Alpha Real Trust

Half year report

For the six months ended 30 September 2023

2023

Alpha Real Trust 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.

Alpha Real Trust

Contents

www.alpharealtrustlimited.com

- NAV per ordinary share 214.3p as at 30 September 2023 (31 March 2023: 216.8p).
- Basic earnings for the six months ended 30 September 2023 of 1.5p per ordinary share (six months ended 30 September 2022: basic earnings of 0.4p per ordinary share).
- Adjusted earnings for the six months ended 30 September 2023 of 4.6p per ordinary share (six months ended 30 September 2022: adjusted earnings of 3.3p per ordinary share)*.
- Declaration of a quarterly dividend of 1.0p per ordinary share expected to be paid on 24 January 2024.

* The basis of the adjusted earnings per share is provided in note 8

Highlights

- **Robust financial position:** ART remains on a robust financial footing and is well positioned to take advantage of new investment opportunities.
- **Investment targets:** the Company is currently focussed on managing risk in its loan portfolio and opportunistically extending its wider investment strategy to target investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.
- **Addition to long leased property portfolio:** in August 2023, ART acquired a hotel and public house in Yardley, Birmingham for £5.1 million (including acquisition costs) with inflation linked rentals.
- **Diversified portfolio of secured senior and secured mezzanine loan investments:** as at 30 September 2023, the size of ART's drawn secured loan portfolio was £57.9 million, representing 46.4% of the investment portfolio.
- The senior portfolio has an average Loan to Value ('LTV')** of 60.1% based on loan commitments (with mezzanine loans having an LTV range of between 49.5% and 68.0% whilst the highest approved senior loan LTV is 65.6%).
- **Loan commitments:** including existing loans at the balance sheet date and loans committed post period end, ART's current total committed but undrawn loan commitments amount to £3.4 million.
- **H2O Madrid:** three Inditex group brands entered into updated lease contracts to extend the footprint of existing stores and extend the lease terms.
- **Cash management:** including investments post period end, the Company has invested £12.0 million in short term UK Treasury Bonds (Gilts) and £7.1 million in UK Treasury Bills to enhance returns on its liquid hold.

** See page 5 for more details

Company's summary and objective

Strategy

ART 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 selectively focusses on asset-backed lending, debt investments and high return property investments in Western Europe that are capable of delivering strong risk adjusted returns.

The portfolio mix at 30 September 2023, excluding sundry assets/liabilities, was as follows:

	30 September 2023	31 March 2023
High return debt:	46.4%	44.5%
High return equity in property investments:	29.7%	26.5%
Other investments:	14.3%	15.2%
Cash:	9.6%	13.8%

The Company is currently focussed on risk managing its loan portfolio and opportunistically extending its wider investment strategy to target high return mezzanine and property investments offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

The Company's Investment Manager is Alpha Real Capital LLP ('ARC').

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.

214.3p

NAV per ordinary share 214.3p

4.6p

Adjusted earnings per ordinary share of 4.6p

2.0p

Dividend per ordinary share paid during the period

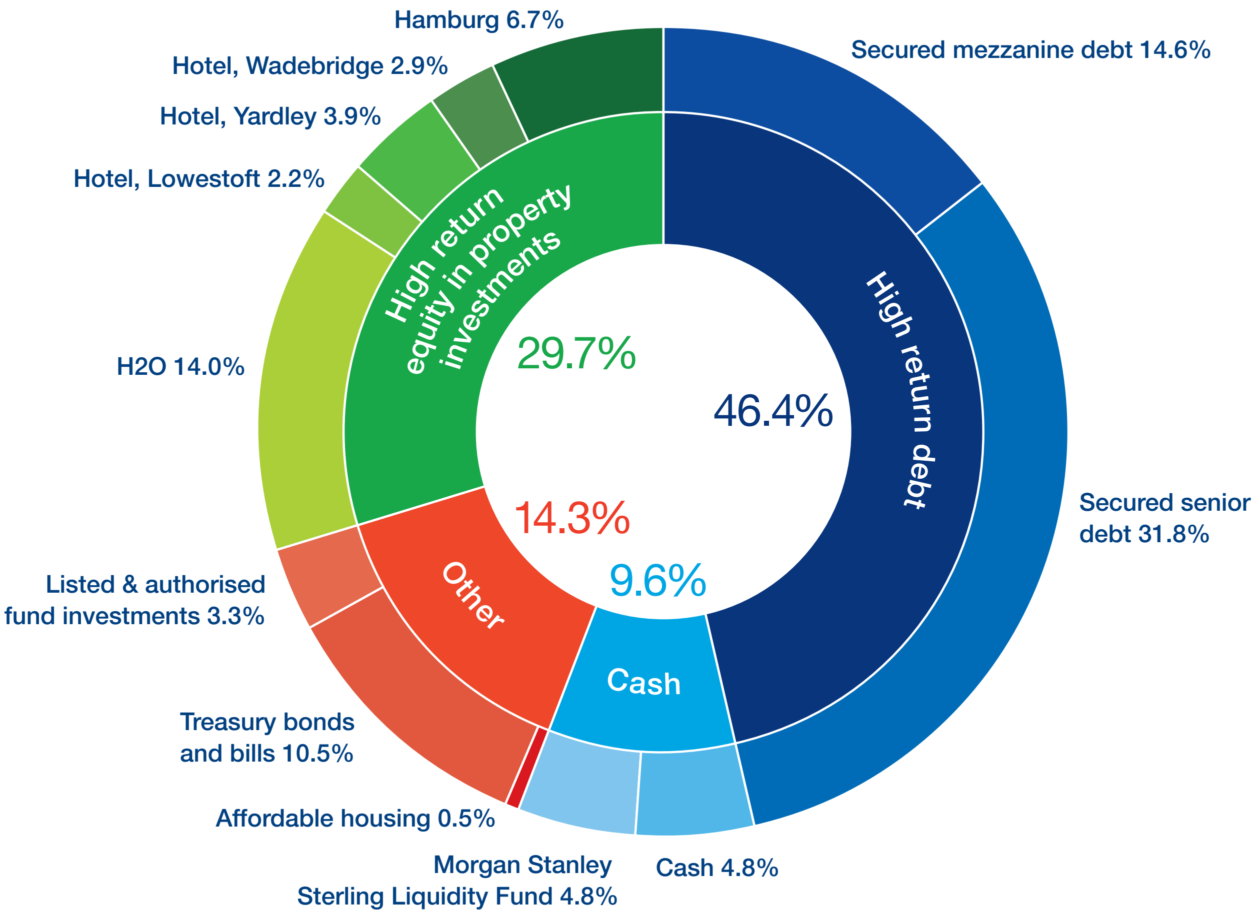
Company's summary and objective (continued)

Financial highlights

	6 months ended 30 September 2023	12 months ended 31 March 2023	6 months ended 30 September 2022
Net asset value (£'000)	125,354	125,067	125,025
Net asset value per ordinary share	214.3	216.8p	219.6
Earnings per ordinary share (basic and diluted) (adjusted)*	4.6p	7.7p	3.3p
Earnings per ordinary share (basic and diluted)	1.5p	1.1p	0.4p
Dividend per ordinary share (paid during the period)	2.0p	4.0p	2.0p

* 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 8 to the accounts.

Company's asset allocation by sector and investment (by percentage of Group's NAV, based on the balance sheet carrying values, excluding the Company's sundry assets/(liabilities)) as at 30 September 2023 (see page 8 for further details).



Chairman's statement

William Simpson
Chairman

I am pleased to present the Company's half year report and accounts for the six months ended 30 September 2023.

ART's investment portfolio benefits from diversification across geographies, sectors and asset types and the Company remains on a robust financial footing and is well placed to capitalise on new investment opportunities.

Inflationary pressures and persistently relatively high central bank interest rates continue dominate the economic backdrop in which the Company operates and clouds the outlook for the real estate market. The uncertain market will offer opportunities in the medium term for ART to grow its diversified investment portfolio. The Company is currently focussed on risk managing its loan portfolio and opportunistically extending its wider investment strategy to target mezzanine opportunities as companies seek to refinance and recapitalise. The Company is also investing in assets offering inflation protection via index linked income adjustments and investments that have potential for capital appreciation.

ART's investment portfolio benefits from diversification across geographies, sectors and asset types. We continue to take a cautious approach to new investment, including new lending, as we observe ongoing pressures in the economy. Recently the Company has again focused on recycling capital into more conservative asset backed lending while reducing exposure to development risk. In this time of heightened uncertainty, the Company is benefiting from that strategy and it has placed the Company on a robust financial footing.

ART continues to adhere to its disciplined strategy and investment underwriting principles which seek to manage risk through a combination of operational controls, diversification and an analysis of the underlying asset security.

> ART's investment portfolio benefits from diversification across geographies, sectors and asset types and the Company remains on a robust financial footing and is well placed to capitalise on new investment opportunities.

Long leased assets

The Company's portfolio of long leased properties, comprising three hotels leased to Travelodge in the UK and an industrial facility in Hamburg, Germany, leased to a leading industrial group are well positioned in the current inflationary environment. The leased assets have inflation linked rent adjustments which offer the potential to benefit from a long term, predictable, inflation linked income stream and the potential for associated capital growth.

During the period ART acquired a hotel and public house in Yardley, Birmingham, United Kingdom for £5.1 million (including acquisition costs), leased to Travelodge Hotels Limited reflecting an initial yield of 8.3% p.a. ART has acquired the asset for cash.

The property is let until November 2060 with a tenant only break option in 2035, providing 12 years term certain to the break clause and the rent has inflation linked adjustments.

The 64-bedroom hotel and public house is held freehold and is situated to the east of Birmingham City Centre off the A45. The hotel is in a well-connected location equidistant between Birmingham City Centre to the west and Birmingham Airport to the east.

Diversified secured lending investment

The Company invests in a diversified portfolio of secured senior and mezzanine loan investments. The loans are typically secured on predominately residential real estate investment and development assets with attractive risk adjusted income returns. As at 30 September 2023, ART had committed £67.6 million across eighteen loans, of which £57.9 million (excluding a £5.1 million provision for Expected Credit Loss discussed below) was drawn.

The Company's debt portfolio comprises predominately floating rate loans. Borrowing rates are typically set at a margin over Bank of England ('BoE') Base Rate and benefit from rising interest rates as outstanding loans deliver increasing returns as loan rates track increases in the BoE Base Rate.

During the quarter ended 30 September 2023, one new loan was drawn for £0.8 million and additional drawdowns of £5.0 million were made on existing loans, one loan totalling £0.5 million (including accrued interest and exit fees) was fully repaid and a further £5.0 million (including accrued interest) was received as part repayments.

Chairman's statement (continued)

Post period end, £1.5 million of drawdowns were made on existing loans, one loan was fully repaid for £1.5 million (including accrued interest and applicable fees) and part payments were received amounting to £4.5 million (including accrued interest).

As at 30 September 2023, 68.6% of the Company's loan investments were senior loans and 31.4% were mezzanine loans. The portfolio has an average LTV of 60.1% based on loan commitments (with mezzanine loans having a LTV range of between 49.5% and 68.0% whilst the highest approved senior loan LTV is 65.6%). 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 largest individual loan in the portfolio as at 30 September 2023 is a senior loan of £10.2 million which represents 15.1% of committed loan capital and 8.1% of the Company's NAV.

Four loans in the portfolio have entered receivership: ART is closely working with stakeholders to maximise capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and has calculated an Expected Credit Loss ('ECL') on these four loans of approximately £3.7 million; the Group have also provided for an ECL on the remainder of the loans' portfolio for an additional £1.4 million: in total, the Group have provided for an ECL of £5.1 million in its consolidated accounts.

Aside from the isolated cases of receivership, illustrated above, the Company's loan portfolio has proved to be resilient despite the recent extended period of heightened uncertainty and risk. In terms of debt servicing, allowing for some temporary agreed extensions, interest and debt repayments have been received in accordance with the loan agreements. Where it is considered appropriate, on a case-by-case basis, underlying loan terms may be extended or varied with a view to maximising ART's risk adjusted returns and collateral security position. The Company's loan portfolio and new loan targets continue to be closely reviewed to consider the potential impact on construction timelines, building cost inflation and sales periods.

The underlying assets in the loan portfolio as at 30 September 2023 had geographic diversification with a London and South East focus. London accounted for 25.4% and the South East of England accounted for 17.1% of the committed facilities within the loan investment portfolio.

H2O, Madrid

H2O, Madrid

ART has a 30% stake in a joint venture with CBRE Investment Management in the H2O shopping centre in Madrid.

H2O occupancy, by area, as at 30 September 2023 was 91.5%. The centre's visitor numbers remain below pre-Covid highs; however, a recovery is evident. In the calendar year to 30 September 2023, visitor numbers were approximately 6.8% below those in 2019 (pre-Covid) and 7.0% above 2022.

During the period, a notable asset management action included the signing of contracts with three existing Inditex group brands within the centre to extend the footprint of existing stores and extend the lease terms. The works to deliver the new 3,000 square metre store for anchor retailer Primark continue to advance on schedule. The store is expected to be delivered during 2024.

Other investments

Investment in listed and authorised funds

The Company has invested (value as at 30 September 2023: £4.1 million) across three investments that offer potential to generate attractive risk adjusted returns. Current market volatility and rises in interest rates have impacted the capital value of these investments. The investment yield offers a potentially accretive return to holding cash while the Company deploys capital in opportunities in line with its investment strategy. These funds invest in ungeared long-dated leased real estate, debt and infrastructure.

Chairman's statement (continued)

Secured lending: London Fields

Cash management

The Company adopts an active approach to enhance returns on its cash balances.

As at 30 September 2023, the Company had invested a total of £6.0 million in short dated UK Treasury Bonds (Gilts) (annualised yield to maturity of 4.8% with maturity in September 2024) and £7.1 million in UK Treasury Bills (annualised yield to maturity of 5.5% with maturity in March 2024). These government backed short term investments offer the Company enhanced returns over cash balances.

Post period end, the Company invested further £6.0 million in short dated UK Treasury Bonds (Gilts) with an annualised yield to maturity of 4.9% with maturity in October 2025.

During the period, the Company also invested £6.0 million in the Morgan Stanley GBP Liquidity Fund, which invests in high quality short-term money market instruments denominated in sterling, offers same day liquidity and earns an annualised return, net of Morgan Stanley's fees, of 5.3%.

Results and dividends

Results

Basic earnings for the six months ended 30 September 2023 are £0.9 million (1.5 pence per ordinary share, see note 8 of the financial statements).

Adjusted earnings, which the Board believe is a more appropriate assessment of the operational income accruing to the Group's activities, for the six months ended 30 September 2023 are £2.7 million: this represents 4.6 pence per ordinary share, which compares with adjusted earnings of 3.3 pence per ordinary share in the same period of last year (see note 8 of the financial statements). Earnings have increased primarily due to enhanced revenues from new long income investments and accretion from cash/treasury management.

The net asset value per ordinary share at 30 September 2023 is 214.3 pence per share (31 March 2023: 216.8 pence per ordinary share) (see note 9 of the financial statements). The net asset values reflects the fair value movement on the investment property and listed and authorised funds, an increase in the ECL provisions on the loan portfolio mitigated by positive earnings in excess of dividends.

Dividends

The Board announces a dividend of 1.0 pence per ordinary share which is expected to be paid on 24 January 2024 (ex-dividend date 7 December 2023 and record date 8 December 2023).

The dividends paid and declared in respect of the twelve month period ended 30 September 2023 totalled 4.0 pence per ordinary share representing an annual dividend yield of 3.0% p.a. by reference to the average closing share price over the twelve months to 30 September 2023.

During the period, £105,561 dividends were paid in cash and £1,052,519 settled by scrip issue of shares.

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 30 September 2023. 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 9 January 2024 to benefit from the scrip dividend alternative for the next dividend.

Financing

As at 30 September 2023 the Group has one direct bank loan of €9.5 million (£8.2 million), with no financial covenant tests, to a subsidiary used to finance the acquisition of the Hamburg property. The loan is secured over the Hamburg property and has no recourse to the other assets of the Group.

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

Chairman's statement (continued)

Share buybacks

Following the Annual General Meeting held on 7 September 2023 the Company has the authority to buy back 14.99% of its share capital (assessed on 29 June 2023) for a total of 8,709,579 shares. No shares have been yet bought back under this authority.

During the period and post period end, the Company did not purchase any shares in the market.

As at the date of this announcement, the ordinary share capital of the Company is 66,629,772 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company is 58,912,191.

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:€1.154 as appropriate.

Russian invasion of Ukraine and going concern

As previously stated, ART has no investments in Ukraine, Russia, nor exposure to any companies that have investments in, or links to, Ukraine or Russia. ART has no arrangements with any person currently on (or potentially on) any sanctions list, or links to Ukraine or Russia. The Board continues to monitor the global political and economic situation regularly assessing impacts arising from inflation and interest rate changes for a potential material impact on ART's portfolio.

The Company has adopted a prudent short-term strategy to move to cash conservation and a cautious approach to commitments to new investments over this uncertain time. Alert to the impact of potentially reducing income returns, this approach has supported a robust balance sheet position. The Company continues to adopt this cautious approach to new investment and is conserving cash because of the uncertainty that has characterised the past few months; this ensures the Company retains a robust financial footing, making it well positioned to take advantage of new investment opportunities.

As noted above, the Company held approximately (as at 30 September 2023) 9.6% of its assets (excluding sundry net assets) in cash (including the investment in the Morgan Stanley GBP Liquidity Fund) and 10.5% in highly liquid UK Treasury Bonds and Bills with limited 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. See the investment review section for more details on relevant investments.

Secured lending: St. Lawrence, Jersey

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

ART's investment portfolio benefits from diversification across geographies, sectors, and asset types. As inflationary pressures and interest rate policy continue to shape the economic backdrop in which the Company operates, ART remains on a robust financial footing and is well placed to capitalise on new investment opportunities.

ART 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 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.

William Simpson
Chairman
23 November 2023

Investment review

Portfolio overview 30 September 2023

Investment	Carrying value	Income return p.a.	Investment location	Property type / underlying security	Investment notes	% of portfolio [1]	Note*
High return debt (46.4%)							
Secured senior finance							
Senior secured loans (excluding committed but undrawn facilities of £4.6 million)	£39.7m [2]	9.8% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Senior secured debt	31.8%	13
Secured mezzanine finance							
Second charge mezzanine loans	£18.2m [2]	18.6% [3]	UK	Diversified loan portfolio focussed on real estate investments and developments	Secured mezzanine debt and subordinated debt	14.6%	13
High return equity in property investments (29.7%)							
H2O shopping centre							
Indirect property	£17.4m (€20.1m)	5.1% [4]	Spain	Dominant Madrid shopping centre and separate development site	30% shareholding; moderately geared bank finance facility	14.0%	12
Long leased industrial facility, Hamburg							
Direct property	£8.4m [5] (€9.7m)	8.9% [4]	Germany	Long leased industrial complex in major European industrial and logistics hub with RPI linked rent	Long term moderately geared bank finance facility	6.7%	10
Long leased hotel, Wadebridge							
Direct property	£3.6m	5.3% [6]	UK	Long leased hotel to Travelodge, a large UK hotel group with CPI linked rent	No external gearing	2.9%	10
Long leased hotel, Lowestoft							
Direct property	£2.7m	5.2% [6]	UK	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing	2.2%	10
Long leased hotel, Yardley							
Direct property	£4.8m	7.7% [6]	UK	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing	3.9%	10
Other investments (14.3%)							
Listed and authorised fund investments	£4.1m	6.2% [4]	UK & Channel Islands	Commercial real estate, infrastructure and debt funds	Short to medium term investment in listed and authorised funds	3.3%	11
Affordable housing							
Residential Investment	£0.6m	n/a	UK	High-yield residential UK portfolio	100% shareholding; no external gearing	0.5%	10
UK Treasury Bonds and Bills							
UK Treasury Bonds	£6.0m	4.8% [7] 2.8% [8]	UK	UK government bonds	-	4.8%	11
UK Treasury Bills	£7.1m	5.5% [7]	UK	UK government bonds	-	5.7%	11
Cash and short-term investments (9.6%)							
Cash [9]	£6.0m	1.5% [10]	UK	‘On call’ and current accounts	-	4.8%	-
Sterling Liquidity Fund	£6.0m	5.3%	UK	Money market fund, daily liquidity	-	4.8%	16

* Return from underlying investments excluding Fund fees
** See notes to the financial statements

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 30 September 2023
5 Property value including sundry assets/liabilities, net of associated debt
6 Annualised monthly return
7 Annualised yield to maturity
8 Fixed annual coupon
9 Group cash of £7.1m excluding cash held with the Hamburg holding company of £1.1m
10 Weighted average interest earned on call accounts

Investment review (continued)

Brad Bauman
Joint fund manager

Gordon Smith
Joint fund manager

High return debt

ART has a portfolio of secured loan investments which contribute a diversified 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 investment assets and developments. ART loan underwriting is supported by the Investment Manager's asset-backed lending experience, developer and investor relationships and knowledge of the underlying assets and sectors, in addition to the Group's partnerships with specialist debt providers.

Secured lending: North London

St. Lawrence, Jersey

Senior development loan

Total commitment	£11,731,000
Loan type	Senior development loan
Loan term	24 months
LTV	63.00%
Underlying security	Development of eleven new build apartments

Investment review (continued)

Secured finance

Investment	Investment type	Carrying value	Income return p.a.	Property type / underlying security	Investment notes
Secured senior finance	First charge secured loans	£39.7m *	9.8%**	Diversified loan portfolio focussed on real estate investments and developments	Secured debt
Secured mezzanine finance	Second charge secured loans	£18.2m *	18.6%**	Diversified loan portfolio focussed on real estate investments and developments	Second charge secured debt and secured 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

These loans are typically secured on real estate investment and development assets with attractive risk-adjusted income returns from either current or capitalised interest or coupons.

As at 30 September 2023, ART had invested a total amount of £57.9 million across eighteen loans. Over the past twelve months the loan portfolio has increased by 20.4%.

During the six months to 30 September 2023, one new loan was drawn for £0.8 million and additional drawdowns of £8.9 million were made on existing loans; two loans for £2.1 million (including accrued interest and exit fees) were fully repaid and a further £7.3 million (including accrued interest) was received as part repayments.

Post period end, £1.5 million of drawdowns were made on existing loans, one loan was fully repaid for £1.5 million (including accrued interest and applicable fees) and part payments were received amounting to £4.5 million (including accrued interest).

Each loan will typically have a term of up to two years, a maximum 75% loan to gross development value ratio and be targeted to generate attractive risk-adjusted income returns. As at 30 September 2023, the senior portfolio has an average LTV of 59.5% based on loan commitments (with mezzanine loans having an LTV range of between 49.5% and 68.0% whilst the highest approved senior loan LTV is 65.6%).

Four loans in the portfolio have entered receivership: ART is closely working with stakeholders to maximise capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and have calculated an ECL on these four loans of approximately £3.7 million; the Group have also provided for an ECL on the remainder of the loans' portfolio for an additional £1.4 million: in total, the Group have provided for an ECL of £5.1 million in its consolidated accounts.

As at 30 September 2023, ART had invested a total amount of £57.9 million across eighteen loans. Over the past twelve months the loan portfolio has increased by 20.4%.

Temple Fortune, London

Senior development loan

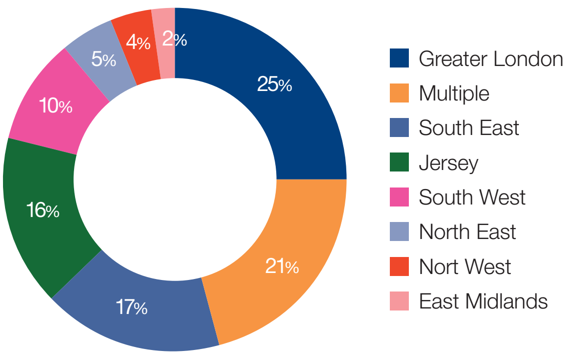
Total commitment	£8,600,000
Loan type	Senior development loan
Loan term	19 months
LTV	63.00%
Underlying security	Development of eight new build houses

Investment review (continued)

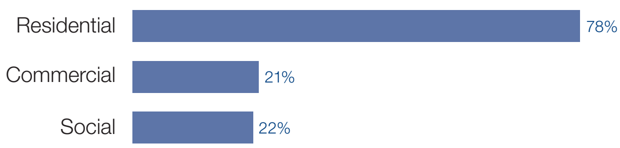
Current loan investment examples:

Location	Total commitment	Loan type	Loan term	Current LTV	Underlying security
Fleet, Hampshire	£1,400,000	MezzanineDevelopment Loan	18	55.00%	Development of eight new build apartments
St. Lawrence, Jersey	£11,731,000	Senior Development Loan	24	63.00%	Development of eleven new build apartments
Temple Fortune, London	£8,600,000	Senior Development Loan	19	63.00%	Development of eight new build houses
Throughout the UK	£12,000,000	Senior Investment Loan	36	60.58%	Refinance of a portfolio of six care homes

Loan portfolio by geography



Loan portfolio by asset class (% of commitment)

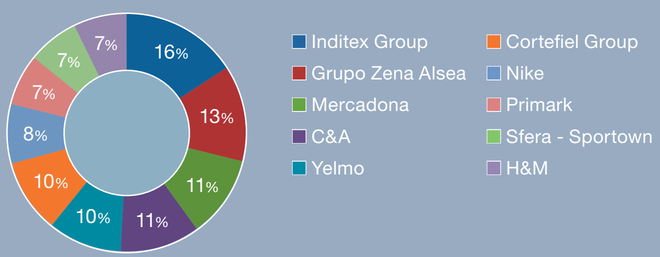


As at 30 September 2023, the senior portfolio has an average LTV of 59.5% based on loan commitments (with mezzanine loans having an LTV range of between 49.5% and 68.0%).

H2O
Madrid - Spain

Sector	Retail
Asset	Shopping centre
Tenants include	Nike, Zara, Pull&Bear, Bershka, Stradivarous, Mango, Cortefiel, H&M, C&A and JD Sports
Area	54,896 square metres
Description	The property is located in the Rivas-Vaciamadrid district of Madrid. H2O has a primary catchment area of 166,000 people but the location, due to the concentration of complementary retail, has a total catchment of 2.2 million people. The weighted average lease length as at 30 September 2023 is 2.3 years to next break and 7.9 years to expiry.

Top ten tenants (30 September 2023)



Investment review (continued)

High return equity in property investments

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	Property type / underlying security	Investment notes
H2O	Indirect property	£17.4m (€20.1m)	5.1%*	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 30 September 2023, excluding Fund fees

ART has a 30% stake in joint venture with CBRE Investment Management 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 55,000 square metres comprising over 100 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, JD Sports, Cortefiel, H&M and C&A.

H2O occupancy, by area, as at 30 September 2023 was 92.6%. The centre trading levels remain below the pre-covid highs, however a recovery is evident. In the calendar year to 30 September 2023, visitor numbers were approximately 6.8% below those of the same period in 2019 (pre-Covid) and 7.0% above the same period in 2021.

During the period, a notable asset management action included the signing of contracts with three existing Inditex group brands within the centre to extend the footprint of existing stores and extend the lease terms. The works to deliver the new 3,000 square metre store for anchor retailer Primark continue to advance on schedule. The store is expected to be delivered during 2024.

The asset management highlights are as follows:

- **Valuation:** 30 September 2023: €120.0 million (£103.9 million) (31 March 2023: €119.3 million (£104.9 million)).
- **Centre occupancy:** 92.6% by area as at 30 September 2023.
- **Weighted average lease length to next break:** 2.3 years and 7.9 years to expiry as at 30 September 2023.

Long leased industrial facility
Hamburg

Sector	Industrial
Underlying assets	Industrial facility in Hamburg Germany
Tenant	Veolia Umweltservice Nord GmbH, part of the Veolia group
Description	Long leased investment with moderately geared, long term, bank finance facility.

Investment review (continued)

Long leased industrial facility, Hamburg

Investment	Investment type	Carrying value	Income return	Property type / underlying security	Investment notes
Industrial facility, Werner-Siemens-Straße Hamburg, Germany	Direct property	£8.4m* (€9.7m)	8.9%**	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 30 September 2023

ART has an investment of €9.7 million (£8.4 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.

The Hamburg asset is funded by way of a €9.5 million (£8.2 million) non-recourse, fixed rate, bank debt facility which matures in 31 July 2028. The facility carries no financial covenant tests.

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.

Long leased hotel, Wadebridge, Cornwall

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Hotel, Wadebridge, Cornwall, UK	Direct property	£3.6m	5.3%*	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing

* Annualised monthly return, excluding Fund fees

ART has an investment of £3.6 million (property valuation as at 30 September 2023) in a 55-bedroom property, which is held freehold and is situated on the outskirts of Wadebridge in the county of Cornwall. The hotel is in a well-connected location in close proximity to the A39.

The property is leased to Travelodge Hotels Limited on a 20 year unexpired lease term. Under the lease, the tenant is responsible for building maintenance.

The passing rent of £0.3 million p.a. has inflation linked adjustments.

Investment review (continued)

Long leased hotel, Lowestoft

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Hotel, Lowestoft, UK	Direct property	£2.7m	5.2%*	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing

* Annualised monthly return, excluding Fund fees

ART has an investment of £2.7 million (property valuation as at 30 September 2023) in a 47-bedroom property, which is held freehold and occupies a site of 1.08 acres in Lowestoft, a well established and well connected area located in close proximity to the A47 which runs to Norwich.

The property is leased to Travelodge Hotels Limited on an 18 year unexpired lease term. Under the lease, the tenant is responsible for building maintenance.

The passing rent of £0.2 million p.a. has inflation linked adjustments.

Long leased hotel, Yardley, Birmingham

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Hotel, Yardley, UK	Direct property	£4.8m	7.7%*	Long leased hotel to Travelodge, a large UK hotel group with RPI linked rent	No external gearing

* Annualised monthly return, excluding Fund fees

ART has an investment of £4.8 million in a 64-bedroom property, which is held freehold and occupies a site of 1.42 acres and has 116 car parking spaces in Yardley. The hotel is situated to the east of Birmingham City Centre off the A45. The hotel is in a well-connected location equidistant between Birmingham City Centre to the west and Birmingham Airport to the east.

The property is leased to Travelodge Hotels Limited until November 2060 with a tenant only break option in 2035. Under the lease, the tenant is responsible for building maintenance.

The passing rent of £0.4 million p.a. has inflation linked adjustments.

Investment review (continued)

Other investments

Listed and authorised fund investments

Investment	Investment type	Carrying value	Income return*	Property type/underlying security	Investment notes
Sequoia Economic Infrastructure Income Fund Limited	Listed equity	£2.3m	6.1%	Listed investment fund	FTSE 250 infrastructure debt fund
GCP Infrastructure Investments Limited	Listed equity	£0.9m	6.7%	Listed investment fund	FTSE 250 infrastructure fund
GCP Asset Backed Income Fund Limited	Listed equity	£0.9m	6.1%	Listed investment fund	Diversified asset back debt fund
Total		**£4.1m**	**6.2%**		

* Yield on equity based on 12 months to 30 September 2023

The Company invested (value as at 30 September 2023: £4.1 million) across three investments that offer potential to generate attractive risk adjusted returns. Current market volatility and rise in interest rates has impacted the capital value of these investments. The investment yield offers a potentially accretive return to holding cash while the Company deploys capital in opportunities in line with its investment strategy. These funds invest in ungeared long-dated leased real estate, debt and infrastructure.

Affordable housing

The Company's wholly owned investment, RealHousingCo Limited ('RHC') has obtained successful registration with the Regulator of Social Housing as a For Profit Registered Provider of affordable homes. This status provides RHC with a platform to undertake future investment in the affordable housing sector which offers scope to generate long term, inflation-linked returns while addressing the chronic undersupply of affordable homes in the UK.

RHC owns a residential property located in Liverpool (UK), which is comprised of seven units, all of which are occupied by private individuals, each with a six month term contract. The fair value of the Liverpool property as at 30 September 2023 was £0.6 million.

UK Treasury Bonds (Gilts) and Bills

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Gilts	UK Treasury Bonds	£6.0m	4.8%	Liquid Government security	Short dated (maturity in September 2024)
Treasuries	UK Treasury Bills	£7.1m	5.5%	Liquid Government security	Short dated (maturity in March 2024)
Total		**£13.1m**	**5.2% ****		

* Annualised yield to maturity
** Weighted average

These government backed short term investments offer the Company enhanced returns over cash balances.

During the period, £7.0 million in Gilts matured and earned a yield to maturity of 4.0% and £7.1 million in UK Treasury Bills matured and earned a yield to maturity of 4.2%.

Post period end, the Company invested further £6.0 million in short dated Gilts with an annualised yield to maturity of 4.9% with maturity in October 2025.

Investment review (continued)

Cash balances

Investment	Investment type	Carrying value	Income return	Property type/underlying security	Investment notes
Cash balance *	Cash	£6.0m	1.5% **	'On call' and current accounts	n/a
Morgan Stanley Sterling Liquidity Fund	Short-term investment	£6.0m	5.3%	Money market fund, daily liquidity	n/a

* Group cash of £7.1m excluding cash held with the Hamburg holding company of £1.1m
** Weighted average interest earned on call accounts

As at 30 September 2023, the Group had cash balances of £6.0 million, excluding cash held with the Hamburg holding company of £1.1 million.

The Group's cash is held with established banks with strong credit ratings.

Summary

ART has a diversified portfolio focussed on asset-backed lending and property investments in Western Europe.

The Company is currently focussed on risk managing its loan portfolio and extending its wider investment strategy to opportunistically target investments in mezzanine and assets offering inflation protection via index linked income adjustments and investments that have potential for capital gains.

Brad Bauman and Gordon Smith
For and on behalf of the Investment Manager
23 November 2023

Principal risks and uncertainties

The principal risks and uncertainties facing the Group can be outlined as follows:

- Rental income, fair value of investment properties (directly or indirectly held) and fair value of the Group's equity investments are affected, together with other factors, by general economic conditions and/or by the political and economic climate of the jurisdictions in which the Group's investments and investment properties are located.
- The Group's loan investments are exposed to credit risk which arise by the potential failure of the Group's counter parties to discharge their obligations when falling due; this could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date; the Group receives regular updates from the relevant investment manager as to the performance of the underlying investments and assesses their credit risk as a result.
- The Russian invasion of Ukraine is also considered to be a significant risk and uncertainty for the Group: this is discussed on the first paragraph of the above going concern section.

The Board believes that the above principal risks and uncertainties, which are discussed more extensively in the annual report for the year ended 31 March 2023, would be equally applicable to the remaining six month period of the current financial year.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge:

- the condensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union; and
- the half year report includes a fair review of the information required by DTR 4.2.7R, being an indication of the important events that have occurred during the first six months of the financial year, and their impact on the half year report, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- the half year report includes a fair review of the information required by DTR 4.2.8R, being the related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period; and any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors of ART are listed on page 39.

By order of the Board

William Simpson
Chairman
23 November 2023

Independent review report

To Alpha Real Trust Limited

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, as adopted by the European Union, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

We have been engaged by the company to review the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 30 September 2023 which comprises the condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity and related notes.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' ('ISRE (UK) 2410'). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities of directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, 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 review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

24 November 2023

Condensed consolidated statement of comprehensive income

	Notes	For the six months ended 30 September 2023 (unaudited) Revenue £'000	Capital £'000	Total £'000	For the six months ended 30 September 2022 (unaudited) Revenue £'000	Capital £'000	Total £'000
Income							
Revenue	3	4,218	-	4,218	2,977	-	2,977
Change in the revaluation of investment properties	10	-	(867)	(867)	-	143	143
(Losses)/gains on financial assets and liabilities held at fair value through profit or loss	5	(62)	(48)	(110)	272	(1,406)	(1,134)
Total income/(expense)		**4,156**	**(915)**	**3,241**	**3,249**	**(1,263)**	**1,986**
Expenses							
Expected credit losses		(277)	(779)	(1,056)	-	(608)	(608)
Property operating expenses		(41)	-	(41)	(41)	-	(41)
Investment Manager's fee	21	(1,158)	-	(1,158)	(1,189)	-	(1,189)
Other administration costs		(546)	-	(546)	(476)	-	(476)
Total operating expenses		**(2,022)**	**(779)**	**(2,801)**	**(1,706)**	**(608)**	**(2,314)**
Operating profit/(loss)		**2,134**	**(1,694)**	**440**	**1,543**	**(1,871)**	**(328)**
Share of profit/(loss) of joint ventures and associates	12	167	(120)	47	525	324	849
Finance income	4	481	4	485	44	-	44
Finance costs		(102)	-	(102)	(100)	(66)	(166)
Profit/(loss) before taxation		**2,680**	**(1,810)**	**870**	**2,012**	**(1,613)**	**399**
Taxation	6	(18)	23	5	(66)	(112)	(178)
Profit/(loss) after taxation		**2,662**	**(1,787)**	**875**	**1,946**	**(1,725)**	**221**
Other comprehensive income/(expense) for the period							
Items that may be reclassified to profit or loss in subsequent periods:							
Exchange differences arising on translation of foreign operations		-	(443)	(443)	-	1,478	1,478
Other comprehensive (expense)/income for the period		**-**	**(443)**	**(443)**	**-**	**1,478**	**1,478**
Total comprehensive income/(expense) for the period		**2,662**	**(2,230)**	**432**	**1,946**	**(247)**	**1,699**
Earnings per ordinary share (basic & diluted)	8			**1.5p**			**0.4p**
Adjusted earnings per ordinary share (basic & diluted)	8			**4.6p**			**3.3p**

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 on pages 27 to 38 form an integral part of these financial statements.

Condensed consolidated balance sheet

	Notes	30 September 2023 (unaudited) £'000	31 March 2023 (audited) £'000
Non-current assets			
Investment property	10	27,506	23,496
Investment in joint ventures and associates	12	17,441	17,654
Loans advanced	13	10,296	16,051
		55,243	**57,201**
Current assets			
Investments held at fair value	11	17,214	18,310
Derivatives held at fair value through profit or loss		243	-
Loans advanced	13	47,583	39,385
Collateral deposit	14	1,131	1,143
Trade and other receivables	15	471	414
Cash and cash equivalents	16	13,092	18,455
		79,734	**77,707**
Total assets		**134,977**	**134,908**
Current liabilities			
Derivatives held at fair value through profit or loss		-	(171)
Trade and other payables	17	(1,088)	(986)
Corporation tax		(26)	(34)
Bank borrowings	18	(31)	(30)
Total current liabilities		**(1,145)**	**(1,221)**
Total assets less current liabilities		**133,832**	**133,687**
Non-current liabilities			
Bank borrowings	18	(8,157)	(8,271)
Deferred tax	6	(321)	(349)
		(8,478)	**(8,620)**
Total liabilities		**(9,623)**	**(9,841)**
Net assets		**125,354**	**125,067**
Equity			
Share capital	19	-	-
Special reserve		61,564	60,550
Translation reserve		9	452
Capital reserve		38,360	40,147
Revenue reserve		25,421	23,918
Total equity		**125,354**	**125,067**
Net asset value per ordinary share	9	**214.3p**	**216.8p**

The financial statements were approved by the Board of Directors and authorised for issue on 23 November 2023. They were signed on its behalf by William Simpson.

The accompanying notes on pages 27 to 38 form an integral part of these financial statements.

William Simpson
Director

Condensed consolidated cash flow statement

	For the six months ended 30 September 2023 (unaudited) £'000	For the six months ended 30 September 2022 (unaudited) £'000
Operating activities		
Profit for the period after taxation	875	221
Adjustments for:		
Change in revaluation of investment property	867	(143)
Net losses on financial assets and liabilities held at fair value through profit or loss	110	1,134
Taxation	(5)	178
Share of profit of joint ventures and associates	(47)	(849)
Interest receivable on loans to third parties	(3,398)	(2,394)
Expected credit losses	1,056	608
Finance income	(485)	(44)
Finance cost	102	166
Operating cash flows before movements in working capital	**(925)**	**(1,123)**
Movements in working capital:		
Movement in trade and other receivables	(42)	(123)
Movement in trade and other payables	93	(43)
Cash flows used in operations	**(874)**	**(1,289)**
Loan interest received	678	1,091
Loans granted to third parties	(9,739)	(9,581)
Loans repaid by third parties	8,710	10,359
Cash returned from escrow for loans granted post year end	-	1,928
Interest received	131	44
Interest paid	(93)	(91)
Tax paid	(30)	(29)
Cash flows (used in)/generated from operating activities	**(1,217)**	**2,432**
Investing activities		
Acquisition of investment property	(5,118)	(7,403)
Investment in UK Treasury Bonds and Bills	(13,140)	-
Redemption of UK Treasury Bonds and Bills	14,130	-
Investment in Morgan Stanley Sterling Liquidity Fund	(5,990)	-
Redemption on investments	-	5,348
Capital return from joint venture in arbitration	-	5,868
Dividend income from joint ventures and associates	-	411
Dividend income from investments	187	178
Income from UK Treasury Bonds and Bills	163	-
Dividend income from Morgan Stanley Sterling Liquidity Fund	33	-
Collateral deposit increase	12	(348)
Cash flows (used in)/generated from investing activities	**(9,723)**	**4,054**
Financing activities		
Share issue costs	-	(78)
Share buyback	-	(9,553)
Share buyback costs	(39)	(49)
Cash paid on maturity of foreign exchange forward	(202)	-
Ordinary dividends paid	(106)	(250)
Cash flows used in financing activities	**(347)**	**(9,930)**
Net decrease in cash and cash equivalents	**(11,287)**	**(3,444)**
Cash and cash equivalents at beginning of period	**18,455**	**41,250**
Exchange translation movement	(66)	128
Cash and cash equivalents at end of period	**7,102**	**37,934**

The accompanying notes on pages 27 to 38 form an integral part of these financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 September 2023 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2023		**60,550**	**452**	**40,147**	**23,918**	**125,067**
Total comprehensive income/(expense) for the period						
Loss/(profit) for the period		-	-	(1,787)	2,662	875
Other comprehensive expense for the period		-	(443)	-	-	(443)
Total comprehensive (expense)/income for the period		**-**	**(443)**	**(1,787)**	**2,662**	**432**
Transactions with owners						
Cash dividends	7	-	-	-	(106)	(106)
Scrip dividends	7	1,053	-	-	(1,053)	-
Share issue costs		(39)	-	-	-	(39)
Total transactions with owners		**1,014**	**-**	**-**	**(1,159)**	**(145)**
At 30 September 2023		**61,564**	**9**	**38,360**	**25,421**	**125,354**

For the six months ended 30 September 2022 (unaudited)	Notes	Special reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total equity £'000
At 1 April 2022		**68,243**	**(801)**	**44,017**	**21,797**	**133,256**
Total comprehensive income/(expense) for the period						
Loss/(profit) for the period		-	-	(1,725)	1,946	221
Other comprehensive income for the period		-	1,478	-	-	1,478
Total comprehensive income/(expense) for the period		**-**	**1,478**	**(1,725)**	**1,946**	**1,699**
Transactions with owners						
Cash dividends	7	-	-	-	(250)	(250)
Scrip dividends	7	987	-	-	(987)	-
Share issue costs		(78)	-	-	-	(78)
Share buyback	21	(9,553)	-	-	-	(9,553)
Share buyback costs		(49)	-	-	-	(49)
Total transactions with owners		**(8,693)**	**-**	**-**	**(1,237)**	**(9,930)**
At 30 September 2022		**59,550**	**677**	**42,292**	**22,506**	**125,025**

The accompanying notes on pages 27 to 38 form an integral part of these financial statements.

Notes to the condensed consolidated financial statements

For the six months ended 30 September 2023

1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The condensed consolidated financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currencies are Euro and Sterling. The presentation currency of the Group is Sterling. For Euro based transactions the period end exchange rate used is £1:€1.154 (31 March 2023: £1:€1.137) and the average rate for the period used is £1:€1.157 (30 September 2022: £1:€1.174).

The address of the registered office is given on page 32. The nature of the Group's operations and its principal activities are set out in the Chairman's Statement. The half year report was approved and authorised for issue on 23 November 2023 and signed by William Simpson on behalf of the Board.

2. Significant accounting policies

Basis of preparation

The unaudited condensed consolidated financial statements in the half year report for the six months ended 30 September 2023 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. This half year report and condensed consolidated financial statements should be read in conjunction with the Group's annual report and consolidated financial statements for the year ended 31 March 2023, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and are available at the Company's website (www.alpharealtrustlimited.com).

The accounting policies adopted and methods of computation followed in the condensed consolidated financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2023 and are expected to be applied to the Group's annual consolidated financial statements for the year ending 31 March 2024.

The Group continues to only have one operating segment.

3. Revenue

	For the six months ended 30 September 2023 £'000	For the six months ended 30 September 2022 £'000
Rental income	768	552
Service charges	26	26
Rental revenue	**794**	**578**
Interest receivable on loans to third parties	3,398	2,394
Interest revenue	**3,398**	**2,394**
Other income	26	5
Other revenue	**26**	**5**
Total	**4,218**	**2,977**

4. Finance income

	For the six months ended 30 September 2023 £'000	For the six months ended 30 September 2022 £'000
Bank interest receivable	131	44
Income from UK Treasury Bonds and Bills	317	-
Income from Morgan Stanley GBP Liquidity Fund	33	-
Foreign exchange gain	4	-
Total	**485**	**44**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

5. Net gains and losses on financial assets and liabilities held at fair value through profit or loss

	For the six months ended 30 September 2023 £'000	For the six months ended 30 September 2022 £'000
Unrealised gains and losses on financial assets and financial liabilities held at fair value through profit or loss		
Movement in fair value of loans	(314)	-
Movement in fair value of investments	(260)	(943)
Movement in fair value of foreign exchange forward contract	414	(463)
Undistributed investment income	-	57
Realised gains and losses on financial assets and financial liabilities held at fair value through profit or loss		
Movement in fair value of loans	65	37
Dividends received from investments held at fair value	187	178
Realised loss on foreign exchange forward contract	(202)	-
Net losses on financial assets and financial liabilities held at fair value through profit or loss	**(110)**	**(1,134)**

6. Taxation

	For the six months ended 30 September 2023 £'000	For the six months ended 30 September 2022 £'000
Current tax	18	66
Deferred tax	(23)	112
Tax expense	**5**	**178**

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 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains. The Group is liable to foreign tax arising on activities in the overseas subsidiaries. The Company has investments, subsidiaries and joint venture operations in Luxembourg, United Kingdom, the Netherlands, Spain, Germany and Cyprus.

The current tax charge is due in Cyprus (where all Company's subsidiaries are in the liquidation process and all local taxes have been settled), Luxembourg and the Netherlands.

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.

A deferred tax liability has been provided for in relation to the Hamburg investment property in Germany and its movement can be analysed as follows:

	For the six months ended 30 September 2023 £'000	For the six months ended 30 September 2022 £'000
Opening balance	**349**	**265**
Movement for the period	(23)	74
Foreign exchange movements	(5)	10
Closing balance	**321**	**349**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

7. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £	Date of payment
Quarter ended 31 December 2022	5,299	1.0p	52,990	6 April 2023
Quarter ended 31 March 2023	5,257	1.0p	52,570	28 July 2023
Total paid in the period			**105,560**	
Quarter ended 30 June 2023	5,037	1.0p	50,368	27 October 2023
Total			**155,928**	

The Company will pay a dividend of 1.0p per share for the quarter ended 30 September 2023 on 24 January 2024.

In accordance with IAS 10, the dividends for quarters ended 30 June 2023 and 30 September 2023 have not been included in these financial statements as the dividends were declared or paid after the period end. The current intention of the Directors is to pay a dividend quarterly.

Dividends paid and payable after the balance sheet date have not been included as a liability in the half year report.

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 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 all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares.

During the six month period ended 30 September 2023, the Company issued 791,549 ordinary shares: on 6 April 2023, 401,545 were issued at the price of £1.31 and, on 28 July 2023, 390,004 were issued at the price of £1.36.

8. Earnings per share

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

	For the six months ended 30 September 2023 Ordinary share	Year ended 31 March 2023 Ordinary share	For the six months ended 30 September 2022 Ordinary share
Earnings per statement of comprehensive income (£'000)	875	631	221
Basic and diluted earnings (pence per share)	**1.5**	**1.1**	**0.4**
Earnings per statement of comprehensive income (£'000)	875	631	221
Net change in the revaluation of investment properties	867	548	(143)
Movement in fair value of investments	260	1,338	943
Movement in fair value of foreign exchange forward contract	(212)	259	463
Net change in the revaluation of the joint ventures' investment property	120	569	(324)
Expected credit losses	779	881	608
Foreign exchange (gain)/loss	(4)	201	66
Deferred tax	(23)	74	112
Adjusted earnings	**2,662**	**4,501**	**1,946**
Adjusted earnings (pence per share)	**4.6**	**7.7**	**3.3**
Weighted average number of shares ('000s)	**57,879**	**58,606**	**59,778**

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.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

9. Net asset value per share

	At 30 September 2023 £'000	At 31 March 2023 £'000	At 30 September 2022 £'000
Net asset value (£'000)	125,354	125,067	125,025
Net asset value per ordinary share	**214.3p**	**216.8p**	**219.6p**
Number of ordinary shares ('000s)	**58,493**	**57,701**	**56,937**

10. Investment property

	30 September 2023 £'000	31 March 2023 £'000
Fair value of investment property at 1 April	**23,496**	**15,984**
Additions	5,118	7,407
Fair value adjustment in the period/year	(867)	(548)
Foreign exchange movements	(241)	653
Fair value of investment property at 30 September / 31 March	**27,506**	**23,496**

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

The fair value of the Hamburg property of €18.2 million (£15.8 million) (31 March 2023: €18.5 million (£16.3 million)) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by Cushman & Wakefield ('C&W').

On 23 August 2023, the Group acquired a further UK hotel located in Yardley, Birmingham, leased to Travelodge Hotels Limited, the United Kingdom's largest independent hotel brand, for £4.8 million plus acquisition costs of £0.3 million. This hotel is carried in the balance sheet at its cost of £4.8 million.

The fair values of the two UK hotels of £3.6 million (31 March 2023: £3.8 million; located in Wadebridge) and £2.7 million (31 March 2023: £2.8 million; located in Lowestoft) have been arrived at on the basis of an independent valuation carried out at the balance sheet date by C&W.

The fair value of the Liverpool residential property of £0.6 million (31 March 2023: £0.6 million) has been arrived at on the basis of an independent valuation carried out at the balance sheet date by ASL Chartered Surveyors & Valuers ('ASL').

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.

11. Investments held at fair value

	30 September 2023 £'000	31 March 2023 £'000
Current		
As at 1 April	**18,310**	**10,990**
Additions	13,140	13,948
Redemptions	(14,130)	(5,290)
Accrued income on UK Treasury Bonds and Bills	154	-
Movement in fair value of investments	(260)	(1,338)
As at 30 September / 31 March	**17,214**	**18,310**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

11. Investments held at fair value (continued)

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

- Sequoia Economic Infrastructure Income Fund Limited ('SEQI'), a listed fund: the market value of SEQI as at 30 September 2023 was £2.3 million (31 March 2023: £2.2 million).
- GCP Infrastructure Investments Limited ('GCP') a listed fund: the market value of GCP as at 30 September 2023 was £0.9 million (31 March 2023: £1.1 million).
- GCP Asset Backed Income Fund Limited ('GABI'): the market value of GABI as at 30 September 2023 was £0.9 million (31 March 2023: £1.0 million).
- In June 2023, ART invested £6.0 million in UK Treasury Bonds earning a coupon of 2.75% and with maturity in September 2024: the market value of this investment as at 30 September 2023 was £6.0 million.
- In September 2023, ART invested £7.0 million in UK Treasury Bills: the market value of this investment as at 30 September 2023 was £7.1 million.
- 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 30 September 2023 was nil (31 March 2023: nil).

During the period, one investment in UK Treasury Bonds and one investment in UK Treasury Bills came to maturity and generated proceeds for ART of £7.0 and £7.1 million, respectively.

ART also received payments of coupon interests on UK Treasury Bonds amounting to £0.2 million.

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 30 Sep 2023 £'000	H2O 31 Mar 2023 £'000	SPHL 31 Mar 2023 £'000	Total 31 Mar 2023 £'000
As at 1 April	**17,654**	**17,075**	**118**	**17,193**
Group's share of joint ventures' profits before fair value movements and dividends	167	1,012	-	1,012
Fair value adjustment for investment property and interest rate cap	(119)	(569)	-	(569)
Dividends paid by joint venture and associate to the Group	-	(582)	-	(582)
Capital return	-	-	(118)	(118)
Foreign exchange movements	(261)	718	-	718
As at 30 September / 31 March	**17,441**	**17,654**	**-**	**17,654**

The Group's investments in joint ventures 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 30 September 2023, the carrying value of ART's investment in CBRE H2O was £17.4 million (€20.1 million) (31 March 2023: £17.7 million (€20.1 million)).

Foreign exchange movement is recognised in other comprehensive income.

The fair value of the H2O property in Madrid (Spain) of €120.0 million (£103.9 million) (31 March 2023: €119.3 million (£104.9 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., an independent valuer 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".

The CBRE H2O group bank borrowings' balance as at 30 September 2023 is €62.2 million (£53.9 million): this loan is provided by Aareal Bank, carries an interest rate of EURIBOR plus 190 basis points and matures on 18 May 2024. During the period, the CBRE H2O group entered into an interest rate cap contract with Nomura Financial Products Europe Gmbh to cap EURIBOR at the strike rate of 2.5%. The bank loan is secured by a first charge mortgage against the Spanish property.

The above borrowings are non-recourse to the Group's other investments.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

13. Loans advanced

	30 September 2023 £'000	31 March 2023 £'000
Non-current		
Loans granted to third parties	10,296	15,530
Interest receivable from loans granted to third parties	-	521
Total loans at amortised cost	**10,296**	**16,051**
Loans at fair value through profit or loss	-	-
Total non-current loans	**10,296**	**16,051**
Current		
Loans granted to third parties	48,454	40,187
Interest receivable from loans granted to third parties	3,516	2,279
Total loans at amortised cost	**51,970**	**42,466**
Loans at fair value through profit or loss	354	604
Expected credit losses	(4,741)	(3,685)
Total current loans	**47,583**	**39,385**

As at 30 September 2023, the Group had granted a total of £57.9 million (31 March 2023: £55.4 million) of secured senior and secured mezzanine loans to third parties. These comprised eighteen 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 18.6% for mezzanine loans and 9.8% 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.

Movement in expected credit losses can be summarised as follows:

	30 September 2023 £'000	31 March 2023 £'000
Opening balance of ECL	**(3,685)**	**(2,572)**
Movement for the period (revenue)	(277)	(232)
Movement for the period (capital)	(779)	(881)
Closing balance of ECL	**(4,741)**	**(3,685)**

As at 30 September 2023 four loans in the portfolio are in receivership: ART is closely working with stakeholders to maximise their capital recovery. The Company has considered the security on these loans (which are a combination of a first charge and a second charge over the respective assets and personal guarantees) and have impaired one loan, which is accounted for at fair value, by £0.3 million; the Group also calculated an ECL on the other three loans of approximately £3.3 million and provided for an ECL on the remainder of the loans' portfolio for an additional £1.4 million: in total, the Group have provided for an ECL of £4.7 million in its consolidated accounts.

Loans maturity of the total £57.9 million loans granted by the Group at year end, can be analysed as follows:

	Less than 6 months £m	6 to 12 months £m	12 to 24 months £m	Over 24 months £m	Total £m
Non-current	-	-	10,296	-	**10,296**
Current	41,418	6,165	-	-	**47,583**

Post period end, £1.5 million of drawdowns were made on existing loans, one loan was fully repaid for £1.5 million (including accrued interest and applicable fees) and part payments were received amounting to £4.5 million (including accrued interest).

Despite all of the loans having a set repayment term all but two 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. One of the loans without a repayable on demand clause amounts to £3.8 million and matures on 31 December 2025, the second loan without a repayable on demand clause amounts to £9.5 million and matures on 1 April 2025; both loans remain in stage 1 of the IFRS 9 model.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

14. Collateral deposit

	30 September 2023 £'000	31 March 2023 £'000
Collateral deposit	1,131	1,143

The collateral deposit of £1.1 million (31 March 2023: £1.1 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 period end: this cash has been placed on deposit.

15. Trade and other receivables

	30 September 2023 £'000	31 March 2023 £'000
Current		
Trade debtors	330	295
VAT	-	-
Other debtors	141	119
Total	**471**	**414**

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

16. Cash and cash equivalents

	30 September 2023 £'000	31 March 2023 £'000
Morgan Stanley Sterling Liquidity Fund	5,990	-
Cash at bank	7,102	18,455
Total	**13,092**	**18,455**

During the period, the Company invested £6.0 million in the Morgan Stanley Sterling Liquidity Fund, which invests in high quality short-term money market instruments denominated in sterling, offers same day liquidity and earns an annualised return, net of Morgan Stanley's fees, of 5.3%.

17. Trade and other payables

	30 September 2023 £'000	31 March 2023 £'000
Trade creditors	36	51
Deferred revenue	218	106
Investment Manager's fee payable	584	589
Accruals	207	229
VAT	20	5
Other creditors	23	6
Total	**1,088**	**986**

Trade and other payables primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk 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 their fair value.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

18. Bank borrowings

	30 September 2023 £'000	31 March 2023 £'000
Current liabilities: interest payable	31	30
Total current liabilities	**31**	**30**
Non-current liabilities: bank borrowings	8,157	8,271
Total liabilities	**8,188**	**8,301**
The borrowings are repayable as follows:		
Interest payable	31	30
On demand or within one year	-	-
In the second to fifth years inclusive	8,157	-
After five years	-	8,271
Total	**8,188**	**8,301**

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

	30 September 2023 £'000	31 March 2023 £'000
As at 1 April	**8,271**	**7,921**
Amortisation of deferred finance costs	8	15
Exchange differences on translation of foreign currencies	(122)	335
As at 30 September / 31 March	**8,157**	**8,271**

As at 30 September 2023, bank borrowings represent the Nord LB (a German bank) loan principal for €9.5 million (£8.2 million), excluding deferred finance costs, which 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 (£4.2 million) and €4.6 million (£4.0 million), which bear a 1.85% and 2.7% fixed rate respectively and that are due to mature in August 2028.

The borrowings are secured over the Hamburg property and have no recourse to the other assets of the Group and the facility carries no financial covenant tests. The fair value of bank borrowings at the balance sheet date is €9.5 million (£8.2 million).

The table below sets out an analysis of net debt and the movements in net debt for the period ended 30 September 2023.

	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 2023	**18,455**	**(171)**	**(30)**	**(8,271)**	**9,983**
Cash movements	(11,287)	202	93	-	(10,992)
Non cash movements					
Foreign exchange adjustments	(66)	-	8	122	64
Unrealised gain on foreign exchange forward contract	-	212	-		212
Loan fee amortisation and other costs	-	-	-	(8)	(8)
Interest charge	-	-	(102)	-	(102)
Net asset/(debt) as at 30 September 2023	**7,102**	**243**	**(31)**	**(8,157)**	**(843)**

	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 2022	**41,250**	**88**	**(29)**	**(7,921)**	**33,388**
Cash movements	(3,444)	-	91	-	(3,353)
Non cash movements					
Foreign exchange adjustments	128	-	6	(400)	(266)
Unrealised gain on foreign exchange forward contract	-	(463)	-		(463)
Loan fee amortisation and other costs	-	-	-	(8)	(8)
Interest charge	-	-	(100)	-	(100)
Net asset/(debt) as at 30 September 2022	**37,934**	**(375)**	**(32)**	**(8,329)**	**29,198**

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

19. Share capital

	Number of shares
Authorised	
Ordinary shares of no par value	Unlimited

Issued and fully paid	Ordinary treasury	Ordinary external	Ordinary total
At 1 April 2023	**7,717,581**	**57,701,049**	**65,418,630**
Share issue for scrip dividend	-	791,549	791,549
Shares bought back	-	-	-
Shares cancelled following buyback	-	-	-
At 30 September 2023	**7,717,581**	**58,492,598**	**66,210,179**

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.

Following the Annual General Meeting held on 7 September 2023 the Company has the authority to buy back 14.99% of its share capital (assessed on 29 June 2023) for a total of 8,709,579 shares. No shares have been yet bought back under this authority.

During the period, the Company did not purchase any shares in the market.

As at 30 September 2023, the ordinary share capital of the Company was 66,210,179 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company was 58,492,598.

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 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 all quarterly dividends from the quarter ended 31 December 2018 onwards. These issued shares are ranked pari passu in all respects with the Company's existing issued ordinary shares.

During the six month period ended 30 September 2023, the Company issued 791,549 ordinary shares: on 6 April 2023, 401,545 were issued at the price of £1.31 and, on 28 July 2023, 390,004 were issued at the price of £1.36.

All transaction amounts in relation to the issue and buyback of shares in the period are recognised within the Special Reserve and shown in the Statement of Changes in Equity.

Post period end, the Company made no share buybacks.

On 27 October 2023, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2023, the Company issued 419,593 ordinary shares at the price of £1.27.

As at the date of this announcement, the ordinary share capital of the Company is 66,629,772 (including 7,717,581 ordinary shares held in treasury) and the total voting rights in the Company is 58,912,191.

20. Events after the balance sheet date

Post period end, £1.5 million of drawdowns were made on existing loans, one loan was fully repaid for £1.5 million (including accrued interest and applicable fees) and part payments were received amounting to £4.5 million (including accrued interest).

In October 2023, ART invested a further £6.0 million in UK Treasury Bonds earning a coupon of 3.5% and with maturity in October 2025.

On 27 October 2023, as a result of the scrip dividend elections related to the dividend of the quarter ended 30 June 2023, the Company issued 419,593 ordinary shares at the price of £1.27 (note 19).

As at the date of this announcement, the Company declares a quarterly dividend of 1.0p per ordinary share, which is expected to be paid on 24 January 2024.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

21. 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 Management Agreement and is thus considered a related party of the Company.

The Investment Manager is entitled to receive a fee from the Company at an annual rate of 2% of the net assets of the Group, payable quarterly in arrears. 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% of any excess over an annualised TSR of 15% subject to a rolling three year high water mark.

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.

Details of the Investment Manager's fees for the current period are disclosed on the face of the condensed consolidated statement of comprehensive income and the balance payable at 30 September 2023 is provided in note 17.

The Directors of the Company received total fees as follows:

	For the six months ended 30 September 2023 £	For the six months ended 30 September 2022 £
Phillip Rose	13,750	13,750
Jeff Chowdhry	13,750	13,750
Melanie Torode	24,000	27,811
William Simpson	19,750	19,750
Peter Griffin	13,750	13,750
Total	**85,000**	**88,811**

The Directors' interests in the shares of the Company are detailed below:

	30 September 2023 Number of ordinary shares held	31 March 2023 Number of ordinary shares held
Phillip Rose	992,195	978,999
Brad Bauman	61,000	60,092
Jeff Chowdhry	5,000	-
Melanie Torode	-	-
William Simpson	40,000	-
Peter Griffin	-	-

Post period end, following the October 2023 scrip issue by the Company, Phillip Rose and Brad Bauman increased their shareholdings in ART to 999,159 and 61,478 ordinary shares, respectively.

Alpha Global Property Securities Fund Pte. Ltd, a company registered in Singapore, owned directly by the partners of ARC, held 25,491,369 shares in the Company at 30 September 2023 (31 March 2023: 25,060,728).

ARC did not hold any shares in the Company at 30 September 2023 (31 March 2023: nil). The following, being partners of the Investment Manager, hold direct interests in the following shares of the Company:

	30 September 2023 Number of ordinary shares held	31 March 2023 Number of ordinary shares held
Brian Frith	-	-
Phillip Rose	992,195	978,999
Brad Bauman	61,000	60,092

Karl Devon-Lowe, a partner of ARC, received fees of £3,750 (31 March 2023: £5,000) in relation to directorial responsibilities on a number of the Company's subsidiary companies.

During the period the Company paid Ocorian fees of £31,200 (31 March 2023: £96,300) and an amount of £14,200 was outstanding at period end.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

22. Financial assets and liabilities held at fair value through profit or loss

Financial assets and liabilities carrying value	30 September 2023 £'000	31 March 2023 £'000
Financial assets at fair value through profit or loss		
Investments held at fair value	17,214	18,310
Foreign exchange forward contract	243	-
Loans advanced	354	604
Total financial assets at fair value through profit or loss	**17,811**	**18,914**
Financial liabilities at fair value through profit or loss		
Foreign exchange forward contract	-	(171)

Fair value measurement

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 financial asset or financial liability is categorised is determined on the basis of the lowest input that is significant to the fair value measurement. Financial instruments are classified in their entirety into one of the three levels.

The following methods and assumptions are used to estimate fair values:

Level 1

- The fair values of the ART's investments in the SEQI, GCP and GABI shares, which are traded daily on the LSE, are based upon the market value of the shares at the balance sheet date.
- The fair value of the investments in UK Treasury Bonds which are traded on the LSE, is based upon the market price of those instruments at the balance sheet date.
- The fair value of the investments in UK Treasury Bills, is based upon the market valuation of those instruments provided by Barclays Bank PLC at the balance sheet date.

Level 2

- The fair value of the foreign exchange forward contract is determined by reference to the quarter end applicable forward market rate provided by the contractual counter party.

Level 3

- 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 a level 3 financial asset. HLP's accounts are audited annually. HLP's underlying investment properties are fair valued as per RICS definition and the ART Board considers that any reasonable possible movement in the valuation of HLP's individual properties would not be material to the value of ART's investment.

Financial assets and financial liabilities held at fair value are valued on a recurring basis as indicated above. There have been no changes to the valuation methods applied from the Group's annual report and accounts for the year ended 31 March 2023.

The Board 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.

Notes to the condensed consolidated financial statements (continued)

For the six months ended 30 September 2023

22. Financial assets and liabilities held at fair value through profit or loss (continued)

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

30 September 2023 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investment property	-	-	27,506	**27,506**
Loans advanced	-	-	354	354
Current				
Investments held at fair value	17,214	-	-	**17,214**
Foreign exchange forward contract	-	243	-	243

31 March 2023 Assets and liabilities measured at fair value	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Assets measured at fair value				
Non-current				
Investment property (note 13)	-	-	23,496	**23,496**
Loans advanced	-	-	604	**604**
Current				
Investments held at fair value (note 15)	18,310	-	-	**18,310**
Liabilities measured at fair value				
Current				
Foreign exchange forward contract	-	(171)	-	**(171)**

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 six month period ended 30 September 2023.

Directors and Company information

Directors
William Simpson (Chairman)
Jeff Chowdhry
Peter Griffin
Phillip Rose
Melanie Torode

Registered office
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY

Investment Manager
Alpha Real Capital LLP
Level 6, 338 Euston Road
London NW1 3BG

Administrator and secretary
Ocorian Administration (Guernsey) Limited
Floor 2, Trafalgar Court
Les Banques, St Peter Port
Guernsey GY1 4LY

Broker
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF

Independent valuers in the UK
Cushman & Wakefield
No 1 Colmore Square
Birmingham B4 6AJ

Independent valuers in Spain
Savills Aguirre Newman
Paseo de la Castellana, 81
Madrid, 28046
Spain

Independent valuers in Germany
Cushman & Wakefield
Rathenauplatz, 1
Frankfurt, 60313
Germany

Independent Auditor
BDO Limited
Place du Pré, Rue du Pré
St Peter Port
Guernsey GY1 3LL

Tax advisors in Europe
KPMG LLP
15 Canada Square
London E14 5GL

Ernst & Young LLP
1 More London Place
London SE1 2AF

Legal advisors in Guernsey
Carey Olsen
PO Box 98, Carey House
Les Banques
St Peter Port
Guernsey GY1 4BZ

Legal advisors in the UK
Norton Rose
3 More London Riverside
London SE1 2AQ

Legal advisors in Spain
Ashurst LLP
Alcalá, 44
Madrid, 28014
Spain

Registrar
Computershare Investor Services
(Jersey) Limited
Queensway House
Hilgrove Street
St Helier
Jersey JE1 1ES

Shareholder information

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

Dividends

Ordinary dividends are declared and paid quarterly. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Mandates may be obtained from the Company's Registrar. Where dividends are paid directly to shareholders' bank accounts, dividend vouchers are sent directly to shareholders' registered addresses.

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
Half year report and dividend announcement	24 Nov 2023	Quarter ending 30 Sept 2023	7 Dec 2023	8 Dec 2023	9 Jan 2024	23 Jan 2024	24 Jan 2024
Trading update (Qtr 3)	1 Mar 2024	Quarter ending 31 Dec 2023	14 Mar 2024	15 Mar 2024	26 Mar 2024	11 Apr 2024	12 Apr 2024
Annual report and dividend announcement	21 June 2024	Quarter ending 31 Mar 2024	4 July 2024	5 July 2024	11 July 2024	25 July 2024	26 July 2024
Annual report published	5 July 2024						
Annual General Meeting	5 Sept 2024						

Alpha Real Trust

www.alpharealtrustlimited.com

Design: Ottley Design Company, London

Alpha Real Trust