11 June 2021

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

ART ANNOUNCES ITS FULL YEAR RESULTS FOR THE YEAR ENDED 31 MARCH 2021

- NAV per ordinary share 207.7p as at 31 March 2021 (31 March 2020: 213.7p).
- Basic earnings for the year ended 31 March 2021 of 0.0p per ordinary share (31 March 2020: 5.8p per ordinary share).
- Adjusted earnings for the year ended 31 March 2021 of 3.4p per ordinary share (31 March 2020: 6.4p per ordinary share)*.
- Declaration of a quarterly dividend of 1.0p per ordinary share expected to be paid on 16 July 2021.
- Robust financial position: in a year characterised by uncertainty, ART adopted a cautious approach to new investment and conserved cash. As the economy reopens post Covid, the Company’s robust financial footing makes it well positioned to take advantage of new investment opportunities.
- New loan investments: after a strategic pause to evaluate how the effects of the economic shock from Covid 19 unfolded, new lending has now recommenced. Growth of the loan portfolio remains a key focus for ART and is expected to attract a dominant weighting of capital allocated for new investments.
- Diversified secured loan portfolio: the Company’s existing loan portfolio has demonstrated resilient performance; the average income return on senior secured loans is 8.6% and on mezzanine secured loans is 14.4%.
- The senior portfolio has an average Loan to Value (‘LTV’)** of 51.6% based on loan commitments, with mezzanine loans having an LTV range of between 54.8% and 76.9%.
- Capital recycling: during the year ART completed the successful sales of its Birmingham development site and the final asset in its UK industrial portfolio and also recovered its original capital investment from its Galaxia investment in India.

* The basis of the adjusted earnings per share is provided in note 9
** See below for more details

David Jeffreys, Chairman of Alpha Real Trust, commented:

"The economic and social impact of Covid-19 continues to dominate the economic backdrop in which the Company operates. Vaccine development and the fast pace of deployment, particularly in the United Kingdom, provides a supportive tailwind for a return to social normalisation and economic recovery.

Prior to the emergence of Covid-19, the Company had focused on recycling capital into asset backed lending while reducing exposure to development risk. During the past year the result of these efforts yielded successes, with noteworthy capital recycling successes being secured from the sale of two assets and recovery of part of the court award from the historic investment in India. In this time of heightened uncertainty, the Company is benefiting from that strategy and it has placed the Company on a robust financial footing.

Over the past financial year the Company adopted a cautious approach to new investment, including new lending. Supported by the positive performance of the Company's existing investments and more favourable economic indicators, ART has reactivated its investment activities with a key focus on continuing to grow its diversified loan portfolio."

The Investment Manager of Alpha Real Trust is Alpha Real Capital LLP.

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Notes to editors:

About Alpha Real Trust

Alpha Real Trust Limited targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.

Further information on the Company can be found on the Company's website: www.alpharealtrustlimited.com.

About Alpha Real Capital LLP

Alpha Real Capital is a value-adding international property fund management group. Alpha Real Capital is the Investment Manager to ART. Brad Bauman and Gordon Smith of Alpha Real Capital are joint Fund Managers to ART. Both have experience in the real estate and finance industries throughout the UK, Europe and Asia.

For more information on Alpha Real Capital please visit www.alpharealcapital.com.

Trust summary and objective

Strategy

Alpha Real Trust Limited ("the Company" or "ART" or "the Group") targets investment, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses that offer attractive risk-adjusted total returns.

ART currently focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted cash flows. The portfolio mix at 31 March 2021, excluding sundry assets/liabilities, was as follows:

	31 Mar 2021	31 Mar 2020
High return debt:	26.1%	31.9%
High return equity in property investments:	19.5%	26.1%
Other investments:	0.5%	6.2%
Cash:	53.9%	35.8%

The Company currently plans to invest the majority of its cash into secured senior or secured mezzanine debt and grow its diversified loan portfolio.

Dividends

The current intention of the Directors is to pay a dividend and offer a scrip dividend alternative quarterly to all shareholders.

Listing

The Company's shares are traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE"), ticker ARTL: LSE.

Management

The Company's Investment Manager is Alpha Real Capital LLP ("ARC"), whose team of investment and asset management professionals focus on the potential to enhance earnings in addition to adding value to the underlying assets, and also focus on the risk profile of each investment within the capital structure to best deliver attractive risk adjusted returns.

Control of the Company rests with the non-executive Guernsey based Board of Directors.

Financial highlights

	12 months ended 31 March 2021	6 months ended 30 September 2020	12 months ended 31 March 2020
Net asset value (£'000)	126,076	127,055	127,627
Net asset value per ordinary share	207.7p	211.1p	213.7p
Earnings per ordinary share (basic and diluted) (adjusted)*	3.4p	1.6p	6.4p
(Losses)/earnings per ordinary share (basic and diluted)	0.0p	(1.3)p	5.8p
Dividend per ordinary share (paid during the period)	4.0p	2.0p	3.6p

* The adjusted earnings per share includes adjustments for the effect of the fair value revaluation of investment property and indirect property investments, capital element on Investment Manager's fees, the fair value movements on financial assets and deferred tax provisions: full analysis is provided in note 9 to the financial statements.

Chairman's statement

I am pleased to present the Company's annual report and accounts for the year ended 31 March 2021.

Given the extraordinary events of the past year, the health and wellbeing of ART's stakeholders remains foremost in our minds. The economic and social impact of Covid-19 continues to dominate the economic backdrop in which the Company operates. Vaccine development and the fast pace of deployment, particularly in the United Kingdom, provides a supportive tailwind for a return to social normalisation and economic recovery.

ART's investment portfolio benefits from diversification across geographies, sectors and asset types. Prior to the emergence of Covid-19, the Company had focused on recycling capital into asset backed lending while reducing exposure to development risk. During the past year the result of these efforts yielded successes, with noteworthy capital recycling successes being secured from the sale of two assets and recovery of part of the court award from the historic investment in India. In this time of heightened uncertainty, the Company is benefiting from that strategy and it has placed the Company on a robust financial footing.

Over the past financial year the Company adopted a cautious approach to new investment, including new lending. Supported by the positive performance of the Company's existing investments and more favourable economic indicators, ART has reactivated its investment activities with a key focus on continuing to grow its diversified loan portfolio.

Diversified secured lending investment

Despite a year that was characterised by significant uncertainty, the Company's loan portfolio has proved to be relatively resilient. In terms of debt servicing, allowing for some temporary agreed extensions, interest and debt repayments have been received in accordance with the loan agreements. The growth of the loan portfolio remains a key investment objective for ART and is likely to attract a dominant weighting of capital allocated for new investments.

As at 31 March 2021, ART had committed £34.9 million across twenty three senior and mezzanine loan investments, of which £32.8 million was drawn. The loans are typically secured on real estate investment and development assets.

Overall activity and values in the UK housing market remained relatively resilient during the financial year, with notable demand pick up and value increases witnessed in some markets. Housing market activity has been supported by continued low interest rates and competitive mortgage availability coupled with ongoing Government support, particularly for first time buyers via the "Help to Buy" scheme and the recently announced government-backed mortgage scheme to help people with 5% deposits. The scheme will help buyers secure a mortgage with a 5% deposit on purchases of up to £600,000. The government will offer lenders a guarantee to provide mortgages that cover the other 95%, subject to affordability checks. These initiatives support ongoing residential development, which bodes well for the Company's lending ambitions.

Reflecting the strategic cautious approach to new lending adopted as the Covid-19 pandemic unfolded, the loan portfolio was characterised by net repayments during the financial year. Eighteen loans were fully repaid, and four loans were partly repaid, for total receipts of £17.8 million (including accrued interest and exit fees), resulting in a decrease in the loan portfolio by 17.8% over the period.

The largest individual loan in the portfolio as at 31 March 2021 is a senior loan of £4.0 million which represents 3.2% of the Company's NAV.

Post year end, three new loans were granted for £3.9 million, £0.7 million was drawn from previously committed loans and loan repayments of £2.9 million were received (including accrued interest and exit fees).

Portfolio loans are underwritten against value for investment loans or gross development value for development loans as relevant and collectively referred to as LTV in this report. The portfolio has an average LTV of 59.3% (with an average approved LTV between 54.8% and 76.9% for mezzanine loans whilst the highest approved LTV for senior loans is 72.9%).

As at 31 March 2021, 42.4% of the Company's loan investments were senior loans and 57.6% were mezzanine loans, with a weighted average LTV ratio of 59.3% based on commitments, i.e. including amounts available for drawing. The underlying assets in the loan portfolio as at 31 March 2021 had geographic diversification with a London and South East focus. The South of England (including London) accounted for 67%, of which London accounted for 38%, of the committed capital within the loan investment portfolio.

To date, the Company has experienced no defaults, but the underlying loan portfolio continues to be closely monitored especially considering the Covid-19 pandemic and its potential impact on construction timelines and sales periods. Where it is considered appropriate, on a case-by-case basis, underlying loan terms may be extended or varied.

Capital recycling

During the period the Company's capital recycling programme continued with total proceeds of £8.3 million being received from investment sales. In June 2020, the sale of the Unity and Armouries development site in Birmingham completed in line with book value. This was followed in September 2020 by the sale of the final asset in the Alpha UK Property Fund Asset Company (No. 2) Limited portfolio of UK industrial assets at a price marginally ahead of book value. Further capital was recovered from the Galaxia investment in India as outlined below.

H2O, Madrid

ART has a 30% stake in joint venture with CBRE Global Investors in the H2O shopping centre in Madrid. It has been a very challenging year for shopping centre assets. At the start of the financial year all shopping centres in Spain were required to close, except for stores deemed essential such as supermarkets and pharmacies. For H2O this resulted in partial closure from mid-March to early June 2020. Less onerous restrictions were applied at a local level periodically for much of the remaining calendar year, limiting store and restaurant capacity and opening hours. The last quarter of the year was marked by an extreme storm in Madrid in early 2021, which had the effect of limiting mobility across the Madrid region, further complicating trading conditions.

During the period of mandatory closure, a rent-free period was offered to tenants experiencing trading distress in return for lease extensions and/or an increase in turnover rent to capture any future increase in trading. A practical approach continues to be taken with tenants to manage any rent arrears whilst seeking to protect the long-term value of the centre.

Unsurprisingly, there have been store closures resulting from the stressed trading conditions. More positively, there has also been some notable new lease signings during the period amounting to c. 2,800 sqm. These include top tier restaurants such as Tony Romas ribs and popular domestic burger chain Goiko, along with international electronics retailer Xiaomi and a new tenant for a 1,100 square metre retail park unit located on part of the centre's surface car park area which completed in March 2021. H2O occupancy by area as at 31 March 2021 was 90.1% including new lease signings outlined above, which compares to 93.8% as at 31 March 2020.

The H2O valuation reduced by 9.0% over the past year. The lingering economic effect of Covid-19 on the retail sector is expected to continue to have a significant, albeit less severe, impact on the earnings of H2O for the coming year.

Galaxia, India

As previously announced, the Supreme Court of India ruled in favour of ART's dispute regarding its Galaxia investment, a 50:50 joint venture with Logix Group ("Logix") that owns an 11.2 acre development site located in NOIDA, the National Capital Region, India.

In upholding the arbitration award in favour of ART and dismissing Logix's appeal, the Supreme Court ordered Logix to pay ART a total of INR 860 million (£8.5 million at the year end exchange rate). Including amounts recovered during the financial year, amounting to £3.0 million, ART has now successfully recovered in excess of the full amount of its capital originally invested into the Galaxia joint venture (£2.5 million): the excess of £0.5m received during the year has been recognised as a gain in the consolidated statement of comprehensive income.

The court permitted Logix to sell the Galaxia site, which was previously charged in favour of ART, to raise capital to contribute towards the balance of the award. A purchaser for the site has been identified who, during November 2020, deposited INR 568 million with the Supreme Court towards the sale price. The potential purchaser is seeking an amendment of development consents and payment obligations in relation to the land. The release of the funds deposited with the Supreme court to ART is dependent on how the sale process advances.

Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.6 million at the year end exchange rate) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the balance of the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company carried the joint venture in arbitration in its accounts as at 31 March 2021 at nil value. Any future receipt will be accounted for as a capital gain from the joint venture.

Results and dividends

Results

Adjusted earnings for the year ended 31 March 2021 are £2.1 million (3.4 pence per ordinary share, see note 9 of the financial statements). This compares with adjusted earnings per ordinary share of 6.4 pence for the previous year. The decrease in earnings was mainly the result of the Company's cautious approach to new investment, including lending commitments, combined with the cost of tenant support measures at the H2O shopping centre joint venture.

The net asset value per ordinary share at 31 March 2021 is 207.7 pence per share (31 March 2020: 213.7 pence per ordinary share) (see note 10 of the financial statements). This reduction is primarily due to the impact of the reduced property valuation of the H2O shopping centre joint venture in Madrid.

Dividends

The dividends paid and declared in respect of the year ended 31 March 2021 totalled 4.0 pence per ordinary share representing an annual dividend yield of 2.5% p.a. by reference to the average closing share price over the 12 months to 31 March 2021.

A dividend of 1.0p per share, for the quarter ended 31 December 2020, was paid on 9 April 2021.

The Board announces a dividend of 1.0 pence per ordinary share which is expected to be paid on 16 July 2021 (ex-dividend date 24 June 2021 and record date 25 June 2021).

During the year, dividends of £635,213 were paid in cash and £1,767,700 were converted into 1,091,765 ordinary shares as a result of the scrip dividend alternative option exercised by shareholders.

Scrip dividend alternative

Shareholders of the Company have the option to receive shares in the Company in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time.

The number of ordinary shares that an Ordinary Shareholder will receive under the Scrip Dividend Alternative will be calculated using the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted “ex” the relevant dividend.

The Board has elected to offer the scrip dividend alternative to Shareholders for the dividend for the quarter ended 31 March 2021. Shareholders who returned the Scrip Mandate Form and elected to receive the scrip dividend alternative will receive shares in lieu of the next dividend. Shareholders who have not previously elected to receive scrip may complete a Scrip Mandate Form (this can be obtained from the registrar: contact Computershare (details below)), which must be returned by 2 July 2021 to benefit from the scrip dividend alternative for the next dividend.

Financing

As at 31 March 2021 the Group has one direct bank loan of €9.5 million (£8.1 million), a non-recourse facility, with no financial covenant tests, to an SPV used to finance the acquisition of the Hamburg property.

Further details of individual asset financing can be found under the individual investment review sections later in this report.

Share buybacks

Under the general authority, approved by Shareholders on 7 August 2020, Shareholders approved a resolution giving the Company a general authority to buy back Ordinary Shares.

Under this authority, the Company purchased 103,623 shares in the market at the average price of £1.61 per share during the twelve month period ended 31 March 2021: these shares are held in treasury.

Post year end, the Company purchased 26,936 shares in the market at the average price of £1.62 per share: these shares are held in treasury.

As at the date of this announcement, the ordinary share capital of the Company is 63,056,829 (including 2,071,356 ordinary shares held in treasury) and the total voting rights in the Company are 60,985,473.

Foreign currency

The Company monitors foreign exchange exposures and considers hedging where appropriate. Foreign currency balances have been translated at the period end rates of £1:€1.175 or £1:INR100.855, as appropriate.

Brexit

On 30 December 2020, parliament accepted a post-Brexit trade deal agreed between the UK and the EU. The transition period during which the UK has been able to continue to access the Single Market and Customs Union ended at 11pm on 31 December 2020.

There has been no significant disruption to the ART business caused by the UK’s exit from the EU and the completion of the free trade agreement. No material adverse impacts have been noted within the Company’s portfolio to date and risks are mitigated by the Company’s investments held in Europe. However, the Board continues to monitor the situation for potential risks to the Company’s investments. The economic backdrop is highly dynamic, and the spread of possible outcomes is wide. In this context, ART is well placed to both weather market volatility and take advantage of any dislocation should it arise.

Going concern and Covid-19 pandemic

The Company has not been isolated from the ubiquitous impact of the Covid-19 pandemic on global economies in the past year. The Company's long term strategy remains resilient. The Company adopted a prudent short term strategy to move to cash conservation and a cautious approach to commitments to new investments during the financial year. Alert to the impact of potentially reducing income returns, this approach supported a robust balance sheet position during these uncertain times. Investment in new lending and growing the Company's diversified loan portfolio has recommenced and remains a key focus. As noted above, the Company holds approximately 53.9% of its assets currently in cash with no current contractual capital commitments. While there is external financing in the Group's investment interests, this is limited and non-recourse to the Company; the borrowings in these special purpose vehicles are compliant with their banking covenants. While the Board's dividend policy intention is unchanged the Company continues to actively monitor its investments and the impact of these unusual economic circumstances on earnings and dividends. See the investment review section for more details on the pandemic's impact on relevant investments.

Bearing in mind the nature of the Group's business and assets, after making enquiries, with the support of revenue forecasts for the next twelve months and considering the above, the Directors consider that the 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.

Strategy and outlook

The economic and social impact of Covid-19 continues to dominate the economic backdrop in which the Company operates. Vaccine development and the fast pace of deployment, particularly in the United Kingdom, provides a supportive tailwind for a return to social normalisation and economic recovery.

Prior to the emergence of Covid-19, the Company had focused on recycling capital into asset backed lending while reducing exposure to development risk. During the past year the result of these efforts yielded successes, with noteworthy capital recycling successes being secured from the sale of two assets and recovery of part of the court award from the historic investment in India. In this time of heightened uncertainty, the Company is benefiting from that strategy and it has placed the Company on a robust financial footing.

Over the past financial year the Company adopted a cautious approach to new investment, including new lending. Supported by the positive performance of the Company's existing investments and more favourable economic indicators, ART has reactivated its investment activities with a key focus on continuing to grow its diversified loan portfolio.

David Jeffreys
Chairman

10 June 2021

Investment review

Portfolio overview as at 31 March 2021

Investment name Investment type	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio[1]	Notes*
High return debt (26.1%)							
Secured senior finance							
Senior secured loans (excluding committed but undrawn facilities of £2.2 million)	£13.9m [2]	8.6% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt (during the period the average senior facilities commitments were £13.5m)	11.1%	17
Secured mezzanine finance							
Second charge mezzanine loans	£18.9m [2]	14.4% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt (during the period the average mezzanine facilities commitments were £18.3m)	15.0%	17
High return equity in property investments (19.5%)							
H2O shopping centre							
Indirect property	£16.0m (€18.8m)	1.4% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; medium term moderately geared bank finance facility	12.7%	12
Long leased industrial facility, Hamburg							
Direct property	£6.8m [5] (€8.0m)	7.1% [4]	Germany	Long leased industrial complex in major European industrial and logistics hub	Long term moderately geared bank finance facility	5.4%	13
Cambourne Business Park							
Indirect property	£1.8m	9.6% [4]	UK	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility	1.4%	12
Other investments (0.5%)							
Realhousingco Affordable housing Residential Investment	£0.6m	n/a	UK	High-yield residential UK portfolio	100% shareholding; no external gearing	0.5%	13
Cash and short-term investments (53.9%)							
Cash [6]	£67.7m	0.1% [7]	UK	'On call' and current accounts		53.9%	

* See notes to the financial statements for more details

[1] Percentage share shown based on NAV excluding the company's sundry assets/liabilities
[2] Including accrued interest/coupon at the balance sheet date
[3] The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period
[4] Yield on equity over 12 months to 31 March 2021
[5] Property value including sundry assets/liabilities and cash, net of associated debt
[6] Group cash of £68.2m excluding cash held with the Hamburg holding company of £0.5m
[7] Weighted average interest earned on call accounts

High return debt

Overview

ART has a portfolio of secured loan investments which contribute a risk-adjusted return to the Company's earnings position. The portfolio comprises high return senior (first charge) loans and mezzanine (second charge) loans secured on real estate assets and developments. ART loan underwriting is supported by the Investment Manager's asset-backed lending experience and knowledge of the underlying assets and sectors, in addition to the Group's partnerships with specialist debt providers.

Secured Finance

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Secured senior finance	First charge secured loans	£13.9m *	8.6%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£18.9m *	14.4%**	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and subordinated debt

* Including accrued interest/coupon at the balance sheet date

** The income returns for high return debt are the annualised actual finance income return over the period shown as a percentage of the average committed capital over the period

Diversified secured lending investment

Despite a year that was characterised by significant uncertainty, the Company's loan portfolio has proved to be relatively resilient. In terms of debt servicing, allowing for some temporary agreed extensions, interest and debt repayments have been received in accordance with the loan agreements. The growth of the loan portfolio remains a key investment objective for ART and is likely to attract a dominant weighting of capital allocated for new investments.

As at 31 March 2021, ART had committed £34.9 million across twenty three senior and mezzanine loan investments, of which £32.8 million was drawn. The loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns.

Overall activity and values in the UK housing market remained relatively resilient during the financial year, with notable demand pick up and value increases witnessed in some sectors. Continued low interest rates and competitive mortgage availability, coupled with ongoing Government support, particularly for first time buyers via the "Help to Buy" scheme, supports ongoing residential development, which bodes well for the Company's lending ambitions.

Reflecting the strategic cautious approach to new lending temporarily adopted, the loan portfolio was characterised by net repayments during the financial year. Eighteen loans were fully repaid and four loans were partly repaid for total receipts of £17.8 million (including accrued interest and exit fees), resulting in a decrease in the loan portfolio by 17.8% over the period.

The largest individual loan in the portfolio as at 31 March 2021 is a senior loan of £4.0 million which represents 11.5% of committed capital and 3.2% of the Company's NAV.

Post year end, three new loans were granted for £3.9 million, £0.7 million was drawn from previously committed loans and loan repayments of £2.9 million were received (including accrued interest and exit fees).

Portfolio loans are underwritten against value for investment loans or gross development value for development loans as relevant and collectively referred to as LTV in this report. The portfolio has an average LTV of 59.3% (with an average approved LTV between 54.8% and 76.9% for mezzanine loans whilst the highest approved LTV for senior loans is 72.9%).

As at 31 March 2021, 42.4% of the Company's loan investments were senior loans and 57.6% were mezzanine loans, with a weighted average LTV ratio of 59.3% based on commitments, i.e. including amounts available for drawing. The underlying assets in the loan portfolio as at 31 March 2021 had geographic diversification with a London and South East focus. The South of England (including London) accounted for 67%, of which London accounted for 38%, of the committed capital within the loan investment portfolio.

To date, the Company has experienced no defaults, but the underlying loan portfolio continues to be closely monitored especially considering the Covid-19 pandemic and its potential impact on construction timelines and sales periods. Where it is considered appropriate, on a case-by-case basis, underlying loan terms may be extended or varied.

Considering the Covid-19 impact on the current economic environment, the Group has carried out a stress test of its total Expected Credit Loss ('ECL') analysis and, in consideration of the main qualities of its secured loan portfolio, the underlying loans' LTVs, the number of loans where development is advanced and the number of seasoned facilities, the resulting total ECL was immaterial (see note 2(b)(c)).

Current loan investment examples:

Honor Oak, London

Location	Total commitment	Loan type	Loan term	LTV	Underlying security
Honor Oak, London	£2,746,000	Senior bridging finance on completed building	10 months (on demand repayment)	47.8%	A terrace of 4 luxury houses in South-East London being marketed for sale

St. Austell, Cornwall

Location	Total commitment	Loan type	Loan term	LTV	Underlying security
St. Austell, Cornwall	£1,589,000	Development mezzanine finance	26 months (on demand repayment)	58.0-69.1%	Construction of 38 apartments and houses (for sale to persons aged 55 and over)

Golders Green, London

Location	Total commitment	Loan type	Loan term	LTV	Underlying security
Golders Green, London	£2,165,000	Bridging mezzanine finance on completed building	24 months (on demand repayment)	51.0-75.0%	9 luxury apartments in North West London being marketed for sale

High return equity in property investments

Overview

ART continues to remain focused on investments that offer the potential to deliver attractive risk-adjusted returns by way of value enhancement through active asset management, improvement of income, selective deployment of capital expenditure and the ability to undertake strategic sales when the achievable price is accretive to returns.

H2O Shopping Centre, Madrid

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
H2O	Indirect property	£16.0m (€18.8m)	1.4%*	High-yield, dominant Madrid shopping centre and separate development site	30% shareholding; 6-year term bank finance facility

* Yield on equity over twelve months to 31 March 2021

ART has a 30% stake in joint venture with CBRE Global Investors in the H2O shopping centre in Madrid. H2O was opened in 2007 and built to a high standard providing shopping, restaurants and leisure around a central theme of landscaped gardens and an artificial lake. H2O has a gross lettable area of approximately 52,425 square metres comprising 123 retail units. In addition to a multiplex cinema, supermarket (let to leading Spanish supermarket operator Mercadona) and restaurants, it has a large fashion retailer base, including some of the strongest international fashion brands, such as Nike, Zara, Mango, Cortefiel, H&M and C&A.

ART has a 30% stake in joint venture with CBRE Global Investors in the H2O shopping centre in Madrid. It has been a very challenging year for shopping centre assets. At the start of the financial year all shopping centres in Spain were required to close, except for stores deemed essential such as supermarkets. For H2O this resulted in closure from mid-March to early June 2020. Less onerous restrictions were applied at a local level periodically for much of the remaining calendar year, limiting store and restaurant capacity and opening hours. The last quarter of the year was marked by an extreme storm in Madrid in early 2021, which had the effect of limiting mobility across the Madrid region, further complicating trading conditions.

During the period of mandatory closure, a rent-free period was offered to tenants experiencing trading distress in return for lease extensions and/or an increase in turnover rent to capture any future increase in trading. A practical approach continues to be taken with tenants to manage any rent arrears whilst seeking to protect the long-term value of the centre.

Unsurprisingly, there have been store closures resulting from the stressed trading conditions. More positively, there has also been some notable new lease signings during the period amounting to c. 2,800 sqm. These include top tier restaurants such as Tony Romas ribs and popular domestic burger chain Goiko, along with international electronics retailer Xiaomi and a new tenant for a 1,100 square metre retail park unit located on part of the centre's surface car park area which completed in March 2021. In parallel with leasing this unit, an agreement was reached with the pre-let tenant to terminate their contract in lieu of a penalty of over a year's rent. H2O occupancy by area as at 31 March 2021 was 90.1% including new lease signings outlined above, which compares to 93.8% as at 31 March 2020.

The H2O valuation reduced by 8.3% over the past year. The lingering economic effect of Covid-19 on the retail sector is expected to continue to have a significant, albeit less severe, impact on the earnings of H2O for the coming year.

The asset management highlights are as follows:

- Valuation: €119.8 million (£101.9 million) as at 31 March 2021 (31 March 2020: €130.6 million (£115.5 million)).
- Centre occupancy: 90.1% by area as at 31 March 2021 (93.8% as at 31 March 2020).
- Weighted average lease length to next break of 2.4 years and 8.1 years to expiry (31 March 2021).
- Footfall: post the March-June 2020 centre closure, visitor numbers to 31 March 2021 are circa -30% which is in line with other Madrid centres.

Long leased industrial facility, Hamburg

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Industrial facility, Werner-Siemens-Straße Hamburg, Germany	Direct property	£6.8m* (€8.0m)	7.1%**	High return industrial facility in Hamburg Germany	Long leased investment with moderately geared, long term, bank finance facility

* Property value including sundry assets/liabilities and cash, net of associated debt
** Yield on equity over twelve months to 31 March 2021

ART has an investment of €8.0 million (£6.8 million) in an industrial facility leased to a leading international group.

The property is held freehold and occupies a site of 11.8 acres in Billbrook, a well-established and well-connected industrial area located approximately 8 kilometres south-east of Hamburg centre. Hamburg is one of the main industrial and logistics markets in Germany.

The property is leased to Veolia Umweltservice Nord GmbH, part of the Veolia group, an international industrial specialist in water, waste and energy management, with a 23-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

Property's independent valuation: €16.8 million (£14.3 million) as at 31 March 2021 (31 March 2020: €16.7 million (£14.8 million)).

The Hamburg asset is funded by way of a €9.5 million (£8.1 million) non-recourse, fixed rate, bank debt facility from Nord LB which matures on 31 July 2028. The facility carries no financial covenant tests.

After months of a takeover battle, Veolia SA has announced the acquisition of Suez for €12.8 billion in April 2021 – a final agreement on the deal should be in place by May. The combined entity is expected to generate annual revenue of around €37 billion. The effect on the Veolia business will be closely monitored.

This investment offers the potential to benefit from a long term secure and predictable inflation-linked income stream which is forecast to generate stable high single digit income returns. In addition, the investment offers the potential for associated capital growth from an industrial location in a major German logistics and infrastructure hub.

Cambourne Business Park, Phase 1000, Cambridge

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Cambourne Business Park	Indirect property	£1.8m	9.6% *	High-yield business park located in Cambridge	Medium term moderately geared bank finance facility

* Yield on equity over twelve months to 31 March 2021

The Company has an investment of £1.8 million in a joint venture that owns Phase 1000 of Cambourne Business Park. The property consists of three Grade A specification modern office buildings constructed in 1999 and located in the town of Cambourne, approximately 8 miles west of Cambridge city centre. The property comprises 9,767 square metres of lettable area, is self-contained and has 475 car parking spaces. Phase 1000 is situated at the front of the business park with good access and visibility.

Phase 1000 is a high-quality multi let office asset, whose tenants include Cambridge Cambourne Centre Ltd (previously called 'Regus (Cambridge Cambourne) Ltd') and Carl Zeiss Microscopy Ltd & Carl Zeiss Ltd. As at 31 March 2021, the asset was 74% occupied. The vacant space is currently being refurbished and is being actively marketed. Agreements to lease have been signed with two occupiers, subject to refurbished being completed, and would increase the area occupied to 83%. The property has open B1 Business user planning permission and has potential value-add opportunities.

Phase 1000 was purchased in a joint venture partnership with a major overseas investor. ART's equity contribution of £1.2m is 10.0% of the total equity invested into a joint venture entity, a subsidiary of which holds the property.

Property's Directors' valuation: £29.3 million as at 31 March 2021 (31 March 2020: £30.5 million). The Directors' valuation was based on an independent valuation carried out at 31 December 2020 of £29.0 million and considering a capital expenditure programme carried out in the quarter ended 31 March 2021 of which £0.3 million was spent.

The Cambourne asset is funded by way of a £12.6 million (as at 31 March 2021) non-recourse bank debt facility which matures on 6 September 2023.

ARC is the investment manager to the joint venture owning the Cambourne property and continues to pursue opportunities to add value to the investment.

Cash balances

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Cash balance *	Cash	£67.7m	0.1% **	'On call' and current accounts	n/a

* Group cash of £68.2m excluding cash held with the Hamburg holding company (£0.5m)
** weighted average interest earned on call accounts

As at 31 March 2021, the Group had cash balances of £68.2 million (31 March 2020: £46.1 million), excluding cash held with the Hamburg holding company (£0.5 million).

The Group's cash is held with established international banks such as Barclays PLC, BGL BNP Paribas, Lloyds PLC and RBS International.

Other investments

Galaxia, National Capital Region, NOIDA, India

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Galaxia	Joint venture in arbitration	Nil	n/a	Development site located in NOIDA, Delhi, NCR	Legal process underway to recover investment by enforcing arbitration award

As announced in February 2020, the Supreme Court of India ruled in favour of ART's dispute regarding its Galaxia investment, a 50:50 joint venture with Logix Group ("Logix") that owns an 11.2 acre development site located in NOIDA, the National Capital Region, India.

In upholding the arbitration award in favour of ART and dismissing Logix's appeal, the Supreme Court ordered Logix to pay ART a total of INR 860 million (£8.5 million at the year end exchange rate). ART successfully recovered in excess of the full amount of its capital originally invested into the Galaxia joint venture.

The court permitted Logix to sell the Galaxia site, which was previously charged in favour of ART, to raise capital. A purchaser for the site has been identified who, during November 2020, deposited INR 568 million with the Supreme Court towards the sale price. The potential purchaser is seeking an amendment of development consents and payment obligations in relation to the land. The release of the funds deposited with the Supreme court to ART is dependent on how the sale process advances.

Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.6 million at the year end exchange rate) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the balance of the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company carried the joint venture in arbitration in its accounts as at 31 March 2021 at nil value. Any future receipt will be accounted for as a capital gain from the joint venture.

Summary

ART is well positioned to take advantage of new investment opportunities and, while adhering to its disciplined investment principles, is actively seeking to grow its diversified loan portfolio.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager

10 June 2021

Directors

David Jeffreys (aged 61)

Chairman

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.

Phillip Rose (aged 61)

Phillip Rose is a Fellow of the Securities Institute and holds a Master of Law degree. He has over 40 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 and has been a member of the Management Committee for Hermes Property Unit Trust and its Audit Committee, and has been a Non-Executive Director of Great Portland Estates plc.

William Simpson (aged 65)

William Simpson has over 30 years' experience as a lawyer in financial services. His focus has been on regulated and unregulated investment vehicles, encompassing banking, finance, corporate, investment, trust and regulatory work.

William studied law at Leeds University and practised at the Bar in England before moving to the Cayman Islands and then the British Virgin Islands. William was a partner at Ozannes, now Mourant, and then managing partner of Ogier Guernsey, during which time he also served on the Ogier Group board.

In 2017 William became an independent consultant and remains a director of a number of Guernsey based financial services companies. William is a member of the English, Virgin Islands and Guernsey Bars and is also a member of The Society of Trust and Estate Practitioners.

Jeff Chowdhry (aged 60)

Jeff is currently a Partner at RLC Ventures, an early stage, software focused, VC fund.

He has an investment career which spans over 35 years having held senior positions at F&C, as head of emerging markets and BMO Asset Management where he was responsible for AUM of over $5bn.

He is an active Angel investor having backed over 30 start-up companies and has several board advisory positions within these rapidly growing businesses.

Melanie Torode (aged 41)

Mel Torode has 20 years' experience in the fund administration industry specifically including private equity, property and mezzanine debt and is a Non-Executive Director for Ocorian Guernsey (formerly Estera).

Prior to founding Morgan Sharpe in April 2008 (a fund administration company sold to Estera in 2017), Mel was the Company Secretary of Assura Administration, overseeing the administration of listed property funds.

During the period from 2017 to 2020, Mel held the roles of Operations Director of Ocorian Guernsey and subsequently Managing Director of Ocorian Guernsey, overseeing the integration, transformation and strategic growth of the fund and fiduciary businesses.

Mel began her career at Guernsey International Fund Managers (now Northern Trust), working on large private equity funds and European holding companies, moving to Mourant International Finance Administration (now State Street) where she spent more than two years concentrating primarily on listed property funds.

Directors' and Corporate Governance report

The Directors present their report and financial statements of the Group for the year ended 31 March 2021.

Principal activities and status

During the year, the Company, an authorised closed-ended Guernsey registered investment company, carried on business as an investment company, investing in direct property, development, financing and other opportunities in real estate, real estate operating companies and securities, real estate services, infrastructure, infrastructure services, other asset-backed businesses and related operations and services businesses.

The Company's shares are traded on the Specialist Fund Segment ("SFS") of the London Stock Exchange ("LSE").

Business review, results and dividend

A review of the business during the year is contained in the Chairman's Statement.

The results for the year to 31 March 2021 are set out in the financial statements.

On 26 February 2021, the Company declared a dividend of 1.0p per share, which was paid to shareholders on 9 April 2021. The intention of the Company is to pay a dividend quarterly.

Share buybacks

Under the general authority, approved by Shareholders on 7 August 2020, Shareholders approved a resolution giving the Company a general authority to buy back Ordinary Shares.

Under this authority, the Company purchased 103,623 shares in the market at the average price of £1.61 per share during the twelve month period ended 31 March 2021: these shares are held in treasury.

Post year end, the Company purchased 26,936 shares in the market at the average price of £1.62 per share: these shares are held in treasury.

As at the date of this announcement, the ordinary share capital of the Company is 63,056,829 (including 2,071,356 ordinary shares held in treasury) and the total voting rights in the Company are 60,985,473.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be calculated using the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

The Board elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2020: for this period, scrip dividend alternative elections were received in respect of 49,732,297 shares of the Company, which has resulted in the issue of 310,822 new ordinary shares in April 2021.

Further details on dividends are given in note 8 of the financial statements.

Corporate governance

As a Guernsey registered company traded on SFS, the Company is not required to comply with the UK Corporate Governance Code ("UK Code"). However, as a company authorised by the Guernsey Financial Services Commission ("GFSC"), it is required to follow the principles and guidance set out in the Finance Sector Code of Corporate Governance issued by the GFSC and effective from 1 January 2012 (re-issued in 2016, effective from 1 April 2016 year ends onwards) ("Guernsey Code"). Compliance with the Guernsey Code and general principles of good corporate governance are reviewed by the Board at least annually and, at the date of signing these financial statements, the Board is satisfied that the Company is fully compliant with the Guernsey Code. The Guernsey Code is available for consultation on the GFSC website: www.gfsc.gg.

The Board

Biographies of the Directors are set out above.

The Directors' interests in the shares of the Company as at 31 March 2021 are set out below:

	Number of ordinary shares 31 March 2021	Number of ordinary shares 31 March 2020
David Jeffreys	15,362	15,082
Phillip Rose	933,867	908,691
Jeff Chowdhry	5,000	5,000
Melanie Torode	-	-
William Simpson	18,000	18,000

Post year end, Phillip Rose increased his shareholding in ART to 939,047 ordinary shares.

Non-executive directors are not appointed for specified terms; appointments of Board members can be terminated at any time without penalty and the Company's Articles of Association ("Articles") require each Director to retire and submit himself/herself to re-election by the shareholders at every third year. In addition, the Board believes that continuity and experience add to its strength.

The Annual General Meeting of the Company will take place on 6 August 2021. At this meeting, Melanie Torode will retire and submit herself for re-election. The remainder of the Board recommend her re-appointment.

Individual Directors may seek independent legal advice in relation to their duties on behalf of the Company.

Operations 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.

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. Such delegation is over minor incidental matters and the Board continually monitors the services provided by these independent agents. The Board considers matters that are significant enough to be of strategic importance and are therefore reserved solely for the Board (e.g. all acquisitions, all disposals, significant capital expenditure, leasing and decisions affecting the Company's financial gearing).

The Board meets at least quarterly and as required from time to time to consider specific issues reserved for decision by the Board, as noted above.

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 and debt markets of the UK, Europe and India 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 or lending activity undertaken over the previous quarter and being contemplated for the future
- The Group's financial position including relationships with bankers, borrowers and lenders.

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

The Company's service providers issue reports on their own internal controls and these reports are considered by the Board periodically.

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

Board and Directors' appraisals

The Board carries out an annual review of its composition and performance (including the performance of individual Directors) and that of its standing committees. Such appraisal includes reviewing the performance and composition of the Board (and whether it has an appropriate mix of knowledge, skills and experience), the relationships between the Board and the Investment Manager and Administrator, the processes in place and the information provided to the Board and communication between Board members.

Board Meeting attendance

The table below shows the attendance at Board meetings during the year to 31 March 2021:

	No of meetings attended
David Jeffreys	13
Phillip Rose	5
Jeff Chowdhry	9
Melanie Torode	14
William Simpson	15
No. of meetings during the year	**16**

Directors' and officers' insurance

An appropriate level of Directors' and officers' insurance is maintained whereby Directors are indemnified against liabilities to third parties to the extent permitted by Guernsey company law.

Board Committees

The Board has established three standing committees, all of which operate under detailed terms of reference, copies of which are available on request from the Company Secretary.

Audit and Risk Committee

The Audit and Risk Committee consists of David Jeffreys (Chairman), Jeff Chowdhry and William Simpson. The Board is satisfied that David Jeffreys continues to have the requisite recent and relevant financial experience to fulfil his role as Chairman of the Audit and Risk Committee.

Role of the Committee

The role of the Audit and Risk Committee, which meets at least twice a year, includes:

- The engagement, review of the work carried out by and the performance of the Group's external auditor
- To monitor and review the independence, objectivity and effectiveness of the external auditor
- To develop and apply a policy for the engagement of the external audit firm to provide non-audit services
- To assist the Board in discharging its duty to ensure that financial statements comply with all legal requirements
- To review the Group's financial reporting and internal control policies and to ensure that the procedures for the identification, assessment and reporting of risks are adequate
- To review regularly the need for an internal audit function
- To monitor the integrity of the Group's financial statements, including its annual and half-year reports and announcements relating to its financial performance, reviewing the significant financial reporting issues and judgements which they contain
- To review the consistency of accounting policies and practices
- To review and challenge where necessary the financial results of the Group before submission to the Board.

The Audit and Risk Committee makes recommendations to the Board which are within its terms of reference and considers any other matters as the Board may from time to time refer to it.

Members of the Audit and Risk Committee may also, from time to time, meet with the Group's independent property valuers to discuss the scope and conclusions of their work.

Committee meeting attendance

	No of meetings attended
David Jeffreys	3
William Simpson	3
Jeff Chowdhry	2
No. of meetings during the year	**3**

Policy for non audit services

The Committee has adopted a policy for the provision of non-audit services by the Company's external auditor, BDO Limited, and reviews and approves all material non-audit related services in accordance with the need to ensure the independence and objectivity of the external auditor. No services, other than audit-related ones, were carried out by BDO Limited during the year.

Internal audit

The Board relies upon the systems and procedures employed by the Investment Manager and the Administrator which are regularly reviewed and are considered to be sufficient to provide it with the required degree of comfort. Therefore, the Board continues to believe that there is no need for an internal audit function, although the Audit and Risk Committee considers this annually, reporting its findings to the Board.

Nomination Committee and attendance

The Nomination Committee consists of David Jeffreys (Chairman), Phillip Rose and Melanie Torode.

The Committee's principal task is to review the structure, size and composition of the Board in relation to its size and position in the market and to make recommendations to fill Board vacancies as they arise and it meets at least annually. It met once during the year and all Committee members were present.

Remuneration Committee and attendance

The Remuneration Committee consists of Melanie Torode (Chairman), Jeff Chowdhry and David Jeffreys.

The Board has approved formal terms of reference for the Committee and a copy of these is available on request from the Company Secretary.

As the Company comprises only non-executive directors, the Committee's main role is to determine their remuneration within the cap set out in the Company's Articles. It met once during the year and all Committee members were present.

Remuneration report

The aggregate fees payable to the Directors are limited to £200,000 per annum under the Company's Articles and the annual fees payable to each Director have been increased by only 10% (Chairman) and 15% (other Directors) since the Company's shares were listed in 2006. The fees payable to the Directors are expected to reflect their expertise, responsibilities and time spent on the business of the Group, taking into account market equivalents, the activities, the size of the Group and market conditions. Under their respective appointment letters, each Director is entitled to an annual fee together with a provision for reimbursement for any reasonable out of pocket expenses.

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

	Year ended 31 March 2021 £	Year ended 31 March 2020 £
David Jeffreys	36,000	36,000
Phillip Rose	25,000	25,000
Jeff Chowdhry	25,000	25,000
William Simpson	25,000	25,000
Melanie Torode*	62,335	50,375
Total	**173,335**	**161,375**

* This comprises £25,000 for the ART's directorship plus fees for directorships of ART's subsidiaries and joint ventures

Internal control and risk management

The Board understands its responsibility for ensuring that there are sufficient, appropriate and effective systems, procedures, policies and processes for internal control of financial, operational, compliance and risk management matters in place in order to manage the risks which are an inherent part of business. Such risks are managed rather than eliminated in order to permit the Company to meet its financial and other objectives.

The Board reviews the internal procedures of both its Investment Manager and its Administrator upon which it is reliant. The Investment Manager has a schedule of matters which have been delegated to it by the Board and upon which it reports to the Board on a quarterly basis. These matters include quarterly management accounts and reporting both against key financial performance indicators and its peer group. Further, a compliance report is produced by the Administrator for the Board on a quarterly basis.

The Company maintains a risk management framework which considers the non-financial as well as financial risks and this is reviewed by the Audit and Risk Committee prior to submission to the Board.

Investment management agreement

The Company has an 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. The Investment Manager is also responsible to the Board for all issues relating to property asset management.

Substantial shareholding

Shareholders with holdings of more than 3 per cent of the voting rights of the Company as at 17 May 2021 were as follows:

Name of investor	Number of voting rights	% held
Alpha Global Property Securities Fund Pte. Ltd	23,740,593	38.93%
Rockmount Ventures Ltd	20,300,071	33.29%
Miton Global Opportunities	2,650,000	4.35%

Shareholder relations

The Board places high importance on its relationship with its shareholders, with members of the Investment Manager's Investment Committee making themselves available for meetings with key shareholders and sector analysts. Reporting of these meetings and market commentary is received by the Board on a quarterly basis to ensure that shareholder communication fulfils the needs of being useful, timely and effective. One or more members of the Board and the Investment Manager will be available at the Annual General Meeting to answer any questions that shareholders attending may wish to raise.

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with the applicable law and regulations.

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 year and of the profit or loss of the Group for that year.

In preparing those financial statements, the Directors are required to:

1) select suitable accounting policies and then apply them consistently;

2) make judgements and estimates that are reasonable and prudent;

3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

4) prepare the financial statements on the going concern basis unless it is appropriate to assume that the Group will not continue in business.

So far as each of the Directors is aware, there is no relevant information of which the Group's auditor is unaware, and they have taken all the steps they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Group's auditor is aware of that information.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and which 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.

Going concern and Covid-19 pandemic

The Company has not been isolated from the ubiquitous impact of the Covid-19 pandemic on global economies in the past year. The Company's long term strategy remains resilient. The Company adopted a prudent short term strategy to move to cash conservation and a cautious approach to commitments to new investments during the financial year. Alert to the impact of potentially reducing income returns, this approach supported a robust balance sheet position during these uncertain times. Investment in new lending and growing the Company's diversified loan portfolio has recommenced and remains a key focus. As noted above, the Company holds approximately 53.9% of its assets currently in cash with no current contractual capital commitments. While there is external financing in the Group's investment interests, this is limited and non-recourse to the Company; the borrowings in these special purpose vehicles are compliant with their banking covenants. While the Board's dividend policy intention is unchanged the Company continues to actively monitor its investments and the impact of these unusual economic circumstances on earnings and dividends. See the investment review section for more details on the pandemic's impact on relevant investments.

Bearing in mind the nature of the Group's business and assets, after making enquiries, with the support of revenue forecasts for the next twelve months and considering the above, the Directors consider that the 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 at 9.00 am on 6 August 2021 at Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey. The meeting will be held to receive the Annual Report and Financial Statements, re-elect Directors and propose the reappointment of the auditor and that the Directors be authorised to determine the auditor's remuneration.

Independent Auditor

BDO Limited has expressed its willingness to continue in office as auditor.

By order of the Board,

David Jeffreys

Director

Melanie Torode

Director

10 June 2021

Directors' statement pursuant to the Disclosure Guidance and Transparency Rules

Each of the Directors, whose names and functions are listed in the Directors' and corporate governance report confirm that, to the best of each person's knowledge and belief:

- The financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group, and
- The Chairman's statement and the investment review include a fair review of the development and performance of the business and the position of the Group and note 26 to the financial statements provides a description of the principal risks and uncertainties that the Group faces. Brexit and the Covid-19 pandemic are also considered to be a significant risk and uncertainty for the Group that the Board will continue to monitor.

By order of the Board,

David Jeffreys

Director

Melanie Torode

Director

10 June 2021

Independent Auditor's Report

To the Members of Alpha Real Trust Limited

Opinion on the financial statements

In our opinion, the financial statements of Alpha Real Trust Limited ("the Parent Company") and its subsidiaries (the "Group"):

- give a true and fair view of the state of the Group's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Group for the year ended 31 March 2021 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 notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and IFRS as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining those charged with governance and management's paper in respect of going concern and challenging this, based on our knowledge of the Group, with both those charged with governance and management.
- Consideration of the cash available together with the expected annual running expenses of the Company and determining whether these assumptions were reasonable based on our knowledge of the Company.
- Performing our own sensitivity analysis of the headroom of the investment portfolio over the annual running expenses.
- Reviewing the minutes of meetings of those charged with governance, the RNS announcements and the compliance reports for indication of any events or conditions which may impact on going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Key audit matters (2021 and 2020)	Property valuations Loans advanced and IFRS 9
Materiality	Group financial statements as a whole £2,023,000 (2020: £2,060,000) based on 1.5% (2020: 1.5%) of total assets.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

We tailored the scope of our audit taking into account the nature of the Group's investments, involvement of the Investment Manager, the accounting and reporting environment and the industry in which the Group operates.

This assessment took into account the likelihood, nature and potential magnitude of any misstatement. As part of this risk assessment, we considered the Group's interaction with the Investment Manager. We assessed the control environment in place within the Group to the extent that it was relevant to our audit. Following this assessment, we applied professional judgement to determine the extent of testing required over each balance in the financial statements.

The Group consists of the Parent Company, numerous subsidiaries and two joint venture entities. We concluded that the most effective audit approach to the Group, with the exception of the joint venture structures, was to audit the consolidated financial statements as if they were one entity, during which we have performed audit procedures on all key risk areas. The materiality applied was that calculated above, which had been based on the consolidated financial information.

For the H2O joint venture entity, we assessed the main property holding company within this structure to be a significant component. This component was subject to a full scope audit and was completed by a component auditor.

For the remaining joint venture entity, we concluded that it was significant due to risks identified only and not due to size. This component was not subject to a full scope audit but instead we performed audit procedures over all of the risk areas identified.

Our involvement with component auditors

For the work performed by the component auditor of the H2O joint venture entity, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. We issued group instructions to the component auditor and reviewed the key risk areas of their work. In addition to the work performed by the component auditor, we have also performed our own audit procedures on the property valuation.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit addressed the key audit matter
Property valuations (notes 2(b)(a), 12, 13 and 27) The Group holds several investment properties within its subsidiaries and joint venture structures. All properties have been valued using either: • an independent RICS valuation performed by independent valuers. This is the case for £14.9m (100%) of the investment properties and £30.6m (91%) of the share of properties within joint venture structures; or • directors' valuation. This is the case for £2.9m (9%) of the share of properties within joint venture structures. Such property valuations are a highly subjective area as the valuers will make judgements as to property yields, quality of tenants, development costs and other variables to arrive at the current open market value of the property. Such subjectivity and judgements are greater this year due to the Covid-19 pandemic. As disclosed in note 2(b)(a) which explains that as a result of the impact of Covid-19 on the market, certain valuers have advised that less certainty, and a higher degree of caution, should be attached to their valuation than would normally be the case. Any input inaccuracies or unreasonable bases used in the valuation judgements (such as in respect of estimated rental value and yield profile applied) could result in a material misstatement of the Consolidated Statement of Comprehensive Income and the Consolidated Balance Sheet.	**Independent valuations** For all independent property valuations, we evaluated the competence of the external valuers, which included consideration of their qualifications and expertise. We discuss the valuers' terms of engagement with the Group to determine whether there were any matters that might have affected their objectivity or may have imposed scope limitations upon their work. We have read the valuation reports for the properties, noted the material uncertainty clauses inserted as result of the impact of Covid-19 on the property markets, discussed the basis of the property valuations, including the Covid-19 impact, with the valuers to understand the process undertaken by them and confirmed that the valuations were prepared in accordance with professional valuation standards and IFRS. We have considered the reasonableness, and where appropriate agreed through to supporting documentation (for example rental income) of the inputs used by the valuers in the valuations, such as the terms of void periods, rent free periods and other assumptions that impact the value. **Directors' valuations** For the directors' valuations we obtained the directors' valuation of these assets and noted that the valuation was based on a third-party valuation undertaken as at 31 December 2020. We challenged whether the property market had moved since this date to the 31 March 2021 by considering external publicly available market reports together with the market information provided by management. **Disclosures** We reviewed and obtained support for the disclosures in relation to property valuations within note 2(b)(a), 12, 13 and in particular note 27 (sensitivities) given the "Material Uncertainty" paragraphs within the valuations reports". **Key observations** Based on the procedures performed, we did not identify any indications to suggest that the judgements made in respect of the property valuations were unreasonable and we consider the disclosures to be appropriate.

Loans advanced and IFRS 9 (note 2(b)(c) and 17)	
The Group's activities include advancing senior loans and mezzanine loans secured over real estate assets. The amounts advanced represent a material balance in the financial statements and IFRS 9 requires losses to be recognised on an expected, forward looking basis, reflecting the Group's view of potential future economic events. As a result, the Group's IFRS 9 methodology incorporates a number of estimates to determine the expected credit loss provisions.	Through challenge, discussion and review of example scenarios, we gained a detailed understanding of, and evaluated, the expected credit loss methodology applied by management. This was undertaken with reference to accounting standards and industry practice. We then tested the methodology used in determining the amortised cost amount and recognition of any impairment loss. Our testing included: • updating our understanding of the expected credit loss methodology used under IFRS 9; • reviewing the methodology, including key assumptions and parameters, to ensure it is in line with IFRS 9 and appropriate, given our understanding of the loans advanced; • obtaining and reviewing all loan agreements to confirm the appropriateness of all loans except 1 being classified as stage 3 due to the repayable on demand feature. • obtaining and challenging, through discussion, the updates made to the existing methodology to appropriately reflect the changes required due to Covid-19, for example increasing the probability of default and also the consequential loss. • obtaining underlying supporting documentation, on a sample basis, we tested the inputs that drive the economic scenario applied to the loans. • undertaking procedures to ensure that the ECL model applied by management was mathematically accurate; • challenging management's expected credit loss output in light of the Covid-19 pandemic on individual loans and whether manual adjustments were required over the mechanical model. **Disclosures** We reviewed the disclosures made in relation to the expected credit loss assessment within note 2(b)(c) to the financial statements and consider these to be appropriate given that expected credit losses are not material to the financial statements. **Key observations** Based on the procedures performed, we did not identify any indications to suggest that the expected credit losses were materially misstated and we consider the disclosures to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements	
	2021	2020
Materiality	£2,023,000	£2,060,000
Basis for determining materiality	1.5% of total assets	
Rationale for the benchmark applied	Due to it being an investment fund with the objective of long-term capital growth with investment values being a key focus of users of the financial statements.	
Performance materiality	£1,517,000	£1,545,000
Basis for determining performance materiality	75% of materiality This was determined using our professional judgement and took into account the complexity of the group and our long standing knowledge of the engagement together with a history of minimal errors and adjustments.	

Specific materiality

We also determined that for sensitive fees including: management fees, performance fees, legal fees, directors' fees and audit fees, a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of users. As a result, we determined materiality for these items based on 10% of materiality being £203,000 (2020: £206,000). We further applied a performance materiality level of 75% of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Component materiality

We set materiality for the significant component of the Group based on 90% (2020: 50%) of Group materiality at based on our assessment of the risk of material misstatement of the component. The percentage applied in the current year was increased to better reflect that the Group only has an economic interest in 30% of the underlying joint venture and hence a higher tolerance for error is possible without a material impact on the financial statements of the Group. Component materiality was set at £1,822,050 (2020: £1,018,250). In the audit of the component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £60,700 (2020: £61,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies (Guernsey) Law, 2008 reporting

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 Parent Company; or
- the Parent Company 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.

Responsibilities of Directors

As explained more fully in the directors' Responsibilities Statement within the Directors' and Corporate Governance Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to its investment activities, and we considered the extent to which non-compliance might have a material effect on the Group's financial statements.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRS and the Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls), and determined that the principal risks were related to revenue recognition in relation to the rental income from properties held, revenue recognition in relation to loan interest from loans advanced and management bias and judgement involved in accounting estimates, specifically in relation to the valuation of properties and the expected credit loss provisions (the response to which are detailed in our key audit matters above).

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and the component auditor, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations and fraud;
- Obtaining an understanding of the internal control environment in place to prevent and detect irregularities;
- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations and fraud;
- Recalculating loan interest income based on the underlying loan agreements; and
- Recalculating the rental income based on the lease agreements and required accounting by IFRS and comparing to that of managements and challenging differences.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The engagement director on the audit resulting in this independent auditor's opinion is Justin Hallett.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Section 262 of the Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

....
Justin Marc Hallett FCA

For and on behalf of BDO Limited
Chartered Accountants and Recognised Auditor
Place du Pré, Rue du Pré
St Peter Port, Guernsey

Date: 10 June 2021

Consolidated statement of comprehensive income

		For the year ended 31 March 2021			For the year ended 31 March 2020		
	Notes	**Revenue £'000**	**Capital £'000**	**Total £'000**	**Revenue £'000**	**Capital £'000**	**Total £'000**
Income							
Revenue	3	5,318	-	5,318	6,119	-	6,119
Change in the revaluation of investment property and assets held for sale	13-14	-	99	99	-	1,194	1,194
Gains/(losses) on financial assets and liabilities held at fair value through profit or loss	26	72	400	472	393	(204)	189
Profit/(loss) on investment property disposal	14	-	110	110	-	(167)	(167)
Total income		**5,390**	**609**	**5,999**	**6,512**	**823**	**7,335**
Expenses							
Property operating expenses	3	(86)	-	(86)	(74)	-	(74)
Investment Manager's fee	25	(2,322)	-	(2,322)	(2,335)	-	(2,335)
Other administration costs	4	(1,074)	-	(1,074)	(1,647)	-	(1,647)
Total operating expenses		**(3,482)**	**-**	**(3,482)**	**(4,056)**	**-**	**(4,056)**
Operating profit		**1,908**	**609**	**2,517**	**2,456**	**823**	**3,279**
Share of profit/(loss) of joint ventures and associates	12	446	(2,973)	(2,527)	1,579	(1,107)	472
Gain on joint venture in arbitration	15	-	503	503	-	-	-
Finance income	5	4	-	4	118	-	118
Finance costs	6	(207)	(194)	(401)	(204)	(55)	(259)
Profit/(loss) before taxation		**2,151**	**(2,055)**	**96**	**3,949**	**(339)**	**3,610**
Taxation	7	(76)	-	(76)	(93)	-	(93)
Profit/(loss) for the year		**2,075**	**(2,055)**	**20**	**3,856**	**(339)**	**3,517**
Other comprehensive income/(expense) for the year							
Items that may be classified to profit and loss in subsequent periods							
Exchange differences arising on translation of foreign operations		**-**	**(705)**	**(705)**	**-**	**610**	**610**
Other comprehensive (expense)/income for the year		**-**	**(705)**	**(705)**	**-**	**610**	**610**
Total comprehensive income/(expense) for the year		**2,075**	**(2,760)**	**(685)**	**3,856**	**271**	**4,127**
Earnings per ordinary share (basic & diluted)	9			**0.0p**			**5.8p**
Adjusted earnings per ordinary share (basic & diluted)	9			**3.4p**			**6.4p**

The total column of this statement represents the Group's statement of comprehensive income, 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 form an integral part of the financial statements.

Consolidated balance sheet

	Notes	31 March 2021 £'000	31 March 2020 £'000
Non-current assets			
Investment property	13	14,918	15,389
Joint venture in arbitration	15	-	2,510
Investments held at fair value	16	31	139
Investment in joint ventures and associates	12	17,761	21,227
Loans advanced	17	5,630	8,631
		38,340	**47,896**
Current assets			
Asset held for sale	14	-	8,065
Derivatives held at fair value through profit or loss	26	-	203
Loans advanced	17	27,177	31,253
Collateral deposit	18	1,106	1,364
Trade and other receivables	19	36	2,427
Cash and cash equivalents		68,213	46,068
		96,532	**89,380**
Total assets		**134,872**	**137,276**
Current liabilities			
Trade and other payables	20	**(752)**	**(1,291)**
Corporation tax	7	**(42)**	**(51)**
Bank borrowings	21	**(29)**	**(32)**
		(823)	**(1,374)**
Total assets less current liabilities		**134,049**	**135,902**
Non-current liabilities			
Bank borrowings	21	(7,973)	(8,275)
Deferred tax	7	-	-
		(7,973)	**(8,275)**
Total liabilities		**(8,796)**	**(9,649)**
Net assets		**126,076**	**127,627**
Equity			
Share capital	22	**-**	**-**
Special reserve	23	66,655	65,118
Translation reserve	23	(677)	28
Capital reserve	23	38,295	40,350
Revenue reserve	23	21,803	22,131
Total equity		**126,076**	**127,627**
Net asset value per ordinary share	10	**207.7p**	**213.7p**

The financial statements were approved by the Board of Directors and authorised for issue on 10 June 2021. They were signed on its behalf by David Jeffreys and Melanie Torode.

David Jeffreys
Director

Melanie Torode
Director

The accompanying notes form an integral part of the financial statements.

Consolidated cash flow statement

	For the year ended 31 March 2021 £'000	For the year ended 31 March 2020 £'000 (restated)
Operating activities		
Profit for the year after taxation	20	3,517
Adjustments for:		
Change in revaluation of investment property and assets held for sale	(99)	(1,194)
Net gains on financial assets and liabilities held at fair value through profit or loss	(472)	(189)
(Profit)/loss on investment property disposals	(110)	167
Taxation	76	93
Share of profit of joint ventures and associates	2,527	(472)
Gain on joint venture in arbitration	(503)	-
Interest receivable on loans to third parties	(4,278)	(4,952)
Finance income	(4)	(118)
Finance costs	401	259
Operating cash flows before movements in working capital	**(2,442)**	**(2,889)**
Movements in working capital:		
Movement in trade and other receivables	410	2,311
Movement in trade and other payables	(539)	(1,141)
Cash flows used in operations	**(2,571)**	**(1,719)**
Loan interest received*	1,646	2,099
Loans granted to third parties*	(6,329)	(24,483)
Loans repaid by third parties*	16,109	23,982
Interest received	4	118
Interest paid	(192)	(188)
Tax paid	(83)	(2,761)
Cash flows used in operating activities	**8,584**	**(2,952)**
Investing activities		
Acquisition of investment property	-	(610)
Investment in joint ventures	(84)	-
Proceeds on disposal of investment property (notes 14 and 19)	10,157	5,058
Redemption on preference shares' investment	-	193
Cash recognised on Alpha2 transaction	-	5,787
Dividend income from joint ventures and associates	408	2,805
Capital return from joint venture in arbitration	2,981	1,232
Collateral deposit decrease/(increase)	260	(62)
Cash flows from investing activities	**13,722**	**14,403**
Financing activities		
Share buyback	(167)	(22,960)
Share buyback costs	-	(72)
Share issue costs	(64)	(102)
Cash received on maturity of foreign exchange forward	657	165
Ordinary dividends paid	(635)	(673)
Cash flows used in financing activities	**(209)**	**(23,642)**
Net increase/(decrease) in cash and cash equivalents	**22,097**	**(12,191)**
Cash and cash equivalents at beginning of year	**46,068**	**58,181**
Exchange translation movement	48	78
Cash and cash equivalents at end of year	**68,213**	**46,068**

* These items have been reclassified as operating activities to better reflect their nature as a key part of the Group's current operations.

The accompanying notes form an integral part of the financial statements.

Consolidated statement of changes in equity

For the year ended 31 March 2020	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2019	**76,032**	**(582)**	**40,689**	**20,534**	**136,673**
Total comprehensive income for the year					
(Loss)/profit for the year	-	-	(339)	3,856	3,517
Other comprehensive income for the year	-	610	-	-	610
Total comprehensive income/(expense) for the year	-	**610**	**(339)**	**3,856**	**4,127**
Transactions with owners					
Cash dividends	-	-	-	(673)	(673)
Scrip dividends	1,586	-	-	(1,586)	-
Share issue for acquisition	10,634	-	-	-	10,634
Share issue costs	(102)	-	-	-	(102)
Share buyback	(22,960)	-	-	-	(22,960)
Share buyback costs	(72)	-	-	-	(72)
Total transactions with owners	**(10,606)**	**-**	**-**	**(2,567)**	**(13,173)**
At 31 March 2020	**65,118**	**28**	**40,350**	**22,131**	**127,627**
Notes 22, 23					

For the year ended 31 March 2021	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2020	**65,118**	**28**	**40,350**	**22,131**	**127,627**
Total comprehensive income for the year					
(Loss)/profit for the year	-	-	(2,055)	2,075	20
Other comprehensive income for the year	-	(705)	-	-	(705)
Total comprehensive income/(expense) for the year	-	(705)	(2,055)	2,075	**(685)**
Transactions with owners					
Cash dividends	-	-	-	(635)	(635)
Scrip dividends	1,768	-	-	(1,768)	-
Share issue costs	(64)	-	-	-	(64)
Share buyback	(167)	-	-	-	(167)
Total transactions with owners	**1,537**	**-**	**-**	**(2,403)**	**(866)**
At 31 March 2021	**66,655**	**(677)**	**38,295**	**21,803**	**126,076**
Notes 22, 23					

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements for the year ended 31 March 2021

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The address of the registered office is given below. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The financial statements were approved and authorised for issue on 10 June 2021 and signed by David Jeffreys and Melanie Torode 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, as adopted by the EU, 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.

Going concern and Covid-19 pandemic

The Company has not been isolated from the ubiquitous impact of the Covid-19 pandemic on global economies in the past year. The Company's long term strategy remains resilient. The Company adopted a prudent short term strategy to move to cash conservation and a cautious approach to commitments to new investments during the financial year. Alert to the impact of potentially reducing income returns, this approach supported a robust balance sheet position during these uncertain times. Investment in new lending and growing the Company's diversified loan portfolio has recommenced and remains a key focus. As noted above, the Company holds approximately 53.9% of its assets currently in cash with no current contractual capital commitments. While there is external financing in the Group's investment interests, this is limited and non-recourse to the Company; the borrowings in these special purpose vehicles are compliant with their banking covenants. While the Board's dividend policy intention is unchanged the Company continues to actively monitor its investments and the impact of these unusual economic circumstances on earnings and dividends. See the investment review section for more details on the pandemic's impact on relevant investments.

Bearing in mind the nature of the Group's business and assets, after making enquiries, with the support of revenue forecasts for the next twelve months and considering the above, the Directors consider that the 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.

(a) Adoption of new and revised Standards

A few amendments and interpretations of existing standards apply to the Group's financial year but these did not have a significant impact on the financial statements of the Company.

(b) Standards and Interpretations in issue and not yet effective

At the date of authorisation of these financial statements, there are a number of standards and interpretations, which have not been applied in these financial statements that were in issue but not yet effective. The Directors anticipate that the adoption of these standards and interpretations will not have a material impact on the financial statements of the Group.

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 power over the investee, exposure or rights, to variable returns from its involvement with the investee and the ability to use its power to affect the amount of the investor's returns.

The results of subsidiary undertakings acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition 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.

ART holds a number of direct property investments through subsidiary undertakings. The Group is actively involved in the management of these property investments and its investment plans do not include specified exit strategies for these investments. As a result, ART plans to hold these property investments indefinitely. ART reports its investment properties at fair value in its financial statements but this is not the primary measurement attribute used by management to evaluate the performance of these investments. In addition, ART holds a number of loans through subsidiary undertakings and management do not measure the performance of these on a fair value basis. In consequence, management have concluded that ART does not meet the definition of an investment entity and the subsidiaries have been consolidated into the Group's balance sheet, rather than being carried at fair value.

When a partial disposal of a subsidiary occurs which causes the entity to no longer be controlled and hence no longer a subsidiary, the Company derecognises the subsidiary and recognises the retained interest initially at fair value.

When calculating the profit or loss on disposal the Company measures the retained interest at fair value and includes this in the fair value of the consideration received. The profit or loss on disposal is the difference between the fair value of the consideration received and the carrying value of the assets and liabilities disposed of, as reduced by transactions costs incurred and any foreign currency gains or losses recycled on disposal as per the foreign currency accounting policy in respect of group companies.

(b) Joint ventures and associates

The Group applies IFRS 11 to its joint arrangement. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

The Group also applies IAS 28: this standard defines an associate as an entity over which an investor exercises significant influence. Under IAS 28 significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies and, where an entity holds 20% or more of the voting power (directly or through subsidiaries) of an investee, it is presumed that the investor has significant influence unless it can be clearly demonstrated that this is not the case. Associates are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures and associates are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture or associate equals or exceeds its interests in the joint venture or associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture or associate) the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture or associate.

Unrealised gains on transactions between the Group and its joint ventures or associates are eliminated to the extent of the Group's interest in the joint ventures or associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(c) Joint venture in arbitration

The Galaxia joint venture is classified as joint venture in arbitration and, historically, it has been included within the financial statements based on its estimate of realisable value to the Group: following the full recovery of the Group's capital invested in the joint venture but the uncertainty about the quantum and timing of any future recovery, the Group carried the joint venture in arbitration in its accounts as at 31 March 2021 at nil value. Any future receipt will be accounted for as a capital gain from the joint venture (see note 15 for more details).

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 and service charge income from investment property leased out under an operating lease are 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.

Other income is recognised when received.

Leasing

(a) Company as a lessor

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.

(b) Company as a lessee

Under IFRS 16, all leases are recorded on the balance sheet as liabilities, at the present value of the future lease payments, along with an asset reflecting the right to use the asset over the lease term.

The Group owns no leasehold property.

Foreign currencies

(a) Functional and presentation 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 presentation currency.

(b) Transactions and balances

Transactions in currencies other than the functional currency 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. Gains and losses arising on retranslation are included in profit or loss for the year.

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the balance sheet date;

(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:€1.175 (2020: £1:€1.130) and the average rate for the year used is £1:€1.121 (2020: £1:€1.144). The year-end exchange rate used for Indian rupee (INR) balances is £1:INR100.855 (2020: £1:INR93.539) and the average rate for the year used is £1:INR97.046 (2020: £1:INR90.127).

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. The Investment Manager's performance fee is charged to the capital column in the statement of comprehensive income in order to reflect that the fee is due primarily to the capital performance of the Group.

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 £1,200 was payable to the States of Guernsey in respect of this exemption for the year. 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 investments in Spain (H2O), owned through investment entities in Luxembourg and the Netherlands, in Germany (Hamburg), owned through a Guernsey subsidiary and in the United Kingdom, owned directly by a UK subsidiary (Liverpool) or through an investment entity incorporated in Jersey (Cambourne). The Group may therefore be liable to taxation in these overseas 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 substantively enacted at 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 with in 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 and/or upon commencement of construction, investment property is carried at its fair value based on half yearly professional valuations made by independent valuers or based on Directors' valuations. The independent valuers' valuations are in accordance with standards complying with the Royal Institution of Chartered Surveyors Appraisal 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. Investment property is 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 of an investment property and all subsequent expenditures qualifying as acquisition costs are capitalised.

Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered by sale rather than by continuing use in the business. For this to be the case, the asset must be available for immediate sale in its present condition, management must be committed to and have initiated a plan to sell the asset which, when initiated, was expected to result in a completed sale within twelve months. Property assets that are classified as held for sale are measured at fair value in accordance with IAS 40 Investment Property.

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 Group's revenue generated in the UK was £4,443,000 and in Germany was £875,000 (Year ended 31 March 2020: £5,287,000 in the UK and £832,000 in Germany).

The Group's non-current assets are located in the following countries:

Country	2021 £'000	2020 £'000
UK	8,042	11,121
Germany	14,298	14,779
Spain	16,000	19,486
India	-	2,510
Total	**38,340**	**47,896**

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

Under IFRS 9, on initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (“FVOCI”) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (“FVTPL”).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

The Group only has financial assets that are classified as amortised cost or FVTPL.

(a) (i) Financial assets held at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are initially measured at fair value plus transaction costs that are directly attributed to its acquisition, unless it is a trade receivable without a significant financing component which is initially measured at its transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses as detailed in (b) below.

Cash deposits with banks that cannot be accessed within a period of three months are not considered to be cash and cash equivalents.

(a) (ii) FVTPL

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL which includes derivative financial assets. Financial assets at FVTPL are initially and subsequently measured at fair value.

Fair value measurement

The Group measures certain financial instruments such as derivatives and non-financial assets such as investment property, at fair value at the end of each reporting period, using recognised valuation techniques and following the principles of IFRS 13. In addition, fair values of financial instruments measured at amortised cost are disclosed in the financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The Group must be able to access the principal or the most advantageous market at the measurement date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

(a) (iii) Impairment of financial assets

(i) Trade receivables

Under IFRS 9 for trade receivables, including lease receivables, the Group has elected to apply the simplified model as the trade receivables all have a maturity of less than one year and do not contain a significant financing component. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach practical expedients are available to measure lifetime ECL but forward looking information must still be incorporated. Under the simplified approach there is no need to monitor significant increases in credit risk and entities will be required to measure lifetime ECLs at all times.

The directors have concluded that any ECL on trade receivables would be highly immaterial to the financial statements due to the low credit risk of the relevant tenants.

(ii) Other receivables

The directors have concluded that any ECL on other receivables would be highly immaterial to the financial statements due to:

- collateral being held in the form of a security deposit for the Group's hedging strategy which can be called back at any time with no capital loss should the Group decide to terminate its foreign exchange contracts before their contractual maturity;
- The credit risk of the underlying banks which are utilised by the law firms by whom cash on escrow is kept before completion of a given senior or mezzanine loan.

The remaining other receivables are immaterial to the financial statements and therefore no assessment of the ECL has been completed.

(iii) Loans advanced

Despite the loans having a set repayment term, all but one of the loans have a repayable on demand feature so the Group may call for an early repayment of their principal, interest and applicable fees at any time.

Considering the 'on demand' clause, the Group concluded that the loans are in stage 3 of the IFRS 9 model as should the loans be called on demand the borrowers would technically be in default as repayment would only be possible on demand if the property had already been sold.

The one loan that has a repayment term has an immaterial lifetime ECL and hence no detailed analysis of whether the loan has suffered a significant increase in credit risk has been performed.

(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 26.

(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 which 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) 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 and class A shares are classified as equity instruments. For the purposes of the disclosures given in note 26 (capital risk part) the Group considers all its share capital, share premium and all other reserves as equity. The Group is not subject to any externally imposed capital requirements.

(d) Effective interest rate method

The effective interest rate 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.

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 Group uses the valuations carried out by its independent valuers as the fair value of its investment properties, whenever possible. The valuations are based upon assumptions including future rental income, anticipated maintenance costs, future development costs and the appropriate discount rate. The valuers also make reference to market evidence of transaction prices for similar properties. Investment property which is in the course of construction is carried at cost plus associated costs and this has been considered by the Directors to represent fair value at the balance sheet date: upon commencement of construction, valuations will be carried out by independent valuers.

As at the year ended 31 March 2021, the following valuations have been carried out:

(a) (i) Independent valuations

Independent valuations were carried out for the following investment properties:

- The directly owned properties located in Hamburg (Germany) and Liverpool (UK) (notes 13, 14 and 27);
- An indirectly owned property located in Madrid (Spain), held through CBRE H2O Rivas Holding NV (note 12).

The valuations reports received from the independent valuers, with the exception of the Hamburg property, included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the Covid-19 pandemic: this paragraph explains that valuers have attached less weight to previous market evidence for comparison purposes to achieve an informed opinion on value. Valuers therefore recommend that a higher degree of caution should be attached to these valuations compared to valuations carried out under normal circumstances.

A sensitivity analysis of these investment properties' valuations is provided in notes 12 and 27.

(a) (ii) Directors' valuations

A Directors' valuation was carried out for the indirectly owned property located in Cambridge (UK), held through Scholar Property Holdings Limited (note 12): this was based on an independent valuation carried out at 31 December 2020 (which did not include a 'Material Valuation Uncertainty' paragraph) and considering a capital expenditure programme carried out in the quarter ended 31 March 2021. A sensitivity analysis of this investment property has not been provided since immaterial to the Group.

(b) Loans advanced – ECLs

The Group has calculated the lifetime ECLs of the loans advanced using the following three scenarios:

1. Credit criteria unchanged or strengthened since inception and expectation of repayment in full;
2. Credit criteria weakened since inception but expectation of full recovery;
3. Credit criteria significantly weakened and potential for repayment to not be fully achieved.

The criteria referred to above incorporate the following:

- Progress of development against plan;
- Borrower's financial position;
- Property market data.

In calculating the recoverable amounts under the three scenarios, the Directors have taken into account the available collateral under the loan agreements including charges over property and other guarantees.

Based on the above process the Directors have concluded that ECLs on loans advanced are immaterial to the financial statements.

Considering the Covid-19 impact on the current economic environment, the Group has carried out a stress test of its total Expected Credit Loss ('ECL') analysis and, in consideration of the main qualities of its secured loan portfolio, the underlying loans' LTVs, the number of loans where development is advanced and the number of seasoned facilities, the resulting total ECL was immaterial.

3. Revenue

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Rental income	986	1,075
Service charge income	54	90
Rental revenue	**1,040**	**1,165**
Interest receivable on loans to third parties (note 17)	4,278	4,952
Interest revenue	**4,278**	**4,952**
Other income	-	2
Other revenue	**-**	**2**
Total	**5,318**	**6,119**

At 31 March 2021, the Group recognised non recoverable property operating expenditure as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Service charge income	54	90
Property operating expenditure	(86)	(74)
Non recoverable property operating income/(expenditure)	**(32)**	**16**

The Group recognises rental revenue from its investment in one commercial property, a long leased industrial facility in Hamburg, Germany and a residential property located in Liverpool, UK. Up to 11 September 2020, rental revenue also included revenue generated at the Wolverhampton property, which was sold on that date.

The Hamburg property is leased to Veolia Umweltservice Nord GmbH, part of the Veolia group, an international industrial specialist in water, waste and energy management, with a 24-year unexpired lease term. Under the operating lease, the tenant is responsible for building maintenance and the rent has periodic inflation linked adjustments.

The Liverpool residential property is comprised of seven units, all of which are occupied by private individuals with a six month term contract.

At 31 March 2021, the Group had contracted with its tenants for the following future minimum lease payments:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Within one year	784	1,389
In the second to fifth years inclusive	3,136	3,404
After five years	12,356	13,663
Total	**16,276**	**18,456**

4. Other administration costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Auditors' remuneration for audit services	93	106
Accounting and administrative fees	466	537
Non-executive directors' fees	173	161
Other professional fees	342	843
Total	**1,074**	**1,647**

5. Finance income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Bank interest receivable	4	118
Total	**4**	**118**

6. Finance costs

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest on bank borrowings	207	204
Foreign exchange loss	194	55
Total	**401**	**259**

The above finance costs arise on financial liabilities measured at amortised cost using the effective interest rate method. No other losses have been recognised in respect of financial liabilities at amortised cost other than those disclosed above.

7. 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 £1,200 (31 March 2020: £1,200) was payable to the States of Guernsey in respect of this exemption for the year. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in its overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, the United Kingdom, Germany, the Netherlands, Spain, Cyprus, Jersey and India.

(b) Group

The Group's tax expense for the year comprises:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Deferred tax	-	-
Current tax	76	93
Tax Expense	**76**	**93**

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

Tax expense reconciliation	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit before taxation	96	3,610
Less: income not taxable	(11,637)	(12,163)
Add: expenditure not deductible	11,550	8,029
Un-provided deferred tax asset movement	250	757
Total	**259**	**233**

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Analysed as arising from		
Cyprus entities	134	148
Dutch entity	121	127
India entity	-	-
Luxembourg entities	-	-
German investments	4	(42)
UK investment	-	-
Total	**259**	**233**

Tax at domestic rates applicable to profits in the countries concerned is as follows:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cypriot taxation at 12.50%	17	19
Dutch taxation at 20%	24	25
India taxation at 22.66%	-	-
Luxembourg entities at an average rate of 29.22% *	34	55
German taxation at 15.825%	1	(6)
UK taxation at 20%	-	-
Total	**76**	**93**

*The taxation incurred in Luxembourg relates to the net wealth tax charge.

(c) Deferred taxation

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

	Revaluation of Investment Property £'000	Accelerated tax depreciation £'000	Tax Losses £'000	Other temporary differences £'000	Total £'000
At 31 March 2019	**-**	**-**	**(180)**	**180**	**-**
Release to income	-	-	(277)	277	-
At 31 March 2020	**-**	**-**	**(457)**	**457**	**-**
Release to income	-	-	190	(190)	-
At 31 March 2021	**-**	**-**	**(267)**	**267**	**-**

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.

	2021 £'000	2020 £'000
Deferred tax liabilities	267	457
Deferred tax assets	(267)	(457)
Total	**-**	**-**

At the balance sheet date the Group has unused tax losses of £0.6 million (2020: £1.5 million). 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 at the year end.

Unused tax losses in Luxembourg, Spain, Germany and the United Kingdom can be carried forward indefinitely. Unused tax losses in the Netherlands can be carried forward for nine years. Unused tax losses in Cyprus can be carried forward for five years.

8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2019	29,741	1.0p	297,417	9 April 2020
Quarter ended 31 March 2020	11,641	1.0p	116,414	17 July 2020
Quarter ended 30 June 2020	11,096	1.0p	110,963	23 October 2020
Quarter ended 30 September 2020	11,042	1.0p	110,419	8 January 2021
Total			**635,213**	

On 9 April 2021, the Company paid a dividend for the quarter ended 31 December 2020 of £109,880 (1.0p per share).

The Company will pay a dividend for the quarter ended 31 March 2021 on 16 July 2021.

In accordance with IAS 10, the dividends for quarters ended 31 December 2020 and 31 March 2021 have not been included in these financial statements as the dividends were declared or paid after the year end. The current intention of the Directors is to pay a dividend quarterly.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be calculated using the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

During the year, the Board elected to offer the scrip dividend alternative to shareholders for every quarterly dividend, which resulted in the issue of 1,091,765 new ordinary shares. These shares are rank pari passu in all respects with the Company's existing issued ordinary shares.

The Board also elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2020: elections were received in respect of 49,732,297 shares, which resulted in the issue of 310,822 new ordinary shares. These shares have been issued at a price of 160.0 pence each and were rank pari passu in all respects with the Company's existing issued ordinary shares. These new shares have been admitted to trading on the SFS of the LSE on 9 April 2021.

9. Earnings per share

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

	Year ended 31 March 2021	Year ended 31 March 2020
	Ordinary share	**Ordinary share**
Earnings per statement of comprehensive income (£'000)	20	3,517
Basic and diluted earnings pence per share	**0.0**	**5.8**
Earnings per statement of comprehensive income (£'000)	20	3,517
Net change in the revaluation of investment properties and assets held for sale	(99)	(1,194)
(Profit)/loss on investment property disposal	(110)	167
Gain on joint venture in arbitration	(503)	-
Movement in fair value of investments	(108)	58
Movement in fair value of foreign exchange forward contract	(508)	146
Net change in the revaluation of the joint ventures' investment property and interest rate swaption	2,973	1,107
Foreign exchange loss	194	55
Adjusted earnings	**2,075**	**3,856**
Adjusted earnings (pence per share)	**3.4**	**6.4**
Weighted average number of shares ('000s)	**60,290**	**60,381**

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

10. Net asset value per share

	31 March 2021	31 March 2020
Net asset value (£'000)	126,076	127,627
Net asset value per ordinary share	**207.7p**	**213.7p**
Total number of shares ('000s)	**60,702**	**59,713**

11. Investment in subsidiary undertakings

A list of the significant investments in subsidiaries as at 31 March 2021, including the name, country of incorporation and the proportion of ownership interest is given below.

Name of subsidiary undertaking	Class of shares/units	% of class held with voting rights	Country of incorporation	Principal activity
Alpha Tiger Cyprus Holdings Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 2 Limited	Ordinary shares	100	Cyprus	Holding Company
Alpha Tiger Cyprus Investments No. 3 Limited	Ordinary shares	100	Cyprus	Holding Company
Luxco 111 SARL	Ordinary shares	100	Luxembourg	Holding Company
Skyred International SARL	Ordinary shares	100	Luxembourg	Holding Company
Iron Bridge Finance Luxembourg SARL	Ordinary shares	100	Luxembourg	Holding Company
KMS Holding NV	Ordinary shares	100	Netherlands	Holding Company
ART Germany 1 Ltd	Ordinary shares	100	Guernsey	Property Company
Realhousingco Ltd	Ordinary shares	100	United Kingdom	Property Company

During the year, the Group liquidated its limited partnership in Germany (Sixteen Rock Rose Sàrl & Co Vermögensverwaltungs KG), which held its Frankfurt data centre investment, sold on 13 February 2019, together with Sixteen Rock Rose SARL, Sixteen Rock Rose 2 SARL and Sixteen Guava SARL.

Post year end, the Group also completed the liquidation of Alpha Tiger Guernsey Holdings No.1 Ltd, which was part of the structure that held the Unity and Armouries property in Birmingham (UK), sold on 11 June 2020, and Alpha UK Property Fund Asset Company ("No. 2") Limited, which sold its remaining industrial property located in Wolverhampton (UK) on 11 September 2020.

12. Investment in joint ventures and associates

The movement in the Group's share of net assets of the joint ventures and associates can be summarised as follows:

	H2O	SPHL	Total	Alpha2	H2O	SPHL	Total
	31 March 2021 £'000	31 March 2021 £'000	31 March 2021 £'000	31 March 2020 £'000	31 March 2020 £'000	31 March 2020 £'000	31 March 2020 £'000
As at 1 April	**19,486**	**1,741**	**21,227**	**7,403**	**19,434**	**1,698**	**28,535**
Additions	-	84	84	-	-	-	-
Group's share of joint venture and associate profits before fair value movements and dividends	305	141	446	117	1,318	144	1,579
Fair value adjustment for interest rate swaption	-	-	-	-	(3)	-	(3)
Fair value adjustment for investment property	(2,828)	(145)	(2,973)	(421)	(650)	(33)	(1,104)
Dividends paid by joint venture and associate to the Group	(348)	(60)	(408)	(1,597)	(1,141)	(68)	(2,806)
Foreign exchange movements	(615)	-	(615)	-	528	-	528
Transfer of the associate's assets and liabilities for consolidation	-	-	-	(5,502)	-	-	(5,502)
As at 31 March	**16,000**	**1,761**	**17,761**	**-**	**19,486**	**1,741**	**21,227**

The Group's investments in joint ventures and associates can be summarised as follows:

- Joint venture investment in the H2O shopping centre in Madrid, Spain: the Group holds a 30% equity investment in CBRE H2O Rivas Holding NV ('CBRE H2O'), a company based in the Netherlands, which in turn owns 100% of the Spanish entities that are owners of H2O. CBRE H2O is a Euro denominated company hence the Group translates its share of this investment at the relevant year end exchange rate with movements in the period translated at the average rate for the period. As at 31 March 2021, the carrying value of ART's investment in CBRE H2O was £16.0 million (€18.8 million) (31 March 2020: £19.5 million (€22.0 million)).
- Joint venture investment in the Phase 1000 of Cambourne Business Park, Cambridge, UK: the Group holds a 10% equity investment in the Scholar Property Holdings Limited ('SPHL') group, owner of the property. As at 31 March 2021, the carrying value of ART's investment in Scholar Property Holdings Limited was £1.8 million (31 March 2020: £1.7 million).

Foreign exchange movement is recognised in other comprehensive income.

The investment in CBRE H2O is deemed to be significant and material for the Group; its financial information can be summarised as follows:

	H2O	**H2O**
Statement of comprehensive income	**Year ended 31 March 2021 £'000**	**Year ended 31 March 2020 £'000**
Revenue	7,649	11,749
Change in the revaluation of investment property	(9,427)	(2,167)
Total (expense)/income	**(1,778)**	**9,582**
Operating expenses	(5,314)	(5,428)
Operating (loss)/profit	**(7,092)**	**4,154**
Finance costs	(1,325)	(1,310)
(Loss)/profit before taxation	**(8,417)**	**2,844**
Taxation	5	(629)
(Loss)/profit for the period	**(8,412)**	**2,215**
Other comprehensive income/(expense)	-	-
Total comprehensive (expense)/income	**(8,412)**	**2,215**

	H2O	H2O
Balance sheet	**31 March 2021 £'000**	**31 March 2020 £'000**
Investment property	101,932	115,531
Derivatives held at fair value through profit or loss	-	-
Non-current assets	**101,932**	**115,531**
Trade debtors	3,178	2,003
Other debtors	724	209
Cash	5,393	7,230
Current assets	**9,295**	**9,442**
Trade and other payables	(3,521)	(3,266)
Bank borrowings	(121)	(130)
Current liabilities	**(3,642)**	**(3,396)**
Bank borrowings	(54,251)	(56,626)
Non-current liabilities	**(54,251)**	**(56,626)**
Net assets	**53,334**	**64,951**
Equity	51,728	51,728
Capital and revenue reserve	1,606	13,223
Total equity	**53,334**	**64,951**

The fair value of the H2O property in Madrid (Spain) of €119.8 million (£101.9 million) (31 March 2020: €130.6 million (£115.5 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Savills Aguirre Newman Valoraciones y Tasaciones S.A. ("Savills Aguirre"), an independent valuer not connected to the Group. The Savills Aguirre's valuations included a Material Uncertainty clause due to significant market risks linked to the Covid-19 pandemic (see note 2(b)(a)(i) for more details).

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

The fair value of the H2O property is based on unobservable inputs. The following methods, assumptions and inputs were used to estimate fair value of H2O:

31 March 2021 – H2O Shopping centre, Madrid (Spain)					
Class of investment property	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
Europe	£101,932 (€119,770)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€167.3
				Discount rate	8.25%

Sensitivity analysis for the 31 March 2021 valuation of the H2O shopping centre:

31 March 2021				
Significant unobservable inputs	**Change applied**	**Fair value change €'000**	**Change applied**	**Fair value change €'000**
ERV	-10%	-€7,412	+10%	+€4,210
Discount rate	-1%	+€7,025	+1%	-€9,469

31 March 2020 – H2O Shopping centre, Madrid (Spain)					
Class of investment property	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
Europe	£115,531 (€130,550)	51,825	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€189.4
				Discount rate	12.21%

The fair value of Phase 1000 of Cambourne Business Park, Cambridge (UK) of £29.3 million (31 March 2020: £30.5 million) has been arrived at on the basis of a Directors' valuation carried out at the balance sheet date (see note 2(b)(a)(ii) for more details).

No sensitivity analysis has been provided for the Cambourne property since immaterial to the Group.

The CBRE H2O group bank borrowings represent the €64.5 million provided by Aareal Bank to Alpha Tiger Spain 1, SLU less the balance of unamortised deferred finance costs of €0.8 million. This loan had a 1.887% fixed coupon up to 18 May 2021 and an interest rate of EURIBOR plus 180 basis points afterwards, matures on 18 May 2024 and is secured by a first charge mortgage against the Spanish property. The borrowings are non-recourse to the Group's other investments.

The Scholar Property Holdings Limited group bank borrowings' balance as at 31 March 2021 is £12.6 million: this is a loan provided by Natwest PLC to Scholar Property Investments Limited, which is secured by a first charge mortgage against the UK property. This loan has a 2.0% margin over 3 month LIBOR and matures on 6 September 2023.

13. Investment property

	31 March 2021 £'000	**31 March 2020 £'000**
Fair value of investment property at 1 April	**15,389**	**13,764**
Additions	-	610
Subsequent capital expenditure after acquisition	-	-
Fair value adjustment in the year	99	629
Foreign exchange movement	(570)	386
Fair value of investment property at 31 March	**14,918**	**15,389**

Investment property is represented by a property located in Hamburg (Werner-Siemens-Straße), Germany and a property located in Liverpool, UK.

The fair value of the Hamburg property of €16.8 million (£14.3 million) (31 March 2020: €16.7 million (£14.8 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield ('C&W') (note 27).

The fair value of the Liverpool property of £0.6 million (31 March 2020: £0.6 million (Directors' valuation)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by ASL Chartered Surveyors ('ASL') (note 27). The ASL's valuation included a Material Uncertainty clause due to significant market risks linked to the Covid-19 pandemic (see note 2(b)(a)(i) for more details).

C&W and ASL are independent valuers and are not connected to the Group.

The valuation basis used is fair value as defined by the Royal Institution of Chartered Surveyors Appraisal and Valuations Standards ("RICS"). The approved RICS definition of fair value is "the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date".

Foreign exchange movement is recognised in other comprehensive income.

14. Assets held for sale

	31 March 2021 £'000	31 March 2020 £'000
Fair value at 1 April	**8,065**	**4,500**
Additions	-	8,225
Disposals	(8,065)	(5,225)
Fair value adjustment in the year	-	565
Fair value at 31 March	**-**	**8,065**

In the prior year, the disposal of £5.2 million represented the sale of the Warrington industrial property, which generated a loss of £0.2 million. On 11 June 2020, the Group disposed of the Unity and Armouries property in Birmingham (UK) for £4.5 million; no gain or loss was generated on the sale. On 11 September 2020, the Group disposed of its industrial property located in Wolverhampton (UK) for £3.8 million; the sale generated a gain of £0.1 million.

15. Joint venture in arbitration

	31 March 2021 £'000	31 March 2020 £'000
As at 1 April	**2,510**	**3,882**
Capital return	(2,468)	(1,232)
Foreign exchange movement	(42)	(140)
As at 31 March	**-**	**2,510**

During the year, ART successfully recovered £0.5 million in excess of the full amount of its capital originally invested into the Galaxia joint venture: the excess of £0.5m received has been recognised as a gain in the consolidated statement of comprehensive income.

Following a breach of the terms of the shareholders agreement by its joint venture partner, Logix Group ("Logix"), ART initiated arbitration proceedings which were awarded in the Company's favour. ART subsequently successfully defended appeals by Logix at the Delhi High Court. Logix latterly appealed to the Supreme Court of India, which eventually upheld the award to ART in February 2020. As a result of this process, the Supreme Court ordered Logix to pay ART a total of INR 860 million (£8.5 million at the year end exchange rate).

During the period ended 30 September 2020, INR 292.0 million (£3.0 million) was paid by the Supreme Court to ART.

The court permitted Logix to sell the Galaxia site, which was previously charged in favour of ART, in order to raise capital. A purchaser for the site has been identified who, on 20 November 2020, deposited INR 568 million with the Supreme Court towards the INR 990 million sale price. The purchaser is seeking amendment of development consents in relation to the land. The release of the funds deposited with the Supreme court to ART is dependent on how the sale process advances. Failure to recover the proceeds from a sale would mean that Logix would be required to pay the remainder of the liability due to ART under the court award of INR 568 million (£5.6 million at the year end exchange rate) plus a higher interest rate applicable under the arbitration award.

ART continues to actively pursue its claim to collect the arbitration award. Given the uncertainty about the quantum and timing of any future recovery, the Company has only recognised physical cash received under the award and has not recognised any future entitlements. Accordingly, the Company carried the joint venture in arbitration in its accounts as at 31 March 2021 at nil value.

Foreign exchange movement is recognised in other comprehensive income.

16. Investments held at fair value

	31 March 2021 £'000	31 March 2020 £'000
Non-current		
As at 1 April	**139**	**390**
Redemptions during the year	-	(193)
Movement in fair value of investments	(108)	(58)
As at 31 March	**31**	**139**

The investments, which are disclosed as non-current investments held at fair value, are as follows:

- Europip (participating redeemable preference shares): Europip is currently in the process of being voluntarily wound up; ART's residual value of the investment as at 31 March 2021 was approximately £30,000 (31 March 2020: approximately £30,000).
- HLP (participating redeemable preference shares): HLP provides quarterly valuations of the net asset value of its shares; the net asset value of the investment as at 31 March 2021 was nil (31 March 2020: £0.1 million).

The Board considers that the investments in Europip (due to timing for completion of the winding up procedures) and HLP will be held for the long term and has therefore disclosed them as non-current assets.

17. Loans advanced

	31 March 2021 £'000	31 March 2020 £'000
Non-current		
Loans granted to third parties	**5,630**	**8,523**
Interest receivable from loans granted to third parties	-	108
Total loans at amortised cost	**5,630**	**8,631**
Loans at fair value through profit or loss	-	-
Total non-current loans	**5,630**	**8,631**
Current		
Loans granted to third parties	24,415	28,569
Interest receivable from loans granted to third parties	2,295	1,421
Total loans at amortised cost	**26,710**	**29,990**
Loans at fair value through profit or loss	467	1,263
Total current loans	**27,177**	**31,253**

As at 31 March 2021, the Group had granted a total of £30.5 million (31 March 2020: £38.4 million) of senior and mezzanine loans to third parties. These comprised twenty three loans to UK entities, which assisted with the purchase of property developments, predominantly residential, in the UK. These facilities typically range from a 6 to 36 month term and entitle the Group to a weighted average overall return on the investment of 14.4% for mezzanine loans and 8.6% for senior loans.

All senior and mezzanine loans granted by the Group are secured asset backed real estate loans. Senior loans have a first charge security and mezzanine loans have a second charge security on the property developments.

Loans at fair value through profit or loss represents loans that failed the 'solely payment of principal and interest' criteria of IFRS 9 to be measured at amortised cost: this is due to a loan facility agreement's clause that links those loans to a return other than interest.

Loans maturity of the total £30.5 million loans granted by the Group at year end, can be analysed as follows:

	Less than 6 months £'m	Between 6 to 12 months £'m	Between 12 to 24 months £'m	Over 24 months £'m	Total £'m
Non-current	-	-	5,630	-	**5,630**
Current	22,984	1,898	-	-	**24,882**

As at 31 March 2021, no loans are overdue for payment.

Post year end, three new loans were granted for £3.9 million, £0.7 million was drawn from previously committed loans and loan repayments of £2.9 million were received (including accrued interest and exit fees).

Despite all of the loans having a set repayment term all but one of the loans have a repayable on demand feature so the Group may call for an early repayment of their principal, interest and applicable fees at any time.

Considering the 'on demand' clause, the Group concluded that the loans are in stage 3 of the IFRS 9 model as should the loans be called on demand the borrowers would technically be in default as repayment would only be possible on demand if the property had already been sold. The loan without a repayable on demand clause amounts to £3.5 million, has repayment term of 4 July 2022 and remains in stage 1 of the IFRS 9 model.

The Group has calculated the lifetime ECLs of the loans advanced (see note 2(b)(c)): based on this process the Directors have concluded that ECLs on loans advanced are immaterial to the financial statements.

18. Collateral deposit

	31 March 2021 £'000	31 March 2020 £'000
Collateral deposit	1,106	1,364

The collateral deposit of £1.1 million (31 March 2020: £1.4 million) is a cash deposit with Barclays Bank PLC ('Barclays') in Guernsey in relation to the foreign exchange forward contract entered into by the Group at year end: this cash has been placed on deposit to match the maturity of the contract.

19. Trade and other receivables

	31 March 2021 £'000	31 March 2020 £'000
Current		
Trade debtors	5	189
VAT	14	4
Other debtors	17	2,234
Total	**36**	**2,427**

In August 2020, the Group collected the final completion payment in relation to the prior year sale of the Frankfurt data centre, amounting to £2.0 million (€2.2 million). The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. See note 2(a)(a)(iii) 'financial instruments' for more details.

20. Trade and other payables

	31 March 2021 £'000	31 March 2020 £'000
Trade creditors	15	205
Deferred revenue	-	143
Investment Manager's fee payable	579	561
Accruals	150	342
Other creditors	8	40
Total	**752**	**1,291**

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.

21. Bank borrowings

	31 March 2021 £'000	31 March 2020 £'000
Current liabilities: interest payable	29	32
Total current liabilities	**29**	**32**
Non-current liabilities: bank borrowings	7.973	8,275
Total liabilities	**8,002**	**8,307**
The borrowings are repayable as follows:		
Interest payable	29	32
On demand or within one year	-	-
In the second to fifth years inclusive	-	-
After five years	7,973	8,275
Total	**8,002**	**8,307**

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

	31 March 2021 £'000	31 March 2020 £'000
As at 1 April	**8,275**	**8,039**
Amortisation of deferred finance costs	16	16
Foreign exchange movement	(318)	220
As at 31 March	**7,973**	**8,275**

As at 31 March 2021, bank borrowings represent the Nord LB (a German bank) loan for €9.5 million (£8.1 million) (31 March 2020: €9.5 million (£8.3 million)), less unamortised deferred finance costs (£0.1 million): this loan was used to partly fund the acquisition of the investment property in Hamburg (Werner-Siemens-Straße), Germany. This loan is composed of two tranches of €4.9 million and €4.6 million, which bear a 1.85% and 2.7% fixed rate respectively and that are due to mature in August 2028.

The borrowings are non-recourse to ART and the facility carries no financial covenant tests. The fair value of bank borrowings at the balance sheet date is €9.5 million (£8.1 million).

Foreign exchange movement is recognised in other comprehensive income/(expense).

The tables below set out an analysis of net debt and the movements in net debt for the year ended 31 March 2021 and prior year.

	Other assets	Derivatives	Liabilities from financing activities		
	Cash £'000	Foreign exchange forward £'000	Interest payable £'000	Borrowings £'000	Total £'000
Net asset/(debt) as at 1 April 2020	**46,068**	**203**	**(32)**	**(8,275)**	**37,964**
Cash movements	22,097	(54)	192	-	22,235
Non cash movements					
Foreign exchange adjustments	48	-	18	318	384
Unrealised loss on foreign exchange forward contract	-	(149)	-	-	(149)
Loan fee amortisation and other costs	-	-	-	(16)	(16)
Interest charge	-	-	(207)	-	(207)
Net asset/(debt) as at 31 March 2021	**68,213**	**-**	**(29)**	**(7,973)**	**60,211**

	Other assets	Derivatives	Liabilities from financing activities		
	Cash £'000	Foreign exchange forward £'000	Interest payable £'000	Borrowings £'000	Total £'000
Net asset/(debt) as at 1 April 2019	**58,181**	**514**	**(30)**	**(8,039)**	**50,626**
Cash movements	(12,356)	(165)	188	-	(12,333)
Non cash movements					
Foreign exchange adjustments	243	-	(2)	(220)	21
Unrealised loss on foreign exchange forward contract	-	(146)	-	-	(146)
Loan fee amortisation and other costs	-	-	-	(16)	(16)
Interest charge	-	-	(188)	-	(188)
Net asset/(debt) as at 31 March 2020	**46,068**	**203**	**(32)**	**(8,275)**	**37,964**

22. Share capital

			Number of shares
Authorised			
Ordinary shares of no par value			Unlimited
	Ordinary	**Ordinary**	**Ordinary**
Issued and fully paid	**treasury**	**external**	**total**
At 1 April 2019	**6,908,957**	**66,902,342**	**73,811,299**
Share issue for scrip dividend	-	908,291	908,291
Share issue from treasury	(5,030,284)	5,030,284	-
Shares bought back	62,124	(62,124)	-
Shares cancelled following buyback	-	(13,065,348)	(13,065,348)
At 1 April 2020	**1,940,797**	**59,713,445**	**61,654,242**
Share issue for scrip dividend	-	1,091,765	1,091,765
Shares bought back	103,623	(103,623)	-
At 31 March 2021	**2,044,420**	**60,701,587**	**62,746,007**

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

Under the general authority, approved by Shareholders on 7 August 2020, Shareholders approved a resolution giving the Company a general authority to buy back Ordinary Shares.

Under this authority, the Company purchased 103,623 shares in the market at the average price of £1.61 per share during the twelve month period ended 31 March 2021: these shares are held in treasury.

As at 31 March 2021, the ordinary share capital of the Company was 62,746,007 (including 2,044,420 ordinary shares held in treasury) and the total voting rights in the Company is 60,701,587.

Scrip dividend alternative

In the circular published on 18 December 2018, the Company sought shareholders' approval to enable a scrip dividend alternative to be offered to ordinary shareholders whereby they could elect to receive additional ordinary shares in lieu of a cash dividend, at the absolute discretion of the Directors, from time to time. This was approved by shareholders at the extraordinary general meeting on 8 January 2019.

The number of ordinary shares that an ordinary shareholder will receive under the scrip dividend alternative will be calculated using the average of the closing middle market quotations of an ordinary share for five consecutive dealing days after the day on which the ordinary shares are first quoted "ex" the relevant dividend.

During the year, the Board elected to offer the scrip dividend alternative to shareholders for every quarterly dividend, which resulted in the issue of 1,091,765 new ordinary shares. These shares are rank pari passu in all respects with the Company's existing issued ordinary shares.

The Board also elected to offer the scrip dividend alternative to shareholders for the dividend for the quarter ended 31 December 2020: elections were received in respect of 49,732,297 shares, which resulted in the issue of 310,822 new ordinary shares. These shares have been issued at a price of 160.0 pence each and were rank pari passu in all respects with the Company's existing issued ordinary shares. These new shares have been admitted to trading on the SFS of the LSE on 9 April 2021.

Post year end, the Company purchased 26,936 shares in the market at the average price of £1.62 per share: these shares are held in treasury.

As at the date of this announcement, the ordinary share capital of the Company is 63,056,829 (including 2,071,356 ordinary shares held in treasury) and the total voting rights in the Company are 60,985,473.

23. Reserves

The movements in the reserves for the Group are shown above.

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.

Translation reserve

The translation reserve contains exchange differences arising on consolidation of the Group's overseas operations. These amounts may be subsequently reclassified to profit or loss.

Capital reserve

The capital reserve contains increases and decreases in the fair value of the Group's investment property, gains and losses on the disposal of property, 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.

24. Events after the balance sheet date

Between April and June 2021, three new loans were granted for £3.9 million, £0.7 million was drawn from previously committed loans and loan repayments of £2.9 million were received (including accrued interest and exit fees).

In April 2021, scrip dividend alternative elections were received in respect of 49,732,297 shares of the Company, which has resulted in the issue of 310,822 new ordinary shares. Post year end, the Company purchased 26,936 shares in the market at the average price of £1.62 per share: these shares are held in treasury.

On 9 April 2021, the Company paid a dividend for the quarter ended 31 December 2020 of £109,880 (1.0p per share).

25. 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 current management agreement with the Investment Manager will expire on 21 December 2022.

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. During the year a total of £2.3 million (31 March 2020: £2.3 million), net of rebates, was billed by ARC to ART. As at 31 March 2021, a total of £0.6 million (31 March 2020: £0.6 million) was outstanding.

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. As at 31 March 2021, no performance fee was due to ARC (31 March 2020: nil).

Prior to the 70% disposal of the H2O property, ARC had a management agreement directly with the H2O property company, Alpha Tiger Spain 1, SLU ('ATS1') under which it earned a fee of 0.9% per annum based upon the gross assets of ATS1. In order to avoid double counting of fees, ARC provided a rebate to the Company of a proportion of its fee equivalent to the value of the Group's net asset value attributable to the H2O investment. Subsequent to the sale of ATS1 to CBRE H2O Rivas Holding NV ('CBRE H2O'), ARC has been appointed as Asset Manager to ATS1 and Investment Manager to CBRE H2O. ARC has agreed to rebate to ART all of the fees charged by ARC directly to CBRE H2O and ATS1 that relate to the Company's 30% share in CBRE H2O.

The Company invested in Alpha2, where ARC was the Investment Manager. ARC rebated fees earned in relation to the Company's investment in Alpha2. During the year, Alpha2 completed the sale of its property portfolio; post year end, Alpha2 was liquidated.

The Company has invested in Europip, where ARPIA, a subsidiary of ARC, is the Investment Adviser. ARC rebates fees earned in relation to the Company's investment in Europip.

The Company has invested in Phase 1000, Cambourne Business Park, Cambridge, and ARC was appointed as Asset and Property Manager of the joint venture entity. ARC rebates to ART the relevant proportion of fees earned by ARC, which apply to the Company's investment.

Total rebates for the year were £0.6 million (31 March 2020: £0.6 million).

Details of the Investment Manager's fees for the year are disclosed on the face of the consolidated statement of comprehensive income and the balance payable at 31 March 2021 is provided in note 20.

Alpha Global Property Securities Fund Pte. Ltd, a company registered in Singapore, owned directly by the partners of ARC, held 23,593,136 shares in the Company at 31 March 2021 (31 March 2020: 23,018,851). ARC did not hold any shares in the Company at 31 March 2021 (31 March 2020: nil).

The following, being partners of ARC, have interests in the following shares of the Company at 31 March 2021:

	31 March 2021 Number of shares held	31 March 2020 Number of shares held
Brian Frith	1,177,041	1,148,390
Phillip Rose	933,867	908,691
Brad Bauman	56,997	55,613

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

Karl Devon-Lowe, a partner of ARC, received fees of £5,350 (31 March 2020: £7,200) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

Melanie Torode is a Non-Executive Director of Ocorian Administration (Guernsey) Limited ('Ocorian'; previously Estera Administration (Guernsey) Limited), the Company's administrator and secretary. During the period the Company paid Ocorian fees of £88,400 (31 March 2020: £95,600) and £7,000 was outstanding at year end (31 March 2020: nil).

26. Financial instruments risk exposure and management

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:

		Financial assets and liabilities carrying value	
		31 March 2021 £'000	31 March 2020 £'000
Financial assets at fair value through profit or loss			
Investments held at fair value		31	139
Foreign exchange forward contract		-	203
Loans advanced		467	1,263
Total financial assets at fair value through profit or loss		**498**	**1,605**
Financial assets at amortised cost			
Loans advanced		32,340	38,621
Collateral deposit		1,106	1,364
Trade and other receivables		36	2,427
Cash and cash equivalents		68,213	46,068
Total loans and receivables		**101,695**	**88,480**
Total financial assets		**102,193**	**90,085**
Financial liabilities at amortised cost			
Trade and other payables		(752)	(1,291)
Bank borrowings		(8,002)	(8,307)
Total financial liabilities		**(8,754)**	**(9,598)**

Net changes in realised and unrealised gains or losses on financial instruments at fair value through profit or loss can be summarised as follows:

		31 March 2021 £'000	31 March 2020 £'000
Unrealised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Unrealised (loss)/gain on foreign exchange forward contract		(149)	203
Movement in fair value of investments		(108)	(58)
Movement in fair value of loans advanced		72	393
Realised gains and losses on financial assets and liabilities held at fair value through profit or loss			
Realised profit/(loss) on foreign exchange forward contract		657	(349)
Net gains on financial assets and liabilities held at fair value through profit or loss		**472**	**189**

Net interest income can be summarised as follows:

		31 March 2021 £'000	31 March 2020 £'000
Bank interest receivable		4	118
Interest receivable on loans granted to third parties		4,278	4,952
Interest on bank borrowings		(207)	(204)
Net interest income		**4,075**	**4,866**

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 polices 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.

At 31 March 2021, trade and other receivables past due but not impaired amounted to nil (31 March 2020: nil).

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

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. The Group's cash is held with established international banks such as Barclays PLC, BGL BNP Paribas, Lloyds PLC and RBS International.

With regards to the investment property business, a property advisor monitors the tenants in order to anticipate and minimise the impact of default by occupational tenants. Where possible, tenants' risk is mitigated through rental guarantees. The Group meets with tenants frequently and monitors their financial performance closely.

The Group owns a portfolio of secured real estate loans and mezzanine loan investments. These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns. The Group receives monthly updates from its investment advisors regarding the credit worthiness of the borrowers and values of the real estate investment and development assets, which the loans are secured on, and assesses the recoverability of each loan investment.

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

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 2021	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000	Total carrying amount £'000
Trade and other payables	752	-	-	-	**752**	**752**
Interest payable on bank borrowings	183	183	549	428	**1,343**	**29**
Bank borrowings	-	-	-	7,973	**7,973**	**7,973**
Total	**935**	**183**	**549**	**8,401**	**10,068**	**8,754**

31 March 2020	Within 1 year £'000	1-2 years £'000	2-5 years £'000	Over 5 years £'000	Total £'000	Total carrying amount £'000
Trade and other payables	1,291	-	-	-	**1,291**	**1,291**
Interest payable on bank borrowings	190	190	570	635	**1,585**	**32**
Bank borrowings	-	-	-	8,275	**8,275**	**8,275**
Total	**1,481**	**190**	**570**	**8,910**	**11,151**	**9,598**

Market risk

(a) Foreign exchange risk

The Group operates in India, Germany 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 recognised monetary assets and liabilities.

The Group's policy is, where possible, to allow Group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency.

In the prior year, the Group had entered into a one year contract that hedged €15.0 million of its Euro exposure in the balance sheet: this contract matured on 5 October 2020 and, on the same date, the Group entered into a six month contract to hedge €13.0 million of its Euro exposure in the balance sheet; this contract matured on 31 March 2021.

On 31 March 2021 the Group entered into a seven month contract to hedge €10.0 million of its Euro exposure in the balance sheet; this contract will terminate on 1 November 2021.

The Board monitors the Group's exposure to foreign currencies on a quarterly basis as part of its Risk Management review.

Considering the year end carrying value of the joint venture in arbitration is nil, a sensitivity analysis of the Group exposure to Indian Rupees fluctuations is no longer relevant.

A strengthening of the Euro by 5 cents would increase the net assets by £1,013,000 (2020: £1,235,000). A weakening of the Euro by 5 cents would decrease net assets by £931,000 (2020: £1,130,000).

(b) Cash flow and fair value interest rate risk

The Group's interest rate risk arose primarily from bank borrowings. The Group is not directly exposed to interest rate risk related to bank borrowings: the bank debt of ART Germany 1 Ltd, owner of the Hamburg investment property in Germany, bears a fixed coupon until maturity in 2028 (note 21).

The Group 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, a decrease of 25 basis points in interest rates would result in a £0.2 million decrease in post-tax profits (2020: £0.1 million decrease). An increase of 25 basis points in interest rates would result in a £0.2 million increase in post-tax profits (2020: £0.1 million increase).

(c) Price risk

The Group has invested in participating redeemable preference shares in Europip and HLP; the value of the HLP shares is assessed half yearly and is subject to fluctuation; Europip is in liquidation and an estimated residual amount of approximately £30,000 is receivable by the Group.

Considering the year end fair value of the Group's investment in HLP is nil, a sensitivity analysis of the price of HLP's participating redeemable preference shares has not been provided since no longer relevant.

(d) Fair values

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 foreign exchange forward contract is determined by reference to the year end forward market rate and based on observable inputs; this investment is therefore deemed to be a level 2 financial asset.
- The fair value of the HLP investment is based upon the price provided by the issuer for the relevant share class owned: this is calculated by reference to the net asset value of the investment and principally driven by the fair value of HLP's underlying property investments. This net asset value is therefore mainly based on unobservable inputs and is deemed to be level 3 financial assets

(see note 27).

- The loans advanced at fair value have been valued based on the discounted cash flow of the respective instruments. Due to the short time since inception and to maturity there has not been a material movement in discount rates or cashflows.
- The fair value of bank borrowings has been calculated based on the discounted cash flows of the Nord LB bank loan up to maturity date in July 2028; the fair value of bank borrowings at the balance sheet date is €9.5 million (£8.1 million).

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.

Capital risk management

The Board'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.

The Board regularly reviews the adequacy of the Group's level of borrowings by monitoring its compliance with the relevant bank covenants.

27. Fair value measurement

IFRS 13 requires disclosure of the fair value measurement of the Group's assets and liabilities, the related valuation techniques, the valuations' recurrence and the inputs used to assess and develop those measurements.

The Group discloses 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 asset or liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Assets and liabilities are classified in their entirety into one of the three levels.

Investment property is valued on a recurring basis: half yearly.

The Group's valuers derive the fair value of the investment property by applying the methodology and valuation guidelines as set out by the Royal Institution of Chartered Surveyors in the United Kingdom.

The valuation approach for investment property available to rent is based on discounting the future net income receivable from properties 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 on the net income. 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. A decrease in the net rental income or an increase in the discount rate will decrease the fair value of the investment property.

The investments and loans advanced held at fair value and derivative contracts are valued quarterly.

The following table shows an analysis of the fair values of assets and liabilities recognised in the balance sheet by level of the fair value hierarchy described above:

	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
31 March 2021	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property (note 13, 14)	-	-	14,918	**14,918**
Investments held at fair value (note 16)	-	-	31	**31**
Loans advanced	-	-	467	**467**

31 March 2020	Assets and liabilities measured at fair value			
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
Assets measured at fair value				
Non-current				
Investment property (note 13, 14)	-	-	15,389	**15,389**
Investments held at fair value (note 16)	-	-	139	**139**
Loans advanced	-	-	1,263	**1,263**
Current				
Foreign exchange forward contract (note 26)	-	203	-	**203**

The carrying amounts of the Group's financial liabilities and assets not carried at fair value through profit or loss are a reasonable approximation of their fair values due to either their short term nature or short period of time since they were acquired.

The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Movements in level 3 of the fair value measurements, during the year ended 31 March 2021 and prior year, can be summarised as follows:

	Loans advanced £'000	Investment property and asset held for sale £'000	Investments held at fair value £'000	Total £'000
At 1 April 2020	**1,263**	**23,454**	**139**	**24,856**
Additions	-	-	-	-
Subsequent capital expenditure after acquisition	-	-	-	-
Disposals	-	(8,065)	-	(8,065)
Redemptions	(885)	-	-	(885)
Fair value adjustment	89	99	(108)	80
Effect of foreign exchange	-	(570)	-	(570)
At 31 March 2021	**467**	**14,918**	**31**	**15,416**

	Loans advanced £'000	Investment property and asset held for sale £'000	Investments held at fair value £'000	Total £'000
At 1 April 2019	**3,711**	**18,264**	**390**	**22,365**
Additions	386	8,835	-	9,221
Subsequent capital expenditure after acquisition	-	-	-	-
Disposals	-	(5,225)	-	(5,225)
Redemptions	(3,227)	-	(193)	(3,420)
Fair value adjustment	393	1,194	(58)	1,529
Effect of foreign exchange	-	386	-	386
At 31 March 2020	**1,263**	**23,454**	**139**	**24,856**

There were no transfers between level 1 and level 2 fair value measurements and no transfers into or out of level 3 fair value measurements during the year ended 31 March 2021 and prior year.

The fair value of investment property is based on unobservable inputs and it is therefore disclosed as level 3.

The valuations reports received from the independent valuers included a 'Material Valuation Uncertainty' paragraph in relation to the market risks linked to the Covid-19 pandemic (see note 2(b)(a)(i) for more details).

The following methods, assumptions and inputs were used to estimate fair values of investment property:

31 March 2021 - Hamburg (Werner-Siemens-Straße), Germany					
Class of investment property	**Carrying amount / fair value '000**	**Area (acres)**	**Valuation technique**	**Significant unobservable inputs**	**Value**
Europe	€16,800 (£14,298)	11.8	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€61.2
				Discount rate	5.00%

Sensitivity analysis for the 31 March 2021 valuation of the Hamburg investment property:

31 March 2021				
Significant unobservable inputs	**Change applied**	**Fair value change €'000**	**Change applied**	**Fair value change €'000**
ERV	-10%	-€1,700	+10%	+€1,700
Discount rate	-1%	+€1,300	+1%	-€1,200

31 March 2020 - Hamburg (Werner-Siemens-Straße), Germany					
Class of investment property	**Carrying amount / fair value '000**	**Area (acres)**	**Valuation technique**	**Significant unobservable inputs**	**Value**
Europe	€16,700 (£14,779)	11.8	Discounted cash flow	Gross Estimated Rental Value ('ERV') per sqm p.a.	€60
				Discount rate	5.00%

31 March 2021 – Liverpool, UK					
Class of investment properties	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
UK	£620	475	Comparable transactions analysis	Comparable evidence	Not applicable

31 March 2020 – Liverpool, UK					
Class of investment properties	**Carrying amount / fair value '000**	**Area (square meters)**	**Valuation technique**	**Significant unobservable inputs**	**Weighted average/Value**
UK	£610	475	Directors' valuation: acquisition completed on 22 November 2019 for £0.6 million.	Not applicable	Not applicable

No sensitivity analysis has been provided for the Liverpool property since immaterial to the Group.

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Shareholder information

Further information on the Company, compliant with the SFS regulations, can be found at the Company's website:

www.alpharealtrustlimited.com

Share price

The Company's Ordinary Shares are listed on the SFS of the LSE.

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 Conduct Authority in the United Kingdom.

Financial calendar

Financial reporting	Reporting/ Meeting dates	Dividend period	Ex-dividend date	Record date	Last date for election to scrip dividend (if applicable)	Share certificates posted (if applicable)	Payment date
Annual report published and dividend announcement	25 June 2021	Quarter ended 31 March 2021	24 June 2021	25 June 2021	2 July 2021	15 July 2021	16 July 2021
Annual General Meeting	6 August 2021						
Trading update statement (Quarter 1)	17 September 2021	Quarter ending 30 June 2021	30 September 2021	1 October 2021	8 October 2021	21 October 2021	22 October 2021
Half year report	26 November 2021	Quarter ending 30 September 2021	9 December 2021	10 December 2021	22 December 2021	6 January 2022	7 January 2022