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This announcement contains inside information for the purposes of the Article 7 of the Market Abuse Regulation (EU) 596/2014 (including as it forms part of the laws of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended from time to time). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain

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

### **TENDER OFFER FOR UP TO 6,428,353 ORDINARY SHARES AT 175P PER ORDINARY SHARE**

A circular explaining the terms of a Tender Offer for up to 6,428,353 Ordinary Shares at 175 pence per Ordinary Share will today be posted to Shareholders (the "Circular").

Capitalised terms and expressions shall have the same meanings as those attributed to them in the Circular.

#### **1. Introduction**

On 6 August 2021, Ordinary Shareholders approved an ordinary resolution to enable the Company to buy back up to 9,137,840 Ordinary Shares, representing a maximum of 14.99 per cent. of the Voting Share Capital as at the latest practicable date prior to the date of publication of the 2021 AGM Notice, being 23 June 2021.

In order to continue to provide liquidity to Ordinary Shareholders the Board believes a return of capital by way of tender offer is appropriate.

The purpose of the Circular is to explain the mechanics of the Tender Offer, to provide Qualifying Shareholders with the terms and conditions applicable to the Tender Offer and to explain how Qualifying Shareholders may tender Ordinary Shares, should they wish to do so.

The Tender Offer will be conducted at a fixed price of 175 pence per Ordinary Share, being the Tender Offer Price which represents a premium of 22.5 per cent. to the average middle market closing price of

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an Ordinary Share for the 30 days prior to the Latest Practicable Date and a discount of 19.0 per cent. to the audited NAV per Ordinary Share as at 31 March 2022 of 216.0 pence.

**The Circular is not a recommendation for Qualifying Shareholders to tender any Ordinary Shares under the Tender Offer. Whether or not Qualifying Shareholders tender any Ordinary Shares will depend on, among other things, their view of the Company's prospects and their own individual circumstances, including their tax position, on which they should seek their own independent advice.**

## **2. Background to and reasons for the proposed Tender Offer**

### **2.1 Background**

The Company remains committed to growing its diversified investment portfolio. In recent years the Company focused on reducing exposure to direct development risk and recycling capital into cashflow driven investments. The Company is currently focussed on continuing to grow and diversify its loan portfolio and also on its wider investment strategy which targets investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

In light of the fact that the Company's Ordinary Shares are currently trading at a discount to the NAV per Ordinary Share (such discount being approximately 40.3 per cent. as at the Latest Practicable Date, based on the NAV per Ordinary Share as at 31 March 2022 of 216.0 pence), the Board believes that it is in the Company's interests, and in the interest of Shareholders, to provide Qualifying Shareholders who wish to realise part or all of their investment in the Company with an opportunity to access liquidity which might otherwise not be available in the market.

The Board therefore wishes the Company to make a return of capital to Qualifying Shareholders by way of a tender offer for up to 6,428,353 Ordinary Shares, representing approximately 10 per cent. of the Voting Share Capital.

The Board has sought to ensure that as many Shareholders as possible can participate in the return of capital whilst allowing Shareholders individually to choose whether to participate in the Tender Offer or not (without incurring disproportionate costs in making the Tender Offer to persons other than Qualifying Shareholders). Qualifying Shareholders can decide whether to tender all or any of their Ordinary Shares under the Tender Offer or to continue to hold them.

Qualifying Shareholders tendering all of their Ordinary Shares may be subject to scaling back (but not below their Basic Entitlement) and in this event they will still retain Ordinary Shares in the Company.

The Company was authorised to buy back up to 9,137,840 Ordinary Shares pursuant to the Share Purchase Authority which was approved by Shareholders on 6 August 2021. Since 6 August 2021, the Company has bought back a total of 201,309 Ordinary Shares under its share buyback programme.

The Tender Offer will be financed from the Company's existing cash resources. As at 31 March 2022, the Company had cash and deposits totalling £54.3 million. The Tender Offer is conditional upon the Directors being satisfied that the Company will satisfy the solvency test as prescribed by the Companies Law. The solvency test will be satisfied if, immediately after the completion of the Tender Offer:

- the Company will be able to pay its debts as they become due; and
- the value of the Company's assets is greater than the value of its liabilities.

Following the proposed Tender Offer, the Board believes that the Company will remain in a net cash position with a strong balance sheet.

## 2.2 **Summary information on the Tender Offer**

Full details of the Tender Offer, including the terms and conditions on which it is being made, are set out in Part 4 of the Circular and, in the case of Ordinary Shares held in certificated form, on the Tender Form.

The Tender Offer is only available to Qualifying Shareholders on the register of members of the Company on the Record Date in respect of the Ordinary Shares held by them on the Record Date.

Qualifying Shareholders can choose whether they wish to tender all or any of their Ordinary Shares under the Tender Offer. Qualifying Shareholders are not obliged to tender any of their Ordinary Shares if they do not wish to do so.

The Tender Offer involves the following:

- Panmure Gordon, acting as principal, will acquire the successfully tendered Ordinary Shares at the Tender Price up to a maximum of 6,428,353 Ordinary Shares on and subject to the terms and conditions of the Tender Offer and to sell such tendered Ordinary Shares to the Company pursuant to the Repurchase Agreement.
- The Company will acquire all of the tendered Ordinary Shares from Panmure Gordon pursuant to the existing Share Purchase Authority and such Ordinary Shares will then be cancelled by the Company.
- 6,428,353 Ordinary Shares represent approximately 10 per cent. of the current Voting Share Capital of the Company (excluding Ordinary Shares held in treasury).
- All Qualifying Shareholders are being given the opportunity to participate in the Tender Offer.
- Qualifying Shareholders may tender such number of Ordinary Shares under the Tender Offer as they choose.
- Qualifying Shareholders do not have to tender any of their Ordinary Shares if they do not wish to do so.
- All Ordinary Shares tendered by any Qualifying Shareholder up to their Basic Entitlement (which represents such Qualifying Shareholder's *pro rata* share of the maximum number of Ordinary Shares to be acquired under the Tender Offer) will be accepted in full on and subject to the terms and conditions of the Tender Offer set out in Part 4 of the Circular and, in the case of Ordinary Shares held in certificated form, the Tender Form.
- Each Qualifying Shareholder's Basic Entitlement will be calculated by the Registrars as at the Record Date by reference to the Qualifying Shareholder's holding of Ordinary Shares as at that date.
- If the number of Ordinary Shares validly tendered is 6,428,353 or less, all such Ordinary Shares will be purchased under the Tender Offer on and subject to the terms and conditions of the Tender Offer set out in Part 4 of the Circular.
- If the number of Ordinary Shares validly tendered is more than 6,428,353, tenders will be accepted in the order set out below:
  - (i) all Ordinary Shares tendered by Qualifying Shareholders up to their Basic Entitlement will be accepted in full; and
  - (ii) tenders of Ordinary Shares in excess of the Qualifying Shareholders' Basic Entitlements will be satisfied *pro rata* in proportion to the amount tendered in excess of Basic Entitlements (rounded down to the nearest whole number of Ordinary

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Shares) or otherwise at the discretion of Panmure Gordon, in consultation with the Board.

- Ordinary Shares will be purchased without commissions and dealing charges that would otherwise be payable if Qualifying Shareholders were to sell their shares through their broker.
- Qualifying Shareholders are able to tender their Ordinary Shares until 3.00 p.m. on the closing date of the Tender Offer, which is 13 July 2022. In order to participate in the Tender Offer:
  - Qualifying Shareholders holding Ordinary Shares in certificated form as at the Record Date must return the accompanying personalised Tender Form together with any share certificate(s) and/or other document(s) of title in accordance with the instructions set out on the Tender Form by 3.00 p.m. on 13 July 2022; and
  - Qualifying Shareholders holding Ordinary Shares in uncertificated form (that is, in CREST) are directed to paragraph 3.2 of Part 4 of the Circular which details specific procedures for those holders.

Qualifying Shareholders who choose not to participate in the Tender Offer and who therefore do not tender their Ordinary Shares will not receive any cash proceeds in respect of their Ordinary Shares under the Tender Offer but will benefit from owning a greater percentage of the Voting Share Capital as there will be fewer Ordinary Shares in issue after completion of the Tender Offer and the subsequent repurchase of the tendered Ordinary Shares by the Company pursuant to the Repurchase Agreement.

Ordinary Shares may be traded in the normal way during the period in which the Tender Offer remains open, but Qualifying Shareholders should note that, once tendered, their Ordinary Shares may not be sold, transferred, charged or otherwise disposed of other than in accordance with the Tender Offer.

The purchase from Qualifying Shareholders and the subsequent sale of the tendered Ordinary Shares to the Company will be effected by Panmure Gordon, as principal, “On Exchange” in accordance with the Rules of the London Stock Exchange.

The Tender Offer is only available to Qualifying Shareholders and is not available to Shareholders in Australia, Canada, Japan, the Republic of South Africa or the United States of America or to Shareholders who are otherwise within a Restricted Territory.

Any rights of Qualifying Shareholders who choose not to tender their Ordinary Shares will be unaffected by the Tender Offer.

The Directors reserve the right, at any time prior to the announcement that the Tender Offer has become unconditional in all respects, to decline from proceeding with the Tender Offer if they conclude that its implementation is no longer in the interests of the Company and/or Shareholders as a whole.

Full details of the Tender Offer, including the terms and conditions on which it is made, are set out in Part 4 of the Circular.

## 2.3 **The City Code**

As a company which has its registered office in Guernsey and its Shares admitted to trading on the Specialist Fund Segment, the Company is subject to the City Code.

Under Rule 9 of the City Code (**Rule 9**) any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares which (taken together with shares

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in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company; or any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person shall extend offers, on the basis set out in Rules 9.3, 9.4 and 9.5 of the City Code, to the holders of any class of security whether voting or non-voting and also to the holders of any other class of transferable securities carrying voting rights.

An offer under Rule 9 must be in cash and at the highest price paid within the twelve months prior to the announcement of the offer for any interest in shares in the Company by the person required to make the offer or any person acting in concert with him.

Alpha Global (a company owned directly by the partners in ARC, the investment manager to the Company) owns 39.3 per cent. of the Voting Share Capital of the Company and, under the City Code, is deemed to be acting in concert with the partners in ARC and the shareholders in Alpha Global.

The aggregate shareholding of Alpha Global and the other Concert Parties in the Company as at the Latest Practicable Date was 49,119,994 Ordinary Shares, being approximately 79.25 per cent. of the Voting Share Capital as set out in the table below. The table below also sets out details of the maximum number of Ordinary Shares and the percentage of Voting Share Capital of the Company which would be held by Alpha Global and the other Concert Parties were the maximum number of Ordinary Shares to be tendered under the Tender Offer and subsequently repurchased by the Company from Panmure Gordon assuming that none of Alpha Global or the other Concert Parties tenders any of their Ordinary Shares under the Tender Offer.

<i>Shareholder</i>	<i>As at the Latest Practicable Date</i>		<i>In the event the Tender Offer is fully taken up</i>	
	<i>Number of Ordinary Shares</i>	<i>% of Voting Share Capital</i>	<i>Number of Ordinary Shares</i>	<i>% of Voting Share Capital of the Company</i>
Alpha Global	24,332,844	39.26	24,332,844	43.80
Other Concert Parties	24,787,150	39.99	24,787,150	44.62
<b>Total</b>	<b>49,119,994</b>	<b>79.25</b>	<b>49,119,994</b>	<b>88.41</b>

Further information on ARC, Alpha Global and the other Concert Parties can be found in paragraph 3 of Part 6 of the Circular.

As the aggregate shareholding of Alpha Global and the other Concert Parties represents more than 50 per cent. of the total Voting Share Capital, they are able to block and pass ordinary resolutions of the Company; and, for so long as they continue to be treated as acting in concert, may increase their aggregate interest in Voting Share Capital without incurring any obligation under Rule 9 to make a general offer. Accordingly, any increase in the percentage of Voting Share Capital held by Alpha Global and the other Concert Parties as a result of the implementation of the Tender Offer and the subsequent repurchase of the tendered Ordinary Shares by the Company will not require Alpha Global and the other Concert Parties to make an offer under Rule 9.

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ARC, Alpha Global and the other Concert Parties have indicated to the Company that their intentions are for the Company to remain admitted to trading on the SFS and to pursue its investment strategy.

### 3. Dividends

Successfully tendered Ordinary Shares will be cancelled by the Company and will not rank for any future dividends.

Ordinary Shares will be purchased by Panmure Gordon "ex" dividend. The dividend record date for the dividend of 1.0 pence per Ordinary Share announced by the Board on 10 June 2022 is 24 June 2022 and therefore a person who was a registered holder of Ordinary Shares at the close of business on 24 June 2022 will be entitled to receive the dividend (either in cash or by scrip issue of shares) in respect of those Ordinary Shares regardless of whether or not they successfully tender those Ordinary Shares.

For the avoidance of doubt, any Ordinary Shares that Qualifying Shareholders may elect to receive in lieu of the dividend of 1.0 pence per Ordinary Share announced by the Board on 10 June 2022 are not expected to be valid for acceptance under the Tender Offer.

### 4. Tax

A guide to certain UK tax consequences of the Tender Offer for Shareholders under current UK law and HMRC practice is set out in Part 5 **Error! Reference source not found.** of the Circular.

Qualifying Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser. It should also be noted that Shareholders who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on capital gains and, therefore, should seek professional advice.

### 5. Overseas Shareholders

The attention of Shareholders who are not resident in the United Kingdom is drawn to paragraph 9 or Part 4 of the Circular headed "Restricted Shareholders and other Overseas Shareholders".

### 6. Action to be taken by Qualifying Shareholders who wish to participate in the Tender Offer

The procedure for tendering Ordinary Shares depends on whether Ordinary Shares are held in certificated or uncertificated form and is summarised below.

#### (a) **Ordinary Shares held in certificated form**

Qualifying Shareholders who hold Ordinary Shares in certificated form and who wish to tender all or any of their existing holding of Ordinary Shares should complete the Tender Form in accordance with the instructions printed thereon (including a witnessed signature) and in Part 4 of the Circular and return it to Computershare Investor Services PLC. A prepaid envelope is enclosed for this purpose. Qualifying Shareholders who hold their Ordinary Shares in certificated form should also return their share certificate(s) and/or other document(s) of title in respect of the Ordinary Shares tendered. Completed Tender Forms must be received by not later than 3.00 p.m. on 13 July 2022. Further details of the procedures for tendering and settlement are set out in Part 4 of the Circular and in the accompanying Tender Form.

#### (b) **Ordinary Shares held in uncertificated form**

Qualifying Shareholders who hold their Ordinary Shares in uncertificated form (that is, in CREST) and who wish to tender all or any of their existing holdings of Ordinary Shares should tender electronically through CREST so that the TTE Instruction settles by not later than 3.00 p.m. on

13 July 2022. Further details of the procedures for tendering and settlement are set out in Part 4 of the Circular.

The CREST manual may also assist you in making a TTE Instruction.

If you have any queries regarding the procedure for tendering Ordinary Shares, please contact Computershare Investor Services PLC on 0370 707 4040 or +44 370 707 4040 if calling from outside the UK. The helpline is open from 8.30 a.m. to 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Computershare Investor Services PLC cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## 7. Recommendation

**The Board is making no recommendation to Qualifying Shareholders in relation to participation in the Tender Offer. Whether or not Qualifying Shareholders decide to tender all or any of their Ordinary Shares will depend, among other things, on their view of the Company's prospects and their own individual circumstances, including their tax position. Qualifying Shareholders are recommended to consult their duly authorised independent advisers and make their own decision.**

None of the Directors or any of Alpha Global or the Concert Parties, the beneficial holdings of which amount to, in aggregate, 49,119,994 Ordinary Shares, representing approximately 79.25 per cent. of the Voting Share Capital as at the Latest Practicable Date, intends to tender any of their Ordinary Shares pursuant to the Tender Offer.

**If you are in any doubt about the contents of the Circular or the action you should take, you should seek your own independent financial or legal advice immediately.**

## 8. Expected Timetable of Principal Events

The expected timetable for the Tender Offer is as follows:

Latest time and date for receipt of Tender Forms or for settlement of TTE Instructions in respect of the Tender Offer	3.00 p.m. on 13 July 2022
Record Date for participation in the Tender Offer	6.00 p.m. on 13 July 2022
Results of the Tender Offer announced	14 July 2022
Settlement date: cheques despatched and CREST accounts credited with proceeds in respect of successfully tendered Ordinary Shares	from 15 July 2022
Balancing certificates despatched and CREST accounts credited in respect of unsold Ordinary Shares	week commencing 18 July 2022

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A copy of the Circular is available for download from the Company's website <http://www.alpharealtrustlimited.com/>.

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