Alpha Real Trust

Half year report 2017

For the six months ended 30 September 2017

Alpha Real Trust

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www.alpharealtrustlimited.com

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.



Highlights

- NAV per ordinary and A share 167.3p: 30 September 2017 (158.9p: 31 March 2017)
- Basic earnings for the six months ended 30 September 2017 of 13.3p per ordinary share and of 17.7p per A share (18.6p per ordinary and A share for the twelve months ended 31 March 2017)
- Adjusted earnings for the six months ended 30 September 2017 of 3.0p per ordinary and A share (7.4p per ordinary and A share for the twelve months ended 31 March 2017) *
- Declaration of a quarterly dividend of 0.6p per share, expected to be paid on 15 December 2017
- **Balanced portfolio:** continued capital allocation to a mix of investments which balance income returns while creating potential for capital value growth, including a growing build-to-rent exposure
- **Data centre planning consent:** following a detailed design process, planning consent for a 40,338 square metre data centre was secured and a 35 MVA power supply commitment confirmed for the industrial site over which ART has a binding purchase agreement. ART is advancing with the completion of the site acquisition. Expected equity commitment of €28 million (£24.7 million) **
- **H2O Madrid:** completion of joint venture and divestment of 70% of the shareholding in the shopping centre
- **Mezzanine loan investment:** six further mezzanine loan investments totalling £2.8 million were completed, including three post period end
- **AURE increased shareholding:** increased exposure to the diversified UK industrial sector through the acquisition of 7.1% of AURE's issued shares thus increasing ART's equity holding in AURE to 27.6%

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

** Planning consent achieved post period end

Trust summary and objective

Strategy

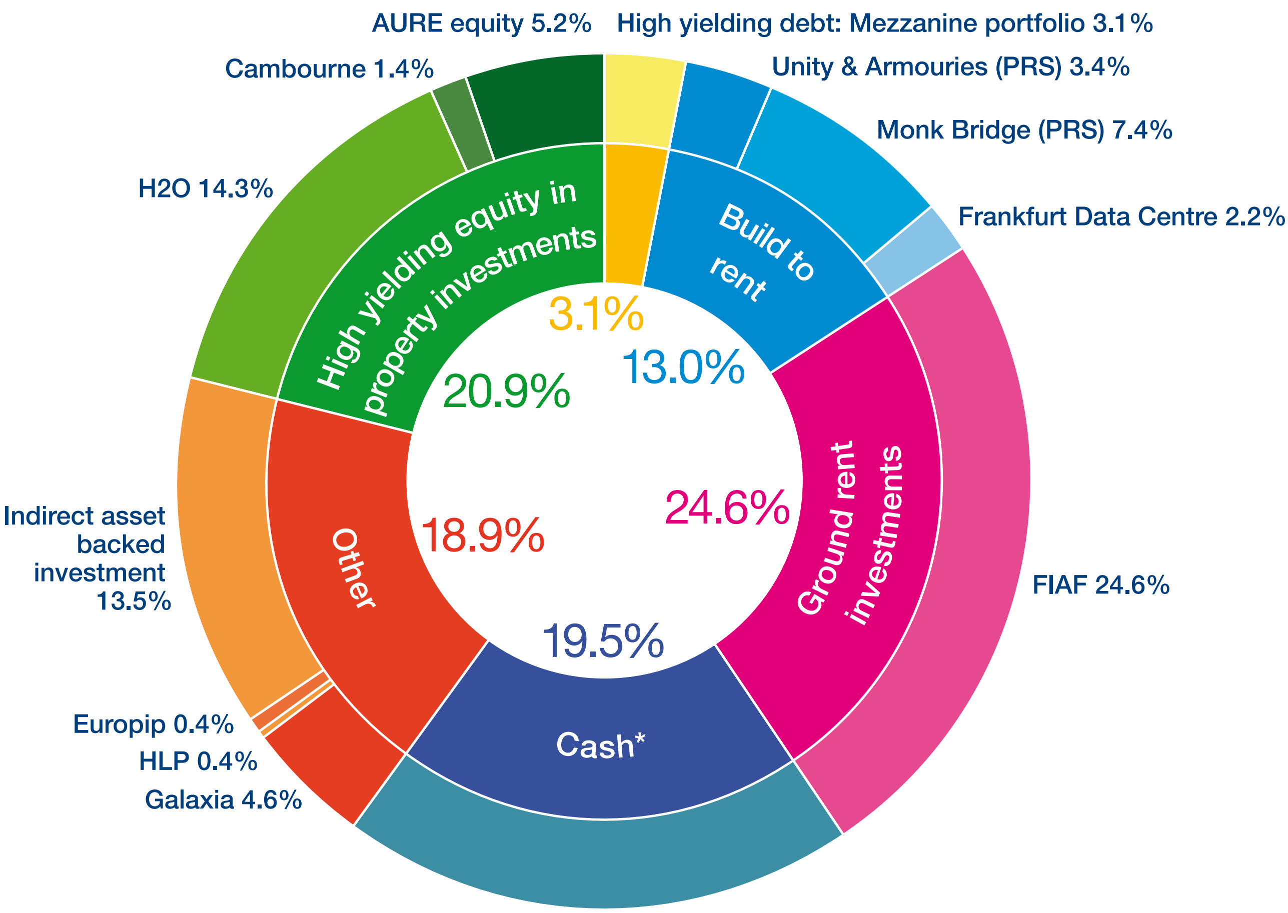
Alpha Real Trust Limited ("the Company" or "ART") targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and 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 equity in property investments:	20.9%
Ground rent investments:	24.6%
Build-to-rent investments:	13.0%
High yielding debt:	3.1%
Other investments:	18.9%
Cash:	19.5%

Company's asset allocation by sector and investment (by percentage of Group's NAV, excluding the Company's sundry assets/liabilities) at 30 September 2017.



* Subsequent to 30 September 2017, the Company has entered into additional equity commitments of circa £21 million (ca 18% of NAV) in respect of its data centre project.

Trust summary and objective (continued)



Financial highlights

	6 months ended 30 September 2017	12 months ended 31 March 2017	6 months ended 30 September 2016
Net asset value (£'000)	114,626	110,173	105,317
Net asset value per ordinary and A share	167.3p	158.9p	151.9p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.0p	7.4p	3.9p
Earnings per A share (basic and diluted) (adjusted)*	3.0p	7.4p	3.9p
Earnings per ordinary share (basic and diluted)	13.3p	18.6p	10.1p
Earnings per A share (basic and diluted)	17.7p	18.6p	10.1p
Dividend per share (paid during the period)	1.2p	2.4p	1.2p
Special dividend per A share (paid during the period)	4.3p	-	-

* The adjusted earnings per share includes adjustments for the effect of the fair value revaluation of investment property and indirect property investments, capital element on Investment Manager's fees, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 9 to the accounts.

Dividends

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

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.

167.3p

NAV per share 167.3p

3.0p

Adjusted earnings per share of 3.0p

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 half year report for the six months ended 30 September 2017.

It has been an active period for ART with new investment, capital recycling and successful active asset management continuing to help deliver our strategy of maintaining a diversified portfolio of assets across various sectors that are capable of delivering attractive risk adjusted returns.

Our target investment criteria currently focuses on high-yielding property, infrastructure and asset backed debt and equity investments in Western Europe, including build-to-rent investments. ART has achieved the significant milestone of securing planning consent for each of its build-to-rent investments.

H2O partial sale completion

During the period ART completed the sale of a 70% equity interest in the H2O shopping centre in Madrid for a consideration of circa £37.3 million. ART retains 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. Under the Company's ownership, annual footfall at the shopping centre has increased from 5.7 million to 7.9 million visitors and continues to grow strongly.

As previously announced, the Company also recently completed the refinance of the borrowings secured on the shopping centre with a new €65.0 million seven year loan.

Capital recycling and reinvestment

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.

As outlined below, this successful capital recycling allows for capital to be reinvested in new opportunities that meet the Company's return criteria. We continue to maintain a pipeline of new investment opportunities under active review which compete for capital allocation. An increased capital investment is planned for high yielding mezzanine loans and high yielding equity, particularly build-to-rent, across a range of markets and asset types. The Company's build-to-rent projects have now achieved the significant milestone of having secured planning consent. Capital investment in excess of £48 million has been identified in order to advance the private rented sector residential and data centre projects through development stages.

Data centre investment

In November 2016, ART entered into a conditional agreement to purchase, via an SPV, an industrial site in Frankfurt which it identified as being suitable for the development of a data centre. The agreement to purchase the site was subject to securing planning consent for a data centre with a minimum gross external area of 23,000 square metres and a specified minimum electrical power supply with a dual feed for the proposed development.

During the intervening period ART undertook a detailed planning exercise, creating detailed designs for a data centre building and its mechanical and electrical systems. Post period end, following a collaborative approach with the local authorities, detailed planning consent was approved for a five-story data centre extending to 40,338 square metres. Further, the local utility provider has contracted to supply a dual feed power supply on a phased basis over the coming three years, synchronised with local electricity substation and cable route upgrades.

Following the achievement of the above milestones the conditions precedent for the site purchase have now been satisfied. The Company is hence now in the process of completing the site purchase and executing the power commitment contract. The payment of the outstanding site

Chairman's statement (continued)

purchase price is £11.3 million (€12.85 million). The electricity supply cost commitments will become payable in phases during the electricity upgrade period of approximately three years. Associated costs relating to the construction of an electricity receptor building on the site and associated pre-identified ground preparation works will also be undertaken. These commitments are expected to bring the Company's total investment into the data centre project to £24.7 million (€28 million).

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

New mezzanine investment

ART continues to augment and diversify its portfolio of mezzanine loan investments. These loans are typically secured on real estate investment and development assets with high risk-adjusted income returns. During the period, a further three loans were completed with £3.5 million invested at period end. Post period end, a further three loans totalling £1.3 million were funded and £3.6 million committed, whilst the first loan made under the Company's mezzanine diversified small loan portfolio investment strategy was repaid, generating an annualised return of circa 17.3%.

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 opportunities.

AURE increased equity shareholding and loan repayment

ART increased its shareholding in Active UK Real Estate Fund ("AURE"), a fund that principally invests in the diversified UK industrial property sector, by acquiring a further 7.1% of total AURE shares, which were bought at a price representing a 10% discount to the reported AURE NAV at that time. The investment increases ART's shareholding in AURE to 27.6%. AURE was ranked in the top 3% for performance against the year to date IPD benchmark, providing a year to date return (to 30 June 2017) of 8.9% compared to the IPD benchmark of 4.6%.

During the period, ART's mezzanine loan to AURE of £3.5 million (including outstanding interest and exit fee) was repaid. This mezzanine investment returned an IRR of 12.2% per annum for ART.

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 an initial capital uplift in value through enhanced planning and the opportunity to develop and let in order to achieve resilient equity income returns at an attractive yield on cost.

Planning consent for both sites has been secured. The Birmingham project has implemented non-material amendments to its planning consent for 162 residential units and ground floor commercial space. The Leeds project has 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. Both investments have been revalued by independent valuers as at 30 September 2017.

The Company estimates that up to £23.7 million could be invested to undertake the development of its PRS sites alongside debt financing. The positive planning consent achieved at the Leeds project, where outline planning consent for an additional 300 residential units was received, has notably enhanced the valuation of the site.

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

Galaxia, India

As announced in January 2015, the International Chamber of Commerce (ICC) Arbitration declared an award in favour of the Company with respect to its Galaxia investment, a joint venture with the Logix Group ("Logix") regarding an 11.2 acre Special Economic Zone located 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% per annum 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 £13.8 million at the current exchange rate. ART continues to hold the investment receivable at £5.1 million (INR 450.0 million) in the accounts due to uncertainty over timing and final value.

Following challenges of the award by Logix, both the Delhi High Court and latterly a division bench of the Delhi High Court upheld the award declared in favour of the Company and rejected Logix's appeal. Logix appealed the dismissal before the Supreme Court of India. The Supreme Court admitted the appeal on 15 September 2017, ordered Logix to deposit £2.3 million (INR 200 million) with the court and has listed the appeal for hearing in late 2017.

Chairman's statement (continued)

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

Build-to-rent earnings outlook

The Company's 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. With the ultimate strategy of creating income producing assets that generate a higher yield on cost than is available from purchasing existing built investments of the same quality, an increased capital commitment to the development of PRS and data centre build-to-rent investments is likely. This allocation of capital to build-to-rent investments will mean that a larger proportion of the Company's returns will be generated from capital growth rather than earnings during the development phases of the projects, prior to such investments becoming incoming producing.

Active shareholder value management

The Company adopts an active approach in seeking to enhance shareholder returns and during the period undertook a tender offer at an offer price of 123.1p per Ordinary Share. A total of 826,311 Ordinary Shares were validly tendered under the tender offer, representing approximately 1.2% of the Company's voting shares in issue as at 25 September 2017 (excluding Ordinary Shares held in treasury).

Positioning for continued investment

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

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

Results and dividends

Dividends

Adjusted earnings for the period are £2.1 million (3.0 pence per ordinary share and A share, see note 9 of the financial statements). This compares with adjusted earnings per ordinary and A share of 3.9 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 15 December 2017 (ex dividend date 30 November 2017 and record date 01 December 2017).

The dividends paid and declared for the six month period to 30 September 2017 total 1.2 pence per share, representing an annual dividend yield of 2.2% per annum on the average share price over the period.

In addition, during the period, Romulus disposed of its property portfolio, which generated approximately £0.3 million for ART A shareholders: this amount was therefore paid to ART A shareholders as a special dividend on 7 July 2017.

The net asset value per ordinary and A share at 30 September 2017 is 167.3 pence per share (31 March 2017: 158.9 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 30 September 2017 bank borrowings secured on the H2O shopping centre were €65 million (£57.3 million) on a seven year loan commencing July 2017.

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

Chairman's statement (continued)

Brexit

In June 2016, the "Brexit" Referendum was held, in which the United Kingdom voted to leave the European Union. No material adverse impacts have been noted within the Company's portfolio to date. However, given the unprecedented decision, the Board continues to monitor the situation for potential risks to the Company's investments. Equally, the Board remains alert to possible new investment opportunities that may arise.

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

Foreign currency

The Board monitors foreign exchange exposures and considers hedging where appropriate and has noted the increased market volatility in exchange rates following the Brexit Referendum result. All foreign currency balances have been translated at the period-end rates of £1:€1.134 and £1:INR87.473.

Summary

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.

The proceeds from the sale of 70% of the equity interest in the H2O shopping centre and the earlier divestment from IMPT allow ART to further invest in its PRS and data centre build-to-rent investments, with the potential for capital investment in excess of £48 million. In addition, we expect to make significant additional mezzanine loan investments.

New investment opportunities that are capable of delivering strong risk adjusted cash flows are being actively pursued. ART's active investment approach means that short term investment positions will be considered when accretive to overall returns.

ART has achieved the significant milestone of securing planning consent for each of its build-to-rent investments. These investments offer the opportunity to create a higher yield on cost than is available from purchasing existing built investments of the same quality. During the development period a greater proportion of the Company's total return is likely to come from capital growth rather than earnings until its build-to-rent investments become income producing.

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
16 November 2017

Investment review

Portfolio overview 30 September 2017

Investment	Investment value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]
High yielding debt (3.1%)						
Mezzanine Portfolio						
Mezzanine loans	£3.5m [2]	14.0% [3]	UK	Diversified loan portfolio focused on real estate investments and developments	Secured mezzanine facilities	3.1%
High yielding equity in property investments (20.9%)						
H2O shopping centre						
Indirect property	£16.0m (€18.1m)	7.1% [4]	Spain	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; 7 year term bank finance facility	14.3%
Active UK Real Estate Fund plc						
Equity	£5.8m	n/a	UK	High-yield commercial portfolio	27.6% of ordinary shares in fund	5.2%
Cambourne Business Park						
Indirect property	£1.6m	11.7% [4]	UK	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility	1.4%
Ground rent investments (24.6%)						
Freehold Income Authorised Fund						
Ground rent fund	£27.4m	3.6% [5]	UK	Highly defensive income; freehold ground rents	No gearing; monthly liquidity	24.6%
Build-to-rent investments (13.0%)						
Unity and Armouries, Birmingham						
PRS development	£3.8m	n/a	UK	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial	3.4%
Monk Bridge, Leeds						
PRS development	£8.3m	n/a	UK	Central Leeds residential build-to-rent	Planning consent for 205,129 square feet / 307 units plus commercial Outline consent for further 193,071 square feet / 300 units plus commercial	7.4%
Data centre Frankfurt						
Direct property	£2.4m (€2.7m)	n/a	Germany	Industrial site with secured consent for data centre use	Binding acquisition agreement being completed. Planning consent for 40,338 square metre data centre and 35 MVA dual feed power supply	2.2%
Other investments (18.9%)						
Galaxia						
Investment receivable	£5.1m (INR 450m)	n/a	India	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award	4.6%
Indirect asset backed investment						
Elm Trading Limited	£15.1m	5%	UK	Indirect investment in diversified real estate debt and renewables portfolio	Short term investment in fund with low external gearing	13.5%
Europip plc						
Indirect equity	£0.4m (€0.5m)	n/a	N/A	Awaiting final shareholder distribution	47% of ordinary shares in fund	0.4%
Healthcare & Leisure Property Limited						
Indirect property	£0.4m	n/a	UK	Leisure property fund	No external gearing	0.4%
Cash and short term investments (19.5%)						
Cash	£21.7m	0.1%	UK	Current or 'on call' accounts		19.5%

1 Percentage share shown based on NAV excluding the company's sundry assets/liabilities
2 Including accrued coupon at the balance sheet date
3 Annual coupon
4 Yield on equity over 12 months to 30 September 2017
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

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 and the ability to undertake strategic sales when the achievable price is accretive to returns.

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

> 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
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 £22.8 million (as at 30 September 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	£5.8m	n/a	High-yield commercial UK portfolio	27.6% 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 (www.tisegroup.com).

ART increased its shareholding in AURE by acquiring a further 7.1% of AURE shares at a 10% discount to latest NAV. The investment increases ART's holding of the share capital and voting rights in AURE from 20.5% to 27.6%.

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The following highlights were included in AURE's quarterly update for the period ended 30 June 2017 (published August 2017):

- **Fund Performance & Benchmark Ranking:** successful delivery of the asset manager's business plan is reflected in AURE being placed in the top 3% of performance against the year to date IPD benchmark. AURE provided a year to date return of 8.9% compared to the IPD benchmark of 4.6%.
- **Increased NAV:** the net asset value per share has increased by 6.4% from the previous quarter (31 March 2017), which equates to an increase of £1.2 million in net assets.

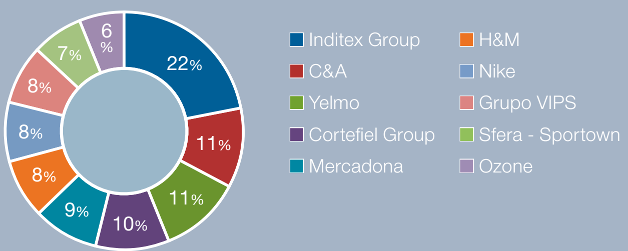
ARC is the investment manager of AURE.

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.

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 30 September 2017 is 9.6 years to expiry and 2.6 years to next break.

Top ten tenants (30 September 2017)



Investment review (continued)

H2O Shopping Centre, Madrid

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
H2O	Indirect property	£16.0m (€18.1m)	7.1% p.a. *	High-yield, dominant shopping centre	Completion of partial sale of 70% shareholding

* Yield on equity over 12 months to 30 September 2017.

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.

During the period ART completed the sale of a 70% equity interest in the H2O shopping centre in Madrid for a consideration of approximately £37.3 million. ART retains a 30% stake in the joint venture, in order to participate in the future growth of the centre. ARC, the investment manager of ART, continues to manage the shopping centre.

As previously announced, the Company also recently completed the refinance of the borrowings secured on the shopping centre with a new €65.0 million seven year loan. The borrowings are non-recourse to ART.

The asset management highlights are as follows:

- **Valuation:** 2.5% valuation increase over the six months ending 30 September 2017; the valuation includes a small vacant site located in the same planning zone as H2O that was acquired in February 2017. 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.
- **Centre occupancy:** 91.1% by area as at 30 September 2017 (94.5% 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 continue to increase strongly, growing 6.1% in the period to 30 September 2017, assisted by the upgraded physical space, presence of new brands and improving commercial mix.
- **Lease length:** weighted average lease length of 2.6 years to next break and 9.6 years to expiry (as at 30 September 2017).

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





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	£1.6m	11.7% 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 30 September 2017.

The Company has an investment of £1.6 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 11.7% per annum as at 30 September 2017.

The Cambourne asset is funded by way of a £11.9 million (as at 30 September 2017) 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.

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.

ART continues to remain focused on creating a diversified portfolio of high yielding smaller mezzanine loans secured on real estate assets. ART seeks opportunities that it can fully underwrite with the support of the Investment Manager's asset-backed lending experience and knowledge of the underlying assets and sectors, or in partnership with specialist mezzanine providers. Repayment proceeds from current loans, such as the repayment of the AURE loan during the period, are expected be recycled into new loan business.

Mezzanine Finance

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Mezzanine finance	Mezzanine loan	£3.5m *	14.0% p.a. **	Portfolio of mezzanine loan investments	Secured subordinated debt

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

In line with the objective of creating a diversified portfolio of smaller mezzanine loans, ART has furthered its mezzanine lending investment, extending three further loans during the period and a further three loans post period end.

As at 30 September 2017, ART had invested £3.5 million in smaller real estate mezzanine loans. Post period end, a further three loans totalling £1.3 million were funded and £3.6 million committed.

Further loan investments are continually being evaluated. Each loan will typically have a two year term and a maximum 75.0% loan to value ratio and is targeted to generate a double digit income return. Repayment proceeds will be rotated into new loan business.

Further mezzanine loan investments are continually being evaluated. Each loan will typically have a two year term and a maximum 75.0% loan to value ratio and is targeted to generate a double digit income return.

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 and affords participation in a maturing market which is attracting greater institutional participation. The opportunity exists to create a portfolio delivering an attractive yield on equity. 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	£3.8m	n/a	Central Birmingham residential build-to-rent	Planning consent for 90,000 square feet / 162 units plus commercial

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

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

As at 30 September 2017, an independent valuation has been undertaken by GVA valuing the site at £3.8 million and also underwriting all of the current cost and value parameters currently assumed. The project has a potential gross development value in excess of £34 million.

Preferred construction partners have been selected. The project design team continues to review the existing detailed planning consent for possible enhancements to meet best in class PRS requirements and a value engineering process is underway to identify the most efficient and effective construction processes and potential cost savings. Discussions are underway with potential partners to investigate joint funding opportunities.

Unity and Armouries, Birmingham (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	£8.3m	n/a	Central Leeds residential build-to-rent	Planning consent for 205,129 square feet / 307 units plus commercial Outline consent for further 193,071 square feet / 300 units plus commercial

ART owns Monk Bridge, a central Leeds development site with detailed planning for 307 residential flats in three buildings over 180,049 square feet of net saleable space. The planning consent includes the restoration of the adjacent Grade II listed former railway arches as a raised park and ancillary retail, leisure and restaurant uses of 25,080 square feet in 16 units. Outline consent exists for a further 300 residential units in two buildings of up to 21 storeys over 193,071 square feet of net saleable space. 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 £55.0 million.

As at 30 September 2017, an independent valuation was undertaken by Savills valuing the site at £8.3 million. The project has a potential estimated gross development value in excess of £150 million.

Preferred construction partners have been selected. The project design team continues to review the existing detailed planning consent for possible enhancements to meet best in class PRS requirements and a value engineering process is underway to identify the most efficient and effective construction processes and potential cost savings. Discussions are underway with potential partners to investigate joint funding opportunities.

Monk Bridge, Leeds (concept drawing)

Investment review (continued)

Data centre, Frankfurt

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Data centre, Frankfurt	Direct property	£2.4m (€2.7m)	n/a	Industrial site with potential for data centre use	Agreement to purchase, subject to planning permission

In November 2016, ART entered into a conditional agreement to purchase, via an SPV, an industrial site in Frankfurt which it identified as being suitable for the development of a data centre, where the high barriers of entry to this sector were potentially capable of being met. The agreement to purchase the site was subject to securing planning consent for a data centre with a minimum gross external area of 23,000 square metres and a specified minimum electrical power supply with a dual feed for the proposed development.

During the intervening period ART undertook a detailed planning exercise, creating detailed designs for a data centre building and its mechanical and electrical systems. Following a collaborative approach with the local authorities, detailed planning consent was approved for a five-story data centre extending to 40,338 square metres. Further, the local utility provider has offered to supply a dual feed power supply on a phased basis over the coming three years, synchronised with local electricity substation and cable route upgrades.

Following the achievement of the above milestones the conditions precedent for the site purchase were satisfied.

The Company has now completed the site purchase and entered into the power commitment contract. The payment of the outstanding site purchase price was €12.85 million (£11.3 million). The electricity supply cost commitments will become payable in phases during the electricity upgrade period of approximately three years. Associated costs relating to the construction of an electricity receptor building on the site and associated pre-identified ground preparation works will also be undertaken. These commitments will bring the Company's total investment into the data centre project to €28 million (£24.7 million).

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

The securing of planning consent and a power commitment represents a significant step in the advancement of the Company's build-to-rent portfolio.

> ART has achieved the significant milestone of securing planning consent for each of its build-to-rent investments.

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	£27.4m	3.6% p.a. *	Highly defensive income; freehold ground rents	No gearing; monthly liquidity

* 12 months income return; post tax.

The Company has invested £27.4 million as at 30 September 2017 in FIAF, an open-ended fund that invests in UK freehold ground rents with a net asset value of £305.7 million as at 30 September 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 30 September 2017 (published in October 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 9.0% (annualised post tax) for the year ended 30 September 2017.

Investment review (continued)

Cash balances

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Cash balance	Cash	£21.7m	0.1% p.a.	Cash deposits / current accounts	Held between banks with a range of deposit maturities

As at 30 September 2017, the Group had cash balances of £21.7 million.

Other investments

Indirect asset backed investment - Elm Trading Limited

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Elm Trading Limited	Equity in diversified fund	£15.1m	5% p.a.	Portfolio of real estate loans and renewable energy investments	Low external gearing

During the period, ART invested £15.1 million in Elm Trading Limited ("Elm"), a fund with a diversified portfolio of £223.9 million, which is principally comprises real estate debt and renewable energy infrastructure investments.

The investment is anticipated to be short term and is expected to provide a better return than currently earned on the Company's cash balances.

The Board of Directors of ELM Trading is drawn from the partners and employees of Alpha Real Property Investment Advisers LLP ("ARPIA"), a subsidiary of ARC.

European Property Investment Portfolio plc ("Europip")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Europip	Indirect equity	£0.4m (€0.4m)	n/a	Liquidated assets	Awaiting final distribution

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

The portfolio has undergone an orderly realisation process and has completed the sale of its final asset and is in the process of being wound-up. Proceeds from asset sales have been used to redeem 85.0% of ART's shares. The remaining value of ART's investment in Europip is valued at £0.4 million and a further capital redemption distribution is expected in early 2018.

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

Investment review (continued)

Healthcare & Leisure Property Limited ("HLP")

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Healthcare & Leisure Property Limited	Indirect property	£0.4m	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.

During September 2017 HLP received proceeds from the sale of a hotel investment. This enabled ART to redeem shares to the value of circa £1.0 million. As at 30 September 2017, ART had £0.4 million invested in HLP. ART continues to receive income from its investment while HLP's underlying assets are sold.

Galaxia, National Capital Region, NOIDA

Investment	Investment type	Investment value	Income return	Property type / underlying security	Investment notes
Galaxia	Investment receivable	£5.1m (INR 450m)	n/a	Development site in NOIDA, Delhi, NCR	Asset held for sale

ART invested INR 450.0 million (£5.1 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 £5.1 million using the period end exchange rate) 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 and latterly to the Division Bench of the Delhi High Court. Both courts dismissed the respective appeals and upheld the award declared in favour of the Company.

Logix have since appealed the dismissal to the Supreme Court of India. The Supreme Court admitted the appeal but have ordered Logix to deposit INR 200 million (£2.3 million) with the court. A hearing is scheduled for November 2017.

ART has commenced execution of the award and the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The 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.

Investment review (continued)

Summary

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

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

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
16 November 2017

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

Investment review (continued)

Principal risks and uncertainties

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

- Rental income, fair value of investment properties (directly or indirectly held) and fair value of the Group's equity investments are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group's investments and investment properties are located.
- The Group's loan investments are exposed to credit risk which arise by the potential failure of the Group's counter parties to discharge their obligations when falling due; this could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date; the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses their credit risk as a result.
- In June 2016, the "Brexit" Referendum was held, in which the United Kingdom voted to leave the European Union. No material adverse impacts have affected the Group's portfolio to date although an increased market volatility in exchange rates has been noted. The Board will continue to monitor the situation for potential risks to the Group's investments.

The Board believes that the above principal risks and uncertainties, which are discussed more extensively in the annual report for the year ended 31 March 2017, would be equally applicable to the remaining six month period of the current financial year.

Statement of Directors' responsibilities

The Directors confirm that to the best of their knowledge:

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

The Directors of Alpha Real Trust Limited are listed on page 43 and have been Directors throughout the period.

By order of the Board,

David Jeffreys
Director

16 November 2017

Independent review report

To Alpha Real Trust Limited

We have been engaged by the Company to review the condensed consolidated set of financial statements in the half year report for the six months ended 30 September 2017 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes. We have read the other information contained in the half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

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

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

Our responsibility

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

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half year report for the six months to 30 September 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

BDO Limited.

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

16 November 2017

Condensed consolidated statement of comprehensive income

		For the six months ended 30 September 2017 (unaudited)			For the six months ended 30 September 2016 (unaudited)		
		Revenue	Capital	Total	Revenue	Capital	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Income							
Revenue	3	3,624	-	3,624	4,775	-	4,775
Change in the revaluation of investment property	11	-	1,652	1,652	-	4,662	4,662
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	6	1,267	56	1,323	916	(446)	470
Total income		**4,891**	**1,708**	**6,599**	**5,691**	**4,216**	**9,907**
Profit on investment property disposal		-	-	-	-	138	138
Profit on subsidiary disposal		-	4,191	4,191	-	-	-
Expenses							
Property operating expenses		(1,409)	-	(1,409)	(2,000)	-	(2,000)
Investment Manager's fee		(981)	-	(981)	(920)	-	(920)
Other administration costs		(580)	-	(580)	(433)	-	(433)
Total operating expenses		**(2,970)**	**-**	**(2,970)**	**(3,353)**	**-**	**(3,353)**
Operating profit		**1,921**	**5,899**	**7,820**	**2,338**	**4,354**	**6,692**
Share of profit/(loss) of joint ventures	14	258	225	483	61	(13)	48
Finance income	4	530	1,306	1,836	1,183	-	1,183
Finance costs	5	(646)	-	(646)	(878)	(23)	(901)
Profit before taxation		**2,063**	**7,430**	**9,493**	**2,704**	**4,318**	**7,022**
Taxation	7	(7)	-	(7)	(15)	-	(15)
Profit after taxation		**2,056**	**7,430**	**9,486**	**2,689**	**4,318**	**7,007**
Other comprehensive income for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	1,103	1,103	-	3,521	3,521
Reclassification of foreign exchange gains on translation of foreign operations following disposals		-	(3,987)	(3,987)	-	-	-
Other comprehensive (expense)/income for the period		**-**	**(2,884)**	**(2,884)**	**-**	**3,521**	**3,521**
Total comprehensive income for the period		**2,056**	**4,546**	**6,602**	**2,689**	**7,839**	**10,528**
Earnings per ordinary share (basic & diluted)	9			**13.3p**			**10.1p**
Earnings per A share (basic & diluted)				**17.7p**			**10.1p**
Adjusted earnings per ordinary share and A share (basic & diluted)	9			**3.0p**			**3.9p**

The total column of this statement represents the Group's statement of comprehensive income, prepared in accordance with IFRS. The revenue and capital columns are supplied as supplementary information permitted under IFRS. All items in the above statement derive from continuing operations. The accompanying notes on pages 31 to 42 form an integral part of these financial statements.

Condensed consolidated balance sheet

	Notes	30 September 2017 (unaudited) £'000	31 March 2017 (audited) £'000
Non-current assets			
Investment property	11	14,508	112,442
Investment receivable	12	5,144	5,535
Investments held at fair value	13	6,669	7,814
Investment in joint ventures	14	17,637	1,538
Trade and other receivables	15	280	5,280
		44,238	**132,609**
Current assets			
Investments held at fair value	13	42,544	26,113
Trade and other receivables	15	6,972	13,461
Cash and cash equivalents		21,686	5,397
		71,202	**44,971**
Total assets		**115,440**	**177,580**
Current liabilities			
Trade and other payables	16	(814)	(6,789)
Bank borrowings	17	-	(60,618)
		(814)	**(67,407)**
Total assets less current liabilities		**114,626**	**110,173**
Non-current liabilities			
Bank borrowings	17	-	-
Total liabilities		**(814)**	**(67,407)**
Net assets		**114,626**	**110,173**
Equity			
Share capital	18	-	-
Special reserve		78,261	79,306
Translation reserve		(873)	2,011
Capital reserve		17,669	10,511
Revenue reserve		19,569	18,345
Total equity		**114,626**	**110,173**
Net asset value per ordinary and A share	10	**167.3p**	**158.9p**

The financial statements were approved by the Board of Directors and authorised for issue on 16 November 2017. They were signed on its behalf by David Jeffreys.

David Jeffreys
Director

Serena Tremlett
Director

The accompanying notes on pages 31 to 42 form an integral part of these financial statements.

Condensed consolidated cash flow statement

	For the six months ended 30 September 2017 (unaudited) £'000	For the six months ended 30 September 2016 (unaudited) £'000
Operating activities		
Profit for the period after taxation	9,486	7,007
Adjustments for:		
Change in revaluation of investment property	(1,652)	(4,662)
Net gains on financial assets and liabilities held at fair value through profit or loss	(1,323)	(470)
Profit on subsidiary and investment property disposals	(4,191)	(138)
Taxation	7	15
Share of profit of joint venture	(483)	(48)
Finance income	(1,836)	(1,183)
Finance cost	646	901
Operating cash flows before movements in working capital	**654**	**1,422**
Movements in working capital:		
Increase in trade and other receivables	(1,441)	(561)
Decrease in trade and other payables	(2,324)	(1,313)
Cash flows used in operations	**(3,111)**	**(452)**
Interest received	3	7
Interest paid	(314)	(772)
Tax paid	(1)	(8)
Cash flows used in operating activities	**(3,423)**	**(1,225)**
Investing activities		
Acquisition of investments	(21,237)	(1,000)
Disposal of 70% equity interest in H2O	36,936	-
Cash adjustment for part disposal during the period	(4,811)	-
Proceeds on disposal of investment property	-	1,890
Redemption on investments	5,269	2,530
Redemption on preference shares' investments	3,021	253
Capital expenditure on investment property	(1,780)	(1,057)
Loan repayment from related party	13,678	2,500
Loans granted to third parties	(1,526)	-
Loan interest received	792	1,205
Dividend income from joint venture	-	40
Dividend income from other investments	4	15
Capital distribution from other investments	274	-
Cash flows from investing activities	**30,620**	**6,376**
Financing activities		
Bank loan repayment	(60,810)	-
Bank loan advanced	55,622	-
Bank loan costs	(1,432)	-
Share buyback	(1,018)	-
Share buyback costs	(27)	-
Cash paid on maturity of foreign exchange forward	(1,406)	(1,348)
Foreign exchange forward collateral (paid)/received	(850)	605
Interest rate swaption paid	(290)	-
Ordinary dividends paid	(832)	(832)
Special dividend paid to A shareholders	(272)	-
Cash flows used in financing activities	**(11,315)**	**(1,575)**
Net increase in cash and cash equivalents	**15,882**	**3,576**
Cash and cash equivalents at beginning of period	**5,397**	**3,863**
Exchange translation movement	407	178
Cash and cash equivalents at end of period	**21,686**	**7,617**

The accompanying notes on pages 31 to 42 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

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

For the six months ended 30 September 2016 (unaudited)	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 period					
Profit for the period	-	-	4,318	2,689	7,007
Other comprehensive income for the period	-	3,521	-	-	3,521
Total comprehensive income for the period	**-**	**3,521**	**4,318**	**2,689**	**10,528**
Transactions with owners					
Dividends	-	-	-	(832)	(832)
Share buyback	-	-	-	-	-
Share buyback costs	-	-	-	-	-
Total transactions with owners	**-**	**-**	**-**	**(832)**	**(832)**
At 30 September 2016	**79,306**	**2,202**	**7,094**	**16,715**	**105,317**

The accompanying notes on pages 31 to 42 form an integral part of these financial statements.

Notes to the financial statements

For the six months ended 30 September 2017

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currencies are Euro, Indian Rupees and Sterling. The presentation currency of the Group is Sterling. The period end exchange rate used is £1:INR87.473 (31 March 2017: £1:INR81.305) and the average rate for the period used is £1:INR83.359 (30 September 2016: £1:INR91.916). For Euro based transactions the period end exchange rate used is £1:€1.134 (31 March 2017: £1:€1.172) and the average rate for the period used is £1:€1.138 (30 September 2016: £1:€1.223).

The address of the registered office is given on page 32. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The half year report was approved and authorised for issue on 16 November 2017 and signed by David Jeffreys on behalf of the Board.

2. Significant accounting policies

Basis of preparation

The unaudited condensed consolidated financial statements in the half year report for the six months ended 30 September 2017 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report and condensed consolidated financial statements should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 March 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company's website (www.alpharealtrustlimited.com).

The accounting policies adopted and methods of computation followed in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2017 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2018.

The preparation of the half year report requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the half year report. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the half year report, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

On 4 August 2017, the Group disposed of 70% of its equity interest in the H2O shopping centre in Madrid, Spain ('H2O'), to CBRE European Co-Investment Fund ('CBRE'), managed by CBRE Global Investors, for €41.3 million (£36.4 million). The disposal resulted in a profit of £0.2 million for the Group and, after releasing prior year cumulative foreign exchange translation adjustments related to the H2O structure, a gain of £4.2 million. The Group has retained the investment via a 30% equity interest in a newly formed Dutch entity, CBRE H2O Rivas Holding NV, which owns 100% of the three Spanish subsidiaries that hold H2O. As of 4 August 2017, the Group therefore no longer consolidates its interest in the structure holding H2O: in compliance with IFRS 11 (Joint Arrangements), the Group has adopted the equity method of accounting for its joint venture commencing with the half year report for the six months ended 30 September 2017. As a result, the balances related to the H2O investment: investment property (note 11), borrowings (note 17), cash (page 18) and other debtors and creditors are no longer included in the consolidation. The value of the Group investment in the CBRE H2O Rivas Holding NV joint venture is disclosed in note 14. Income and expenses related to the H2O investment have been recognised in the statement of comprehensive income up to 4 August 2017; thereafter the Group has recognised its share of the joint venture profit up to the period end (note 14).

3. Revenue

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
	£'000	£'000
Rental income	2,520	3,454
Service charges	1,095	1,320
Other income	9	1
Total	**3,624**	**4,775**

The total revenue for the period relates to the H2O investment up to 4 August 2017; thereafter the Group has recognised its share of the joint venture profit up to the period end (note 2).

Notes to the financial statements (continued)

For the six months ended 30 September 2017

4. Finance income

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
	£'000	£'000
Bank interest received	3	7
Interest receivable on loans to related parties	359	1,176
Interest receivable on loans to third parties	168	-
Foreign exchange gain	1,306	-
Total	**1,836**	**1,183**

5. Finance costs

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
	£'000	£'000
Interest on bank borrowings	646	878
Foreign exchange loss	-	23
Total	**646**	**901**

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

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
	£'000	£'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Movement in fair value of investments	767	444
Undistributed investment income	1,263	901
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss		
Gain realised on investments	407	-
Dividends received from investments	4	15
Capital distribution from other investments	274	-
Gain on interest rate swaption	14	-
Loss on foreign exchange forward	(1,406)	(890)
Net gains on financial assets and liabilities held at fair value through profit or loss	**1,323**	**470**

7. Taxation

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
	£'000	£'000
Current tax	7	15
Deferred tax	-	-
Tax expense	**7**	**15**

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

Notes to the financial statements (continued)

For the six months ended 30 September 2017

7. Taxation (continued)

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

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.

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

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 March 2017	69,323	0.6p	415,939	21 July 2017
Quarter ended 30 June 2017	69,323	0.6p	415,939	22 September 2017
Total			**831,878**	

In addition, during the period, Romulus disposed of its property portfolio, which generated approximately £0.3 million for ART A shareholders: this amount was therefore paid to ART A shareholders as a special dividend on 7 July 2017.

The Company will pay a dividend of 0.6p per share for the quarter ended 30 September 2017 on 15 December 2017.

This dividend has not been included as a liability in the half year report.

9. Earnings per share

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

	For the six months ended 30 September 2017 Ordinary share	For the six months ended 30 September 2017 A share	Year ended 31 March 2017 Ordinary and A share	For the six months ended 30 September 2016 Ordinary and A share
Earnings per statement of comprehensive income (£'000)	8,383	1,103	12,886	7,007
Basic and diluted earnings pence per share	**13.3**	**17.7**	**18.6p**	**10.1p**
Earnings per statement of comprehensive income (£'000)	8,383	1,103	12,886	7,007
Net change in the revaluation of investment properties	(1,503)	(149)	(8,790)	(4,662)
Profit on subsidiary disposal	(3,813)	(378)	-	-
Profit on investment property disposal	-	-	(122)	(138)
Movement in fair value of investments	(1,069)	(105)	(2,568)	(444)
Gain on interest rate swaption	(13)	(1)	-	-
Loss on foreign exchange forward	1,279	127	904	890
Movement in fair value of the joint ventures' interest rate swaption (mark to market)	5	-	-	-
Net change in the revaluation of the joint ventures' investment property	(209)	(21)	19	13
Investment Manager's fees (performance fee)	-	-	2,743	-
Romulus capital return	-	(274)	-	-
Foreign exchange (gain)/loss	(1,189)	(117)	79	23
Adjusted earnings	**1,871**	**185**	**5,151**	**2,689**
Adjusted earnings per ordinary share	**3.0p**	**3.0p**	**7.4p**	**3.9p**
Weighted average number of ordinary shares ('000s)	**63,066**	**6,244**	**69,323**	**69,323**

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.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

10. Net asset value per share

	At 30 September 2017 £'000	At 31 March 2017 £'000	At 30 September 2016 £'000
Net asset value (£'000)	114,626	110,173	105,317
Net asset value per ordinary and A share	**167.3p**	**158.9p**	**151.9p**
Number of ordinary and A shares ('000s)	**68,497**	**69,323**	**69,323**

11. Investment property

	30 September 2017 £'000	31 March 2017 £'000
Fair value of investment property at 1 April	**112,442**	**91,971**
Additions	-	3,185
Subsequent capital expenditure after acquisition	1,994	3,119
Disposal	-	(1,752)
Movement in rent incentives/initial costs	(53)	299
Fair value adjustment in the period/year	1,652	8,790
Transfer of 70% equity interest in H2O (note 2)	(107,449)	-
Foreign exchange movements	5,922	6,830
Fair value of investment property at 30 September / 31 March	**14,508**	**112,442**

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

On 4 August 2017, the Group disposed of 70% of its equity interest in the H2O shopping centre in Madrid, Spain, to CBRE European Co-Investment Fund, managed by CBRE Global Investors. In compliance with IFRS 11 (Joint Arrangements), the Group has adopted the equity method of accounting for its joint venture commencing with the half year report for the six months ended 30 September 2017 (see note 2).

The fair value of the Unity and Armouries property in Birmingham (UK) of £3.8 million (31 March 2017: £3.5 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 £8.3 million (31 March 2017: £5.5 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Savills.

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".

In October 2016, the Group 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. Post period end, power supply and planning consent have been secured hence the Group will proceed to purchase the site. The payment of the outstanding site purchase price is £11.3 million (€12.85 million). The electricity supply cost commitments will become payable in phases during the electricity upgrade period of approximately three years. Associated costs relating to the construction of an electricity receptor building on the site and associated pre-identified ground preparation works will also be undertaken. These commitments will bring the Company's total investment into the data centre project to £24.7 million (€28 million). As at 30 September 2017, the Group has invested €2.7 million (£2.4 million) for the data centre 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.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

12. Indirect property investment held at fair value

	30 September 2017 £'000	31 March 2017 £'000
As at 1 April	**5,535**	**4,738**
Effect of foreign exchange	(391)	797
As at 30 September / 31 March	**5,144**	**5,535**

As at 30 September 2017, the Galaxia investment represents a receivable of INR 450 million (£5.1 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 £13.8 million at the period end exchange rate. In April 2015, the Group was notified that Logix has filed a petition, under Section 34 of the Indian Arbitration and Conciliation Act 1996, before the Delhi High Court challenging the Award. The challenge to the Award was heard on several dates during the years 2015 and 2016: following these hearings, the Delhi High Court has ordered that the site be placed in a court monitored auction process, with proceeds to be used to repay outstanding ground lease rents with the balance to be held until the outcome of the appeal to the Arbitration claim. In February 2017, the Delhi High Court upheld the award and dismissed the Logix petition with costs. Following the last hearings held in Delhi in April and May 2017, the division bench dismissed Logix's appeal. Logix have since appealed the dismissal to the Supreme Court of India. The Supreme Court admitted the appeal but have ordered Logix to deposit INR 200 million (£2.3 million) with the court. A hearing is scheduled for November 2017. ART has commenced execution of the award and the Delhi High Court has issued a warrant of attachment against the primary residential property owned by Shakti Nath and Meena Nath, promoters of Logix Group. The 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.

The Directors, taking into consideration legal advice received following Logix's challenge of the Award, consider it appropriate to carry this investment in its accounts as a receivable of INR 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.

13. Investments held at fair value

	30 September 2017 £'000	31 March 2017 £'000
Non-current		
As at 1 April	**7,814**	**10,439**
Additions during the period/year	1,237	-
Redemptions	(3,021)	(404)
Movement in fair value of investments	639	131
Transfer to current (IMPT investment)	-	(2,352)
As at 30 September / 31 March	**6,669**	**7,814**

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

- Europip (participating redeemable preference shares): during the period, ART received £2.0 million as return of capital from Europip; Europip provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2017 was £0.4 million (31 March 2017: £2.5 million).
- HLP (participating redeemable preference shares): HLP provides half yearly valuations of the net asset value of its shares; on 28 September 2017, HLP redeemed £1.0 million of shares; the net asset value of the investment has been calculated by using the redemption value as of that date, this being the closest point to the Group's balance sheet date; the resulting value of the investment was £0.4 million (31 March 2017: £1.4 million).
- AURE (ordinary shares): during the period, ART invested a further £1.2 million in AURE ordinary shares; the investment is fair-valued by reference to the dealing price of the shares provided monthly by AURE, which is published on The International Stock Exchange: the resulting fair value of the investment at period end was £5.9 million (31 March 2016: £3.9 million).

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

Notes to the financial statements (continued)

For the six months ended 30 September 2017

13. Investments held at fair value (continued)

Investments held at fair value	30 September 2017 £'000	31 March 2017 £'000
Current		
As at 1 April	**26,113**	**20,931**
Transfer to current (IMPT investment)	-	2,352
Additions during the period/year	20,000	1,072
Redemptions	(5,269)	(2,400)
Undistributed investment income in period/year	1,166	1,721
Gain realised on investments	407	-
Movement in fair value of investments	127	2,437
As at 30 September / 31 March	**42,544**	**26,113**

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

- FIAF (income units): FIAF allows monthly redemptions and hence the investment is reported as a current asset; during the period, ART has made a further investment of £5.0 million in FIAF units. FIAF provides monthly pricing of its units. The market value of the investment as at 30 September 2017, based on the published price of the relevant units, was £27.4 million (31 March 2017: £21.2 million).
- ART also had an investment in Romulus. Any realised value from this investment had to be passed exclusively to ART A shareholders. As at 31 March 2017, the net asset value of ART's investment in Romulus was nil, During the period, 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 a capital return of £0.3 million from Romulus. ART has therefore paid a special dividend to holders of ART A Shares of £0.3 million, less administrative costs.
- ELM Trading (redeemable shares): during the period, ART invested £15.0 in ELM Trading redeemable shares; ELM Trading provides monthly valuations of the net asset value of its shares; the net asset value of the investment as at 30 September 2017 was £15.1 million. The intention of ART is to hold this investment for a short term hence this has been disclosed within current assets.

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.

14. Investment in joint venture

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

	30 September 2017 £'000	31 March 2017 £'000
As at 1 April	**1,596**	**1,563**
Transfer of 70% equity interest in H2O (note 2)	15,979	-
Group's share of joint venture profits before fair value movements and dividends	258	131
Fair value adjustment for interest rate swaption	(5)	-
Fair value adjustment for investment property	230	(19)
Equity return	-	(130)
Dividends paid by joint venture to the Group	-	(40)
Foreign exchange movements	(363)	-
As at 30 September / 31 March	**17,637**	**1,538**

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

- H2O shopping centre in Madrid, Spain: on 4 August 2017, the Group disposed of 70% of its equity interest in H2O to CBRE European Co-Investment Fund, managed by CBRE Global Investors. The 30% investment retained by ART is made via its Dutch subsidiary, KMS Holding NV, into CBRE H2O Rivas Holding NV, a company also based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of the H2O shopping centre.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

14. Investment in joint venture (continued)

- Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group holds a 10% equity investment in the Scholar Property Holdings Limited group, owner of the property. As at 30 September 2017, the value of ART's investment in Scholar Property Holdings Limited was £1.6 million (31 March 2017: £1.5 million).

The fair value of the H2O property in Madrid (Spain) of €121.9 million (£107.5 million) (31 March 2017: €117.5 million, £100.2 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Aguirre Newman Valoraciones y Tasaciones S.A. ("Aguirre"), an independent valuer not connected to the Group. The 30 September 2017 valuation carried out by Aguirre includes a new plot of land, adjacent to the H2O property, which was purchased in February 2017 for €1.4 million (£1.2 million): this investment was not included in the H2O valuation as at 31 March 2017.

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

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) is £26.3 million (31 March 2017: £26.3 million), which 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.

15. Trade and other receivables

	30 September 2017 £'000	31 March 2017 £'000
Non-current		
Loan granted to related parties	-	3,300
Loan granted to third parties	280	1,980
Total	**280**	**5,280**
Current		
Trade debtors	52	1,215
VAT	601	796
Loan granted to related party	-	10,378
Loan granted to third parties	3,226	-
Other debtors	2,976	692
Interest receivable from loans granted to related parties	-	348
Interest receivable from loans granted to third parties	117	32
Total	**6,972**	**13,461**

During the period, loans granted to related parties have been fully repaid as follows:

- Unsecured loan to IMPT (31 March 2017 balance: £10.4 million), due to expire in December 2018 and carrying a coupon of 15% per annum. On 7 April 2017, the loan was repaid in full, including accrued and rolled up interest and applicable fees: the total cash received by ART was £10.9 million.
- Loan to AURE (31 March 2017 balance: £3.3 million), due to expire in November 2018 and carrying a coupon of 9% per annum. During the period, the loan has been repaid in full, including accrued interest and applicable fees: the total cash received by ART was £3.5 million.

As at 30 September 2017, the Group had granted a total of £3.5 million of mezzanine loans to third parties. These comprised four loans to UK entities, which assisted with the purchase of property developments in the UK. These facilities range from a 6 to 36 month term and entitle the Group to an overall 14% return on the investment.

Post period end, on 24 October 2017, one third party mezzanine loan has been repaid in full, including accrued interest and applicable fees: the total cash received by ART was £1.8 million.

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.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

16. Trade and other payables

	30 September 2017 £'000	31 March 2017 £'000
Trade creditors	475	2,929
Investment Manager's fee payable	-	3,228
Accruals	176	439
Other creditors	144	180
Corporation tax	19	13
Total	**814**	**6,789**

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

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

17. Bank borrowings

	30 September 2017 £'000	31 March 2017 £'000
Current liabilities: interest payable	-	109
Current liabilities: bank borrowings	-	60,509
Total current liabilities	**-**	**60,618**
Non-current liabilities: bank borrowings		-
Total liabilities	**-**	**60,618**
The borrowings are repayable as follows:		
Interest payable	-	109
On demand or within one year	-	60,509
In the second to fifth years inclusive	-	-
After five years	-	-
Total	**-**	**60,618**

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

	30 September 2017 £'000	31 March 2017 £'000
As at 1 April	**55,512**	**51,557**
Borrowings, additions	55,622	-
Deferred finance costs, additions	(1,432)	-
Repayment of borrowings	(60,810)	(114)
Reclassification to current liabilities	-	429
Amortisation of deferred finance costs	169	240
Disposal of 70% equity interest in H2O	(57,191)	-
Exchange differences on translation of foreign currencies	3,133	4,442
As at 30 September / 31 March	**-**	**60,509**

As at 31 March 2017, bank borrowings represented the syndicated loan finance provided to ATS1, owner of the H2O shopping centre in Madrid, Spain.

On 18 May 2017, ATS1 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 was used to partly repay the previous bank loan (€71.1 million), which was due to be repaid in October 2017. The Group funded the refinancing gap and fees. The borrowings are non-recourse to the Group's other investments.

On 4 August 2017, the Group disposed of 70% of its equity interest in the H2O property to CBRE European Co-Investment Fund, managed by CBRE Global Investors. In compliance with IFRS 11 (Joint Arrangements), the Group has adopted the equity method of accounting for its joint venture commencing with the half year report for the six months ended 30 September 2017 (see note 2).

Notes to the financial statements (continued)

For the six months ended 30 September 2017

18. 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**	**62,986,175**	**69,780,573**	**6,337,042**	**76,117,615**
Share conversion	-	878,019	878,019	(878,019)	-
Shares bought back	826,311	(826,311)	-	-	-
Shares cancelled following buyback	(918,123)	-	(918,123)	-	(918,123)
At 30 September 2017	**6,702,586**	**63,037,883**	**69,740,469**	**5,459,023**	**75,199,492**

The Company has one class of ordinary shares which carries no right to fixed income and class A shares, which carry the same rights as ordinary shares save that class A shares carry the additional right of participation in the Company's investment in Romulus and the right to convert into ordinary shares at a rate of 1 to 1.

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

Under its general authority, approved by shareholders on 1 April 2016, the Company announced a tender offer on 1 September 2017 for up to 10,000,000 ordinary shares. In total, 826,311 ordinary shares were validly tendered under the tender offer, representing approximately 1.2 per cent of the Company's voting shares in issue at the time.

On 28 September 2017, the Company bought back the 826,311 ordinary shares tendered under the tender offer at a price (before expenses) of 123.1 pence per share. All of the 826,311 repurchased ordinary shares were cancelled, together with 91,812 shares held in treasury. As at 30 September 2017, the ordinary share capital of the Company, following the purchase and cancellation of those ordinary shares, was 69,740,469 (including 6,702,586 shares held in treasury). The Company also had 5,459,023 A shares in issue. The total voting rights in ART following the purchase and cancellation of ordinary shares was 68,496,906.

Post period end, the Company has made no share buybacks and 65,306 A shares were converted into ordinary shares. At the date of signing these financial statements the ordinary share capital of the Company was 69,805,775 (including 6,702,586 shares held in treasury). The Company also has 5,393,717 A shares in issue. The total voting rights in ART are unchanged at 68,496,906.

19. Events after the balance sheet date

After the balance sheet date, a total of 65,306 A Shares were converted into Ordinary Shares (Note 18).

On 24 October 2017, a mezzanine loan has been repaid in full, including accrued interest and applicable fees: the total cash received by ART was £1.8 million.

In October 2017, the Group granted three new mezzanine loans to UK entities totalling £1.3 million and committed to a further £3.6 million mezzanine loan.

20. Related party transactions

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

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

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

The Company 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.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

20. Related party transactions (continued)

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

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

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

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

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

Details of the Investment Manager's fees for the current period are disclosed on the face of the condensed consolidated statement of comprehensive income and the balance payable at 30 September 2017 is provided in note 16.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2017	For the six months ended 30 September 2016
David Jeffreys	17,250	17,625
Phillip Rose	11,500	11,500
Serena Tremlett	17,250	17,750
Jeff Chowdhry	11,500	11,500
Roddy Sage	11,500	11,500
Total	**69,000**	**69,875**

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

	30 September 2017	31 March 2017
	Number of ordinary shares held	Number of ordinary shares held
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	-	-

* Post period end, Jeff Chowdhry disposed of 10,000 shares in the Company.

Alpha Global Property Securities Fund Pte. Ltd, a wholly owned subsidiary of ARC registered in Singapore, held 22,550,000 shares in the Company at 30 September 2017 (31 March 2017: 22,550,000).

ARC did not hold any shares in the Company at 30 September 2017 (31 March 2017: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2017	31 March 2017
	Number of ordinary shares held	Number of ordinary 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

Karl Devon-Lowe, a partner of ARC, received fees of £2,000 (31 March 2017: £7,000) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Serena Tremlett is also the Managing Director of Estera Administration (Guernsey) Limited ('Estera'), the Company's administrator and secretary. During the period the Company paid Estera fees of £47,100 (31 March 2017: £95,300) and no amount was outstanding at period end.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

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

	30 September 2017	31 March 2017
	£'000	£'000
Non-current assets		
Investments held at fair value	6,669	7,814
Total non-current assets	**6,669**	**7,814**
Current assets		
Investments held at fair value	42,544	26,113
Interest rate cap	-	-
Total current assets	**42,544**	**26,113**
Total	**49,213**	**33,927**

The interest rate cap has been disposed of as part of the 70% disposal of ART's equity interest in H2O (note 2); at the time of disposal the value of the interest rate cap was nil.

Fair value measurement

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

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

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

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

Level 1

- The fair value of the investment in IMPT's ordinary shares, which were traded on the LSE until 8 June 2017, was based upon the mid price of the ordinary shares at the balance sheet date. On 28 April 2017, IMPT made a full equity return to ART at a share price of 330.0p per share; the Group does not currently hold any investment which can be categorised as Level 1.

Level 2

- The fair value of the derivative interest rate cap and interest rate swaption contracts is determined by reference to an applicable valuation model employed by the contractual counter parties; valuations are provided quarterly.
- The fair value of the foreign exchange forward contract is determined by reference to the quarter end applicable forward market rate provided by the contractual counter party.
- The fair value of the investment in AURE is based upon the dealing price of the shares provided by AURE at the balance sheet date, which is published on The International Stock Exchange.
- The fair value of the FIAF investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and based on observable inputs; this investment is therefore deemed to be a level 2 financial asset.

Level 3

- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be level 3 financial assets. HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board considers that any reasonable possible movement in the valuation of HLP's individual properties would not be material to the value of ART's investment.
- The fair value of the Europip investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of Europip's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be level 3 financial assets. Europip's accounts are audited annually. As at 30 September 2017, Europip have sold its remaining property and have partly distributed the related proceeds to shareholders; Europip is currently preparing to distribute the final proceeds to shareholders.

Notes to the financial statements (continued)

For the six months ended 30 September 2017

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

- The fair value of the ELM Trading ('ELM') 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 ELM's underlying investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be level 3 financial assets. ELM's accounts are audited annually. ELM's underlying investments are fair valued and the ART Board considers that any reasonable possible movement in the valuation of ELM's individual investments would not be material to the value of ART's investment.

Financial assets and liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2017.

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

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

As at 30 September 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Investments held at fair value	-	33,261	15,952	49,213
Total	**-**	**33,261**	**15,952**	**49,213**

As at 31 March 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Level 4 £'000
Investments held at fair value	4,861	25,193	3,873	33,927
Total	**4,861**	**25,193**	**3,873**	**33,927**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the six month period ended 30 September 2017.

Directors and Company information

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David Jeffreys (Chairman)
Jeff Chowdhry
Roddy Sage
Phillip Rose
Serena Tremlett

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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

Dividends

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

Share price

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

Change of address

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

Investment Manager

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

Financial calendar

Financial reporting	Reporting/Meeting dates	Dividend period	Ex-dividend date	Record date	Payment date
Half year report and dividend announcement	17 November 2017	Quarter ended 30 September 2017	30 November 2017	1 December 2017	15 December 2017
Trading update (Qtr 3)	9 March 2018	Quarter ending 31 December 2017	22 March 2018	23 March 2018	6 April 2018
Annual report and dividend announcement	15 June 2018	Quarter ending 31 March 2018	28 June 2018	29 June 2018	20 July 2018
Annual report published	29 June 2018				
Annual General Meeting	10 Aug 2018				

Alpha Real Trust

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