



Alpha Real Capital

Annual report and financial statements

For the year ended 31 March 2019

2019

Alpha Real Capital

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Alpha Real Capital LLP is an investment services group focussed on real estate, infrastructure and other asset-backed investment markets, with a strong focus on long-income investing.



Highlights

- AUM grew by 25% to £3 billion including capital commitments
- The group's team expanded from 100 to over 120 people as we continue to invest for future growth
- Our long-income commercial ground rent fund, Index Linked Income Fund, grew by £0.6 billion to £1.4 billion acquiring 195 properties across a wide range of economic sectors
- Our long lease commercial property fund, Commercial Long Income PAIF, grew to over £0.3 billion
- Alpha Real Renewables, our renewable energy infrastructure business, also grew strongly and has now invested around £0.4 billion into over 60 renewable energy infrastructure projects including wind, solar and hydro
- Alpha Property Lending, our property lending business, grew its lending to over £0.2 billion
- Our Social Infrastructure funds grew to over £0.1 billion
- Strong group balance sheet with £71 million of net assets and no debt

Report of the Chief Executive

About Alpha

Alpha Real Capital LLP (“Alpha”) is an investment services group focussed on income security from real assets. We invest in asset-backed income from real estate, infrastructure, and lending, with an emphasis on long income and inflation protection. **Alpha has a 120 plus strong professional team with over £3 billion of assets under management, including capital commitments.**

Established in 2005, Alpha is jointly owned by Phillip Rose, members of the Alpha management team and companies ultimately owned by the PS Gower Personal Settlement.

We look for long term relationships with our investment partners, tenants, lenders and other stakeholders.

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), its authorised wealth management investment solutions arm which acquired the real estate investment management business of Close Brothers Group.



Phillip Rose
CEO

Report of the Chief Executive (continued)

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

Key statistics

£3 billion assets under management

£71 million net asset value

120+ professional team

Alpha's expert platforms focus on long-income investing, renewables infrastructure, asset-backed lending and other specialist real asset sectors and services.



GROWTH
INVESTOR
2018 AWARDS

WINNER
BEST BR
INVESTMENT
MANAGER NON-AIM



UK Property
Investment Awards
WINNER 2016

Report of the Chief Executive (continued)

Our investment style

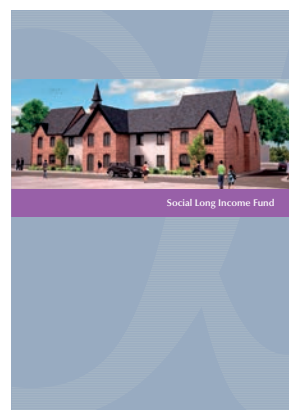
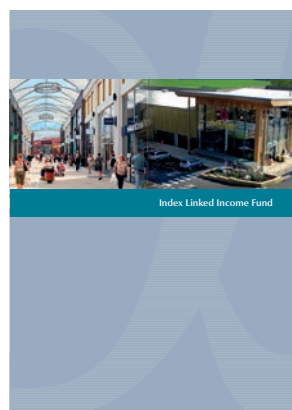
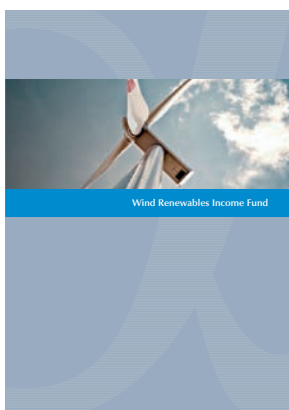
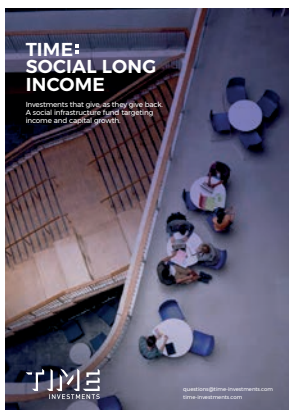
Independently owned and managed by its partners, Alpha thinks independently and acts responsively. We focus on income and capital security, income longevity and inflation protection, including Cashflow Driven Investment strategies.

Investors benefit from our ability to bring together specialist sector knowledge, industry connectivity and pro-active management to originate, finance and manage real asset-backed investment opportunities.

Our strong balance sheet gives us the ability to co-invest alongside our investment partners, as well as to greenhouse future opportunities.

Communication

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



Report of the Chief Executive (continued)

Investment process

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

Origination <ul style="list-style-type: none"> › Focus on asset selection, valuation metrics and value upside › Assess and quantify active management opportunities › Develop asset management strategies 	Structuring and risk management <ul style="list-style-type: none"> › Detailed assessment of valuation and credit 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 <ul style="list-style-type: none"> › 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 › Review of credit analysis
Active asset management <ul style="list-style-type: none"> › 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 <ul style="list-style-type: none"> › Monitor portfolio and asset level characteristics, cashflows, financial covenants, projected IRRs and exit multiples 	Optimal exit <ul style="list-style-type: none"> › Continually review exit options, pricing and potential buyers

Report of the Chief Executive (continued)

Our business model

Alpha utilises its core strengths in establishing, building and managing specialist investment platforms focussed on discrete investment strategies:

Specialist platforms	Investment funds	Wealth management solutions and funds
Alpha Long Income Long-income real estate and social infrastructure	Index Linked Income Fund Long-income, inflation-linked commercial ground rents	TIME:Freehold Long-income, inflation-linked freehold ground rents
Alpha Real Renewables Renewable energy infrastructure	Social Long Income Fund Long-income, inflation-linked social infrastructure	TIME:Commercial Long Income Long-income, inflation-linked commercial property investment
Alpha Property Lending Property lending	Wind Renewable Income Fund Renewable energy infrastructure	TIME:Social Long Income Long-income, inflation-linked social infrastructure
	European Long Income Fund Long-income, inflation-linked European commercial property investment	TIME:Advance IHT investment services focussed on renewable energy infrastructure and property lending
	Alpha Real Trust Property lending and other asset-backed investing	

Alpha's expert platforms benefit from sector specialist 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 has specialist expertise in long income investing including freehold ground rents, social infrastructure and renewable energy infrastructure.

Alpha continues to create new funds and services that enable our investment partners to access a wider choice of asset-backed strategies and attractive risk-adjusted investment returns.

Report of the Chief Executive (continued)

Our organisational strengths

Alpha's business is built on the breadth and depth of our 120 plus expert 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.



Report of the Chief Executive (continued)

Key funds and platforms review



Park Leisure

Total transaction value: £31.5m

Term: 175 years

Review: Annual RPI (0% floor, 5% cap)



Friars Walk

Total transaction value: £29m

Term: 130 years

Review: Annual RPI (0% floor, 5% cap)



HC One

Total transaction value: £136m

Term: 175 years

Review: Annual RPI (0% floor, 5% cap)

Index Linked Income Fund (ILIF)

The Index Linked Income Fund invests in a portfolio of UK commercial ground rent assets to provide a long-term secure and predictable inflation-linked income stream with associated capital growth.

ILIF's investment strategy includes:

- Long-lease tenancies, typically over 100 years
- Rents indexed to inflation
- Defensive rental levels set at well below market levels
- Geographic and economic diversification

In the year ended 31 March 2019, ILIF's NAV grew from £768 million to £1,380 million, and it now holds over 500 individual properties.

Alpha Long Income

Established in 2014, Alpha Long Income is a division of Alpha that specialises in long income real asset investment.

Alpha has raised over £1.5 billion from UK pension funds for investment in long-income ground rents and social infrastructure through funds and direct mandates. These assets all have rents with inflation indexation.

The Alpha Long Income team has deep experience in the origination and structuring of long income investments and has extensive knowledge within pension fund de-risking and cashflow driven investment (CDI).

Occupiers benefit from Alpha's track record in clearly identifying the long-term needs of tenants and in delivering flexible partnership-based real estate solutions.

Report of the Chief Executive (continued)



Busy Bees

Total transaction value: £74.2m

Term: 175 years

Review: Annual RPI (0% floor, 5% cap)



Aria Resorts

Total transaction value: £3.7m

Term: 175 years

Review: Annual RPI (0% floor, 5% cap)



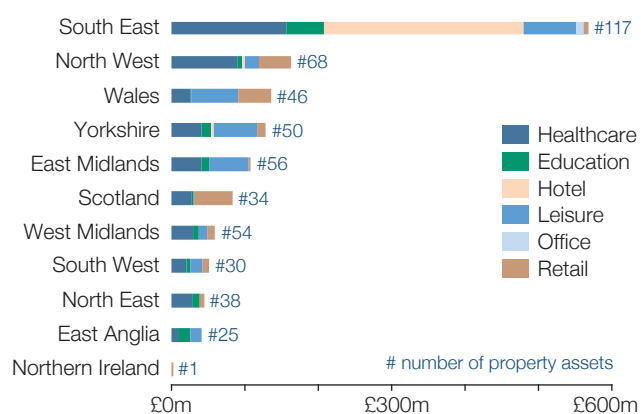
Grange Hotels

Total transaction value: £288.7m

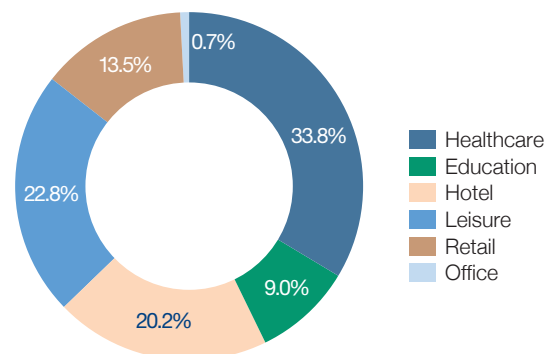
Term: 125 years

Review: Variable over term

Geographical diversification (£m capital value)



Sector diversification (% of capital value)



ILIF continued to deliver shareholders an attractive, inflation-beating return in the year to 31 March 2019.

Report of the Chief Executive (continued)

Key funds and platforms review



Social Long Income Fund (SLIF)

The Social Long Income Fund invests in a portfolio of UK social infrastructure assets that provide a secure long-term, inflation linked income stream and capital growth, whilst generating a positive social impact.

SLIF typically invests either via acquisition or through the construction of real estate assets let on long leases to providers of services such as:

- Specialist social housing such as supported living and extra care
- Affordable housing
- Specialist residential care
- Primary care
- Education

SLIF has initial investment commitments from two Local Authority Pension Schemes.

European Long Income Fund (ELIF)

The European Long Income Fund invests in European ground rent and other long-income commercial property assets to provide a long-term secure and predictable inflation-linked income stream with associated capital growth. ELIF seeks to invest in opportunities to create new ground leases as well as existing assets and portfolios. ELIF's investment strategy includes:

- Long-lease tenancies
- Rents indexed to inflation
- Defensive rental levels set at well below market levels
- Geographic and economic diversification

Report of the Chief Executive (continued)



Alpha Real Trust (ART)

Alpha Real Trust currently focusses on high-yielding property debt, including senior and stretch senior lending to property investors and developers in the UK. ART also invests in high-yielding real assets 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 Specialist Fund Segment of the London Stock Exchange.

ART continued to deliver shareholders double digit total returns in the year to 31 March 2019.



Alpha Property Lending

Alpha Property Lending provides senior debt and higher loan-to-value stretch 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 a 19 year track record and over £400 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.

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

Report of the Chief Executive (continued)

Key funds and platforms review



Fund focus: Alpha Real Renewables

Alpha Real Renewables has been active in the UK renewable energy sector since 2013, and the platform is managed by a dedicated portfolio and investment team of nine with a track record of having completed 37 transactions, investing around £400 million in equity in over 150MW across 63 individual projects. The team has experience in funding projects through the planning, design, build and operational phases, and has successfully commissioned 15 schemes spanning onshore wind, solar and hydro generation.

Through its largely off market origination efforts, the business has visibility over an investment pipeline of over £250 million of predominantly UK onshore wind and solar generating assets to support its ongoing investment mandates for both Time:Advance (Elm Trading) and the Wind Renewables Income Fund (WRIF). WRIF was established in May 2018 with a £100 million commitment from UK pension funds, as a closed ended institutional investment fund dedicated to UK renewables (sub 5MW onshore wind).

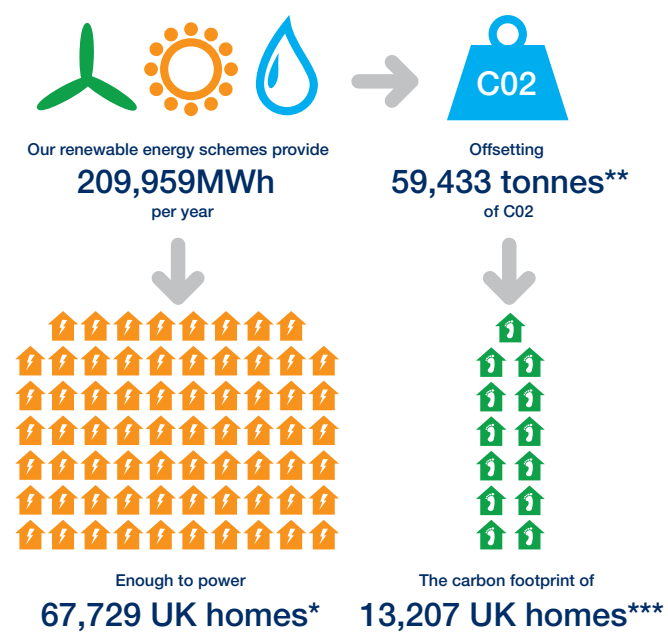
The existing portfolio offers an attractive mix of UK operating assets focussed on ground mount and rooftop solar PV (88MW) and onshore wind (59MW) with an average useful life of 20-40 years. Good levels of production and availability continue to be achieved across the portfolio, which is capable of producing over 200GWh and achieved a combined availability of 98.0% last year. This will be equivalent to offsetting the annual electricity consumption of over 67,000 average UK households with a CO2 reduction of over 59,000 tonnes equivalent.

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

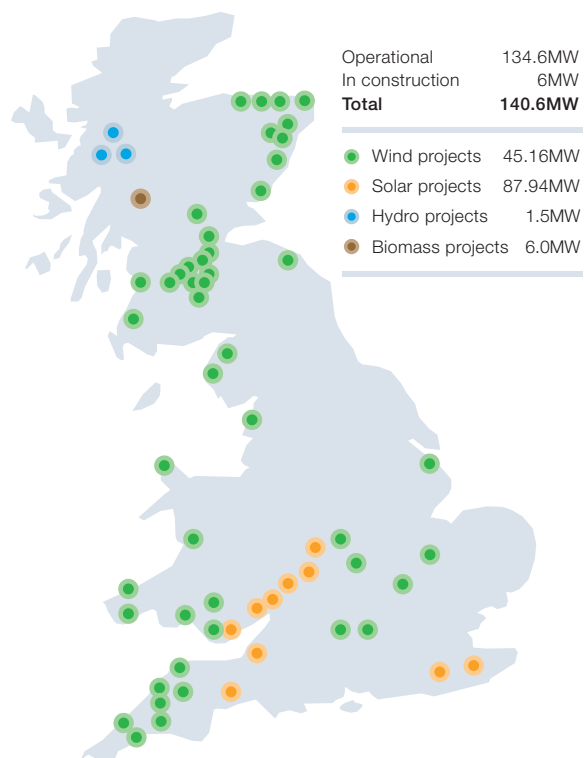
Report of the Chief Executive (continued)



Portfolio environmental benefits



Project locations



* Ofgem - Typical domestic consumption values, electricity, medium level 2017- 3,100 kWh

** DEFRA Carbon Factors - Standard Set 2018 - UK Electricity - 283.7gCO₂/kWh of electricity generated

*** UK Housing Energy Fact File 2013, tables, CO₂ emissions per household, 4.5 tonnes in 2011

Report of the Chief Executive (continued)

Key funds and platforms review



TIME:Freehold
(Freehold Income Authorised Fund)

TIME:Freehold is the UK's largest authorised freehold ground rent fund with over £300 million of Net Assets. 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 ground rents. For over two decades, TIME:Freehold has consistently produced inflation beating investor returns, with regular income and relatively low volatility. The investors in TIME:Freehold include individuals, charities, trusts and pension funds. TIME:Freehold has provided 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 has achieved 25 years of consecutive positive investor returns.



TIME: Commercial Long Income
(CLIP)

TIME: Commercial Long Income invests in UK commercial property with long dated income streams that fall into two categories:

- Commercial freeholds with ground rents, and
- Commercial freeholds which benefit from long leases.

The income streams, security of the underlying investments and associated risk differs between these two asset types. By investing in both, CLIP provides diversification and is able to spread risk.

CLIP is traded monthly, is accessible via ISA, SIPP, offshore and SSASs, and aims to deliver:

- Consistent 4% per annum income returns
- Inflation mitigation
- Income security
- Potential for capital growth

CLIP has continued to grow strongly to over £300 million and has continued to deliver an attractive income return.

Report of the Chief Executive (continued)



TIME: Social Long Income (SLIP)

TIME: Social Long Income invests in UK social infrastructure with long dated income streams including specialist social housing, care homes, primary care facilities, medical care facilities and child care.

SLIP has continued to grow strongly and has continued to deliver an attractive income return.



TIME:Advance

TIME:Advance provides a streamlined service that invests in asset backed operating businesses that produce a steady and consistent annual return of 3-4% and also mitigates inheritance tax (IHT) liability after a two year qualifying period through the use of Business Relief (BR). TIME:Advance focuses on property lending and renewable energy infrastructure.

TIME:Advance has raised around £0.5 billion to date.

Over a period of 20 years, TIME:Advance has achieved 100% BR from IHT for all of its qualifying investors and an inflation beating return over that period.

Report of the Chief Executive (continued)

Our values



Report of the Chief Executive (continued)

Financial performance

Alpha's consolidated operating profit for the year ending 31 March 2019 is £20.5 million (2018: £15.4 million).

Alpha enjoys a strong balance sheet with no borrowings. The net asset value of Alpha at 31 March 2019 is £70.8 million (2018: £58.0 million). Alpha holds cash and investments (primarily listed securities) of £67.4 million at 31 March 2019 (2018: £59.3 million).

Outlook

Alpha manages a growing range of investment platforms diversified by investment strategy and investor with investment platforms in the UK and Europe.

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

Private investors/ wealth management	Institutional investors
LONG INCOME REAL ESTATE TIME:Freehold TIME:Commercial Long Income	ILIF ELIF
SOCIAL INFRASTRUCTURE TIME:Social Long Income	SLIF
RENEWABLE ENERGY INFRASTRUCTURE TIME:Advance	WRIF
PROPERTY DEBT TIME:Advance	ART

Report of the Chief Executive (continued)

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.



Phillip Rose

CEO, Partner Alpha Real Capital LLP

Phillip has over 35 years' experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. Prior to founding Alpha Real Capital in 2005, he has been the Head of Real Estate for ABN AMRO Bank, Chief Operating Officer of investor and developer Brookfield and Managing Director of Lend Lease Global Investment.

Phillip has served as an independent member of the Management Committee of Hermes Property Unit Trust and as a non-executive director of Great Portland Estates plc.



Brad Bauman

Partner Alpha Real Capital LLP

Brad has been a Partner of Alpha Real Capital since its inception in 2005. He is Joint-Fund Manager of Alpha Real Trust and oversees business development opportunities for the Alpha group, including Alpha's asset-backed lending growth.

Brad has over 25 years' experience across the real estate and finance industries, working within investment banks, property companies and institutions in both Australasia and Europe. Prior to joining Alpha Real Capital and Managing Director of CBRE Financial Services.



Karl Devon-Lowe

CFO, Partner Alpha Real Capital LLP

Karl Devon-Lowe joined Alpha Real Capital in 2007 and is responsible for financial control across the firm and its funds including structuring, debt finance and financial reporting. He is also responsible for regulatory compliance and IT.

Karl has over 20 years' finance experience in finance across real estate and leisure sectors. Prior to Alpha Real Capital, he worked in group finance at Hammerson plc and at Heron International. Karl is a Chartered Accountant and an Associate Member of the Corporate Treasurers.



Mark Rattigan

COO, Partner Alpha Real Capital LLP

Mark joined Alpha Real Capital as Chief Operating Officer in 2010 and is the fund manager for the Index Linked Income Fund.

Mark has 30 years' experience in real estate, funds management and investment banking. Mark has previously been Chief Operating Officer and Director – Finance and Operations at RREEF (Deutsche Bank's real estate funds management group) and has held investment banking roles at HSBC and Macquarie Bank.



Hugo James

Head of Long Income,
Partner Alpha Real Capital LLP

Hugo joined Alpha Real Capital as a Partner in 2014 to establish and lead its institutional long income business. He is joint fund manager of Alpha's institutional social real estate funds and European long income fund.

Hugo has over 25 years of financial services experience across investment management, insurance, investment banking, fixed income, and principal finance as both principal and adviser completing more than £6 billion of transactions in the UK and Continental Europe. He was previously CEO of PensionsFirst Capital; a Managing Director at Credit Suisse; and a Director at Legal & General and a member of the annuities management team.



Scott Gardner

Partner Alpha Real Capital LLP

Scott joined Alpha Real Capital in 2010 and is responsible for institutional capital raising.

Scott has over 25 years' experience in the real estate and funds management industries across Australia, Asia and Europe. Scott has worked in financial institutions, property companies and real estate agency having previously been a Director of Colliers International and returned to Alpha Real Capital following a period as the Head of Real Estate Fund Management at Ahli United Bank (AUB) where he was responsible for £1.5 billion AUM.

Report of the Chief Executive (continued)

The team has extensive experience in long-income real estate, renewable energy infrastructure and property lending with leading organisations from around the world.



Patrick Grant

Partner Alpha Real Capital LLP

Patrick joined as a Partner of Alpha Real Capital in 2015 and leads the Alpha Real Capital origination team. His primary focus is on growing the group's institutional ground rent and other long income property businesses in the UK and Europe.

Patrick has over 20 years' experience in the property market, the majority which has been spent in alternative asset sectors (hotels, healthcare, and leisure). Prior to Alpha Real Capital, he was at CBRE, Gerald Eve, Christie & Co and St Martins Property Corporation.



Tom Pissarro

**Head of Asset Management, Real Estate,
Partner** Alpha Real Capital LLP

Tom joined Alpha Real Capital in 2010 and is responsible for asset management. Tom has extensive asset, portfolio and funds management experience across a wide range of property asset classes, with over 30 years of commercial property experience.

He was previously a founding Partner of Antler Property Investments UK LLP, Managing Director of Antler Property Investments Plc and a Director with Fletcher King where he qualified as a Chartered Surveyor.



Nigel Ashfield

Partner Alpha Real Capital LLP
Managing Director TIME Investments

Nigel joined Alpha Real Capital as a Partner in 2011 and is a founder and Managing Director of TIME Investments. He is also the fund manager of TIME:Freehold and TIME:Commercial Freehold.

Nigel has over 20 years' experience in fund management and finance, having previously been employed by Close Brothers as Managing Director of its Tax Efficient and Property Funds Management business. Nigel qualified as a chartered accountant with PwC in their London SME business assurance division.



Stephen Daniels

Head of Tax Products, Partner
TIME Investments

Stephen has worked in the business since 2007 and is one of the founding Partners of TIME Investments. Stephen is responsible for TIME Advance and the Defensive Income Securities Fund, looking after more than £500 million of investments.

Stephen has over 12 years' experience in finance, fund management and investing UK Smaller Companies. Previously, Stephen was a Divisional Director at Close Brothers Group's tax efficient and property funds division.



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 a founding Partner of TIME and has been responsible for finance and operations at TIME since 2011, having previously worked as Director of Operations at Close Brothers' Property Division.

Anthony is a chartered accountant by profession. In New Zealand Anthony spent seven years in public practice, specialising in business advisory and taxation advice for SMEs and high net worth individuals across a wide variety of business sectors.

Report of the Members

The members present their report together with the audited financial statements for the year ended 31 March 2019.

Principal activity, trading review and future developments

The principal activity of Alpha Real Capital LLP (the "Partnership" or "LLP") is the provision of investment management services. The Partnership is authorised and regulated by the Financial Conduct Authority. The Chief Executive's report on pages 2 to 19 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.
- (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

Allocation of profits

Any profits are shared among the members as governed by the Limited Liability Partnership Deed (the "Deed") dated 25 March 2015 (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 4 July 2019.

Phillip Rose

Designated member

4 July 2019

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;
- 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.

Independent auditor's report

Opinion

We have audited the financial statements of Alpha Real Capital LLP ("the Limited Liability Partnership") for the year ended 31 March 2019 which comprise the Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of financial position, Consolidated statement of movement in members' interest, Consolidated statement of cash flow, Partnership statement of financial position, Partnership statement of movement in members' interest and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Limited Liability Partnership's affairs as at 31 March 2019 and of its 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 applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of the Companies Act 2006) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Limited Liability Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Limited Liability Partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Members are responsible for the other information. The other information comprises the information included in the Report of the members, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Members

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, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the Limited Liability Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the Limited Liability Partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006 as applied by 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 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.

Alexander Tapp (Senior Statutory Auditor)

For and on behalf of BDO LLP

Statutory Auditor

London, UK

4 July 2019

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

Consolidated income statement

For the year ended 31 March 2019

	Note	2019 £	2018 £
Turnover	3	36,494,820	28,180,697
Cost of sales		(1,081,421)	(560,148)
Administrative expenses		(14,883,565)	(12,192,919)
Other operating income		-	18,000
Operating profit	4	20,529,834	15,445,630
Interest receivable	6	58,279	283,581
Income from current asset investments	7	132,314	46,694
Gains from changes in fair value of investments	12	51,445	479,408
Share of Associate profit before tax	13	8,197,203	4,280,109
Other income		1,781,900	-
Profit on ordinary activities before taxation		30,750,975	20,535,422
Taxation on profit on ordinary activities	8	(674,915)	34,901
Profit on ordinary activities after taxation		30,076,060	20,570,323
Profit for the financial year before members' remuneration and profit shares		30,076,060	20,570,323
Profit for the financial year before members' remuneration and profit shares attributable to:			
Members as owners of the parent entity		27,231,840	18,145,306
Non-controlling interests		2,844,220	2,425,017
		30,076,060	20,570,323
Profit for the financial year before members' remuneration and profit shares		27,231,840	18,145,306
Members' profit share charged as an expense		(27,231,840)	(18,145,306)
Result for the financial year available for discretionary division among the members		-	-

All amounts relate to continuing activities.

The notes on pages 32 to 42 form part of these financial statements.

Consolidated statement of comprehensive income

For the year ended 31 March 2019

	2019 £	2018 £
Profit for the financial year before members' remuneration and profit shares	30,076,060	20,570,323
Currency translation differences		
Group	4,737	(2,873)
Associate	(130,022)	(720,533)
	(125,285)	(723,406)
Adjustment of investment in associate	-	15,142
Other comprehensive losses for the year	(125,285)	(708,264)
Total comprehensive income for the year	29,950,775	19,865,059
Total comprehensive income attributable to:		
Members as owners of the parent entity	27,106,555	17,437,042
Non-controlling interests	2,844,220	2,425,017
	29,950,775	19,862,059

The notes on pages 32 to 42 form part of these financial statements.

Consolidated statement of financial position

At 31 March 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	158,364	529,395
Intangible assets	11	516,248	-
Investments	12	46,316,007	42,869,704
		46,990,619	43,399,099
Current assets			
Debtors	14	9,859,503	4,121,632
Cash at bank and in hand		21,098,287	16,454,375
		30,957,790	20,576,007
Creditors: amounts falling due within one year			
Creditors	15	(7,136,189)	(5,988,372)
Net current assets		23,821,601	14,587,635
Net assets attributable to members		70,812,220	57,986,734
Represented by:			
Loans and other debts due to members within one year			
Amounts due to members		40,878,640	27,777,501
Members' other interests			
Members' capital classified as equity		28,379,108	28,916,532
Total members' interests		69,257,748	56,694,033
Non-controlling interests		1,554,472	1,292,701
		70,812,220	57,986,734
Total members' interests			
Amounts due to members		40,878,640	27,777,501
Members' capital		28,379,108	28,916,532
		69,257,748	56,694,033

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 4 July 2019.

Phillip Rose

Designated member

The notes on pages 32 to 42 form part of these financial statements.

Consolidated statement of movement in members' interest

For the year ended 31 March 2019

	Members' capital (classified as equity) £	Amounts attributable to members £	Non-controlling interests £	Total £
As at 1 April 2018	28,916,532	27,777,501	1,292,701	57,986,734
Profit for the year	-	27,231,840	2,844,220	30,076,060
Members' interests after profit for the year	28,916,532	55,009,341	4,136,921	88,062,794
Comprehensive income - currency translation differences	-	(124,571)	-	(124,571)
Comprehensive income – other adjustments	-	270,542	-	270,542
Other comprehensive income for the year	-	145,971	-	145,971
Total members interests after profits for the year and comprehensive income	28,916,532	55,155,312	4,136,921	88,208,765
Contributions by and distributions to members				
Contributions	480,000	-	-	480,000
Repayment of capital	(1,017,424)	287,424	-	(730,000)
Drawings	-	(14,564,096)	(2,582,449)	(17,146,545)
Total contributions by and distributions to members	(537,424)	(14,276,672)	(2,582,449)	(17,396,545)
As at 31 March 2019	28,379,108	40,878,640	1,554,472	70,812,220

The notes on pages 32 to 42 form part of these financial statements.

Consolidated statement of movement in members' interest

For the prior year ended 31 March 2018

	Members' capital (classified as equity) £	Amounts attributable to members £	Non-controlling interests £	Total £
As at 1 April 2017	28,916,532	25,209,669	1,011,060	55,137,261
Profit for the year	-	18,145,306	2,425,017	20,570,323
Members' interests after profit for the year	28,916,532	43,354,975	3,436,077	75,707,584
Comprehensive income - currency translation differences	-	(723,406)	-	(723,406)
Comprehensive income – share buy backs	-	(342,040)	-	(342,040)
Comprehensive income – dividends paid from associate	-	(89,680)	-	(89,680)
Comprehensive income – other adjustments	-	446,862	-	446,862
Other comprehensive income for the year	-	(708,264)	-	(708,264)
Total members interests after profits for the year and comprehensive income	28,916,532	42,646,711	3,436,077	74,999,320
Contributions by and distributions to members				
Drawings	-	(14,869,210)	(2,143,376)	(17,012,586)
Total contributions by and distributions to members	-	(14,869,210)	(2,143,376)	(17,012,586)
As at 31 March 2018	28,916,532	27,777,501	1,292,701	57,986,734

The notes on pages 32 to 42 form part of these financial statements.

Consolidated statement of cash flow

For the year ended 31 March 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Profit for the year before members' remuneration and profit shares		30,076,060	20,570,323
Adjustments for:			
Depreciation	10	68,928	61,534
Decrease/(increase) in debtors		(5,737,871)	3,895,331
Increase/(decrease) in creditors		1,102,519	(1,358,887)
Currency translation		(125,285)	(3,300)
Net interest receivable	6	(58,279)	(283,581)
Gain on disposal of investment	7	(132,314)	(46,694)
Taxation		7,599	(47,461)
Fair value movement of investments		(51,445)	(505,533)
Movements in Associate		(6,800,892)	(3,726,591)
Net cash inflow from operating activities		18,349,020	18,555,141
Returns on investments and servicing of finance			
Interest received	6	58,279	10,700
Interest received on loans and loan notes	6	-	272,881
		58,279	283,581
Taxation refunded		37,699	12,204
Capital expenditure and financial investment			
Purchase of tangible fixed assets	10	(70,993)	(254,150)
Purchase of intangible fixed assets	11	(142,438)	-
Investments made	12	(16,257,646)	(15,781,714)
Gain on disposal of investment		-	73,096
Repayment of loan		-	4,747,647
Sale of investments	12	20,066,536	18,295,525
		3,595,459	7,080,404
Transactions with members			
Payments to members		(14,564,096)	(14,869,209)
Capital contributions		480,000	-
Capital repayments		(730,000)	(1,000)
		(14,814,096)	(14,870,209)
Transactions with non controlling interests			
Drawings of non controlling interests		(2,582,449)	(2,143,375)
Increase in cash		4,643,912	8,917,746
Cash at start of year		16,454,375	7,536,629
Cash at end of year		21,098,287	16,454,375

The notes on pages 32 to 42 form part of these financial statements.

Partnership statement of financial position

At 31 March 2019

OC312705	Note	2019 £	2018 £
Fixed assets			
Tangible assets	10	131,411	127,547
Investments	12	17,379,284	16,535,054
		17,510,695	16,662,601
Current assets			
Debtors	14	9,132,363	3,782,425
Cash at bank and in hand		16,650,834	11,026,055
		25,783,197	14,808,480
Creditors: amounts falling due within one year			
Creditors	15	(16,646,658)	(10,305,862)
Net current assets		9,136,539	4,502,618
Net assets attributable to members		26,647,234	21,165,219
Represented by:			
Loans and other debts due to members within one year			
Amounts due to members		10,829,062	5,107,047
Members' other interests			
Members' capital classified as equity		28,379,108	28,916,532
Other reserves		(12,560,936)	(12,858,360)
Total members' interests		26,647,234	21,165,219
Total members' interest			
Amounts due to members		10,829,062	5,107,047
Members' capital		28,379,108	28,916,532
Members' other interests – other reserves		(12,560,936)	(12,858,360)
		26,647,234	21,165,219

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 4 July 2019. The Partnership has taken advantage of the exemption under section 408 of the 2006 Companies Act not to disclose the Partnership profit and loss account. Included in the consolidated profit and loss account is a profit of £20,239,701 (2018: £11,711,298) relating to the Partnership.

Phillip Rose

Designated member

The notes on pages 32 to 42 form part of these financial statements.

Partnership statement of movement in members' interest

For the year ended 31 March 2019

31 March 2019	Members' capital (classified as equity)	Other reserves	Amounts attributable to members	Total
	£	£	£	£
As at 1 April 2018	28,916,532	(12,858,360)	5,107,047	21,165,219
Profit for the year	-	-	20,239,701	20,239,701
Total members interests after profits for the year and comprehensive income	28,916,532	(12,858,360)	25,346,748	41,404,920
Contributions by and distributions to members				
Capital contributions	480,000	-	-	480,000
Capital repayments	(1,017,424)	297,424	-	(720,000)
Drawings	-	-	(14,517,686)	(14,517,686)
Total contributions by and distributions to members	(537,424)	297,424	(14,517,686)	(14,757,686)
As at 31 March 2019	28,379,108	(12,560,936)	10,829,062	26,647,234

31 March 2018	Members' capital (classified as equity)	Other reserves	Amounts attributable to members	Total
	£	£	£	£
As at 1 April 2017	28,916,532	(12,858,360)	8,264,959	24,323,131
Profit for the year	-	-	11,711,298	11,711,298
Total members interests after profits for the year and comprehensive income	28,916,532	(12,858,360)	19,976,257	36,034,429
Contributions by and distributions to members				
Drawings	-	-	(14,869,210)	(14,869,210)
Total contributions by and distributions to members	-	-	(14,869,210)	(14,869,210)
As at 31 March 2018	28,916,532	(12,858,360)	5,107,047	21,165,219

The notes on pages 32 to 42 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2019

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland, including the Statement of Recommended Practice (SORP), 'Accounting by Limited Liability Partnerships', issued in January 2017.

The presentation currency is £ sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the LLP's members to exercise judgement in applying the Group's accounting policies (see note 2).

Alpha Real Capital LLP disclosure exemptions

In preparing the separate financial statements of the LLP, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the LLP; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the LLP as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Alpha Real Capital LLP and its subsidiaries ("the Group") as if they formed a single entity. Inter group transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

Associates

An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for under the equity method of accounting. Under this method, an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit and loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the group's share of the operating result, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets.

Turnover

Turnover 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment is established.

Interest income is accrued on a time proportionate basis by reference to the principal outstanding and at the interest rate applicable, on an effective yield basis.

Gains or losses on sale of investments are recognised on disposal date.

Other income is accrued when prudent to do so.

Cost of sales

Cost of sales reflects costs attributable to adviser commission, bad debt provision and other fund related operating expenses.

Operating expenses

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

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.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from 'wear and tear', the provision is accrued as the 'wear and tear' continues.

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Taxation

Taxation on a members' share of the LLP's profits is solely the personal liability of the individual members and consequently is not dealt with in these financial statements. The tax within these consolidated financial statements relate to the corporate subsidiaries of the group.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the LLP's subsidiaries operate and generate taxable income.

Deferred tax balances are recognised in respect of all temporary timing differences that have originated but not reversed by the balance sheet date

Deferred tax is determined on the basis of tax effect accounting, using the liability method, and is applied to all temporary differences at the reporting date between the carrying amounts of assets and liabilities and the amounts used for tax purposes except when the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised, where material, for all taxable temporary differences except those mentioned above. Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of a deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in 'sterling', which is the LLP's functional and the group's presentation currency.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transaction took place. All assets and liabilities of overseas operations are translated at the rate ruling at the operating date. Exchange differences arising on translating opening net assets at opening rate and the results of the overseas operations at actual rate are taken to reserves and are recognised in other comprehensive income.

(b) Transactions and balances

Foreign currency transactions are translated into the group entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses are presented in profit and loss within 'other operating income or expense'.

Tangible fixed assets

Tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 using the straight-line method. The estimated useful lives range as follows

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Disposals are recognised on unconditional exchange.

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

Debtors

Debtors are measured at the transaction price, less any impairment.

Cash

Cash at bank and in hand consist of cash and cash balances held with banks.

Creditors

Creditors are measured at the transaction price.

Financial assets

(a) Recognition and de-recognition

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Regular way of purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the assets.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a financial asset, the difference between the carrying amount and the net sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to the asset is reclassified from other comprehensive income to profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(b) Initial and subsequent measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

After initial recognition, loans and receivables are carried at amortised cost, where applicable, using the effective interest rate method, less impairment loss, if any. Current asset investments are subsequently carried at fair value.

The effective interest method is a method that calculates the amortised cost of a financial instrument and allocates the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

Derivatives at fair value through profit or loss are carried in the statement of financial position at fair value, with changes in fair value recognised in the statement of profit or loss and other comprehensive income.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment losses.

Interest and dividend income from current asset investments are recognised separately in profit or loss.

(c) Impairment

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(i) Loans and receivables

The Group considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised.

Notes to the financial statements (continued)

For the year ended 31 March 2019

1. Accounting policies (continued)

When the asset becomes uncollectible, it is written off against the allowance account. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Investments

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense.

Financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at cost which represents the fair value of the consideration to be paid in the future, less transaction cost, for goods received or services rendered, whether or not billed to the Company, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Other financial liabilities comprise loans and borrowings and trade and other payables.

Gains or losses are recognised in profit and loss when the liabilities are derecognised as well as through the amortisation process.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Recognition and de-recognition

Financial liabilities are recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are derecognised when the contractual obligation has been discharged or cancelled or expired.

On de-recognition of a financial liability, the difference between the carrying amount and consideration paid is recognised in the statement of profit or loss and other comprehensive income.

Members' capital

Initial capital contributions ('principal capital') of each of the members are amounts as set out in the LLP agreement. Further members shall contribute upon admission to the LLP such capital as determined by the Board.

No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the LLP deed and approved by the Board. Members' principal capital is therefore classified as equity.

Profit allocations

Profit allocations are recognised in the year in which they are declared and become a present obligation of the LLP.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year to which they become payable.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Professional indemnity insurance

Insurance premiums are expensed to the profit and loss account over the period of the insurance cover. Provisions are made for any uninsured excess that is likely to be payable in respect of claims made. These are based on best estimate of the expected cash outflows, discounted to present value where appropriate.

Notes to the financial statements (continued)

For the year ended 31 March 2019

2 Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires the use of certain accounting judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Critical judgment in applying the Group's accounting policies

The areas where judgements are most significant to the financial statements are disclosed below:

- Determine whether there are indicators of impairment of the group's assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.
- To establish a provision for receivables which are estimated not to be recoverable. When assessing recoverability, factors such as the age of the receivables, past experience of recoverability, and the credit profile of customers are considered.

(b) Other key sources of estimation uncertainty

The areas where estimates are most significant to the financial statements are disclosed below:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors such as how an asset is used, significant unexpected wear and tear, technological advancement, and changes in market prices.

Unquoted investments

Unquoted investments are valued using the methods most appropriate to the type of investment.

Recoverability of receivables

The Group establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the Group considers factors such as the age of the receivables, past experience of recoverability, and the credit profile of customers.

3. Turnover

	2019 £	2018 £
Group turnover consists of:		
Fee income	36,494,820	28,180,697

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.

4. Operating profit

	2019 £	2018 £
Group operating profit has been arrived at after charging:		
Depreciation	68,928	61,534
Auditor's remuneration – audit services	55,650	63,089
Taxation service fees	29,750	52,474
Operating lease payments	391,681	368,267

Included within auditor's remuneration for audit services above is £29,750 (2018: £37,305) payable to the auditors of the subsidiary entities.

Notes to the financial statements (continued)

For the year ended 31 March 2019

5. Employees

	2019	2018
	£	£
Staff costs consist of:		
Wages and salaries	8,455,660	6,883,222
Social security costs	679,281	687,004
Pension	165,791	128,002
	9,300,732	7,698,228

The average number of employees during the year was 90 (2018: 97).

6. Interest receivable

	2019	2018
	£	£
Bank interest receivable	58,279	10,700
Interest receivable on Loan Notes	-	143,095
Interest receivable on loan to a related party	-	129,786
	58,279	283,581

7. Income from current asset investments

	2019	2018
	£	£
Gain on disposal of investments	132,314	46,694

8. Taxation on profit on ordinary activities

	2019	2018
	£	£
Group foreign tax	3,317	721
Share of associate tax	725,089	12,318
Other taxes	(53,491)	(47,940)
Total current tax charge/(credit)	674,915	(34,901)

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:

	2019	2018
	£	£
Profit on ordinary activities before taxation	30,750,975	20,535,422
Corporation tax in the UK of 19% (2018: 19%)	5,842,685	3,901,730
Effect of:		
Income taxed as members' personal tax	(5,167,770)	(3,936,631)
	674,915	(34,901)

Notes to the financial statements (continued)

For the year ended 31 March 2019

9. 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.

	2019 Number	2018 Number
Average number of members	14	13
	£	£
Average profit per member	2,148,290	1,582,333
Entitlement of partner with largest profit share	8,405,253	5,369,531

10. Tangible assets

Group	Leasehold improvements £	Fixtures and fittings £	Computer software £	Computer equipment £	Total £
Cost					
At 1 April 2018	235,961	87,066	373,810	197,724	894,561
Additions	-	1,401	-	69,592	70,993
Disposals	-	-	-	-	-
Foreign exchange translation	91	(331)	-	(138)	(378)
Reclassified as intangible fixed assets	-	-	(373,810)	-	(373,810)
At 31 March 2019	236,052	88,136	-	267,178	591,366
Depreciation					
At 1 April 2018	146,001	58,984	-	160,181	365,166
Depreciation provided	32,875	8,217	-	27,836	68,928
Disposals	-	-	-	-	-
Foreign exchange translation	(321)	(488)	-	(283)	(1,092)
At 31 March 2019	178,555	66,713	-	187,734	433,002
Net book value					
At 31 March 2019	57,497	21,423	-	79,444	158,364
At 31 March 2018	89,960	28,082	373,810	37,543	529,395

Partnership	Leasehold improvements £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2018	217,575	46,485	70,387	334,447
Additions	-	-	55,385	55,385
Disposals	-	-	-	-
At 31 March 2019	217,575	46,485	125,772	389,832
Depreciation				
At 1 April 2018	128,997	19,354	58,549	206,900
Depreciation provided	31,083	7,161	13,277	51,521
Disposals	-	-	-	-
At 31 March 2019	160,080	26,515	71,826	258,421
Net book value				
At 31 March 2019	57,495	19,970	53,946	131,411
At 31 March 2018	88,578	27,131	11,838	127,547

Notes to the financial statements (continued)

For the year ended 31 March 2019

11. Intangible assets

Group	Computer software £
Cost	
At 1 April 2018	-
Reclassified from tangible fixed assets	373,810
Additions	142,438
At 31 March 2019	516,248
Amortisation	
At 1 April 2018	-
Amortisation provided	-
At 31 March 2019	-
Net book value	
At 31 March 2019	516,248
At 31 March 2018	-

12. Investments

Group	Associates £	Investments £	Total £
Cost and net book value			
At 1 April 2018	38,995,553	3,874,151	42,869,704
Investment made	-	16,257,646	16,257,646
Investment disposals	-	(20,066,536)	(20,066,536)
Gains on changes in fair value of investments	-	51,445	51,445
Gains on sale of investments	-	132,314	132,314
Share of associate's profit for the year	8,197,202	-	8,197,202
Share of associate's tax for the year	(725,089)	-	(725,089)
Share of associate's currency translation differences	(130,022)	-	(130,022)
Share of associate's dividends paid	(541,200)	-	(541,200)
Other fair value adjustment of associate	270,542	-	270,542
At 31 March 2019	46,066,987	249,020	46,316,007
Analysed as:			
Non-current	46,066,987	249,020	46,316,007
	46,066,987	249,020	46,316,007

Partnership	Subsidiaries £	Investments £	Total £
Cost and net book value			
At 1 April 2018	16,439,266	95,788	16,535,054
Investment made	735,002	46,082	781,084
Investment disposal	(1,000)	-	(1,000)
Gains on changes in fair value	-	64,146	64,146
At 31 March 2019	17,173,268	206,016	17,379,284
Analysed as:			
Non-current	17,173,268	206,016	17,379,284
	17,173,268	206,016	17,379,284

Notes to the financial statements (continued)

For the year ended 31 March 2019

12. Investments (continued)

	Country of incorporation	Percentage owned and voting rights	Principal activity
Subsidiary undertakings:			
Alpha Real Property Investment Advisers LLP	England and Wales	98.70%	Property fund management
Antler Property Investments UK LLP	England and Wales	100.00%	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
Alpha Real Technology LLP	England and Wales	100.00%	Data centre consultancy
Alternative Real Capital LLP *	England and Wales	100.00%	Fund management services
Alpha Property Lending LLP *	England and Wales	100.00%	Asset backed lending
ART PRS Birmingham GP Ltd	England and Wales	100.00%	General partner to ART Investments LP
ARC SP LLP	England and Wales	100.00%	Asset management
OWN PRS LLP *	England and Wales	100.00%	PRS asset management
Fitzrovia Finance Limited	England and Wales	100.00%	P2P lending platform
Fitzrovia Finance Security Ltd *	England and Wales	100.00%	P2P lending platform
Alpha Real Capital Services Ltd	England and Wales	100.00%	Management Services
ARC SP Holdings Limited	England and Wales	100.00%	Management Services
ARC SP No.1 Limited *	England and Wales	100.00%	Management Services
ARC SLINW GP Limited	England and Wales	100.00%	General partner to Social Long Income North-West LP
Palm Capital Partners LLP **	England and Wales	100.00%	Capital markets advisory services
Associate undertakings:			
Alpha Real Trust Limited	Guernsey	33.71%	Property investment company

* Dormant as at 31 March 2019

** Dissolved after year end but before the date of approving the financial statement

13. Share of Associate's profit before tax

	2019 £	2018 £
Share of operating profit	5,798,023	2,894,249
Share of joint venture profit	1,196,525	45,818
Interest receivable	1,243,503	1,569,408
Interest payable	(40,848)	(229,366)
	8,197,203	4,280,109
Taxation	(725,089)	(12,318)
	7,472,114	4,267,791

Notes to the financial statements (continued)

For the year ended 31 March 2019

14. Debtors

	2019 Group	2019 Partnership	2018 Group	2018 Partnership
	£	£	£	£
Trade debtors	7,955,949	7,302,136	2,927,901	2,636,336
Other debtors	1,211,609	918,930	579,685	55,233
VAT recoverable	-	-	68,748	-
Prepayments and accrued income	691,945	463,046	545,298	460,487
Amount due from group undertakings	-	448,251	-	630,369
	9,859,503	9,132,363	4,121,632	3,782,425

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

15. Creditors: amounts falling due within one year

	2019 Group	2019 Partnership	2018 Group	2018 Partnership
	£	£	£	£
Trade creditors	538,991	357,881	514,813	245,551
Other tax and social security	1,952,203	1,634,448	1,171,689	881,851
Other creditors	1,024,705	200,386	938,797	454,362
Accruals and deferred income	3,620,290	1,265,607	3,363,073	999,583
Amount due to group undertakings	-	13,188,336	-	7,724,515
	7,136,189	16,646,658	5,988,372	10,305,862

16. Commitments under operating leases

The Group had total lease commitments under non-cancellable operating leases as set out below:

	2019	2018
	£	£
Within one year	644,218	505,430
In one to five years	588,310	862,532
	1,232,528	1,367,962

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

17. Ultimate controlling parties

At 31 March 2019, the ultimate controlling parties were the designated members.

Notes to the financial statements (continued)

For the year ended 31 March 2019

18. Related party transactions

The Partnership recognises members, subsidiary partnerships with non-controlling 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 totalling £2,236,689 (2018: £1,656,770) to Alpha Real Trust Limited ("ART"), an associate company, and at the 31 March 2019 the balance of fees owed to the Partnership was £1,466,707 (2018: £818,880). During the year, the Partnership earned performance fees from ART totalling £770,782 (2018: £310,146).

Alpha Real Property Investment Advisers LLP ("ARPIA"), a subsidiary of ARC, incurred £119,749 (2018: £301,089) in respect of management fee rebates with ART. As at 31 March 2019 ARPIA had a creditor position of £nil (2018: £87,631), with ART.

Transactions with related parties

Antler Property Investments UK LLP ("Antler") provided property and asset management services totalling £nil (2018: £1,100,450) to a UK property portfolio owned by the Rockmount Capital group which is owned by a discretionary trust that is also related to a member of ARC. Additionally, Rockmount Capital group companies have recharged administrative costs totalling £nil (2018: £17,160) to Antler. As at 31 March 2019, an amount of £nil was due from the Rockmount Capital group (2018: £nil).

Members and information

Members

P Rose *
B J Bauman *
Arrco Limited *
K Devon-Lowe
M Rattigan
Rockmount Ventures Limited
N Friedlos
Libran Limited
N Ashfield
H James
P Grant
S Gardner
T Pissarro

* Designated members

Registered office

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Registered number

OC312705

Auditor

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The Broadgate Tower
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Osborne Clarke
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Barclays PLC
HSBC Bank Plc
Santander UK PLC

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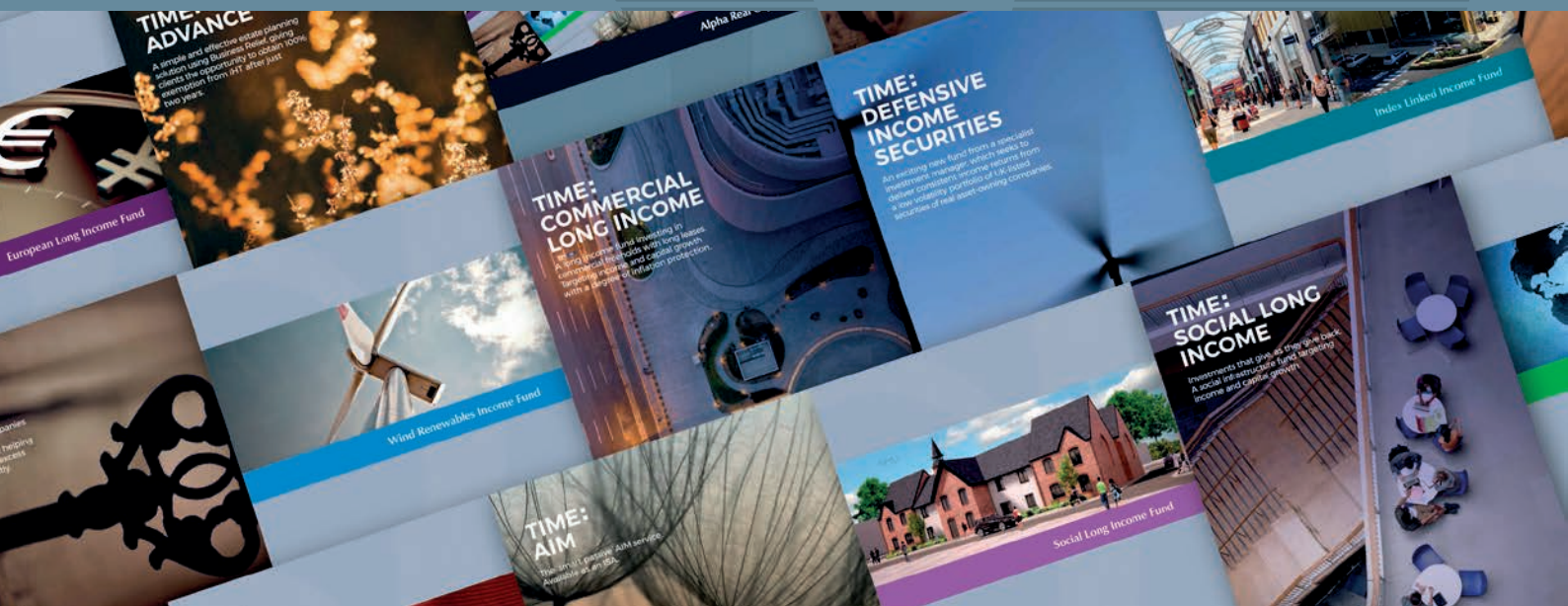
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Alpha Real Capital

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