

19 May 2017

ALPHA REAL TRUST LIMITED (“ALPHA REAL TRUST”)

Partial sale and refinancing of the H2O shopping centre

Alpha Real Trust today announces that it has agreed to sell a 70% equity interest in the H2O shopping centre in Madrid (“H2O”) to CBRE European Co-Investment Fund, managed by CBRE Global Investors. The sale is at a 4.8% premium to the latest published valuation of the shopping centre, as at 30 September 2016. The sale contract has conditions attached that are expected to be met by the end of June, following which completion will occur, and a further update will be provided at that time.

Alpha Real Trust originally purchased H2O in March 2010 at a value of €83.3 million, including acquisition costs.

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

Alpha Real Trust will retain a 30% stake in joint venture with CBRE Global Investors to participate in the future growth of the centre. Alpha Real Capital, the investment manager of Alpha Real Trust, will continue to manage the shopping centre. H2O shopping centre is located in Rivas Vaciamadrid, which is 17km southeast of Madrid CBD and is one of the city’s fastest growing districts. Opened in 2007, the property is a 52,000 square metre shopping centre comprising 130 units across two floors and is arranged around a man-made lake and large landscaped gardens. The property has a strong leisure and restaurant focus. Anchor tenants include Nike, Mercadona, H&M, Mango and seven Inditex Group brands, including Zara, Bershka and Massimo Dutti, along with leading cinema operator Yelmo.

Alpha Real Trust has also completed the refinance of the borrowings secured on the shopping centre with a new €65 million seven year loan with Aareal Bank. This loan has been used to partly repay the previous bank loan (€71.1 million) which had been provided by a syndicate of banks and which was due to be repaid in October 2017. The new margin of 1.80% (1.70% on swapped fixed rate borrowings) represents a significant saving on the previous financing which had incurred a weighted average margin of 2.50%. Alpha Real Trust has funded the refinancing gap and fees and CBRE European Co-Investment Fund will, as part of the completion of the sale above, pay 70% of this cost. The borrowings are non-recourse to Alpha Real Trust.

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