

12 February 2016

ALPHA REAL TRUST LIMITED (“ART” OR THE “COMPANY”) ANNOUNCES £2.45 MILLION INVESTMENT INTO BIOMASS COMBINED HEAT AND POWER (“CHP”) PLANT

Summary

ART announces it has entered into a purchase agreement to acquire the long leasehold interest in a central Scotland land development site. ART has entered into a 40 year, long leasehold interest with full planning consent and secure grid connection for the installation of a wood fired Combined Heat and Power (“CHP”) plant at “Acharn”, Killin, Perthshire, Scotland.

This CHP project targets increasing growth opportunities identified in the renewable energy sector which benefit from long term secure and predictable inflation-linked income streams substantially supported by the Renewable Heat Incentive (“RHI”) and Renewable Obligation (“RO”) support mechanisms.

The Company’s £2.45 million purchase (including costs) of the long leasehold interest in the Acharn site of 6 hectares (15 acres) was funded from existing cash reserves. The 6 Megawatt electric (“MWe”) CHP project has a potential gross development value in the region of £30 million, and on completion the Company forecasts a running yield in excess of 9%.

Investment Rationale

ART has entered into a long term service agreement for the construction and operation of the CHP plant. The founders of the service provider have more than 50 years’ experience on over 4,250MWe of thermal power plant projects including construction and operation of 290MWe of biomass and waste to energy projects.

ART is in advanced discussions with capital partners on co-financing options for the construction cost of the CHP plant, and the main construction and maintenance contracts with attached performance guarantees are also well advanced, in order to achieve commercial operations by 2017.

This project represents the potential to benefit from a long term secure and predictable inflation-linked income stream with the potential for associated capital growth from an infrastructure asset in the UK renewable energy sector.

Additional benefits include the associated long term investment in the local economy with the ability to create 15-20 direct, long term jobs; and the creation of a sustainable source of base load power for Loch Lomond and the Trossachs National Park.

Supporting Information

Once completed, the plant will comprise CHP units totalling over 6MWe capacity, generating base load electricity to export to the local distribution network and renewable heat for sale to a biomass management facility and potential other local heat users. The CHP plant will benefit from the RHI and RO in addition to sales of electricity and heat. The estimated annual output of the plant is anticipated to meet the needs of an average 13,500 UK households.

The CHP plant will deploy a well-established advanced gasification process that is already in use at over 20 sites globally. Fuel supply will be provided from established suppliers in the form of locally sourced virgin biomass which will be chipped and dried on site.

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