



Alpha Tiger Property Trust Limited

Annual report and financial statements

For the period ended 31 March 2011

2011



Alpha Tiger Property Trust Limited

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Alpha Tiger remains committed to its disciplined strategy and investment principles which focus on opportunities that can deliver high total returns, while seeking to manage risk through a combination of operational controls, diversification and preferred return structures.

Highlights

- NAV per share of 105.3p.
- Investment of £4.75 million in Alpha UK Multi Property Trust Plc, a LSE listed property fund with a regionally diversified portfolio of UK light industrial and office property providing a coupon of 4.75% per annum and an 18% redemption premium if not converted.
- Anchoring of the H2O shopping centre in Madrid, Spain, with leading Spanish supermarket group, Mercadona.
- Acquisition of the lake and landscaped areas at H2O has occurred post year end, allowing greater control of the total retail environment in the surrounding area.
- Commencement of works, post year end, to create a lakeside 'plaza', with new retail space, at H2O.
- Successful new lettings programme at H2O with 12 new leases signed to date since purchase.
- Investment of £6.2 million in The Freehold Income Trust ("FIT"), which invests in UK residential freehold ground rents - FIT's forecast yield is expected to be above 4% per annum.

105.3p

105.3p NAV (adjusted)

£4.75m

AUMP investment of £4.75 million

£6.2m

FIT investment of £6.2 million

Trust summary and objective

Objective

Alpha Tiger Property Trust Limited (“the Company”, “the Trust” or “Alpha Tiger”) targets investment and development opportunities in real estate, including real estate operating companies, securities, services and other related businesses that offer high total returns.

Management

The Company’s Investment Manager is Alpha Real Capital LLP (“the Investment Manager” or “ARC”). Control of the Company rests with the non-executive Guernsey based Board of Directors.

Listing

The Company’s shares are traded on the AIM market of the London Stock Exchange.



Strategy

Alpha Tiger’s investment strategy is unconstrained by geography and is currently focused on the UK, Europe and Asia.

The Company’s real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities.

The Investment Manager will seek to identify investment opportunities where income and capital values can be enhanced where appropriate through the following:

- space reconfiguration where under-utilised or inefficient areas within a building can be re-arranged to provide more valuable space;
- refurbishment and redevelopment where space can be modernised and the specification upgraded to create space which can command higher rents;
- re-leasing, which has the potential to increase the rental income to an open market level when this is in excess of the existing rent;
- space creation by extending the building to meet tenant demand; and
- change of use which can result in higher value use for certain areas of a building or for entire properties.

Alpha Tiger has an active management philosophy in respect of its investments.

Financial highlights

	Year ended 31 March 2011	6 months ended 30 September 2010	15 months ended 31 March 2010
Net asset value (£'000)	58,427	58,433	60,283
Net asset value per ordinary share	105.3p	103.6p	105.8p
Earnings per share (basic and diluted) (adjusted)*	0.8p	0.1p	(4.0)p
Earnings per share (basic and diluted)	(0.3)p	(1.0)p	(9.8)p

* The adjusted earnings per share include adjustments for the effect of the fair value revaluation of investment properties and indirect property investments, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 12 to the accounts.

Chairman's statement



David Jeffreys
Chairman

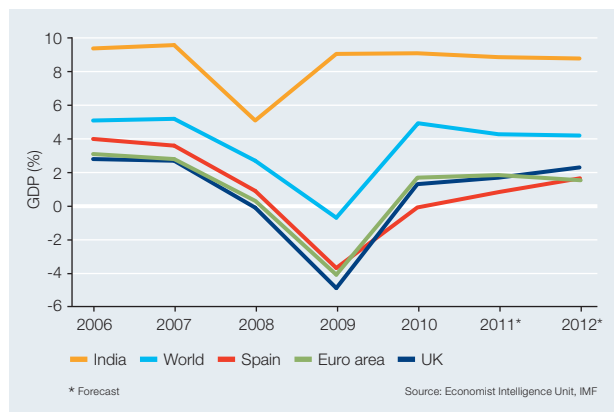
I am pleased to present the Group's results for the year ending 31 March 2011.

The global economic recovery continues, with GDP growth of 4.3% forecast in 2011. In light of the series of global shocks endured since the start of the year, ranging from one of the worst natural disasters in history to unrest in oil-exporting countries, this would be a resilient outcome, albeit moderated somewhat from 4.9% in 2010, a year that saw extensive economic stimulus measures¹. The recent shocks have however added a further level of uncertainty to an economic climate which is clouded by diverging growth rates in emerging and developed economies and increasing inflationary pressures. Notwithstanding, 2011 is expected to be a year of continued economic consolidation as consumer and business demand climb slowly in developing economies and emerging market economies begin to exhibit a slowing down of their high growth rates.

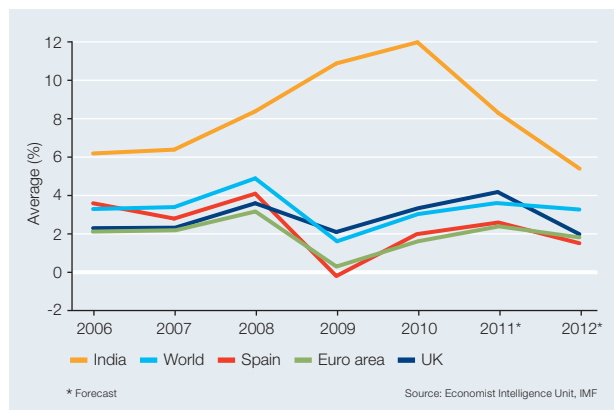
The Economic Intelligence Unit ("EIU") indicates that there are signs that the global economy is entering a period of sustainable growth, no longer wholly dependent on government stimulus. However, a two speed global recovery continues. Many developing markets have been experiencing a vigorous recovery and are likely to continue to provide the principal support to global demand in 2011. Developed economies are experiencing a positive but subdued growth pattern. Although economic stimulus measures continue in some countries - notably in the US - they have been withdrawn in many others. Whilst less favourable monetary and fiscal policy will create headwinds for growth with the pace of global expansion expected to moderate slightly, this is part of a policy normalisation process that needs to happen as the private sector recovers. Underlying consumer and business momentum appears to be taking hold in many places².

The Company has had an active year, consolidating its investment in Spain and securing new investments in the UK.

GDP growth



Inflation



A combination of rising oil prices and strong demand for many other commodities has pushed inflation higher in many countries³. However, as a contextual backdrop, interest rates in the US have been close to zero for more than two years, and have been at historic lows in the eurozone for nearly as long and as such, a gradual normalisation of interest rates should not come as a surprise. Whilst central banks in emerging market countries began implementing a number of interest rate rises in 2010, it is notable that the European Central Bank ("ECB") implemented its first increase in almost four years in April 2011, raising its main policy rate by 25 basis points to 1.25%. This suggests that the ECB is putting more emphasis on the current rate of inflation compared to other central banks, which appear to place more emphasis on the

¹ Economic Intelligence Unit (EIU) Global Forecasting Service April 2011
² EIU Global Forecasting Service April 2011

³ EIU Global Forecasting Service April 2011

Chairman's statement (continued)

medium-term outlook⁴ and to the durability of the recovery⁵. Commentators have observed that the April 2011 increase is unlikely to mark the start of an aggressive round of policy tightening; instead it is likely to be a warning shot rather than the first of many increases⁶.

During the first quarter of 2011, Portugal became the third country to seek financial support from the European Union and International Monetary Fund ("IMF") in the current cycle. Despite this, the eurozone recovery continues, with GDP growth of 1.8% forecast in 2011⁷. As in 2010, performance across the region is anticipated to be mixed.

Sentiment in the real estate markets around the world continues to broadly track performance in underlying economies. Supported by a greater willingness of banks to lend to the sector, activity in prime segments of markets tends to be greatest.

European real estate investment activity during the first quarter of 2011 was 26% ahead of the same period in 2010. As evidenced during 2010, investor demand continues to be focused on lower risk assets and the retail sector. Although many markets reported an increase in investment transactions on the first quarter 2010, the UK and Germany continued to be the focus of activity⁸. Yield compression for prime properties has continued into 2011 but this has potential to moderate going forward, particularly as the positive yield gap to government bonds narrows.

Alpha Tiger remains committed to its disciplined strategy and investment principles which focus on opportunities that can deliver high total returns, while seeking to manage risk through a combination of operational controls, diversification and preferred return structures. The application of this strategy has been successfully demonstrated in the Company's investment in the H2O shopping centre in Madrid and in Alpha UK Multi Property Trust Plc. Shorter term investments such as the Company's investment in The Freehold Income Trust demonstrate a commitment to improve shareholder returns including the component derived from income. The anchoring of the H2O investment with a new supermarket operator demonstrates property level added value from the Company's active management approach to its underlying property investments.

Alpha Tiger remains in a strong position to capitalise on further opportunistic investments.

Investment activity

Spain

H2O

As previously reported, the H2O shopping centre was acquired for €83.3 million (£73.3 million) including acquisition costs and funding has been provided for a further €5 million (£4.4 million) of capital improvements. The acquisition was financed with a €75 million (£66 million) seven year syndicated bank facility. Alpha Tiger provided €14.5 million (£12.75 million) of mezzanine and equity finance to the transaction. The mezzanine loan of €14 million (£12.3 million) ranks ahead of equity and accrues a coupon of 8% together with profit participation of 10% of EBITDA (after bank interest) of the Spanish property holding SPV. Alpha Real Capital LLP ("ARC") has co-invested €1.5 million (£1.3 million) in equity.



The H2O centre has a gross lettable area of 51,825 square metres, comprising 118 units including shops, a multiplex cinema and restaurants. It has a large fashion retailer base, including some of the strongest European fashion brands, such as Zara, Mango, Cortefiel, H&M, C&A, Massimo Dutti and as previously announced, a new lease agreement was signed with supermarket operator, Mercadona.

The asset is jointly controlled by the Company and ARC, and the Company is proportionately consolidating its interest in the joint venture. As part of the H2O acquisition, the Company entered into an option agreement dated 31 March 2010 giving the Company the right to acquire ARC's investment for a pre-determined price (or fair value, if higher) between 1 May 2010 and 31 December 2010. As previously announced in December 2010, a new option was entered into extending this right to 21 July 2011 with the same principal terms as the original option. In addition, the Company has provided a short term acquisition VAT loan for €12.7 million (£11.2 million). The loan has earned an arrangement fee of 2% and accrues a margin of 2% over 3 month Euribor; it is expected to be repaid before the end of the 2011 calendar year when the Spanish tax authorities refund the VAT incurred.

⁴ Capital Economics European Economics Update, ECB takes the lead April 2011

⁵ EIU Global Forecasting Service April 2011, There are signs of a revival in German domestic demand

⁶ Capital Economics European Economics Update, What will higher rates do to the eurozone? April 2011

⁷ EIU Global Forecasting Service April 2011, There are signs of a revival in German domestic demand

⁸ CBRE European Investment Quarterly Market View Q1 2011

Chairman's statement (continued)

United Kingdom

Alpha UK Multi Property Trust Plc ("AUMP")

As previously announced the Company invested, by way of convertible unsecured loan stock ("CULS"), £4.75 million in AUMP (formerly Close High Income Properties PLC), a London Stock Exchange listed UK property fund with gross property assets of £111.25 million (as at 31 March 2011). AUMP has a regionally diversified portfolio of UK light industrial and office property.

AUMP has recently reported some positive results with an earnings per share as at December 2010 of 4 pence (previous year loss of 18.2 pence per share) and a consolidated profit of the AUMP group for the year of £3.4 million. The Company's CULS earn a coupon of 4.75% per annum. The CULS have preference shares attached to them which give the Company voting rights on resolutions not pertaining to UK Listing Authority matters. The CULS are convertible into ordinary share capital at any time until June 2013 at a conversion price of 31 pence. Should Alpha Tiger not elect to convert, the CULS are redeemable at a premium of 18% to their face value.

Alpha Tiger also has an option to purchase up to a further 4 million shares in AUMP at a price of 50 pence per share (the "AUMP Option"). Should Alpha Tiger elect to exercise the CULS in full (and assuming that the CULS coupon will be met by the issue of further CULS in accordance with its terms) Alpha Tiger will hold 17.4% of AUMP's enlarged share capital (assuming no other issues of shares). If the AUMP Option is also exercised in full, Alpha Tiger will hold 20.5% of AUMP's enlarged share capital (again assuming no other issues of shares).

The Freehold Income Trust ("FIT")

As previously announced, the Company invested a total of £6.2 million in FIT, an open-ended unauthorised unit trust scheme that provides secure and stable investment returns from acquiring UK residential freehold ground rents which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns. FIT owns over 63,900 freeholds in the UK with a gross annual income of £7.3 million. The forecast yield on the investment is expected to be above 4% per annum. FIT's NAV at 31 March 2011 was £151 million.

The investment is anticipated to be short term and is expected to provide a better return than currently derived from the Company's cash balances. FIT operates a monthly dealing facility to provide investment liquidity.

India

Galaxia, National Capital Region, NOIDA

As previously announced, Alpha Tiger and its development partner Logix Group entered into a settlement agreement to jointly explore a sale of their interests in the Galaxia project, an 11.2 acre special economic zone ("SEZ") located in NOIDA, India. This agreement lapsed on 28 May 2011. It was further announced on 2 February 2011 that, following breaches by Logix Group, the Company has recommenced arbitration proceedings in order to protect its Galaxia investment. The arbitration seeks an award of INR 450 million (£6.2 million) plus the agreed minimum investment return and a further loss of profits from the Logix Group promoters.

Notwithstanding the above, the Company is continuing to actively explore avenues for a sale of the development. Further updates will be provided in due course.

The anchoring of the H2O investment with a new supermarket operator demonstrates property level added value from the Company's active management approach to its underlying property investments.



Chairman's statement (continued)

Financial performance

Adjusted earnings for the period show a profit after interest and tax of £0.43 million (see note 12 of the financial statements). The net asset value per share is 105.3 pence at 31 March 2011 (see note 13 of the financial statements) based upon 55.5 million shares in issue (see note 24 of the financial statements).

Financing

H2O - Within the H2O joint venture, the Spanish SPV that acquired the property has drawn down senior bank finance of €75 million (£66 million) from a syndicate of banks for a term of seven years (expiring October 2017) with no LTV covenants. Loan interest is charged at a weighted average margin of 2.9% over 3 month Euribor. The SPV has taken out an interest rate cap at 2.85% (pre-margin) to hedge the interest costs on €50 million (£44 million) of debt for the loan term at a cost of €2.2 million (£1.9 million). Given positive cashflow, the scheduled 2011 bank facility amortisation was voluntarily pre-paid by the Company to reduce interest charges over the year and enable repatriation of earnings.

Foreign currency

The Company is exposed to foreign currency fluctuation on £:€ exchange rates on the euro denominated loans it has advanced in relation to the acquisition of the shopping centre. In October 2010, the Company entered into a forward sale contract for €12.7 million (£10.9 million) relating to the loan advanced to fund the VAT incurred when the shopping centre was purchased. Additionally, in relation to the €14 million (£12 million) mezzanine loan advanced, two forward sale options have been purchased covering €7 million (£6 million) of the exposure. The Company continues to monitor remaining exchange rate exposures.

All foreign currency balances have been translated at the period end rate £1:€1.137, £1:INR 72.79.

Share buyback authority

On 9 April 2010 the Company announced a buyback programme within the remit of the Company's share buyback authority. Subsequently, during May and June 2010, 550,000 ordinary shares of no par value ("Ordinary Shares") were bought back at an average price of 65 pence per share. Treasury shares totalling 61,111 were cancelled following the purchase to ensure that the Company holds no more than

10% of its share capital in treasury pursuant to Guernsey law requirements.

Further, as previously announced, following the Extraordinary General Meeting on 17 March 2011, the Company's shareholders approved a general authority allowing the Company to buy back up to 24.99% of its shares.

During March 2011 the Company purchased 900,000 Ordinary Shares at 58 pence per share and 100,000 Treasury shares were cancelled following the purchase. As subsequently announced, during April and May 2011, in a series of transactions, the Company purchased 775,000 Ordinary Shares at an average price (before expenses) of 64.3 pence per share. The purchased Ordinary Shares have been cancelled together with 86,111 shares currently held in treasury.

The ordinary share capital of the Company following the purchase and cancellation of those Ordinary Shares is 60,819,215 (including shares held in treasury). The Company holds a total of 6,081,921 shares in treasury. The total voting rights in Alpha Tiger following the purchase and cancellation of the Ordinary Shares is 54,737,294.

Dividends

In accordance with the dividend policy set out in the Company's Admission Document, the Board does not propose to pay a dividend for the year.

Summary

The Company has had an active year, consolidating its investment in Spain and securing new investments in the UK. This redeployment of capital follows the successful repositioning of the Company's investment portfolio through recycling capital from development projects in India to income-producing opportunistic investments in the UK and Europe. The Company continues to pursue further investment opportunities and is well positioned to take advantage of these as they emerge.

David Jeffreys
Chairman

9 June 2011

Property investment review



Brad Bauman
Joint fund manager



Gordon Smith
Joint fund manager

Europe - UK

Economic outlook

The UK economy as measured by GDP grew by 1.3% in 2010. This was lower than expected, owing to a 0.6% contraction in the fourth quarter of the year. This was partly attributable to the severe weather conditions experienced during December. An increase to 1.7% is forecast in 2011, which is favourable when viewed in the context of potentially dampened domestic demand arising from the government's policy to advance cost cutting in public services⁹.

In the recent budget, a surprise cut in corporation tax, to the lowest level of the G7 countries, was intended to assist in stimulating growth. Much uncertainty however remains with unemployment remaining elevated at 8%. Further, after an absence of several years, inflation concerns are re-emerging as the current annual rate of 4.4% is above the Bank of England target. The view that inflation is linked to transitory external factors appears to be finding a receptive audience¹⁰, suggesting a delayed increase in interest rates, with the current UK yield curve implying that the market now anticipates rate rises late in 2011 or early 2012. However, given current government policy, interest rate levels are likely to remain relatively low for some time.

Property market outlook

UK investment levels reached £7.7 billion in the first quarter of 2011. Encouragingly, this is 22% higher than the first quarter of 2010, driven mainly by UK institutions¹¹.

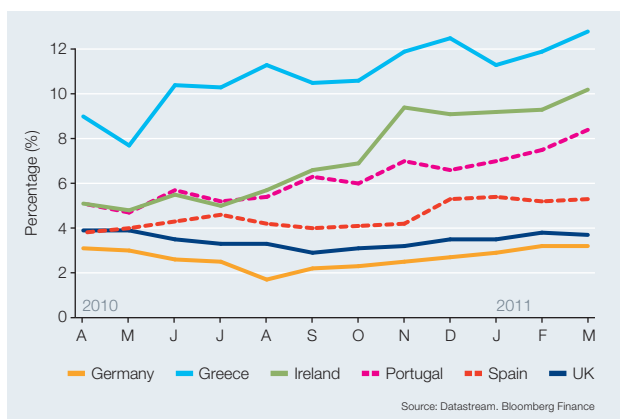
Positive monthly rental growth has been recorded since the end of December 2010 and 'all property' rental growth during 2011 is expected to be in positive territory (over a 12-month period) for the first time since October 2008¹².

Property credit conditions in the UK improved throughout 2010 following a recovery in capital value growth driven by yield compression. The availability of financing remains constrained and focused on core, income-producing assets.

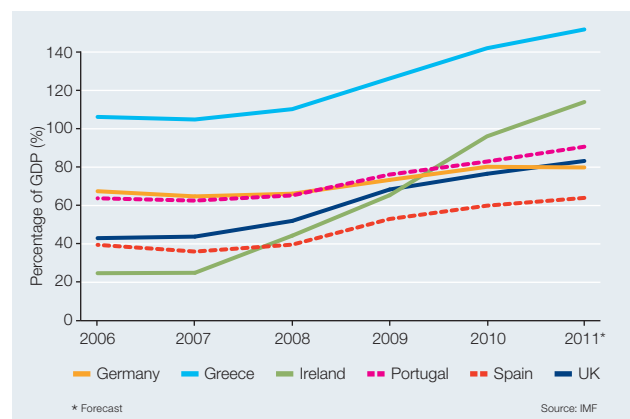
There are indications that more investment opportunities are coming to the market as sellers (some distressed) test the appetite for secondary assets. Prime assets remain the main investor targets, but in the absence of this stock, institutional investors are adjusting their criteria¹³.

Strong investor interest and continuing yield compression over the past year have reduced the scope for yield driven capital growth.

10 Year Government Bond Yields



Gross Government Debt as a percentage to GDP



9 IMF World Economic Outlook April 2010
10 Colliers International Property Snapshot May 2011

11 Savills Market in Minutes April 2011
12 Savills Market in Minutes April 2011
13 Colliers International Property Snapshot May 2011



Alpha UK Multi Property Trust Plc
AUMP

The Freehold Income Trust
FIT

Sector	LSE listed
Underlying assets	UK Offices and industrial property
Description	<p>AUMP is a London Stock Exchange listed UK property fund with gross property assets of £111.25m (as at 31 March 2011).</p> <p>AUMP has a regionally diversified portfolio of UK light industrial and office property.</p>

Sector	Freehold ground rents (UK)
Underlying assets	Freehold residential ground rents
Description	<p>FIT is an open-ended unauthorised unit trust scheme that provides secure and stable investment returns from acquiring freehold residential ground rental which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns.</p> <p>FIT owns over 63,900 freeholds in the UK with a gross annual rent income of £7.3 million. The forecast yield on the investment is expected to be above 4% per annum.</p>

Property investment review (continued)

Investment review

Alpha UK Multi Property Trust Plc

The Company invested, by way of convertible unsecured loan stock ("CULS"), £4.75 million in AUMP (formerly Close High Income Properties PLC), a London Stock Exchange listed UK property fund with gross property assets of £111.25 million (as at 31 March 2011). AUMP has a regionally diversified portfolio of UK light industrial and office property.

The potential to create value through the active asset management of an income focused property portfolio has been part of the Company's rationale for its AUMP investment.

The Company's CULS earn a coupon of 4.75% per annum. The CULS have preference shares attached to them which give the Company voting rights on resolutions not pertaining to UK Listing Authority matters. The CULS are convertible into ordinary share capital at any time until June 2013 at a conversion price of 31 pence. Should Alpha Tiger not elect to convert, the CULS are redeemable at a premium of 18% to their face value.

Alpha Tiger also has an option to purchase up to a further 4 million shares in AUMP at a price of 50 pence per share (the "AUMP Option"). Should Alpha Tiger elect to exercise the CULS in full (and assuming that the CULS coupon will be met by the issue of further CULS in accordance with its terms) Alpha Tiger will hold 17.4% of AUMP's enlarged share capital (assuming no other issues of shares). If the AUMP Option is also exercised in full, Alpha Tiger will hold 20.5% of AUMP's enlarged share capital (again assuming no other issues of shares).

The investment manager of AUMP is ARC. The following highlights were included in the AUMP Interim Management Statement published in May 2011:

- Increased Net Asset Value to 33.6 pence per Ordinary Share.
- Successful disposals of two units realising £0.68 million, a premium to the most recent valuation for these properties.
- Strengthened balance sheet with reduction in debt of £1.34 million.
- The loan to value ('LTV') ratio has reduced from 73.1% to 72.5%.
- Portfolio occupancy rate continues to show strong signs of stabilising.
- Further progress in letting of vacant units.

The Freehold Income Trust

As previously announced, the Company invested a total of £6.2 million in FIT, an open-ended unauthorised unit trust scheme that invests in UK residential freehold ground rents which offer an attractive income stream, capital growth prospects and attractive risk-adjusted returns. FIT owns over 63,900 freeholds in the UK with a gross annual rent income of £7.3 million. The forecast yield on the investment is expected to be above 4% per annum. FIT's NAV at 31 March 2011 was £151 million.

The investment is expected to provide a better return than currently derived from the Company's cash balances. FIT operates a monthly dealing facility to provide liquidity.

Alpha Real Property Investment Advisers LLP ("ARPIA"), a subsidiary of ARC, is the investment manager of FIT.

The net asset value of AUMP increased to 33.6 pence per Ordinary Share during the quarter ended 31 March 2011.



H2O

Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti
Lettable area	51,825 square metres
Description	<p>The property is located in the Rivas-Vaciamadrid district of Madrid.</p> <p>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.</p> <p>Passing net rental income in excess of €6m per annum.</p> <p>Weighted average lease length as at 31 December 2010 is 12.9 years to expiry and 2.3 years to next break.</p> <p>Centre occupancy currently 94%.</p>

Top ten tenants



- Inditex Group
- C&A
- Yelmo
- H&M
- Cortefiel Group
- Grupo VIPS
- Saturn
- Sfera
- Ozone (Bowling)
- Mercadona
- Other tenants



Property investment review (continued)

Europe - Spain

Economic outlook

The eurozone annualised consumer price inflation rate of 2.7% in March is above the ECB's inflation target of "below, but close to, 2%", albeit still not particularly high by UK and US standards¹⁴. As expected, the ECB raised its main policy rate by a quarter percentage point to 1.25% per annum in April. A second increase, of similar magnitude, is in prospect later this year as the ECB is anticipated to adopt a gradualist approach to normalising its policy rate¹⁵.

Yields on 10-year Spanish government bonds have remained within a range of 5-5.5% since the start of the year, which although high, is sustainable for some time at least. The lack of any recent increases is encouraging¹⁶.

Sentiment towards Spain has been improved by progress on the restructuring and recapitalisation of the troubled savings banks (cajas de ahorros), with their number having been reduced from 45 to 17 via a series of mergers, targeted to improve economies of scale and raise profitability. In addition the government has had success in narrowing the fiscal deficit. Spain has a lower level of public debt than other eurozone economies with which it is often compared¹⁷. Further, markets have taken encouragement from recent economic data which provide tentative signs that the economic recovery in Spain may be strengthening¹⁸. Notwithstanding the positive steps taken to date, economic uncertainties remain.



Property market outlook

During the first quarter of 2011, there has been an increase in investor demand in European real estate investment focused on core markets¹⁹. In terms of sector, retail and offices accounted for 46% and 32% of the investment transactions²⁰.

Strong investor demand at the core end of the market is prompting some investors to target more value-add opportunities. This shift along the risk spectrum is already more evident in the retail sector. A lack of capital investment and new developments over the last few years present attractive asset repositioning opportunities in the shopping centre segment.

Investment review

H2O Rivas-Vaciamadrid, Madrid

The H2O shopping centre opened in June 2007 and was built to a high standard providing shopping, restaurants and leisure around a central theme of landscaped gardens and an artificial lake. H2O was designed as a new concept centre, combining different uses, with the objective of attracting and sustaining a wide range of consumers.

H2O has a gross lettable area of 51,825 square metres, comprising 118 units, including shops, a multiplex cinema and restaurants. It has a large fashion retailer base, including some of the strongest European fashion brands, including Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti, in addition to leading Spanish supermarket operator Mercadona opening soon.

The centre has a passing net rental income in excess of €6 million per annum. The weighted average lease length as at 31 March 2011 is 12.9 years to expiry and 2.3 years to next break. The centre is currently 94% occupied.

H2O tenants include Zara, Mango, Cortefiel, H&M, C&A and Massimo Dutti, in addition to leading Spanish supermarket operator Mercadona opening soon.

¹⁴ Capital Economics European Data Response, European CPI and Trade April 2011

¹⁵ EIU Global Forecasting Report April 2011

¹⁶ EIU Global Forecasting Service April 2011, Spain will be the euro zone's biggest test

¹⁷ EIU Global Forecasting Service April 2011, Sentiment towards Spain has improved

¹⁸ Capital Economics Spain Focus April 2011

¹⁹ CBRE European Investment Quarterly Market View Q1 2011

²⁰ CBRE European Investment Quarterly Market View Q1 2011

Property investment review (continued)

Asset management review

As announced during December 2010, the Spanish property holding SPV has signed a lease with Mercadona, one of Spain's leading supermarket operators. Opening of the store is expected during the third quarter 2011. The 3,111 square metre supermarket unit, which was vacant at the time of the Company's investment in H2O, has been let on a 30 year lease with a minimum 10 year term.

An active leasing programme is underway and during the first year of ownership Alpha Tiger has had success in attracting new tenants including Polinesia, Imaginarium, Todoaromas, Kiko, Partyland, Centros Unico and Mary Paz. In addition, contracts have been signed with Soloptical and Calzedonia.

Active negotiations are underway to extend key tenants' contracted lease periods. A notable success has been the extension of four of the key Inditex Group leases, including Massimo Dutti and Zara Homes.

The adjacent lake and landscaped area has been acquired during June 2011. This was an opportunity identified at the time of purchase and provides the H2O shopping centre with greater control of the overall retail environment. Additional value adding initiatives are being actively explored.

Licences for the construction of a new terrace and beach area along the lakeside of the centre have been approved by the local authorities.

Construction has commenced and the new areas are expected to be open during the summer 2011. The enlarged amenity offering and water play area is aimed at increasing customer footfall, time spent shopping and spend per head. New rental income will be earned from newly created retail kiosks.

Further phases of a planned capital expenditure programme are being reviewed including projects to improve the connectivity with the neighbouring retail park to create a larger 'retail village' and broaden the customer appeal of the location.

New access and car parking configurations are being explored to improve vehicular and pedestrian circulation.

Tenant relationships have been strengthened and communication initiatives increased.

Extensive marketing has been undertaken including advertising and signage using street level, local transport, motorway and publication mediums.

An active cost management review has been undertaken and consequently a number of suppliers have been replaced and upgrades to certain mechanical and electrical and ambient services undertaken to improve quality and efficiency.



A successful letting programme has been implemented at H2O with 12 new leases signed to date since purchase.

Property investment review (continued)

Asia – India

Economic outlook

India's GDP increased by 9.1% in the year ending March 2011. Continued growth of 8.9% is forecast in 2011/12. India's strong growth fundamentals - high saving and investment rates, fast labour force growth and a rapidly expanding middle class – are likely to ensure a steady economic performance, with little volatility in growth rates in the short term²¹.

After peaking at over 16% in January 2010, annualised wholesale price inflation is expected to average 5.9% in 2011, while annualised consumer price inflation is forecast to average 8.3% with both measures of inflation being forecast to moderate in 2012. In light of this stubbornly high inflation, the Reserve Bank of India increased the pace of interest rate rises, raising its main policy rate, the repurchase (repo) rate, by 50 basis points to 7.25% per annum in May. This follows eight consecutive increases of 25 basis points each since March 2010²².

Property market outlook

The Delhi National Capital Region continues to show signs of strong demand. Overall office space take-up during the first quarter of 2011 was 20% higher than the corresponding period in 2010, with demand focused on the central business districts. There are signs that demand is broadening beyond the traditional banking and Information Technology and IT Enabled Services sectors which is a sign of a more broad based recovery²³. This should assist the prospects for a sale of the Company's Galaxia investment (see below).

There is a lack of clarity on SEZ taxation policy following the Government of India's budget proposals that developers of SEZs be brought within the ambit of Minimum Alternate Tax and Dividend Distribution Tax during 2011. Whilst this potentially largely unwinds the tax-free status for developers on SEZs, DTZ have indicated a potential upward pressure on rents in the SEZ segment as occupiers seek to secure favourable tax treatment²⁴. In the longer term, should the budget proposals be enacted, this is likely to increase competition between other developments and SEZs.

Investment review

Galaxia, National Capital Region, NOIDA

As previously announced, Alpha Tiger and its development partner Logix Group entered into a settlement agreement to jointly explore a sale of their interests in the Galaxia project, an 11.2 acre SEZ located in NOIDA, India. This agreement lapsed on 28 May 2011. It was further announced that, following breaches by Logix Group, the Company has recommenced arbitration proceedings in order to protect its Galaxia investment. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and a further loss of profits from the Logix Group promoters.

Notwithstanding the above, the Company is continuing to actively explore avenues for a sale of the development. Further updates will be provided in due course.

Summary

Whilst economic uncertainty remains, global economic growth has continued. In parallel with this improving macroeconomic position, the global real estate market continues to stabilise, however, diverging growth rates are evident between many countries. Real estate activity continues to be primarily focused in prime market regions and sectors. There have however been signs that investor sentiment is becoming more open to value-add opportunities, partly in response to the level of competition for prime stock and the limited availability of such investment transactions. This marked disparity between real estate sectors and countries continues to create opportunities in Alpha Tiger's investment markets.

Brad Bauman and Gordon Smith

For and on behalf of the Investment Manager

9 June 2011

The marked disparity between real estate sectors and countries continues to create opportunities in Alpha Tiger's investment markets.

21 EIU Country Report April 2011

22 EIU India Quick View May 2011

23 DTZ Property Times: India office Q1 2011

24 DTZ Property Times: India office Q1 2011

Directors

David Jeffreys Chairman (aged 51)



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

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

In addition to the Company, David is a director of the following listed companies: Alpha Pyrenees Trust Limited, Ingenious Media Active Capital Limited, PFB Data Centre Fund Limited and Tetragon Financial Group Limited.

Phillip Rose Director (aged 51)



Phillip Rose is a Fellow of the Securities Institute and holds a Master of Law degree. He has over 25 years' experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. He has been the Head of Real

Estate for ABN AMRO Bank, Chief Operating Officer of European shopping centre investor and developer TrizecHahn Europe, Managing Director of retail and commercial property developer and investor Lend Lease Global Investment and Executive Manager of listed fund General Property Trust.

Phillip is currently CEO of Alpha Real Capital LLP, a non executive director of London office and retail property investor Great Portland Estates Plc and a member of its Audit Committee. He is also a member of the Management Committee of the Hermes Property Unit Trust and its Audit Committee.

Serena Tremlett Director (aged 46)



Serena Tremlett has over 25 years' experience in financial services, specialising in closed-ended property and private equity funds and fund administration over the last 14 years. She is a Guernsey resident and Managing Director of Morgan Sharpe Administration, a third party fund administrator which was acquired by her and her team by way of management buy-out in April 2008 and is a non-executive director on Alpha Pyrenees Trust, Ingenious Media Active Capital Limited in addition to various unlisted funds and general partners.

Serena was previously company secretary (and formerly director) of Assura Group, a company listed on the London Stock Exchange investing in primary healthcare property, pharmacy and medical businesses and ran Assura's Guernsey head office. Prior to working for Assura, Serena was head of Guernsey property funds at Mourant Guernsey for two years and worked for Guernsey International Fund Managers (now Northern Trust) for seven years where she sat on a number of listed and unlisted fund boards.

Jeff Chowdhry Director (aged 51)



Jeff Chowdhry is currently Head of Emerging Market Equities at F&C Asset Management plc, with overall responsibility for investments in global emerging markets. Previously, he was a director of Sun F&C Asset Management (India) Limited and also managed the Indian

Investment Company SICAV, an open ended investment fund registered in Luxembourg. Prior to this, Jeff managed the India Fund Inc, a closed ended investment fund listed in New York that seeks long-term capital appreciation through investing primarily in Indian equities.

Roddy Sage Director (aged 58)



Roddy Sage is currently Chief Executive Officer of the AFP group of companies, providing corporate and taxation advisory services in Asia. Prior to that he spent 20 years with KPMG Hong Kong, 10 years of which were as Senior Tax Partner for Hong Kong and China.

He has held Chairmanships within KPMG and outside as Chairman of the Hong Kong General Chamber of Commerce's Taxation Committee and is a non-executive director of Tai Ping Carpets International and Guoco Group Limited.

Directors' report

The Directors present their report and financial statements of the Group for the year ended 31 March 2011.

Status

The Company's shares are traded on the AIM Market, a market operated by the London Stock Exchange.

The Company is a closed-ended Guernsey registered investment company.

Principal activities

During the year the Company carried on business as a property investment and development company, investing in commercial property.

Business review

A review of the business during the year is contained in the Chairman's Statement on page 3 to 6.

Results and dividend

The results for the year to 31 March 2011 are set out in the financial statements.

In accordance with the dividend policy set out in the Company's Admission document, the Board does not propose to pay a dividend for the period.

Directors

The Directors, all of whom are non-executive and have served to the date of this report, are detailed below:

	Appointed	Re-elected
David Jeffreys (Chairman)	15 May 2006	8 May 2009
Phillip Rose	15 May 2006	6 August 2010
Serena Tremlett	15 May 2006	8 May 2009
Jeff Chowdhry	15 May 2006	23 May 2008
Roddy Sage	15 May 2006	23 May 2008

At each annual general meeting of the Company, one third by number of the Directors shall retire from office in accordance with the Articles of Association. The Annual General Meeting is scheduled for 5 August 2011.

A retiring director shall be eligible for reappointment.

No director shall be required to vacate his office at any time by reason of the fact that he has attained any specific age.

The biographies of the Directors are on page 14.

The Board considers that there is a balance of skills and experience within the Board and that each of the Directors contributes effectively.

Directors' interests

The Directors had interests in the shares of the Company as set out below:

	Number of ordinary shares 31 March 2011	Number of ordinary shares 31 March 2010
David Jeffreys	10,000	10,000
Phillip Rose	139,695	239,695
Serena Tremlett	15,000	15,000
Jeff Chowdhry	40,000	40,000
Roddy Sage	-	-

There have been no changes in the Directors' interests since the year end.

Directors' remuneration

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

	Year ended 31 March 2011	15 months ended 31 March 2010
	£	£
David Jeffreys	37,839	44,321
Phillip Rose	20,000	25,000
Serena Tremlett	28,000	35,000
Jeff Chowdhry	20,000	25,000
Roddy Sage	20,000	25,000
Total	125,839	154,321

The Company's Articles of Association limit the aggregate fees payable to the Directors at £200,000 per annum.

Directors' and Officers' liability insurance cover is in place in respect of the Directors.

There are no service contracts in existence between the Company and Directors, however, each of the Directors was appointed by a letter of appointment which sets out the main terms of their appointment.

Directors' report (continued)

Substantial shareholding

Shareholders with holdings of more than 3 per cent of the issued ordinary shares of the Company as at 27 May 2011 were as follows:

Name of investor	Number of ordinary shares	% held
Alpha Real Capital LLP	22,175,000	40.5%
Billien Limited	14,154,593	25.9%
IPGL	3,000,000	5.5%
Europe Nominees Limited	2,599,544	4.7%

Management

The Investment Manager provides investment advisory services to the Company and property advisory, property management and monitoring services to those members of the Group which acquire properties, in each case in accordance with the investment objective and investment policy and restrictions of the Group.

Directors' responsibility statement

Company law requires the Directors to prepare Financial Statements for each financial year, which give a true and fair view of the state of affairs of the Group at the end of the period and of the profit or loss of the Group for that period in accordance with applicable laws.

In preparing those Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- prepare the Financial Statements on the going concern basis unless it is appropriate to assume that the Group and Company will not continue in business.

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

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements. So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; having taken all steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Corporate Governance

A statement of Corporate Governance is on pages 17 to 18.

Going Concern

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

Annual General Meeting

The AGM of the Company will be held in Guernsey on 5 August 2011.

Auditors

BDO Limited has expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board,



David Jeffreys
Director

Serena Tremlett
Director

9 June 2011

Corporate governance

Guernsey does not have its own corporate governance regime and, as a Guernsey registered company, the Company is not required to comply with the UK Corporate Governance Code, issued by the Financial Reporting Council. However it is the Company's policy to comply with best practice on good corporate governance including taking measures to ensure the Company complies with the UK Corporate Governance Code to the extent appropriate. The Board's arrangements in respect of corporate governance are explained in the paragraphs that follow:

Role of the Board

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

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

Board Decisions

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

Board Meetings

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

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

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

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

The Board also considers reports provided from time to time by its various service providers reviewing their internal controls.

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

Corporate governance (continued)

Committees of the Board

The Board has operated an Audit Committee, Remuneration Committee and a Nomination Committee throughout the period under review.

The Audit Committee

The Audit Committee is chaired by David Jeffreys and includes Roddy Sage and Serena Tremlett. The Audit Committee meets not less than twice a year and, if required, meetings can also be attended by the Investment Manager, the Administrator and the Independent Auditors.

The Audit Committee is responsible for reviewing the half-year and annual Financial Statements before their submission to the Board. In addition, the Audit Committee is specifically charged under its terms of reference to advise the Board on the terms and scope of the appointment of the auditors (including remuneration), the independence and objectivity of the auditors, and reviewing with the auditors the results and effectiveness of the audit.

Members of the Audit Committee may also, from time to time, meet with the Company's valuer to discuss the scope and conclusions of their work.

The Remuneration Committee

The Remuneration Committee, chaired by Serena Tremlett includes Jeff Chowdhry and David Jeffreys and is required to consider the terms and remuneration of the Company's directors and senior employees.

The Nomination Committee

The Nomination Committee, chaired by Roddy Sage includes Phillip Rose and Serena Tremlett and is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate.

The table below shows the attendance at Board and other Committee meetings during the year to 31 March 2011:

Director	Board	Audit committee	Remuneration committee	Nomination committee
David Jeffreys	23	5	2	n/a
Phillip Rose	4	n/a	n/a	2
Serena Tremlett	23	4	2	2
Jeff Chowdhry	14	n/a	2	n/a
Roddy Sage	12	5	n/a	2
No. of meetings during the year	24	5	2	2

Investment Management Agreement

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

Shareholder relations

Shareholder communications are a high priority of the Board. Members of the Investment Manager's Investment Committee make themselves available at all reasonable times to meet with key shareholders and sector analysts. Feedback from these sessions is provided by the Investment Manager at the quarterly Board meetings.

In addition, the Board is also kept fully apprised of all market commentary on the Company by the Investment Manager and other professional advisors including its brokers.

Through this process the Board seeks to monitor investor relations and to ensure that the Company's communication programme is effective.

The Chairman and the Investment Manager will be available at the Annual General Meeting to answer any questions that shareholders attending may wish to raise.

Independent auditor's report

To the members of Alpha Tiger Property Trust Limited

We have audited the consolidated financial statements of Alpha Tiger Property Trust Limited for the year ended 31 March 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of the directors and auditor

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

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial

and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2011 and of group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

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

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

BDO Limited.

BDO Limited Chartered Accountants

Place du Pré, Rue du Pré, St Peter Port, Guernsey
9 June 2011

Consolidated statement of comprehensive income

	Notes	For the year ended 31 March 2011			For the 15 Months ended 31 March 2010		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	2,686	-	2,686	-	-	-
Net change in the revaluation of investment property	16	-	136	136	-	(4,263)	(4,263)
Net loss on indirect property investments held at fair value	17	-	-	-	-	(774)	(774)
Total income		2,686	136	2,822	-	(5,037)	(5,037)
Expenses							
Property operating expenses		(1,100)	-	(1,100)	-	-	-
Investment Manager's fee	28	(1,054)	-	(1,054)	(1,694)	-	(1,694)
Other administration costs	9	(1,364)	-	(1,364)	(1,406)	-	(1,406)
Total operating expenses		(3,518)	-	(3,518)	(3,100)	-	(3,100)
Operating (loss)/profit		(832)	136	(696)	(3,100)	(5,037)	(8,137)
Finance income	4	1,967	82	2,049	529	-	529
Finance costs	5	(678)	(812)	(1,490)	-	-	-
(Loss)/profit before taxation		457	(594)	(137)	(2,571)	(5,037)	(7,608)
Taxation	10	(31)	-	(31)	(59)	137	78
(Loss)/profit for the year/period		426	(594)	(168)	(2,630)	(4,900)	(7,530)
Other comprehensive expenses for the year/period							
Exchange differences arising on translation of foreign operations		-	(780)	(780)	-	710	710
Other comprehensive expenses for the year/period		-	(780)	(780)	-	710	710
Total comprehensive (loss)/income for the year/period		426	(1,374)	(948)	(2,630)	(4,190)	(6,820)
(Loss)/profit attributable to:							
Owners of the parent		426	(594)	(168)	(2,630)	(3,854)	(6,484)
Minority interest		-	-	-	-	(1,046)	(1,046)
		426	(594)	(168)	(2,630)	(4,900)	(7,530)
Total comprehensive (loss)/income attributable to:							
Owners of the parent		426	(1,374)	(948)	(2,630)	(3,144)	(5,774)
Minority interests		-	-	-	-	(1,046)	(1,046)
		426	(1,374)	(948)	(2,630)	(4,190)	(6,820)
Earnings per share (basic & diluted)	12			(0.3)p			(9.8)p
Adjusted earnings per share (basic & diluted)	12			0.8p			(4.0)p

The total column of this statement represents the Group's income statement, 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 24 to 49 form an integral part of this statement.

Consolidated balance sheet

	Notes	31 March 2011 £'000	31 March 2010 £'000
Non-current assets			
Investment property	16	18,515	18,572
Indirect property investment held at fair value	17	6,182	10,314
Derivatives held at fair value through profit and loss	20	956	-
Trade and other receivables	21	14,056	9,237
		39,709	38,123
Current assets			
Investment held at fair value	18	6,317	-
Trade and other receivables	21	13,187	12,387
Cash and cash equivalents		17,947	28,416
		37,451	40,803
Total assets		77,160	78,926
Current liabilities			
Trade and other payables	22	(1,733)	(1,476)
Bank borrowings	23	(52)	(126)
Derivatives held at fair value	20	(323)	-
Total assets less current liabilities		75,052	77,324
Non-current liabilities			
Bank borrowings	23	(16,625)	(17,041)
		(16,625)	(17,041)
Total liabilities		(18,733)	(18,643)
Net assets		58,427	60,283
Equity			
Share capital	24	-	-
Special reserve	25	60,781	61,688
Warrant reserve	25	40	40
Translation reserve	25	420	1,200
Capital reserve	25	(4,530)	(3,936)
Revenue reserve	25	1,716	1,291
Total equity		58,427	60,283
Net asset value per share	13	105.3	105.8



David Jeffreys

Director



Serena Tremlett

Director

The Financial Statements were approved by the Board of Directors and authorised for issue on 9 June 2011. They were signed on its behalf by David Jeffreys and Serena Tremlett.

The accompanying notes on pages 24 to 49 form an integral part of this statement.

Consolidated cash flow statement

	For the year ended 31 March 2011	For the 15 Months ended 31 March 2010
	£'000	£'000
Operating activities		
(Loss)/profit for the year/period after taxation	(168)	(7,530)
Adjustments for:		
Net change in revaluation of investment property	(136)	4,263
Revaluation movement of indirect property investments held at fair value	-	774
Taxation	31	(78)
Finance income	(2,049)	(529)
Finance cost	1,490	-
Operating cash flows before movements in working capital	(832)	(3,100)
Movements in working capital:		
Decrease/(Increase) in trade and other receivables	677	(1,442)
Decrease in trade and other payables	(266)	(284)
Cash used in operations	(421)	(4,826)
Interest received	88	500
Interest paid	(626)	-
Taxation	-	(59)
Cash flows used in/from operating activities	(959)	(4,385)
Investing activities		
Convertible unsecured loan stock acquired	(4,750)	-
Acquisition of investments	(6,200)	-
Disposal proceeds from indirect property investment sale	3,501	-
Cash derecognised on loss of control of subsidiary	-	(295)
Acquisition of investment property	-	(18,962)
Disposal of investment property	-	907
Capital expenditure on investment property	(66)	(3,908)
Indirect property investment	-	(6,411)
Mezzanine and VAT loan advanced	-	(17,626)
Cash flows from investing activities	(7,515)	(46,295)
Financing activities		
Interest rate cap premium paid	(486)	-
Bank loan repayments	(240)	-
Currency option premium paid	(520)	-
Tender offer/share buyback	(357)	(7,587)
Share buyback costs	(26)	(170)
Bank loans received	-	21,252
Cash flows from financing activities	(1,629)	13,495
Net decrease in cash and cash equivalents	(10,103)	(37,185)
Cash and cash equivalents at beginning of year/period	28,416	65,377
Exchange translation movement	(366)	224
Cash and cash equivalents at end of year/period	17,947	28,416

The accompanying notes on pages 24 to 49 form an integral part of this statement.

Consolidated statement of changes in equity

For the 15 months ended 31 March 2010	Special reserve	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Equity attributable to equity holders of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2009	69,445	40	490	(82)	3,921	73,814	2,276	76,090
Total Comprehensive loss for the period	-	-	710	(3,854)	(2,630)	(5,774)	(1,046)	(6,820)
De-recognition of Minority Interest on loss of control of subsidiary	-	-	-	-	-	-	(1,230)	(1,230)
Share buyback costs	(170)	-	-	-	-	(170)	-	(170)
Share buyback	(7,587)	-	-	-	-	(7,587)	-	(7,587)
At 31 March 2010	61,688	40	1,200	(3,936)	1,291	60,283	-	60,283

Notes 24, 25

For the year ended 31 March 2011	Special reserve	Warrant reserve	Translation reserve	Capital reserve	Revenue reserve	Equity attributable to equity holders of the parent	Minority interests	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	61,688	40	1,200	(3,936)	1,291	60,283	-	60,283
Total comprehensive loss for the year	-	-	(780)	(594)	426	(948)	-	(948)
Share buyback costs	(27)	-	-	-	-	(27)	-	(27)
Share buyback	(880)	-	-	-	-	(880)	-	(880)
At 31 March 2011	60,781	40	420	(4,530)	1,716	58,427	-	58,427

Notes 24, 25

The accompanying notes on pages 24 to 49 form an integral part of this statement.

Notes to the financial statements

For the period ended 31 March 2011

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given on page 50. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement on pages 3 to 6. The financial statements were approved and authorised for issue on 9 June 2011 and signed by David Jeffreys and Serena Tremlett on behalf of the Board.

2.(a) Significant accounting policies

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

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

Basis of preparation

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit and loss and investment properties in accordance with International Financial Reporting Standards.

a) Adoption of new and revised Standards

A number of standards and interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current year. These were:

Revised and amended Standards

IFRS 2: Share-based Payment – Amendments relating to group cash-settled share-based payment transactions - for accounting periods commencing on or after 1 January 2010

IFRS 2: Share-based Payment – Amendments resulting from April 2009 Annual Improvements - for accounting periods commencing on or after 1 January 2010

IFRS 3: Business Combinations – Comprehensive revision on applying the acquisition method - for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from May 2008 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2009

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IFRS 8: Operating Segments – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 1: Presentation of Financial Statements – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 7: Statement of Cash Flows – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 17: Leases – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 27: Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3 – for accounting periods commencing on or after 1 July 2009

IAS 28: Investments in Associates – Consequential amendments arising from amendments to IFRS 3 - for accounting periods commencing on or after 1 July 2009

IAS 31: Interests in Joint Ventures – Consequential amendments arising from amendments to IFRS 3 - for accounting periods commencing on or after 1 July 2009

IAS 32: Financial Instruments: Presentation – Amendments relating to classification of rights issues - for accounting periods commencing on or after 1 January 2010

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

IAS 36: Impairment of Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

IAS 38: Intangible Assets – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items - for accounting periods commencing on or after 1 July 2009

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from April 2009 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2010

Interpretations

IFRIC 17: Distributions of non cash assets – for accounting periods commencing on or after 1 July 2009

IFRIC 18: Transfers of assets from customers – for accounting periods commencing on or after 1 July 2009

The adoption of these standards and interpretations has not led to any changes in the Groups accounting policies.

b) Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective:-

IFRS 9: Financial Instruments – Classification and Measurement - for accounting periods commencing on or after 1 January 2013*

IFRS 10: Consolidated Financial Statements – includes the concept of 'de facto' control and replaces the consolidation guidance in IAS 27: Consolidated and Separate Financial Statements and SIC 12: Consolidation – Special Purpose Entities - for accounting periods commencing on or after 1 January 2013*

IFRS 11: Joint Arrangements – includes the concepts of joint operations (resulting in consolidation of entity's share of assets and liabilities) and joint ventures (resulting in equity method of accounting); the new standard replaces IAS 31: Interest in Joint Ventures - for accounting periods commencing on or after 1 January 2013*

IFRS 12: Disclosure of Interests in Other Entities – requires enhanced disclosures for related parties (consolidated and unconsolidated entities) - for accounting periods commencing on or after 1 January 2013*

Revised and amended Standards

IFRS 3: Business combinations – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2010

IFRS 7: Financial Instruments: Disclosures – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IFRS 7: Financial Instruments: Disclosures – Amendments enhancing Disclosures about transfers of financial assets - for accounting periods commencing on or after 1 July 2011*

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IAS 12: Income taxes – Limited scope amendment (recovery of underlying assets) - for accounting periods commencing on or after 1 January 2012*

IAS 24: Related Party Disclosures – Revised definition of related parties - for accounting periods commencing on or after 1 January 2011

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 July 2010

IAS 34: Interim Financial Reporting – Amendments resulting from May 2010 Annual Improvements to IFRSs - for accounting periods commencing on or after 1 January 2011

IAS 27: Separate Financial Statements – the requirements for separate financial statements remain unchanged - for accounting periods commencing on or after 1 January 2013

IAS 28: Investments in Associates and Joint Ventures – incorporates changes required due to IFRS 10, 11 and 12 - for accounting periods commencing on or after 1 January 2013

Interpretations

IFRIC 14 IAS 19 – November 2009 amendment with respect to voluntary prepaid contributions is effective for annual periods beginning on or after 1 January 2011

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments – for accounting periods commencing on or after 1 July 2010

*Still to be endorsed by the EU

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

The Directors anticipate that, with the exception of IFRS 9, IFRS 10 and IFRS 11, the adoption of these standards and interpretations in future years will not have a material impact on the financial statements of the Group.

In November 2009, the IASB issued the first part of IFRS 9 relating to the classification and measurement of financial assets. IFRS 9 will ultimately replace IAS 39. The standard requires an entity to classify its financial assets on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset and subsequently measures the financial assets as either at amortised cost or fair value.

In October 2010, the IASB issued the second part of IFRS 9 incorporating new requirements on accounting for financial liabilities and carrying over from IAS 39 the requirements for de-recognition of financial assets and financial liabilities. The standard addressed the issue of volatility in the income statement whereby an entity would choose to measure its own debt at fair value. The standard requires an entity choosing to measure a liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in the other comprehensive income section of the income statement, rather than within the profit and loss. The standard maintained the requirement to measure other liabilities at amortised cost. The new standard is mandatory for annual periods beginning on or after 1 January 2013.

In May 2011, the IASB issued IFRS 10 which establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The new standard is effective for accounting periods beginning on or after 1 January 2013 but earlier application is permitted.

In May 2011 the IASB issued IFRS 11 Joint Arrangements which provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. The new standard is effective for accounting periods beginning on or after 1 January 2013.

The principal accounting policies adopted are set out below.

Basis of consolidation

a) Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the subsidiary undertakings controlled by the company, made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities.

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

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

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

b) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control).

When a Group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accruals basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to or from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishments of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities is combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

When a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture.

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

Presentation of statement of comprehensive income

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

Revenue recognition

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

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

Leasing

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

Foreign currencies

a) Functional and presentational currency

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

b) Transactions and balances

Transactions in currencies other than Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities that are carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the year, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

c) Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- (ii) income and expenses for each statement of comprehensive income are translated at the average exchange rate prevailing in the period; and;
- (iii) all resulting exchange differences are recognised as a separate component of equity.

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

For Euro based balances the year end exchange rate used is £1:€1.137 (March 2010: £1:€1.120) and the average rate for the year used is £1: €1.176. The year-end exchange rate used for Indian Rupee (INR) balances is £1:INR 72.79 (March 2010: £1:INR 67.87) and the average rate for the period used is £1:INR 71.41 (March 2010: £1:INR 75.49).

Operating loss

The Group's operating loss includes net gains or losses on revaluation of investment properties, as reduced by administrative expenses and property operating costs and excludes finance costs and income.

Expenses

All expenses are accounted for on an accruals basis and include fees and other expenses paid to the Administrators, the Investment Manager and the Directors. In respect of the analysis between revenue and capital items, presented within the statement of comprehensive income, all expenses have been presented as revenue items except expenses which are incidental to the acquisition of an investment property which are included within the cost of that investment property.

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of property are added to the costs of those assets until such time as the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowing acquired for a targeted property, or with regard to an acquisition financed out of general borrowings to the average rate. All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

Taxation

The Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 is payable to the State 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 Group has subsidiary operations in Cyprus and India. The Group also holds a joint venture investment in Spain, owned through investments in Luxembourg and the Netherlands; the Group is liable to taxation in these jurisdictions.

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

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

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

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

Dividends

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

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost being the fair value of consideration given including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on half yearly professional valuations made by CBRE Valuation Advisory S.L. The valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors Approval and Valuation manual and the International Valuation Standards Committee.

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

All costs directly associated with the purchase and construction of a property, and all subsequent expenditures qualifying as acquisition costs are capitalised.

Segmental reporting

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

The investing policy means the Group may invest in real estate opportunities unconstrained by geography, but with a particular focus on the UK, Europe and Asia. At present, for management purposes, the Group is organised into one main operating segment being Europe. The financial results for this segment are shown in note 15.

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

With the exception of the Galaxia investment (note 17), all of the Group's non-current assets are located in Europe.

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

Financial instruments

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

a) Financial assets

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

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

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

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

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

Recognition

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

Measurement

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

(a) (ii) Loans and receivables

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

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

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

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

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

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

The fair value of the Group's derivatives is based on valuations as described in note 19.

(a) (iv) Derecognition of financial assets

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

- when the group has transferred substantially all the risks and rewards of ownership; or
- when it has transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(a) Significant accounting policies (continued)

(b) Financial liabilities

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

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

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

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

The fair value of the Group's derivatives is based on the valuations as described in note 19.

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

Other financial liabilities include the following items:

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

(b) (iii) Derecognition of financial liabilities

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

(c) Fair value measurement hierarchy

IFRS 7 requires disclosure of 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 assets and financial liabilities are classified in their entirety into one of the three levels.

(d) Share capital

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

(e) Effective interest method

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

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

Notes to the financial statements (continued)

for the period ended 31 March 2011

2.(b) Significant accounting estimates and judgements

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

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

(a) Investment property

The gross property value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction without deduction for any associated transfer taxes, sales taxes, or other costs normally borne by the seller. Transaction costs normally borne by the seller are not deducted in arriving at gross property value, in accordance with IAS 40. The fair value is calculated by deducting the costs normally borne by the purchaser from the gross property value. Fair value is not intended to represent the liquidation value of the property, which would be dependent upon the price negotiated at the time of sale less any associated selling costs. The fair value is largely based on estimates using property appraisal techniques and other valuation methods as outlined below. Such estimates are inherently subjective and actual values can only be determined in a sales transaction.

The Group's valuers derive the fair value by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom in accordance with IAS 40. This approach is based on discounting the future net income receivable from the property to arrive at the net present value of that future income stream. Future net income comprises the rent secured under existing leases, less any known or expected non-recoverable costs and the current market rent attributable to vacant units. The consideration basis for this calculation excludes the effects of any taxes. The discount factors used to calculate fair value are consistent with those used to value similar properties, with comparable leases in each of the respective markets.

The fair value of the investment property as at 31 March 2011 was £18.6 million (2010: £18.6 million). Refer to note 16 for further details.

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

The property interest in Galaxia is classified as an indirect property investment held at fair value through profit and loss and has been included within the financial statements based on the expected realisable value to the Group. The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks INR450m plus the agreed minimum investment return and lost profit against the Logix Group promoters. The Directors consider it prudent to continue to value the indirect investment at INR450m.

(c) Fair value of derivative contracts

(c) (i) Interest rate cap

The Group estimates fair value of the interest rate cap based on valuation techniques employed by the contractual counter parties. These techniques are significantly affected by the assumptions used, including discount rates and future cash flows. The fair value of the interest rate cap as at 31 March 2011 was £587,000 as shown in note 20.

(c) (ii) Fair value of the conversion option (CULS)

The fair value of the conversion option and other share options received is estimated by using the binomial option pricing model on the date of grant based on certain assumptions. Those assumptions include among others, the expected volatility and expected life of the options. Further details are given in note 20.

(c) (iii) Fair value of foreign currency forward

The Group estimates fair value of the forward currency contract by reference to the difference between the contracted rate as per the contract with the contractual counter party and the relevant forward exchange rate at the balance sheet date.

(c) (iv) Fair value of foreign currency options

The Group estimates fair value of the foreign currency options based on valuation techniques employed by the contractual counter parties.

(d) Income and deferred taxation

The Group is subject to income and capital gains taxes in numerous jurisdictions. Significant judgement is required in determining the total provision for income and deferred taxes. There are many transactions and calculations for which the ultimate tax determination and timing of payment is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded such differences will impact the income and deferred tax provisions in the period in which the determination is made.

Notes to the financial statements (continued)

for the period ended 31 March 2011

3. Revenue

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Rental income	2,094	-
Service charges	580	-
Other income	12	-
Total	2,686	-

The Group's H2O Shopping Centre, acquired on 31 March 2010 via a joint venture, is leased on standard institutional Spanish retail operating leases with a minimum guaranteed monthly rent and the possibility for the landlord to capture additional income if the tenants' turnover exceeds certain pre-set levels on most leases. The leases are typically for a minimum guaranteed term of 5 years from the opening of the centre in mid-2007 with 5 year renewal options thereafter, e.g. 5+5+5, and generally a 10 to 15 year term.

At the balance sheet date the Group, via its 26% effective interest in the joint venture entity had contracted with tenants at the H2O Centre for the following future minimum lease payments:

	31 March 2011	31 March 2010
	£'000	£'000
Within one year	2,022	2,134
In the second to fifth years inclusive	1,393	2,722
After five years	840	482
Total	4,255	5,338

4. Finance income

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Bank interest receivable	146	505
Interest receivable on convertible loan stock (note 20)	412	-
Interest receivable from joint venture loan (note 6)	1,292	-
Undistributed investment income in year/period (note 18)	117	-
Movement in fair value of interest rate cap (note 7)	82	-
Foreign exchange gain	-	24
Total	2,049	529

5. Finance costs

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Interest on bank borrowings	678	793
Movement in fair value of currency swaps (note 7)	211	-
Movement in fair value of the conversion options (note 7)	161	-
Movement in fair value of the forward currency contract (note 7)	323	-
Foreign exchange loss	117	-
Interest capitalised	-	(793)
Total	1,490	-

Notes to the financial statements (continued)

for the period ended 31 March 2011

6. Net gains or losses on loans and receivables

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Interest receivable from joint venture (note 4)	1,292	-
Bank interest receivable (note 4)	146	505
Impairment of trade and other receivables	(72)	(346)
Total	1,366	159

7. Net gains and losses on financial assets at fair value through profit or loss

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Net change in unrealised appreciation/(depreciation) on financial assets at fair value through profit or loss		
Movement in fair value of interest rate cap (note 4)	82	-
Movement in fair value of currency options (note 5)	(211)	-
Movement in fair value of the conversion options (note 5)	(161)	-
Movement in fair value of the forward currency contract (note 5)	(323)	-
Net loss on indirect property investments held at fair value (note 17)	-	(774)
Undistributed investment income (note 18)	117	-
Net loss on financial assets at fair value through profit or loss	(496)	(774)
Disclosed as:		
Finance income (note 4)	199	-
Finance costs (note 5)	(695)	-
Net loss on indirect property investment held at fair value (note 17)	-	(774)
Net loss on financial assets and liabilities at fair value through profit or loss	(496)	(774)

8. Total interest income and total interest expense on financial assets and financial liabilities not at fair value through the profit and loss

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Bank interest received (note 4)	146	505
Interest receivable on convertible loan stock (note 4)	412	-
Interest from joint venture loans (note 4)	1,292	-
Bank loan interest (note 5)	(678)	(793)
Total	1,172	(288)

Notes to the financial statements (continued)

for the period ended 31 March 2011

9. Other administration costs

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Auditors' remuneration for audit services	97	77
Accounting and administrative fees	226	283
Non-executive directors' fees	126	154
Other professional fees	915	892
Total	1,364	1,406

The Group has no employees. No amounts were paid to BDO Limited by the Group in respect of non-audit services.

10. Taxation

(a) Parent Company

The Parent Company is exempt from Guernsey taxation on income derived outside of Guernsey and bank interest earned in Guernsey. A fixed annual fee of £600 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 subsidiary and joint venture operations in Luxembourg, the Netherlands, Spain, Cyprus and India.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Deferred tax	-	(137)
Current tax	31	59
Tax Expense	31	(78)

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

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Tax expense reconciliation		
(Loss) for the year	(137)	(7,608)
Less: Income not taxable	(2,353)	(505)
Add: Expenditure not taxable	2,619	7,679
Un-provided deferred tax asset	15	420
Total	144	(14)

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Analysed as arising from		
India entities	-	(604)
Cyprus entities	-	590
Luxembourg entities	27	-
UK investment	117	-
Total	144	(14)

Notes to the financial statements (continued)

for the period ended 31 March 2011

10. Taxation (continued)

Tax at domestic rates applicable to profits in the country concerned are as follows:

	Year ended 31 March 2011	15 months ended 31 March 2010
	£'000	£'000
Indian taxation at 22.66%	-	(137)
Cypriot taxation at 10%	-	59
Luxembourg entities at an average rate of 28.64%	8	-
UK taxation at 20%	23	-
Total	31	(78)

(c) Deferred taxation

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

	Revaluation of Investment Properties	Accelerated tax depreciation	Tax Losses	Other timing differences	Total
	£'000	£'000	£'000	£'000	£'000
At 31 March 2010	-	-	-	-	-
Release to income	(260)	349	(973)	884	-
At 31 March 2011	(260)	349	(973)	884	-

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

	2011 £'000	2010 £'000
Deferred tax liabilities	1,233	-
Deferred tax assets	(1,233)	-
Total	-	-

At the balance sheet date the group had unused tax losses of £443,000 (2010: £9,000) in Cyprus. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Cypriot unused tax losses can be carried forward indefinitely.

At the balance sheet date the group had unused tax losses of £28,000 (2010: £nil) in Spain. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Spanish unused tax losses can be carried forward for 15 years.

At the balance sheet date the group had unused tax losses of £10,000 (2010: £nil) in Luxembourg. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. The Luxembourg unused tax losses can be carried forward indefinitely.

At the balance sheet date the group had unused tax losses of £20,000 (2010: £nil) in the Netherlands. Due to the unpredictability of future taxable profits, the Directors believe it is not prudent to recognise a deferred tax asset for the unused tax losses. In the Netherlands unused tax losses can be carried forward for 9 years.

11. Dividends

No dividend has been paid or proposed for the year ended 31 March 2011 (2010: £nil).

Notes to the financial statements (continued)

for the period ended 31 March 2011

12. Earnings per share

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

	1 April 2010 to 31 March 2011	1 April 2010 to 30 September 2010	1 January 2009 to 31 March 2010
Earnings per income statement (£'000)	(168)	(548)	(6,484)
Basic and diluted earnings pence per share	(0.3)p	(1.0)p	(9.8)p
Earnings per income statement (£'000)	(168)	(548)	(6,484)
Net change in the revaluation of investment property (gain)/loss	(136)	78	4,263
Net loss on indirect property investment held at fair value	-	-	774
Movement in fair value of interest rate cap (Mark to Market)	(82)	-	-
Movement in fair value of currency swaps (Mark to Market)	211	165	-
Movement in fair value of the conversion options (Mark to Market)	161	(64)	-
Movement in fair value of the forward currency contract (note 5)	323	-	-
Deferred tax	-	-	(137)
Minority interest	-	-	(1,073)
Foreign exchange loss	117	403	-
Adjusted earnings (£'000)	426	34	(2,657)
Adjusted earnings pence per share	0.8p	0.1p	(4.0)p
Weighted average number of ordinary shares (000's)	56,483	56,717	66,095

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

The 3,750,000 warrants issued to the Investment Manager (note 26) could potentially dilute basic earnings per share in the future. The average share price over the year is lower than the exercise price of the warrants and therefore these are not currently considered dilutive.

The Company has bought back further shares subsequent to the year end (see note 27).

13. Net asset value per share

	31 March 2011	30 September 2010	31 March 2010
Net asset value (£'000)	58,427	58,433	60,283
Net asset value per share	105.3	103.6	105.8
Number of ordinary shares (000's)	55,512	56,412	56,962

Notes to the financial statements (continued)

for the period ended 31 March 2011

14. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2011, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of share	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 1 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary	100%	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 4 Limited	Ordinary	100%	Cyprus	Holding Company
Luxco 114 SARL	Ordinary	100%	Luxembourg	Finance company

15. Investment in joint ventures

Name	Country of Incorporation	31 March 2011 % held	31 March 2010 % held
LuxCo 111 SARL	Luxembourg	51%	51%

The joint venture in LuxCo 111 SARL group, the holding structure for the H2O investment interest, has been proportionally consolidated. The following amounts have been recognised in the consolidated balance sheet and consolidated comprehensive statement of income in respect of this joint venture:

	31 March 2011 £'000	31 March 2010 £'000
Income	2,687	-
Net change in the revaluation of investment property	136	(389)
Expenses	(2,010)	(65)
Net result	813	(454)
Non-current assets	28,212	27,817
Current assets	13,554	13,776
Current liabilities	(668)	(897)
Non-current liabilities	(16,677)	(17,167)
Net assets	24,421	23,529

Within the Spanish SPV that owns the H2O investment property there is a bank account in which an amount of £4.4 million (€5 million) (2010: £4.5 million) has been ring-fenced for future capital expenditure on the shopping centre. The Group's share of this account of £1.1 million (2010: £1.2 million) is included in current assets above.

The joint venture co-investor in the LuxCo 111 SARL group is Alpha Global Property Securities PTE Limited ('Alpha Global'), which is a 100% subsidiary of ARC, the Investment Manager. The Company owns 51% of share capital of LuxCo 111 SARL which in turn owns 51% of the share capital of KMS Holdings BV (the remaining 49% is owned by Alpha Global). KMS Holdings BV owns 100% of the share capital of Alpha Tiger Spain 1 SL which is the owner of the H2O shopping centre. This shareholding structure is referred to as the LuxCo 111 SARL group above and the Company holds a 26% effective interest in this group.

The Company also entered into an option agreement dated 31 March 2010 and subsequently extended on 21 December 2010, giving the Company the right to acquire Alpha Global's investment for a pre-determined price (or fair value, if higher) before 21 July 2011.

Notes to the financial statements (continued)

for the period ended 31 March 2011

16. Investment property

	31 March 2011 £'000	31 March 2010 £'000
As at 1 April / 1 January	18,572	16,134
Acquired during the year/period	-	18,962
Subsequent capital expenditure after acquisition	66	3,908
Disposals during the period	-	(907)
Borrowing costs capitalised	-	793
Fair value adjustment in the year/period	136	(4,263)
Foreign exchange movements	(259)	(1,241)
De-recognised on loss of control of subsidiary	-	(14,814)
As at 31 March	18,515	18,572
Valuation per CBRE of investment property	18,642	18,572
Adjustment for rental smoothing debtor	127	-
Market value of investment property at 31 March	18,515	18,572

The investment property as at 31 March 2011 is the Group's proportionate share of the investment property (H2O) held via the LuxCo 111 SARL group.

The fair value at 31 March 2011 has been arrived at on the basis of valuations carried out at that date by CBRE Valuation Advisory S.L., independent valuers not connected to the Group. The valuation basis has been market value as defined by the Royal Institute of Chartered Surveyors ("RICS") Approval and Valuation Standards.

The approved RICS definition of market value is the "estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The property has been pledged as security for the borrowings in note 23.

17. Indirect property investment held at fair value

	31 March 2011 £'000	31 March 2010 £'000
As at 1 April / 1 January	10,314	-
Addition during the year/period	-	6,411
Disposal during the year/period	(3,501)	-
Net asset value of subsidiary reclassified on loss of control	-	3,519
Fair value adjustment in the year/period	-	(774)
Effect of foreign exchange	(631)	1,158
As at 31 March	6,182	10,314

As announced on 28 May 2010, the Company signed a Settlement Agreement with Logix Group in relation to its Technova and Galaxia indirect property investments. Under the terms of this agreement the Company has sold its shareholding in the Technova project to Logix Group for INR 250 million (£3.7 million); the Company has received this consideration and no longer holds an interest in the project and as such is released from any future commitments to the project. The remaining interest, the Galaxia project, is carried at INR 450 million (£6.2 million). The Group's estimation of fair value is based upon legal advice following a recommencement of arbitration proceedings following breaches by Logix Group. The arbitration seeks an award of INR 450 million plus the agreed minimum investment return and a further loss of profit from the Logix Group promoters. The Directors consider it prudent to continue to value of the indirect investment at INR 450 million.

Notes to the financial statements (continued)

for the period ended 31 March 2011

18. Investment held at fair value

	31 March 2011 £'000	31 March 2010 £'000
As at 1 April / 1 January	-	-
Additions during the year/period	6,200	-
Undistributed investment income in year/period	117	-
As at 31 March	6,317	-

The Group invested in income units of The Freehold Income Trust ("FIT"), a fund offering monthly redemptions, during the year. The Group considers that the asset will be held for the shorter term and has therefore disclosed the investment as a current asset. FIT provides monthly valuations of the net asset value of its units. The investment has therefore been valued at the net asset value provided on 21 March 2011, this being the closest valuation to the Group's balance sheet date.

19. Categories of financial assets and liabilities

	Notes	31 March 2011 £'000	31 March 2010 £'000
Non-current financial assets			
Financial assets at fair value through profit and loss			
Indirect property investment held at fair value	17	6,182	10,314
Derivatives held at fair value	20	956	-
Loans and receivable			
Trade and other receivables	21	14,056	9,237
Total non-current financial assets		21,194	19,551
Current financial assets			
Financial assets at fair value through profit and loss			
Investment held at fair value	18	6,317	-
Loans and receivable			
Trade and other receivables	21	13,187	12,387
Cash and cash equivalents		17,947	28,416
Total current financial assets		37,451	40,803
Total financial assets		58,645	60,354
Current financial liabilities			
Financial liabilities at fair value through profit and loss			
Trade and other payables	22	(1,733)	(1,476)
Bank borrowings	23	(52)	(126)
Derivatives held at fair value	20	(323)	-
Total current financial liabilities		(2,108)	(1,602)
Non-current financial liabilities			
Financial liabilities measured at amortised cost			
Bank borrowings	23	(16,625)	(17,041)
Total non-current financial liabilities		(16,625)	(17,041)
Total financial liabilities		(18,733)	(18,643)

Notes to the financial statements (continued)

for the period ended 31 March 2011

20. Derivatives held at fair value through the profit and loss

	31 March 2011 £'000	31 March 2010 £'000
Non-current assets		
Convertible loan stock conversion options	54	-
Interest rate cap	587	-
Currency options	315	-
Total derivatives held as non-current assets	956	-
Current liability		
Foreign currency forward	(323)	-
Total derivatives held as current liability	(323)	-
Total	633	-

On the 9 August 2010, the Company subscribed for £4.75 million of convertible unsecured loan stock ("CULS") in Close High Income Properties plc ("CHIP"). The CULS carry an annual coupon of 4.75% and can be converted at any time up to and including 30 June 2013 into Ordinary Shares at a Conversion Price of 31 pence. The CULS annual coupon can either be paid in cash at the relevant interest payment dates or can be made as a Payment In Kind ("PIK") by the issuance of further CULS at each relevant date. The CULS attract an 18% redemption premium if not converted. CHIP has subsequently changed its name to Alpha UK Multi Property Trust plc ("AUMP"). Additionally, AUMP has issued 4 million share options to the Company at an exercise price of 50 pence per share.

The fair value of the conversion option within the CULS instrument and the additional options have been valued by reference to an external valuation by J.C. Rathbone (using a binomial model).

On 27 May 2010, Alpha Tiger Spain No 1 S.L (formally Orangeburg S.L), the entity that owns the H20 shopping centre, entered into interest rate cap arrangements with Eurohypo AG and Landesbank Hessen-Thüringen Girozentrale (Helaba) to provide an interest rate hedge on €50 million of the company's outstanding debt. The cap provides protection against three month Euribor rising above 2.85% through the full course of the loan (expiring 4 October 2017). A premium of €2.2 million was paid on the day of the transaction. The fair value of the cap is accounted by reference to valuations received from the counterparty banks. The Company proportionately consolidates 26% of the results of Alpha Tiger Spain No 1 S.L.

Alpha Tiger has purchased two fixed rate currency options to hedge €7 million of long term mezzanine loan Euro exposure. The fair value of the options is valued by reference to a year end statement of value provided by J P Morgan.

Alpha Tiger has purchased a foreign currency forward to hedge €12.7 million of short term VAT loan Euro exposure. The fair value of the contract is estimated by reference to a calculation provided by the contractual counter party, Royal Bank of Scotland International.

Notes to the financial statements (continued)

for the period ended 31 March 2011

21. Trade and other receivables

	31 March 2011 £'000	31 March 2010 £'000
Non-current		
CULS (note 20)	4,946	-
Loan receivable from joint venture	9,110	9,237
Total	14,056	9,237
Current		
Trade debtors	62	-
VAT	2,857	2,957
Accrued bank interest	63	5
Other debtors	649	1,036
Amount receivable from joint venture	8,264	8,389
Interest receivable from joint venture	1,292	-
Total	13,187	12,387

The amounts receivable from joint venture represent an acquisition VAT loan facility of £11.2 million (31 March 2010: £11.3 million (€12.7 million)) and a Mezzanine loan of £12.3 million (31 March 2010: £12.5 million (€14 million)) advanced by the Company; the Group receivable is shown after the proportionate consolidation of the joint venture group. The VAT loan is repayable on the refund of VAT from the Spanish Tax Authorities following the property acquisition on 31 March 2010 and is expected to be repaid within the next 12 months. The VAT loan accrues an interest of 2% over the three month Euribor; there is a charge over the VAT bank account into which the acquisition VAT will be refunded. The Mezzanine loan is repayable on 4 October 2017 (or earlier if the centre or shareholdings in the Spanish SPV are sold) and accrues a fixed interest of 8% and in addition a variable interest of 10% of an adjusted EBITDA of the Spanish SPV. The Mezzanine loan is subordinated to the senior bank debt which is secured against the Spanish property.

22. Trade and other payables

	31 March 2011 £'000	31 March 2010 £'000
Trade creditors	219	-
Investment Manager's fee payable	229	342
Accruals	718	1,134
Other creditors	536	-
Corporation tax	31	-
Total	1,733	1,476

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

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

Notes to the financial statements (continued)

for the period ended 31 March 2011

23. Bank borrowings

	31 March 2011 £'000	31 March 2010 £'000
Current liabilities: interest payable	52	-
Current liabilities: repayments	-	126
Non-current liabilities: bank borrowings	16,625	17,041
Total liabilities	16,677	17,167
The borrowings are repayable as follows:		
Interest payable	52	-
On demand or within one year	-	126
In the second to fifth years inclusive	497	504
After five years	16,128	16,537
Total	16,677	17,167

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

	31 March 2011 £'000	31 March 2010 £'000
As at 1 April / 1 January	17,167	6,411
Additional borrowings	-	21,801
Repayment of borrowings	(240)	-
Amortisation of deferred finance costs	43	-
Exchange differences on translation of foreign currencies	(345)	(644)
De-recognised on loss of control of subsidiary	-	(10,401)
As at 31 March	16,625	17,167

The bank borrowings represent the Group's proportional interest in the syndicated loan finance provided to the property owning the Spanish SPV in the LuxCo 111 SARL group. The loan is provided by a syndicate of three banks (Eurohypo AG, Deutsche Hypothekenbank and Landesbank Hessen-Thüringen Girozentrale). The loan has two tranches of debt of which one tranche has an agreed schedule of amortisation as reflected in the repayment table above; the balance of the loans after amortisation is repayable on 4 October 2017. The loans are secured by a first charge mortgage against the Spanish property.

The Spanish property owning SPV has entered into an interest rate cap under which the floating rate element of the interest charge is capped at 2.85% for the full term of the loan on €50 million of the principal borrowings of €75 million.

24. Share capital

	Number of shares		
Authorised			
Ordinary shares of no par value			Unlimited
Issued share capital			
	Treasury	External	Total
At 1 April 2010	6,329,143	56,962,294	63,291,437
Shares cancelled following completion of tender offer	(161,111)	-	(161,111)
Shares bought back via tender offer	-	(1,450,000)	(1,450,000)
At 31 March 2011	6,168,032	55,512,294	61,680,326

On 9 April 2010 the Company announced a buyback programme within the remit of the Company's share buyback authority. Subsequently, during May and June 2010, 550,000 ordinary shares of no par value ("Ordinary Shares") were bought back at an average price of 65 pence per share. Treasury shares totalling 61,111 were cancelled following the purchase to ensure that the Company holds no more than 10% of its share capital in treasury pursuant to Guernsey law requirements.

Notes to the financial statements (continued)

for the period ended 31 March 2011

24. Share capital (continued)

Further, as previously announced, following the Extraordinary General Meeting on 17 March 2011, the Company's shareholders approved a general authority allowing the Company to buy back up to 24.99% of its shares.

During March 2011 the Company purchased 900,000 Ordinary Shares at 58 pence per share and 100,000 Treasury shares were cancelled following the purchase.

The Company has one class of ordinary share which carries no right to fixed income.

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

Subsequent to the balance sheet date the Company announced a further buyback programme as detailed in note 27.

25. Reserves

The movements in the reserves for the Group are shown on page 22 .

Special reserve

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

Warrant reserve

The warrant reserve contains the fair value of share-based payments in respect of the warrants issued to the Investment Manager but not exercised.

Translation reserve

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations.

Capital reserve

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

Revenue reserve

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

26. Share based payments

a) Warrants

The Parent Company has issued warrants in a prior period to the Investment Manager pursuant to which it has been granted the right to subscribe for 3,750,000 ordinary shares in the Company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 21 December 2011. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. At 31 March 2011 no warrants had been exercised leaving 3,750,000 warrants outstanding and available for exercise.

The weighted average exercise price of outstanding warrants at 31 March 2011 was £1.00 (2010: £1), with a weighted average remaining contractual life of 0.75 years (2010: 1.75 years).

b) Share based payments

The Group has not recognised any share based payment for the year ended 31 March 2011 (2010:£nil).

Notes to the financial statements (continued)

for the period ended 31 March 2011

27. Events after the balance sheet date

As announced, during April and May 2011, in a series of transactions, the Company purchased 775,000 ordinary shares of no par value ("Ordinary Shares") at an average price (before expenses) of 64.3 pence per share. The purchased Ordinary Shares have been cancelled together with 86,111 shares currently held in treasury which were also cancelled following the purchase to ensure that the Company holds no more than 10% of its share capital in treasury pursuant to Guernsey law requirements.

28. Related party transactions

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

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2 per cent of the net assets of the Company, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20 per cent of any excess over an annualised TSR of 15 per cent subject to a rolling 3 year high water mark.

ARC, via its 100% subsidiary Alpha Global, has co-invested in the H2O joint venture and the Shareholder Agreements and the Call Option arrangements are detailed in note 15.

The Investment Manager has a management agreement directly with the H2O property company, Alpha Tiger Spain 1 SLU under which it earns a fee of 0.9% per annum based upon the gross assets of Alpha Tiger Spain 1 SLU. In order to avoid double counting of fees, the Investment Manager will provide a rebate to the Company of a proportion of its current fee equivalent to the value of the Company's net asset value attributable to the H2O investment.

Additionally, during the year, the Company invested in two further investments ultimately giving rise to related party transactions. Firstly, the Company invested in CULS in Close High Income Properties plc ("CHIP"). CHIP was managed by Close Investments Limited, a division of Close Brothers bank but, as part of the transaction, Phillip Rose was appointed to the board and ARC was appointed fund manager. Additionally, the fund renamed itself Alpha UK Multi Property Trust plc ("AUMP"). Secondly, the Company invested in The Freehold Income Trust ("FIT"). FIT was managed at the time by Close Asset Management Ltd and Close Investments Ltd, both divisions of Close Brothers bank. Subsequent to the transaction, Close Brothers sold their property fund management businesses to Alpha Real Property Investment Advisors LLP ("ARPIA") a subsidiary of ARC. ARC and ARPIA have agreed rebates of their fees in relation to these investments to avoid double charging the Company.

Details of the Investment Manager's fees for the current period are disclosed on the face of the statement of comprehensive income and the balance payable at 31 March 2011 is provided in note 22.

The Investment Manager has also been issued warrants over the Company's ordinary share capital, further details of which are provided in note 26.

On 23 December 2010, ARC acquired 22,175,000 shares in the Company from Rockmount Ventures Limited and Phillip Rose. At 31 March 2011, ARC owns 22,175,000 shares.

The following, being partners of the Investment Manager, have interests in the following shares of the Company at 31 March 2011:

	31 March 2011 Number of shares held	31 March 2010 Number of shares held
ARRCO Limited	-	22,075,000
IPGL Property Funds Limited*	3,010,100	3,010,100
Phillip Rose**	139,695	239,695
Brad Bauman	55,006	55,006
Ronald Armist	500	500

* IPGL Property Funds Limited's interest includes 3,000,000 (2010: 3,000,000) owned by a fellow group company, IPGL.

** Phillip Rose transferred 100,000 of his shares to Alpha Real Capital LLP

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

Serena Tremlett is also the Managing Director and a major shareholder of Morgan Sharpe Administration Limited, the Company's administrator and secretary. During the year the Company paid Morgan Sharpe Administration Limited fees of £48,000 (2010: £nil).

Notes to the financial statements (continued)

for the period ended 31 March 2011

29. Financial instruments risk exposure and management

In common with similar businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

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

Principal financial instruments

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

- Investments held at fair value
- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Derivative financial instruments

General objectives, policies and processes

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

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

Project monitoring

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

Credit risk

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

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

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

The Group's maximum exposure to credit risk by class of financial instrument is shown below:

	31 March 2011 £'000	31 March 2011 £'000	31 March 2010 £'000	31 March 2010 £'000
Maximum Exposure	Carrying Value	Maximum Exposure	Carrying Value	Maximum Exposure
Indirect property investment held at fair value (note 17)	6,182	6,182	10,314	10,314
Investment and interest receivable in AUMP's CULS convertible loan stock (note 21)	4,946	4,946	-	-
Investment in held at fair value (note 18)	6,317	6,317	-	-
Derivatives held at fair value (note 20)	956	956	-	-
Amount receivable from joint venture	17,374	17,374	-	-
Trade and other receivables	4,923	4,923	21,624	21,624
Cash and cash equivalents	17,947	17,947	28,416	28,416
Total	58,645	58,645	60,354	60,354

Notes to the financial statements (continued)

for the period ended 31 March 2011

29. Financial instruments risk exposure and management (continued)

Liquidity risk

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

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

31 March 2011	Within 1 year £'000	1-2 years £'000	2-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
Trade and other payables	1,733	-	-	-	-	1,733
Bank Borrowings	52	-	497	16,128	-	16,677
Derivative financial instruments at fair value through the profit and loss	323	-	-	-	-	323
Total	2,108	-	497	16,128	-	18,733

31 March 2010	Within 1 year £'000	1-2 years £'000	2-5 years £'000	5-10 years £'000	Over 10 years £'000	Total £'000
Trade and other payables	1,476	-	-	-	-	1,476
Bank borrowings	-	126	504	16,537	-	17,167
Total	1,476	126	504	16,537	-	18,643

Notes to the financial statements (continued)

for the period ended 31 March 2011

29. Financial instruments risk exposure and management (continued)

Market risk

a) Foreign exchange risk

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

The following tables summarise the Group's exposure to foreign currency risk at 31 March 2011 and 31 March 2010. The Group's assets and liabilities at carrying amounts are included in the table, categorised by the currency at their carrying amount.

	31 March 2011	31 March 2011	31 March 2011	31 March 2011 Total	31 March 2010	31 March 2010	31 March 2010	31 March 2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	INR	€	£		INR	€	£	
Current assets								
Trade and other receivables	24	11,649	1,514	13,187	26	12,224	137	12,387
Investment held at fair value	-	-	6,317	6,317	-	-	-	-
Cash and cash equivalents	9	1,909	16,029	17,947	12	1,561	26,843	28,416
Non-current assets								
Trade and other receivables	-	9,110	4,946	14,056	-	9,237	-	9,237
Derivatives held at fair value through profit and loss	-	902	54	956	-	-	-	-
Indirect property investment held at fair value	6,182	-	-	6,182	10,314	-	-	10,314
Total assets	6,215	23,570	28,860	58,645	10,352	23,022	26,980	60,354
Current liabilities								
Trade and other payables (excluding deferred income)	(32)	(685)	(1,016)	(1,733)	-	(758)	(412)	(1,170)
Bank borrowings	-	(52)	-	(52)	-	(126)	-	(126)
Derivatives held at fair value through profit and loss	-	(323)	-	(323)	-	-	-	-
Non-current liabilities								
Bank borrowings	-	(16,625)	-	(16,625)	-	(17,041)	-	(17,041)
Total liabilities	(32)	(17,685)	(1,016)	(18,733)	-	(17,925)	(412)	(18,337)
Net assets currency position	6,183	5,885	27,844	39,912	10,352	5,097	26,568	42,017

The Group does not currently hedge its Indian foreign currency exposure and only partially hedges its Euro currency exposure. The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

A strengthening of the Rupee by 5 Rupees would increase the net assets by £456,000 (2010:£ 823,000). A weakening of the Rupee by 5 Rupees would decrease net assets by £397,000 (2010:£ 710,000). A strengthening of the Euro by 5 cents would increase the net assets by £271,000 (2010:£238,000). A weakening of the Euro by 5 cents would decrease net assets by £248,000 (2010:£ 218,000).

Further details concerning the currency derivative can be found in note 20.

Notes to the financial statements (continued)

for the period ended 31 March 2011

29. Financial instruments risk exposure and management (continued)

b) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from the following financial assets and liabilities.

	As at 31 March 2011		Weighted average interest rate		As at 31 March 2010
	%	£'000	%	£'000	£'000
Trade and other receivables					
Non-interest bearing	-	4,923	-	-	3,998
Fixed	10.2	14,056	8.0	-	9,237
Variable	3.2	8,264	2.7	-	8,389
Total		27,243			21,624
Cash and cash equivalents					
Variable	0.9	17,947	0.6	-	28,416
Trade and other payables					
Non-interest bearing	-	1,733	-	-	1,476
Bank borrowings					
Variable	4.2	16,677	3.7	-	17,167

The Group's interest rate risk arises from long term borrowings; the Group has interest rate cap as disclosed in note 20. Further details concerning the derivative financial assets are provided in note 20. The Group also holds significant cash balances and loan assets which accrue interest based on variable interest rates.

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

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

For the Group, an increase of 100 basis points in interest rates would result in an increase in post-tax profits of £93,000 (2010: £196,000). A decrease of 100 basis points in interest rates would result in a decrease in post tax profits of £93,000 (2010: £191,000).

c) Price risk

The Company announced on 28 May 2010 that it had entered into a Settlement Agreement with Logix Group under which it has sold its interest in its Technova investment and has agreed a floor price mechanism for the sale of the Galaxia project. The Settlement Agreement lapsed on 28 May 2011 returning the parties to the pre-existing agreement. The terms of the pre-existing agreement provide for a minimum return of INR 450 million and an additional preferred return and profit.

On 31 March 2010, the Group invested into 26% of the H2O asset in a joint venture with Alpha Real Capital LLP. The value of the underlying investment property is considered bi-annually by the Group and is subject to both tenancy based and macro-economic factors.

During November and December 2010, the Company invested in income units in The Freehold Income Trust ("FIT"). FIT is an open ended unauthorised unit trust which operates a monthly dealing facility to provide investment liquidity. The value of the income units are assessed monthly and are subject to fluctuation.

Notes to the financial statements (continued)

for the period ended 31 March 2011

d) Fair value estimation

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

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.
- The fair value of the currency swap contracts is determined by reference to an applicable valuation model.
- The fair value of the forward currency contract is determined by reference to the difference between the contracted rate as per the contract with the bank and the relevant forward exchange rate at the balance sheet date.
- The fair value of the derivative interest rate swap contracts are determined by reference to the bank's redemption notice of amounts due if the Company repaid its borrowings at the balance sheet date.

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

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 (see note 2(a), financial instruments (c)):

As at 31 March 2011	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Investments held at fair value	-	6,317	6,182	12,499
Financial assets at fair value through profit or loss	-	956	-	956
Financial liability at fair value through profit or loss	-	(323)	-	(323)
Total	-	6,950	6,182	13,132

Reconciliation of the level 3 investment is given in note 17. Given the nature of the investment and how it is valued (note 17) a sensitivity analysis has not been presented.

e) Growth in rental income and defaults

Income growth may not continue at a consistent rate. Future income is dependent on, amongst other things, the Group negotiating suitable rent levels when compared to associated financing costs.

Capital risk management

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

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

30. Commitments

The Group had no un-provided material commitments within its group undertakings.

Directors and Company information

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Jeff Chowdhry
Roddy Sage
Phillip Rose
Serena Tremlett

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Shareholder information

Further information on the Company, compliant with AIM Rule 26, can be found at the Company's website: www.alphatigerpropertytrust.com

Share Price

The Company's Ordinary Shares are listed on the London Stock Exchange and reported daily in the Financial Times.

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 Services Authority in the United Kingdom

Investing policy

Objectives and sector focus

The Company will target investment and development opportunities in real estate, real estate operating companies and securities, real estate services and other real estate related businesses that will offer high total returns.

The Investing Policy includes direct and indirect property investment and the Company will consider investment in real estate related equity and debt securities.

Geographical focus

The Company's investments will be unconstrained by geography, although, given the Company's existing investments in India, India is likely to continue to be an area of focus for the Company.

Strategy

It is the intention of the Investment Manager to complement its international real estate skills in development and asset management with local market real estate skills, by working with experienced local partners to source, execute and manage investments.

The Investment Manager will seek to enhance income and capital values where appropriate through the following:

- space reconfiguration where under-utilised or inefficient areas within a building can be re-arranged to provide more valuable space;

- refurbishment and redevelopment where space can be modernised and the specification upgraded to create space which can command higher rents;
- re-leasing, which has the potential to increase the rental income to an open market level, when this is in excess of the existing rent;
- space creation by extending the building to meet tenant demand; and
- change of use which can result in higher value use for certain areas of a building or for entire properties.

Assets or companies in which the Company can invest

The Company's real estate investments may be held either directly or indirectly through joint venture or other investment structures, including equity, debt instruments, convertible loans and options or other securities.

Investments in listed equity or debt securities could include, but not be limited to:

- companies where Alpha Real Capital is the investment manager but any fees payable (upfront and/or ongoing) to Alpha Real Capital as a result of the investment in a company managed by Alpha Real Capital would be reimbursed to the Company;
- companies where the:
 - Directors believe the price of the equity or debt securities offer value;
 - Company is seeking to acquire a substantial interest;
 - Investment Manager believes it is able to actively seek to close any valuation gap between the value at which the security is trading and its intrinsic value; and
 - Investment Manager believes it can add value.

The Company may hold positions in a concentrated number of assets or companies. Although the Board and the Investment Manager will have regard to the need for risk diversification there is no limit on the amount of the Company's assets which may be invested in any one investment.

Whilst there are no restrictions on maximum exposures per investment in listed equity or debt securities issued by entities in respect of which Alpha Real Capital is the investment manager, the Company's investments in listed equity or debt securities issued by entities in respect of which Alpha Real Capital is not the investment manager will comprise no more than 25% of the Gross Assets of the Company at the time of the investment.

Shareholder information (continued)

Whether investments will be active or passive investments

The Company will continue to have an active investment philosophy in respect of all of its investments.

Holding period for investments

As the Company has no fixed life, no time limits will be set as a matter of investing policy generally and individual holding periods will vary to achieve best value from each investment.

Spread of investments and maximum exposure limits

The Company's investing policy does not set maximum exposures per investment or country. The Company believes the Investing Policy assists it to invest in a manner which diversifies risk while maximizing the opportunity for high total returns.

Policy in relation to gearing and cross holdings

The Company expects to borrow to optimise returns for investors. Although the Company expects to initially target borrowing levels of between 50% and 65% of Gross Assets it has adopted a gearing policy allowing for borrowings of up to 95% of Gross Assets to provide the Company with investment flexibility. The Directors will consider the Company's gearing levels both in the context of individual property gearing and gearing levels across the whole portfolio.

In relation to cross-holdings, the Company will not invest more than 25% of the Company's Gross Assets at the time of investment, in the equity and/or debt of other listed companies where Alpha Real Capital is not the investment manager, which includes investments in other closed-ended investment funds.

Additionally in relation to cross-holdings, the Company does not have any limits on the amount of the Company's Gross Assets that may be invested in the equity and/or debt of other listed companies where Alpha Real Capital is the investment manager, which includes investments in other closed-ended investment funds where Alpha Real Capital is the investment manager.

Investing restrictions

Other than the requirement for the Investment Manager to manage any potential conflicts, and the requirement to invest in accordance with its investing policy, there are no investing restrictions.

Nature of returns that the Company will seek to deliver to Shareholders

The Company will target investment opportunities that the Directors believe will offer high total returns. The Company does not currently anticipate the payment of a dividend in the near term; however the policy on dividends will be regularly reviewed.

Financial Calendar

Financial reporting	Date
Annual report and accounts announcement	10 June 2011
Publication of annual report and notice of Annual General Meeting	24 June 2011
Annual General Meeting	5 August 2011
Trading statement (quarter 1)	23 September 2011
Half Year Report	25 November 2011



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