

Alpha Real Capital LLP

Report and Financial Statements

Year Ended

31 March 2013

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Alpha Real Capital LLP

Annual report and financial statements for the year ended 31 March 2013

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Highlights

- Successful conversion of our Freehold Income Trust ground rent fund into an authorised AIFM-ready Property Authorised Investment Fund and increased funds inflow
- Launch of Time Advance, our new Business Property Relief portfolio service
- Successful £25m scrip acquisition by Alpha Real Trust of the PIP portfolio and initiation of dividends
- Launch of Alpha Real Renewables, our renewable energy investing business and formation of a £50m renewable energy joint venture Alpha Belltown
- Launch of Alpha Property Lending, our specialist real estate lending business

Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2013

About Alpha

Alpha Real Capital LLP ("Alpha") is a co-investing international real estate funds manager focused on value-added investing in global real estate markets. Headquartered in London, Alpha operates an international network of offices in the UK, Europe and Asia with a 60-strong professional team. Alpha has approximately £ 1.3 billion of assets under management.

Alpha provides real estate funds management services and co-invests with a wide range of investment partners - including pension funds, life funds, investment trusts, family offices, high net worth individuals and other specialist investors.

Established in 2005, Alpha is jointly owned by Arrco Limited and Rockmount Ventures Limited (both of which are ultimately owned by the PS Gower Personal Settlement, which also owns the Antler Property Group), Phillip Rose, IPGL Fund Services Limited (whose CEO is Michael Spencer) and members of the Alpha management team.

Alpha's experienced management team combines seasoned real estate experience and financial market expertise with bespoke research, analysis and local market knowledge to create value-added property solutions for real estate investors, family offices and occupiers.

Alpha operates across diversified investment markets: listed and unlisted property vehicles, open and closed-ended property vehicles, UK and international funds, working with large institutional investors as well as private investors, family offices and wealth managers.

£1.3 billion

ASSETS UNDER MANAGEMENT

£32.4 million

NET ASSET VALUE

Our aim

Alpha's primary aim is the creation of long-term and rewarding relationships with our investment partners, tenants and other stakeholders.

To deliver this, Alpha utilises its core strengths in establishing, building and managing a range of successful investment platforms across selected international markets with a focus on risk-adjusted value investing that responds to our active management strategies and is capable of delivering attractive risk-adjusted returns.

Alpha continues to create new funds with additional geographic, asset class and investment structure characteristics, to enable our investment partners to access a broad choice of real estate strategies and investment returns.

Our investment style

Independently owned and managed by its partners, Alpha has the ability to think freely, allowing Alpha to respond quickly and creatively to opportunity.

Our ability to co-invest alongside our investment partners and funds creates a strong alignment based on genuine partnership.

Investors benefit from Alpha's ability to apply independent local property market knowledge and pro-active asset management to source, finance and manage value-added property investment and development opportunities.

Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2013

Occupiers benefit from Alpha's track record in clearly identifying key individual occupancy and capital efficiency needs of tenants in individual or multiple locations and in delivering flexible partnership-based real estate solutions

We offer each of our stakeholders

- an active-management approach that continuously seeks to add value
- a commitment to innovation
- robust governance and financial accountability
- a strong emphasis on identifying, measuring and controlling risk
- a passion for integrity in all we do and all we think
- a deep respect and genuine spirit of partnership with our investors, business partners and other stakeholders
- an ability to integrate decades of global experience with our local market knowledge

Communication

We strive to be leaders in transparency and provide our investment partners and stakeholders with clear, regular and relevant communication

Investment process

Alpha operates a robust investment process which integrates local market intelligence, strategic research, active management strategies with financial and risk management

Origination

- Focus on asset selection, valuation metrics and value upside
- Assess and quantify active management opportunities
- Develop asset management strategies

Structuring

- Detailed assessment of valuation fundamentals, rental profile and cashflows
- Forensic due diligence - physical, technical, legal, environmental
- Evaluate financing and structuring options to deliver value and flexibility
- Financial stress testing
- Develop risk management and monitoring strategies

Investment Committee

- Independently review all investments based on risk return profile and strategic portfolio fit
- Sense test and stress test underwriting assumptions
- Review and test detailed due diligence

Active asset management

- Detailed business plan including investment horizon
- Utilise optimum mix of in-house and closely managed service providers
- Partner-based relationships with key tenants

Portfolio management

- Monitor portfolio and asset level characteristics, cashflows, financial covenants, projected IRRs and exit multiples

Optimal exit

- Continually review exit options, pricing and potential buyers

Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2013

Our team

Alpha is headquartered in London with an international network of offices with experienced management teams, deep local market knowledge and an extensive investment sourcing, financing, asset management and realisation track record

The team has experience in real estate, banking and funds management gained with leading organisations from around the world to ensure

- strategic investment selection and detailed due-diligence
- active asset management and value enhancement focus
- financing and structuring expertise and established banking relationships
- local market expertise

Phillip Rose
CEO, Partner
Alpha Real Capital LLP

Phillip has over 30 years experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. He has been the Head of Real Estate for ABN AMRO Bank, Chief Operating Officer of European shopping centre investor and developer TrizecHahn Europe and Managing Director of Lend Lease Global Investment. Phillip has been a non-executive director of Great Portland Estates and is a member of the Management Committee for Hermes Property Unit Trust

Philip Gower
Philip is the founder of the Antler Property Group and Rockmount Capital, a major Alpha partner. He has been a UK and international commercial and residential real estate investor and developer for over 40 years. Philip founded Antler Property Investments in 1972 and has also created a number of highly successful private companies and joint ventures in real estate, private equity, financial services, manufacturing, and e-tailing

Michael Spencer
Partner
Alpha Real Capital LLP

Michael is the Group Chief Executive Officer of ICAP, a FTSE 100 financial services company, as well as the CEO of Alpha partner, IPGL. Michael has interests in a variety of financial services companies and many other investments including City Index

Brad Bauman
Partner
Alpha Real Capital LLP

Brad has over 20 years experience in the real estate, funds management and banking industries in Europe and Australasia. He served as Managing Director of CBRE Financial Services

Mark Rattigan
COO, Partner
Alpha Real Capital LLP

Mark has previously been Chief Operating Officer and Director - Finance and Operations at RREEF (Deutsche Bank's real estate funds management group) based in London. He has over 25 years experience in real estate, funds management and investment banking

Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2013

Karl Devon-Lowe
Chief Financial Officer, Partner
Alpha Real Capital LLP

Karl Devon-Lowe is a Chartered Accountant with over 20 years finance experience in the real estate and leisure sectors. He joined Alpha Real Capital in March 2007 having previously worked in senior finance positions at Hammerson plc and Heron International. He is also an Associate Member of the Association of Corporate Treasurers.

Nick Friedlos
Partner
Alpha Real Capital LLP

Nick has over 30 years real estate, financial and operational experience and is a Chartered Accountant. He has previously been Chief Executive of Mapeley Limited, a real estate investment and management business, and prior to that was CFO of London Merchant Securities PLC and Land Securities Trillium Limited. Earlier in his career he was a partner in PricewaterhouseCoopers.

Brian Frith
Partner
Alpha Real Capital LLP

Brian Frith has wide experience in banking, trusts and working internationally with private offices of wealthy families. He is an Associate of the Institute of Bankers and a member of the Trust and Estate Practitioners.

Nigel Ashfield
Managing Director, Partner
Alpha Real Capital LLP and Alpha Real Property Investment Advisers LLP

Nigel is the fund manager of Freehold Income Trust. He was previously Managing Director of Close Brothers' Property Division where he worked for ten years. Nigel qualified as a Chartered Accountant with PwC in their London SME business assurance division after studying law.

Steven Oliver
Deputy Managing Director, Partner
Alpha Real Capital LLP and Alpha Real Property Investment Advisers LLP

Steven is the fund manager for CTC, Europip, Active Commercial Estates, Business Centre Properties and has 18 years experience in banking, investment and property finance. He previously worked in Barclays Private Clients group for over ten years before joining Abbey National in their Specialised Underwriting Division. Steven joined Close Brothers in 2006 and became Deputy Managing Director of the Property Division in 2009.

Anthony Buckley
Operations Director, Partner
Alpha Real Property Investment Advisers LLP

Anthony is responsible for operations across a range of both onshore and offshore commercial and residential property funds. Previously he was Director of Operations at Close Brothers' Property Division for six years. Prior to that, he worked in a public practice in New Zealand for seven years, specialising in business advisory and taxation advice for SMEs and high net worth individuals. Anthony is a Chartered Accountant.

Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2013

Key funds review

The Alpha team has established a range of value-adding focused real estate businesses

Alpha Real Trust Limited (ART)

ART was established in 2006 and targets investment opportunities across the real estate spectrum, including real estate operating companies, securities, services and other related businesses that offer high returns relative to risk. The Fund's investments are unconstrained by geography, but have a particular focus on the UK, Europe and Asia. ART is a closed-ended Guernsey registered investment company listed on the London Specialist Fund Market. At present, the Fund has investments in the UK, Spain and India. ART successfully acquired the PIP portfolio for shares during the year, increasing its scale and diversification. ART continues to outperform its peer group.

Alpha German Property Income Trust Limited (AGPIT)

AGPIT invests in commercial real estate across Germany with strong potential for value enhancement through income growth and active asset management. The Trust owns 31 properties with a value of approximately £140 m and a total lettable area of 182,122 sq m. The portfolio comprises retail properties, logistics properties, offices and car parks. The Trust was established in 2006 and is a closed-ended Guernsey registered investment company, funded by private and institutional equity investors. AGPIT's property portfolio has outperformed the CBRE German Capital Value Index since launch.

Freehold Income Authorised Fund (FI AF)

FI AF is an open-ended property authorised investment fund (PAIF). The investment objective of FI AF is to provide a secure and stable investment with an attractive income stream and capital growth prospects from a portfolio of over 60,000 freehold residential ground rent investments with a value of approximately £150 million. In its 19 year history, FI AF has consistently produced positive, inflation beating investor returns, with regular income and relatively low volatility. Investors in FI AF include pension funds, charities, trusts and individuals seeking steady predictable income. FI AF has the best risk-adjusted return of any fund in the IMA unit trust and OEIC universe over a 10-year period, according to FE Trustnet research.

Capital Trading Companies (CTC)/Time Advance

CTC offers private investors a method by which they can operate qualifying trading companies which are eligible for 100% Business Property Relief (BPR) from Inheritance Tax after a two year qualifying period. CTC has undertaken over 60 projects including house building, forestry, farming and self storage. Over a period of 16 years, CTC has achieved 100% Business Property Relief from Inheritance Tax for all of its qualifying investors, an unsurpassed track record in the investment industry. During the year, Time Advance was successfully launched, providing a streamlined trading company portfolio service with a number of enhanced BPR-eligible business lines including property lending and renewable energy investment.

Alpha Pyrenees Trust Limited (APT)

Investing primarily in French real estate, APT currently holds 19 properties with a value of approximately £250m and a total lettable area of over 260,000 sq m. The portfolio comprises business parks and offices, warehouse/logistics and retail property. The Trust was established in 2005 and is a closed-ended Guernsey registered investment company listed on the London Stock Exchange.

Alpha Real Capital LLP

Chief Executive's Report for the year ended 31 March 2013

Alpha UK Multi Property Trust Plc (AUMP)

AUMP is a closed-ended Isle of Man investment company listed on the London Stock Exchange with a regionally diversified portfolio of multi-let UK light industrial and office property. Alpha became Investment Adviser and Manager in 2010 and led a strategic injection of new capital accompanied by a programme of value-adding asset management initiatives.

Alpha UK Real Estate Fund plc (AURE)

AURE is an Irish resident open ended investment company which is invested in a diversified portfolio of UK commercial property. AURE owns a portfolio of UK industrial, office and retail properties valued at around £50 million. Alpha became Investment Manager of AURE in 2011 and led a strategic injection of new capital accompanied by a programme of value-adding asset management initiatives.

Financial performance

Alpha's consolidated operating profit for the year ending 31 March 2013 is £5.6m (31 March 2012: £5.2m). This represents approximately an 8% improvement over the year and is indicative of a strong performance across all of the business units.

Alpha enjoys a strong balance sheet with no borrowings. The net asset value of Alpha at 31 March 2013 has increased to £32m (31 March 2012: £31m). Alpha holds cash and investments (primarily listed securities) of £32.7m at 31 March 2013 (31 March 2012: £29.7m).

Outlook

Alpha now manages a range of major fund vehicles diversified by geography, property type, sector and investor with investment platforms in the UK, France, Germany, Spain, Scandinavia and India.

Alpha continues to invest in developing and enhancing its existing fund platforms (such as the conversion of Freehold Income Trust to a Property Authorised Investment Fund) and the creation of new products and business areas, such as Time Advance, Alpha Real Renewables and Alpha Property Lending.

Alpha's strong balance sheet and significant cash reserves, provides it with a robust platform from which to continue the expansion of its diversified property funds management business.

	LISTED FUNDS				UNLISTED FUNDS		
INSTITUTIONAL INVESTORS		ART	APT	AGPIT	FIAF		AURE
PRIVATE INVESTORS / WEALTH MANAGEMENT	AUMP					CTC/ TIME: ADVANCE	

Alpha Real Capital LLP

Report of the members for the year ended 31 March 2013

The members present their report together with the audited financial statements for the year ended 31 March 2013

Principal activity, trading review and future developments

The principal activity of Alpha Real Capital LLP (the "Partnership", "Alpha" or "Alpha Real Capital") is the provision of investment management services. The Partnership is authorised and regulated by the Financial Conduct Authority. The Chief Executive's report on pages 1 to 6 provides an update on the Partnership's performance for the year. The members are actively exploring opportunities to expand the Partnership's business base and assets under management.

Principal risks and uncertainties

The members are responsible for determining the level of risk acceptable to the Partnership. This is subject to regular review. The members believe the principal risks facing the Partnership are (1) credit risk – the risk of loss if another party fails to perform its obligations or fails to perform them in a timely fashion, (2) market risk – the risk of loss that arises from adverse movements in cash deposit interest rates and foreign exchange rate and (3) operational risk – the risk of loss through the loss of one or more of the Partnership's management contracts.

The members seek to mitigate risks through the application of strict controls, a monitoring process at the operational level of cash flows and fund performance and the use of insurance policies and foreign currency hedge contracts where appropriate. The Partnership has updated its Pillar 3 disclosures, as required under Chapter 11 of the Financial Conduct Authority's Prudential Sourcebook for Banks, Building Societies and Investment Firms (BIPRU), and includes these on the Partnership's website.

Designated members

The designated members during the year were

P Rose
B J Bauman
Arrco Limited

Members' responsibilities

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulation. The Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008* require the members to prepare financial statements for each financial year. Under these regulations the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under these regulations the members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Limited Liability Partnership and of the profit or loss of the Group and Limited Liability Partnership for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Limited Liability Partnership will continue in business.

The members are responsible for keeping adequate accounting records that are sufficient to show and explain the Limited Liability Partnership's transactions, disclose with reasonable accuracy at any time the financial position of the Limited Liability Partnership, and enable them to ensure that the financial statements comply with the Limited Liability Partnerships (*Accounts and Audit*) (*Application of the Companies Act 2006*) *Regulations 2008*. They are also responsible for safeguarding the assets of the Limited Liability Partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Alpha Real Capital LLP

Report of the members for the year ended 31 March 2013 (continued)

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Deed (the "Deed") dated 30 September 2005 (as amended from time to time) Members are remunerated solely out of the profits of the Partnership and final allocation of profits to members is made in accordance with the Partnership Deed

Capital

The members may only contribute to the Partnership's capital in accordance with the Deed No member is entitled to interest on their capital

Policy for drawings, subscriptions and repayment of members' capital

The Deed governs policies for members' drawings, subscriptions and repayment of members' capital No drawings or other payments can be made to or on behalf of any members, other than by distribution of profits, without the consent of the members The Partnership will reserve, out of profits before distribution, sufficient funds to provide for the working capital requirements of the business

Disclosure of information to auditor

At the date of making this report each of the LLP's members confirms the following

- So far as each member is aware there is no relevant information needed by the LLP's auditor in connection with the preparation of their report of which the LLP's auditor are unaware, and
- each member has taken all the steps that he/she or it ought to have taken as a member in order to make his/her/ itself aware of any relevant information needed by the LLP's auditor in connection with the preparation of their report and to establish that the LLP's auditor are aware of that information

Auditor

A resolution to re-appoint BDO LLP as auditor will be proposed at the next member's meeting

Approved by the members of the Alpha Real Capital Limited Liability Partnership on 23 July 2013



Philip Rose
Designated member
23 July 2013

Alpha Real Capital LLP

Independent auditor's report

Independent auditor's report to the members of Alpha Real Capital LLP

We have audited the financial statements of Alpha Real Capital LLP for the year ended 31 March 2013 which comprise the consolidated profit and loss account, the consolidated and partnership balance sheet, the consolidated statement of total recognised gains and losses, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the limited liability partnership's members, as a body, in accordance with the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the statement of members' responsibilities, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Alpha Real Capital LLP

Independent auditor's report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the limited liability partnership's affairs as at 31 March 2013 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008

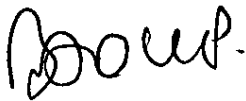
Opinion on other matters

In our opinion the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 as applied to limited liability partnerships requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us, or
- the limited liability partnership financial statements are not in agreement with the accounting records and returns,
- we have not received all the information and explanations we require for our audit



*Alexander Tapp (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
23 July 2013*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Alpha Real Capital LLP

Consolidated profit and loss account for the year ended 31 March 2013

	Note	2013 £	2012 £
Revenue	2	12,361,978	13,488,339
Cost of sales		(653,209)	(2,379,653)
Administrative expenses		(6,188,101)	(6,373,434)
Other operating income		44,061	495,707
Operating profit	3	5,564,728	5,230,959
Share of operating profit/(loss) in associate		768,080	(277,000)
Interest receivable			
- Group	5	291,129	157,706
- Associate		1,201,423	1,264,086
Interest payable			
- Associate		(864,626)	(376,422)
Profit on ordinary activities before taxation		6,960,734	5,999,329
Taxation on profit on ordinary activities	6	(94,077)	(43,434)
Profit for the financial year before members' remuneration and profit shares		6,866,657	5,955,895
Profit for the financial year before members' Remuneration and profit shares attributable to:			
Members as owners of the parent entity		5,542,609	4,735,653
Non controlling interests		1,324,049	1,220,242
		6,866,657	5,955,895
Profit for the financial year before members' Remuneration and profit shares		5,542,609	4,735,653
Members' profit share charged as an expense	13	(5,542,609)	(4,735,653)
Result for the financial year available for discretionary division among the members		-	-

All amounts relate to continuing activities

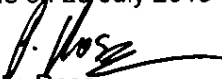
The notes on pages 16 to 27 form part of these financial statements

Alpha Real Capital LLP

Consolidated balance sheet at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	8	104,062	184,464
Investment property	9	234,000	-
Investments	10	27,587,553	25,691,205
		<u>27,925,615</u>	<u>25,875,669</u>
Current assets			
Debtors	11	3,294,437	4,951,405
Cash at bank and in hand		4,971,040	4,022,448
		<u>8,265,477</u>	<u>8,973,853</u>
Creditors: amounts falling due within one year			
Creditors	12	(3,775,793)	(3,465,352)
		<u>4,489,684</u>	<u>5,508,501</u>
Net current assets			
		<u>32,415,299</u>	<u>31,384,170</u>
Net assets attributable to members			
Represented by.			
Loans and other debts due to members within one year			
Amounts due to members	13	3,912,024	2,571,452
Equity			
Members' capital classified as equity under FRS 25	13	28,956,623	28,548,902
Revaluation reserve	13	(911,565)	-
		<u>31,957,082</u>	<u>31,120,354</u>
Total members' interests			
		<u>458,217</u>	<u>263,816</u>
Non controlling interests			
		<u>32,415,299</u>	<u>31,384,170</u>
Total members' interests			
Amounts due to members	13	3,912,024	2,571,452
Members' capital	13	28,956,623	28,548,902
Revaluation reserve	13	(911,565)	-
		<u>31,957,082</u>	<u>31,120,354</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 23 July 2013


Phillip Rose
Designated member

The notes on pages 16 to 27 form part of these financial statements

Alpha Real Capital LLP

Partnership balance sheet at 31 March 2013

	Note	2013 £	2012 £
Fixed assets			
Tangible assets	8	42,510	74,885
Investments	10	28,934,593	27,661,164
		<u>28,977,103</u>	<u>27,736,049</u>
Current assets			
Debtors	11	2,520,447	2,341,132
Cash at bank and in hand		3,397,651	2,540,483
		<u>5,918,098</u>	<u>4,881,615</u>
Creditors: amounts falling due within one year			
Creditors	12	(4,946,096)	(3,230,879)
		<u>972,002</u>	<u>1,650,736</u>
Net current assets			
		<u>29,949,105</u>	<u>29,386,785</u>
Net assets attributable to members			
		<u>29,949,105</u>	<u>29,386,785</u>
Represented by:			
Loans and other debts due to members within one year			
Amounts due to members	13	992,482	837,883
Equity			
Members' capital classified as equity under FRS 25	13	28,956,623	28,548,902
		<u>29,949,105</u>	<u>29,386,785</u>
Total members' interests			
		<u>29,949,105</u>	<u>29,386,785</u>
Total members' interest			
Amounts due to members	13	992,482	837,883
Members' capital	13	28,956,623	28,548,902
		<u>29,949,105</u>	<u>29,386,785</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 23 July 2013



Phillip Rose
Designated member
23 July 2013

The notes on pages 16 to 27 form part of these financial statements

Alpha Real Capital LLP

Consolidated statement of recognised gains and losses for the year ended 31 March 2013

	2013	2012
	£	£
Profit for the financial year	6,866,657	5,955,895
Currency translation differences		
- Group	(24,873)	1,283
- Associate	759,951	(1,073,084)
	<u>735,078</u>	<u>(1,071,801)</u>
Share of associate's costs for its share buy back programme	(291,159)	(1,808,894)
Increase in share of associate's net assets at 1 April 2011	-	2,601,055
	<u>(291,159)</u>	<u>792,161</u>
Unrealised deficit on revaluation of investment property		
- Group	(10,714)	-
- Associate	(900,851)	-
	<u>(911,565)</u>	<u>-</u>
Total recognised gains and losses for year	6,399,011	5,676,255

Alpha Real Capital LLP

Consolidated cash flow statement for the year ended 31 March 2013

	Note	2013 £	2012 £
Net cash inflow from operating activities	15	7,569,269	6,431,763
Returns on investments and servicing of finance			
Interest received		278,004	144,214
		<u>278,004</u>	<u>144,214</u>
Taxation paid		(35,410)	(482)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(11,288)	(31,654)
Purchase of investment property		(244,714)	-
Investments		(887,576)	(1,901,360)
		<u>(1,143,578)</u>	<u>(1,933,014)</u>
Transactions with members			
Payments to members		(4,645,957)	(3,411,902)
Capital contributions		15,000	5,000
Capital repayments		(4,029)	-
		<u>(4,634,986)</u>	<u>(3,406,902)</u>
Transactions with non controlling interests			
Drawings of non controlling interests		(1,084,707)	(918,784)
		<u>(1,084,707)</u>	<u>(918,784)</u>
Increase in cash		948,592	316,795
Cash at start of year		4,022,448	3,705,653
		<u>4,022,448</u>	<u>3,705,653</u>
Cash at end of year		<u>4,971,040</u>	<u>4,022,448</u>

The notes on pages 16 to 27 form part of these financial statements

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and in compliance with the Statement of Recommended Practice on Accounting by Limited Liability Partnerships

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Alpha Real Capital LLP and all of its subsidiaries at 31 March 2013 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition. Associates are accounted for under the equity method, whereby the consolidated balance sheet incorporates the Group's share of net assets and profits or losses after tax.

Goodwill

Goodwill arising on an acquisition of a subsidiary or associate undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired.

Where the fair value of the consideration paid exceeds the fair value of the net assets acquired, this excess is recorded as goodwill and is amortised over its useful economic life. Impairment tests on the carrying value of goodwill are undertaken at the end of the first full financial year following acquisition and at other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Where the fair value of the consideration paid is less than the fair value of the net assets acquired, this negative goodwill is recognised in the profit and loss account in the periods expected to be benefited.

Revenue

Revenue represents the invoiced value of services provided net of value added tax. Management and incentive fees are recognised as earned in accordance with the relevant investment management agreement.

Operating expenses

Operating expenses reflect costs attributable to adviser commission, bad debt provision and other fund related operating expenses.

Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost or valuation, less estimated residual values, evenly over their estimated useful lives. It is calculated at the following annual rates on a straight-line basis:

Leasehold improvements	-	16.66%
Computer equipment	-	33.33%
Fixtures and fittings	-	20.00% to 33.33%

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

1 Accounting policies (*continued*)

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment in value. Investments held as current assets are stated at the lower of cost and net realisable value.

Investment properties

Investment properties comprise freehold and long leasehold interests which are held for their investment potential. In accordance with SSAP 19 these investment properties are included in the balance sheet at their open market value. Disposals are recognised on unconditional exchange. Profit and losses arising are recognised through the profit and loss account, the profit is determined as the difference between the net sales proceeds and the carrying amount of the assets at the commencement of the accounting year plus additions in the year.

Financial liability and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings and from translating the profit and loss account at an average rate are taken to reserves.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the Partnerships benefit.

Taxation

The tax payable on the LLP's profits is a personal liability of the members during the year. Corporate taxation on overseas subsidiaries is provided at the prevailing tax rates in the relevant jurisdictions.

Pension benefits

The group operates a defined contribution scheme. Contributions payable are charged to the profit and loss account in the year to which they relate.

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

2 Revenue

	2013 £	2012 £
Group revenue consists of		
Fee income	12,361,978	13,488,339

Fee income is wholly attributable to the principal activity of the Group, and arises within the United Kingdom, the Isle of Man and the Channel Islands

3 Operating profit

	2013 £	2012 £
Group operating profit has been arrived at after charging		
Depreciation	91,941	88,721
Auditor's remuneration – audit services	49,709	60,922
Auditor's remuneration – taxation services	22,312	24,386
Operating lease payments	310,097	341,429

Included within auditor's remuneration for audit services above is £26,693 payable to the auditors of the subsidiary entities

4 Employees

	2013 £	2012 £
Staff costs consist of		
Wages and salaries	3,290,078	3,368,662
Social security costs	445,867	483,460
Pension	71,394	106,156
	<u>3,807,339</u>	<u>3,958,278</u>

The average number of employees during the year was 52 (2012 54)

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 *(continued)*

5 Interest receivable	2013 £	2012 £
Bank interest receivable	158,398	135,468
Interest receivable on Convertible Unsecured Loan Stock (CULS)	132,731	22,238
	291,129	157,706
6 Taxation on profit on ordinary activities	2013 £	2012 £
Group foreign tax	18,146	22,291
Share of associate tax	60,797	36,211
	78,943	58,502
Dividend withholding tax	15,134	(15,068)
	94,077	43,434

The Group tax assessed for the year is different to the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below

	2013 £	2012 £
Profit on ordinary activities before taxation	6,960,734	5,999,329
Corporation tax in the UK of 24% (2012 - 26%)	1,670,575	1,559,826
Effect of Income taxed as members' personal tax	(1,591,632)	(1,501,324)
	78,943	58,502

7 Members' share of profits

Profits and losses are shared by the members at the end of the year in accordance with agreed profit and loss sharing arrangements governed by the Partnership Agreement. Members are required to make their own provision for pensions and other benefits from their profit shares.

	Number
Average number of members	11
	£
Average profit per member	624,242
Entitlement of partner with largest profit share	2,683,357

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 *(continued)*

8 Tangible assets

Group	Leasehold Improvements £	Fixtures and fittings £	Computer Equipment £	Total £
<i>Cost</i>				
At 1 April 2012	104,349	211,317	139,426	455,092
Additions	-	393	10,895	11,288
Disposals and currency translation	-	231	890	1,121
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	104,349	211,941	151,211	467,501
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2012	63,502	118,682	88,444	270,628
Depreciation provided	17,392	47,744	26,805	91,941
Disposals and currency translation	-	368	502	870
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	80,894	166,794	115,751	363,439
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2013	23,455	45,147	35,460	104,062
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	40,847	92,634	50,983	184,464
	<hr/>	<hr/>	<hr/>	<hr/>

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

8 Tangible assets (*continued*)

Partnership	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 April 2012	104,349	47,097	73,634	225,080
Additions	-	219	4,954	5,173
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	104,349	47,316	78,588	230,253
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2012	63,502	30,515	56,178	150,195
Depreciation provided	17,392	9,460	10,696	37,548
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	80,894	39,975	66,874	187,743
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2013	23,455	7,341	11,714	42,510
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2012	40,847	16,582	17,456	74,885
	<hr/>	<hr/>	<hr/>	<hr/>

9 Investment property

	2013 Group £	2013 Partnership £
<i>Cost and net book value</i>		
Addition in year	244,714	-
Deficit on revaluation	(10,714)	-
	<hr/>	<hr/>
At 31 March 2013	234,000	-
	<hr/>	<hr/>

The investment property has been included in the balance sheet at open market value based on advice from the designated partners of the group entity

The historical cost of the property is £244,714

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 *(continued)*

10 Investments

Group	Convertible Unsecured Loan Stock (CULS) £	Associates £	Investments £	Total £
<i>Cost and net book value</i>				
At 1 April 2012	1,901,360	23,789,845	-	25,691,205
Acquisition of shares in associate and investments	-	396,750	887,576	1,284,326
Share of associate's profit for the year	-	1,044,081	-	1,044,081
Share of associate's investment property revaluation	-	(900,851)	-	(900,851)
Share of associate's currency translation differences	-	759,951	-	759,951
Share of associate's costs for its share buy back programme	-	(291,159)	-	(291,159)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	1,901,360	24,798,617	887,576	27,587,553
	<hr/>	<hr/>	<hr/>	<hr/>

Partnership	Subsidiaries £	Associates £	Investments £	Total £
<i>Fixed asset investments</i>				
<i>Cost and net book value</i>				
At 1 April 2012	4,200,014	23,461,150	-	27,661,164
Investment in year	-	396,750	886,679	1,283,429
Adjustments	(10,000)	-	-	(10,000)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2013	4,190,014	23,857,900	886,679	28,934,593
	<hr/>	<hr/>	<hr/>	<hr/>

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

10 Fixed asset investments (*continued*)

	Country of incorporation	Percentage owned and voting rights	Principal activity
Subsidiary undertakings:			
Alpha Real Property Investment Advisers LLP	England and Wales	98.50%	Property fund management
Alpha Antler REIM LLP	England and Wales	84.00%	Property management services
Alpha Global Property Securities Fund PTE Limited	Singapore	100.00%	Investment company
Alpha Real Capital France SARL	France	100.00%	Property management services
Alpha Real Capital Germany GmbH	Germany	100.00%	Property management services
Alpha Real Capital India Pvt Ltd	India	100.00%	Property management services
Associate undertakings:			
Alpha Real Trust Limited (formerly Alpha Tiger Property Trust Limited)	Guernsey	31.01% *	Property investment company

* As at 31 March 2013

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

11 Debtors

	2013 Group £	2013 Partnership £	2012 Group £	2012 Partnership £
Trade debtors	2,258,378	1,816,580	2,287,180	1,771,716
Other debtors	442,935	235,766	2,320,390	430,799
VAT recoverable	31,966	16,585	113,622	94,354
Prepayments and accrued income	561,158	206,967	230,213	14,860
Amount due from group undertakings	-	244,549	-	29,403
	<u>3,294,437</u>	<u>2,520,447</u>	<u>4,951,405</u>	<u>2,341,132</u>

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2013 Group £	2013 Partnership £	2012 Group £	2012 Partnership £
Trade creditors	1,053,274	543,073	692,821	477,491
Other tax and social security	339,551	59,347	449,931	77,553
Other creditors	547,736	-	441,663	-
Accruals and deferred income	1,835,232	280,191	1,817,141	269,146
Amount due to group undertakings	-	4,063,485	63,796	2,406,689
	<u>3,775,793</u>	<u>4,946,096</u>	<u>3,465,352</u>	<u>3,230,879</u>

All amounts shown under creditors fall due for payment within one year

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

13 Members' interests

	Members' capital (classified as equity) £	Revaluation reserve £	Amounts due to members £	Total £
Group				
Members' interests at 1 April 2012	28,548,902	-	2,571,452	31,120,344
Members' remuneration charged as an expense	-	-	5,542,609	5,542,609
Members' interests after profit for the year	28,548,902	-	8,114,061	36,662,963
Capital contribution	411,750	-	-	411,750
Capital repayment	(4,029)	-	-	(4,029)
Drawings	-	-	(4,645,957)	(4,645,957)
Currency translation differences	-	-	735,078	735,078
Share of associate's costs for its share buy back programme	-	-	(291,158)	(291,158)
Movement in reserve – Group	-	(10,714)	-	(10,714)
Movement in reserve – Associate	-	(900,851)	-	(900,851)
Members' interests at 31 March 2013	28,956,623	(911,565)	3,912,024	31,957,082
Partnership				
Members' interests at 1 April 2012	28,548,902	-	837,883	29,386,785
Members' remuneration charged as an expense	-	-	4,800,556	4,800,556
Members' interests after profit for the year	28,548,902	-	5,638,439	34,187,341
Capital contribution	411,750	-	-	411,750
Capital repayment	(4,029)	-	-	(4,029)
Drawings	-	-	(4,645,957)	(4,645,957)
Members' interests at 31 March 2013	28,956,623	-	992,482	29,949,105

Members' other interests and other debts rank after unsecured creditors in the event of a winding up

14 Partnership profit and loss account

The Partnership has taken advantage of the exemption not to disclose the Partnership profit and loss account. Included in the consolidated profit and loss account is a profit of £4,800,556 (2012 £3,381,234) relating to the Partnership.

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (continued)

15 Reconciliation of operating profit to net cash inflow from operating activities

	2013 £	2012 £
Operating profit	5,564,729	5,230,959
Depreciation	91,941	88,721
Decrease / (increase) in debtors	1,670,095	(1,077,741)
Increase in creditors	272,916	903,601
De-recognition of fixed asset investment	-	1,262,963
Currency translation	(30,412)	23,260
	<hr/>	<hr/>
Net cash inflow from operating activities	7,569,269	6,431,763
	<hr/>	<hr/>

16 Commitments under operating leases

The Group had annual commitments under non-cancellable operating leases as set out below

	2013 £	2012 £
Within one year	-	-
In one to five years	244,035	263,918
After five years	-	-
	<hr/>	<hr/>
	244,035	263,918
	<hr/>	<hr/>

All operating leases are in respect of rent of land and buildings

17 Ultimate controlling parties

At 31 March 2013 the ultimate controlling parties were the designated members

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2013 (*continued*)

18 Related party transactions

The Partnership recognises members and associate companies as related parties and the transactions with these parties are detailed below. Transactions with the Partnership's subsidiaries, which are related companies, are eliminated on consolidation and are not disclosed in this note.

The Partnership provided property and investment management services of £1,460,223 (2012 £1,460,281) to Alpha Real Trust Limited, an associate company, and at the 31 March 2013 the balance of fees owed to due to the Partnership was £325,377 (2012 £167,694).

Alpha Antler REIM LLP, a subsidiary entity, has provided property and asset management services to a UK property portfolio owned by the Rockmount Capital group, a group owned by a discretionary trust which is also a controlling party of the Partnership. Fees of £919,837 were charged in the year (2012 £1,023,104). As at 31 March 2013 there was no balance outstanding with the Partnership. Additionally, Rockmount Capital group companies have recharged administrative costs of £175,569 (2012 £189,610) to the Alpha group. As at 31 March 2013 the Partnership owed fees of £38,472.

Alpha Real Property Investment Advisers LLP, a subsidiary entity, has incurred £80,323 (2012 £111,171) in respect of rent and occupational recharges from Antler Property Corporation plc, a company owned by a discretionary trust which is also a controlling party of the Partnership. As at 31 March 2013 it also had a creditor position of £4,127 (2012 £29,106) with Alpha Real Trust Limited an associate company of Alpha Real Capital LLP, the controlling party of Alpha Real Property Investment Advisers LLP.

The Partnership provided a loan of £244,549 to Performance Real Estate LLP, a subsidiary entity, during the year. As at 31 March 2013 £244,549 was owed from Performance Real Estate LLP to the Partnership.

Alpha Real Capital LLP

Members and Information

Members

P Rose *
B J Bauman *
Arrco Limited *
R Armist
IPGL Fund Services Limited
K Devon-Lowe
M Rattigan
Rockmount Ventures Limited
N Friedlos
Sir John Beckwith (retired 3 July 2012)
B Frith
N Ashfield
S Oliver

* Designated members

Registered office

3rd Floor, 1b Portland Place, London, W1B 1PN

Registered number

OC312705

Auditor

BDO LLP, 55 Baker Street, London, W1U 7EU

Lawyers

Norton Rose, 3 More London Riverside, London, SE1 2AQ
S J Berwin, 10 Queen Street Place, London, EC4R 1BE
Reed Smith LLP, The Broadgate Tower, 20 Primrose Street, London, EC2A 2RS
Osborne Clarke, 1 London Wall, City of London, EC2Y 5EB

Bankers

Royal Bank of Scotland Plc, ABN Amro Bank N V , Barclays PLC, Commerzbank, HSBC Bank Plc