

Alpha UK Real Estate Fund

Data as at 30 December 2011. Published February 2012

Important notice: For professional advisers only

Investment objective

The Fund aims to deliver a high and stable income yield, together with the potential for capital appreciation, by investing in a diversified portfolio of UK commercial property.

Fund commentary

For the quarter to December 2011, the Net Asset Value for the Fund fell by 6.0% as weakening investor sentiment towards secondary assets, driven primarily by uncertainty in the wider economy, continued to impact the valuation of the Fund's property portfolio. Market conditions remained unsettled during the final quarter and the tapering growth in UK commercial property capital values seen over the course of 2011 dipped into negative territory towards the tail-end of the year, according to the IPD UK Quarterly Index. As macro-economic events and an uncertain outlook for 2012 impacted investor confidence during the year, despite an uptick in investment volumes during the fourth quarter, commercial property transaction levels overall remained low, especially in the secondary property sector. The majority of transactions that did occur resulted in the pricing for prime assets stabilising, while secondary asset values continued to weaken throughout the year.

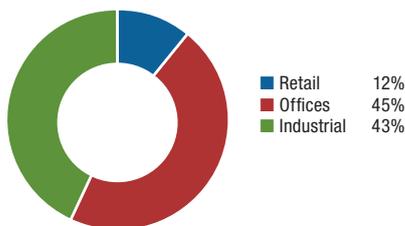
Within the Fund's property portfolio a weak underlying occupational market has made tenant retention challenging and has adversely affected the valuation of the Fund properties over the quarter. In particular, the regional office valuations within the portfolio have been impacted in areas where supply levels remain high and where the local employment markets continue to be challenging. The negative shift in valuation for the Fund's property has resulted in a capital return of -2.7% for the period. Therefore the total return of the property portfolio is -1.1% compared with the Quarterly IPD Universe total return of 1.4%. As seen in the previous quarter, income returns once again provided the bulk of the total return for the Fund contributing 1.7% over the quarter, this compares favourably against the Quarterly IPD benchmark income return of 1.4%.

The Investment Manager and the Asset Manager continued to work together during the quarter to complete a comprehensive review of the properties in the Portfolio. We have identified assets where, subject to obtaining planning consent, there is the potential to gain an uplift in valuation through conversion to an alternative use. The Asset Manager continues to focus on increasing the net income for the Fund and improving the profile of this income through lease extensions, renewals and reducing unrecoverable void costs.

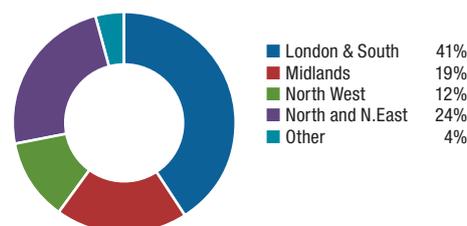
At the end of the quarter the Fund had a bank Loan to Value ("LTV") ratio of 60.0% compared with a bank covenant limit of 67.5%, while the Fund cashflow provided an interest cover of 2.4 times compared with a bank covenant limit of 1.2 times. The Fund is therefore complying with its lender's covenants. The bank loan facility continued to be amortised over the quarter and the intention remains to continue amortising the loan until the gearing is closer to 50% LTV. The gross initial yield on the portfolio remains high at 7.05% per annum compared with the IPD benchmark of 5.9% per annum.

As previously reported, in accordance with the resolutions approved by Shareholders at the Extraordinary General Meeting on 11 November, the following key changes have been made to the Fund: Alpha Real Capital LLP ("Alpha") was appointed as Investment Manager and Promoter of the Fund, the Fund name was changed to Alpha UK Real Estate Fund and the Fund entered into a convertible loan agreement to inject new capital of £7.5million into the Fund. In addition, it was agreed that the current suspension of redemptions would be lifted for a special Dealing Day on 30 December 2011 - total redemptions of £2.5million were made during January 2012. Following this special Dealing Day, the Board has resolved to continue the suspension of redemptions for a period of two years to 30 December 2013.

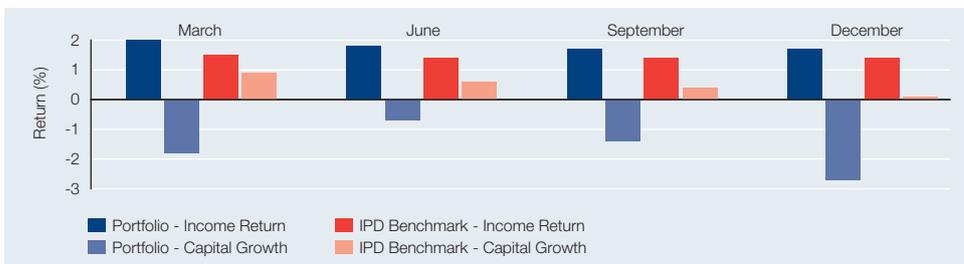
Portfolio sector split as at 31.12.2011



Portfolio geographic split as at 31.12.2011



Performance to December 2011



Important Notice: For Professional Advisers and Existing Holders only. **General Fund Information:** Issued in the UK by Alpha Real Capital LLP which is authorised and regulated by the Financial Services Authority. Please note that there is no guarantee that the Fund's investment objective will be achieved. The value of investments and the income from them may fall as well as rise and investors may not get back the original amount invested. Any past performance data cited is not a reliable indicator of future results. Alpha may source data from third party data providers but accepts no responsibility or liability for the accuracy of the data. Investors should carefully read all the risk warnings contained in the Prospectus. All documentation is available on request. This document does not constitute investment advice and potential investors are recommended to seek professional advice before investing. Calls to our offices may be recorded for monitoring purposes. **Specific Fund Information:** The underlying investments by the Fund consist wholly or substantially of real property and the value of the real property concerned will generally be a matter of the Valuer's opinion rather than fact and may fluctuate up or down. Investment in the Fund carries substantial risk. The nature of the underlying investments means that under certain market conditions, investors seeking to redeem their holdings may experience significant delays. In certain circumstances certain restrictions on the ability of investors to deal may be imposed. The Fund is considered suitable only for informed and experienced investors. **Fund Status:** The Alpha UK Real Estate Fund is structured as an open-ended investment company with variable capital (ICVC), and is authorised by the Central Bank of Ireland. The Fund is listed on the Irish Stock Exchange and prices can be found on www.ise.ie. In the UK, the Fund is classified as an unregulated collective investment scheme within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). As an unregulated collective investment scheme, the distribution and promotion of units are restricted by law, to persons who are themselves authorised under the FSMA or who otherwise fall within the categories or exceptions made under FSMA. Most or all of the protections provided by the UK regulatory system do not apply to investment in the Fund and compensation under the Financial Services Compensation Scheme will not be available, as such the Fund is considered suitable only for informed and experienced investors. **Liquidity:** The Fund has monthly dealing and a secondary market facility. Redemptions are currently suspended. **Prospectus Borrowing Limit:** While the Fund borrowing is within the bank loan facility LTV covenants it remains in breach of the Prospectus borrowing limit.

Issued February 2012. ODC2130.

Fund Information

Property portfolio value

£63.0 million as at 31 December 2011

Number of properties

27

Fund structure

Irish ICVC

Custodian

Northern Trust Fiduciary Services (Ireland) Limited

Administrator

Northern Trust International Fund Services (Ireland) Limited

Investment Manager and Promoter

Alpha Real Capital LLP

Asset Manager

Aberdeen Real Estates Operations Limited & Aberdeen Property Investors UK Limited

Launch date

28 February 2005

Borrowings

Bank Loan Facility Covenant:

No more than 67.5% Loan to Value of Properties (currently 60.0%)

Prospectus Limits:

No more than 100% of Net Asset Value (currently 188.0%)*
No more than 50% of Gross Asset Value (currently 65.0%)*

* Including the convertible loan provided by Alpha Tiger Property Trust Limited during the quarter.

Annual management charge

1.25% of Gross Asset Value

Fund benchmark

To outperform the IPD Universe benchmark over rolling three year periods.

Codes

ISIN: IE0032883427

SEDOL: 3288342

Prices (£) as at 31 December 2011

NAV per share: 0.38938

Offer NAV per share: 0.41293

Bid NAV per share: 0.38611

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