

## **Alpha Real Capital LLP**

Report and Financial Statements

Year Ended

31 March 2015

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# **Alpha Real Capital LLP**

## **Annual report and financial statements for the year ended 31 March 2015**

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### **Highlights**

- TIME:Freehold our residential ground rent fund enjoyed a further 20% increase in assets under management to £231 million from £190 million last year and £148 million in 2013
- Rapid growth of TIME:ADVANCE with over £30 million raised following the major expansion of our capital raising team to 12 to accelerate future growth
- TIME:CFF, our new Commercial Freehold Fund was established with over £10 million of new investments
- TIME:EIS, our Enterprise Investment Scheme (EIS) launched successfully and raised over £10 million for three hydro renewable energy projects
- Strong growth of Alpha Real Renewables, our specialist renewable energy investing business, with the successful completion of over £60 million of investments into 14 renewable energy infrastructure projects
- Further growth in Alpha Property Lending, our specialist real estate lending business
- Refinancing of Alpha German Property Income Trust for a further 5 years
- Launch of Social Infrastructure Fund
- Establishment of Alpha Real Technology, our data centres platform

# Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2015

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## About Alpha

Alpha Real Capital LLP ("Alpha") is an international investment management group focussed on value-added investing in global real estate and other asset-backed markets. Headquartered in London, Alpha operates an international network of offices in the UK, Europe and Asia with an 80 plus strong professional team. Alpha has approximately £1.1 billion of assets under management. Alpha focusses on the creation of long term relationships with our investment partners, tenants, lenders and other stakeholders.

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

Alpha's experienced management team combines seasoned real estate experience and capital markets expertise with bespoke research, analysis and expert market knowledge to create value-added asset-backed investment solutions.

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.

Alpha also owns TIME Investments ([www.time-investments.com](http://www.time-investments.com)), its authorised wealth management investment solutions arm. TIME Investments acquired the real estate investment management business from Close Brothers Group in 2011.

**£1.1 billion**

ASSETS UNDER MANAGEMENT

**80+**

PROFESSIONAL TEAM

**£34.6 million**

NET ASSET VALUE

**12**

CAPITAL RAISERS

**5**

INTERNATIONAL OFFICES

**10**

EXPERT PLATFORMS

# Alpha Real Capital LLP

Chief Executive's report for the year ended 31 March 2015 (*continued*)

## Our business model

Alpha utilises its core strengths in establishing, building and managing a range of successful individually-branded, individually specialised investment platforms focussed on discrete investment strategies:

Specialist sectors	European investment	Wealth solutions
<b>Alpha Property Lending</b> Asset-backed lending	<b>UK</b> Industrial Multi Property Trust Active UK Real Estate Fund Industriand Antler	<b>TIME: Advance</b> IHT investment services
<b>Alpha Real Renewables</b> Energy infrastructure		<b>TIME: CTC</b> IHT investment services
<b>Industriand</b> Industrial property	<b>Europe</b> Alpha Real Trust Alpha Pyrenees Trust Alpha German Property Income Trust	<b>TME: EIS</b> Enterprise investment schemes
<b>Alpha Real Technology</b> Data centres		<b>TIME: Freehold</b> Freehold ground rents
<b>Palm Capital</b> Capital markets advisory		
<b>Alternative Real Capital</b> Long-income assets and social infrastructure		

# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 (continued)

The individual platforms benefit from focussed expert teams who can draw on the wider Group's resources and skill base to bring together cross-functional teams with deep experience in investment selection, active asset management, risk management, financing and structuring.

Alpha focusses 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

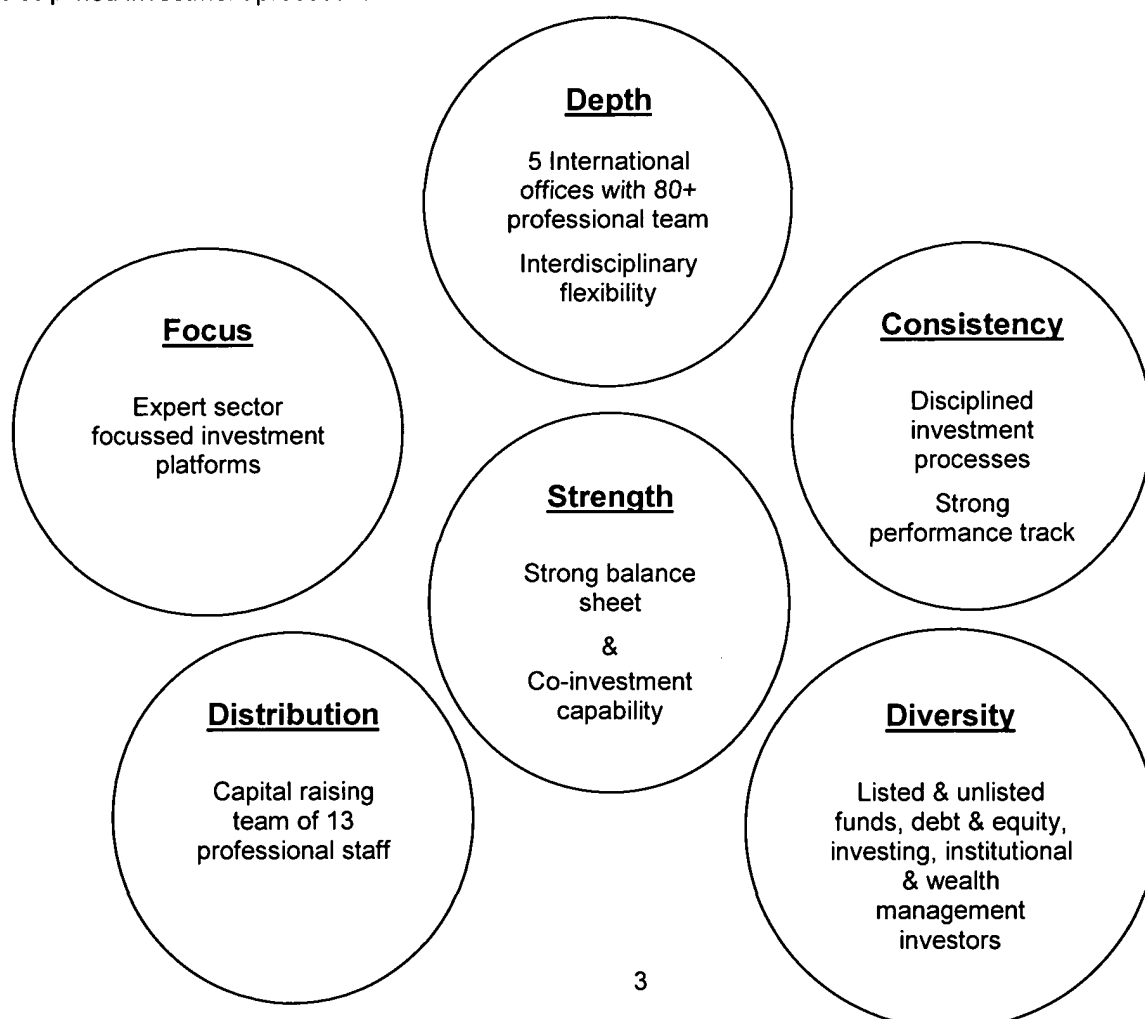
Independently owned and managed by its partners, Alpha has the ability to think freely, allowing Alpha to respond quickly and creatively to opportunities.

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 expert local property market knowledge and pro-active asset management to source, finance and manage value-added investment and development opportunities.

### Our organisational strengths

Alpha's business is built on the breadth and depth of our 80 plus professional staff's collective experience, our ability to work flexibly on an inter-disciplinary basis, our expert sector-focussed investment platforms, and our disciplined investment processes.



# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 *(continued)*

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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 investment and operating processes with 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 and financing

- 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 2015 (continued)

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### Key funds and platforms review

The Alpha team has established a range of value-adding focussed real estate and asset-backed investment platforms.

#### Alpha Real Trust (ART)

ART targets investment opportunities across the asset-backed spectrum, including real estate operating companies, securities, services and other related businesses that offer high risk-adjusted total returns. ART currently focusses on high-yielding property debt, including mezzanine finance, and high-yielding equity investments in the UK and Western Europe that benefit from underlying strong cash flows. ART is a closed-ended Guernsey registered investment company listed on the London Specialist Fund Market.

ART delivered a 21% total shareholder return in the year.

#### Industrial Multi Property Trust (IMPT)

IMPT holds a regionally diversified portfolio of multi-let UK light industrial and office property. IMPT is a closed-ended Isle of Man investment company listed on the London Stock Exchange. 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.

IMPT completed a new 5-year financing facility and additional capital raising in December 2013.

#### Active UK Real Estate Fund (AURE)

AURE invests in a diversified portfolio of UK commercial property. AURE owns a portfolio of UK industrial, office and retail properties. 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. AURE was the 6<sup>th</sup> best performing fund out of 220 IPD measured funds providing investors with a total return of 24% over the year.

AURE completed a new 5-year financing facility and additional capital raising in September 2013.

#### TIME:Freehold (Freehold Income Authorised Fund)

TIME:Freehold is the UK's largest authorised freehold ground rent fund. The fund is an FCA regulated open-ended property authorised investment fund (PAIF) which enjoys NURS status. TIME:Freehold seeks to provide a secure and stable investment with an attractive income stream and capital growth prospects from a portfolio of over 64,000 freeholds. For over two decades, TIME:Freehold has consistently produced inflation beating investor returns, with regular income and relatively low volatility. Investors in TIME:Freehold include pension funds, charities, trusts and individuals. TIME:Freehold 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. TIME:Freehold grew by approximately 20% during the year to over £230 million.

TIME:Freehold provided an unleveraged return of 9% in the year, achieving 22 years of consecutive positive investor returns and grew by 20% during the year.

In December 2012, FE Trustnet said that it was the "best fund in the universe".

[source <http://www.trustnet.com/News/385343/best-fund-in-the-universe-made-available-to-uk-investors/>]

# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 (continued)

### TIME:Advance & TIME:CTC

TIME:Advance provides private investors with a streamlined service that aims to invest in assets that produce a steady and consistent annual return of over 3.5% and also mitigate their inheritance tax (IHT) liability after a two year qualifying period through the use of Business Property Relief (BPR). Examples of BPR qualifying trades are property lending and renewable energy investment. TIME:CTC offers corporate investors a method by which they can employ excess capital efficiently whilst retaining their own BPR. Our IHT services have undertaken over 60 projects including residential development, forestry, farming and self storage investing over £400 million. Over a period of 18 years, TIME:CTC has achieved 100% BPR from IHT for all of its qualifying investors and an inflation beating return over that period. TIME:Advance has consistently met its 3.5% p.a. return target since inception and raised over £30million during the year.

### TIME:EIS

TIME:EIS provides private investors with access to the tax reliefs of the Enterprise Investment Scheme in as little as three years. Currently the tax benefits comprise initial income tax relief of 30%, deferral of capital gains rolled into the investment, BPR after two years and CGT exemption on any gains. Our Hydro EIS was launched during the year. The investment is eligible for the Government backed Feed-in-Tariff subsidies which represent the majority of the income and are inflation indexed for 20 years.

## About TIME



Our solutions provide Inheritance, Capital Gains and Income Tax mitigation as well as capital growth



Our distribution team of 20 provides national coverage to help advisers provide solutions tailored to their clients' needs



What do we look for when investing?

- Predictability
- Asset backing
- Income generation

We're dedicated to the adviser market; we don't accept direct client investments



**£500 million**  
ASSETS UNDER  
MANAGEMENT



We currently have more than 50 staff and growing



We offer the longest track record of all BPR providers (19 years and counting)



We pride ourselves on providing genuine transparency about where and what we invest in



Managers of the hugely successful TIME:Freehold fund with £230m AUM and a 22 year track record of delivering inflation beating returns and consistent liquidity



To date over 500 of our 2,000+ investors have successfully achieved BPR



Independent oversight is built in to our products and provided by industry experts who've chosen to align their reputations with ours



We focus on capital preservation throughout our investment solutions



We have an in house team of 12 investment specialists, offering a real depth of experience



We've been profitable every year since inception, with the benefit of a strong balance sheet and robust structure



Contact us: 020 7391 4747 @ questions@time-investments.com time-investments.com



# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 (*continued*)

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### Alpha German Property Income Trust (AGPIT)

AGPIT invests in commercial real estate across Germany with strong potential for value enhancement through income growth and active asset management. The fund owns 29 properties with a value of approximately €140 million and a total lettable area of over 150,000 sq m. The portfolio comprises retail properties, logistics properties, offices and car parks. AGPIT was established in 2006 and is a closed-ended Guernsey registered investment company, funded by private and institutional equity investors. AGPIT completed a new 5-year financing facility and additional capital raising in April 2015.

### Alpha Pyrenees Trust (APT)

Investing primarily in French real estate, APT currently holds 16 properties with a value of approximately £175 million and a total lettable area of over 200,000 sq m. The portfolio comprises business parks and offices, warehouse/logistics and retail property. The fund was established in 2005 and is a closed-ended Guernsey registered investment company listed on the London Stock Exchange.

### Alpha Property Lending

Alpha Property Lending provides senior debt and higher loan-to-value "stretched" senior debt to experienced residential developers with a proven track record and to established investors in commercial real estate assets.

Using our knowledge and experience which covers an 18 year track record and over £350 million of completed developments we are well-placed to finance a broad range of development funding and investment lending requirements as well as other asset backed lending opportunities.

### Alpha Real Renewables

Alpha Real Renewables invests in all forms of renewable energy including wind, solar, biomass, hydro and other renewable energy resources and is currently involved in progressing over 100MW of renewable energy projects at over a dozen individual locations across the UK.

Alpha Real Renewables invests at all stages of the evolution of a renewables project:

- development opportunities,
- the build-out of existing consented projects; and
- the acquisition of standing, energised investments.

As at 31 March 2015, Alpha Real Renewables has originated and completed on a total of 13 renewable energy investments totalling 37.8MW with a combined investment of £60 million. The portfolio offers an attractive mix of UK operating assets comprising ground mount and rooftop solar PV (31.8 MW), onshore wind (4.5 MW) and small hydro (1.5 MW) with an average useful life of 20-40 years.

11 of the 13 assets were acquired as consented schemes and subsequently built out by Alpha Real Renewables over periods of up to 18 months. 2 of the assets were acquired fully operational. The portfolio achieved good levels of production and financial performance during the year.

The current portfolio is capable of producing 48,500 MWh which is equivalent to the annual consumption of 14,700 average UK households and a CO2 reduction of 26,200 tonnes equivalent.

Alpha Real Renewables is also involved with renewable energy development projects of up to 40 MW of consented onshore wind with a gross development value of up to £80 million.

Alpha Real Renewables is currently progress 29MW of new investment opportunities with exclusive rights to consented solar (2 sites, 6.2 MW), wind (3 sites, 4.8 MW) and biomass (up to 3 sites, up to 18 MW) projects and is also actively pursuing opportunities in new areas such as waste to energy and demand response (STOR or short term operating reserve for the grid).

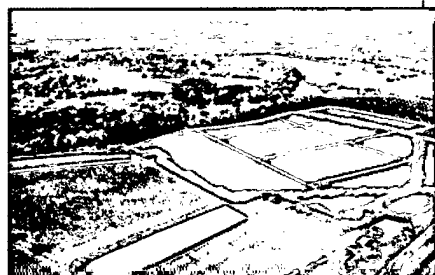
Renewable energy infrastructure provides investors with stable, long-term cashflows with a significant component of revenues linked to inflation and underwritten by the UK Government.

# Alpha Real Capital LLP

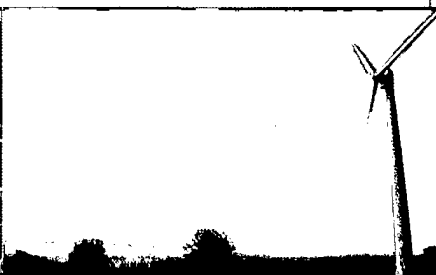
Chief Executive's report for the year ended 31 March 2015 (continued)

## Alpha Real Renewables completed transactions since September 2013:

Project	Type	Investment	Target Project IRR (pre-tax unlevered)	Status
Tai Hen, Anglesey	0.5 MW FIT Onshore wind Single turbine (EWT)	£2.6m	15%	Operational since 08/14 Fully accredited
Watchfield, Somerset	10.67 MW ROC Ground mount solar PV EPC (Solarcentury)	£12.4m	8.5%	Operational since 02/14 Fully accredited (1.6 ROC)
Eynsham, Oxfordshire	13.45 MW ROC Ground mount solar PV EPC (Solarcentury)	£15.4m	8.5%	Operational since 03/14 Fully accredited (1.6 ROC)
Horam, East Sussex	2.57 MW ROC Ground mount solar PV EPC (Solarcentury)	£3.6m	8.5%	Operational since 03/14 Fully accredited (1.6 ROC)
Newlands, South Wales	0.5 MW FIT Onshore wind Single turbine (EWT)	£2.7m	13%	Operational since 10/14 Fully accredited
Hill House, South Wales	0.5 MW FIT Onshore wind Single turbine (EWT)	£2.8m	14%	Operational since 11/14 Fully accredited
Gelliwen, South Wales	0.5 MW FIT Onshore wind Single turbine (EWT)	£2.7m	14%	Operational since 12/14 Fully accredited
Allt Mheil, Highland	0.5 MW FIT Small hydro Single turbine (Gilkes)	£3.0m	10%	Operational since 06/14 Fully accredited
Wester Allt Beithe, Highland	0.5 MW FIT Small hydro Single turbine (Gilkes)	£3.7m	10%	In construction Commissioning date 10/15
Easter Allt Beithe, Highland	0.5 MW FIT Small hydro Single turbine (Gilkes)	£2.4m	10%	In construction Commissioning date 09/15
Darracott, Devon	2.55 MW ROC Onshore wind 3x turbines (Gamesa)	£3.1m	11%	Operational since 05/11 Fully accredited (1 ROC)
Self Storage Trading, Kent	0.14 MW FIT Solar rooftop EPC (Soventix)	£0.2m	10%	Operational since 01/15 Fully accredited
Salford Lodge, Worcestershire	5 MW FIT Ground mount solar PV EPC (British Gas Solar)	£5.4m	8.5%	In construction Commissioning date 08/15
<b>TOTAL</b>	<b>37.9 MW</b> (84% solar / 12% wind / 4% hydro)	<b>£60m</b> (62% solar / 23% wind / 15% hydro)	<b>£68-70m (approx. enterprise value)</b> (56% solar / 28% wind / 16% hydro)	



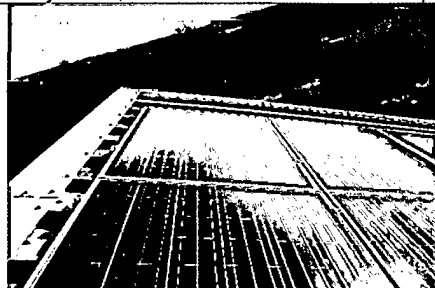
Eynsham, 13.5 MW solar PV Q1 2014



Gelliwen, 0.5 MW onshore wind Q2 2014



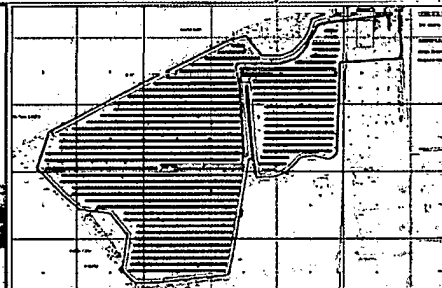
Allt Mheil, 0.5 MW small hydro Q2 2014



Self Storage, 0.14 MW solar rooftop Q4 2014



Darracott, 2.55 MW onshore wind Q4 2014



Salford Lodge, 5 MW solar PV Q1 2015

# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 (continued)

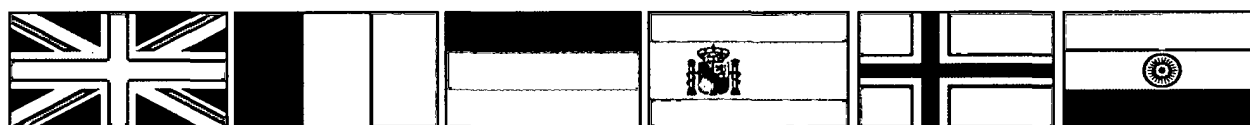
### Financial performance

Alpha's consolidated operating profit for the year ending 31 March 2015 is £7.1 million (31 March 2014: £6.5 million). This represents a 9% 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 2015 is £35 million (2014: £35 million). Alpha holds cash and investments (primarily listed securities) of £37.1 million at 31 March 2015 (2014: £32.8 million).

### Outlook

Alpha manages a growing range of investment platforms 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 and the creation of new products and business areas.

TIME Investments, our wealth management investment product management business, continues to grow its range of solutions to authorised financial intermediaries and wealth managers as well as its business development and relationship management teams to support them.

INSTITUTIONAL INVESTORS	UK property	European property	Property Debt	Freehold Ground Rents	Social Infrastructure	Renewable Infrastructure
	IMPT AURE	ART AGPIT APT	ART TIME: Advance TIME:CTC	TIME: Freehold TIME:CGRF	SIF	TIME: Advance TIME:CTC TIME:EIS
PRIVATE INVESTORS / WEALTH MANAGEMENT						

Alpha's strong balance sheet and significant cash reserves, provides it with a robust platform from which to continue the expansion of its diversified funds management business against a back drop of rising values and increasing capital flows into real estate and other asset-backed investments.

# Alpha Real Capital LLP

## Chief Executive's report for the year ended 31 March 2015 (*continued*)

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### 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 is currently a member of the Management Committee for Hermes Property Unit Trust and was formerly a non-executive director of Great Portland Estates plc.

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, the world's largest inter-dealer broker, as well as the Chairman of Alpha partner, IPGL. Michael has interests in a variety of financial service companies and many other investments including City Index, a CFD and spread-betting business.

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.

Karl Devon-Lowe  
CFO, Partner, Alpha Real Capital LLP

Karl is a Chartered Accountant with over 20 years finance experience in the real estate and leisure sectors. Prior to joining Alpha, he worked in senior finance positions at Hammerson plc and Heron International. He is also an Associate Member of the Association of Corporate Treasurers.

# Alpha Real Capital LLP

## Chief Executive's Report for the year ended 31 March 2015 *(continued)*

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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.

Hugo James  
Partner, Alpha Real Capital LLP  
Managing Director, Palm Capital Partners

Hugo has 20 years of financial services experience across investment banking, fixed income, insurance and principal finance as both principal and adviser. Prior to joining Alpha, Hugo worked in pension de-risking across investments, liability hedging and bulk annuities. He was previously CEO of PensionsFirst Capital, a managing director at Credit Suisse and, director responsible for sales and structuring of bulk annuities at Legal & General and a member of the annuities management team.

Patrick Grant  
Partner, Alpha Real Capital LLP

Patrick joined as a partner of Alpha Real Capital LLP in January 2015 from CBRE. He is a Chartered Surveyor focussing primarily on growing the group's ground rent and other long income property businesses. Patrick has 20 years experience in the property market, the majority which has been spent in the alternative asset sectors (hotels, healthcare, pub and leisure). His experience covers originating and structuring long income transactions across asset classes, investment advisory, portfolio transaction and valuation advice throughout Europe. Prior to CBRE, he was with Gerald Eve, Christie & Co and St Martins Property Corporation.

Nigel Ashfield  
Partner, Alpha Real Capital LLP  
Managing Director, TIME Investments

Nigel founded TIME Investments, Alpha's authorised financial intermediary facing arm, in 2011 and is responsible for over £500 million of Alpha's funds under management and over 35 staff. He is also the fund manager of TIME:Freehold, which has a twenty one year track record of achieving inflation beating returns and constant liquidity. He was previously Managing Director of Close Brothers' Group plc's Tax Efficient and Property funds Management business where he worked for ten years. Nigel qualified as a Chartered Accountant with PwC after studying law.

Stephen Daniels  
Head of Tax Products, Partner, TIME Investments

Stephen has over seven years of experience of investing in UK SMEs and is the fund manager for the TIME:Advance and TIME:CTC tax efficient investment services. Previously, Stephen was a divisional director at Close Brothers' Tax Efficient and Property Funds Management business, with responsibility for structuring and managing tax efficient investments, including Enterprise Investment Schemes (EISs).

Simon Housden  
Sales and Marketing Director, Partner, TIME Investments

Simon is the sales and marketing Director of TIME Investments and manages a distribution team of eleven who support TIME's authorised advisor clients. Prior to joining TIME Investments he previously worked for Octopus Investments for nearly seven years, where he was head of strategic partnerships.

Anthony Buckley  
Operations Director, Partner, TIME Investments

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' Tax Efficient and Property Funds Management business 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

## Report of the members for the year ended 31 March 2015

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The members present their report together with the audited financial statements for the year ended 31 March 2015.

### Principal activity, trading review and future developments

The principal activity of Alpha Real Capital LLP (the "Partnership" "LLP") is the provision of investment management services. The Partnership is authorised and regulated by the Financial Conduct Authority. Alpha has applied to be a full scope authorised investment fund manager under the Alternative Investment Fund Managers Directive. The Chief Executive's report on pages 1 to 11 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 2015 (*continued*)

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### 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 30 June 2015.



Phillip Rose  
Designated member  
30 June 2015

# **Alpha Real Capital LLP**

## **Independent auditor's report**

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### **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 2015 which comprise the primary statements such as the consolidated profit and loss account, the consolidated and partnership balance sheet, the consolidated cash flow statement, the statement of total recognised gains and losses 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).



# Alpha Real Capital LLP

## Independent auditor's report

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### 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 2015 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.

### 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  
30 June 2015

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 2015

	Note	2015 £	2014 £
<b>Revenue</b>	2	16,674,661	13,819,463
Cost of sales		(1,020,857)	(948,618)
Administrative expenses		(8,836,100)	(6,408,233)
Other operating income		260,639	10,861
<b>Operating profit</b>	3	7,078,343	6,473,473
Share of operating profit in associate		689,016	429,128
Share of joint venture profit in associate		41,830	42,740
Interest receivable			
- Group	5	422,024	222,984
- Associate		1,544,986	1,316,070
Interest payable			
- Group		-	(3)
- Associate		(606,394)	(663,834)
<b>Profit on ordinary activities before taxation</b>		9,169,805	7,820,558
Taxation on profit on ordinary activities	6	(21,830)	(23,755)
<b>Profit on ordinary activities after taxation</b>		9,147,975	7,796,803
Share of dividends received in associate		20,342	27,840
<b>Profit for the financial year before members' remuneration and profit shares</b>		9,168,317	7,824,643
<b>Profit for the financial year before members' Remuneration and profit shares attributable to:</b>			
Members as owners of the parent entity		7,661,956	6,684,662
Non controlling interests		1,506,361	1,139,981
		9,168,317	7,824,643
<b>Profit for the financial year before members' Remuneration and profit shares</b>		7,661,956	6,684,662
<b>Members' profit share charged as an expense</b>	13	(7,661,956)	(6,684,662)
<b>Result for the financial year available for discretionary division among the members</b>		-	-

All amounts relate to continuing activities.

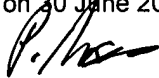
The notes on pages 21 to 32 form part of these financial statements.

# Alpha Real Capital LLP

## Consolidated balance sheet at 31 March 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	237,965	42,803
Investment property	9	464,000	234,000
Investments	10	26,925,413	28,102,500
		<u>27,627,378</u>	<u>28,379,303</u>
<b>Current assets</b>			
Investments – current	10	1,901,360	613,250
Debtors	11	2,459,541	7,000,933
Cash at bank and in hand		7,766,406	3,868,175
		<u>12,127,307</u>	<u>11,482,358</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	12	(5,123,395)	(4,981,473)
		<u>7,003,912</u>	<u>6,500,885</u>
<b>Net current assets</b>			
		<u>34,631,290</u>	<u>34,880,188</u>
<b>Net assets attributable to members</b>			
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Amounts due to members	13	5,701,681	6,800,818
<b>Members' other interests</b>			
Members' capital classified as equity	13	28,956,623	28,951,623
Revaluation reserve	13	(365,435)	(1,120,292)
		<u>34,292,869</u>	<u>34,632,149</u>
<b>Total members' interests</b>			
		<u>338,421</u>	<u>248,039</u>
<b>Non controlling interests</b>			
		<u>34,631,290</u>	<u>34,880,188</u>
<b>Total members' interests</b>			
Amounts due to members	13	5,701,681	6,800,818
Members' capital	13	28,956,623	28,951,623
Revaluation reserve	13	(365,435)	(1,120,292)
		<u>34,292,869</u>	<u>34,632,149</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 30 June 2015.

  
Phillip Rose  
Designated member

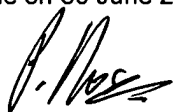
The notes on pages 21 to 32 form part of these financial statements.

# Alpha Real Capital LLP

## Partnership balance sheet at 31 March 2015

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	8	206,268	15,668
Investments	10	17,153,865	15,776,995
		<u>17,360,133</u>	<u>15,792,663</u>
<b>Current assets</b>			
Investments	10	-	1,851,500
Debtors	11	2,647,477	6,371,057
Cash at bank and in hand		3,934,873	2,154,967
		<u>6,582,350</u>	<u>10,377,524</u>
<b>Creditors: amounts falling due within one year</b>			
Creditors	12	(6,661,067)	(6,073,646)
		<u>(78,717)</u>	<u>4,303,878</u>
<b>Net current assets</b>			
		<u>17,281,416</u>	<u>20,096,541</u>
<b>Net assets attributable to members</b>			
		<u>17,281,416</u>	<u>20,096,541</u>
<b>Represented by:</b>			
<b>Loans and other debts due to members within one year</b>			
Amounts due to members	13	205,693	3,051,318
<b>Members' other interests</b>			
Members' capital classified as equity	13	28,956,623	28,951,623
Other reserves	13	(11,880,900)	(11,906,400)
		<u>17,281,416</u>	<u>20,096,541</u>
<b>Total members' interests</b>			
		<u>17,281,416</u>	<u>20,096,541</u>
<b>Total members' interest</b>			
Amounts due to members	13	205,693	3,051,318
Members' capital	13	28,956,623	28,951,623
Members' other interests – other reserves	13	(11,880,900)	(11,906,400)
		<u>17,281,416</u>	<u>20,096,541</u>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 30 June 2015.



Phillip Rose  
Designated member  
30 June 2015

The notes on pages 21 to 32 form part of these financial statements.

## Alpha Real Capital LLP

### Consolidated statement of recognised gains and losses for the year ended 31 March 2015

	2015	2014
	£	£
<b>Profit for the financial year</b>	<b>9,168,317</b>	<b>7,824,643</b>
Currency translation differences		
- Group	(30,363)	(27,413)
- Associate	(999,783)	(320,341)
	<u>(1,030,146)</u>	<u>(347,754)</u>
Share of associate's costs for its share buy back programme	(5,701)	(205,016)
Unrealised deficit/(gain) on revaluation of investment property		
- Group	(7,619)	-
- Associate	346,956	(208,727)
	<u>339,337</u>	<u>(208,727)</u>
Share of associate's dividend paid to its PIP investors	(42,220)	-
<b>Total recognised gains and losses for year</b>	<u><b>8,429,587</b></u>	<u><b>7,063,145</b></u>

The notes on pages 21 to 32 form part of these financial statements.

# Alpha Real Capital LLP

## Consolidated cash flow statement for the year ended 31 March 2015

	Note	2015 £	2014 £
<b>Net cash inflow from operating activities</b>	15	8,867,958	8,039,136
<b>Returns on investments and servicing of finance</b>			
Interest received		408,897	209,857
		<u>408,897</u>	<u>209,857</u>
		408,897	209,857
<b>Taxation paid</b>		(14,531)	(23,883)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(46,869)	(29,303)
Investments made		(211,960)	(713,552)
Loan made		(5,777,481)	(3,987,000)
Purchase of investment property		(237,619)	-
Repayment of loan		9,594,131	-
Sale of tangible fixed assets		160	-
Sale of investments		613,380	-
		<u>3,933,742</u>	<u>(4,729,855)</u>
<b>Transactions with members</b>			
Payments to members		(7,886,857)	(3,243,098)
Capital contributions		5,000	-
Capital repayments		-	(5,000)
		<u>(7,881,857)</u>	<u>(3,248,098)</u>
<b>Transactions with non controlling interests</b>			
Drawings of non controlling interests		(1,415,978)	(1,350,022)
		<u>3,898,231</u>	<u>(1,102,865)</u>
<b>Increase / (decrease) in cash</b>		3,898,231	(1,102,865)
Cash at start of year		3,868,175	4,971,040
		<u>7,766,406</u>	<u>3,868,175</u>
<b>Cash at end of year</b>		7,766,406	3,868,175

The notes on pages 21 to 32 form part of these financial statements.

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015

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## 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 2015 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 benefitted.

### *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 2015 (*continued*)

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## 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.

### *Liquid resources*

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.



# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

## 2 Revenue

	2015 £	2014 £
Group revenue consists of:		
Fee income	16,674,661	13,819,463

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

	2015 £	2014 £
Group operating profit has been arrived at after charging:		
Depreciation	46,359	90,724
Auditor's remuneration – audit services	48,757	47,820
Auditor's remuneration – taxation services	28,744	32,633
Operating lease payments	334,886	422,795
Provision against a loan	170,325	-

Included within auditor's remuneration for audit services above is £25,457 (2014: £24,425) payable to the auditors of the subsidiary entities.

## 4 Employees

	2015 £	2014 £
Staff costs consist of:		
Wages and salaries	4,510,605	3,391,897
Social security costs	625,435	473,991
Pension	61,767	66,829
	5,197,807	3,932,717

The average number of employees during the year was 61 (2014: 52).

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

## 5 Interest receivable

	2015 £	2014 £
Bank interest receivable	40,069	89,889
Interest receivable on Convertible Unsecured Loan Stock (CULS)	133,095	133,095
Interest from loans to Easter/Wester Allt Mheil	248,860	-
	<u>422,024</u>	<u>222,984</u>

## 6 Taxation on profit on ordinary activities

	2015 £	2014 £
Group foreign tax	18,791	20,540
Share of associate tax	3,039	3,215
	<u>21,830</u>	<u>23,755</u>

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:

	2015 £	2014 £
Profit on ordinary activities before taxation	9,169,805	7,820,558
Corporation tax in the UK of 20% (2014 - 20%)	1,833,961	1,564,112
Effect of: Income taxed as members' personal tax	(1,812,131)	(1,540,357)
	<u>21,830</u>	<u>23,755</u>

## 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	12
	<u>£</u>
Average profit per member	434,296
Entitlement of partner with largest profit share	<u>2,915,398</u>

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

## 8 Tangible assets

Group	Leasehold Improvements £	Fixtures and fittings £	Computer Equipment £	Total £
<i>Cost</i>				
At 1 April 2014	104,349	205,509	177,894	487,752
Additions	217,575	6,550	40,319	264,444
Disposals	(104,349)	(137,932)	(88,657)	(330,938)
Foreign exchange translation	-	(12)	(574)	(586)
At 31 March 2015	217,575	74,115	128,982	420,672
<i>Depreciation</i>				
At 1 April 2014	104,349	196,919	143,681	444,949
Depreciation provided	15,555	5,894	24,910	46,359
Disposals	(104,349)	(137,559)	(87,611)	(329,519)
Transfer to other group companies	20,189	-	-	20,189
Foreign exchange translation	-	261	468	729
At 31 March 2015	35,744	65,515	81,448	182,707
<i>Net book value</i>				
At 31 March 2015	181,831	8,600	47,534	237,965
At 31 March 2014	-	8,590	34,213	42,803

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

## 8 Tangible assets (*continued*)

Partnership	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 April 2014	104,349	47,316	89,291	240,956
Additions	217,575	4,113	16,515	238,203
Disposals	(104,349)	(36,640)	(59,195)	(200,184)
Foreign exchange translation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	217,575	14,789	46,611	278,975
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 April 2014	104,349	43,704	77,235	225,288
Depreciation provided	15,555	2,753	7,687	25,995
Disposals	(104,349)	(36,267)	(58,149)	(198,765)
Transfer to other group companies	20,189	-	-	20,189
Foreign exchange translation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	35,744	10,190	26,773	72,707
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2015	181,831	4,599	19,838	206,268
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2014	-	3,612	12,056	15,668
	<hr/>	<hr/>	<hr/>	<hr/>

## 9 Investment property

	2015 Group £	2015 Partnership £	2014 Group £	2014 Partnership £
<i>Cost and net book value</i>				
At 1 April	234,000	-	234,000	-
Addition in year	237,619	-	-	-
Deficit on revaluation	(7,619)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March	464,000	-	234,000	-
	<hr/>	<hr/>	<hr/>	<hr/>

The investment properties 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 properties are £482,332.

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

## 10 Investments

Group	Convertible Unsecured Loan Stock (CULS) £	Associates £	Investments £	Total £
<i>Cost and net book value</i>				
At 1 April 2014	1,901,360	25,213,262	1,601,128	28,715,750
Investment made	-	-	211,960	211,960
Investment disposal	-	-	(613,380)	(613,380)
Share of associate's profit for the year	-	1,686,741	-	1,686,741
Share of associate's investment property revaluation	-	346,956	-	346,956
Share of associate's currency translation differences	-	(999,783)	-	(999,783)
Share of associate's costs for its share buy back programme	-	(5,701)	-	(5,701)
Share of associate's dividends paid	-	(515,770)	-	(515,770)
	<u>1,901,360</u>	<u>25,725,705</u>	<u>1,199,708</u>	<u>28,826,773</u>
At 31 March 2015	1,901,360	25,725,705	1,199,708	28,826,773
	<u>1,901,360</u>	<u>25,725,705</u>	<u>1,199,708</u>	<u>28,826,773</u>
Analysed as:				
Non-current	-	25,725,705	1,199,708	26,925,413
Current	1,901,360	-	-	1,901,360
	<u>1,901,360</u>	<u>25,725,705</u>	<u>1,199,708</u>	<u>28,826,773</u>

Included in other investments are listed investments amounting to £986,851 (2014: £986,981). At 31 March 2015, the market value of these investments was £152,451 (2014: £540,500).

Partnership	Subsidiaries £	Associates £	Investments £	Total £
<i>Cost and net book value</i>				
At 1 April 2014	14,790,014	1,351,500	1,486,981	17,628,495
Investment made	1,377,000	-	-	1,377,000
Investment disposal	-	(1,377,000)	(500,130)	(1,877,130)
Impairment	-	25,500	-	25,500
	<u>16,167,014</u>	<u>-</u>	<u>986,851</u>	<u>17,153,865</u>
At 31 March 2015	16,167,014	-	986,851	17,153,865
	<u>16,167,014</u>	<u>-</u>	<u>986,851</u>	<u>17,153,865</u>
Analysed as:				
Non-current	16,167,014	-	986,981	17,153,865
Current	-	-	-	-
	<u>16,167,014</u>	<u>-</u>	<u>986,851</u>	<u>17,153,865</u>

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

## 10 Fixed asset investments (*continued*)

	Country of incorporation	Percentage owned and voting rights	Principal activity
<b>Subsidiary undertakings:</b>			
Alpha Real Property Investment Advisers LLP	England and Wales	98.70%	Property fund management
Antler Property Investments UK LLP (formally 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
Performance Real Estate LLP	England and Wales	100.00%	Property management services
Glenglass Renewables Limited	England and Wales	100.00%	Renewable energy
Alpha Real Technology LLP **	England and Wales	100.00%	Data centre consultancy
Palm Capital Partners LLP **	England and Wales	100.00%	Capital markets advisory services
Skygreen Renewables Limited **	England and Wales	100.00%	Renewable energy
<b>Associate undertakings:</b>			
Alpha Real Trust Limited	Guernsey	31.93% *	Property investment company

\* As at 31 March 2015.

\*\* Dormant as at 31 March 2015.

# Alpha Real Capital LLP

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

## 11 Debtors

	2015 Group £	2015 Partnership £	2014 Group £	2014 Partnership £
Trade debtors	1,606,915	1,534,258	1,938,473	1,697,823
Other debtors	350,912	59,602	4,356,852	4,235,009
VAT recoverable	76,323	20,033	15,061	6,296
Prepayments and accrued income	425,391	258,563	690,547	182,561
Amount due from group undertakings	-	775,021	-	249,368
	<u>2,459,541</u>	<u>2,647,477</u>	<u>7,000,933</u>	<u>6,371,057</u>

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

## 12 Creditors: amounts falling due within one year

	2015 Group £	2015 Partnership £	2014 Group £	2014 Partnership £
Trade creditors	521,685	360,280	841,450	594,839
Other tax and social security	631,053	97,120	408,653	77,225
Other creditors	808,410	391,614	722,512	284,372
Accruals and deferred income	3,162,247	642,868	3,008,858	361,314
Amount due to group undertakings	-	5,169,185	-	4,755,896
	<u>5,123,395</u>	<u>6,661,067</u>	<u>4,981,473</u>	<u>6,073,646</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 2015 (continued)

## 13 Members' interests

	Members' capital (classified as equity) £	Revaluation reserve £	Amounts due to members £	Total £
<b>Group</b>				
Members' interests at 1 April 2014	28,951,623	(1,120,292)	6,800,818	34,632,149
Members' remuneration charged as an expense	-	-	7,661,956	7,661,956
Members' interests after profit for the year	28,951,623	(1,120,292)	14,462,774	42,294,105
Capital contribution	5,000	-	-	5,000
Drawings	-	-	(7,886,857)	(7,886,857)
Foreign exchange movement - Group	-	-	(2,949)	(2,949)
Foreign exchange movement - Associate	-	-	(999,783)	(999,783)
Share of associate's costs for its share buy back programme	-	-	(5,701)	(5,701)
Share of associate's dividends to its PIP investors	-	-	(42,220)	(42,220)
Movement in reserve – Group	-	(7,619)	-	(7,619)
Movement in reserve – Associate	-	346,956	-	346,956
Prior year adjustment to eliminate dividends received from associate	-	-	591,937	591,937
Re-allocate prior year revaluation movement to revaluation reserve	-	415,520	(415,520)	-
<b>Members' interests at 31 March 2015</b>	<b>28,956,623</b>	<b>(365,435)</b>	<b>5,701,681</b>	<b>34,292,869</b>
	Members' capital (classified as equity) £	Other reserves £	Amounts due to members £	Total £
<b>Partnership</b>				
Members' interests at 1 April 2014	28,951,623	(11,906,400)	3,051,318	20,096,541
Members' remuneration charged as an expense	-	25,500	5,041,232	5,066,732
Members' interests after profit for the year	28,951,623	(11,880,900)	8,092,550	25,163,273
Capital contribution	5,000	-	-	5,000
Drawings	-	-	(7,886,857)	(7,886,857)
<b>Members' interests at 31 March 2015</b>	<b>28,956,623</b>	<b>(11,880,900)</b>	<b>205,693</b>	<b>17,281,416</b>

Members' other interests 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 year ended 31 March 2015 (*continued*)

## 14 Partnership profit and loss account

The Partnership has taken advantage of the exemption under section 408 of the 2005 Companies Act not to disclose the Partnership profit and loss account. Included in the consolidated profit and loss account is a profit of £5,066,732 (2014: loss of £6,604,446) relating to the Partnership.

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

	2015 £	2014 £
Operating profit	7,551,893	6,473,473
Depreciation	46,359	90,724
Decrease in debtors	737,090	295,954
Increase in creditors	513,080	1,178,032
Currency translation	19,536	953
	<hr/>	<hr/>
Net cash inflow from operating activities	8,867,958	8,039,136
	<hr/>	<hr/>

## 16 Commitments under operating leases

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

	2015 £	2014 £
Within one year	-	19,686
In one to five years	62,803	70,884
After five years	314,238	308,805
	<hr/>	<hr/>
	377,041	399,375
	<hr/>	<hr/>

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

## 17 Ultimate controlling parties

At 31 March 2015 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 2015 (*continued*)

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## 18 Related party transactions

The Partnership recognises members, subsidiary partnerships with minority interests and associate companies as related parties and the transactions with these parties are detailed below. Transactions with wholly owned subsidiary companies, which are related parties, are eliminated on consolidation and not disclosed in this note.

### Transactions with associate company

Alpha Real Capital LLP ("ARC") provided property and investment management services of £1,558,897 (2014: £1,699,702) to Alpha Real Trust Limited ("ART"), an associate company, and at the 31 March 2015 the balance of fees owed to the Partnership was £246,656 (2014: £269,167). Alpha Real Property Investment Advisers LLP ("ARPIA"), a subsidiary of ARC, incurred £108,064 (2014: £78,046) in respect of management fee rebates with ART. As at 31 March 2015 ARPIA owed £28,614 (2014: £42,006) to ART. In addition, ARPIA received fees of £nil (2014: 7,670) from ART for administration services of which £nil was owed at 31 March 2015 (2014: £nil).

### Transactions with other related parties

ARPIA has incurred £nil (2014: £173,298) in respect of rent and occupational recharges from Antler Property Corporation plc, a company owned by a discretionary trust which is related to a member of ARC. As at 31 March 2015 £nil was outstanding (2014: £nil).

Antler Property Investments UK LLP ("API UK"), a subsidiary of ARC and formally called Alpha Antler REIM LLP, has provided property and asset management services to a UK property portfolio owned by the Rockmount Capital Group ("Rockmount"), a group owned by a discretionary trust which is also related to a member of ARC; property and asset management fees of £758,046 were charged to Rockmount in the year (2014: £910,853). As at 31 March 2015 the balance owed to API UK was £41,708 (2014: £231,221). Additionally, Rockmount have recharged administrative costs of £207,097 (2014: £202,208) to API UK. As at 31 March 2015 API UK owed administrative costs of £11,889 (2014: £14,796) to Rockmount.

**Alpha Real Capital LLP**  
**Members and Information**

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**Members**

P Rose \*  
B J Bauman \*  
Arrco Limited \*  
R Armist (retired 1 April 2015)  
IPGL Fund Services Limited  
K Devon-Lowe  
M Rattigan  
Rockmount Ventures Limited  
N Friedlos  
B Frith  
N Ashfield  
H James (joined 9 May 2014)  
P Grant (joined 1 April 2015)

\* Designated members

**Registered office**

338 Euston Road, London, NW1 3BG

**Registered number**

OC312705

**Auditor**

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

**Lawyers**

Norton Rose, 3 More London Riverside, London, SE1 2AQ  
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, HSBC Bank Plc