

Alpha Real Capital LLP

Report and Financial Statements

Year Ended

31 March 2008

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Alpha Real Capital LLP

Annual report and financial statements for the year ended 31 March 2008

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Members

J L Beckwith
M C Johnson
P Rose
B J Bauman
S L G Wilson
R Armist
IPGL Fund Services Limited

Registered office

1b Portland Place, London, W1B 1PN

Registered number

OC312705

Auditors

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

Alpha Real Capital LLP

Report of the members for the year ended 31 March 2008

The members present their report together with the audited financial statements for the year ended 31 March 2008

Principal activity, trading review and future developments

The principal activity of Alpha Real Capital LLP (the "Partnership") is the provision of investment management services

The Partnership is authorised and regulated by the Financial Services Authority

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

The Partnership is the investment manager of the following three funds

- Alpha Pyrenees Trust Limited (listed on the full list of the London Stock Exchange),
- Alpha Tiger Property Trust Limited (listed on the Alternative Investment Market of the London Stock Exchange), and
- Alpha German Property Income Trust Limited, (an institutional private fund)

with over £500m of assets under management. Alpha Real Capital LLP has a strong balance sheet with net assets of over £5m and no indebtedness

The consolidated profit and loss account is set out on page 6 and shows the profit for the year. The Partnership anticipates continued growth in funds under management in the year ahead

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 seek to mitigate risks through the application of strict controls, a monitoring process at the operational level and the use of insurance policies where appropriate

Designated members

The designated members during the year were

J L Beckwith
M C Johnson
P Rose

Alpha Real Capital LLP

Report of the members for the year ended 31 March 2008 (Continued)

Members' responsibilities

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

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Agreement 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 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

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

Alpha Real Capital LLP

Report of the members for the year ended 31 March 2008 (*Continued*)

Auditors

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 purposes 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.

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 Partnership on 11 July 2008



Designated member

Alpha Real Capital LLP

Independent auditors' report

To the members of Alpha Real Capital LLP

We have audited the Group and Partnership financial statements of Alpha Real Capital LLP for the year ended 31 March 2008 which comprise the consolidated profit and loss account, the Group and Partnership balance sheets, the Group 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

Independent auditors' report (*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 2008 and of its profit for the year then ended,
- the Partnership financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Partnership's affairs as at 31 March 2008,
- 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
BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors
London*

11 JULY 2008

Alpha Real Capital LLP

Consolidated profit and loss account for the year ended 31 March 2008

	Note	2008 £	2007 £
Fee income	2	5,327,637	2,434,088
Administrative expenses		(3,221,160)	(2,017,364)
Operating profit	3	2,106,477	416,724
Interest receivable	5	93,112	126,912
Interest payable		(295)	(3,326)
Profit on ordinary activities before taxation		2,199,294	540,310
Taxation on profit on ordinary activities	6	(55,773)	(15,050)
Profit for the financial year before members' remuneration and profit shares		2,143,521	525,260
Profit for the financial year before members' remuneration and profit shares	12	2,143,521	525,260
Members' profit share charged as an expense		(2,143,521)	(525,260)
Result for the financial year available for discretionary division among the members		-	-

All amounts relate to continuing activities

There are no other recognised gains or losses other than the profit for the year

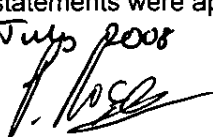
The notes on pages 10 to 16 form part of these financial statements

Alpha Real Capital LLP

Consolidated balance sheet at 31 March 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	74,080	50,702
Investments	9	4,377,738	3,710,260
		<u>4,451,818</u>	<u>3,760,962</u>
Current assets			
Debtors	10	1,871,747	1,337,172
Cash at bank and in hand	16	1,847,789	954,944
		<u>3,719,536</u>	<u>2,292,116</u>
Creditors amounts falling due within one year			
Creditors	11	979,127	623,240
Amounts due to members	12	1,861,600	99,211
		<u>2,840,727</u>	<u>722,451</u>
Net current assets		<u>878,809</u>	<u>1,569,665</u>
Net assets attributable to members		<u>5,330,627</u>	<u>5,330,627</u>
Represented by:			
Equity			
Members' capital classified as equity under FRS 25	12	5,330,627	5,330,627
Total members' interests		<u>5,330,627</u>	<u>5,330,627</u>
Total members' interests			
Amounts due to members	12	1,861,600	99,211
Members' capital	12	5,330,627	5,330,627
		<u>7,192,227</u>	<u>5,429,838</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 11 July 2008



Designated member

The notes on pages 10 to 16 form part of these financial statements

Alpha Real Capital LLP

Partnership balance sheet at 31 March 2008

	Note	2008 £	2007 £
Fixed assets			
Tangible assets	8	12,154	18,976
Investments	9	3,519,014	119,254
		<u>3,531,168</u>	<u>138,230</u>
Current assets			
Debtors	10	2,380,552	4,797,178
Cash at bank and in hand		1,472,680	874,191
		<u>3,853,232</u>	<u>5,671,369</u>
Creditors amounts falling due within one year			
Creditors	11	536,762	474,438
Amounts due to members	12	1,517,011	4,534
		<u>2,053,773</u>	<u>478,972</u>
Net current assets		<u>1,799,459</u>	<u>5,192,397</u>
Net assets attributable to members		<u>5,330,627</u>	<u>5,330,627</u>
Represented by:			
Equity			
Members' capital classified as equity under FRS 25	12	5,330,627	5,330,627
Total members' interests		<u>5,330,627</u>	<u>5,330,627</u>
Total members' interest			
Loans and other debts due to members	12	1,517,011	4,534
Members' capital	12	5,330,627	5,330,627
		<u>6,847,638</u>	<u>5,335,161</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 11 July 2008

Designated member



The notes on pages 10 to 16 form part of these financial statements

Alpha Real Capital LLP

Consolidated cash flow statement for the year ended 31 March 2008

	Note	2008 £	2007 £
Net cash inflow/(outflow) from Operating activities	14	1,947,856	(179,562)
Returns on investments and servicing of finance			
Interest received		93,112	126,912
Interest paid		(295)	(3,326)
		<hr/>	<hr/>
		92,817	123,586
Taxation		(34,723)	-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(44,331)	(25,660)
Investments		(667,478)	(3,577,616)
		<hr/>	<hr/>
		(711,809)	(3,603,276)
Transactions with members			
Members' capital introduced		-	5,298,627
Repayment of capital		-	(480,000)
Payments to members (drawings)	12	(401,296)	(312,145)
		<hr/>	<hr/>
		(401,296)	4,506,482
Increase in cash	15	<hr/>	<hr/>
		892,845	847,230

The notes on pages 10 to 16 form part of these financial statements

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2008

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 subsidiaries at 31 March 2008 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 performance fees are recognised as earned in accordance with the relevant investment management agreement.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost, 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 less any provision for impairment in value.

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 prevailing when they occurred. Foreign currency monetary assets and liabilities are translated at the rates prevailing 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 prevailing rates of exchange 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.

Taxation

The tax payable on the LLP's profits is a personal liability of the members during the year.

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

2 Fee income

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

3 Operating profit	2008 £	2007 £
This has been arrived at after charging		
Depreciation	25,127	16,628
Foreign exchange loss	33,994	3,621
Auditors' remuneration – audit service	22,000	13,124
Auditors' remuneration – tax services	14,300	10,000

4 Employees	2008 £	2007 £
Staff salaries costs consist of		
Wages and salaries	2,017,177	1,267,943
Social security costs	299,505	194,720
	<u>2,316,682</u>	<u>1,462,663</u>

The average number of employees during the year was 24 (2007 – 14)

5 Interest receivable	2008 £	2007 £
Bank interest receivable	<u>93,112</u>	<u>126,912</u>

6 Taxation on profit on ordinary activities	2008 £	2007 £
Foreign tax	<u>55,773</u>	<u>15,050</u>
Total current tax	<u>55,773</u>	<u>15,050</u>

The 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

Profit on ordinary activities before taxation	2,199,294	540,310
Tax on ordinary activities at the standard rate of corporation tax in the UK of 30% (2007 - 30%)	<u>659,788</u>	<u>162,093</u>
Effect of Income taxed as members' personal tax	<u>(604,015)</u>	<u>(147,043)</u>
	<u>55,773</u>	<u>15,050</u>

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2008 (*Continued*)

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	7
	<hr/>
	£
Average profit per member	306,217
	<hr/>
Entitlement of partner with largest profit share	859,415
	<hr/>

8 Tangible assets

	Fixtures and fittings £	Computer equipment £	Total £
Group			
<i>Cost</i>			
At 1 April 2007	26,421	46,349	72,770
Additions	27,353	16,978	44,331
Foreign exchange translation	3,376	2,718	6,094
	<hr/>	<hr/>	<hr/>
At 31 March 2008	57,150	66,045	123,195
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 April 2007	1,867	20,201	22,068
Depreciation provided	7,043	18,084	25,127
Foreign exchange translation	604	1,316	1,920
	<hr/>	<hr/>	<hr/>
At 31 March 2008	9,514	39,601	49,115
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 2008	47,636	26,444	74,080
	<hr/>	<hr/>	<hr/>
At 31 March 2007	24,554	26,148	50,702
	<hr/>	<hr/>	<hr/>

Alpha Real Capital LLP

Notes forming part of the financial statements
for the year ended 31 March 2008 (*Continued*)

8 Tangible assets (*Continued*)

	Computer equipment £
Partnership	
<i>Cost</i>	
At 1 April 2007	35,207
Additions	6,030
	<hr/>
At 31 March 2008	41,237
	<hr/>
<i>Depreciation</i>	
At 1 April 2007	16,231
Depreciation provided	12,852
	<hr/>
At 31 March 2008	29,083
	<hr/>
<i>Net book value</i>	
At 31 March 2008	12,154
	<hr/>
At 31 March 2007	18,976
	<hr/>

9 Fixed asset investments

	Shares and warrants £	Subsidiary undertakings £	Total £
Group			
<i>Cost and net book value</i>			
At 1 April 2007	3,710,260	-	3,710,260
Additions	667,478	-	667,478
	<hr/>	<hr/>	<hr/>
At 31 March 2008	4,377,738	-	4,377,738
	<hr/>	<hr/>	<hr/>
Partnership			
<i>Cost and net book value</i>			
At 1 April 2007	100,000	19,254	119,254
Additions	-	3,499,760	3,499,760
Disposals	(100,000)	-	(100,000)
	<hr/>	<hr/>	<hr/>
At 31 March 2008	-	3,519,014	3,519,014
	<hr/>	<hr/>	<hr/>

Alpha Real Capital LLP

Notes forming part of the financial statements
for the year ended 31 March 2008 (Continued)

9 Fixed asset investments (Continued)

Subsidiaries

Name	Country of incorporation	Percentage of ownership	Principal activity
Alpha Real Capital France SARL	France	100%	Property management services
Alpha Global Property Securities Fund PTE Limited	Singapore	100%	Investment company
Alpha Real Capital Germany GmbH	Germany	100%	Property management services
Alpha Real Capital Malta*	Malta	100%	Investment company
Alpha Real Capital India Pvt Ltd	India	100%	Property management services

*Undertaking held indirectly by the Partnership

10 Debtors

	2008 Group £	2008 Partnership £	2007 Group £	2007 Partnership £
Trade debtors	1,676,157	1,600,555	1,081,375	1,011,592
Other debtors	146,614	46,591	182,266	132,494
Amount due from subsidiary undertaking	-	701,135	-	3,604,061
VAT recoverable	21,626	7,986	26,328	12,859
Prepayments and accrued income	27,350	24,285	47,203	36,172
	<u>1,871,747</u>	<u>2,380,552</u>	<u>1,337,172</u>	<u>4,797,178</u>

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

11 Creditors: amounts falling due within one year

	2008 Group £	2008 Partnership £	2007 Group £	2007 Partnership £
Trade creditors	73,010	22,033	82,793	42,311
Other tax and social security	261,570	98,321	150,674	69,184
Accruals	644,547	416,408	389,773	362,943
	<u>979,127</u>	<u>536,762</u>	<u>623,240</u>	<u>474,438</u>

Alpha Real Capital LLP

Notes forming part of the financial statements
for the year ended 31 March 2008 (Continued)

12 Members' interests

Group	Members' other interests		
	Members' capital (Classified as equity) £	Amounts due to members £	Total £
Balance at 1 April 2007	5,330,627	99,211	5,429,838
Members' remuneration charged as an expense	-	2,143,521	2,143,521
Members' interests after profit for the year	5,330,627	2,242,732	7,573,359
Foreign currency movements	-	20,164	20,164
Drawings	-	(401,296)	(401,296)
	5,330,627	1,861,600	7,192,227
Amounts due to members		1,861,600	
Balance at 31 March 2008	5,330,627	1,861,600	7,192,227
Partnership			
Balance at 1 April 2007	5,330,627	4,534	5,335,161
Members' remuneration charged as an expense	-	1,913,773	1,913,773
Members' interests after profit for the year	5,330,627	1,918,307	7,248,934
Drawings	-	(401,296)	(401,296)
	5,330,627	1,517,011	6,847,638
Amounts due to members		1,517,011	
Balance at 31 March 2008	5,330,627	1,517,011	6,847,638

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

13 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 £1,913,773 (2007 - £375,712) relating to the partnership.

Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2008 (Continued)

14 Reconciliation of group operating profit to net cash outflow from operating activities

	2008 £	2007 £
Operating profit	2,106,477	443,861
Depreciation	25,127	16,628
Increase in debtors	(534,575)	(961,883)
Increase in creditors	320,115	321,832
Foreign exchange adjustments	30,712	-
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,947,856	(179,562)
	<hr/>	<hr/>

15 Reconciliation of net cash inflow to movement in net cash

	2008 £	2007 £
Increase in cash	892,845	847,230
Cash at start of year	954,944	107,714
	<hr/>	<hr/>
Cash at end of year	1,847,789	954,944
	<hr/>	<hr/>

16 Analysis of net cash in group

	At 1 April 2007 £	Cashflow £	At 31 March 2008 £
Cash at bank and in hand	954,944	892,845	1,847,789
	<hr/>	<hr/>	<hr/>

17 Ultimate controlling parties

At 31 March 2008 the ultimate controlling parties were the designated members

18 Post balance sheet events

There were no significant post balance sheet events

19 Related Party Transactions

During the year the partnership paid £78,051 (2007 - £78,558) for office rent and £24,999 (2007 - £24,998) for corporate finance services to Pacific Investments Plc, a company controlled by Sir John Beckwith

At 31 March 2008 the partnership owed Pacific Investments Plc £27,249 (2007 - £34,727)