

Alpha Real Capital LLP

Report and Accounts

Period Ended

31 March 2006

Registered No: OC312705

Registered in England



BDO Stoy Hayward
Chartered Accountants

Alpha Real Capital LLP

Annual report and financial statements for the period ended 31 March 2006

Contents

	Members
Page:	
1	Members' report
4	Independent auditors' report
6	Consolidated profit and loss account
7	Consolidated balance sheet
8	Partnership balance sheet
9	Consolidated cash flow statement
10	Notes forming part of the financial statements

Members

J L Beckwith
M C Johnson
P Rose
B J Bauman
S L G Wilson

Registered office

124 Sloane Street, London, SW1X 9BW.

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

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Alpha Real Capital LLP

Report of the members for the period ended 31 March 2006

The members present their report together with the audited financial statements for the period ended 31 March 2006.

Incorporation

Alpha Real Capital LLP was incorporated on 11 April 2005.

These accounts are the first statutory accounts for Alpha Real Capital LLP and reflect the results for the first period to 31 March 2006.

Results

Alpha Real Capital LLP is a value-adding international property funds management group with activities in the UK, Europe and Asia. Alpha Real Capital has a seasoned partnership and management team with extensive experience of real estate development, investment, finance and funds management.

Alpha Real Capital successfully launched Alpha Pyrenees Trust Limited, a London Stock Exchange listed property investment vehicle in November 2005, raising £125 million of equity. Together with borrowings, Alpha Pyrenees Trust expects to invest up to approximately £480 million in the French and Spanish property markets with a strong focus on income-producing office, industrial and retail properties.

The profit and loss account is set out on page 6 and shows the profit for the period. Alpha Real Capital anticipates further fund launches and continued growth in funds under management in the year ahead.

Principal activity

The principal activity of Alpha Real Capital LLP is the provision of investment management services.

The partnership is authorised and regulated by the Financial Services Authority, having received formal authorisation on 10 October 2005.

Designated members

The designated members during the period were:

J L Beckwith	(appointed 30 September 2005)
M C Johnson	(appointed 30 September 2005)
P Rose	(appointed 11 April 2005)
S L G Wilson	(appointed 11 April 2005, resigned 30 September 2005)

Alpha Real Capital LLP

Report of the members for the period ended 31 March 2006 (*continued*)

Members' responsibilities

The members are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Limited Liability Partnerships (LLP) Regulations 2001 made under the Limited Liability Partnership Act 2000 require the members to prepare the financial statements for each financial period which give a true and fair view of the state of affairs of the partnership and of the profit and loss of the partnership for that period. In preparing those 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the partnership will continue in business.

Under the Limited Liability Partnership Regulations, the members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the partnership and to enable them to ensure that the accounts will comply with those regulations. The members have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

All of the current members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the partnership's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The members are not aware of any relevant audit information of which the auditors are unaware.

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Agreement dated 30 September 2005.

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 Agreement.

Capital

The members may only contribute to the partnership's capital in accordance with the Partnership Agreement.

No member is entitled to interest on their capital.

Alpha Real Capital LLP

Report of the members for the period ended 31 March 2006 (*continued*)

Policy for drawings, subscriptions and repayment of members' capital.

The Partnership Agreement 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 firm will reserve, out of profits before distribution, sufficient funds to provide for the working capital requirements of the business.

Auditors

BDO Stoy Hayward LLP were appointed auditors on 6 July 2005. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

Approved by the members of the Limited Liability Partnership on 28 July 2006



Designated member

Alpha Real Capital LLP

Independent auditors' report

To the members of Alpha Real Capital LLP

We have audited the financial statements of Alpha Real Capital LLP for the period ended 31 March 2006 which comprise the Consolidated Profit and Loss Account, the Group and Partnership Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of members and auditors

As described in the Statement of Members' Responsibilities the members of the limited liability partnership are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Limited Liability Partnerships Act 2000. We also report to you if, in our opinion, the Report of the Members is not consistent with the financial statements, if Alpha Real Capital LLP has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the Report of the Members and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Limited Liability Partnerships Act 2000 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 the Limited Liability Partnerships Act 2000 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.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to Alpha Real Capital LLP's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

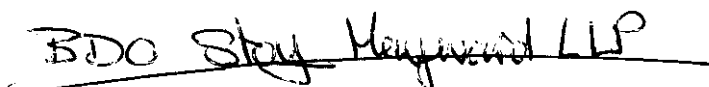
Alpha Real Capital LLP

Report of the independent auditors (*continued*)

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's affairs as at 31 March 2006 and of its profit for the period then ended;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent partnership's affairs as at 31 March 2006;
- the financial statements have been properly prepared in accordance with the Limited Liability Partnerships Act 2000; and
- the information given in the Members report is consistent with the financial statements.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
London*

28 July 2006

Alpha Real Capital LLP**Consolidated profit and loss account for the period ended 31 March 2006**

	Note	£
Fee income	2	843,587
Administrative expenses		(794,360)
Operating profit	3	49,227
Interest receivable		11,748
Interest payable		(422)
Profit for the financial period before members' remuneration and profit shares		60,553
Profit for the financial period before members' remuneration and profit shares	10	60,553
Members' profit share charged as an expense		(60,553)
Result for the financial period available for discretionary division among the members		-

There are no other recognised gains or losses other than the profit for the period.
All amounts relate to continuing activities.

The notes on pages 10 to 15 form part of these financial statements

Alpha Real Capital LLP

Consolidated balance sheet at 31 March 2006

	Note	£	£
Fixed assets			
Tangible assets	6		41,670
Investments	7		132,644
			<hr/>
			174,314
Current assets			
Debtors	8	375,289	
Amounts due from members		113,904	
Cash at bank and in hand		107,714	
		<hr/>	
		596,907	
Creditors: amounts falling due within one year	9	259,221	
		<hr/>	
Net current assets			337,686
			<hr/>
Net assets attributable to members			512,000
			<hr/>
Represented by:			
Equity			
Members' capital	10		512,000
			<hr/>
Total members' interest			512,000
			<hr/>
Total members' interest			
Loans and other debts due from members	10		(113,904)
Members' capital	10		512,000
			<hr/>
			398,096
			<hr/>

The financial statements were approved by the members of the Limited Liability Partnership on 28 July 2006

Designated member



The notes on pages 10 to 15 form part of these financial statements

Alpha Real Capital LLP

Partnership balance sheet at 31 March 2006

	Note	£	£
Fixed assets			
Tangible assets	6		24,756
Investments	7		133,324
			<hr/>
			158,080
Current assets			
Debtors	8	381,637	
Amounts due from members		59,033	
Cash at bank and in hand		107,034	
		<hr/>	
		547,704	
Creditors: amounts falling due within one year	9	193,784	
		<hr/>	
Net current assets			353,920
			<hr/>
Net assets attributable to members			512,000
			<hr/>
Represented by:			
Equity			
Members' capital	10		512,000
			<hr/>
Total members' interest			512,000
			<hr/>
Total members' interest			
Loans and other debts due from members	10		(59,033)
Members' capital	10		512,000
			<hr/>
			452,967
			<hr/>

The financial statements were approved by the members of the Limited Liability Partnership on 28 July 2006.

Designated member



The notes on pages 10 to 15 form part of these financial statements

Alpha Real Capital LLP**Consolidated cash flow statement for the period ended 31 March 2006**

	Note	£	£
Net cash outflow from operating activities	12		(194,045)
Returns on investments and servicing of finance			
Interest received		11,748	
Interest payable		(422)	
			11,326
Capital expenditure and financial investment			
Purchase of tangible fixed assets			(47,110)
Transactions with members			
Members' capital introduced		812,000	
Repayment of capital		(300,000)	
Payments to members		(174,457)	
			337,543
Increase in cash	13		107,714

The notes on pages 10 to 15 form part of these financial statements

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006

1 Accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and 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 its subsidiary as at 31 March 2006 using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

Fee income

Fee income represents the invoiced value of services provided net of value added tax. Management and incentive fees are recognised when invoiced in accordance with the relevant investment management agreement. Fee income is recognised at the fair value of services provided.

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:

Computer equipment	-	33.33%
Fixtures and fittings	-	20%

Valuation of investments

Investments held as fixed assets are stated at cost or valuation less any provision for impairment in value.

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.

2 Fee income

Fee income is wholly attributable to the principal activity of the partnership and arises solely within the United Kingdom.

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006 (*continued*)

3 Operating profit £

This has been arrived at after charging:

Depreciation	5,440
Foreign exchange loss	705
Auditors' remuneration - audit	15,000
Auditors' remuneration - non audit	12,952

4 Employees £

Staff costs consist of:

Wages and salaries	302,883
Social security costs	29,247

332,130

The average number of employees during the period was 4.

5 Members' share of profits

Profits and losses are shared by the members at the end of the period 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	5

	£
Average profit per member	12,111

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006 (*continued*)

6 Tangible assets

Group	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost or valuation</i>			
Additions and at 31 March 2006	16,914	30,196	47,110
<i>Depreciation</i>			
Provided for the period and at 31 March 2006	-	5,440	5,440
<i>Net book value</i>			
At 31 March 2006	16,914	24,756	41,670
Partnership			Computer equipment £
<i>Cost or valuation</i>			
Additions and at 31 March 2006			30,196
<i>Depreciation</i>			
Provided for the period and at 31 March 2006			5,440
<i>Net book value</i>			
At 31 March 2006			24,756

7 Fixed asset investments

Group	Warrants £	Subsidiary undertakings £	Total £
<i>Cost and net book value</i>			
Additions and at 31 March 2006	132,644	-	132,644
Partnership			
<i>Cost and net book value</i>			
Additions and at 31 March 2006	132,644	680	133,324

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006 *(continued)*

7 Fixed asset investments *(continued)*

The warrants relate to warrants held in Alpha Pyrenees Trust Limited. Alpha Real Capital LLP is the Investment Manager of Alpha Pyrenees Trust Limited.

Subsidiary:

Name	Country of incorporation	Percentage of ownership	Principal activity
Alpha Real Capital France SARL	France	100%	Property management services

8 Debtors

	Group £	Partnership £
Trade debtors	303,111	303,111
Other debtors	10,647	2,797
Amount due from subsidiary undertaking	-	27,775
VAT recoverable	39,904	26,327
Prepayments and accrued income	21,627	21,627
	<u>375,289</u>	<u>381,637</u>

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

9 Creditors: amounts falling due within one year

	Group £	Partnership £
Trade creditors	106,141	76,488
Other tax and social security	86,553	86,553
Accruals	66,527	30,743
	<u>259,221</u>	<u>193,784</u>

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006 (continued)

10 Members' interest

Group	Members' capital £	Loans and other debts due to members less any amounts due from members in debtors £	Total £
Members' remuneration charged as an expense	-	60,553	60,553
Members' interest after profit for the period	-	60,553	60,553
Introduced by members	812,000	-	812,000
Repayments of capital	(300,000)	-	(300,000)
Drawings	-	(174,457)	(174,457)
Amounts due to members	-	-	-
Amounts due from members	-	(113,904)	-
Members' interest at 31 March 2006	512,000	(113,904)	398,096
Partnership			
Members' remuneration charge as an expense	-	115,424	115,424
Members' interest after profit for the period	-	115,424	115,424
Introduced by members	812,000	-	812,000
Repayments of capital	(300,000)	-	(300,000)
Drawings	-	(174,457)	(174,457)
Amounts due to members	-	-	-
Amounts due from members	-	(59,033)	-
Members' interest at 31 March 2006	512,000	(59,033)	452,967

Capital is repayable in accordance with the terms set out in the Partnership Agreement.

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

Alpha Real Capital LLP

Notes forming part of the financial statements for the period ended 31 March 2006 *(continued)*

11 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 £115,424 relating to the partnership.

12 Reconciliation of operating profit to net cash outflow from operating activities

£

Operating profit	49,932
Depreciation	5,440
Increase in debtors	(375,289)
Warrants received in return for investment management services	(132,644)
Increase in creditors	259,221
Foreign exchange adjustments	(705)

Net cash outflow from operating activities

(194,045)

13 Reconciliation of net cash inflow to movement in net cash

£

Increase in cash in the period

107,714

14 Analysis of net cash

Cash flow
£

Cash in hand and at bank

107,714

15 Non-cash transactions

During the year the Partnership received warrants with a fair value of £132,644 as consideration for investment management services.

16 Ultimate controlling parties

At 31 March 2006 the ultimate controlling party was John L Beckwith.

17 Post balance sheet events

Subsequent to 31 March 2006, the Partnership has received capital contributions of £5,298,627 and paid capital withdrawals of £480,000.