Alpha Real Trust

Annual report and financial statements

For the year ended 31 March 2017

2017

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

Alpha Real Trust

Contents

www.alpharealtrustlimited.com

- NAV per share 158.9p: 31 March 2017 (137.9p: 31 March 2016)
- Adjusted earnings per share of 7.4p for the year ended 31 March 2017 (7.0p: 31 March 2016)*
- Declaration of a quarterly dividend of 0.6p per share, expected to be paid on 21 July 2017
- Basic earnings per share of 18.6p for the year ended 31 March 2017 (23.1p: 31 March 2016)

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

Highlights

- **95.0%** of the Group's portfolio is allocated to investments in the UK and Europe that are or are expected to be income producing
- **Balanced portfolio:** continued capital allocation to a mix of investments which balance income returns while creating potential for capital value growth, including build-to-rent
- **H2O Madrid:** post period end, ART entered an agreement, subject to certain conditions, to form a joint venture with CBRE European Co-Investment Fund, who will acquire 70% of the shareholding in the asset. The agreement for the partial sale creates the opportunity to recycle capital and help rebalance ART's investment portfolio while allowing for participation in the continued income yield and future value growth potential from the asset
- **H2O Madrid new debt facility:** post period end, ART refinanced the borrowings secured on the shopping centre with a new €65.0 million seven year bank debt facility
- **H2O Madrid site purchase:** acquisition of a vacant site in the same planning zone as H2O that, subject to transfer of building rights and planning permission, could create potential for the expansion of the H2O shopping centre
- **Private rented sector residential:** planning consent secured for the PRS developments: detailed consent for 162 units in central Birmingham and detailed consent for 307 units with outline consent for a further 300 units in central Leeds
- **Mezzanine loan investment:** agreement entered into with a specialist finance provider, to co-invest and create a portfolio of mezzanine loan investments. During the year £1.7 million was also invested in a new mezzanine loan with an annualised return in excess of 15% secured on a hotel located in central Newcastle
- **Data centre:** ART entered into an agreement to purchase, subject to planning, an industrial site which has potential for the development of a data centre; detailed planning and power applications have been submitted
- **IMPT loan and equity divestment:** post period end, ART redeemed its outstanding unsecured subordinated debt provided to IMPT of £10.9 million (including outstanding interest and exit fee); ART also sold its shares in IMPT for 330p (representing a receipt of £5.3 million), an increase over nine times ART's initial acquisition price

Trust summary and objective

Strategy

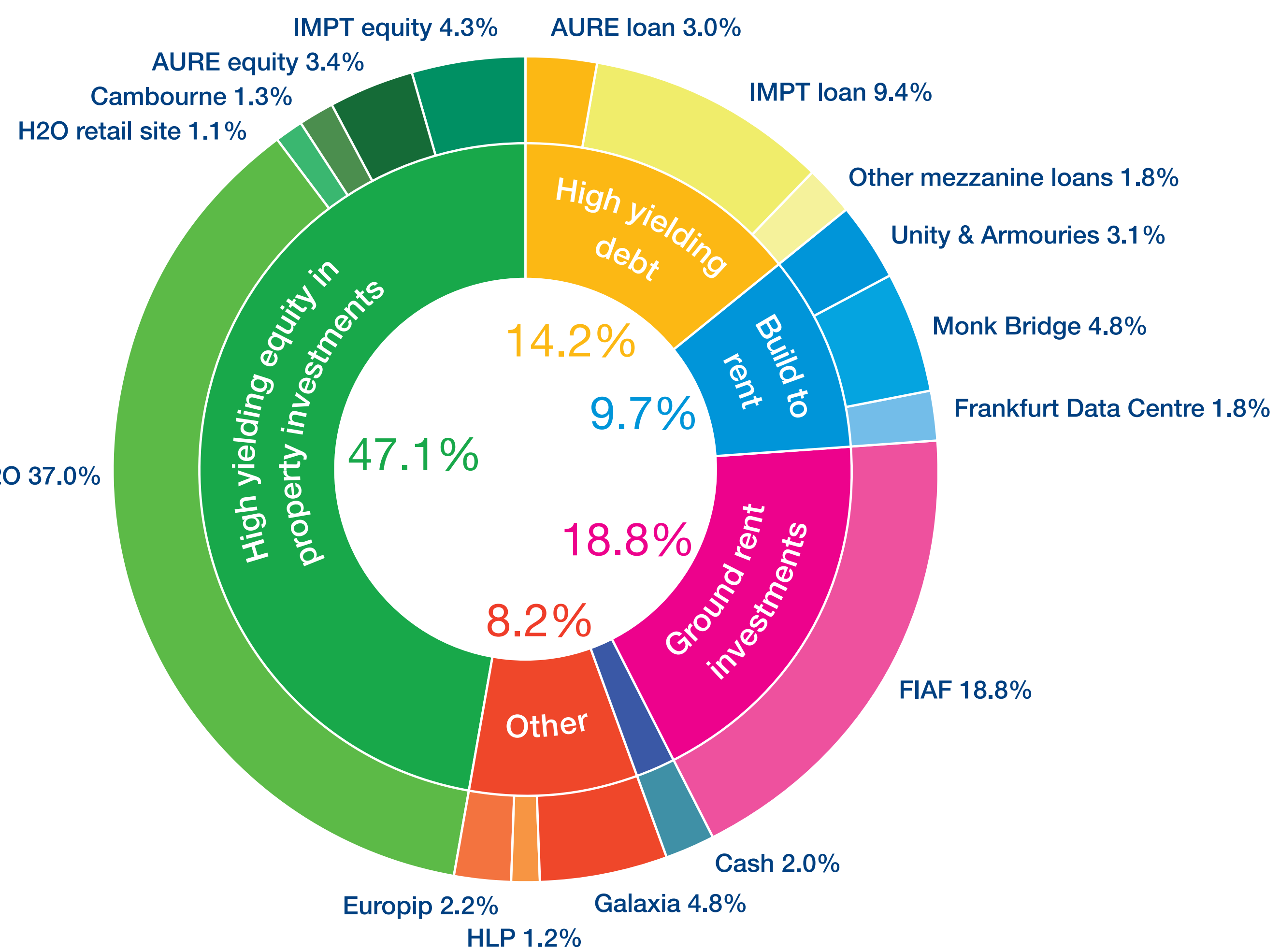
Alpha Real Trust Limited ("the Company" or "ART") targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and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

ART currently focuses on high-yielding property, infrastructure and asset backed debt and equity investments in Western Europe that are capable of delivering strong risk adjusted cash flows, including build-to-rent investments.

The current portfolio mix, excluding sundry assets/liabilities, is as follows:

High yielding debt	14.2%
High yielding equity in property investments	47.1%
Ground rent investments	18.8%
Other investments	8.2%
Build-to-rent investments	9.7%
Cash	2.0%

Group's assets allocation by sector and investment at 31 March 2017 (by percentage of Group's NAV)



Trust summary and objective (continued)



Financial highlights

	Year ended 31 March 2017	6 months ended 30 September 2016	Year ended 31 March 2016
Net asset value (£'000)	110,173	105,317	95,621
Net asset value per share	158.9p	151.9	137.9p
Adjusted earnings per share (basic and diluted)*	7.4p	3.9p	7.0p
Earnings per share (basic and diluted)	18.6p	10.1p	23.1p
Dividend per share (paid during the period)	2.4p	1.2p	2.4p

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

Dividends

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

Listing

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

Management

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

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

158.9p

NAV per share 158.9p

7.4p

Adjusted earnings per share of 7.4p

0.6p

Declaration of a dividend of 0.6p per share

Chairman's statement

David Jeffreys
Chairman

I am pleased to present the Company's annual report and accounts for the year ended 31 March 2017.

It has been a very active year for ART with new investments, capital recycling and asset management successes secured during the period.

The Company continually evaluates its investment portfolio and actively pursues a broad range of new opportunities while assessing the opportunity to divest and recycle capital from the current assets where potential for profit-taking and / or portfolio rebalancing is identified. Our aim is to maintain a balanced mix of investments that have an overall weighting towards income returns while creating potential for future income and capital value growth.

We continue to target investments that are capable of being repositioned, developed or where enhanced planning can be secured to generate attractive risk adjusted total returns. Diverse asset types will be considered and the Company is prepared to enter at an early stage in the build-to-rent process on specific investments in order to enhance returns.

The potential realisation of circa £46.0 million from investment disposals this year and next will enable ART to further invest in its build-to-rent investments with the potential for capital investment in excess of £30.0 million in the next 12 months. This number does not include potential investment opportunities in other portfolio assets and new investment in the Company's mezzanine portfolio.

ART's current investment focus is on high-yielding property and asset backed debt and equity assets in Western Europe. The Company will consider investments and assets that offer scope to generate long term income streams off a lower entry cost. This approach provides ART with the flexibility to take advantage of new investment opportunities where ART sees best value. A balance of stable income and capital value growth will be targeted as demonstrated by the new mezzanine loan investments and the build-to-rent data centre opportunity in Frankfurt entered into during the year.

H2O partial sale and refinancing

Post period end, ART entered into an agreement to form a joint venture with CBRE European Co-Investment Fund, managed by CBRE Global Investors. ART will sell a 70% equity interest in the H2O shopping centre in Madrid for a consideration of circa £30.0 million. The sale contract has conditions attached that are expected to be met by the end of June, following which completion would occur; a further update will be provided at that time. ART will retain a 30% stake in the joint venture, in order to participate in the future growth of the centre.

ART originally purchased H2O in March 2010 at a value of €83.3 million, including acquisition costs. Since acquisition, H2O's annual footfall increased from 5.7 million to 7.7 million visitors and tenant sales have experienced strong year-on-year growth. To attract a high number of new and repeat visitors, ART invested in physical upgrades, including the creation of a new lakeside restaurant and leisure plaza, and innovative marketing events such as launching the first Lego Fun Factory children's play area in Spain. ART significantly enhanced the centre's commercial mix through an active leasing strategy that included adding new retail and leisure anchors, including Mercadona and Nike, and promoting a programme of store refurbishments and expansions, the latest example of which being an enlarged H&M.

Post period end, the Company has also completed the refinance of the borrowings secured on the shopping centre with a new €65.0 million seven year loan.

Chairman's statement (continued)

Site acquisition, H2O shopping centre potential expansion

In February 2017, ART completed the acquisition of a small vacant site located in the same planning zone as the H2O shopping centre in Madrid. The site has over 11,000 square metres of allocated building rights, and subject to planning consent, part of these rights could be transferred to the H2O plot creating potential for the future expansion the shopping centre. Such expansion is unlikely to be implemented in the short term, unless it meets the demand of specific tenants. However, the acquisition does create the opportunity to add value in the longer term. This site is included in the joint venture with CBRE European Co-Investment Fund.

Private Rented Sector investment

The Company's investments in the residential Private Rented Sector ("PRS") in central Leeds and central Birmingham are opportunities that were secured early in the build-to-rent process that offer potential to create resilient equity income returns at an attractive yield on cost. The PRS investments assist in building a portfolio of critical mass to afford participation in a maturing market which is attracting greater institutional participation.

Detailed planning consent for both sites has been secured. The Birmingham project has established non-material amendments to its planning consent for 162 residential units and ground floor commercial space. The Leeds project has been granted detailed planning consent for 307 residential units (which the Company intends to develop for PRS) plus commercial development within the adjacent existing railway arches and outline planning consent for a further 300 residential units. Discussions are underway with potential partners to investigate joint funding opportunities. Both investments have been revalued by independent valuers at year end. The Company estimates that up to £16.0 million could be invested to undertake the development of its PRS sites as part of its build-to-rent investment strategy alongside debt financing.

New mezzanine investment

The Company's successful mezzanine loan investments, including Active UK Real Estate Fund ("AURE") and Industrial Multi Property Trust plc ("IMPT") (now repaid), have provided double digit income returns.

In October 2016, ART provided a new £1.7 million mezzanine loan secured on a hotel located in central Newcastle operated under a franchise agreement from Intercontinental Hotels Group ("IHG") as a Staybridge Suites, IHG's extended stay brand. The facility matures in October 2019 and earns an annualised return in excess of 15% plus arrangement and exit fees.

ART has further extended its mezzanine lending investment business during the year with the objective of creating a diversified portfolio of smaller mezzanine investments secured on real estate assets. Each loan will typically have a two year term and a maximum 75% loan to value ratio and be targeted to generate double digit income returns. Repayment proceeds will be rotated into new loan business. By 31 March 2017, ART had invested £0.3 million into a property development mezzanine loan facility; a further two loans were drawn-down post period end bringing the total invested in smaller mezzanine transactions to £1.0 million.

Post period end, ART redeemed its outstanding unsecured subordinated loan provided to IMPT of £10.9 million (including outstanding interest and exit fee). This mezzanine investment returned an IRR of 17.6% per annum and an equity multiple of 1.5 times for ART.

Looking ahead, the Company remains alert to further investment of this type across both real estate and asset backed sectors.

Data centre investment

In November 2016, ART entered into a binding agreement to purchase an industrial site in Frankfurt subject to securing planning consent for a data centre with a minimum gross external area of 24,500 square metres and a specified minimum electrical power supply with a dual feed for the proposed development. Following a detailed design process, both planning permission and power applications have been filed as per the envisaged schedule.

If the power and planning conditions are not secured by agreed target dates during 2017, ART may terminate the agreement. ART has created a new special purpose vehicle ("SPV") to enter into the acquisition contract and undertake the development.

ART is funding the planning and predevelopment costs to the new SPV which are estimated to cost up to €2.6 million net of refundable costs. To date, €2.3 million (£2.0 million) has been funded. This includes real estate transfer tax of €0.8 million which would be refundable if the transaction does not complete. If the requisite planning and electrical supply are confirmed, then the agreed site purchase price will be payable.

The investment offers ART the opportunity to build and hold the leased development for income. Development finance will be sought to part fund the development cost and site value, optimising further equity investment to complete the development. The Group estimates that should the purchase conditions be satisfied, up to £14.5 million will be invested to complete the acquisition of the site.

Chairman's statement (continued)

Asset management successes

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

In Spain, the H2O shopping centre investment in Madrid delivered a revaluation increase of 4.4% during the period. H2O attracted record visitor numbers in 2016, with an increase of over 10.8% above 2015. This trend has continued in 2017, with visitor numbers increasing 5.9% in the quarter to 31 March 2017, versus the same period in 2016. A significant letting of a 2,600 square metre, previously vacant, unit to a leisure operator was completed in the first quarter of 2017. Once opened, the attraction is expected to further enhance the shopping centre's appeal as a family entertainment destination.

In the UK, AURE was placed in the top 5% of performance against the year to date IPD benchmark. AURE provided a year to date return of 4.0% compared to the IPD benchmark of 2.2%.

Our investment in Freehold Investment Authorised Fund ("FIAF"), that holds a diversified ground rent portfolio, continues to generate attractive risk-adjusted returns and stable cashflows which assist the Company's earnings whilst offering monthly liquidity. FIAF announced a total return for the year to 31 March 2017 of 9.7%.

Galaxia, India

As announced in January 2015, the International Chamber of Commerce (ICC) Arbitration declared an award in favour of the Company with respect to its Galaxia investment, a joint venture with the Logix Group ("Logix") located in an 11.2 acre Special Economic Zone, in NOIDA, the National Capital Region, India. The total award amounted to £9.2 million based on exchange rates at the time. Additionally, a further 15% p.a. interest on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award. The sum has now accrued to £14.0 million at the current exchange rate. ART continues to hold the indirect investment at INR 450.0 million (£5.5 million) in the accounts due to uncertainty over timing and final value.

Following a challenge of the award by Logix, the Company announced in February 2017 that the Delhi High Court upheld the award and dismissed the Logix petition with costs.

Logix subsequently appealed to a division bench of the Delhi High Court. On 8 May 2017 the Division Bench of the Delhi High Court upheld the award declared in favour of the Company and rejected Logix's appeal. Logix can seek a review of the dismissal before the Supreme Court of India within 90 days. ART has commenced execution of the award and the Logix promoters have been restrained from alienating their Corporate Office in NOIDA as well as their residential home in New Delhi and further directed by the Delhi High Court to submit on affidavit a list of all their assets and bank statements.

Post period end, the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The Company has had the residential property independently valued at approximately £6.0 million. ART continues to actively pursue Logix directors for the recovery of the award.

Capital recycling

ART actively manages its investment portfolio which continues to be replenished via capital recycling from the sale of non-core assets, loan repayments or strategic full or partial disinvestment from assets that allow for profit-taking and portfolio optimisation. This creates the opportunity for capital allocation to new investments.

Post period end, the sale of 70% of the equity interest in the H2O shopping centre in Madrid will, upon successful completion, generate circa £30.0 million of proceeds. ART's subordinated debt facility to Industrial Multi Property Trust Limited, which had an outstanding balance (including accrued interest and exit fees) of £10.9 million, was fully repaid and the Company's equity shareholding in IMPT was realised for £5.3 million. The potential realisation of approximately £46.0 million from investments disposals this year and next will enable ART to further invest in its build-to-rent investments with the potential for capital investment in excess of £30.0 million in the next 12 months. This excludes potential investment opportunities in other portfolio assets and new investment in the Company's mezzanine portfolio.

Positioning for continued growth

ART benefits from the depth of experience, strength and size of the Investment Manager's business with a team of over 80 investment, asset management and debt restructuring professionals based throughout the UK and Europe. ART's active management approach has helped deliver improvements in underlying asset values, in both directly and indirectly held investments across our investment markets.

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

Chairman's statement (continued)

Results and dividends

Dividends

Adjusted earnings for the year are £5.2 million and adjusted earnings per share for the year are 7.4 pence (see note 9 of the financial statements). This compares with adjusted earnings per share of 7.0 pence for the same period in 2016.

In line with its aim to pay dividends quarterly, the Board announces a dividend of 0.6 pence per share which is expected to be paid on 21 July 2017 (ex dividend date 29 June 2017 and record date 30 June 2017).

The dividends paid and declared for the twelve month period to 31 March 2017 total 2.4 pence per share, representing an annual dividend yield of 2.5% p.a. on the average share price over the period.

The net asset value per share at 31 March 2017 is 158.9 pence per share (31 March 2016: 137.9 pence per share) (see note 10 of the financial statements).

Financing

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

As at 31 March 2017 bank borrowings secured on the H2O shopping centre were €71.1 million (£60.5 million), which, following capital repayments, represents a reduction of €3.9 million from the initial €75.0 million original advance. Post period end, ART completed the refinance of the borrowings secured on the shopping centre with a new €65.0 million seven year loan. This loan has been used to partly repay the previous bank loan. The new margin of 1.8% (1.7% on swapped fixed rate borrowings) represents a significant cost saving on the previous financing which had a weighted average margin of 2.5%.

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

Principal risks and uncertainties

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

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

The other principal risks faced by the Group are financial risks; these are described in note 23 to the financial statements.

Foreign currency

The Board monitors foreign exchange exposures and considers hedging where appropriate and has noted the increased market volatility in exchange rates following the Brexit Referendum result. All foreign currency balances have been translated at the period-end rates of £1:€1.172, £1:NOK10.753 and £1:INR81.305.

Share buyback

On 9 March 2016, the Company published a circular giving notice of an Extraordinary General Meeting on 1 April 2016. Consistent with the Company's commitment to shareholder value, the Company asked its shareholders to approve a general authority allowing the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the Annual General Meeting of the Company in 2017 and (ii) 4 September 2017. The shareholders approved the proposal.

During the period, the Company made no share buybacks.

Summary

ART continues to actively manage its portfolio to enhance the value of the underlying assets, recycle capital from investments where profit taking and portfolio optimisation opportunities are identified and to originate and secure new investment opportunities.

Post period end, the sale of 70% of the equity interest in the H2O shopping centre in Madrid will, upon successful completion, generate circa £30.0 million of proceeds. ART's subordinated debt facility to Industrial Multi Property Trust Limited, which had an outstanding balance (including accrued interest and exit fees) of £10.9 million, was fully repaid and the Company's equity shareholding in IMPT was realised for £5.3 million. The potential realisation of circa £46.0 million from investments disposals this year and next will enable ART to further invest in its build-to-rent investments, an increasing area of focus for the Company, with the potential for capital investment in excess of £30.0 million in the next 12 months. This excludes potential investment opportunities in other portfolio assets and new investment in the Company's mezzanine portfolio.

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

David Jeffreys
Chairman
15 June 2017

Investment review

Portfolio overview as at 31 March 2017

Investment	Investment value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]
High yielding debt (14.2%)						
Active UK Real Estate Fund plc ("AURE")						
Mezzanine loan	£3.4m [2]	9.0% [3]	UK	High-yield diversified portfolio	Preferred capital structure	3.0%
Industrial Multi Property Trust plc ("IMPT")						
Subordinated debt	£10.7m [2]	15.0% [3]	UK	High-yield diversified portfolio	Unsecured subordinated debt	9.4%
Staybridge Suites, Newcastle						
Mezzanine loan	£1.7m [2]	15.0% [3]	UK	Central Newcastle hotel	Secured mezzanine facility	1.5%
Mezzanine Finance						
Mezzanine loan	£0.3m [2]	14.0% [3]	UK	Development loan as seed investment in new portfolio	Secured mezzanine facility	0.3%
High yielding equity in property investments (47.1%)						
H2O shopping centre						
Direct property	£42.1m (€49.3m)	8.7% [4]	Spain	High-yield, dominant Madrid shopping centre	Post period end; agreement to divest 70% shareholding and refinance of bank debt	37.0%
Site – building rights Direct property	£1.2m (€1.4m)	n/a	Spain	Vacant site; building rights capable of transfer to H2O	Potential expansion capacity for H2O	1.1%
Active UK Real Estate Fund plc						
Equity	£3.9m	n/a	UK	High-yield commercial portfolio	20.5% of ordinary shares in fund	3.4%
Cambourne Business Park						
Indirect property	£1.5m	12.0% [4]	UK	High-yield business park located in Cambridge	Bank facility at 60.0% LTV for 2 years then 55% till maturity (current interest cover of 2.0 times covenant level)	1.3%
Industrial Multi Property Trust plc						
Equity	£4.9m	n/a	UK	High-yield diversified portfolio	19% of ordinary shares in fund	4.3%
Ground rent investments (18.8%)						
Freehold Income Authorised Fund						
Ground rent fund	£21.2m	3.9% [5]	UK	Highly defensive income; freehold ground rents	No gearing; monthly liquidity	18.8%
Build-to-rent investments (9.7%)						
Unity and Armouries, Birmingham						
PRS development	£3.5m	n/a	UK	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial	3.1%
Monk Bridge, Leeds						
PRS development	£5.5m	n/a	UK	Central Leeds residential build-to-rent	Planning consent for 140,000 square feet / 269 units plus commercial opportunities	4.8%
Data centre Frankfurt						
Direct property	£2.0m (€2.3m)	n/a	Germany	Industrial site with potential for data centre use	Agreement to purchase, subject to planning permission	1.8%
Other investments (8.2%)						
Galaxia						
Indirect property	£5.5m (INR 450m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	4.8%
Europip plc						
Indirect property	£2.5m (€2.9m)	n/a	Norway	An ungeared logistics and office investment – awaiting final shareholder distribution	47% of ordinary shares in fund	2.2%
Healthcare & Leisure Property Limited						
Indirect property	£1.4m	n/a	UK	Leisure property fund	No external gearing	1.2%
Cash (2.0%)						
Cash (Company only)	£2.3m	0.1-1%	UK	Current or 'on call' accounts		2.0%

1 Percentage share shown based on NAV excluding the rent company's sundry assets/liabilities
2 Including accrued coupon at the balance sheet date
3 Annual coupon
4 Yield on equity over 12 months to 31 March 2017 (note: H2O yield on cost 20.5%, Cambourne yield on cost 14.1%)
5 12 months income return; post tax

Investment review (continued)

Brad Bauman
Joint fund manager

Gordon Smith
Joint fund manager

High yielding equity in property investments

Property market overview

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

Research suggests the next phase of the current property cycle is likely to see income growth having a greater weighting within total returns, although, to date, rental growth has lagged increased pricing recorded in the investment market. There are signs that occupier demand is improving across the Company's portfolio evidenced by the volume of new leases signed across assets in various investment markets and asset types.

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 net rental income, selective deployment of capital expenditure, development for access to future yielding assets and the ability to undertake strategic sales when appropriate.

> 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.

Cambourne Business Park

Active UK Real Estate Fund plc
AURE

Sector	The International Stock Exchange (formerly the Channel Islands Securities Exchange)
Underlying assets	UK offices, industrial and retail property
Description	AURE is a listed UK property fund in The International Stock Exchange with gross property assets of £36.8 million (as at 31 March 2017). AURE has a regionally diversified portfolio of UK office, industrial and retail properties.

Investment review (continued)

Active UK Real Estate Fund plc ("AURE")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Active UK Real Estate Fund plc	Equity	£3.9m	n/a	High-yield commercial UK portfolio	20.5% of ordinary capital

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

ART holds 20.5% of the share capital and voting rights in AURE, representing £3.9 million in equity value based on AURE's share price, as at 31 March 2017.

> The Company is actively seeking to increase the yield and underlying capital value of its portfolio by enhanced performance from existing investments, asset management initiatives and by additional investment.

The following highlights were included in AURE's quarterly update for the period ended 31 March 2017 (published May 2017):

- Portfolio valuation: £36.8 million for the 10 property portfolio.
- AURE performance: successful delivery of the asset management business plan is reflected in AURE being placed in the top 5% of performance against the year to date IPD benchmark. AURE provided a year to date return of 4.0% compared to the IPD benchmark of 2.2%.
- Increased NAV: the net asset value per share has increased by 4.4% from last quarter (31 Dec 2016), which equates to an increase of £0.8 million in net assets.

ARC is the investment manager of AURE.

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





Cambourne Business Park
Cambridge

Sector	Business parks
Underlying assets	Office
Tenants	Cambridge Cambourne Centre, Citrix Systems, Netcracker Technology
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	Investment value	Income return	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£1.5m	12.0% p.a. *	High-yield business park	Bank facility at 60.0% LTV for 2 years then 55.0% till maturity (current interest cover of 2.0 times covenant level)

* Yield on equity over 12 months to 31 March 2017 (Yield on cost: 14.1%).

The Company has an investment of £1.5 million in a joint venture that owns Phase 1000 of Cambourne Business Park. The property consists of three Grade A specification modern office buildings constructed in 1999 and located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,767 square metres of lettable area, is self-contained and has 475 car parking spaces. Phase 1000 is situated at the front of the business park with good access and visibility.

Phase 1000 is a high quality asset, fully let to Netcracker Technology EMEA Ltd, Citrix Systems and Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd'). The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor for £23.0 million including acquisition costs. ART's equity contribution of £1.1 million, which represented 10.0% of the total equity commitment at acquisition, is invested into a joint venture entity, a subsidiary of which holds the property. The property is currently delivering an equity income return of 12.0% per annum as at 31 March 2017.

The Cambourne asset is funded by way of a £14.0 million (£12.7 million as at 31 March 2017 following quarterly amortisation) non-recourse bank debt facility which matures in 2020.

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

Industrial Multi Property Trust plc ("IMPT")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Industrial Multi Property Trust plc	Equity	£4.9m	n/a	High-yield diversified UK portfolio	19.0% of ordinary capital

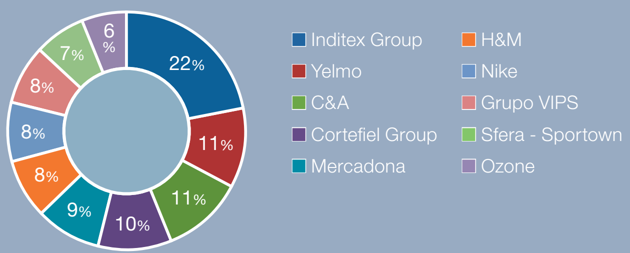
As at 31 March 2017, ART held 19.0% of IMPT's ordinary share capital, representing £4.9 million in equity value based on IMPT's share price of 304.5p, as at 31 March 2017.

Post period end, ART sold its shares in IMPT for 330.0p per share (representing a receipt of £5.3 million), an increase over nine times ART's initial acquisition price and an IRR of 69%.

H2O
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti
Area	51,825 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 31 March 2017 is 9.7 years to expiry and 2.9 years to next break.

Top ten tenants (31 March 2017)



Investment review (continued)

H2O Shopping Centre, Madrid

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
H2O	Direct property	£42.1m (€49.3m)	8.7% p.a. *	High-yield, dominant shopping centre	Post period end; agreement to divest 70% shareholding and refinance of bank debt

* Yield on equity over 12 months to 31 March 2017 (Yield on cost: 20.5%)

H2O was opened in June 2007 and built to a high standard providing shopping, restaurants and leisure around a central theme of landscaped gardens and an artificial lake. H2O has a gross lettable area of approximately 51,825 square metres comprising 118 retail units. In addition to a multiplex cinema, supermarket (let to leading Spanish supermarket operator Mercadona) and restaurants, it has a large fashion retailer base, including some of the strongest international fashion brands, such as Nike, Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti.

Post period end the Company has agreed to sell a 70% equity interest in the H2O shopping centre in Madrid to CBRE European Co-Investment Fund, managed by CBRE Global Investors for a consideration of circa £30.2 million. The sale contract has conditions attached that are expected to be met by the end of June, following which completion will occur, and a further update will be provided at that time.

ART will retain a 30% stake in joint venture with CBRE Global Investors to participate in the future growth of the centre. Alpha Real Capital, will continue to manage the shopping centre.

In February 2017, ART completed the acquisition of a small vacant site located in the same planning zone as the H2O shopping centre in Madrid. The site has with over 11,000 square metres of allocated building rights, and subject to planning consent, part of these rights could be transferred to the H2O plot, creating potential for the future expansion the shopping centre. This site is included in the joint venture with CBRE Global Investors.

> ART has completed the refinance of the H2O shopping centre with a new €65.0 million seven year loan.

Post period end, Alpha Real Trust has also completed the refinance of the borrowings secured on the shopping centre with a new €65.0 million seven year loan. This loan has been used to partly repay the previous bank loan (€71.1 million) which had been provided by a syndicate of banks and which was due to be repaid in October 2017. The new margin of 1.80% (1.70% on swapped fixed rate borrowings) represents a significant saving on the previous financing which had incurred a weighted average margin of 2.50%. ART has funded the refinancing gap and fees and CBRE European Co-Investment Fund will, as part of the completion of the sale above, pay 70% of this cost. The borrowings are non-recourse to ART.

The asset management highlights are as follows:

- **Valuation:** 4.4% valuation increase during the year to 31 March 2017.
- **Centre occupancy:** 92.4% by area as at 31 March 2017 (96.7% by rental value with short term temporary rent discounts also remaining in place to create further potential upside).
- **Footfall:** the year to date visitor numbers at H2O reached record levels in 2016, increasing 10.8% with the positive momentum continuing and an increase of 5.9% recorded in the period to 31 March 2017 was assisted by the upgraded physical space, presence of new brands and improving commercial mix.
- **Leasing:** A significant letting of a 2,600 square metre previously vacant unit to a leisure operator was completed in the first quarter of 2017. Once opened, the attraction is expected to further enhance the shopping centre's appeal as a family entertainment destination.
- **Lease length:** weighted average lease length of 2.9 years to next break and 9.7 years to expiry (as at 31 March 2017).

Investment review (continued)

High yielding debt

Market overview

Underlying asset values have benefited from an improvement in the wider investment market, resulting in enhanced credit quality as loan to value ratios have either improved or are more firmly supported as a result of greater liquidity and debt availability.

Although this remains a competitive environment, ART continues to explore new high yielding mezzanine lending and preferred equity opportunities and with the support of the Investment Manager's experience and knowledge of the underlying assets and sectors. The strategy of investment in smaller mezzanine loans in partnership with specialist mezzanine investors, and the loan investment secured on the central Newcastle, Staybridge Suites hotel are examples of the debt investment strategies that the Company is targeting.

Active UK Real Estate Fund plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Active UK Real Estate Fund plc	Mezzanine loan	£3.4m *	9.0% p.a. **	High-yield commercial UK portfolio	Preferred capital structure

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

ART provides a £3.4 million (including accrued interest) two-year mezzanine facility to AURE, which, following renewal in 2016, matures in November 2018 and earns a coupon of 9.0% per annum.

Based upon the value of the underlying AURE portfolio of £36.8 million (valuation as at 31 March 2017) and the balance of the bank finance of £15.5 million as at 31 December 2016, ART's loan is positioned between a 42.1% and 51.1% loan to value.

Staybridge Suites

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Staybridge Suites	Mezzanine loan	£1.7m *	15.0% p.a. **	Extended stay hotel; central Newcastle, UK	Secured subordinated debt

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

In October 2016, ART provided a £1.7 million mezzanine loan secured on a hotel located in central Newcastle operated under a franchise agreement from Intercontinental Hotels Group ("IHG") as a Staybridge Suites, IHG's extended stay brand. The facility matures in October 2019 and earns an annualised return in excess of 15% plus arrangement and exit fees.

The £1.7 million facility has a 3 year term and earns an annualised return in excess of 15%. The facility earned an arrangement fee on drawdown and will receive scaled exit fees depending on the repayment date.

Investment review (continued)

Mezzanine Finance

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Mezzanine finance	Mezzanine loan	£0.3m *	14.0% p.a. **	Portfolio of mezzanine loan investments	Secured subordinated debt

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

ART has further extended its mezzanine lending investment business during the year with the objective of creating a diversified portfolio of smaller mezzanine investments secured on real estate assets. Each loan will typically have a two year term and a maximum 75% loan to value ratio and are targeted to generate double digit income returns. Repayment proceeds will be rotated into new loan business.

By 31 March 2017, ART had invested £0.3 million into a property development mezzanine loan facility; a further two loans were drawn-down post period end, bringing the total invested to £1.0 million.

Industrial Multi Property Trust plc

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Industrial Multi Property Trust plc	Subordinated debt	£10.7m *	15.0% p.a. **	High-yield diversified UK portfolio	Unsecured subordinated debt

* Including rolled up and accrued coupon at the balance sheet date
** Annual coupon

Further to its equity investment (described above) ART, as at 31 March 2017, provided a subordinated debt facility to IMPT of £10.0 million (£10.7 million including rolled up interest and accrued coupon).

Post period end IMPT fully repaid its loan from ART for £10.9 million (including outstanding interest and exit fees).

> ART continues to explore new high yielding mezzanine lending and preferred equity opportunities.

Investment review (continued)

Build-to-rent investments

Private Rented Sector

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

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

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

Unity and Armouries, Birmingham

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Unity and Armouries, Birmingham	Direct property	£3.5m	n/a	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial

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

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

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

As at 31 March 2017, an independent valuation has been undertaken by GVA valuing the site at £3.5 million and also underwriting all of the current cost and value parameters currently assumed. The project has a potential Gross Development Value ('GDV') in excess of £34.8 million.


Unity and Armouries, Birmingham (concept drawing)


Monk Bridge, Leeds (concept drawing)

Investment review (continued)

Monk Bridge, Leeds

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Monk Bridge, Leeds	Direct property	£5.5m	n/a	Central Leeds residential build-to-rent	Planning consent for 140,000 square feet / 269 units plus commercial opportunities

ART owns Monk Bridge, a central Leeds development site.

Post period end, detailed planning was obtained for 307 residential flats in three buildings over 180,049 square feet of net saleable space and the restoration of the adjacent Grade II listed former railway arches as a raised park and ancillary retail, leisure and restaurant uses over 25,080 square feet in 16 units.

Outline consent was also granted for a further 300 residential units in two buildings of up to 21 storeys over 193,071 square feet of net saleable space. The revised project has a potential estimated gross development value in excess of £148.0 million.

The approval includes a provision for 5% of the 607 units as affordable.

The Company acquired the development site in December 2015 for a price of £3.75 million at which time the site had implemented planning consent for 269 residential units with an estimated GDV of £55 million.

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

As at 31 March 2017 (prior to planning having been enhanced), an independent valuation has been undertaken by Savills valuing the site at £5.5 million and also underwriting all of the current cost and value parameters currently assumed.

Data centre, Frankfurt

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Data centre, Frankfurt	Direct property	£2.0m (€2.3m)	n/a	Industrial site with potential for data centre use	Agreement to purchase, subject to planning permission

In November 2016, ART entered into an agreement to purchase, subject to planning, an industrial site in Frankfurt which it has identified as being suitable for the development of a data centre, where the high barriers of entry to this sector are potentially capable of being met. ART has entered into a binding agreement to purchase the asset subject to securing planning consent for a data centre with a minimum gross external area of 24,500 square metres and a specified minimum electrical power supply with a dual feed for the proposed development.

Following a detailed design process, both planning permission and power applications have been filed as per the envisaged schedule.

If the power and planning conditions are not secured by agreed target dates during 2017, ART may terminate the agreement. ART has created a new special purpose vehicle (“SPV”) to enter into the acquisition contract and undertake the development.

ART is funding the planning and predevelopment costs to the new SPV which are estimated to cost up to €2.6 million net of refundable costs. To date, €2.3 million (£2.0 million) has been funded. This includes real estate transfer tax of €0.8 million which would be refundable if the transaction does not complete. If the requisite planning and electrical supply are confirmed, then the agreed site purchase price will be payable.

The investment offers ART the opportunity to sell the site with enhanced planning and a pre-let to a data centre operator or to enter the development process and build and hold the leased development for income. Development finance will be sought to part fund the development cost and site value, optimising further equity investment to complete the development.

The Group estimates that should the purchase conditions be satisfied, up to £14.5 million will be invested to complete the acquisition of the site.





Freehold Income Authorised Fund
FIAF

Sector	Freehold ground rents (UK)
Underlying assets	Freehold residential ground rents
Description	FIAF is an open-ended investment company that provides secure and stable investment returns from acquiring freehold residential ground rents, which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns. FIAF owns over 65,000 freeholds in the UK.

Investment review (continued)

Freehold ground rent investments

ART invests in a fund which holds a diversified portfolio of UK residential property freehold ground rents with a view to achieving steady and predictable returns, a consistent income stream and prospects for growth.

A ground rent is the payment made by the lessee of a property to the freeholder of that property. The investment represents the underlying freehold interest in a property which is subject to a lease for a period of time usually between 99 and 999 years.

Freehold Income Authorised Fund ("FIAF")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Freehold Income Authorised Fund	Equity in ground rent fund	£21.2m	3.9% p.a. *	Highly defensive income; freehold ground rents	No gearing; monthly liquidity

* 12 months income return; post tax.

The Company has invested £21.2 million as at 31 March 2017 in FIAF, an open-ended fund that invests in UK freehold ground rents with a net asset value of £290.2 million as at 31 March 2017.

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

The following highlights were reported in the FIAF fact sheet as at 31 March 2017 (published in April 2017):

- FIAF continues its unbroken 24 year track record of positive inflation beating returns.
- 85% of its freeholds have a form of inflation protection through periodic uplifts linked to Retail Price Index (RPI), property values or fixed uplifts.
- From 12 January 2017, a 5% dilution levy will be applied to subscriptions into FIAF. This levy remains constantly under review.
- ART's total return on its investment in FIAF was 8.8% (annualised post tax) for the year ending 31 March 2017.

Investment review (continued)

Cash balances

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Cash balance	Cash	£2.3m	0.1 - 1% p.a.	Cash deposits / current accounts	Held between banks with a range of deposit maturities

As at 31 March 2017, the Company had cash balances of £2.3 million.

Other investments

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Europip Norway	Indirect property	£2.5m (€2.9m)	n/a	A geared office and logistics investment vehicle	47.0% of ordinary shares in fund with medium term debt

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

The portfolio is undergoing an orderly realisation process. Following asset sales, the bank loan secured on the Europip assets has been fully repaid.

During the year, ART received £0.3 million from Europip and a further payment was received post period end of £1.8 million.

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

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£1.4m	n/a	Leisure property fund	No external gearing

HLP has invested in companies operating in the hotel, care home, house building and leisure sectors throughout the UK. HLP's investments are predominantly un-geared.

HLP is managed by Albion Ventures LLP, a specialist UK venture capital manager. No new investments are being made by HLP.

As at 31 March 2017, ART had £1.4 million invested in HLP. HLP subsequently holds minority stakes in the underlying investments.

ART continues to receive income from its investment while HLP's underlying assets are sold.

Investment review (continued)

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Galaxia	Direct property	£5.5m (INR 450m)	n/a	Development site in NOIDA, Delhi, NCR	Asset held for sale

ART invested INR 450.0 million (£5.5 million) in the Galaxia project, a development site extending to 11.2 acres with the potential to develop 1.2 million square feet. Galaxia is located in NOIDA, an established, well planned suburb of Delhi that continues to benefit from new infrastructure projects and is one of the principal office micro-markets in India. The Company has a 50.0% shareholding in the SPV which controls the Galaxia site. There are no bank borrowings on the asset.

On 2 February 2011, ART recommenced arbitration proceedings against its development partner Logix Group ("Logix") in order to protect its Galaxia investment.

In January 2015, the Arbitral Tribunal, by a majority, decreed that Logix and its principals had breached the terms of the shareholders' agreement and has awarded the Company:

- Return of its entire capital invested of INR 450.0 million (equivalent to £5.5 million using an exchange rate of INR81.305 as at 31 March 2017) along with interest at 18.0% per annum from 31 January 2011 to 20 January 2015.
- All costs incurred towards the arbitration.
- A further 15.0% interest per annum on all sums was awarded to the Company from 20 January 2015 until the actual date of payment by Logix of the award.

Logix challenged the validity of the arbitration award in the Delhi High Court. This appeal was dismissed during February 2017 and the Delhi High Court upheld the arbitration award.

Logix subsequently appealed to a division bench of the Delhi High Court. On 8 May 2017 the Division Bench of the Delhi High Court upheld the award declared in favour of the Company and rejected Logix's appeal. Logix can seek a review of the dismissal before the Supreme Court of India within 90 days. ART has commenced execution of the award and the Logix promoters have been restrained from alienating their Corporate Office in NOIDA as well as their residential home in New Delhi and further directed by the Delhi High Court to submit on affidavit a list of all their assets and bank statements. Subsequently, the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The Company has had the residential property independently valued at approximately £6 million. ART continues to actively pursue Logix directors for the recovery of the award.

Following the determination of the arbitration noted above, the award to the Company represents a potential total of approximately £14.0 million based on 31 March 2017 exchange rates. ART continues to hold the indirect investment at INR 450.0 million (£5.5 million) in the accounts due to uncertainty over timing and final value.

Summary

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

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
15 June 2017

Directors

David Jeffreys

Chairman

Aged 57

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

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

In addition to the Company, David is a director of the following listed companies: Alpha Pyrenees Trust Limited and Tetragon Financial Group Limited.

Serena Tremlett

Director

Aged 52

Serena has over 25 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 20 years.

She is a non-executive director on the listed company board of Alpha Pyrenees Trust Limited, in addition to various unlisted property and private funds and general partners. Serena was previously company secretary (and a director) of Assura Group, at that time a FTSE 250 company listed on the London Stock Exchange, investing in primary healthcare property and ran Assura's Guernsey head office.

Prior to working for Assura, Serena was head of Guernsey property funds at Mourant International Finance Administration (now State Street) for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards. From 2008, Serena was co-founder and managing director of Morgan Sharpe Administration, a specialist closed-ended fund administrator which was sold to Estera on 28 April 2017. Serena remains its managing director.

Phillip Rose

Director

Aged 57

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

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

Jeff Chowdhry

Director

Aged 56

Jeff Chowdhry is currently Director, Emerging Market Equities at BMO Global Asset Management (EMEA). He has over 30 years of investment experience, the last 20 of which have been in Emerging Markets, focusing on key countries in Asia, Latin America and EMEA. Jeff began his career in 1982 and has held portfolio management positions at Royal Insurance plc and BZW Investment Management where he launched and managed one of the very first India funds available to foreign investors. He has an MBA from Kingston Business School and a BSc (Hons) in Economics from Brunel University, London.

Roddy Sage

Director

Aged 64

Roddy Sage is currently Chief Executive Officer of the AFP group of companies, providing corporate and taxation advisory services in Asia. Prior to that, he spent 20 years with KPMG Hong Kong, 10 years of which were as Senior Tax Partner for Hong Kong and China. He has held Chairmanships within KPMG and outside as Chairman of the Hong Kong General Chamber of Commerce's Taxation Committee and is a non-executive director of Tai Ping Carpets International and Guoco Group Limited.

Directors' and corporate governance report

The Directors present their report and financial statements of the Alpha Real Trust Limited group ("the Group") for the year ended 31 March 2017.

Principal activities and status

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

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

Business review, results and dividend

A review of the business during the year is contained in the Chairman's Statement on pages 4 to 7.

The results for the year to 31 March 2017 are set out in the financial statements.

On 3 March 2017, the Company declared a dividend of 0.6p per share, which was paid to shareholders on 24 March 2017. The intention of the Company is to pay a dividend quarterly. Further details on dividends are given in note 8 of the financial statements.

Corporate governance

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

The Board

Biographies of the Directors are set out on page 24. All of the Directors were appointed on 15 May 2006.

The Directors' interests in the shares of the Company as at 31 March 2017 are set out below and there have been no changes in such interests up to the current date:

	Number of ordinary shares 31 March 2017	Number of ordinary shares 31 March 2016
David Jeffreys	10,000	10,000
Phillip Rose	139,695	139,695
Serena Tremlett	15,000	15,000
Jeff Chowdhry	40,000	40,000
Roddy Sage	-	-

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

The Annual General Meeting of the Company will take place on 7 September 2017. At this meeting, Jeff Chowdhry and Roddy Sage will retire and submit themselves for re-election. The remainder of the Board recommend their re-appointment and confirm their independence.

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

Directors' and corporate governance report (continued)

Operations of the Board

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

1) Review the overall objectives for the Company and set the Company's strategy for fulfilling those objectives within an appropriate risk framework
2) Consider any shifts in strategy that it considers may be appropriate in light of market conditions
3) Review the capital structure of the Company including consideration of any appropriate use of gearing both for the Company and in any joint ventures in which the Company may invest from time to time
4) Appoint the Investment Manager, Administrator and other appropriately skilled service providers and monitor their effectiveness through regular reports and meetings
5) Review key elements of the Company's performance including Net Asset Value and payment of dividends.

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

The Board meets at least quarterly and as required from time to time to consider specific issues reserved for decision by the Board including all potential acquisitions of investments.

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

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

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

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

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

Board and Directors' appraisals

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

Board Meeting attendance

The table below shows the attendance at Board meetings during the year to 31 March 2017:

Director	No of meetings attended
David Jeffreys	15
Phillip Rose	4
Serena Tremlett	15
Jeff Chowdhry	10
Roddy Sage	12
No. of meetings during the year	**15**

Directors' and officers' insurance

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

Board Committees

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

Directors' and corporate governance report (continued)

Audit Committee

The Audit Committee consists of David Jeffreys (Chairman), Roddy Sage and Serena Tremlett. The Board is satisfied that David Jeffreys continues to have the requisite recent and relevant financial experience to fulfil his role as Chairman of the Audit Committee.

Role of the Committee

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

- The engagement, review of the work carried out by and the performance of the Group's external auditor
- To monitor and review the independence, objectivity and effectiveness of the external auditor
- To develop and apply a policy for the engagement of the external audit firm to provide non-audit services
- To assist the Board in discharging its duty to ensure that financial statements comply with all legal requirements
- To review the Group's financial reporting and internal control policies and to ensure that the procedures for the identification, assessment and reporting of risks are adequate
- To review regularly the need for an internal audit function
- To monitor the integrity of the Group's financial statements, including its annual and half-year reports and announcements relating to its financial performance, reviewing the significant financial reporting issues and judgements which they contain
- To review the consistency of accounting policies and practices
- To review and challenge where necessary the financial results of the Group before submission to the Board.

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

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

Committee meeting attendance

Director	No of meetings attended
David Jeffreys	4
Roddy Sage	4
Serena Tremlett	4
No. of meetings during the year	**4**

Policy for non audit services

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

Internal audit

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

Nomination Committee and attendance

The Nomination Committee consists of Roddy Sage (Chairman), Phillip Rose and Serena Tremlett.

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

Remuneration Committee and attendance

The Remuneration Committee consists of Serena Tremlett (Chairman), Jeff Chowdhry and David Jeffreys.

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

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

Remuneration report

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

Directors' and corporate governance report (continued)

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

	Year ended 31 March 2017 £	Year ended 31 March 2016 £
David Jeffreys	34,875	31,500
Phillip Rose	23,000	22,000
Serena Tremlett	35,250	34,500
Jeff Chowdhry	23,000	22,000
Roddy Sage	23,000	22,000
Total	**139,125**	**132,000**

Internal control and risk management

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

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

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

Investment management agreement

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

Substantial shareholding

Shareholders with holdings of more than 3 per cent of the voting rights of the Company as at 18 May 2017 were as follows:

Name of investor	No. of voting rights	% held
Alpha Global Property Securities Fund Pte. Ltd	22,550,000	32.53
Billien Limited	14,154,593	20.42
Armstrong Investments	5,275,000	7.61
Charles Stanley	3,197,435	4.61
IPGL Limited	3,010,100	4.34
Miton Asset Management	2,980,000	4.30
Amiya Capital	2,600,000	3.75

Shareholder relations

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

Directors' Responsibilities Statement

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

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

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

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

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

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

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

Directors' and corporate governance report (continued)

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

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

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

Going concern

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

Annual General Meeting

The AGM of the Company will be held in Guernsey at 9.00 am on 7 September 2017 at Old Bank Chambers, La Grande Rue, St Martin's, Guernsey. The meeting will be held to receive the Annual Report and Financial Statements, re-elect Directors and propose the reappointment of the auditor and that the Directors be authorised to determine the auditor's remuneration.

Independent Auditor

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

By order of the Board,

David Jeffreys
Director

Serena Tremlett
Director

15 June 2017

Directors' statement pursuant to the Disclosure and Transparency Rules

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

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- The Chairman's statement and the investment review include a fair review of the development and performance of the business and the position of the Group and note 23 to the financial statements provides a description of the principal risks and uncertainties that the Group faces. The decision by the United Kingdom to leave the European Union, following the "Brexit" Referendum held in June 2016, is also considered to be a significant risk and uncertainty for the Group (page 7) that the Board will continue to monitor.

By order of the Board,

David Jeffreys
Director

Serena Tremlett
Director

15 June 2017

Independent auditors' report

To the Members of Alpha Real Trust Limited

We have audited the consolidated financial statements of Alpha Real Trust Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of the directors and auditor

As explained more fully in the Directors' Responsibilities Statement within the Directors' Report, the directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the consolidated financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2017 and of the group's profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

Richard Michael Searle

Richard Michael Searle FCA
For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré, Rue du Pré, St Peter Port, Guernsey
15 June 2017

Consolidated statement of comprehensive income

	Notes	For the year ended 31 March 2017 Revenue £'000	Capital £'000	Total £'000	For the year ended 31 March 2016 Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	9,881	-	9,881	7,908	-	7,908
Change in the revaluation of investment property	13	-	8,790	8,790	-	11,967	11,967
Net gains on financial assets and liabilities held at fair value through profit or loss	23	1,899	1,664	3,563	1,548	780	2,328
Total income		**11,780**	**10,454**	**22,234**	**9,456**	**12,747**	**22,203**
Profit on investment property disposal		-	122	122	-	-	-
Expenses							
Property operating expenses	3	(4,400)	-	(4,400)	(3,394)	-	(3,394)
Investment Manager's fee	22	(1,912)	(2,743)	(4,655)	(1,626)	(1,440)	(3,066)
Other administration costs	4	(1,036)	-	(1,036)	(812)	-	(812)
Total operating expenses		**(7,348)**	**(2,743)**	**(10,091)**	**(5,832)**	**(1,440)**	**(7,272)**
Operating profit		**4,432**	**7,833**	**12,265**	**3,624**	**11,307**	**14,931**
Share of profit/(loss) of joint venture	12	131	(19)	112	94	(20)	74
Finance income	5	2,391	-	2,391	2,895	49	2,944
Finance costs	6	(1,778)	(79)	(1,857)	(1,700)	-	(1,700)
Profit before taxation		**5,176**	**7,735**	**12,911**	**4,913**	**11,336**	**16,249**
Taxation	7	(25)	-	(25)	(12)	-	(12)
Profit for the year		**5,151**	**7,735**	**12,886**	**4,901**	**11,336**	**16,237**
Other comprehensive income for the year							
Items that may be classified to profit and loss in subsequent periods							
Exchange differences arising on translation of foreign operations		-	3,330	3,330	-	2,104	2,104
Other comprehensive income for the year		**-**	**3,330**	**3,330**	**-**	**2,104**	**2,104**
Total comprehensive income for the year		**5,151**	**11,065**	**16,216**	**4,901**	**13,440**	**18,341**
Earnings per share (basic & diluted)	9			**18.6p**			**23.1p**
Adjusted earnings per share (basic & diluted)	9			**7.4p**			**7.0p**

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS (see page 36). All items in the above statement derive from continuing operations.

The accompanying notes on pages 35 to 58 form an integral part of the financial statements.

Consolidated balance sheet

	Notes	31 March 2017 £'000	31 March 2016 £'000
Non-current assets			
Investment property	13	112,442	91,971
Indirect property investment held at fair value	14	5,535	4,738
Investments held at fair value	15	7,814	10,439
Investment in joint venture	12	1,538	1,596
Trade and other receivables	16	5,280	10,000
		132,609	**118,744**
Current assets			
Investments held at fair value	15	26,113	20,931
Derivatives held at fair value through profit or loss	23	-	-
Trade and other receivables	16	13,461	12,883
Cash and cash equivalents		5,397	3,863
		44,971	**37,677**
Total assets		**177,580**	**156,421**
Current liabilities			
Derivatives held at fair value through profit or loss	23	-	(745)
Trade and other payables	17	(6,789)	(4,000)
Bank borrowings	18	(60,618)	(543)
		(67,407)	**(5,288)**
Total assets less current liabilities		**110,173**	**151,133**
Non-current liabilities			
Bank borrowings	18	-	(55,512)
Total liabilities		**(67,407)**	**(60,800)**
Net assets		**110,173**	**95,621**
Equity			
Share capital	19	-	-
Special reserve	20	79,306	79,306
Translation reserve	20	2,011	(1,319)
Capital reserve	20	10,511	2,776
Revenue reserve	20	18,345	14,858
Total equity		**110,173**	**95,621**
Net asset value per ordinary share	10	**158.9p**	**137.9p**

The financial statements were approved by the Board of Directors and authorised for issue on 15 June 2017.
They were signed on its behalf by David Jeffreys and Serena Tremlett.

David Jeffreys
Director

Serena Tremlett
Director

The accompanying notes on pages 35 to 58 form an integral part of the financial statements.

Consolidated cash flow statement

	For the year ended 31 March 2017 £'000	For the year ended 31 March 2016 £'000
Operating activities		
Profit for the year after taxation	12,886	16,237
Adjustments for:		
Change in revaluation of investment property	(8,790)	(11,967)
Net gains on financial assets and liabilities held at fair value through profit or loss	(3,563)	(2,328)
Profit on investment property disposal	(122)	-
Taxation	25	12
Share of profit of joint venture	(112)	(74)
Finance income	(2,391)	(2,944)
Finance costs	1,857	1,700
Operating cash flows before movements in working capital	**(210)**	**636**
Movements in working capital:		
Movement in trade and other receivables	(1,216)	(150)
Movement in trade and other payables	1,913	1,657
Cash flows from operations	**487**	**2,143**
Interest received	10	69
Interest paid	(1,552)	(1,499)
Taxation paid	(13)	(16)
Cash flows (used in)/from operating activities	**(1,068)**	**697**
Investing activities		
Acquisition of investments	(1,072)	(7,200)
Acquisition of investment property	(2,826)	(7,781)
Proceeds on disposal of investment property	1,890	-
Redemption of investments	2,530	405
Redemption on preference shares' investment	404	500
Capital expenditure on investment property	(2,615)	(227)
Loan repayments received	6,300	2,843
Loan interest received	2,056	2,854
Loans granted to third parties	(1,980)	-
Dividend income from joint venture	40	41
Dividend income from other investments	23	361
Cash flows from/(used in) investing activities	**4,750**	**(8,204)**
Financing activities		
Bank loan repayments	(114)	(398)
Share buybacks	-	(953)
Share buyback costs	-	(2)
Share issue costs	-	(16)
Foreign exchange forward settlement	(1,649)	347
Foreign exchange forward collateral received/(paid)	1,220	(920)
Dividends paid	(1,664)	(1,684)
Cash flows used in financing activities	**(2,207)**	**(3,626)**
Net increase/(decrease) in cash and cash equivalents	**1,475**	**(11,133)**
Cash and cash equivalents at beginning of year	**3,863**	**14,817**
Exchange translation movement	59	179
Cash and cash equivalents at end of year	**5,397**	**3,863**

The accompanying notes on pages 35 to 58 form an integral part of the financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2016	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2015	**80,277**	**(3,423)**	**(8,560)**	**11,641**	**79,935**
Total comprehensive income for the year					
Profit for the year	-	-	11,336	4,901	16,237
Exchange differences arising on translation of foreign operations	-	2,104	-	-	2,104
Total comprehensive income for the year	**-**	**2,104**	**11,336**	**4,901**	**18,341**
Transactions with owners					
Dividends	-	-	-	(1,684)	(1,684)
Share issue costs	(16)	-	-	-	(16)
Share buyback	(953)	-	-	-	(953)
Share buyback costs	(2)	-	-	-	(2)
Total transactions with owners	**(971)**	**-**	**-**	**(1,684)**	**(2,655)**
At 31 March 2016	**79,306**	**(1,319)**	**2,776**	**14,858**	**95,621**
Notes 19, 20					

For the year ended 31 March 2017	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2016	**79,306**	**(1,319)**	**2,776**	**14,858**	**95,621**
Total comprehensive income for the year					
Profit for the year	-	-	7,735	5,151	12,886
Exchange differences arising on translation of foreign operations	-	3,330	-	-	3,330
Total comprehensive income for the year	**-**	**3,330**	**7,735**	**5,151**	**16,216**
Transactions with owners					
Dividends	-	-	-	(1,664)	(1,664)
Total transactions with owners	**-**	**-**	**-**	**(1,664)**	**(1,664)**
At 31 March 2017	**79,306**	**2,011**	**10,511**	**18,345**	**110,173**
Notes 19, 20					

The accompanying notes on pages 35 to 58 form an integral part of the financial statements.

Notes to the financial statements

For the year ended 31 March 2017

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 59. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 4 to 7. The financial statements were approved and authorised for issue on 15 June 2017 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

2. (a) Significant accounting policies

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

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

Basis of preparation

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

(a) Adoption of new and revised Standards

None of the new or revised standards and interpretations issued by the IASB and the International Financial Reporting Interpretations Committee that have become effective in the current year has had a material effect on the Group.

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

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

IFRS 9: Financial instruments - for accounting periods commencing on or after 1 January 2018

IFRS 15: Revenue from contracts with customers - for accounting periods commencing on or after 1 January 2018

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

Revised and amended Standards

IFRS 7: Financial Instruments: disclosures - amendments requiring disclosures about the initial application of IFRS 9 - for accounting periods commencing on or after 1 January 2018*

IAS 7: Statement of cash flows - amendment as result of the disclosure initiative - for accounting periods commencing on or after 1 January 2017*

In December 2016, the IASB issued further improvements to IFRS, which will become effective for accounting periods commencing on or after 1 January 2018*. These covered amendments to three standards.

*Still to be endorsed by the EU

The Directors anticipate that, with the exception of IFRS 9, the adoption of these standards and interpretations in future periods will not have a material impact on the financial statements of the Group.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or at fair value, replacing the many different rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets (payments that are solely payments of principal and interest).

IFRS 9 will also fundamentally change the loan loss impairment methodology. The standard will replace IAS 39's incurred loss approach with a forward-looking expected loss approach. The Group will be required to record an allowance for expected losses for all loans and other debt financial assets not held at fair value through profit or loss. The allowance is based on the expected credit losses associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination, in which case, the allowance is based on the probability of default over the life of the asset. The Group will establish a policy to perform an assessment at the end of each reporting period of whether credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument. To calculate the expected credit loss, the Group will estimate the risk of a default occurring on the financial instrument during its expected life. Expected credit losses are estimated based on the present value of all cash shortfalls over the remaining expected life of the financial asset (i.e. the difference between the contractual cash flows that are due to the Group under the contract, and the cash flows that the Group expects to receive, discounted at the effective interest rate of the loan). In comparison to IAS 39, the Group expects the impairment charge under IFRS 9 to be more volatile than under IAS 39 and to result in an increase in the total level of current impairment allowances.

The recognition and de-recognition requirements for financial assets and financial liabilities are unchanged from those set out in IAS 39.

Notes to the financial statements (continued)

For the year ended 31 March 2017

2(a). Significant accounting policies (continued)

The classification and measurement requirements of financial liabilities are broadly similar to IAS 39 although the requirements relating to financial liabilities measured at fair value have been amended so that changes in fair value relating to an entity's own credit risk are generally recognised directly in other comprehensive income. IFRS 9 requires one impairment method which would replace the various different methods indicated by IAS 39 that arise from the different categories' classification. At the time of adoption of the new standard it is expected only that the Group's financial assets will be required to be classified in accordance with the new standard and no changes in measurement will be required.

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations and is effective for annual periods beginning on or after 1 January 2018. As the Group's revenue is mainly derived from leases, the application of IFRS 15 is not expected to change the nature or timing of revenue recognised.

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

The principal accounting policies adopted are set out below.

Basis of consolidation

(a) Subsidiaries

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

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

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

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

ART holds a number of direct property investments through subsidiary undertakings. The Group is actively involved in the management of these property investments and its investment plans do not include specified exit strategies for these investments. As a result, ART plans to hold these property investments indefinitely. Although, in accordance with IAS 40, ART reports its investment properties at fair value in its financial statements, this is not the primary measurement attribute used by management to evaluate the performance of these investments. In consequence, management have concluded that ART does not meet the definition of an investment entity and the subsidiaries have been consolidated into the Group's balance sheet, rather than being carried at fair value.

(b) Joint ventures

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

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

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

Presentation of statement of comprehensive income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the Association of Investment Companies ("AIC"), supplementary information, which analyses the statement of comprehensive income between items of a revenue and capital nature, has been presented alongside the statement of comprehensive income (see note 20).

Revenue recognition

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

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

Other income is recognised when received.

Notes to the financial statements (continued)

For the year ended 31 March 2017

2(a). Significant accounting policies (continued)

Leasing

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

Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

c) Group companies

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

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

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

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

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

For Euro based balances the year end exchange rate used is £1:€1.172 (2016: £1:€1.265) and the average rate for the year used is £1:€1.191 (2016: £1:€1.365). The year-end exchange rate used for Indian rupee (INR) balances is £1:INR81.305 (2016: £1:INR94.969) and the average rate for the year used is £1:INR87.668 (2016: £1:INR98.441).

Expenses

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

Taxation

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

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

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

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

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

2(a). Significant accounting policies (continued)

Dividends

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

Fair value measurement

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

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

- in the principal market for the asset or liability

or

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

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

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

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

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

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

Investment property

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

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

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

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

Segmental reporting

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

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

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

With the exception of the Galaxia investment (note 14), all of the Group's non-current assets are located in Europe.

Notes to the financial statements (continued)

For the year ended 31 March 2017

2(a). Significant accounting policies (continued)

Financial instruments

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

(a) Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions. The Group has not classified any of its financial assets as held to maturity or as available for sale.

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

(a) (i) Investments held at fair value through profit or loss

Investments are classified as 'fair value through profit or loss' and are initially recognised at cost, being the fair value of the consideration given.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's investment strategy. The Group's policy is for the Investment Manager and the Board of Directors to evaluate the information about these financial assets on a fair value basis together with other related financial information.

Recognition

Purchases and sales of investments are recognised on the transaction date, the date on which the Group commits to purchase or sell the investment.

Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value with transaction costs being expensed in the statement of comprehensive income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income in the period in which they arise.

(a) (ii) Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They mainly relate to interest bearing loans granted to related and third parties but also arise through rental leases with tenants (e.g. trade receivables and cash and cash equivalents) and incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, such impairments directly reduce the carrying amount of the impaired asset and are recognised against the relevant income category in the statement of comprehensive income.

Cash and cash equivalents are carried at cost and consist of cash in hand and short term deposits in banks with an original maturity of three months or less.

(a) (iii) Derivatives at fair value through profit or loss

This category comprises only 'in the money' financial derivatives. They are carried in the balance sheet at fair value with changes in fair value recognised in the statement of comprehensive income.

The fair value of the Group's derivatives is based on valuations as described in note 24.

(a) (iv) Derecognition of financial assets

A financial asset (in whole or in part) is derecognised either:

- when the Group has transferred substantially all the risks and rewards of ownership, or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset, or
- when the contractual right to receive cash flow has expired.

Notes to the financial statements (continued)

For the year ended 31 March 2017

2(a). Significant accounting policies (continued)

(b) Financial liabilities

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

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

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

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

The fair value of the Group's derivatives is based on the valuations as described in note 24.

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

Other financial liabilities include the following items:

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

(b) (iii) Derecognition of financial liabilities

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

(c) Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares and class A shares are classified as equity instruments. For the purposes of the disclosures given in note 23 the Group considers all its share capital, share premium and all other reserves as equity. The Company is not subject to any externally imposed capital requirements.

(d) Effective interest rate method

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

2. (b) Significant accounting estimates and judgements

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

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

(a) Investment property

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

(b) Estimate of fair value of indirect property investment - Galaxia

The property interest in Galaxia is classified as an indirect property investment held at fair value through profit or loss and has been included within the financial statements based on the current estimate of realisable value to the Group (see note 14).

Notes to the financial statements (continued)

For the year ended 31 March 2017

3. Revenue

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Rental income	7,178	5,724
Service charge income	2,702	2,168
Other income	1	16
Total	**9,881**	**7,908**

At 31 March 2017, the Group recognised non recoverable property operating expenditure as follows:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Service charge income	2,702	2,168
Property operating expenditure	(4,400)	(3,394)
Non recoverable property operating expenditure	**(1,698)**	**(1,226)**

The Group recognises revenue from its investment in one property: the H2O Shopping Centre in Madrid, Spain.

On 18 May 2017, the Group agreed to sell a 70% equity interest in the H2O property to CBRE European Co-Investment Fund, managed by CBRE Global Investors. The sale is at a 4.8% premium to the latest published valuation of the shopping centre, as at 30 September 2016. The sale contract has conditions attached that are expected to be met by the end of June, following which completion will occur, and a further update will be provided at that time. The Group will retain a 30% stake in joint venture with CBRE Global Investors to participate in the future growth of the centre.

The H2O Shopping Centre is leased on standard institutional Spanish retail operating leases with a minimum guaranteed monthly rent and the possibility for the landlord to earn additional income on most leases if the tenants' turnover exceeds certain pre-set levels. The leases are typically for a minimum guaranteed term of 5 years from the opening of the centre in mid-2007 with 5 year renewal options thereafter, e.g. 5+5+5, and generally a 10 to 15 year term.

At 31 March 2017, the Group had contracted with tenants at the H2O Shopping Centre for the following future minimum lease payments:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Within one year	5,659	4,983
In the second to fifth years inclusive	10,583	8,387
After five years	1,323	1,380
Total	**17,565**	**14,750**

4. Other administration costs

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Auditors' remuneration for audit services	97	87
Accounting and administrative fees	447	328
Non-executive directors' fees	139	132
Other professional fees	353	265
Total	**1,036**	**812**

Notes to the financial statements (continued)

For the year ended 31 March 2017

5. Finance income

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Bank interest receivable	10	69
Interest receivable on loans to related parties	2,284	2,826
Interest receivable on loans to third parties (note 16, 22)	97	-
Foreign exchange gain	-	49
Total	**2,391**	**2,944**

6. Finance costs

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Interest on bank borrowings	1,778	1,700
Foreign exchange loss	79	-
Total	**1,857**	**1,700**

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

7. Taxation

(a) Parent Company

The Parent Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £1,200 (31 March 2016: £1,200) was payable to the States of Guernsey in respect of this exemption for the year. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in its overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, the United Kingdom, Germany, the Netherlands, Spain, Cyprus, Jersey and India.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Deferred tax	-	-
Current tax	25	12
Tax Expense	**25**	**12**

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

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Tax expense reconciliation		
Profit before taxation	12,911	16,249
Less: income not taxable	(8,920)	(9,747)
Add: expenditure not deductible	5,574	6,332
Un-provided deferred tax asset	(9,454)	(12,792)
Total	**111**	**42**

Notes to the financial statements (continued)

For the year ended 31 March 2017

7. Taxation (continued)

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Analysed as arising from		
Cyprus entities	64	42
Dutch entity	47	-
India entity	-	-
Luxembourg entities	-	-
UK investment	-	-
Total	**111**	**42**

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

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
Cypriot taxation at 12.50%	8	5
Dutch taxation at 20%	9	-
India taxation at 22.66%	-	-
Luxembourg entities at an average rate of 29.22% *	8	7
UK taxation at 20%	-	-
Total	**25**	**12**

* The taxation incurred in Luxembourg mainly relates to the minimum net wealth tax charge of €3,210 per entity.

(c) Deferred taxation

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

	Revaluation of Investment Property £'000	Accelerated tax depreciation £'000	Tax Losses £'000	Other temporary differences £'000	Total £'000
At 31 March 2015	**-**	**3**	**(272)**	**269**	**-**
Release to income	-	1	(74)	73	-
At 31 March 2016	**-**	**4**	**(346)**	**342**	**-**
Release to income	-	-	(79)	79	-
At 31 March 2017	**-**	**4**	**(425)**	**421**	**-**

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

	2017 £'000	2016 £'000
Deferred tax liabilities	425	346
Deferred tax assets	(425)	(346)
Total	**-**	**-**

At the balance sheet date the Group has unused tax losses of £2.3 million (2016: £1.9 million). Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses.

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date
Quarter ended 31 March 2016	69,323	0.6p	415,939	22 July 2016
Quarter ended 30 June 2016	69,323	0.6p	415,939	23 September 2016
Quarter ended 30 September 2016	69,323	0.6p	415,939	16 December 2016
Quarter ended 31 December 2016	69,323	0.6p	415,939	24 March 2017
Total			**1,663,756**	

The Company will pay a dividend for the quarter ended 31 March 2017 on 21 July 2017. In accordance with IAS 10, this dividend has not been included in these financial statements as the dividend was declared and paid after the year end. The current intention of the Directors is to pay a dividend quarterly.

9. Earnings per share

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

	1 April 2016 to 31 March 2017	1 April 2016 to 30 September 2016	1 April 2015 to 31 March 2016
Earnings per statement of comprehensive income (£'000)	12,886	7,007	16,237
Basic and diluted earnings pence per share	**18.6p**	**10.1p**	**23.1p**
Earnings per income statement (£'000)	12,886	7,007	16,237
Net change in the revaluation of investment property	(8,790)	(4,662)	(11,967)
Profit on investment property disposal	(122)	(138)	-
Movement in fair value of investment in ordinary shares	(2,424)	(320)	(2,271)
Movement in fair value of investments in redeemable preference shares	(144)	(124)	694
Movement in fair value of interest rate cap (mark to market)	-	-	10
Movement in fair value of the foreign exchange forward (mark to market)	904	890	787
Movement in fair value of the joint venture's interest rate swap (mark to market)	-	-	(7)
Net change in the revaluation of the joint venture's investment property	19	13	27
Investment Manager's fees (performance fee)	2,743	-	1,440
Foreign exchange loss/(gain)	79	23	(49)
Adjusted earnings	**5,151**	**2,689**	**4,901**
Adjusted earnings per share	**7.4p**	**3.9p**	**7.0p**
Weighted average number of ordinary shares (000's)	**69,323**	**69,323**	**70,143**

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

10. Net asset value per share

	31 March 2017	30 September 2016	31 March 2016
Net asset value (£'000)	110,173	105,317	95,621
Net asset value per ordinary share	**158.9p**	**151.9p**	**137.9p**
Total number of shares (000's)	**69,323**	**69,323**	**69,323**

Notes to the financial statements (continued)

For the year ended 31 March 2017

11. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2017, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of share	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary shares	100	Cyprus	Holding Company
Luxco 114 SARL	Ordinary shares	100	Luxembourg	Finance company
Luxco 111 SARL	Ordinary shares	100	Luxembourg	Holding Company
Skyred International SARL	Ordinary shares	100	Luxembourg	Holding Company
Iron Bridge Finance Luxembourg SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Rock Rose SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Rock Rose 2 SARL	Ordinary shares	100	Luxembourg	Holding Company
Sixteen Guava SARL	Ordinary shares	100	Luxembourg	Holding Company
KMS Holding BV	Ordinary shares	100	Netherlands	Holding Company
Alpha Tiger Spain 1, SLU	Ordinary shares	100	Spain	Property Company
Alpha Tiger Spain 2, SLU	Ordinary shares	100	Spain	Property Company
Alpha Tiger Spain 3, SLU	Ordinary shares	100	Spain	Property Company
Alpha Tiger Guernsey Holdings No.1 Ltd	Ordinary shares	100	Guernsey	Holding Company
ART Resi Unit Trust	Ordinary units	100	Guernsey	Holding Company
Iron Sky 1 Limited	Ordinary shares	100	Guernsey	Holding Company

During the year, the Group liquidated Alpha Tiger Cyprus Investments No. 1 Limited in Cyprus and disposed of Iron Sky 2 Limited in Guernsey ("Acharn" investment, see note 13).

The Group also incorporated one limited partnership in Germany (Sixteen Rock Rose Sàrl & Co Vermögensverwaltungs KG) to hold its Frankfurt data centre investment.

12. Investment in joint venture

The joint venture in the Scholar Property Holdings Limited group (Cambourne) is accounted for by equity accounting.

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

	31 March 2017 £'000	31 March 2016 £'000
As at 1 April	**1,596**	**1,563**
Group's share of joint venture profits before fair value movements and dividends	131	94
Fair value adjustment for interest rate swap	-	7
Fair value adjustment for investment property	(19)	(27)
Equity return	(130)	-
Dividends paid by joint venture to the Group	(40)	(41)
As at 31 March	**1,538**	**1,596**

13. Investment property

	31 March 2017 £'000	31 March 2016 £'000
Fair value of investment property at 1 April	**91,971**	**65,544**
Additions	3,185	7,781
Subsequent capital expenditure after acquisition	3,119	227
Disposals	(1,752)	-
Movement in rent incentives/initial costs	299	187
Fair value adjustment in the year	8,790	11,967
Foreign exchange movement	6,830	6,265
Fair value of investment property at 31 March	**112,442**	**91,971**

Notes to the financial statements (continued)

For the year ended 31 March 2017

13. Investment property (continued)

The fair value of the H2O property in Madrid (Spain) of €117.5 million (£100.2 million) (31 March 2016: €106.5 million, £84.2 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ("Aguirre").

The fair value of the Unity and Armouries property in Birmingham (UK) of £3.5 million (31 March 2016: £2.5 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by GVA.

The fair value of the Monk Bridge property in Leeds (UK) of £5.5 million (31 March 2016: £3.8 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Savills.

Aguirre, GVA and Savills 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". See note 24 for details of the property valuations.

The H2O property has been pledged as security for the borrowings in Alpha Tiger Spain 1, SLU ('ATS1'), the Spanish SPV in which the property is held (note 18).

In February 2017, ART completed the purchase of a new plot of land, adjacent to the H2O property in Madrid (Spain), for €1.4 million (£1.2 million). This new investment is not included in the H2O valuation: the £1.2 million cost has been considered by the Directors to represent fair value at the balance sheet date; the relevant market activity since the investment was made is not considered to be significant in terms of value.

In October 2016, ART entered into a binding agreement to purchase, subject to securing planning consent, a data centre development at Borsigallee 1-7, Frankfurt, Germany with a minimum gross external area of 24,500 square metres and a specified minimum electrical power supply with a dual feed for the proposed development. If the power and planning conditions are not secured by agreed target dates during 2017, ART may terminate the agreement. ART has created a new special purpose vehicle ("SPV") to enter into the acquisition contract and undertake the development. The planning and pre-development costs will be funded by ART to the new SPV and are estimated to cost up to €2.6 million net of refundable costs. To date, €2.3 million (£2.0 million) has been funded. This includes real estate transfer tax of €0.8 million (£0.7 million) which would be refundable if the transaction does not complete. The Group estimates that should the purchase conditions be satisfied, up to £14.5 million will be invested to complete the acquisition of the site. The £2.0 million cost incurred for this investment as at 31 March 2017 has been considered by the Directors to represent fair value at the balance sheet date; the relevant market activity since the investment was made is not considered to be significant in terms of value.

On 2 August 2016, the Group sold its investment at "Acharn", Killin, Perthshire, Scotland to Biomass Energy Renewables LLP ('BERL') for £1.9 million (note 22). The site had been acquired in December 2015 and the Group had invested a total of £1.5 million by the year ended 31 March 2016. A further £0.3 million was invested after year end up to completion, thus generating a profit for the Group of £0.1 million.

Foreign exchange movement is recognised in other comprehensive income.

14. Indirect property investment held at fair value

	31 March 2017 £'000	31 March 2016 £'000
As at 1 April	**4,738**	**4,851**
Foreign exchange movement	797	(113)
As at 31 March	**5,535**	**4,738**

The Galaxia investment is carried at a fair value of INR 450.0 million (£5.5 million).

In January 2015, the International Chamber of Commerce ('ICC') Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group, which was found to have breached the Terms of the Shareholders Agreement with the Group. The ICC awarded the Group the return of its entire capital invested of INR 450.0 million, with interest at 18% p.a. from 31 January 2011 to 20 January 2015, and the refund of all costs incurred towards the Arbitration. The total award amounted to £9.2 million (the "Award") based on exchange rates at the time. Additionally, a further 15% p.a. interest on all sums was awarded to the Group from 20 January 2015 until the actual date of payment by Logix of the Award. The sum has now accrued to £14.0 million at the current exchange rate. In April 2015, the Group was notified that Logix has filed a petition, under Section 34 of the Indian Arbitration and Conciliation Act 1996, before the Delhi High Court challenging the Award. The challenge to the Award was heard on several dates during the years 2015 and 2016: following these hearings, the Delhi High Court has ordered that the site be placed in a court monitored auction process, with proceeds to be used to repay outstanding ground lease rents with the balance to be held until the outcome of the appeal to the Arbitration claim. In February 2017, the Delhi High Court upheld the award and dismissed the Logix petition with costs. Following the last hearings held in Delhi in April and May 2017, the division bench dismissed Logix's appeal. The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to continue to value the indirect investment at INR 450.0 million, which is the amount invested but excludes penalty interest payment and other payments awarded in ART's favour due to uncertainty over timing and final value of the Award. Post period end, the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The Company has had the residential property independently valued at approximately £6.0 million.

Foreign exchange movement is recognised in other comprehensive income.

Notes to the financial statements (continued)

For the year ended 31 March 2017

15. Investments held at fair value

	31 March 2017 £'000	31 March 2016 £'000
Non-current		
As at 1 April	**10,439**	**6,566**
Additions during the year	-	3,200
Redemptions during the year	(404)	(905)
Movement in fair value of investments	131	1,578
Transfer to current (IMPT investment)	(2,352)	-
As at 31 March	**7,814**	**10,439**

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

- Europip (participating redeemable preference shares): in July 2016, ART received £0.3 million as return of capital from Europip; Europip provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2017 was £2.5 million (31 March 2016: £2.5 million).
- HLP (participating redeemable preference shares): HLP provides half yearly valuations of the net asset value of its shares; during the year ended 31 March 2017, HLP redeemed a total of £0.2 million of shares (2016: £0.5 million); the net asset value of the investment has been calculated by using the unaudited value provided by the directors of HLP on 5 March 2017, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £1.4 million (31 March 2016: £1.6 million).
- AURE (ordinary shares): the investment is fair-valued by reference to the dealing price of the shares provided monthly by AURE, which is published on The International Stock Exchange (formerly the Channel Islands Securities Exchange): the resulting fair value of the investment at period end was £3.9 million (31 March 2016: £4.0 million).

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

	31 March 2017 £'000	31 March 2016 £'000
Current		
As at 1 April	**20,931**	**15,868**
Transfer from non current (IMPT investment)	2,352	-
Additions during the year	1,072	4,000
Redemptions during the year	(2,400)	-
Distributed investment income in year	-	(318)
Undistributed investment income in year	1,721	1,381
Movement in fair value of investments	2,437	-
As at 31 March	**26,113**	**20,931**

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

- IMPT (ordinary shares): the ordinary shares of IMPT are traded on the LSE (SFS) and are valued quarterly by reference to market price; the market price of the investment as at 31 March 2017 was £4.9 million (31 March 2016: £2.4 million). Post year end, on 28 April 2017, IMPT made a full equity return to ART at a share price of 330.0p per share: the total cash received by ART was £5.3 million.
- FIAF (income units): FIAF allows monthly redemptions and hence the investment is reported as a current asset; during the year, ART has made net redemptions of £1.4 million of FIAF units. FIAF provides monthly pricing of its units. The market value of the investment as at 31 March 2017, based on the published price of the relevant units, was £21.2 million (31 March 2016: £20.9 million).
- ART also has an investment in Romulus. Any realised value from this investment is passed exclusively to ART A shareholders. As at 31 March 2017, the net asset value of ART's investment in Romulus was nil (31 March 2016: nil). Post year end, Romulus completed the disposal of all of its real estate assets. The completion of the sale resulted in Romulus having positive net assets and, consequently, ART received proceeds of £0.3 million from Romulus. ART will therefore pay a special dividend to holders of ART A Shares of £0.3 million, less administrative costs. The proceeds are not material to the Group financial statements and hence the investment was valued at nil at the balance sheet date.

Notes to the financial statements (continued)

For the year ended 31 March 2017

16. Trade and other receivables

	31 March 2017 £'000	31 March 2016 £'000
Non-current		
Loan granted to related parties (note 22)	3,300	10,000
Loan granted to third parties	1,980	-
Total	**5,280**	**10,000**
Current		
Trade debtors	1,215	1,246
VAT	796	111
Loan granted to related party	10,378	9,600
Other debtors	692	1,492
Interest receivable from loans granted to related parties (note 22)	348	434
Interest receivable from loans granted to third parties	32	-
Total	**13,461**	**12,883**

Loans granted to related parties can be detailed as follows:

- £10.4 million (31 March 2016: £10.0 million) unsecured loan to IMPT, expiring in December 2018 and carrying a coupon of 15% per annum. Post year end, on 7 April 2017, the loan has been repaid in full, including accrued and rolled up interest and applicable fees: the total cash received by ART was £10.9 million.
- £3.3 million (31 March 2016: £9.6 million) loan to AURE, expiring in November 2018 and carrying a coupon of 9% per annum. During the year, AURE made capital repayments to ART amounting to £6.3 million. The loan is unsecured but ART has the ability to request AURE to provide a first legal charge security over its non-core assets, once certain conditions on AURE's bank borrowings are met and a second priority charge over AURE's other assets.

During the year, the Group granted mezzanine loans to third parties that can be detailed as follows:

- £1.7 million to SN Holdco. Ltd, a UK entity. This is a 36 month facility which will assist with the purchase of the virtual freehold of an existing extended stay hotel known as The Staybridge Suites Newcastle in Newcastle (UK). This loan earns a 15% coupon, 1% of arrangement fees and applicable exit fees calculated in relation to the time of repayment of the loan.
- £0.3 million to Shemron Homes (Ferndown) Ltd, a UK entity. This is a 20 month facility which will assist with the purchase of a property development in Dorset, UK. The Group is entitled to an overall 14% return on the investment.

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

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

17. Trade and other payables

	31 March 2017 £'000	31 March 2016 £'000
Trade creditors	2,929	1,906
Investment Manager's fee payable	3,228	1,847
Accruals	439	233
Other creditors	180	13
Corporation tax	13	1
Total	**6,789**	**4,000**

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

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

18. Bank borrowings

	31 March 2017 £'000	31 March 2016 £'000
Current liabilities: interest payable	109	114
Current liabilities: bank borrowings	60,509	429
Total current liabilities	**60,618**	**543**
Non-current liabilities: bank borrowings	-	55,512
Total liabilities	**60,618**	**56,055**
The borrowings are repayable as follows:		
Interest payable	109	114
On demand or within one year	60,509	429
In the second to fifth years inclusive	-	55,512
Total	**60,618**	**56,055**

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

	31 March 2017 £'000	31 March 2016 £'000
As at 1 April	**55,512**	**51,557**
Repayment of borrowings	(114)	(398)
Reclassification to current liabilities	429	(32)
Amortisation of deferred finance costs	240	211
Foreign exchange movement	4,442	4,174
As at 31 March	**60,509**	**55,512**

The bank borrowings represent the syndicated loan finance provided to ATS1, owner of the H2O property in Madrid, Spain.

The ATS1 loan was originally provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-Thuringen Girozentrale). In August 2014, Deutsche Hypothekenbank transferred its share of the loan to MHB Bank AG, a subsidiary of the Lone Star group. The loan had two tranches of debt of which one tranche had an agreed schedule of amortisation as reflected in the repayment table above. The loans were secured by a first charge mortgage against the Spanish property. ATS1 had entered into an interest rate cap under which the floating rate element of the interest charge was capped at 2.85% for the full term of the loan on €50.0 million of the principal borrowings of €75.0 million (note 23).

Post year end, on 18 May 2017, ATS1 has completed the refinance of its borrowings, secured on the H2O property, with a new €65.0 million seven year loan with Aareal Bank. This loan has been used to partly repay the previous bank loan (€71.1 million), which was due to be repaid in October 2017. The Group has funded the refinancing gap and fees. The borrowings are non-recourse to the Group's other asset investments.

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

19. Share capital

	Number of shares
Authorised	
Ordinary shares of no par value	Unlimited

Issued and fully paid	Ordinary treasury	Ordinary external	Ordinary total	A shares external	Total shares
At 1 April 2016	**6,794,398**	**61,834,950**	**68,629,348**	**7,488,267**	**76,117,615**
Share conversion	-	1,151,225	1,151,225	(1,151,225)	-
Shares cancelled following buyback	-	-	-	-	-
Shares bought back	-	-	-	-	-
At 31 March 2017	**6,794,398**	**62,986,175**	**69,780,573**	**6,337,042**	**76,117,615**

Notes to the financial statements (continued)

For the year ended 31 March 2017

19. Share capital (continued)

The Company has one class of ordinary shares which carries no right to fixed income and class A shares, which carry the same rights as ordinary shares save that class A shares carry the additional right to participation in the Company's investment in Romulus and the right to convert into ordinary shares on a one for one basis.

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

On 9 March 2016, the Company published a circular giving notice of an Extraordinary General Meeting on 1 April 2016. Consistent with the Company's commitment to shareholder value, the Company asked its shareholders to approve a general authority allowing the Company to acquire up to 24.99% of the Voting Share Capital during the period expiring on the earlier of (i) the conclusion of the Annual General Meeting of the Company in 2017 and (ii) 4 September 2017. The shareholders approved the proposal.

During the year, the Company made no share buybacks. As at 31 March 2017, the ordinary share capital of the Company was 69,780,573 (including 6,794,398 shares held in treasury). The Company also had 6,337,042 A shares in issue. The total voting rights in ART are unchanged from prior year at 69,323,217.

Post year end, the Company has made no share buybacks and 63,927 A shares were converted into ordinary shares. At the date of signing these financial statements the ordinary share capital of the Company was 69,844,500 (including 6,794,398 shares held in treasury). The Company also has 6,273,115 A shares in issue. The total voting rights in ART are unchanged at 69,323,217.

20. Reserves

The movements in the reserves for the Group are shown on page 34.

Special reserve

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

Translation reserve

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

Capital reserve

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

Revenue reserve

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

21. Events after the balance sheet date

After the balance sheet date, IMPT made a full loan repayment and equity return to ART:

- On 7 April 2017, IMPT repaid in full the loan to ART, including accrued and rolled up interest and applicable fees: the total cash received by ART was £10.9 million.
- On 28 April 2017, IMPT made a full equity return to ART at a share price of 330.0p per share: the total cash received by ART was £5.3 million.

During April and May 2017, ART made a further investment in FIAF units of £5.0 million and granted two new mezzanine loans to UK entities: of £0.5 million to Rippon Homes Welton Ltd and £0.3 million to Devlux (Weald) Ltd.

On 18 May 2017, the Group agreed to sell a 70% equity interest in the H2O property to CBRE European Co-Investment Fund, managed by CBRE Global Investors. The sale is at a 4.8% premium to the latest published valuation of the shopping centre, as at 30 September 2016. The sale contract has conditions attached that are expected to be met by the end of June 2017, following which completion will occur, and a further update will be provided at that time. The Group will retain a 30% stake in the joint venture with CBRE Global Investors to participate in the future growth of the centre.

On 18 May 2017, ATS1 has also completed the refinance of its borrowings, secured on the H2O property, with a new €65.0 million seven year loan with Aareal Bank (note 18). This loan has been used to partly repay the previous bank loan (€71.1 million), which was due to be repaid in October 2017. The Group has funded the refinancing gap and fees. The borrowings are non-recourse to the Group.

On 31 May 2017, Europip made an equity return to ART of £1.8 million.

In June 2017, ART received proceeds of £0.3 million from Romulus. ART will therefore pay a special dividend to holders of ART A Shares of £0.3 million, less administrative costs.

Post year end, a total of 63,927 A Shares were converted into Ordinary Shares (Note 19).

Notes to the financial statements (continued)

For the year ended 31 March 2017

22. Related party transactions

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

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. During the year a total of £1.0 million (31 March 2016: £1.0 million), net of rebates, was billed by ARC to ART. As at 31 March 2017, a total of £0.3 million (31 March 2016: £0.2 million) was outstanding.

The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark. As at 31 March 2017, a performance fee of £2.7 million (31 March 2016: £1.4 million) was due to ARC: the related calculations have been audited by the Group's auditor and the fee has been accrued in the consolidated financial statements.

The Investment Manager has a management agreement directly with the H2O property company, Alpha Tiger Spain 1, SLU under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1, SLU. During the year a total of £0.9 million (31 March 2016: £0.7 million) was billed by ARC to Alpha Tiger Spain 1, SLU. As at 31 March 2017, a total of nil (31 March 2016: nil) was outstanding. In order to avoid double charging fees to the Company, the Investment Manager provides a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2O investment.

The Company had invested in IMPT (until 28 April 2017) where ARC was the Investment Manager. Mark Rattigan, a partner of ARC, was a Director (resigned on 3 May 2017) on the Board of IMPT. ARC rebated fees earned in relation to the Company's investment in IMPT.

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

The Company has invested in AURE, where ARC is the Investment Manager. Brad Bauman, a partner of ARC, is a Director on the Board of AURE. ARC rebates fees earned in relation to the Company's investment in AURE.

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

The Company has invested in Romulus, where ARPIA, a subsidiary of ARC, is Trust Manager and Property Manager. ARC rebates fees earned in relation to the Company's investment in Romulus.

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

During the year, the Group disposed of its investment at "Acharn", Killin, Perthshire, Scotland (note 13). ARPIA, a subsidiary of ARC, provides investment management services to the owners of BERL.

Total rebates for the year were £1.1 million (31 March 2016: £0.8 million).

Loans granted to related parties include loans granted to IMPT and AURE. Details of the loan amounts outstanding and interest receivable as at year end are provided in note 16.

Details of the Investment Manager's fees for the year are disclosed on the face of the consolidated statement of comprehensive income and the balance payable at 31 March 2017 is provided in note 17.

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, held 22,550,000 shares in the Company at 31 March 2017 (31 March 2016: 22,550,000).

ARC did not hold any shares in the Company at 31 March 2017 (31 March 2016: nil).

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2017:

	31 March 2017 Number of shares held	31 March 2016 Number of shares held
IPGL Limited	3,010,100	3,010,100
Brian Frith	1,125,000	1,125,000
Phillip Rose	139,695	139,695
Brad Bauman	55,006	55,006
Ronald Armist	500	500

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

Karl Devon-Lowe, a partner of ARC, received fees of £7,000 (31 March 2016: £5,000) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited (sold to Estera on 28 April 2017), the Company's Administrator and Secretary. During the year the Company paid Morgan Sharpe Administration Limited fees of £95,300 (2016: £95,300) and no amount was outstanding at year end.

Notes to the financial statements (continued)

For the year ended 31 March 2017

23. Financial instruments risk exposure and management

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

Principal financial instruments

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

Financial assets and liabilities carrying value	31 March 2017 £'000	31 March 2016 £'000
Financial assets at fair value through profit or loss		
Investments held at fair value	33,927	31,370
Indirect property investment at fair value	5,535	4,738
Total financial assets at fair value through profit or loss	**39,462**	**36,108**
Trade and other receivables	18,741	22,883
Cash and cash equivalents	5,397	3,863
Total financial assets	**63,600**	**62,854**
Financial liabilities at fair value through profit or loss		
Interest rate cap	-	-
Foreign exchange forward contract	-	(745)
Financial liabilities at amortised cost		
Trade and other payables	(6,789)	(4,000)
Bank borrowings	(60,618)	(56,055)
Total financial liabilities	**(67,407)**	**(60,800)**

Net changes in realised and unrealised gains or losses on financial instruments can be summarised as follows:

	31 March 2017 £'000	31 March 2016 £'000
Realised gains or losses on loans and receivables		
Bank interest receivable	10	69
Interest receivable on loans granted to related parties	2,284	2,826
Interest receivable on loans granted to third parties	97	-
Impairment of trade and other receivables	3	35
Net realised gains on loans and receivables	**2,394**	**2,930**
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of interest rate cap	-	(10)
Movement in fair value of foreign exchange forward contract	(904)	(787)
Movement in fair value of investments	2,568	1,577
Undistributed investment income	1,876	1,187
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Dividend received from investments held at fair value	23	43
Distributed investment income	-	318
Net gains on financial assets and liabilities held at fair value through profit or loss	**3,563**	**2,328**

Net interest income can be summarised as follows:

	31 March 2017 £'000	31 March 2016 £'000
Bank interest receivable	10	69
Interest receivable on loans granted to related parties	2,284	2,826
Interest receivable on loans granted to third parties	97	-
Interest on bank borrowings	(1,778)	(1,700)
Net interest income	**613**	**1,195**

Notes to the financial statements (continued)

For the year ended 31 March 2017

23. Financial instruments risk exposure and management (continued)

General objectives, policies and processes

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

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

Project monitoring

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

Credit risk

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

At 31 March 2017, trade and other receivables past due but not impaired amounted to nil (31 March 2016: nil).

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

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

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

With regards to the loan granted to AURE, the Board continues to monitor the financial performance of this company. The Board, having considered the publically available information provided by AURE (see page 11), currently considers that the amount owed is fully recoverable.

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

Liquidity risk

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

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

31 March 2017	Within 1 year	1-2 years	2-5 years	Over 5 years	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	6,776	-	-	-	**6,776**	**6,776**
Interest payable on bank borrowings	782	-	-	-	**782**	**109**
Bank borrowings	60,509	-	-	-	**60,509**	**60,509**
Foreign exchange forward contract	-	-	-	-	**-**	**-**
Total	**68,067**	**-**	**-**	**-**	**68,067**	**67,394**

31 March 2016	Within 1 year	1-2 years	2-5 years	Over 5 years	Total	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Trade and other payables	3,999	-	-	-	**3,999**	**3,999**
Interest payable on bank borrowings	1,468	746	-	-	**2,214**	**114**
Bank borrowings	429	55,855	-	-	**56,284**	**55,941**
Foreign exchange forward contract	745	-	-	-	**745**	**745**
Total	**6,641**	**56,601**	**-**	**-**	**63,242**	**60,799**

Notes to the financial statements (continued)

For the year ended 31 March 2017

23. Financial instruments risk exposure and management (continued)

Market risk

(a) Foreign exchange risk

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

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

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure through a foreign exchange forward contract: the Group entered into this contract to hedge €17.5 million of Euro exposure.

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

A strengthening of the Rupee by 10% against Sterling (representing management's assessment of a reasonably possible change) would increase the net assets by £615,000 (2016: £526,000). A weakening of the Rupee by 10% would decrease net assets by £503,000 (2016: £431,000). A strengthening of the Euro by 5 cents would increase the net assets by £1,929,000 (2016: £1,302,000). A weakening of the Euro by 5 cents would decrease net assets by £1,771,000 (2016: £1,203,000).

(b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. The Group has interest rate caps, entered into by ATS1, under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50.0 million of the principal borrowings of €75.0 million.

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

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

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

For the Group, a decrease of 25 basis points in interest rates would result in an increase in post-tax profits of £146,000 (2016: £137,000). An increase of 25 basis points in interest rates would result in a decrease in post-tax profits of £146,000 (2016: £137,000).

(c) Price risk

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450.0 million and an additional preferred return and profit. As detailed in note 14, in January 2015, the ICC Arbitration concluded its arbitration proceedings and declared in favour of the Group's claims against Logix Group. The Award granted by the ICC to the Group equals £10.5 million, based on year end exchange rates; plus 15% p.a. interest on all sums awarded until the actual date of payment by Logix. The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to continue to value the indirect investment at INR 450.0 million, which is the amount invested but excludes penalty interest payment and other payments awarded in ART's favour due to uncertainty over timing and final value of the Award.

The Group has invested in income units of FIAF, a fund offering monthly redemptions (note 15). FIAF is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

The Group had invested (until 28 April 2017) in IMPT's ordinary shares, which are traded on the LSE so are subject to market fluctuation.

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

If the price of the aggregated investments in participating redeemable preference shares had increased by 5%, with all other variables held constant, this would have increased the net assets value of the Group by £194,000 (31 March 2016: £207,000). Conversely, if the price of the aggregated investments in participating redeemable preference shares had decreased by 5% this would have decreased the net assets value of the Group by £194,000 (31 March 2016: £207,000).

Notes to the financial statements (continued)

For the year ended 31 March 2017

23. Financial instruments risk exposure and management (continued)

(d) Fair values

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments
- The fair value of the derivative interest rate cap contracts is determined by reference to an applicable valuation model employed by the contractual counter parties; valuations are provided quarterly; the fair value as at 31 March 2017 is nil (31 March 2016: nil)
- The fair value of the foreign exchange forward contract is determined by reference to the quarter end one year forward market rate provided by the contractual counter party
- The fair value of the Galaxia investment is based on quarterly Directors' estimate of the recoverable amount based upon legal advice
- The fair value of the investment in IMPT's ordinary shares, which are traded on the LSE, is based upon the mid price of the ordinary shares at the balance sheet date
- The fair value of the investment in AURE is based upon the dealing price of the shares provided by AURE at the balance sheet date, which is published on The International Stock Exchange (formerly the Channel Islands Securities Exchange)
- The fair value of the FIAF investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and based on observable inputs; this investment is therefore deemed to be a level 2 financial asset (see note 24)
- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be level 3 financial assets (see note 24). HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board consider 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 level 3 financial assets (see note 24). Europip's accounts are audited annually. As at 31 March 2017, Europip have sold its remaining property and is preparing to distribute the proceeds to shareholders.

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

Note 24 contains details regarding the fair value measurement of the interest rate cap contracts.

Capital risk management

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

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

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

Notes to the financial statements (continued)

For the year ended 31 March 2017

24. Fair value measurement

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

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

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

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

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

The Group's valuers derive the fair value of the investment property by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom. This approach is based on discounting the future net income receivable from properties to arrive at the net present value of that future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to vacant units. The consideration basis for this calculation excludes the effects of any taxes on the net income. The discount factors used to calculate fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets. A decrease in the net rental income or an increase in the discount rate will decrease the fair value of the investment property.

Investment property in the course of construction (Frankfurt data centre investment) is carried at cost plus associated costs and this has been considered by the Directors to represent fair value at the balance sheet date. Upon commencement of construction, valuations will be carried out by independent valuers in accordance with the Company's accounting policy.

The indirect property investment at fair value, investments held at fair value and derivative contracts are valued on a recurring basis as indicated in note 23.

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

31 March 2017	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 (note 13)	-	-	112,442	**112,442**
Indirect property investment at fair value (note 14)	-	-	5,535	**5,535**
Investments held at fair value	-	3,941	3,873	**7,814**
Interest rate cap	-	-	-	**-**
Current				
Investments held at fair value	4,861	21,252	-	**26,113**
Assets for which fair values are disclosed				
Non-current				
Trade and other receivables	-	5,280	-	**5,280**
Current				
Trade and other receivables	-	13,461	-	**13,461**
Liabilities measured at fair value				
Current				
Foreign exchange forward contract	-	-	-	**-**
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(6,789)	-	**(6,789)**
Bank borrowings	-	(60,618)	-	**(60,618)**

Notes to the financial statements (continued)

For the year ended 31 March 2017

24. Fair value measurement (continued)

31 March 2016	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property (note 13)	-	-	91,971	**91,971**
Indirect property investment at fair value (note 14)	-	-	4,738	**4,738**
Investments held at fair value	2,352	3,954	4,133	**10,439**
Interest rate cap	-	-	-	**-**
Current				
Investments held at fair value	-	20,931	-	**20,931**
Assets for which fair values are disclosed				
Non-current				
Trade and other receivables	-	10,000	-	**10,000**
Current				
Trade and other receivables	-	12,883	-	**12,883**
Liabilities measured at fair value				
Current				
Foreign exchange forward contract	-	(745)	-	**(745)**
Liabilities for which fair values are disclosed				
Current				
Trade and other payables	-	(4,000)	-	**(4,000)**
Bank borrowings	-	(543)	-	**(543)**
Non-current				
Bank borrowings	-	(55,512)	-	**(55,512)**

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

Movements in level 3 of the fair value measurements, during the year ended 31 March 2017, can be summarised as follows:

	Investment property	Indirect property investment at fair value	Investments held at fair value
	£'000	£'000	£'000
At 1 April 2016	**91,971**	**4,738**	**4,133**
Additions	3,185	-	-
Subsequent capital expenditure after acquisition	3,119	-	-
Disposals	(1,752)	-	-
Redemptions	-	-	(404)
Movement in rent incentives/initial costs	299	-	-
Fair value adjustment	8,790	-	144
Effect of foreign exchange	6,830	797	-
At 31 March 2017	**112,442**	**5,535**	**3,873**

Notes to the financial statements (continued)

For the year ended 31 March 2017

24. Fair value measurement (continued)

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the year ended 31 March 2017.

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

31 March 2017 - H2O Shopping centre, Madrid (Spain)

Class of investment property	Carrying amount / fair value '000	Area (square meters)	Valuation technique	Significant unobservable inputs	Range/value
Europe	£100,256 (€117,500)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€3.04/€847.58
				Discount rate	12.50%

31 March 2016 - H2O Shopping centre, Madrid (Spain)

Class of investment property	Carrying amount / fair value '000	Area (square meters)	Valuation technique	Significant unobservable inputs	Range/value
Europe	£84,190 (€106,500)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€5.00/€165.00
				Discount rate	10.50%

At H2O, the high range of ERVs reflects the nature of the shopping centre assets which typically comprise units ranging from in-mall kiosks of less than 10 square metres to large floorplate retailers which can occupy units in excess of 3,000 square metres.

The Directors assessed at the balance sheet date whether the Group's investment property is being exploited according to its highest and best use and they are satisfied that this is the case.

31 March 2017 - Unity and Armouries, Birmingham (UK)

Class of investment property	Carrying amount / fair value '000	Area (square feet)	Valuation technique	Significant unobservable inputs	Range/value
Europe	£3,500	90,000 net developable square feet	Income capitalisation and residual development appraisal	Investment yield	4.4%
				Market rent	£740/£1,200 per month
				Development costs	£165/£177 per square foot
				Developer's profits	20%

31 March 2017 - Monk Bridge, Leeds (UK)

Class of investment property	Carrying amount / fair value '000	Area (square feet)	Valuation technique	Significant unobservable inputs	Range/value
Europe	£5,500	Planning consent for 140,000 square feet	Comparable residential land transactions analysis	Comparable evidence	Not applicable

The Frankfurt data centre investment, which is investment property in the course of construction, is carried at cost plus associated costs and this has been considered by the Directors to represent fair value at the balance sheet date; the relevant market activity since the investment was made is not considered to be significant in terms of value.

Directors and Company information

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Shareholder information

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

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

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.

Share price

The Company's Ordinary Shares are listed on the SFS of the London Stock Exchange.

Financial calendar

Financial reporting	Reporting/Meeting dates	Dividend period	Ex-dividend date	Record date	Payment date
Annual report published	30 June 2017	Quarter ending 31 March 2017	29 June 2017	30 June 2017	21 July 2017
Annual General Meeting	7 September 2017				
Trading update statement (Qtr 1)	18 August 2017	Quarter ending 30 June 2017	31 August 2017	1 September 2017	22 September 2017
Half year report	17 November 2017	Quarter ending 30 September 2017	30 November 2017	1 December 2017	15 December 2017

Alpha Real Trust

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