



Alpha Real Capital

Annual report and financial statements

For the year ended 31 March 2022

2022

# Alpha Real Capital

## Contents

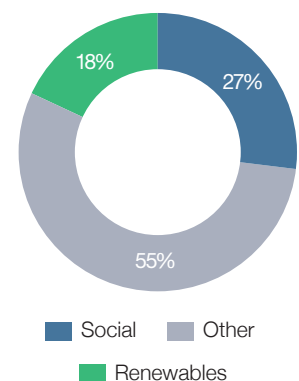
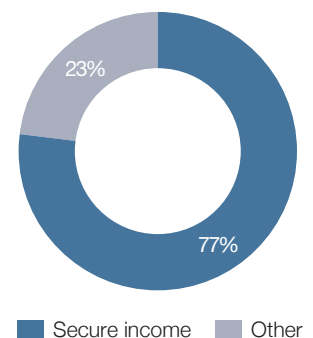
1	Highlights
2	Report of the Chief Executive
29	Report of the Members
30	Members' responsibilities
31	Independent auditor's report
33	Consolidated income statement
34	Consolidated statement of comprehensive income
35	Consolidated statement of financial position
37	Consolidated statement of movement in members' interest
39	Consolidated statement of cash flows
40	Partnership statement of financial position
42	Partnership statement of movement in members' interest
43	Partnership statement of cash flows
44	Notes to the financial statements
66	Members and information

Alpha Real Capital LLP is a specialist real assets investment manager focused on secure income strategies. We invest in UK and European real assets with predictable secure long-term cash flows.



## Highlights

- AUM<sup>1</sup> grew to £4.5 billion (2021: £4 billion) focussed on secure income assets.
- Social infrastructure and renewable energy infrastructure represent around 45% of group AUM.
- £1.2 billion invested in social infrastructure, including long leases and ground rents on social accommodation, care, health and education assets.
- Over £0.8 billion invested in over 160 renewable energy infrastructure assets in wind, solar and hydro with over 337 MW of clean energy capacity.
- Over 80% of investments have been originated by Alpha.
- Alpha's team has grown to over 170 people as we continue to invest for future growth.



<sup>1</sup> Including capital commitments (2022: £0.2 billion, 2021: £0.2 billion)

## Report of the Chief Executive

### About Alpha

Alpha Real Capital LLP ('Alpha') is a specialist real assets investment manager focused on secure income strategies. We invest in UK and European assets with predictable secure long term cash flows. We provide market leading and innovative real asset solutions across a range of investments such as commercial ground rents, renewable infrastructure, social infrastructure and secured lending, combining operational real estate expertise and fixed income skills.

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

Alpha works with a wide range of UK, European and international investors, including pension funds and other large institutional investors as well as private investors, family offices and wealth managers through TIME Investments ([time-investments.com](http://time-investments.com)), Alpha's authorised wealth management investment solutions arm.

Alpha is a signatory to the United Nations Principles for Responsible Investment, the UN Global Compact UK and is a member of INREV and AREF.



Phillip Rose  
CEO

**Alpha has a 170 plus strong professional team with £4.5 billion of assets under management, including capital commitments.**



## Report of the Chief Executive (continued)

### We offer each of our stakeholders:

Robust investment and operating processes with financial accountability

A strong emphasis on identifying, measuring and controlling risk

An active-management approach that continuously seeks to add value

A commitment to innovation

A passion for integrity and responsibility 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

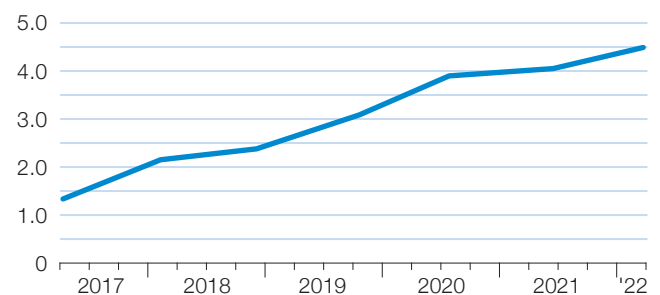
£4.5 billion assets under management

£2.0 billion social and renewables AUM

£42 million revenue

170+ professional team

Average AUM by quarter (£bn)



Signatory of:



Alpha's expert platforms focus on long-income investing, renewables infrastructure and social infrastructure.

## Report of the Chief Executive (continued)

### Our investment style

Established in 2005 and independently owned and managed by its partners, Alpha thinks independently and acts responsively.

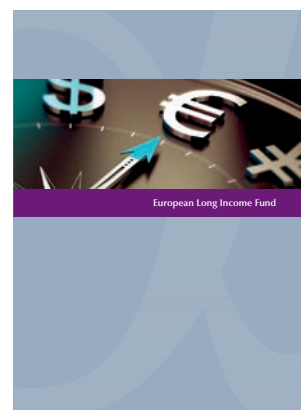
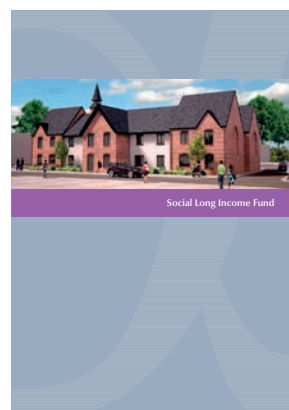
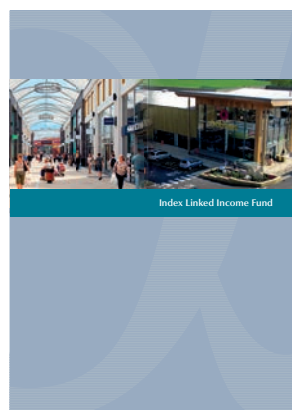
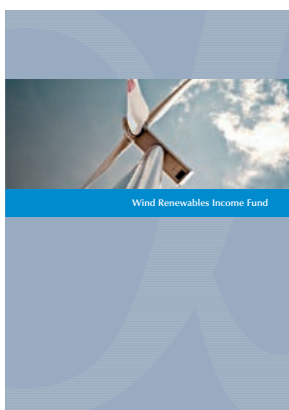
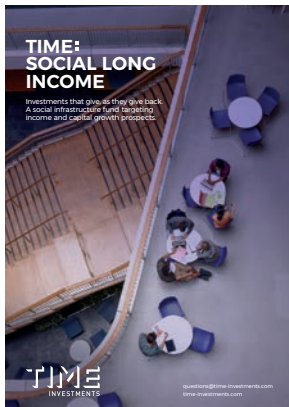
We focus on real assets that can provide income and capital security, income longevity and inflation protection, including Secure Income (SI) and Cash flow Driven Investing (CDI) strategies.

Investors benefit from our ability to bring together specialist sector knowledge, industry connectivity and pro-active management to originate, credit structure and manage real asset investments.

We integrate ESG into our investment processes and have a strong emphasis on social infrastructure and renewable energy infrastructure.

### 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

- › Focus on asset selection, valuation metrics, operational cash flow and credit
- › Assess and quantify active management opportunities
- › Assess asset and operational risk

#### Structuring

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

#### Investment Committee

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

#### 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, cash flows, financial covenants, projected IRRs, exit multiples and ESG factors
- › Ongoing risk optimisation including rent rebalancing and/or asset substitutions

#### Liquidity management

- › Continually review liquidity options for investors
- › Optimise cash balances

## Report of the Chief Executive (continued)

### Our business model

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

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

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, credit and 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 secure income strategies from real assets with 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 170 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)

### Our commitment to Environmental, Social and Governance ('ESG')

Alpha has made significant progress on its sustainability journey over the past year. Key highlights include the company achieving carbon neutral status, the appointment of a Head of Sustainability, a refreshed ESG policy and the introduction of new quantitative tools. Alpha is a signatory to the United Nations Principles for Responsible Investment, the UN Global Compact Network UK and also participates in other industry bodies such as Pensions for Purpose and (through TIME Investments) the UK Sustainable Investment and Finance Association.

Alpha acts in accordance with its ESG Policy and is committed to its funds and other managed entities generating sustainable investment returns in a way that delivers positive environmental, social and economic benefits. Many of Alpha's investment strategies have inherently strong ESG credentials, such as social and renewable infrastructure, which together contribute approximately 45% of assets under management.

Alpha uses a range of quantitative tools to evaluate the sustainability characteristics of managed assets, such as MSCI Climate VaR, which measures the carbon intensity of real estate assets under various climate change scenarios and Loop, which calculates of the social value in £ that can be attributed to a social infrastructure portfolio. Alpha also considers alignment with UN PRI Sustainable Development Goals, and for care or educational assets, CQC or Ofsted ratings.

For real estate assets, Alpha instructs surveyors to report on Minimum Energy Efficiency Standards, EPC, BREEAM and

other environmental ratings where appropriate. As the manager on behalf of landlords, shareholders or lenders, Alpha seeks to engage with tenants or management teams on ESG-related topics including data collection of emissions, with the aim of increasing fund level disclosure to investors over time. Many of the tenants have agreed to environmental good practice, energy and water efficiency and waste reduction in providing any services and carrying out any works.

ESG considerations are embedded within investment and ongoing monitoring processes and encompass analysis of both potential risks and benefits. Depending on the nature of the investment, the analysis might typically include use of the quantitative tools mentioned above together with an assessment of alignment with UN PRI Sustainable Development Goals. In addition, detailed due diligence is undertaken covering factors relevant to the investment such as environmental factors including flooding risk, radon, asbestos and other materials.

Around 18% of Alpha's assets under management is represented by renewable energy representing an investment of over £0.8 billion in over 337MW of green energy capacity. Alpha's renewable energy investments are capable of producing over 550 GWh of green energy, equivalent to the annual consumption of over 191,000 average UK households, and a CO2 reduction of over 117,000 tonnes equivalent.

Alpha encourages staff to participate in charitable and voluntary work, through flexibility on time off and corporate donations.



#### Specialist care

Our healthcare assets provide more than **9,000** beds for the elderly or people with learning disabilities and specialist care needs



#### Education

Our educational facilities can accommodate over **7,500** children at any one time for team-based outward-bound learning and educate around **2,300** pupils



#### Medical centres

Our medical centres provide care for over **85,000** patients and are currently looking to develop facilities to serve a further **12,000** patients



#### Day nurseries

Our children's day nursery portfolio provides places for more than **10,000** babies and toddlers

## Report of the Chief Executive (continued)

### Governance

Alpha puts good business governance at the centre of its risk framework. It manages this through well communicated protocols and open information flows throughout the organisation.

Alpha, and its subsidiary TIME Investments, are authorised and regulated by the Financial Conduct Authority to provide investment management services to professional investors and regulated financial advisers and their investors.

The group therefore adheres to an established compliance environment which is supported by a code of conduct incorporated into personnel contracts. This code covers a wide range of conduct requirements including client confidentiality, data protection, market abuse regarding price-sensitive information, personal interests disclosure, conflicts of interest, anti-money laundering procedures, bribery act and whistleblowing processes.

Alpha commissions an annual Assurance Report on Internal Controls (AAF01/20) to independently review and report upon its investment management processes and internal controls.

Fundamental to its investment management operational framework Alpha holds Investment Committees to make investment/divestment and other fund critical recommendations/decisions. The committees are made up of senior personnel including the CEO.

Additionally, Alpha maintains monthly Risk Committees. This forum is made up of the CFO, COO and TIME's Operation Director. This seeks to establish an internal body independent of the investment decision environment so providing an objective view on activities. For each fund/platform there are risk matrices developed to measure any evolving risks that need further focus and attention from the Alpha executive.

Within its authorised fund business activities, to support its role as Authorised Corporate Director (ACD), Alpha has established an ACD Board with two Independent Directors.

Alpha compliments its governance with a team of Senior Advisors who have deep industry knowledge and reach to help provide valuable insight and input into Alpha's business development and growth.

Alpha abides by the laws and values of the Equality Act 2010 and is an equal opportunity employer. Alpha is also committed to ensuring that all staff can work in a workplace where health and safety is provided in accordance with applicable laws and regulations.

Alpha is a member of INREV, the European Association for Investors in Non-Listed Real Estate Vehicles whose mission is to promote transparency, professionalism, and best practice.

Alpha puts good business governance at the centre of its risk framework. It manages this through well communicated protocols and open information flows throughout the organisation.

*Signatory of:*



## Report of the Chief Executive (continued)

# Independent Directors and Senior Advisors

### Gerald Parkes

#### Independent Director

Gerald has over 40 years' experience in real estate and related sectors, having started his career in London in 1977. Prior to founding Property Capital Partners Europe in 2010 he was the Managing Director and Head of Real Estate Private Equity Europe for Lehman Brothers. Prior roles include Chief Executive of Invesco Real Estate Limited, founder and CEO of Parkes and Company, Head of Investment Management Europe for Lend Lease and founding Partner and Head of Europe for The Yarmouth Group. From 1993 until 2003, Gerald had a mandate from Teachers Insurance Annuity Association, to develop and then execute its direct investment strategy in Europe.

Gerald has an MA in Land Economy from Cambridge University. He is a Governor of the Urban Land Institute and former Chair of ULI Europe. Prior to BREXIT, he was also the private sector member of the UK Government's Property Star Chamber and an independent adviser to the Government Property Unit reporting to Cabinet.

### Sinead Leahy

#### Senior Advisor

Sinead joined Alpha as a Senior Adviser in 2021. Sinead is a pension specialist and former Partner of PwC where she was Head of Pensions Investment Consulting. She was responsible for leading the firm's focus on investment strategy and implementation advice to corporate sponsors and trustees of large defined benefit (DB) pension schemes.

With over 25 years of experience in financial markets, Sinead has helped numerous large schemes optimise and de-risk their funds. Prior to PwC, Sinead worked at NatWest Markets where her roles included Head of UK Pension Solutions and Alternative Asset Distribution.

Sinead has considerable experience executing transactions including some of the earliest LDI trades in the UK DB market as well as selling illiquid alternative assets to large institutional investors. She has a strong track record developing relationships with large pension schemes and their sponsors and in recent years has focused on developing journey plans with an emphasis on cash flow driven investing.

### Richard Gray

#### Independent Director

Richard is an investment banker with extensive international experience in equity capital markets, corporate broking and corporate finance. He works with Zeus Capital and has held senior positions at Panmure Gordon, Lazard and UBS.

He holds board positions across a wide range of public and private companies. He is also an adviser to several multinational organisations focussed on environmentally sustainable investment.

### Phil Redding

#### Senior Advisor

Phil joined Alpha as a Senior Adviser in 2021. Phil has held a range of positions across both business development and consulting and brings with him over 40 years of pension and investment experience. Phil is currently an Executive Director at Cardano, and prior to that, was Head of Business Development EMEA at Aviva Investors. He has also worked at Credit Suisse, Zurich, CIS and Scottish Mutual. His formative years were spent as a pensions consultant at Hogg Robinson Benefit Consultants.

### Roger Mountford

#### Senior Advisor

Roger joined Alpha as a Senior Adviser in 2020. He has held a range of board and trustee positions across the private and public sectors and chaired several large pension schemes. He has a special interest in private assets, including infrastructure, social housing, and private equity.

Roger is currently chair of the trustee of the Lafarge UK Pension Plan, is a government-appointed director of HS2 Limited and has served on the boards of the Allied Domecq, Civil Aviation Authority and Church of England pensions boards. He has degrees in economics and management from the LSE and the Stanford Business School.

### Philip Hebson

#### Senior Advisor

Philip joined Alpha as a Senior Advisor in November 2021. He has over 41 years' experience in the securities industry, having been with Charterhouse Securities (formerly Tilney & Co) for 20 years, being appointed a Director in 1992. He was a member of the UK equities sales team, responsible for marketing the firm's analytical output to a wide range of institutional clients.

In 2000 he joined Merseyside Pension Fund as Head of UK Equities, where he was responsible for research and portfolio structure decisions for the internally managed portfolio. He was also involved in the monitoring process for the Fund's external investment managers and advised on the risk profiling of the Fund, including asset allocation.

Philip was a Non-Executive Director of Aberdeen Private Equity Fund from 2009 until 2018 and has been a Senior Advisor at MJ Hudson (formerly Allenbridge) since 2011.

Philip is the Independent Investment Advisor to Worcestershire Pension Fund, the Independent Financial Advisor to Oxfordshire Pension Fund and is an External Member of West Yorkshire Pension Fund's Investment Advisory Panel. He is the alternate advisor to five other LGPS Funds.



## Report of the Chief Executive (continued)

### Our values



## Report of the Chief Executive (continued)

### Key funds and platforms review



### Platform focus: 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 circa £2 billion from UK pension funds for investment in long-income ground rents and social infrastructure through funds and direct mandates. These assets all have long term cash flows with substantial inflation indexation.

The Alpha Long Income team has deep experience in the origination and credit structuring of long income investments and has extensive knowledge of pension fund de-risking and Cash flow Driven Investing (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.

#### 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 2022, ILIF's NAV grew to £1,950 million. ILIF now holds 589 individual properties.

## Report of the Chief Executive (continued)

### Key funds and platforms review | Platform focus: Alpha Long Income

HFHC	
Sector	Specialist healthcare
Transaction type	New counterparty
Number of assets	12
Date	Q2 2021
Term remaining from acquisition	175 years
Rent review	Annual RPI (0,5)

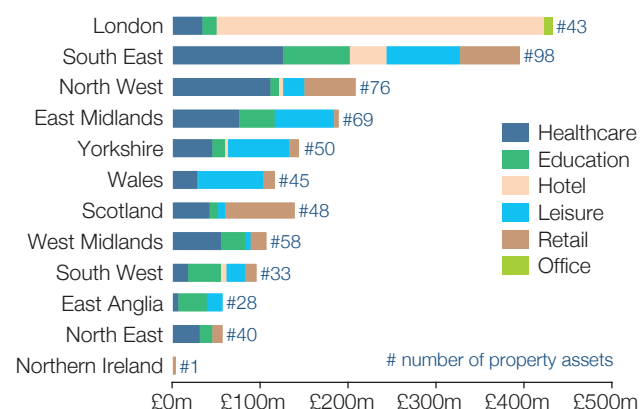
South Africa Lodge	
Sector	Specialist healthcare
Transaction type	Top-up
Number of assets	1
Date	Q4 2021
Term remaining from acquisition	147 years
Rent review	Annual RPI (0,5)

Busy Bees	
Sector	Nurseries
Transaction type	Follow-on
Number of assets	16
Date	Q3 2021
Term remaining from acquisition	175 years
Rent review	Annual RPI (0,5)

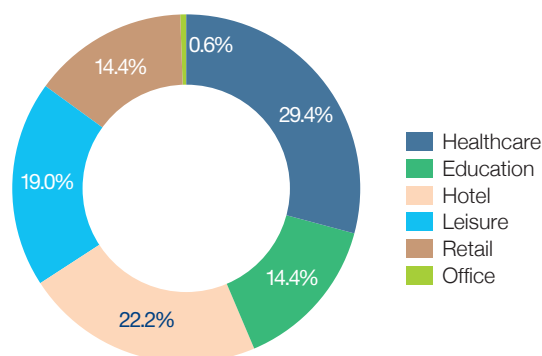
Dobbies	
Sector	Garden Centres
Transaction type	Top-up
Number of assets	35
Date	Q1 2022
Term remaining from acquisition	160 years
Rent review	Annual RPI (0,5)

ILIF's completed transactions over the period included a number with existing tenants, demonstrating the strength of Alpha's partner relationships.

Geographical diversification (£m capital value)



Sector exposures (by ground rent capital value)



For the 12 months ending 31 March 2022, ILIF's total return of 8.1% offered good inflation protection to investors.

## Report of the Chief Executive (continued)

### Key funds and platforms review



### Platform focus: Social Infrastructure

Alpha, through its funds and separate account mandates, has been an active investor in UK social infrastructure since 2015. Alpha's socially focussed vehicles are managed by a dedicated portfolio and investment team with a wide range of investment experience across the full range of social real assets, covering housing, healthcare and education uses. In sectors where many opportunities are secured off-market, the Alpha team are experienced at origination, development and forward funding, and liaise extensively with developers and operators directly. Alpha manages an active pipeline of assets across the full range of social sub-sectors for the swift deployment of committed capital.

To date, the Social Long Income Fund ('SLIF'), the Social Long Income NW Partnership and the Social Long Income PAIF ('SLIP'), which all focus on social investments, have deployed over £162 million across a combined portfolio of 43 assets.

The investments within these portfolios provide the following:

- Primary care facilities for 84,600 patients
- 694 nursery places
- 212 supported living apartments for people with learning and physical disabilities
- 67 specialist care home bed spaces
- 228 elderly care home bed spaces

In addition to these social-specific investment platforms, Alpha has further invested in the social housing, healthcare and education sectors through commercial ground rents and investments into Irish social housing. Alpha has invested over £1.2 billion, across over 625 social assets.



## Report of the Chief Executive (continued)

### Key funds and platforms review | Platform focus: Social Infrastructure



SLIF continued to deliver shareholders an attractive, inflation-beating return in the year to 31 March 2022

#### Social Long Income Fund (SLIF)

The Social Long Income Fund invests in UK social infrastructure assets that provide a secure long-term, inflation linked income streams with associated capital growth, whilst also delivering positive social and societal benefits to the residents, service users and communities the assets serve.

The targeted assets are operational real estate with tenants who are willing to take long-term leases (20-25 years or longer) subject to index-linked rent reviews (CPI or RPI, subject to caps and floors). Tenants are willing to take these long-term leases due to the quality of the real estate, which are long-term fit-for-purpose and provide operational efficiencies and improved outcomes. The combination of long-term, fit-for-purpose assets addressing structural (demographic or societal) demand, results in these assets offering long-term sustainable and growing cash flows that are less volatile than cyclical sectors correlated with the economic cycle.

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

- Specialist social housing, including supported living and extra care
- Affordable housing, including key worker accommodation
- Care homes
- Primary care assets
- Education assets, including day nurseries, schools or Higher Education faculty buildings

SLIF has two Local Government Pension Scheme investors and is in discussions with a number of pension funds and investment consultants to deliver its pipeline of opportunities and diversify and expand its portfolio.

## Report of the Chief Executive (continued)

### Key funds and platforms review | Platform focus: Social Infrastructure



Local Government Pension Schemes ('LGPS') have shown increasing interest in the potential to deliver social impact through place-based impact investment.

#### Place-based Impact Investing

Investor appetite for social investments and the predictable, long-term inflation-linked cash flows and societal benefits it provides is expected to continue to grow. In particular, Local Government Pension Schemes ('LGPS') have shown increasing interest in the potential to deliver impact through place-based impact investment.

Investing in social infrastructure lends itself naturally to place-based impact investing. This is because:

- It delivers the vital infrastructure that communities rely upon, improving capacity and quality as well as enhancing the environmental sustainability of the built environment;
- Investments can be made with local priorities and needs in mind; and
- Investors can work with local stakeholders to align interests, creating a shared impact for the benefit of local people and places.

A distinct and added dimension to place-based investing for LGPS funds is that underlying scheme members can observe – and potentially benefit from – the tangible impact that the investments can deliver. Indeed, this approach has come increasingly into focus – in a recent report, the Impact Investment Institute observed that if only 5% of LGPS funds' combined assets (£326 billion as at March 2021) were allocated to local investment, this would unlock £16 billion for investment – more than matching the £4.8 billion Levelling Up Fund and other similar government initiatives.

## Report of the Chief Executive (continued)

### Key funds and platforms review | Platform focus: Social Infrastructure

#### Case Study

#### Alpha managed segregated mandate for LGPS

For this mandate, run on behalf of Greater Manchester Pension Fund ('GMPF'), Alpha manage a bespoke local portfolio which complements GMPF's investment in the national open-ended pooled fund SLIF.

Within this local portfolio, investments are originated within the same investment guidelines as used for the national approach, but are targeted locally within GMPF's own region, ensuring that they provide direct social benefits to the scheme's local communities. To date, the portfolio includes a modern, purpose-built GP surgery that was developed to support up to 13,500 patients (replacing three older, less efficient and increasingly obsolete surgery properties), along with two specialised supported living schemes providing homes for 37 vulnerable adults. Two further opportunities, a purpose-built 109 setting day nursery and a further GP surgery for 13,000 patients are also under offer.

With all assets delivered through forward funding arrangements, there is true additionality and the assets are modern and fit-for-purpose, being efficient to occupy on both an environmental and a sustainability basis. Such investments clearly benefit local communities and residents, some of which may be members of the Fund. There is therefore a shared and aligned impact, with scheme members who have worked in local areas benefiting from the scheme's investments. This approach has resonated well with the Fund and its stakeholders, enabling it to work with local stakeholders to address immediate needs and build local relationships to support the origination of further investment opportunities.








There is a shared and aligned impact, with scheme members who have worked in local areas benefiting from the scheme's investments.



## Report of the Chief Executive (continued)

### Key funds and platforms review | Platform focus: Social Infrastructure

Healthcare 	Housing 	Education 						
								
Primary care	Supported living	University faculty						
Providing high quality facilities for patient treatment, increasing access to services and delivering societal health benefits.	Providing secure, fit-for-purpose accommodation for vulnerable adults, promoting independence and facilitating wider positive outcomes.	Providing high-quality teaching accommodation that promotes learning, provides stability and improves long-term opportunities.						
<table><tr><td>Typical tenants</td><td>NHS Trust / Clinical Commissioning Group / GP Partners</td></tr></table>	Typical tenants	NHS Trust / Clinical Commissioning Group / GP Partners	<table><tr><td>Typical tenants</td><td>NHS Trust / Clinical Commissioning Group / GP Partners</td></tr></table>	Typical tenants	NHS Trust / Clinical Commissioning Group / GP Partners	<table><tr><td>Typical tenants</td><td>NHS Trust / Clinical Commissioning Group / GP Partners</td></tr></table>	Typical tenants	NHS Trust / Clinical Commissioning Group / GP Partners
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Typical tenants	NHS Trust / Clinical Commissioning Group / GP Partners							
<p>UN Sustainable Development Goals</p> <div><div>3 GOOD HEALTH AND WELL-BEING</div><div>10 REDUCED INEQUALITIES</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div></div>	<p>UN Sustainable Development Goals</p> <div><div>1 NO POVERTY</div><div>3 GOOD HEALTH AND WELL-BEING</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>	<p>UN Sustainable Development Goals</p> <div><div>4 QUALITY EDUCATION</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>						

Our social infrastructure platform provides a diversified range of assets reflecting the diverse needs of society.



## Report of the Chief Executive (continued)

### Key funds and platforms review



### Platform focus: Alpha Real Renewables

Alpha Real Renewables continues to grow its presence in the UK renewable energy sector. Over the last 12 months the platform added a further 24 assets (116MW) in the onshore wind and solar PV sectors. This has grown the platform to 337 MW of installed capacity across 168 operating schemes, together with 30MW of assets under construction, all situated throughout the UK, including Northern Ireland.

The portfolio is managed by a dedicated portfolio and investment team of 14 with a track record of over 60 completed transactions, having invested £840 million in equity to date. The team has experience in funding projects through the planning, design, build and operational phases, and has successfully commissioned 16 schemes spanning onshore wind, solar PV, and hydro generation.

Through its proactive, direct origination efforts (~80% of completed deals since 2018 have been 'off market'), the business has visibility over an investment pipeline of £1 billion or more than 1GW of predominantly UK onshore wind, solar and flexible generation assets to support its ongoing investment mandates for Time:Advance (Elm Trading) and the Wind Renewables Income Fund (WRIF).

WRIF was established in May 2018 as a closed ended institutional investment fund dedicated to UK renewables (sub 5MW onshore wind). During 2020 it successfully raised a further £80 million in commitments from UK pension funds. WRIF has now deployed £142 million into 64 operating assets (28.7MW) with an average remaining economic life of 19 years benefiting from 78% long term inflation linked revenues. WRIF will be seeking to deploy its remaining commitments during the coming year.

Weaker levels of production were achieved during the last 12 months at -10% vs forecast generation, this was due to an exceptionally low resource year. Though strong availability continues to be achieved across the portfolio with greater than 98.6% portfolio availability over the last 3 years.

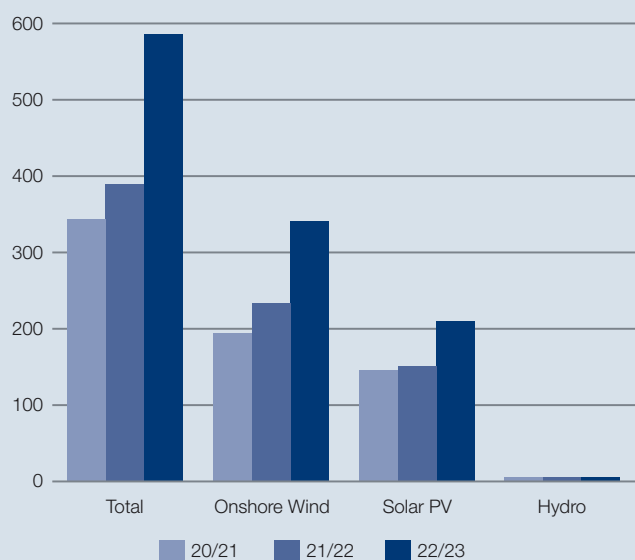
The total achieved output of 405 GWh would be equivalent to the annual electricity consumption of over 139,700 average UK households, providing a CO2 reduction of over 86,000 tonnes equivalent.

The expanded renewables portfolio will be capable of producing 555 GWh per annum, equivalent to the annual consumption of over 191,000 average UK households, and a CO2 reduction of over 117,000 tonnes equivalent. In addition, 31 schemes make annual contributions to community benefit funds.

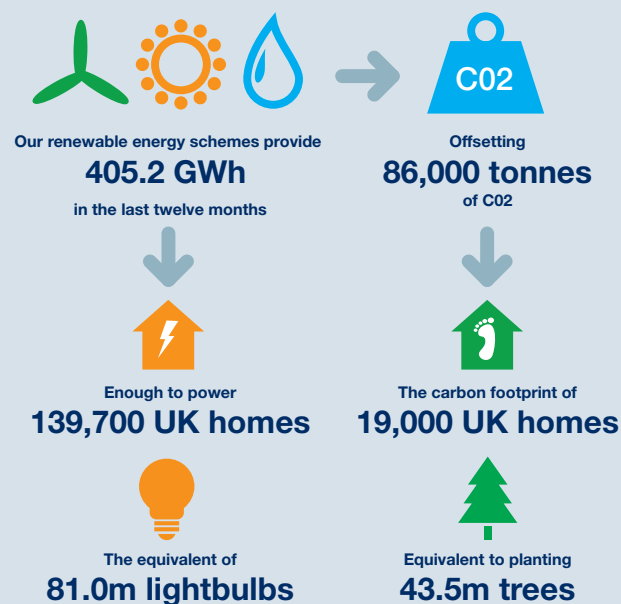
## Report of the Chief Executive (continued)

### Platform focus: Alpha Real Renewables

Generation mix (GWh)



Portfolio environmental benefits

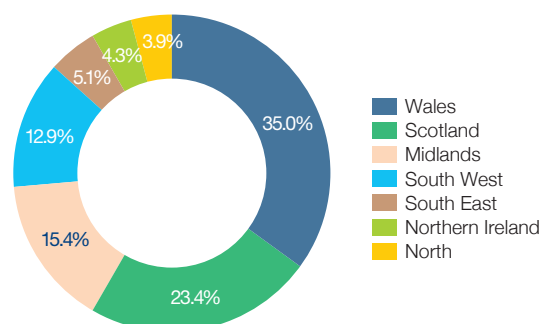


The portfolio's geographical spread offers excellent resource diversification, together with income quality comprising 28% Feed in Tariff (FIT) and 68% Renewables Obligation (ROC) accredited assets (by generation) with a weighted average remaining economic life of c.29 years, and benefiting from over 60% long term inflation linked revenues (on a discounted basis).

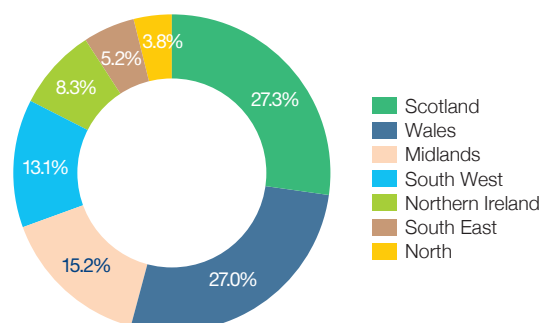
Alpha is actively pursuing further value enhancement through asset life extension, which is anticipated to improve long term value by up to £30 million. Extensions are in place at 3 sites with the rolling implementation programme over the next 12 to 18 months targeting a further 44 schemes. Further asset optimisation is being implemented through performance improvement at both wind and solar sites, together with competitive procurement at portfolio level of power generation revenues, all risk insurance, O&M and asset management services.

Consistent with Alpha's aims to provide investors with predictable cash flows, forecast portfolio revenues of £106 million for the next 12 months are 95.5% price fixed, with power price exposure hedged at an average price of £85/MWh.

Regional holdings (% generation)



Regional holdings (% revenue)



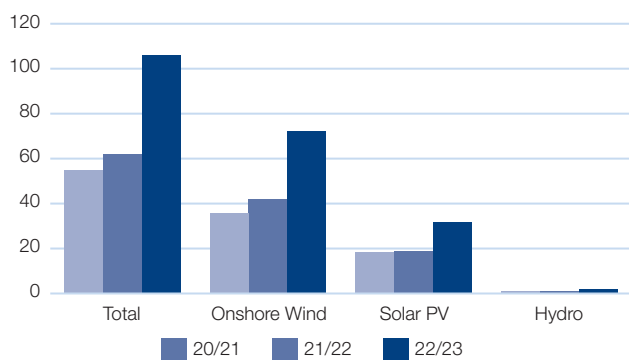
## Report of the Chief Executive (continued)

### Platform focus: Alpha Real Renewables

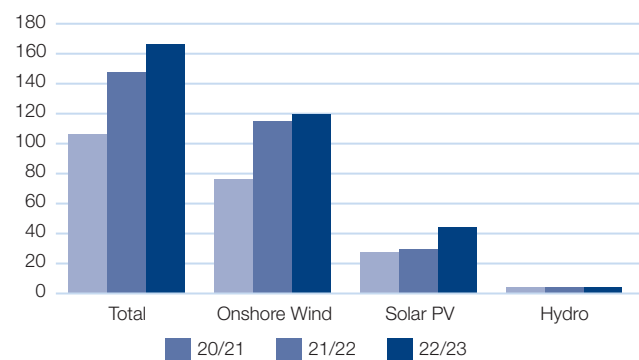
#### New acquisitions

Greenhill	Tirgwynt	Moat Farm	Orkney Portfolio	Solar Portfolio
				
A 2.35MW Enercon E-82 wind turbine located in Aberdeenshire. Acquired in Q3 2021, Greenhill is the first greenfield merchant wind site in the portfolio.	12x 2.05MW Senvion turbines located in mid Wales, acquired in Q4 2021.	A new solar farm expected to be commissioned in 2023. Development site acquired in Q1 2022.	Orkney Portfolio acquisition in Q2 2022, consisting of 4 stand alone wind turbines in Orkney totalling 3.9MW.	Solar Portfolio acquisition in Q4 2021, consisting of 17 solar sites totaling 61.5MW.
				
Annual forecast generation is equivalent to offsetting 2,156 tonnes of CO <sub>2</sub> .	Over £45,000 p.a. contribution to the local community to support local sustainable projects and education.	7,820 average UK households powered.	4,438 average UK households powered.	Annual forecast generation is equivalent to offsetting 16,819 tonnes of CO <sub>2</sub> .

Revenues (£million)



Number of sites



Revenue mix (£106 million revenue forecast)

FIT £25m	ROC £28m	Fixed £48m	Merchant £5m
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## Report of the Chief Executive (continued)

### Key funds and platforms review



#### 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

During the year, ELIF acquired two portfolios of social housing in Ireland that are being refurbished and leased to local authorities on 25-year leases with 3 yearly inflation linked rent adjustments.



#### 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 is a closed-ended Guernsey registered investment company listed on the Specialist Fund Segment of the London Stock Exchange.



## 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 £200 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 50,000 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: Commercial Long Income** (CLIP)

TIME: Commercial Long Income invests in UK commercial property with long dated income streams that falls 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 daily, is accessible via ISA, SIPP, offshore and SSASs, and aims to deliver:

- Consistent income returns
- Inflation mitigation
- Income security
- Potential for capital growth

CLIP has continued to deliver an attractive income return in each year since inception.

## Report of the Chief Executive (continued)

### Key funds and platforms review



#### 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 childcare.

SLIP has continued to deliver an attractive income return in each year since inception.



#### TIME:Advance

TIME:Advance provides a streamlined service that invests in asset backed operating businesses that produce a steady and consistent annual return, with a target return of between 3% and 4.5% net of costs and also mitigates inheritance tax (IHT) liability after a two year qualifying period through the use of Business Relief (BR). TIME:Advance focuses on renewable energy infrastructure, property lending, forestry and self-storage.

Over a period of 26 years, TIME's BR services: have achieved 100% BR from IHT for all of its qualifying investors and an inflation beating return over that period.

TIME:Advance has raised over £950 million from investors to date.

## Report of the Chief Executive (continued)

### Key funds and platforms review



#### TIME:UK Infrastructure Income Fund (TIIF)

TIME:UK Infrastructure Income provides investors with diversification away from traditional equities markets, to a lower volatility infrastructure fund with attractive risk-adjusted returns.

The fund seeks to deliver an annual income, with capital growth through a diversified, yet balanced portfolio of shares of UK-listed infrastructure and real estate companies.

The investment team uses a unique and proven investment process utilising a combination of active and factor-based investment strategies:

- Attractive and well covered dividends
- Low correlation to UK equity markets
- High levels of potential liquidity
- The potential for continued capital growth
- Sustainable and relatively low levels of debt

The screening process is followed by fund manager and investment team approval, typically resulting in an equally weighted portfolio of 20-30 holdings, which undergo regular rebalancing within tolerance levels.



#### Alpha Property Lending

Alpha Property Lending is a principal provider of Senior, Stretch Senior, Mezzanine and Investment Debt Finance for residential and commercial properties throughout the UK. We have over a decade of experience of providing development and investment finance in addition to financing operational real estate businesses. With over £350 million of debt deployed, Alpha Property Lending is well placed to finance a broad range of development funding and investment lending requirements, and has significant experience in social infrastructure lending.



## Report of the Chief Executive (continued)



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### Financial performance

Alpha's consolidated operating profit for the year ending 31 March 2022 was £23.0 million (31 March 2021: £18.8 million). Recurring revenues have increased 7% reflecting AUM growth of 14% year on year. Alpha continues to enjoy a strong balance sheet with no borrowings.

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### Outlook

Alpha's long-term strategy remains resilient. Alpha's strong balance sheet and significant cash reserves, provides it with a robust platform from which to continue the expansion of its expert platforms and diversified funds management business.



## 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 origination, credit structuring, asset management and realisation track record.

#### Phillip Rose

CEO, Partner Alpha Real Capital LLP

Phillip has 38 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 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 28 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, Brad was 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 23 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 33 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.

## Report of the Chief Executive (continued)

### Our team (continued)

#### Patrick Grant

**Head of Real Estate Origination**

**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 23 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.

#### Ed Palmer

**CIO and Head of Sustainability**

**Partner** Alpha Real Capital LLP

Ed joined Alpha Real Capital in April 2021 as Chief Investment Officer and Head of Sustainability. Ed has over 25 years' financial services and investment management experience, spanning funds management, insurance, investment banking and credit ratings.

Prior to joining Alpha, Ed spent 14 years at MetLife where he was Chief Investment Officer, EMEA, overseeing approximately £10 billion equivalent of AUM across public and private credit, infrastructure and real estate. Previously, Ed was a Senior Analyst at Moody's Investors Service, having started his career at Barclays Investment Bank.

#### 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 26 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 Investments**

**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 TIME:UK Infrastructure Income, looking after more than £700 million of investments.

Stephen has over 16 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.

#### 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.

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

## Report of the Members

The members present their report together with the audited financial statements for the year ended 31 March 2022.

### 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 28 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  
Rockmount ARC Limited

Additionally, K Devon-Lowe and M Rattigan became designated members on 6 May 2022.

### 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 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 26 July 2022.

### Karl Devon-Lowe

**Designated member**

26 July 2022

## 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; and
- 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 on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and of the Limited Liability Partnership's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRS'); 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.

We have audited the financial statements of Alpha Real Capital LLP ('the Limited Liability Partnership') and its subsidiaries ('the Group') for the year ended 31 March 2022 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 flows, partnership statement of financial position, partnership statement of movement in members' interest, partnership statement of cash flows 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 International Financial Reporting Standards ('IFRS').

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Limited Liability Partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Members with respect to going concern are described in the relevant sections of this report.

### Other information

The Members are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting as applied to limited liability partnerships

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.

## Independent auditor's report (continued)

### Responsibilities of Members

As explained more fully in the Statement of Member's 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.

### Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to Alpha Real Capital Limited Liability Partnership and the industry in which it operates and considered the risk of acts by the Limited Liability Partnership which would be contrary to applicable laws and regulations, including fraud. These included but were not limited to compliance with Companies Act 2006, and IFRS, and in addition other laws and regulations that may have a material effect on the financial statements including the permissions and supervisory requirements of the Financial Conduct Authority ('FCA').

We focused on laws and regulations that could give rise to a material misstatement in the financial statements.

Our tests included, but were not limited to:

- reviewing the financial statement disclosures and verifying to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Members regarding any known or suspected fraud or breaches of laws and regulations;
- reviewing minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments;
- considering the effectiveness of the control environment in monitoring compliance with laws and regulations.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available 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.

**Eran Wieder** (Senior Statutory Auditor)

**For and on behalf of BDO LLP**

Statutory Auditor  
London UK

26 July 2022

## Consolidated income statement

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Revenue</b>	4	<b>44,701</b>	<b>39,680</b>
Cost of sales		(2,548)	(1,352)
<b>Gross profit</b>		<b>42,153</b>	<b>38,328</b>
Administrative expenses		(19,096)	(19,570)
<b>Operating profit</b>		<b>23,057</b>	<b>18,758</b>
Interest receivable		4	52
Interest payable	8	(51)	(7)
Losses from changes in fair value of investments		0	(8)
<b>Profit on ordinary activities before taxation</b>		<b>23,010</b>	<b>18,795</b>
Taxation on profit on ordinary activities	9	(5)	24
<b>Profit on ordinary activities after taxation</b>		<b>23,005</b>	<b>18,819</b>
<b>Profit for the financial year before members' remuneration and profit shares</b>		<b>23,005</b>	<b>18,819</b>
<b>Profit for the financial year before members' remuneration and profit shares attributable to:</b>			
Members as owners of the parent entity		18,888	15,304
Non-controlling interests		4,117	3,515
		<b>23,005</b>	<b>18,819</b>
Profit for the financial year before members' remuneration and profit shares		18,888	15,304
Members' profit share charged as an expense		(18,888)	(15,304)
<b>Result for the financial year available for discretionary division among the members</b>		<b>-</b>	<b>-</b>

All amounts relate to continuing activities.

The notes on pages 44 to 65 form part of these financial statements.

## Consolidated statement of comprehensive income

For the year ended 31 March 2022

	2022 £'000	2021 £'000
<b>Profit for the financial year before members' remuneration and profit shares</b>	<b>23,005</b>	<b>18,819</b>
<b>Items that may be subsequently reallocated to profit or loss</b>		
Currency translation differences	2	(14)
Other comprehensive income / (losses) for the year	2	(14)
<b>Total comprehensive income for the year</b>	<b>23,007</b>	<b>18,805</b>
<b>Total comprehensive income attributable to:</b>		
Members as owners of the parent entity	18,890	15,290
Non-controlling interests	4,117	3,515
	<b>23,007</b>	<b>18,805</b>

The notes on pages 44 to 65 form part of these financial statements.



## Consolidated statement of financial position

At 31 March 2022

	Note	2022 £'000	2021 £'000	2020 £'000
<b>Non-current assets</b>				
Property, plant and equipment	11	153	111	165
Right-of-use assets	12	811	1,242	-
Intangible assets	13	-	-	538
Investments	14	20	334	311
Trade and other receivables	15	293	272	179
<b>Total non-current assets</b>		<b>1,277</b>	<b>1,959</b>	<b>1,193</b>
<b>Current assets</b>				
Trade and other receivables	15	10,147	6,402	8,312
Cash at bank and in hand		17,087	16,251	21,955
<b>Total current assets</b>		<b>27,234</b>	<b>22,653</b>	<b>30,267</b>
<b>TOTAL ASSETS</b>		<b>28,511</b>	<b>24,612</b>	<b>31,460</b>
<b>Non-current liabilities</b>				
Lease liabilities	12	(278)	(690)	-
Trade and other payables	16	-	-	-
<b>Total non-current liabilities</b>		<b>(278)</b>	<b>(690)</b>	<b>-</b>
<b>Current liabilities</b>				
Lease liabilities	12	(447)	(447)	-
Trade and other payables	16	(7,248)	(6,374)	(6,440)
Amounts due to members		(7,335)	(4,360)	(12,337)
Amounts due to non-controlling interests		(2,837)	(2,384)	(2,325)
<b>Total current liabilities</b>		<b>(17,867)</b>	<b>(13,565)</b>	<b>(21,102)</b>
<b>Net current assets</b>		<b>9,367</b>	<b>8,638</b>	<b>9,165</b>
<b>TOTAL LIABILITIES</b>		<b>(18,145)</b>	<b>(14,255)</b>	<b>(21,102)</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>10,366</b>	<b>10,357</b>	<b>10,358</b>
<b>Represented by:</b>				
Members' other interests				
Members' capital classified as equity		10,366	10,357	10,358
<b>TOTAL MEMBERS' EQUITY</b>		<b>10,366</b>	<b>10,357</b>	<b>10,358</b>

## Consolidated statement of financial position (continued)

At 31 March 2022

	Note	2022 £'000	2021 £'000	2020 £'000
<b>Total members' interests</b>				
<b>Loans and other debts due to members within one year</b>				
Amounts due to members		7,335	4,360	12,337
<b>Members' other interests</b>				
Members' capital classified as equity		10,366	10,357	10,358
<b>Total members' interests</b>		<b>17,701</b>	<b>14,717</b>	<b>22,695</b>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 26 July 2022.

### Karl Devon-Lowe

Designated member

The notes on pages 44 to 65 form part of these financial statements.

## Consolidated statement of movement in members' interest

For the year ended 31 March 2022

	Members' capital (classified as equity) £'000	Amounts attributable to members £'000	Non-controlling interests £'000	Total £'000
As at 1 April 2021	10,357	4,360	2,384	17,101
Profit for the year	-	18,888	4,117	23,005
<b>Members' interests after profit for the year</b>	<b>10,357</b>	<b>23,248</b>	<b>6,501</b>	<b>40,106</b>
Comprehensive income – currency translation differences	-	2	-	2
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Total members' interests after profits for the year and comprehensive income</b>	<b>10,357</b>	<b>23,250</b>	<b>6,501</b>	<b>40,108</b>
<b>Contributions by and distributions to members</b>				
Distribution in specie	-	(11,315)	-	(11,315)
Drawings	-	(4,600)	(3,665)	(8,265)
Capital contribution	10	-	-	10
<b>Total contributions by and distributions to members, recognised directly in equity</b>	<b>10</b>	<b>(15,915)</b>	<b>(3,665)</b>	<b>(19,570)</b>
<b>As at 31 March 2022</b>	<b>10,367</b>	<b>7,335</b>	<b>2,836</b>	<b>20,538</b>

The notes on pages 44 to 65 form part of these financial statements.

## Consolidated statement of movement in members' interest

For the prior year ended 31 March 2021

	Members' capital (classified as equity) £'000	Amounts attributable to members £'000	Non-controlling interests £'000	Total £'000
As at 1 April 2020	10,358	12,337	2,325	25,020
Profit for the year	-	15,304	3,515	18,819
<b>Members' interests after profit for the year</b>	<b>10,358</b>	<b>27,641</b>	<b>5,840</b>	<b>43,839</b>
Comprehensive income – currency translation differences	-	(14)	-	(14)
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>(14)</b>
<b>Total members' interests after profits for the year and comprehensive income</b>	<b>10,358</b>	<b>27,627</b>	<b>5,840</b>	<b>43,825</b>
<b>Contributions by and distributions to members</b>				
Distribution in specie	-	(20,493)	(58)	(20,551)
Drawings	-	(2,790)	(3,382)	(6,172)
Other adjustments	(1)	16	(16)	(1)
<b>Total contributions by and distributions to members, recognised directly in equity</b>	<b>(1)</b>	<b>(23,267)</b>	<b>(3,456)</b>	<b>(26,724)</b>
<b>As at 31 March 2021</b>	<b>10,357</b>	<b>4,360</b>	<b>2,384</b>	<b>17,101</b>

Members' other reserves rank after unsecured creditors and loans and other debts due to members rank pari passu with ordinary creditors in the event of a winding up

The notes on pages 44 to 65 form part of these financial statements.



## Consolidated statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Profit for the year before members' remuneration and profit shares		23,005	18,817
Adjustments for:			
Depreciation of property, plant and equipment	11	85	100
Depreciation of right-of-use assets	12	430	50
Amortisation	13	-	549
Currency translation		-	(14)
Interest receivable		(4)	(52)
Interest payable	8	51	7
Fair value movement of investments		1	8
Taxation charge		5	(24)
(Increase)/decrease in debtors		(1,941)	1,817
Decrease in creditors		(953)	(2)
Interest paid		(51)	(7)
Taxation paid		-	(38)
<b>Net cash inflow from operating activities</b>		<b>20,628</b>	<b>21,211</b>
<b>Cash flows from investing activities</b>			
Interest received		4	52
Purchase of property, plant and equipment	11	(127)	(47)
Purchase of intangible fixed assets	13	-	(11)
Investments made	14	-	(31)
Sale of investments	14	313	-
<b>Net cash generated from/(used in) investing activities</b>		<b>190</b>	<b>(37)</b>
<b>Cash flows from financing activities</b>			
Payments to members		(15,915)	(23,282)
Capital contributions		10	-
Capital repayments		-	(1)
Drawings of non-controlling interests		(3,665)	(3,440)
Principal element of lease payments		(412)	(155)
<b>Net cash used in financing activities</b>	18	<b>(19,982)</b>	<b>(26,878)</b>
<b>Decrease in cash</b>		<b>836</b>	<b>(5,704)</b>
Cash at start of year		16,251	21,955
Exchange gains on cash and cash equivalents		-	-
<b>Cash at end of year</b>		<b>17,087</b>	<b>16,251</b>

The notes on pages 44 to 65 form part of these financial statements.

## Partnership statement of financial position

At 31 March 2022

OC312705		2022	2021	2020
	Note	£'000	£'000	£'000
<b>Non-current assets</b>				
Property, plant and equipment	11	88	75	119
Right-of-use assets	12	811	1,242	-
Investments	14	1,321	1,635	2,679
Trade and other receivables	15	293	272	179
<b>Total non-current assets</b>		<b>2,513</b>	<b>3,224</b>	<b>2,977</b>
<b>Current assets</b>				
Trade and other receivables	15	7,415	4,077	5,984
Cash at bank and in hand		10,575	11,007	17,887
<b>Total current assets</b>		<b>17,990</b>	<b>15,084</b>	<b>23,871</b>
<b>TOTAL ASSETS</b>		<b>20,503</b>	<b>18,308</b>	<b>26,848</b>
<b>Non-current liabilities</b>				
Lease liabilities	12	(278)	(690)	-
<b>Total non-current liabilities</b>		<b>(278)</b>	<b>(690)</b>	<b>-</b>
<b>Current liabilities</b>				
Lease liabilities	12	(447)	(447)	-
Trade and other payables	16	(4,816)	(4,668)	(4,558)
Amounts due to members		(4,298)	(1,849)	(11,635)
<b>Total current liabilities</b>		<b>(9,561)</b>	<b>(6,964)</b>	<b>(16,193)</b>
<b>Net current assets</b>		<b>8,429</b>	<b>8,120</b>	<b>7,678</b>
<b>TOTAL LIABILITIES</b>		<b>(9,839)</b>	<b>(7,654)</b>	<b>(16,193)</b>
<b>NET ASSETS ATTRIBUTABLE TO MEMBERS</b>		<b>10,664</b>	<b>10,654</b>	<b>10,655</b>
<b>Represented by:</b>				
<b>Members' other interests</b>				
Members' capital classified as equity		10,367	10,357	10,358
Other reserves		297	297	297
<b>TOTAL MEMBERS' EQUITY</b>		<b>10,664</b>	<b>10,654</b>	<b>10,655</b>

## Partnership statement of financial position (continued)

At 31 March 2022

OC312705	Note	2022 £'000	2021 £'000	2020 £'000
<b>Total members' interests</b>				
<b>Loans and other debts due to members within one year</b>				
Amounts due to members		4,298	1,849	11,635
<b>Members' other interests</b>				
Members' capital classified as equity		10,367	10,357	10,358
Other reserves		297	297	297
<b>Total members' interests</b>		<b>14,962</b>	<b>12,504</b>	<b>22,290</b>
<b>Total members' interest</b>				
Amounts due to members		4,298	1,849	11,635
Members' capital		10,367	10,357	10,358
Members' other interests – other reserves		297	297	297
		<b>14,962</b>	<b>12,504</b>	<b>22,290</b>

The financial statements were approved by the members of the Limited Liability Partnership and authorised for issue on 26 July 2022. 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 £18,364k (2021: £13,497k) relating to the Partnership.

Karl Devon-Lowe  
Designated member

The notes on pages 44 to 65 form part of these financial statements.

## Partnership statement of movement in members' interest

For the year ended 31 March 2022

31 March 2022	Members' capital (classified as equity) £'000	Other reserves £'000	Amounts attributable to members £'000	Total £'000
As at 1 April 2021	10,357	297	1,850	12,504
Profit for the year	-	-	18,364	18,364
<b>Total members' interests after profits for the year and comprehensive income</b>	<b>10,357</b>	<b>297</b>	<b>20,214</b>	<b>30,868</b>
<b>Contributions by and distributions to members</b>				
Capital contribution	10	-	-	10
Drawings	-	-	(15,916)	(15,916)
<b>Total contributions by and distributions to members recognised directly in equity</b>	<b>10</b>	<b>-</b>	<b>(15,916)</b>	<b>(15,906)</b>
<b>As at 31 March 2022</b>	<b>10,367</b>	<b>297</b>	<b>4,298</b>	<b>14,962</b>

31 March 2021	Members' capital (classified as equity) £'000	Other reserves £'000	Amounts attributable to members £'000	Total £'000
As at 1 April 2020	10,358	297	11,635	22,290
Profit for the year	-	-	13,498	13,498
<b>Total members' interests after profits for the year and comprehensive income</b>	<b>10,358</b>	<b>297</b>	<b>25,133</b>	<b>35,788</b>
<b>Contributions by and distributions to members</b>				
Return of Capital	(1)	-	-	(1)
Drawings	-	-	(23,283)	(23,283)
<b>Total contributions by and distributions to members recognised directly in equity</b>	<b>(1)</b>	<b>-</b>	<b>(23,283)</b>	<b>(23,284)</b>
<b>As at 31 March 2021</b>	<b>10,357</b>	<b>297</b>	<b>1,850</b>	<b>12,504</b>

The notes on pages 44 to 65 form part of these financial statements.

## Partnership statement of cash flows

For the year ended 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Cash flows from operating activities</b>			
Profit for the year before members' remuneration and profit shares		18,364	13,497
Adjustments for:			
Depreciation of property, plant and equipment	11	58	76
Depreciation of right-of-use assets	12	430	50
Interest receivable		(2)	-
Interest payable		51	7
Provision against investment		-	1,060
Fair value movement of investments		1	14
(Increase)/decrease in debtors		(3,359)	1,814
Increase in creditors		149	110
Interest paid		(51)	(7)
<b>Net cash inflow from operating activities</b>		<b>15,641</b>	<b>16,621</b>
<b>Cash flows from investing activities</b>			
Interest received		2	-
Purchase of property, plant and equipment	11	(72)	(32)
Investments made	14	-	(31)
Sale of investments	14	314	1
<b>Net cash generated from/(used in) investing activities</b>		<b>244</b>	<b>(62)</b>
<b>Cash flows from financing activities</b>			
Payments to members		(15,915)	(23,283)
Capital contributions		10	-
Capital repayments		-	(1)
Principal element of lease payments		(412)	(155)
<b>Net cash used in financing activities</b>	<b>18</b>	<b>(16,317)</b>	<b>(23,439)</b>
<b>Decrease in cash</b>		<b>(432)</b>	<b>(6,880)</b>
Cash at start of year		11,007	17,887
Exchange gains on cash and cash equivalent		-	-
<b>Cash at end of year</b>		<b>10,575</b>	<b>11,007</b>

The notes on pages 44 to 65 form part of these financial statements.



## Notes to the financial statements

For the year ended 31 March 2022

### 1. General information

Alpha Real Capital LLP ('the LLP') and its subsidiaries (together, 'the Group') provide investment management services. The LLP is incorporated in the United Kingdom and registered in England and Wales at 338 Euston Road, Floor 6, London, NW1 3BG. The LLP is authorised and regulated by the Financial Conduct Authority.

### 2. Accounting policies

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards ('UK-adopted International Accounting Standards'). The financial statements have been prepared under the historical cost convention, as modified by the revaluation financial assets and financial liabilities at fair value through profit or loss.

The presentation currency is £ sterling.

The preparation of financial statements in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's and the LLP's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The Group and the LLP have historically prepared their financial statements 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 December 2018 (together 'UK GAAP').

The Group's and LLP's date of transition to International Accounting Standards, being the start of the period for which full comparative information is presented in these financial statements is 1 April 2020. Details of the changes necessary to comply with International Accounting Standards are detailed in note 22.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2022 reporting periods and have not been early adopted by the Group or the LLP. None of these are expected to have a material impact on the Group or the LLP in the current or future reporting periods and on foreseeable future transactions.

#### Going Concern

Alpha's long-term strategy remains resilient through volatile domestic and international economic events. Alpha maintains significant cash reserves and has no external borrowings. The Partnership mitigates its financial risks through a process of continual monitoring of forecast earnings and cash flows. Given the nature of its business the members consider that the firm has adequate resources to continue in operational existence for the foreseeable future. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

The following principal accounting policies have been applied:

#### Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### Associates

An entity is treated as an associated undertaking where the Group exercises significant influence but not control or joint control 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 statement of financial position, the interests in associated undertakings are shown as the Group's share of the identifiable net assets.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 2. Accounting policies (continued)

#### Turnover

Turnover represents the invoiced value of services provided net of value added tax. Management 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, staff sale commissions and other fund related costs of sales.

#### Operating expenses

Operating expenses reflect costs attributable to wages and salaries, legal and professional, sales and marketing and other fund related operating expenses.

#### Leases

The Group and LLP assesses whether a contract is or contains a lease, at inception of a contract. The Group and LLP recognise a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low-value assets. For these leases, the Group and LLP recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the group under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

#### 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.

#### 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.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 2. Accounting policies (continued)

#### (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'.

#### Property, plant and equipment

Property, plant and equipment, 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 property, plant and equipment 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%	Fixtures and fittings	– 20.00% to 33.33%
Computer equipment	– 33.33%	Software development	– 33.33%

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.

#### Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful life. The useful economic lives of intangible assets are as follows:

#### Computer software – 3 years

If there is an indication that there has been a significant reduction in the fair value of an asset, the amortisation of that asset is amended accordingly.

#### 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 fair value at each balance sheet date. Gains and losses on re-measurement are recognised in profit or loss for the period.

#### Trade and other receivables

Trade and other receivables are initially measured as transaction price.

#### Cash

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

#### Trade and other payables

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 or LLP commit 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 or LLP 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 or LLP 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.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 2. Accounting policies (continued)

#### (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.

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

#### (c) Impairment

##### (i) Trade and other receivables

The Group and LLP assess, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and LLP apply the IFRS 9 simplified approach to measuring expected credit losses on trade and other receivables, which uses a lifetime expected loss allowance for all trade and other receivables and contract assets.

##### (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 Group, 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 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.

#### (a) Recognition and de-recognition

Financial liabilities 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.

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 Deed. Further members shall contribute upon admission to the LLP such capital as determined by the members.

No member can withdraw or receive back any part of their principal capital contribution account except for in specific circumstances as detailed in the Deed and approved by the members. 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.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 3. 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 judgements in applying the Group's accounting policies

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

- As the implicit interest rate in the Group's lease commitments cannot be determined, the Group has calculated its lease liabilities and, by extension, the initial recognition of right of use assets, using an incremental borrowing rate, further details of which are included in note 13.
- Additionally the Group has taken advantage of certain exemptions from retrospective application of international accounting standards to lease liabilities, as is discussed further in note 22. The principal impact of this is that the company's lease at the date of transition has been treated as if it were an operating lease despite that lease being economically similar to the Group's current leased offices. This means that the operating results and cash flows for the year ended 31 March 2022 are not directly comparable to those for 31 March 2021 in that lease costs in the former are split between depreciation charges and interest charges whereas in the latter they are treated as an operating lease cost. Similarly the balance sheet at 31 March 2020 does not include the remaining lease liabilities under the old lease which were paid in the year ended 31 March 2021.
- 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, if applicable. 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:

##### 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. Credit risk disclosures are provided in note 18.

### 4. Turnover

	2022	2021
	£'000	£'000
<b>Group turnover consists of:</b>		
<b>Recurring revenues</b>		
Management fees	32,725	30,488
Authorised corporate director fees	784	836
Rent collection fees	436	428
<b>Total recurring revenue</b>	<b>33,945</b>	<b>31,752</b>
<b>Non-recurring revenue</b>		
Initial fees	4,295	4,016
Dealing fees	2,443	1,546
Acquisition fees	1,490	1,750
<b>Total non-recurring revenue</b>	<b>8,228</b>	<b>7,312</b>
Other income	2,528	616
<b>Turnover</b>	<b>44,701</b>	<b>39,680</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 4. Turnover (continued)

Consequently, the Group derives revenue from the transfer of services over time and at a point in time as follows:

	2022 £'000	2021 £'000
At a point in time	10,756	7,928
Over time	33,945	31,752
	<b>44,701</b>	<b>39,680</b>

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

The principal components of revenue comprise management fees, Authorised Corporate Director fees, Rent Collection fees, Initial fees, Dealing fees and Acquisition fees.

Management fees and Authorised Corporate Director fees are generally based on a percentage of fund Net Asset Value ('NAV') as defined in the funds' Prospectus and/or offering documents.

Rent Collection fees are based on a percentage of the rent roll collected, as defined in the funds' Prospectus and/or offering documents.

Management, Authorised Corporate Director and Rent Collection fees are recognised over time to the extent that it is probable that there will be economic benefit and income can be reliably measured. This revenue is recognised over time on the basis that the customer simultaneously receives and consumes the economic benefits of the provided asset as the Group performs its obligations.

Dealing and Acquisition fees are generally based on a percentage of the capital raised, deal concluded or acquisition price of an asset or portfolio as defined in the funds' Prospectus and/or offering documents.

The initial fee is charged as an access fee to certain investments that meet the strategic needs of investors and is recognised at the point in time when the investor has successfully been given access to the relevant investment.

Other fees are based on the contract agreed before services are provided and are recognised in line with the delivery of the services provided.

Materially all fee income arises from the United Kingdom, the Isle of Man and the Channel Islands, which is considered to be a single geographical segment.

### 6. Operating profit

	2022 £'000	2021 £'000
<b>Group operating profit has been arrived at after charging:</b>		
Wages and salaries (note 6)	14,502	13,197
Depreciation of property, plant and equipment (note 12)	85	100
Depreciation of right-of-use asset (note 13)	430	50
Amortisation (note 14)	-	549
Auditor's remuneration (note 7)	150	142
Operating lease payments	26	536

Included within auditor's remuneration for audit services above is £34k (2021: £25k) payable to the auditors of the subsidiary entities.

### 6. Employees

	2022 £'000	2021 £'000
<b>Staff costs includes:</b>		
Wages and salaries	12,682	11,317
Social security costs	1,546	1,614
Pension	274	266
	<b>14,502</b>	<b>13,197</b>

The average number of employees during the year was 145 (2021: 128)

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 7. Auditors' remuneration

During the year, the group (including its overseas subsidiaries) obtained the following services from the company's auditors and its associates:

	2022	2021
	£'000	£'000
Fees payable to the company's auditors and its associates for the audit of LLP and consolidated financial statements	43	29
Fees payable to company's auditors and its associates for other services:		
Audit of the financial statements of the LLP's subsidiaries	34	25
Reporting work	40	39
Tax compliance services	33	32
Tax advisory services	-	17
	<b>150</b>	<b>142</b>

### 8. Interest payable

	2022	2021
	£'000	£'000
Bank interest payable	3	-
Interest on lease liabilities	48	7
	<b>51</b>	<b>7</b>

### 9. Taxation on profit on ordinary activities

	2022	2021
	£'000	£'000
Group foreign tax	5	12
Other taxes	-	(36)
<b>Total current tax charge</b>	<b>5</b>	<b>(24)</b>

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:

	2022	2021
	£'000	£'000
<b>Profit on ordinary activities before taxation</b>	<b>23,010</b>	<b>18,794</b>
Corporation tax in the UK of 19% (2021: 19%)	4,372	3,571
Effect of:		
Income taxed as members' personal tax	(4,367)	(3,595)
	<b>5</b>	<b>(24)</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 10. 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 Deed. Members are required to make their own provision for pensions and other benefits from their profit shares.

	2022	2021
	Number	Number
Average number of members	11	13
	£'000	£'000
Average profit per member	2,091	1,448
Entitlement of partner with largest profit share	10,465	7,872

### 11. Property, plant and equipment

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
At 1 April 2020	235	101	349	685
Additions	-	1	45	46
Disposals	-	-	-	-
Foreign exchange translation	(1)	(2)	(1)	(4)
At 31 March 2021	234	100	393	727
<b>Accumulated depreciation</b>				
At 1 April 2020	209	75	236	520
Depreciation provided	26	9	64	100
Disposals	-	-	-	-
Foreign exchange translation	(1)	(1)	(1)	(4)
At 31 March 2021	234	83	299	616
<b>Net book value</b>				
At 31 March 2021	-	17	94	111
At 31 March 2020	26	26	113	165

Group	Leasehold improvements	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
At 1 April 2021	234	100	393	727
Additions	-	1	126	127
Disposals	(1)	(8)	(21)	(30)
Foreign exchange translation	-	-	-	-
At 31 March 2022	233	93	498	824
<b>Accumulated depreciation</b>				
At 1 April 2021	234	83	299	616
Depreciation provided	-	9	76	85
Disposals	(1)	(8)	(21)	(30)
Foreign exchange translation	-	-	-	-
At 31 March 2022	233	84	354	671
<b>Net book value</b>				
At 31 March 2022	-	9	144	153
At 31 March 2021	-	17	94	111

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 11. Property, plant and equipment (continued)

Partnership	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	218	58	170	446
Additions	-	-	32	32
Disposals	-	-	-	-
At 31 March 2021	218	58	202	478
<b>Accumulated depreciation</b>				
At 1 April 2020	191	34	102	327
Depreciation provided	26	8	42	76
Disposals	-	-	-	-
At 31 March 2021	217	42	144	403
<b>Net book value</b>				
At 31 March 2021	-	16	58	75
At 31 March 2020	26	24	68	119

Partnership	Leasehold improvements £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
<b>Cost</b>				
At 1 April 2021	217	58	202	477
Additions	-	-	72	72
Disposals	-	-	-	-
At 31 March 2022	217	58	274	549
<b>Accumulated depreciation</b>				
At 1 April 2021	217	42	144	403
Depreciation provided	-	8	50	58
Disposals	-	-	-	-
At 31 March 2022	218	50	194	462
<b>Net book value</b>				
At 31 March 2022	-	8	79	87
At 31 March 2021	-	16	58	75

### 12. Leases

Amounts recognised in the balance sheet:

	2022 Group £'000	2022 Partnership £'000	2021 Group £'000	2021 Partnership £'000
<b>Right of use assets</b>				
Buildings	811	811	1,242	1,242
Equipment	-	-	-	-
	811	811	1,242	1,242

Additions to the right-of-use assets during 2022 financial year were £nil (2021: £1,291,436).

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 12. Leases (continued)

	2022 Group	2022 Partnership	2021 Group	2021 Partnership
	£'000	£'000	£'000	£'000
<b>Lease liabilities</b>				
Current	447	447	447	447
Non-current	278	278	690	690
	<b>725</b>	<b>725</b>	<b>1,137</b>	<b>1,137</b>

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

As the implicit interest rate in the lease could not be calculated an incremental borrowing rate has been utilised. As the group has no debt no third-party data was available to calculate this rate. A theoretical discount rate of 5% has been applied when calculating the lease liability.

#### Amounts recognised in the statement of profit or loss:

	2022 Group	2022 Partnership	2021 Group	2021 Partnership
	£'000	£'000	£'000	£'000
<b>Depreciation charge of right-of-use assets</b>				
Buildings	430	430	50	50
Equipment	-	-	-	-
	<b>430</b>	<b>430</b>	<b>50</b>	<b>50</b>
Interest expense	48	48	7	7
Expense relating to short-term leases	-	-	533	533
Expense relating to low value assets	26	26	2	2
Total operating lease costs	26	26	535	535

### 13. Intangible assets

Group	Computer software £'000
<b>Cost</b>	
At 1 April 2020	760
Additions	11
<b>At 31 March 2021 and 31 March 2022</b>	<b>771</b>
<b>Amortisation</b>	
At 1 April 2020	222
Amortisation provided	549
<b>At 31 March 2021 and 31 March 2022</b>	<b>771</b>
<b>Net book value</b>	
<b>At 31 March 2022</b>	<b>-</b>
<b>At 31 March 2021</b>	<b>-</b>
<b>At 31 March 2020</b>	<b>538</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 14. Investments

Group	2022 £'000	2021 £'000
<b>Cost and net book value</b>		
<b>At 1 April</b>	<b>334</b>	<b>311</b>
Investment made	-	31
Investment disposals	(313)	-
Losses on changes in fair value	(1)	(8)
<b>At 31 March</b>	<b>20</b>	<b>334</b>
<b>Analysed as:</b>		
Non-current	20	334
	<b>20</b>	<b>334</b>

Partnership	Subsidiaries £'000	Investments £'000	Total £'000
<b>Cost and net book value</b>			
<b>At 1 April 2020</b>	<b>2,382</b>	<b>297</b>	<b>2,679</b>
Investment made	-	31	31
Investment disposals	(1)	-	(1)
Gains/(losses) on changes in fair value	-	(14)	(14)
Provision against investment in subsidiary	(1,060)	-	(1,060)
<b>At 31 March 2021</b>	<b>1,321</b>	<b>314</b>	<b>1,635</b>
<b>Analysed as:</b>			
Non-current	1,321	314	1,635
	<b>1,321</b>	<b>315</b>	<b>1,635</b>

Partnership	Subsidiaries £'000	Investments £'000	Total £'000
<b>Cost and net book value</b>			
<b>At 1 April 2021</b>	<b>1,321</b>	<b>315</b>	<b>1,636</b>
Investment made	-	-	-
Investment disposals	-	(314)	(314)
Losses on changes in fair value	-	(1)	(1)
Provision against investment in subsidiary	-	-	-
<b>At 31 March 2022</b>	<b>1,321</b>	<b>-</b>	<b>1,321</b>
<b>Analysed as:</b>			
Non-current	1,321	-	1,321
	<b>1,321</b>	<b>-</b>	<b>1,321</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 14. 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
Alpha Real Capital France S.a.r.l.	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
Alternative Real Capital LLP *	England and Wales	100.00%	Fund management services
Alpha Property Lending LLP *	England and Wales	100.00%	Asset backed lending
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
ELIF GP S.a.r.l.	Luxembourg	100.00%	General partner to European Long Income Fund Sp SICAV-RAIF
ARC Finance Luxembourg S.a.r.l.*	Luxembourg	100.00%	Management Services

\* Dormant as at 31 March 2022

### 15. Trade and other receivables

	2022 Group £'000	2022 Partnership £'000	2021 Group £'000	2021 Partnership £'000	2020 Group £'000	2020 Partnership £'000
<b>Due after more than one year</b>						
Trade receivables	293	293	272	272	179	179
<b>Due within less than one year</b>						
Trade receivables	7,125	4,919	4,234	2,420	3,964	2,121
Other receivables	2,189	1,874	1,703	1,395	3,408	3,105
Prepayments and accrued income	833	544	465	189	940	604
Amount due from group undertakings	-	78	-	73	-	154
	<b>10,147</b>	<b>7,415</b>	<b>6,402</b>	<b>4,077</b>	<b>8,312</b>	<b>5,984</b>

### 16. Trade and other payables

	2022 Group £'000	2022 Partnership £'000	2021 Group £'000	2021 Partnership £'000	2020 Group £'000	2020 Partnership £'000
Trade payables	752	364	516	112	655	380
Other tax and social security	862	1,181	1,205	793	1,118	613
Other payables	1,691	109	998	160	694	190
Accruals and deferred income	3,943	1,425	3,656	1,333	3,973	1,489
Amount owed to group undertakings	-	1,737	-	2,270	-	1,886
	<b>7,248</b>	<b>4,816</b>	<b>6,375</b>	<b>4,668</b>	<b>6,440</b>	<b>4,558</b>

Amounts owed to group undertakings are interest-free and repayable on demand.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 17. Financial instruments and financial risk management

The Group's financial instruments which are carried at amortised cost at 31 March 2022 can be summarised as follows:

Group: at 31 March 2022	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	293	-	293
<b>Current assets</b>			
Trade receivables	7,125	-	7,125
Other receivables	2,189	-	2,189
Prepayments and accrued income	-	833	833
<b>Total assets</b>	<b>9,607</b>	<b>833</b>	<b>10,440</b>
<b>Non-current liabilities</b>			
Lease liabilities	(278)	-	(278)
<b>Current liabilities</b>			
Amounts due to members	(7,335)	-	(7,335)
Amounts due to non-controlling interests	(2,837)	-	(2,837)
Lease liabilities	(447)	-	(447)
Trade payables	(752)	-	(752)
Other tax and social security	-	(862)	(862)
Other payables	(1,691)	-	(1,691)
Accruals and deferred income	(3,944)	-	(3,944)
<b>Total liabilities</b>	<b>(17,284)</b>	<b>(862)</b>	<b>(18,146)</b>

The Group's financial instruments which are carried at amortised cost at 31 March 2021 can be summarised as follows:

Group: at 31 March 2021	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	272	-	272
<b>Current assets</b>			
Trade receivables	4,234	-	4,234
Other receivables	1,703	-	1,703
Prepayments and accrued income	-	465	465
<b>Total assets</b>	<b>6,209</b>	<b>465</b>	<b>6,674</b>
<b>Non-current liabilities</b>			
Lease liabilities	(690)	-	(690)
<b>Current liabilities</b>			
Amounts due to members	(4,360)	-	(4,360)
Amounts due to non-controlling interests	(2,384)	-	(2,384)
Lease liabilities	(447)	-	(447)
Trade payables	(516)	-	(516)
Other tax and social security	-	(1,205)	(1,205)
Other payables	(998)	-	(998)
Accruals and deferred income	(3,656)	-	(3,656)
<b>Total liabilities</b>	<b>(13,051)</b>	<b>(1,205)</b>	<b>(14,256)</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 17. Financial instruments and financial risk management (continued)

The Group's financial instruments which are carried at amortised cost at 31 March 2020 can be summarised as follows:

Group: at 31 March 2020	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	179	-	179
<b>Current assets</b>			
Trade receivables	3,964	-	3,964
Other receivables	3,408	-	3,408
Prepayments and accrued income	-	940	940
<b>Total assets</b>	<b>7,551</b>	<b>940</b>	<b>8,491</b>
<b>Current liabilities</b>			
Amounts due to members	(12,337)	-	(12,337)
Amounts due to non-controlling interests	(2,325)	-	(2,325)
Trade payables	(655)	-	(655)
Other tax and social security	-	(1,118)	(1,118)
Other payables	(694)	-	(694)
Accruals and deferred income	(3,973)	-	(3,973)
<b>Total liabilities</b>	<b>(19,984)</b>	<b>(1,118)</b>	<b>(21,102)</b>

Details of financial assets carried at fair value are included in note 14.

The LLP's financial instruments which are carried at amortised cost at 31 March 2022 can be summarised as follows:

LLP: at 31 March 2022	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	293	-	293
<b>Current assets</b>			
Trade receivables	4,919	-	4,919
Other receivables	1,874	-	1,874
Amounts due from group undertakings	78	-	78
Prepayments and accrued income	-	544	544
<b>Total assets</b>	<b>7,164</b>	<b>544</b>	<b>7,708</b>
<b>Non-current liabilities</b>			
Lease liabilities	(278)	-	(278)
<b>Current liabilities</b>			
Lease liabilities	(446)	-	(446)
Trade payables	(364)	-	(364)
Other tax and social security	-	(1,181)	(1,181)
Other payables	(109)	-	(109)
Accruals and deferred income	(1,425)	-	(1,425)
Amounts owed to group undertakings	(1,737)	-	(1,737)
<b>Total liabilities</b>	<b>(4,359)</b>	<b>(1,181)</b>	<b>(5,540)</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 17. Financial instruments and financial risk management (continued)

The LLP's financial instruments which are carried at amortised cost at 31 March 2021 can be summarised as follows:

LLP: at 31 March 2021	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	272	-	272
<b>Current assets</b>			
Trade receivables	2,420	-	2,420
Other receivables	1,395	-	1,395
Amounts due from group undertakings	73	-	73
Prepayments and accrued income	-	189	189
<b>Total assets</b>	<b>4,160</b>	<b>189</b>	<b>4,349</b>
<b>Non-current liabilities</b>			
Lease liabilities	(690)	-	(690)
<b>Current liabilities</b>			
Amounts due to members	(1,849)	-	(1,849)
Lease liabilities	(447)	-	(447)
Trade payables	(112)	-	(112)
Other tax and social security	-	(793)	(793)
Other payables	(160)	-	(160)
Accruals and deferred income	(1,333)	-	(1,333)
Amounts due to group undertakings	(2,270)	-	(2,270)
<b>Total liabilities</b>	<b>(6,861)</b>	<b>(793)</b>	<b>(7,654)</b>

The LLP's financial instruments which are carried at amortised cost at 31 March 2020 can be summarised as follows:

LLP: at 31 March 2020	Financial instruments £'000	Other £'000	Total £'000
<b>Non-current assets</b>			
Trade receivables	179	-	179
<b>Current assets</b>			
Trade receivables	2,121	-	2,121
Other receivables	3,105	-	3,105
Amounts due from group undertakings	154	-	154
Prepayments and accrued income	-	604	604
<b>Total assets</b>	<b>5,559</b>	<b>604</b>	<b>6,163</b>
<b>Current liabilities</b>			
Amounts due to members	(11,635)	-	(11,635)
Trade payables	(380)	-	(380)
Other tax and social security	-	(613)	(613)
Other payables	(190)	-	(190)
Accruals and deferred income	(1,489)	-	(1,489)
Amounts due to group undertakings	(1,886)	-	(1,886)
<b>Total liabilities</b>	<b>(15,580)</b>	<b>(613)</b>	<b>(16,193)</b>

Details of financial assets carried at fair value are included in note 14.



## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 17. Financial instruments and financial risk management (continued)

#### Financial risk management

The Group and the LLP are exposed to various financial risks arising directly from operations. However, the Group's and LLP's affairs are relatively straightforward and no derivative instruments are currently used to manage these risks.

#### Credit risk

The Group and LLP's cash is all held with banks with strong external credit ratings (range from A+ to BBB+) and the credit risk arising from these balances is not considered to be significant.

Credit risk exposure arises from cash and cash equivalents, which is measured using credit ratings and managed through diversification of counterparties, and trade and other receivables, which is primarily measured through ageing analysis. As the Group does not hold collateral against its trade and other receivables balance its aggregate exposure at 31 March 2022 was £9,607k (2021 – £6,209k; 2020 – £7,551k). The LLP's credit risk exposure at 31 March 2022 was £7,164k (2021 – £4,160k; 2020 – £5,559k).

The Group and LLP's credit loss provisions can be summarised as follows:

	2022 Group	2022 Partnership	2021 Group	2021 Partnership	2020 Group	2020 Partnership
	£'000	£'000	£'000	£'000	£'000	£'000
Gross trade receivables	7,521	5,212	4,252	2,420	4,143	2,300
Credit loss provision	(103)	-	(18)	-	-	-
<b>Net trade receivables</b>	<b>7,418</b>	<b>5,212</b>	<b>4,234</b>	<b>2,420</b>	<b>4,143</b>	<b>2,300</b>

#### Liquidity risk

Other than the Group's and LLP's trade and other receivables, all of which are short term and payable from the Group's and LLP's cash reserves and the realisation of short-term trade and other receivables, the Group's and LLP's only financial liabilities are its lease liabilities.

The undiscounted payments of these lease liabilities are as follows:

	2022 Group	2022 Partnership	2021 Group	2021 Partnership
	£'000	£'000	£'000	£'000
Within one year	460	460	460	460
Within one to two years	299	299	461	461
Within two to five years	-	-	298	298
In more than five years	-	-	-	-
Aggregate undiscounted payments	759	759	1,219	1,219
Impact of discounting	(34)	(34)	(82)	(82)
<b>Amounts recognised as a liability (note 13)</b>	<b>725</b>	<b>725</b>	<b>1,137</b>	<b>1,137</b>

The Group and LLP anticipate being able to meet these gross cash outflows through their future operating activities. Details of financing cash flows can be found in note 18.

#### Foreign currency risk

The group undertakes transactions denominated in foreign currencies, consequently exposures to exchange rate fluctuations arise. Given the small size of these transactions, there is no need for hedging to mitigate exchange rate exposures.

	2022 Group	2022 Group	2021 Group	2021 Group
	€'000	Rupees '000	€'000	Rupees '000
Financial assets	826	18,970	343	13,969
Financial liabilities	(130)	(5,309)	(115)	(5,309)
<b>Net</b>	<b>696</b>	<b>13,661</b>	<b>228</b>	<b>8,660</b>

#### Capital risk management

The group manages its capital to ensure that the entities in the group will be able to continue as going concerns. The group is subject to FCA capital requirements and has met all of those requirements throughout the period.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 18. Financing cash flows

The Group and LLP's financing cash flows can be summarised as follows:

Group	1 April 2021	Cash flows	Non-cash movements	31 March 2022
	£'000	£'000	£'000	£'000
<b>Financing cash flows</b>				
Lease liabilities	(1,137)	412	-	(725)
Capital Contribution	-	(10)	10	-
Amounts due to members	(4,360)	15,915	(18,890)	(7,335)
Amounts due to non-controlling interests	(2,384)	3,665	(4,117)	(2,836)
<b>Aggregate financing liabilities</b>	<b>(7,881)</b>	<b>19,982</b>	<b>(22,997)</b>	<b>(10,896)</b>

Group	1 April 2020	Cash flows	Non-cash movements	31 March 2021
	£'000	£'000	£'000	£'000
<b>Financing cash flows</b>				
Lease liabilities	-	155	(1,292)	(1,137)
Capital Repayment	-	1	(1)	-
Amounts due to members	(12,337)	23,282	(15,305)	(4,360)
Amounts due to non-controlling interests	(2,325)	3,440	(3,499)	(2,384)
<b>Aggregate financing liabilities</b>	<b>(14,662)</b>	<b>26,878</b>	<b>(20,097)</b>	<b>(7,881)</b>

LLP	1 April 2021	Cash flows	Non-cash movements	31 March 2022
	£'000	£'000	£'000	£'000
<b>Financing cash flows</b>				
Lease liabilities	(1,137)	412	-	(725)
Capital Contribution	-	(10)	10	-
Amounts due to members	(1,849)	15,915	(18,364)	(4,288)
<b>Aggregate financing liabilities</b>	<b>(2,986)</b>	<b>16,317</b>	<b>(18,354)</b>	<b>(5,023)</b>

LLP	1 April 2020	Cash flows	Non-cash movements	31 March 2021
	£'000	£'000	£'000	£'000
<b>Financing cash flows</b>				
Lease liabilities	-	155	(1,292)	(1,137)
Capital Repayment	-	1	(1)	-
Amounts due to members	(11,635)	23,283	(13,497)	(1,849)
<b>Aggregate financing liabilities</b>	<b>(11,635)</b>	<b>23,439</b>	<b>(14,789)</b>	<b>(2,986)</b>

Non-cash movements in respect of amounts due to members and non-controlling interests relate to profit allocations; those relating to lease liabilities arise from the initial recognition of lease liabilities and right-of-use assets on the inception of leases.

### 19. Ultimate controlling parties

At 31 March 2022, the ultimate controlling party was Philip S Gower OBE.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 20. Related party transactions

The Partnership recognises members and subsidiary partnerships with non-controlling interests 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.

Alpha Real Capital LLP ('ARC') provides property and investment management services to Alpha Real Trust Limited ('ART'). ARC partners own shareholdings in ART either directly or indirectly through shareholdings in Alpha Global Property Securities Fund PTE Limited ('AGPSF'). During the year property and investment management services totalling £2,282k (2021: £2,297k) were supplied to ART. At 31 March 2022, the balance of fees owed to ARC was £609k (2021: £581k).

AGPSF was previously a subsidiary of ARC but left the Group in December 2019 following the distribution of shares of AGPSF to the members of ARC. AGPSF remains a related party following this distribution.

During the year, ARC lent AGPSF a total of £nil (2021: £48k). During the year loans to AGPSF generated interest of £nil (2021: £8k). At 31 March 2022 £nil was due from AGPSF (2021: £nil).

### 21. First time adoption of International Accounting Standards

On adoption of international accounting standards, the only change to the Group's and LLP's financial reporting was the treatment of leases over the Group's and LLP's leasehold buildings.

Historically, as aggregate leasehold payments under the lease were significantly lower than the fair value of the leased building asset and the lease term was significantly shorter than the life of the leased asset, these had been treated as operating leases. Payments under the lease were recognised on a straight-line basis over the lease term. Under international standards the Group and LLP are required to bring the lease payments onto balance sheet with a corresponding right-of-use asset recognised.

In line with the transitional exemptions available under IFRS 1 from full retrospective application of the required lease accounting, the lease liability on the transition date of 1 April 2020 was assessed based on an assessment of whether arrangements contained a lease at that date and whether such leases qualified for exemption as short life or low value based on the payments subsequent to 1 April 2020. Additionally, the right-of-use asset was measured based on the lease liability arising at that date, but adjusted for prepayments and accruals recognised under the previous GAAP.

At 1 April 2020 the Group and LLP's only lease which was not subject to the low value exemption related to the Group and LLP's principal offices. However, at that date the lease agreement had less than twelve months to run, and was therefore subject to the short life exemption based upon the facts at 1 April 2020. Accordingly, no lease liability or right-of-use asset were recognised at 1 April 2020 and the remaining payments under the lease were expensed on a straight line basis to administrative expenses. The aggregate expense recognised in respect of this lease during the year ended 31 March 2021 was £533k. On entering into a new three-year lease over the leasehold premises in February 2021 a lease liability and right of use asset were recognised, which has impacted the statement of comprehensive income and statement of cash flows for the year ended 31 March 2021 and the balance sheet position at that date.

The impact of this change on previously reported financial statements was as follows:

#### Group

##### Performance for the year ended 31 March 2021

Group: 31 March 2021	UK GAAP £'000	Change £'000	IFRS £'000
<b>Revenue</b>	<b>39,678</b>	-	<b>39,678</b>
Cost of sales	(1,351)	-	(1,351)
<b>Gross profit</b>	<b>38,327</b>	-	<b>38,327</b>
Administrative expenses	(19,575)	5	(19,570)
<b>Operating profit</b>	<b>18,752</b>	<b>5</b>	<b>18,757</b>
Interest receivable	52		52
Interest payable	-	(7)	(7)
(Losses from changes in fair value of investments)	(8)	-	(8)
<b>Profit on ordinary activities before taxation</b>	<b>18,796</b>	<b>(2)</b>	<b>18,794</b>
Taxation on profit on ordinary activities	25	-	25
<b>Profit on ordinary activities after taxation</b>	<b>18,821</b>	<b>(2)</b>	<b>18,819</b>
<b>Profit for the financial year before members' remuneration and profit shares</b>	<b>18,821</b>	<b>(2)</b>	<b>18,819</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 21. First time adoption of International Accounting Standards (continued)

Group: 31 March 2021 (continued)	UK GAAP £'000	Change £'000	IFRS £'000
<b>Profit for the financial year before members' remuneration and profit shares attributable to:</b>			
Members as owners of the parent entity	15,306	(2)	15,304
Non-controlling interests	3,514	-	3,514
	<b>18,820</b>	<b>(2)</b>	<b>18,818</b>
Profit for the financial year before members' remuneration and profit shares	15,306	(2)	15,304
Members' profit share charged as an expense	(15,306)	2	(15,304)
<b>Result for the financial year available for discretionary division among the members</b>	<b>-</b>	<b>-</b>	<b>-</b>

In the year ended 31 March 2021 the Group recognised a depreciation charge of £49k in respect of right-of-use assets within administrative expenses and finance charges of £7k in respect of the lease liabilities. These two charges replaced derecognised operating lease costs of £54k in respect of capitalised leases. The net impact on profit before tax was, therefore, a reduction of £2k.

### Cash flows for the year ended 31 March 2021

Group: 31 March 2021	UK GAAP £'000	Change £'000	IFRS £'000
Net cash inflow from operating activities	21,056	155	21,211
Net cash generated used in investing activities	(37)	-	(37)
Net cash used in financing activities	(26,723)	(155)	(26,878)
<b>Decrease in cash</b>	<b>(5,704)</b>	<b>-</b>	<b>(5,704)</b>
Cash at start of the year	21,955	-	21,955
<b>Cash at end of the year</b>	<b>16,251</b>	<b>-</b>	<b>16,251</b>

While net cash flows are unchanged by the transition, £155k of cash flows relating to the Group's lease payments are classified as financing rather than operating cash flows as they relate to the payment of the Group's lease liabilities, which are deemed to be a financing liability.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 21. First time adoption of International Accounting Standards (continued)

#### Financial position at 31 March 2021

Under UK GAAP it was permissible to present amounts due to members and amounts due to non-controlling interests arising from undrawn profit allocations as part of members' interests in the bottom half of the statement of financial position. This was despite the fact that the Group did not have the unconditional right to refuse payment of these amounts. Under International Accounting Standards these amounts have to be shown within current liabilities. The UK GAAP numbers below have been amended to reflect this change in presentation.

Group: 31 March 2021	UK GAAP £'000	Change £'000	IFRS £'000
<b>Non-current assets</b>			
Property, plant and equipment	111	-	111
Right-of-use assets	-	1,242	1,242
Investments	334	-	334
Trade and other receivables	272	-	272
<b>Current assets</b>			
Trade and other receivables	6,509	(107)	6,402
Cash at bank and in hand	16,251	-	16,251
<b>TOTAL ASSETS</b>	<b>23,477</b>	<b>1,135</b>	<b>24,612</b>
<b>Non-current liabilities</b>			
Lease liabilities	-	(690)	(690)
<b>Current liabilities</b>			
Lease liabilities	-	(447)	(447)
Trade and other payables	(6,374)	-	(6,374)
Amounts due to members	(4,362)	2	(4,360)
Amounts due to non-controlling interests	(2,384)	-	(2,384)
<b>TOTAL LIABILITIES</b>	<b>(13,120)</b>	<b>(1,135)</b>	<b>(14,255)</b>
<b>NET ASSETS</b>	<b>10,357</b>	<b>-</b>	<b>10,357</b>

At 1 April 2020 the Group recognised a discounted liability of £1,137k in respect of payments under its leases (representing gross future payments of £1,218k). The right of use asset recognised during the year of £1,291k was reduced by depreciation of £49k giving rise to a net asset at 31 March 2021 of £1,242k. Prepayments in respect of the lease liabilities of £107k were derecognised. Accordingly, net assets at 31 March 2021 were reduced by £2k, which is equal to the impact on the performance statement for the year ended 31 March 2021 described above and reduced amounts due to members (which is now shown as a liability) by that amount. Accordingly, there is no overall impact on net assets.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 21. First time adoption of International Accounting Standards (continued)

#### LLP

##### Performance for the year ended 31 March 2021

LLP: 31 March 2021	UK GAAP £'000	Change £'000	2021 £'000
<b>Revenue</b>	<b>22,495</b>	<b>-</b>	<b>22,495</b>
Cost of sales	-	-	-
<b>Gross profit</b>	<b>22,495</b>	<b>-</b>	<b>22,495</b>
Administrative expenses	(9,011)	5	(9,006)
<b>Operating profit</b>	<b>13,484</b>	<b>5</b>	<b>13,489</b>
Interest receivable	17	-	17
Interest payable	(2)	(7)	(9)
(Losses) / gains from changes in fair value of investments	-	-	-
<b>Profit on ordinary activities before taxation</b>	<b>13,499</b>	<b>(2)</b>	<b>13,497</b>
Taxation on profit on ordinary activities	-	-	-
<b>Profit on ordinary activities after taxation</b>	<b>13,499</b>	<b>(2)</b>	<b>13,497</b>
<b>Profit for the financial year before members' remuneration and profit shares</b>	<b>13,499</b>	<b>(2)</b>	<b>13,497</b>

LLP: 31 March 2021	UK GAAP £'000	Change £'000	2021 £'000
<b>Profit for the financial year before members' remuneration and profit shares attributable to:</b>			
Members as owners of the parent entity	13,499	(2)	13,497
Non-controlling interests	-	-	-
	<b>13,499</b>	<b>(2)</b>	<b>13,497</b>
Profit for the financial year before members' remuneration and profit shares	13,499	(2)	13,497
Members' profit share charged as an expense	(13,499)	2	(13,497)
<b>Result for the financial year available for discretionary division among the members</b>	<b>-</b>	<b>-</b>	<b>-</b>

The adjustments to the LLP's performance statement were identical to those described for the Group.

##### Cash flows for the year ended 31 March 2021

LLP: 31 March 2021	UK GAAP £'000	Change £'000	IFRS £'000
Net cash inflow from operating activities	16,466	155	16,621
Net cash generated used in investing activities	(62)	-	(62)
Net cash used in financing activities	(23,284)	(155)	(23,439)
<b>Decrease in cash</b>	<b>(6,880)</b>	<b>-</b>	<b>(6,880)</b>
Cash at start of the year	17,887	-	17,887
<b>Cash at end of the year</b>	<b>11,007</b>	<b>-</b>	<b>11,007</b>

While net cash flows are unchanged by the transition, £155k of cash flows relating to the LLP's lease payments are classified as financing rather than operating cash flows as they relate to the payment of the LLP's lease liabilities, which are deemed to be a financing liability.



## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 21. First time adoption of International Accounting Standards (continued)

#### Financial position at 31 March 2021 – LLP

As with the Group, the UK GAAP numbers below reflect a change in presentation such that amounts due to members are treated as a current liability and deducted from net assets.

LLP: 31 March 2021	UK GAAP £'000	Change £'000	IFRS £'000
<b>Non-current assets</b>			
Property, plant and equipment	75	-	75
Right-of-use assets	-	1,242	1,242
Investments	1,635	-	1,635
Trade and other receivables	272	-	272
<b>Current assets</b>			
Trade and other receivables	4,184	(107)	4,077
Cash at bank and in hand	11,007	-	11,007
<b>TOTAL ASSETS</b>	<b>17,173</b>	<b>1,135</b>	<b>18,308</b>
<b>Non-current liabilities</b>			
Lease liabilities	-	(690)	(690)
<b>Current liabilities</b>			
Lease liabilities	-	(447)	(447)
Trade and other payables	(4,668)	-	(4,668)
Amounts due to members	(1,851)	2	(1,849)
<b>TOTAL LIABILITIES</b>	<b>(6,519)</b>	<b>(1,135)</b>	<b>(7,654)</b>
<b>NET ASSETS</b>	<b>10,654</b>	<b>-</b>	<b>10,654</b>

The adjustments to the LLP's financial position were identical to those described for the Group.

## Members and information

### Members

P Rose \*  
B J Bauman \*  
Rockmount ARC Limited \*  
K Devon-Lowe \*  
M Rattigan \*  
N Ashfield  
P Grant  
S Gardner  
T Pissarro  
E Palmer

\* Designated members

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