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ALPHA REAL TRUST LIMITED (“ART” OR THE “COMPANY”) ANNOUNCES THE £2.2 MILLION PURCHASE OF A RESIDENTIAL DEVELOPMENT SITE, “UNITY AND ARMOURIES”, BIRMINGHAM

Summary

ART announces the purchase of a 162 unit central Birmingham development site with planning consent for 90,000 net developable square feet of residential apartments with ground floor commercial. The site has no outstanding Section 106/Community Infrastructure Levy requirements and has an affordable unit designation for 9 flats. Current planning provides for 395sqm of commercial space and 98 car parking spaces.

The investment targets the increasing growth opportunities identified in the Private Rental Sector (“PRS”) residential market as a result of rising occupier demand and an undersupply of accommodation. The opportunity exists to create a portfolio delivering a high yielding return on equity in a geared portfolio of assets with resilient income.

The Company’s £2.2 million (including associated costs) purchase of Unity and Armouries was funded from cash reserves. The project has a potential gross development value in excess of £25 million.

Investment Rationale

Post development, the investment can create an opportunity for resilient equity income returns at an attractive yield on cost, with potential for operating leverage to further improve returns. The investment also offers scope to secure capital growth as the site matures or planning is enhanced. The securing of a portfolio of critical mass will afford participation in a maturing market which is attracting greater institutional participation.

The investment provides the Company with flexibility to add value by either undertaking the development with debt or contractor finance and subsequently holding the completed asset as an investment or forward selling all or part of the developed units. ART may also potentially benefit from the government support for borrowings securing PRS assets under the private rented sector housing guarantee scheme.

Supporting Information

The Unity and Armouries development site is located in central Birmingham, within a diverse mixed-use area of the city which comprises commercial and leisure activities as well as a vibrant residential quarter. The site is close to the landmark Bull Ring shopping centre and New Street train station, which is benefiting from a £600 million redevelopment, increasing passenger capacity from 25 million to 52 million. This will eventually provide approximately 400,000 sq ft of new retail including John Lewis. When the HS2 line is completed the journey time from Birmingham to London will be reduced to approximately 49 minutes.

HSBC and Deutsche Bank are relocating significant business units to Birmingham and population projections from the ONS suggest organic population growth of 3.6% between 2015 and 2020; equating to just under 40,000 new residents over the next five years. Birmingham is forecast to see a growth in the number of households from 422,022 in 2014 to 440,529 by 2019 – a rise of around 18,500 households. Knight Frank

forecasts that across Birmingham as a whole, the expected supply of new homes is set to fall short of the potential growth in households by an average of nearly 2,000 a year between 2015 and 2019.

Birmingham Airport has recently undergone a runway extension at a cost in excess of £40 million, expanding the international hub to permit direct flights to an increased number of long haul destinations potentially increasing passenger numbers from 9 million to 18 million.

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