within the loan investment portfolio.

The underlying loan portfolio and new loan targets continue to be closely reviewed to consider the potential impact on construction timelines, building cost inflation and sales periods.

Chairman's statement (continued)

H2O, Madrid

ART has a 30% stake in joint venture with CBRE Investment Managers in the H2O shopping centre in Madrid. It continues to be a very challenging period for shopping centre assets. Whilst legislative restrictions on retailer trading hours and store capacities have largely been relaxed to allow for normalised trading operations, the lingering social and economic impacts of Covid-19 continue to impact performance. This has resulted in suppressed visitor numbers and tenant sales performance being recorded for most shopping centre assets in Spain and H2O is no exception.

Unsurprisingly, there have been store closures resulting from the stressed trading conditions. More positively, there has also been some notable new lease signings and prospective tenant interest. Of note, a new large 650 square metre fashion retailer has recently committed to a large unit within the centre. H2O occupancy by area as at 30 September 2021 was 89.3% (31 March 2021: 90.1%).

The H2O valuation remained largely stable over the six month period. The lingering economic effect of Covid-19 on the retail sector is expected to continue to have a significant impact on the earnings of H2O for the financial year.

Investment in listed and authorised funds

During the period Company invested a total of £11.0 million (value as at 30 September 2021: £10.8 million) across four investments that offer potential to generate attractive risk adjusted returns. The returns offer a potentially accretive return to holding cash while the Company deploys capital into lending opportunities in line with its strategy of increasing its senior and mezzanine loan portfolio. These funds invest in ungeared long-dated leased real estate, debt and infrastructure.

> ART has reactivated its investment activities and remains committed to growing its diversified portfolio with a dominant weighting towards cashflow driven investments.

Galaxia, India

As previously announced, the Supreme Court of India ruled in favour of ART's dispute regarding its Galaxia investment, a 50:50 joint venture with Logix Group ('Logix') that owns an 11.2 acre development site located in NOIDA, the National Capital Region, India.

ART has recovered, through the extended court process, amounts that have exceeded the original investment made. The remaining amount of the court award remains outstanding. As part of the ruling, the court permitted Logix to sell the Galaxia site to raise capital for the balance.

As previously announced, a purchaser for the site has been identified and has lodged a deposit towards the acquisition proceeds with the Supreme court but has subsequently sought a number of extensions in relation to funding requirements to complete a sale. Court hearings to this effect are ongoing.

Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.7 million) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the balance of the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company carried the joint venture in arbitration in its accounts as at 30 September 2021 at nil value.

Results and dividends

Results

Basic earnings for the six months ended 30 September 2021 are £1.5 million (2.5 pence per ordinary share, see note 7 of the financial statements).

Adjusted earnings, which the Board believes is a more appropriate assessment of the operational income accruing to the Group's activities, for the six months ended 30 September 2021 are £1.8 million (3.0 pence per ordinary share, see note 7 of the financial statements). This compares with adjusted earnings per ordinary share of 1.6 pence in the same period last year. Earnings have increased primarily due to improved income from the developing loan portfolio, better performance at the H2O shopping centre joint venture and achieved administration cost savings.

The net asset value per ordinary share at 30 September 2021 is 208.5 pence per share (31 March 2021: 207.7 pence per ordinary share) (see note 8 of the financial statements). This increase is primarily due to earnings less dividends plus positive foreign exchange movements.

Chairman's statement (continued)

Secured lending: Bermondsey, London

Dividends

The Board announces a dividend of 1.0 pence per ordinary share which is expected to be paid on 7 January 2022 (ex-dividend date 9 December 2021 and record date 10 December 2021).

The dividends paid and declared in respect of the twelve month period ended 30 September 2021 totalled 2.0 pence per ordinary share representing an annual dividend yield of 2.5% p.a. by reference to the average closing share price over the twelve months to 30 September 2021.

During the period, £219,100 dividends were paid in cash and £997,934 settled by scrip issue of shares.

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 calculated using 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 30 September 2021. 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 to receive scrip may complete a Scrip Mandate Form (this can be obtained from the registrar: contact Computershare (details below)), which must be returned by 22 December 2021 to benefit from the scrip dividend alternative for the next dividend.

Financing

As at 30 September 2021 the Group has one direct bank loan of €9.5 million (£8.2 million), with no financial covenant tests, to an SPV used to finance the acquisition of the Hamburg property. The loan is secured over the Hamburg property and has no recourse to the other assets of the Group.

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

Share buybacks

Under the general authority, approved by Shareholders on 6 August 2021, Shareholders approved a resolution giving the Company a general authority to buy back Ordinary Shares.

During the period, the Company purchased 90,504 shares in the market at the average price of £1.65 per share: these shares are held in treasury.

There have been no buybacks post period end.

As at the date of this announcement, the ordinary share capital of the Company is 63,629,612 (including 2,134,924 ordinary shares held in treasury) and the total voting rights in the Company are 61,494,688.

Foreign currency

The Company monitors foreign exchange exposures and considers hedging where appropriate. Foreign currency balances have been translated at the period end rates of £1:€1.157 or £1:INR99.842, as appropriate.

Brexit

On 30 December 2020, parliament accepted a post-Brexit trade deal agreed between the UK and the EU. The transition period during which the UK has been able to continue to access the Single Market and Customs Union ended at 11pm on 31 December 2020.

There has been no significant disruption to the ART business caused by the UK's exit from the EU and the completion of the free trade agreement. 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.

Chairman's statement (continued)

Secured lending: Clevedon, Bristol

Secured lending: Golders Green, London

Covid-19 pandemic and going concern

The Company has not been isolated from the ubiquitous impact of the Covid-19 pandemic on global economies in the past year. The Company's long term strategy remains resilient. The Company adopted a prudent short term strategy to move to cash conservation and a cautious approach to commitments to new investments during the financial year. Alert to the impact of potentially reducing income returns, this approach supported a robust balance sheet position during these uncertain times. Investment in new lending and growing the Company's diversified loan portfolio has recommenced and remains a key focus. As noted above, the Company held approximately 43.2% of its assets (excluding sundry net assets) in cash as at 30 September 2021 with limited current contractual capital commitments. While there is external financing in the Group's investment interests, this is limited and non-recourse to the Company; the borrowings in these special purpose vehicles are compliant with their banking covenants. While the Board's dividend policy intention is unchanged the Company continues to actively monitor its investments and the impact of these unusual economic circumstances on earnings and dividends. See the investment review section for more details on the pandemic's impact on relevant investments.

Bearing in mind the nature of the Group's business and assets, after making enquiries, with the support of revenue forecasts for the next twelve months and considering the above, 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.

Board changes

During the period the Company announced the retirement of David Jeffreys effective from 30 September 2021 and appointment of myself as Chairman of the Board of Directors and Peter Griffin as Non-Executive Director also from 30 September 2021.

The Board and I wish to thank David Jeffreys for his service to the Company since its inception in 2006.

Strategy and outlook

Prior to the emergence of Covid-19, the Company had focused on recycling capital into asset backed lending while reducing exposure to development risk. As a result of the uncertainty that characterised the past financial year, ART adopted a cautious approach to new investment and conserved cash. This has served the Company well and ART benefits from a robust financial footing that makes it well placed to capitalise on new investment opportunities.

Whilst the economic and social impact of Covid-19 continues to dominate the economic backdrop in which the Company operates, economies are taking positive steps towards stabilisation. ART has reactivated its investment activities and remains committed to growing its diversified portfolio with a dominant weighting towards cashflow driven investments. The Company is currently focussed on continuing to grow its diversified loan portfolio whilst retaining scope to deliver attractive risk adjusted returns including potential capital gains through its wider investment strategy.

William Simpson
Chairman
25 November 2021

Investment review

Portfolio overview 30 September 2021

Investment	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]	Note*
High return debt (27.6%)							
Secured senior finance							
Senior secured loans (excluding committed but undrawn facilities of £1.5 million)	£14.0m [2]	9.1% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt (during the period the average senior facilities commitments were £15.4m)	11.0%	13
Secured mezzanine finance							
Second charge mezzanine loans	£21.1m [2]	16.1% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt (during the period the average mezzanine facilities commitments were £16.4m)	16.6%	13
High return equity in property investments (20.3%)							
H2O shopping centre							
Indirect property	£16.6m (€19.2m)	3.2% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; medium term investment containing a moderately geared bank finance facility	13.1%	12
Long leased industrial facility, Hamburg							
Direct property	£7.3m [5] (€8.4m)	6.6% [4]	Germany	Long leased industrial complex in major European industrial and logistics hub	Long term investment containing a moderately geared bank finance facility	5.7%	9-17
Cambourne Business Park							
Indirect property	£1.9m	7.0% [4]	UK	High-yield business park located in Cambridge	Medium term investment containing a moderately geared bank finance facility	1.5%	12
Other investments (8.9%)							
Listed and authorised fund investments	£10.8m	5.5% [4]	UK & Channel Islands	Commercial real estate, infrastructure and debt funds	Short to medium term investment in listed and authorised funds	8.5%	11
Affordable housing							
Residential investment	£0.6m	n/a	UK	High-yield residential UK portfolio	100% shareholding; no external gearing	0.4%	9
Cash and short-term investments (43.2%)							
Cash [6]	£55.0m	0.1% [7]	UK	'On call' and current accounts		43.2%	

* See notes to the financial statements for more details
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 The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period
4 Yield on equity over 12 months to 30 September 2021
5 Property value (£14.9m) including sundry assets/liabilities (-£0.1m) and cash (£0.7m), net of associated debt (£8.2m)
6 Group cash of £55.7m excluding cash held with the Hamburg holding company of £0.7m
7 Weighted average interest earned on call accounts

Investment review (continued)

Brad Bauman
Joint fund manager

Gordon Smith
Joint fund manager

High return debt

ART has a portfolio of secured loan investments which contribute a diversified return to the Company's earnings position. The portfolio comprises high return senior (first charge) loans and mezzanine (second charge) loans secured on real estate investment assets and developments. ART loan underwriting is supported by the Investment Manager's asset-backed lending experience, developer and investor relationships and knowledge of the underlying assets and sectors, in addition to the Group's partnerships with specialist debt providers.

Secured lending: Ryedale House, York

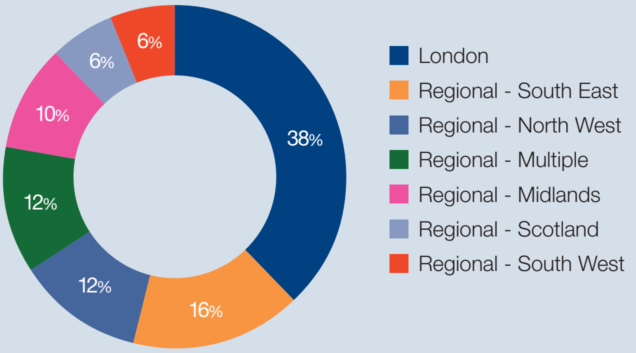
Honor Oak, London
Senior bridging finance

Total commitment	£2,746,000
Loan type	Senior bridging finance on completed building
Loan term	10 months (on demand repayment)
LTV	47.8%
Underlying security	A terrace of 4 luxury houses in South-East London being marketed for sale

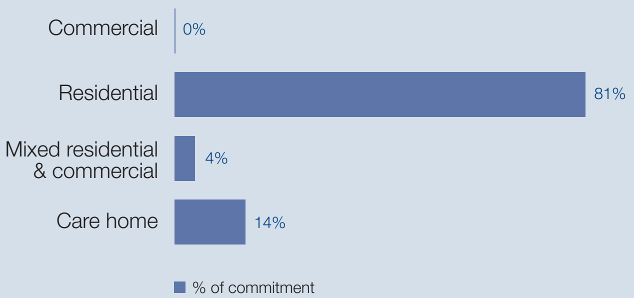
Golders Green, London
Bridging mezzanine finance

Total commitment	£2,165,000
Loan type	Bridging mezzanine finance on completed building
Loan term	24 months (on demand repayment)
LTV	51.0-75.0%
Underlying security	9 luxury apartments in North West London being marketed for sale.

Loan portfolio by geography



Loan portfolio by asset class (% of approved principal)



Investment review (continued)

Secured finance

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Secured senior finance	First charge secured loans	£14.0m *	9.1% **	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£21.1m *	16.1% **	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and secured subordinated debt

* Including accrued interest/coupon at the balance sheet date

** The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period

Diversified secured lending investment

ART's portfolio of secured senior and mezzanine loan investments have increased in scale and diversity over the past year. 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 coupons.

As at 30 September 2021, ART had invested a total amount of £35.1 million across twenty one loans. Over the past twelve months the loan portfolio has decreased by 6.4%.

During the six months to 30 September 2021, six loans totalling £9.5 million (including accrued interest and exit fees) were fully repaid and a further £1.8 million (including accrued interest) was received as part repayments. Post period end, one new loan of £2.1 million was drawn and additional drawdowns of £0.2 million were made on existing loans, two loans were fully repaid for £2.1 million and part payments for other loans were received amounting to £0.1 million (including accrued interest).

Each loan will typically have a term of up to two years, a maximum 75% loan to gross development value ratio and be targeted to generate attractive risk-adjusted income returns. As at 30 September 2021, the portfolio had an average LTV of 59.8% (with average approved LTV between 54.8% and 78.6% for mezzanine facilities while the highest approved LTV for senior loans is 72.9%).

The Group has carried out a stress test of its total ECL analysis including consideration of the Covid-19 impact on the current economic environment, and, in consideration of the main qualities of its secured loan portfolio, the underlying loans' LTVs, the number of loans where development is advanced and the number of seasoned facilities, the resulting total ECL was immaterial.

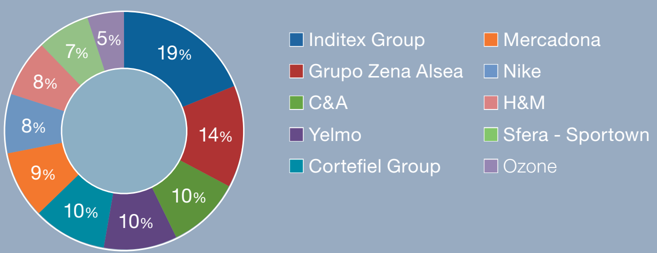
Current loan investment examples:

Location	Total commitment	Loan type	Loan term	Current LTV	Underlying security
Honor Oak, London	£2,746,000	Senior bridging finance on completed building	10 months (on demand repayment)	47.8%	A terrace of 4 luxury houses in South-East London being marketed for sale
Milton Keynes	£750,000	Development mezzanine finance	24 months (on demand repayment)	60.8%-66.9%	Construction of 38 apartments and houses (for sale to persons aged 55 and over)
Golders Green, London	£2,165,000	Bridging finance on completed building	24 months (on demand repayment)	51.0%-75.0%	9 luxury apartments in North West London being marketed for sale.

H2O
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti
Area	53,250 square metres
Description	The property is located in the Rivas-Vaciamadrid district of Madrid. H2O has a primary catchment area of 166,000 people but the location, due to the concentration of complementary retail, has a total catchment of 2.2 million people. The weighted average lease length as at 30 September 2021 is 7.8 years to expiry and 2.1 years to next break.

Top ten tenants (30 September 2021)



Investment review (continued)

High return equity in property investments

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	Property type / underlying security	Investment notes
H2O	Indirect property	£16.6m (€19.2m)	3.2%*	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 30 September 2021

ART has a 30% stake in joint venture with CBRE Investment Managers in the H2O shopping centre in Madrid. H2O was opened in 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 53,250 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 and C&A.

It continues to be very challenging period for shopping centre assets. Whilst legislative restrictions on retailer trading hours and store capacities have largely been relaxed to allow for normalised trading operations, the lingering social and economic impacts of Covid-19 continue to impact performance. This has resulted in supressed visitor numbers and tenant sales performance being recorded for most shopping centre assets in Spain and H2O is no exception.

Unsurprisingly, there have been store closures resulting from the stressed trading conditions. More positively, there have also been some notable new lease signings and prospective tenant interest. Of note, a new large 650 square metre fashion retailer has recently committed to a unit within the centre.

The lingering economic effect of Covid-19 on the retail sector is expected to continue to have a significantimpact on the earnings of H2O for the financial year.

The asset management highlights are as follows:

- **Valuation:** 30 September 2021: €119.5 million (£103.3 million) (31 March 2021: €119.8 million (£101.9 million)).
- **Centre occupancy:** 89.3% by area as at 30 September 2021.
- **Weighted average lease length** to next break 2.1 years and 7.8 years to expiry as at 30 September 2021.
- **Footfall:** calendar year to date footfall figures to 30 September 2021 are -23.4% versus the same period in 2020.

Long leased industrial facility
Hamburg

Sector	Industrial
Underlying assets	Industrial facility in Hamburg Germany
Tenant	Veolia Umweltservice Nord GmbH, part of the Veolia group
Description	Long leased investment with moderately geared, long term, bank finance facility.

Investment review (continued)

Long leased industrial facility, Hamburg

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Industrial facility, Werner-Siemens-Straße Hamburg, Germany	Direct property	£7.3m * (€8.4m)	6.6% **	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Property value including sundry assets/liabilities and cash, net of associated debt
** Yield on equity over twelve months to 30 September 2021

ART has an investment of €8.4 million (£7.3 million) in an industrial facility leased to a leading international group.

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. Hamburg is one of the main industrial and logistics markets in Germany.

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 31 July 2028. The facility carries no financial covenant tests.

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
Cambridge

Sector	Business parks
Underlying assets	Office
Tenants	Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd') and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd
Area	9,767 square metres
Description	The asset consists of three Grade A specification modern office buildings located in the town of Cambourne. Phase 1000 is situated at the front of the business park. It is an institutional quality asset with Open B1 Business user planning.

Investment review (continued)

Cambourne Business Park, Phase 1000, Cambridge

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£1.9m	7.0% *	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility

* Yield on equity over twelve months to 30 September 2021

The Company has an investment of £1.9 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 multi let office asset, whose tenants include Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd') and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd. As at 30 September 2021, the asset was 83% occupied. The vacant space is currently being refurbished and is being actively marketed. The property has open B1 Business user planning permission, which includes office and research and development uses.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor. ART's equity contribution of £1.2 million is 10.0% of the total equity invested into a joint venture entity, a subsidiary of which holds the property.

The Cambourne asset is funded by way of a £12.3 million (as at 30 September 2021) 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.

Investment review (continued)

Other investments

Listed and authorised fund investments

Investment	Investment type	Carrying value	Income return*	Property type / underlying security	Investment notes
Commercial Long Income PAIF ('CLIP')	Authorised fund	£5.1m	5.1% **	Open ended long income fund	Long lease real estate fund
Sequoia Economic Infrastructure Income Fund Limited	Listed equity	£2.9m	5.5%	Listed investment fund	FTSE 250 infrastructure debt fund
GCP Infrastructure Investments Limited	Listed equity	£1.3m	6.7%	Listed investment fund	FTSE 250 infrastructure fund
GCP Asset Backed Income Fund Limited	Listed equity	£1.5m	6.0%	Listed investment fund	Diversified asset back debt fund
Total		**£10.8m**	**5.5%**		

* Yield on equity based on 12 months to 30 September 2021
** CLIP is a daily dealt authorised fund and ART's investment is an accumulation share class.The return reported represents the total movement in the shares during the period annualised.

During the period Company invested a total of £11.0 million (carrying value as at 30 September 2021: £10.8 million) across four investments that offer potential to generate attractive risk adjusted returns. The returns offer a potentially accretive return to holding cash while the Company deploys capital into lending opportunities in line with its strategy of increasing its senior and mezzanine loan portfolio. These funds invest in ungeared long-dated real estate, debt and infrastructure.

Affordable housing

During the period, RealHousingCo Limited ('RHC') obtained successful registration with the Regulator of Social Housing as a For Profit Registered Provider of affordable homes. This status provides RHC with a platform to undertake future investment in the affordable housing sector which offers scope to generate long term, inflation-linked returns while addressing the chronic undersupply of affordable homes in the UK.

RHC owns a residential property located in Liverpool (UK), which is comprised of seven units, all of which are occupied by private individuals with a six month term contract. The fair value of the Liverpool property as at 30 September 2021 was £0.6 million.

Galaxia, National Capital Region, NOIDA, India

As previously announced, the Supreme Court of India ruled in favour of ART's dispute regarding its Galaxia investment, a 50:50 joint venture with Logix Group ('Logix') that owns an 11.2 acre development site located in NOIDA, the National Capital Region, India.

ART has recovered, through the extended court process, amounts that have exceeded the original investment made. The remaining amount of the court award remains outstanding. As part of the ruling, the court permitted Logix to sell the Galaxia site to raise capital for the balance.

As previously announced, a purchaser for the site has been identified and has lodged a deposit towards the acquisition proceeds with the Supreme court but has subsequently sought a number of extensions in relation to funding requirements to complete a sale. Court hearings to this effect are ongoing.

Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.7 million) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the balance of the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company carried the joint venture in arbitration in its accounts as at 30 September 2021 at nil value.

Investment review (continued)

Cash balances

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Cash balance *	Cash	£55.0m	0.1% **	'On call' and current accounts	n/a

* Group cash of £55.7m excluding cash held with the Hamburg holding company of £0.7m
** Weighted average interest earned on call accounts

As at 30 September 2021, the Group had cash balances of £55.0 million, excluding cash held with the Hamburg holding company of £0.7 million.

The Group's cash is held with established banks with strong credit ratings.

Summary

ART has a diversified portfolio focussed on asset-backed lending and property investments in Western Europe.

The Company is currently focussed on continuing to grow its senior and mezzanine loan portfolio whilst retaining scope to deliver attractive risk adjusted cashflows and capital gains through its wider investment strategy.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
25 November 2021

Secured lending: Greenfield, Musselburgh

Principal risks and uncertainties

The principal risks and uncertainties facing the ART Group can be outlined as follows:

- Rental income, fair value of investment properties (directly or indirectly held) and fair value of the Group's equity investments are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group's investments and investment properties are located.
- The Group's loan investments are exposed to credit risk which arise by the potential failure of the Group's counter parties to discharge their obligations when falling due; this could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date; the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses their credit risk as a result.

The Board believes that the above principal risks and uncertainties, which are discussed more extensively in the annual report for the year ended 31 March 2021, would be equally applicable to the remaining six month period of the current financial year.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

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

The Directors of ART are listed on page 38: on 30 September 2021, David Jeffreys has retired and Peter Griffin was appointed as Director of ART.

By order of the Board

William Simpson
Chairman
25 November 2021

Independent review report

To Alpha Real Trust Limited

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half year report for the six months ended 30 September 2021 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half year report for the six months ended 30 September 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

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

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

25 November 2021

Condensed consolidated statement of comprehensive income

	Notes	For the six months ended 30 September 2021 (unaudited) Revenue £'000	Capital £'000	Total £'000	For the six months ended 30 September 2020 (unaudited) Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	2,829	-	2,829	2,775	-	2,775
Change in the revaluation of investment properties	9	-	343	343	-	84	84
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	4	207	(361)	(154)	36	(256)	(220)
Profit on investment properties' disposals		-	-	-	-	110	110
Total income/(expense)		**3,036**	**(18)**	**3,018**	**2,811**	**(62)**	**2,749**
Expenses							
Property operating expenses		(36)	-	(36)	(57)	-	(57)
Investment Manager's fee	20	(1,151)	-	(1,151)	(1,159)	-	(1,159)
Other administration costs		(427)	-	(427)	(644)	-	(644)
Total operating expenses		**(1,614)**	**-**	**(1,614)**	**(1,860)**	**-**	**(1,860)**
Operating profit/(loss)		**1,422**	**(18)**	**1,404**	**951**	**(62)**	**889**
Share of profit/(loss) of joint ventures and associates	12	497	(140)	357	164	(2,315)	(2,151)
Gain on joint venture in arbitration	10	-	-	-	-	513	513
Finance income		1	1	2	2	80	82
Finance costs		(101)	-	(101)	(104)	-	(104)
Profit/(loss) before taxation		**1,819**	**(157)**	**1,662**	**1,013**	**(1,784)**	**(771)**
Taxation	5	(7)	(116)	(123)	(29)	-	(29)
Profit/(loss) after taxation		**1,812**	**(273)**	**1,539**	**984**	**(1,784)**	**(800)**
Other comprehensive income/(expense) for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	361	361	-	669	669
Other comprehensive income for the period		**-**	**361**	**361**	**-**	**669**	**669**
Total comprehensive income/(expense) for the period		**1,812**	**88**	**1,900**	**984**	**(1,115)**	**(131)**
Earnings/(Losses) per ordinary share (basic & diluted)	7			**2.5p**			**(1.3)p**
Adjusted earnings per ordinary share (basic & diluted)	7			**3.0p**			**1.6p**

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 on pages 26 to 37 form an integral part of these financial statements.

Condensed consolidated balance sheet

	Notes	30 September 2021 (unaudited) £'000	31 March 2021 (audited) £'000
Non-current assets			
Investment property	9	15,486	14,918
Joint venture in arbitration	10	-	-
Investments held at fair value	11	-	31
Investment in joint ventures and associates	12	18,452	17,761
Loans advanced	13	5,759	5,630
		39,697	**38,340**
Current assets			
Investments held at fair value	11	10,797	-
Loans advanced	13	29,359	27,177
Collateral deposit	14	1,106	1,106
Trade and other receivables	15	55	36
Cash and cash equivalents		55,700	68,213
		97,017	**96,532**
Total assets		**136,714**	**134,872**
Current liabilities			
Trade and other payables	16	(803)	(752)
Derivatives held at fair value through profit or loss		(47)	-
Corporation tax		(27)	(42)
Bank borrowings	17	(31)	(29)
Total current liabilities		**(908)**	**(823)**
Total assets less current liabilities		**135,806**	**134,049**
Non-current liabilities			
Bank borrowings	17	(8,105)	(7,973)
Deferred tax		(116)	-
		(8,221)	**(7,973)**
Total liabilities		**(9,129)**	**(8,796)**
Net assets		**127,585**	**126,076**
Equity			
Share capital	18	-	-
Special reserve		67,481	66,655
Translation reserve		(316)	(677)
Capital reserve		38,022	38,295
Revenue reserve		22,398	21,803
Total equity		**127,585**	**126,076**
Net asset value per ordinary share	8	**208.5p**	**207.7p**

The financial statements were approved by the Board of Directors and authorised for issue on 25 November 2021. They were signed on its behalf by William Simpson.

The accompanying notes on pages 26 to 37 form an integral part of these financial statements.

William Simpson
Director

Condensed consolidated cash flow statement

	For the six months ended 30 September 2021 (unaudited) £'000	For the six months ended 30 September 2020 (unaudited) £'000
Operating activities		
Profit/(loss) for the period after taxation	1,539	(800)
Adjustments for:		
Change in revaluation of investment property	(343)	(84)
Net losses on financial assets and liabilities held at fair value through profit or loss	154	220
Profit on investment properties' disposals	-	(110)
Taxation	123	29
Share of (profit)/loss of joint ventures and associates	(357)	2,151
Gain on joint venture in arbitration	-	(513)
Interest receivable on loans to third parties	(2,336)	(2,190)
Finance income	(2)	(82)
Finance cost	101	104
Operating cash flows before movements in working capital	**(1,121)**	**(1,275)**
Movements in working capital:		
Movement in trade and other receivables	(20)	2,371
Movement in trade and other payables	54	281
Cash flows (used in)/generated from operations	**(1,087)**	**1,377**
Loan interest received*	979	628
Loans granted to third parties*	(11,229)	(2,802)
Loans repaid by third parties*	10.309	6,799
Interest received	1	2
Interest paid	(92)	(96)
Tax paid	(22)	(2)
Cash flows (used in)/generated from operating activities	**(1,141)**	**5,906**
Investing activities		
Acquisition of investments	(10,998)	-
Investment in joint ventures	(84)	-
Disposal of investment properties	-	8,175
Capital return from joint venture in arbitration	-	2,981
Dividend income from joint ventures and associates	-	20
Dividend income from investments	89	-
Cash flows (used in)/generated from investing activities	**(10,993)**	**11,176**
Financing activities		
Share issue costs	(21)	(27)
Share buyback	(150)	-
Share buyback costs	(1)	-
Ordinary dividends paid	(219)	(414)
Cash flows used in financing activities	**(391)**	**(441)**
Net (decrease)/increase in cash and cash equivalents	**(12,525)**	**16,641**
Cash and cash equivalents at beginning of period	**68,213**	**46,068**
Exchange translation movement	12	111
Cash and cash equivalents at end of period	**55,700**	**62,820**

* These items have been reclassified as operating activities to better reflect their nature as a key part of the Group's current operations.

The accompanying notes on pages 26 to 37 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2021 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2021		**66,655**	**(677)**	**38,295**	**21,803**	**126,076**
Total comprehensive income/(expense) for the period						
Profit/(loss) for the period		-	-	(273)	1,812	1,539
Other comprehensive income for the period		-	361	-	-	361
Total comprehensive income/(expense) for the period		**-**	**361**	**(273)**	**1,812**	**1,900**
Transactions with owners						
Cash dividends	6	-	-	-	(219)	(219)
Scrip dividends	6	998	-	-	(998)	-
Share issue costs		(21)	-	-	-	(21)
Share buyback	20	(150)	-	-	-	(150)
Share buyback costs		(1)	-	-	-	(1)
Total transactions with owners		**826**	**-**	**-**	**(1,217)**	**(391)**
At 30 September 2021		**67,481**	**(316)**	**38,022**	**22,398**	**127,585**

For the six months ended 30 September 2020 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2020		**65,118**	**28**	**40,350**	**22,131**	**127,627**
Total comprehensive income/(expense) for the period						
Profit/(loss) for the period		-	-	(1,784)	984	(800)
Other comprehensive income for the period		-	669	-	-	669
Total comprehensive income/(expense) for the period		**-**	**669**	**(1,784)**	**984**	**(131)**
Transactions with owners						
Cash dividends	6	-	-	-	(414)	(414)
Scrip dividends	6	782	-	-	(782)	-
Share issue costs		(27)	-	-	-	(27)
Total transactions with owners		**755**	**-**	**-**	**(1,196)**	**(441)**
At 30 September 2020		**65,873**	**697**	**38,566**	**21,919**	**127,055**

The accompanying notes on pages 26 to 37 form an integral part of these financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2021

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currencies are Euro, Indian Rupees and Sterling. The presentation currency of the Group is Sterling. The period end exchange rate used is £1:INR99.842 (31 March 2021: £1:INR100.855) and the average rate for the period used is £1:INR102.634 (30 September 2020: £1:INR95.117). For Euro based transactions the period end exchange rate used is £1:€1.157 (31 March 2021: £1:€1.175) and the average rate for the period used is £1:€1.165 (30 September 2020: £1:€1.116).

The address of the registered office is given on page 38. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The half year report was approved and authorised for issue on 25 November 2021 and signed by William Simpson on behalf of the Board.

2. Significant accounting policies

Basis of preparation

The unaudited condensed consolidated financial statements in the half year report for the six months ended 30 September 2021 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report and condensed consolidated financial statements should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 March 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company's website (www.alpharealtrustlimited.com).

The accounting policies adopted and methods of computation followed in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2021 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2022.

The Group continues to only have one operating segment.

3. Revenue

	For the six months ended 30 September 2021 £'000	For the six months ended 30 September 2020 £'000
Rental income	412	558
Service charges	26	27
Rental revenue	**438**	**585**
Interest receivable on loans to third parties	2,336	2,190
Interest revenue	**2,336**	**2,190**
Other income	55	-
Other revenue	**55**	**-**
Total	**2,829**	**2,775**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

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

	For the six months ended 30 September 2021 £'000	For the six months ended 30 September 2020 £'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of investments	(232)	-
Movement in fair value of foreign exchange forward contract	(47)	(256)
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of loans	36	36
Dividends received from investments	89	-
Net losses on financial assets and liabilities held at fair value through profit or loss	**(154)**	**(220)**

5. Taxation

	For the six months ended 30 September 2021 £'000	For the six months ended 30 September 2020 £'000
Current tax	7	29
Deferred tax	116	-
Tax expense	**123**	**29**

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

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

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.

A deferred tax liability has been provided for in relation to the Hamburg investment property in Germany.

6. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2020	10,988	1.0p	109,880	9 April 2021
Quarter ended 31 March 2021	10,922	1.0p	109,220	16 July 2021
Total paid in the period			**219,100**	
Quarter ended 30 June 2021	12,487	1.0p	124,879	22 October 2021
Total			**343,979**	

The Company will pay a dividend of 1.0p per share for the quarter ended 30 September 2021 on 7 January 2022.

In accordance with IAS 10, the dividends for quarters ended 30 June 2021 and 30 September 2021 have not been included in these financial statements as the dividends were declared or paid after the period end. The current intention of the Directors is to pay a dividend quarterly.

Dividends paid and payable after the balance sheet date have not been included as a liability in the half year report.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

6. Dividends (continued)

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 all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares. During the six month period ended 30 September 2021, the Company issued 593,621 ordinary shares: on 9 April 2021, 310,822 were issued at the price of £1.60 and, on 16 July 2021, 282,799 were issued at the price of £1.77.

7. Earnings per share

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

	For the six months ended 30 September 2021	Year ended 31 March 2021	For the six months ended 30 September 2020
	Ordinary share	Ordinary share	Ordinary share
Earnings/(losses) per statement of comprehensive income (£'000)	1,539	20	(800)
Basic and diluted earnings (pence per share)	**2.5p**	**0.0p**	**(1.3)p**
Earnings/(losses) per statement of comprehensive income (£'000)	1,539	20	(800)
Net change in the revaluation of investment properties and assets held for sale	(343)	(99)	(84)
Profit on investment property disposal	-	(110)	(110)
Gain on joint venture in arbitration	-	(503)	(513)
Movement in fair value of investments	314	108	-
Movement in fair value of foreign exchange forward contract	47	(508)	256
Net change in the revaluation of the joint ventures' and associates' investment property and interest rate swaption	140	2,973	2,315
Foreign exchange (gain)/loss	(1)	194	(80)
Deferred tax	116	-	-
Adjusted earnings	**1,812**	**2,075**	**984**
Adjusted earnings (pence per share)	**3.0p**	**3.4p**	**1.6p**
Weighted average number of shares ('000s)	**61,074**	**60,290**	**60,009**

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.

8. Net asset value per share

	At 30 September 2021	At 31 March 2021	At 30 September 2020
	£'000	£'000	£'000
Net asset value (£'000)	127,585	126,076	127,055
Net asset value per ordinary share	**208.5p**	**207.7p**	**211.1p**
Number of ordinary shares ('000s)	**61,205**	**60,702**	**60,185**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

9. Investment property

	30 September 2021 £'000	31 March 2021 £'000
Fair value of investment property at 1 April	**14,918**	**15,389**
Fair value adjustment in the period/year	343	99
Foreign exchange movements	225	(570)
Fair value of investment property at 30 September / 31 March	**15,486**	**14,918**

Investment property is represented by a property located in Hamburg (Werner-Siemens-Straße), Germany and a property located in Liverpool, UK.

The fair value of the Hamburg property of €17.2 million (£14.9 million) (31 March 2021: €16.8 million (£14.3 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield ('C&W').

The fair value of the Liverpool property of £0.6 million (31 March 2021: £0.6 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by ASL Chartered Surveyors & Valuers ('ASL'). The ASL's valuation as at 31 March 2021 included a Material Uncertainty clause due to significant market risks linked to the Covid-19 pandemic: this clause was removed for the valuation as at 30 September 2021.

C&W and ASL 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.

10. Joint venture in arbitration

	30 September 2021 £'000	31 March 2021 £'000
As at 1 April	**-**	**2,510**
Capital return	-	(2,468)
Effect of foreign exchange	-	(42)
As at 30 September / 31 March	**-**	**-**

The original investment in the Galaxia joint venture has been fully recovered.

Following a breach of the terms of the shareholders agreement by its joint venture partner, Logix Group ('Logix'), ART initiated arbitration proceedings which were awarded in the Company's favour. ART subsequently successfully defended appeals by Logix at the Delhi High Court. Logix latterly appealed to the Supreme Court of India, which eventually upheld the award to ART in February 2020. As a result of this process, the Supreme Court ordered Logix to pay ART a total of INR 860 million (£8.6 million at the period end exchange rate).

The court permitted Logix to sell the Galaxia site, which was previously charged in favour of ART, in order to raise capital. A purchaser for the site has been identified who, on 20 November 2020, deposited INR 568 million with the Supreme Court towards the INR 990 million sale price. The purchaser is seeking amendment of development consents in relation to the land. The release of the funds deposited with the Supreme court to ART is dependent on how the sale process advances. Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.7 million) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company has only recognised physical cash received under the award and has not recognised any future entitlements. Accordingly, the Company carried the joint venture in arbitration in its accounts as at 30 September 2021 at nil value.

Foreign exchange movement was recognised in other comprehensive income.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

11. Investments held at fair value

	30 September 2021 £'000	31 March 2021 £'000
Non-current		
As at 1 April	**31**	**139**
Movement in fair value of investments	-	(108)
Transfer to current	(31)	-
As at 30 September / 31 March	**-**	**31**
Current		
As at 1 April	**-**	**-**
Additions	10,998	-
Movement in fair value of investments	(232)	-
Transfer from non-current	31	-
As at 30 September / 31 March	**10,797**	**-**

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

- In June 2021, ART invested £5.0 million in the Commercial Long Income PAIF ('CLIP') (accumulation shares): CLIP is an open ended long income fund investing in long lease real estate; CLIP provides daily valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2021 was £5.1 million.
- In July 2021, ART invested in three listed equity funds:
  - £3.1 million in the Sequoia Economic Infrastructure Income Fund Limited ('SEQI'): the market value of SEQI as at 30 September 2021 was £2.9 million;
  - £1.3 million in GCP Infrastructure Investments Limited ('GCP'): the market value of GCP as at 30 September 2021 was £1.3 million;
  - £1.6 million in GCP Asset Backed Income Fund Limited ('GABI'): the market value of GABI as at 30 September 2021 was £1.5 million.
- Europip (participating redeemable preference shares): Europip is currently in the process of being voluntarily wound up; ART's residual value of the investment as at 30 September 2021 was approximately £30,000 (31 March 2021: £30,000).
- HLP (participating redeemable preference shares): HLP provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2021 was nil (31 March 2021: nil).

ARC is the Authorised Corporate Director and Alternative Investment Fund Manager of CLIP and TIME Investments, a subsidiary of ARC, is the Investment Manager.

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:

	H2O 30 Sep 2021 £'000	SPHL 30 Sep 2021 £'000	Total 30 Sep 2021 £'000	H2O 31 Mar 2021 £'000	SPHL 31 Mar 2021 £'000	Total 31 Mar 2021 £'000
As at 1 April	**16,000**	**1,761**	**17,761**	**19,486**	**1,741**	**21,227**
Additions	-	84	84	-	84	84
Group's share of joint venture and associate profits before fair value movements and dividends	465	32	497	305	141	446
Fair value adjustment for investment property	(141)	1	(140)	(2,828)	(145)	(2,973)
Dividends paid by joint venture and associate to the Group	-	-	-	(348)	(60)	(408)
Foreign exchange movements	250	-	250	(615)	-	(615)
As at 30 September / 31 March	**16,574**	**1,878**	**18,452**	**16,000**	**1,761**	**17,761**

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 30 September 2021, the carrying value of ART's investment in CBRE H2O was £16.6 million (€19.2 million) (31 March 2021: £16.0 million (€18.8 million)).

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

12. Investment in joint ventures and associates (continued)

- 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 30 September 2021, the carrying value of ART's investment in Scholar Property Holdings Limited was £1.9 million (31 March 2021: £1.8 million).

Foreign exchange movement is recognised in other comprehensive income.

The fair value of the H2O property in Madrid (Spain) of €119.5 million (£103.3 million) (31 March 2021: €119.8 million (£101.9 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ('Aguirre'), an independent valuer not connected to the Group.

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) is £30.1 million (31 March 2021: £29.3 million), which has been arrived at on the basis of a Directors' valuation.

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 CBRE H2O group bank borrowings' balance as at 30 September 2021 is €64.1 million (£55.4 million): this loan is provided by Aareal Bank, carries an interest rate of EURIBOR plus 180 basis points and matures on 18 May 2024. The bank loan is secured by a first charge mortgage against the Spanish property.

The Scholar Property Holdings Limited group bank borrowings' balance as at 30 September 2021 is £12.3 million: this loan is provided by Natwest PLC, carries an interest rate of 3 month LIBOR plus 2.0% margin and matures on 6 September 2023. The bank loan is secured by a first charge mortgage against the UK property.

The above borrowings are non-recourse to the Group's other investments.

13. Loans advanced

	30 September 2021 £'000	31 March 2021 £'000
Non-current		
Loans granted to third parties	5,757	5,630
Interest receivable from loans granted to third parties	2	-
Total loans at amortised cost	**5,759**	**5,630**
Loans at fair value through profit or loss	-	-
Total non-current loans	**5,759**	**5,630**
Current		
Loans granted to third parties	25,902	24,415
Interest receivable from loans granted to third parties	2,979	2,295
Total loans at amortised cost	**28,881**	**26,710**
Loans at fair value through profit or loss	478	467
Total current loans	**29,359**	**27,177**

As at 30 September 2021, the Group had granted a total of £35.1 million (31 March 2021: £30.5 million) of secured senior and secured mezzanine loans to third parties. These comprised twenty one 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 16.1% for mezzanine loans and 9.1% 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	6 to 12 months £m	12 to 24 months £m	Over 24 months £m	Total £m
Non-current	-	-	5,759	-	**5,759**
Current	21,823	7,536	-	-	**29,359**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

13. Loans advanced (continued)

As at 30 September 2021, one senior loan of £3.6 million was outstanding (including accrued interest and exit fees). The borrower has entered into receivership and ART is working closely with all respective stakeholders to maximise its capital recovery. The Group has considered that the security on this loan (which is a combination of a first charge over the property and personal guarantees) indicates that the estimated Expected Credit Loss ('ECL') on this loan is immaterial.

Post period end, one new loan of £2.1 million was drawn and additional drawdowns of £0.2 million were made on existing loans, two loans were fully repaid for £2.1 million and part payments for other loans were received amounting to £0.1 million (including accrued interest).

Despite all of the loans having a set repayment term all but one 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 loan without a repayable on demand clause amounts to £3.6 million, has repayment term of 4 July 2022 and remains in stage 1 of the IFRS 9 model.

The Group has calculated the lifetime ECLs of the loans advanced: based on this process the Directors have concluded that ECLs on loans advanced are immaterial to the financial statements.

14. Collateral deposit

	30 September 2021	31 March 2021
	£'000	£'000
Collateral deposit	1,106	1,106

The collateral deposit of £1.1 million (31 March 2021: £1.1 million) 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 period end: this cash has been placed on deposit.

15. Trade and other receivables

	30 September 2021	31 March 2021
	£'000	£'000
Current		
Trade debtors	4	5
VAT	8	14
Other debtors	43	17
Total	**55**	**36**

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

16. Trade and other payables

	30 September 2021	31 March 2021
	£'000	£'000
Trade creditors	16	15
Investment Manager's fee payable	576	579
Accruals	183	150
Other creditors	28	8
Total	**803**	**752**

Trade and other payables primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame. The Directors consider that the carrying amount of trade and other payables approximates their fair value.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

17. Bank borrowings

	30 September 2021 £'000	31 March 2021 £'000
Current liabilities: interest payable	31	29
Total current liabilities	**31**	**29**
Non-current liabilities: bank borrowings	8,105	7.973
Total liabilities	**8,136**	**8,002**
The borrowings are repayable as follows:		
Interest payable	31	29
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	8,105	7,973
Total	**8,136**	**8,002**

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

	30 September 2021 £'000	31 March 2021 £'000
As at 1 April	**7,973**	**8,275**
Amortisation of deferred finance costs	8	16
Exchange differences on translation of foreign currencies	124	(318)
As at 30 September / 31 March	**8,105**	**7,973**

As at 30 September 2021, bank borrowings represent the Nord LB (a German bank) loan principal for €9.5 million (£8.2 million), excluding deferred finance costs, 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 secured over the Hamburg property and have no recourse to the other assets of the Group and the facility carries no financial covenant tests. The fair value of bank borrowings at the balance sheet date is €9.5 million (£8.1 million).

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2021.

	Derivatives	Liabilities from financing activities		
	Foreign exchange forward £'000	Interest payable £'000	Borrowing £'000	Total £'000
Net debt as at 1 April 2021	**-**	**(29)**	**(7,973)**	**(8,002)**
Cash movements	-	92	-	92
Non cash movements				
Foreign exchange adjustments	-	7	(124)	(117)
Unrealised loss on foreign exchange forward contract	(47)	-	-	(47)
Loan fee amortisation and other costs	-	-	(8)	(8)
Interest charge	-	(101)	-	(101)
Net debt as at 30 September 2021	**(47)**	**(31)**	**(8,105)**	**(8,183)**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

17. Bank borrowings (continued)

	Derivatives	Liabilities from financing activities		
	Foreign exchange forward	Interest payable	Borrowing	Total
	£'000	£'000	£'000	£'000
Net asset/(debt) as at 1 April 2020	**203**	**(32)**	**(8,275)**	**(8,104)**
Cash movements	-	96	-	96
Non cash movements				
Foreign exchange adjustments	-	7	(226)	(219)
Unrealised loss on foreign exchange forward contract	(256)	-	-	(256)
Loan fee amortisation and other costs	-	-	(8)	(8)
Interest charge	-	(104)	-	(104)
Net asset/(debt) as at 30 September 2020	**(53)**	**(33)**	**(8,509)**	**(8,595)**

18. Share capital

	Number of shares
Authorised	
Ordinary shares of no par value	Unlimited

Issued and fully paid	Ordinary treasury	Ordinary external	Ordinary total
At 1 April 2021	**2,044,420**	**60,701,587**	**62,746,007**
Share issue for scrip dividend	-	593,621	593,621
Shares bought back	90,504	(90,504)	-
Shares cancelled following buyback	-	-	-
At 30 September 2021	**2,134,924**	**61,204,704**	**63,339,628**

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

Under the general authority, approved by Shareholders on 6 August 2021, Shareholders approved a resolution giving the Company a general authority to buy back Ordinary Shares.

During the period, the Company purchased 90,504 shares in the market at the average price of £1.68 per share: these shares are held in treasury.

As at 30 September 2021, the ordinary share capital of the Company was 63,339,628 (including 2,134,924 ordinary shares held in treasury) and the total voting rights in the Company is 61,204,704.

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 all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares. During the six month period ended 30 September 2021, the Company issued 593,621 ordinary shares: on 9 April 2021, 310,822 were issued at the price of £1.60 and, on 16 July 2021, 282,799 were issued at the price of £1.77.

All transaction amounts in relation to the issue and buyback of shares in the period are recognised within the Special Reserve and shown in the Statement of Changes in Equity.

Post period end, the Company made no share buybacks. On 22 October 2021, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2021, the Company issued 289,984 ordinary shares at the price of £1.68. At the date of signing these financial statements, the ordinary share capital of the Company is 63,629,612 (including 2,134,924 ordinary shares held in treasury) and the total voting rights in the Company are 61,494,688.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

19. Events after the balance sheet date

Post period end, one new loan of £2.1 million was drawn and additional drawdowns of £0.2 million were made on existing loans, two loans were fully repaid for £2.1 million and part payments for other loans were received amounting to £0.1 million (including accrued interest).

On 22 October 2021, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2021, the Company issued 289,984 ordinary shares at the price of £1.68 (note 18).

20. Related party transactions

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

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

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

The Company invests in CLIP, where ARC is the Authorised Corporate Director and Alternative Investment Fund Manager and TIME Investments, a subsidiary of ARC, is the Investment Manager. ARC rebates fees earned in relation to the Company's investment in CLIP.

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

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

Details of the Investment Manager's fees for the current period are disclosed on the face of the condensed consolidated statement of comprehensive income and the balance payable at 30 September 2021 is provided in note 16.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2021	For the six months ended 30 September 2020
	£	£
David Jeffreys*	18,000	18,000
Phillip Rose	12,500	12,500
Jeff Chowdhry	12,500	12,500
Melanie Torode	28,000	32,835
William Simpson	12,500	12,500
Peter Griffin**	-	-
Total	**83,500**	**88,335**

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

	30 September 2021	31 March 2021
	Number of ordinary shares held	Number of ordinary shares held
David Jeffreys*	15,545	15,362
Phillip Rose	943,759	933,867
Jeff Chowdhry	5,000	5,000
Melanie Torode	-	-
William Simpson	18,000	18,000
Peter Griffin**	-	-

* retired on 30 September 2021 ** appointed on 30 September 2021

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

20. Related party transactions (continued)

Alpha Global Property Securities Fund Pte. Ltd, a company registered in Singapore, owned directly by the partners of ARC, held 23,874,721 shares in the Company at 30 September 2021 (31 March 2021: 23,593,136).

ARC did not hold any shares in the Company at 30 September 2021 (31 March 2021: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2021	31 March 2021
	Number of ordinary shares held	Number of ordinary shares held
Brian Frith	1,191,089	1,177,041
Phillip Rose	943,759	933,867
Brad Bauman	57,676	56,997

Karl Devon-Lowe, a partner of ARC, received fees of £2,500 (31 March 2021: £5,350) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Melanie Torode was the Operations Director, followed by Managing Director and subsequently Non-Executive Director of Ocorian Administration (Guernsey) Limited (formerly Estera) ('Ocorian'), the Company's administrator and secretary, until 31 August 2021. During the period the Company paid Ocorian fees of £46,800 (31 March 2021: £88,400) and no amount was outstanding at period end.

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

Financial assets and liabilities carrying value	30 September 2021	31 March 2021
	£'000	£'000
Financial assets at fair value through profit or loss		
Investments held at fair value	10,797	31
Loans advanced	479	467
Total financial assets at fair value through profit or loss	**11,276**	**498**
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contract	47	-

Fair value measurement

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

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

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

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

Level 1

- The fair values of the ART's investments in the SEQI, GCP and GABI shares, which are traded daily on the LSE, are based upon the market value of the shares at the balance sheet date.

Level 2

- The fair value of the foreign exchange forward contract is determined by reference to the quarter end applicable forward market rate provided by the contractual counter party.
- The fair value of the CLIP investment, which can be traded daily as an open ended investment fund, is based upon daily valuations, provided by the issuer, of the net asset value of its accumulation shares.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2021

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

Level 3

- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board considers that any reasonable possible movement in the valuation of HLP's individual properties would not be material to the value of ART's investment.
- The fair value of the Europip investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of Europip's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be a level 3 financial asset. Europip's accounts are audited annually. As at 30 September 2021, Europip has sold its remaining property and has partly distributed the related proceeds to shareholders; Europip is currently preparing to distribute the final proceeds to shareholders.

Financial assets and liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2021.

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

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

30 September 2021 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investment property	-	-	15,486	**15,486**
Current				
Investments held at fair value	5,684	5,082	31	**10,797**
Loans advanced	-	-	479	**479**
Liabilities measured at fair value				
Current				
Foreign exchange forward contract	-	(47)	-	**(47)**

31 March 2021 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investment property	-	-	14,918	**14,918**
Investments held at fair value	-	-	31	**31**
Loans advanced	-	-	467	**467**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 September 2021.

Directors and Company information

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Jeff Chowdhry
Peter Griffin
Phillip Rose
Melanie Torode

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Legal advisors in Spain
Ashurst LLP
Alcalá, 44
Madrid, 28014
Spain

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

Shareholder information

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

Dividends

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

Share price

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

Change of address

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

Investment Manager

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

Financial calendar

Financial reporting	Reporting/ Meeting dates	Dividend period	Ex-dividend date	Record date	Last date for election to scrip dividend (if applicable)	Share certificates posted (if applicable)	Payment date
Half year report and dividend announcement	26 Nov 2021	Quarter ending 30 Sep 2021	9 Dec 2021	10 Dec 2021	22 Dec 2021	6 Jan 2022	7 Jan 2022
Trading update (Qtr 3)	25 Feb 2022	Quarter ending 31 Dec 2021	10 Mar 2022	11 Mar 2022	22 Mar 2022	5 Apr 2022	6 Apr 2022
Annual report and dividend announcement	10 Jun 2022	Quarter ending 31 Mar 2022	23 Jun 2022	24 Jun 2022	5 Jul 2022	19 Jul 2022	20 Jul 2022
Annual report published	24 Jun 2022						
Annual General Meeting	8 Sep 2022						

Alpha Real Trust

www.alpharealtrustlimited.com

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