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19 February 2020

ALPHA REAL TRUST LIMITED (“ALPHA REAL TRUST” OR “ART” OR THE “COMPANY”)

GALAXIA INVESTMENT: SUPREME COURT OF INDIA DECLARES IN FAVOUR OF ART

The Supreme Court of India has rejected the challenge to the ICC Arbitration award filed by Logix Group and its Promoters (“Logix”).

As previously announced, following breaches by Logix with respect to the Galaxia joint venture, ART initiated arbitration proceedings to protect its Galaxia investment - a 50:50 joint venture with Logix that owns an 11.2 acre development site located in NOIDA, the National Capital Region, India. In January 2015, the International Chamber of Commerce Arbitration declared an award in favour of ART ordering Logix to return the entire amount invested by ART along with interest and costs.

Logix challenged the arbitration award at both the Delhi High Court and latterly a Division Bench of the Delhi High Court, however both courts declared in favour of the Company and rejected Logix’s appeal. Logix later appealed the dismissal before the Supreme Court of India. The Supreme Court ordered Logix to deposit INR 200 million with the court to partially secure the Company’s claim. This amount, reflecting £2.3m at the prevailing exchange rate and including interest, has since been successfully recovered by the Company.

On 18 February 2020, the Supreme Court upheld the arbitration award in favour of ART and dismissed Logix’s appeal. In addition to the court held deposit historically recovered by the Company, Logix were ordered to pay INR 860 million (£9.3 million at the current exchange rate) to ART, of which INR 292 million (£3.1 million at the current exchange rate) is due within 3 months and the balance within 8 months. The court is permitting Logix to sell the Galaxia site, which was previously charged in favour of ART, in order to raise capital. The site is currently under offer for INR 568 million (£6.1 million at the current exchange rate) and these sale proceeds will be deposited with the Supreme Court towards the settlement amount. Failure by Logix to make payment would result in higher interest rates applicable under the arbitration award.

Although ART continues to actively pursue its claim, the Company carried the joint venture in arbitration in its accounts as at 30 September 2019 at INR 350 million (£3.8 million at the current exchange rate). A further sum of INR 115 million (£1.2 million at the current exchange rate) has since been received by the Company as announced on 17 December 2019. The amount recognised in the accounts does not include the additional compensation awarded by the courts, above the carried value, due to uncertainty over timing and final value of this award.

Further updates will be provided in due course.

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Alpha Real Trust Limited is advised by Alpha Real Capital LLP, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom.

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