

# Alpha Pyrenees Trust Limited

15 January 2007

## ALPHA PYRENEES TRUST LIMITED

### PROPOSED RE-CLASSIFICATION OF THE COMPANY

### PROPOSED AMENDMENT TO THE COMPANY'S INVESTMENT POLICY

### NOTICE OF EXTRAORDINARY GENERAL MEETING

#### Summary

- Alpha Pyrenees Trust announces its intention, subject to Shareholder approval, to re-classify the Company's listing from that of a property investment company under Chapter 15 of the Listing Rules to that of an overseas company with a secondary listing under Chapter 14 of the Listing Rules and to make certain related changes to the Company's investment policy.
- The investment policy of the Company will continue to be to invest in a diversified portfolio of properties in France and Spain, focusing on commercial property, principally in the industrial, logistics, office and retail sectors.
- The UKLA has recently published a number of consultation papers which have, *inter alia*, considered the listing regime for property investment companies which is currently contained within Chapter 15 of the Listing Rules – "Investment Entities". Given the introduction of legislation relating to REITs in the UK, which became effective on 1 January 2007, and the response received to one of the UKLA's consultation papers, the UKLA is proposing to introduce some major changes to Chapter 15 of the Listing Rules.
- As a result of these amendments it is proposed to amend the Company's investment policy to align it more closely with REIT legislation.
- Along with these changes, the UKLA has also recently, in a consultation paper, clarified the rules relating to overseas companies. Overseas companies (which include companies incorporated in the Channel Islands) are now able to list on the Official List with only a secondary listing, under Chapter 14 of the Listing Rules, without having to have a primary listing in another jurisdiction.
- Given the proposed changes will not be implemented until the third quarter of 2007, the Board believes it to be in the Company's best interest to pro-actively seek the Re-classification now, rather than to wait for the proposed changes to be implemented.
- The Re-classification will allow the Company to purchase the remaining 23 per cent. economic interest in the €124.5 million French business park acquisition which was announced on 27 December 2006.
- The Re-classification is conditional on Shareholder approval. A circular will be posted to shareholders today, containing full details of the Re-classification and related matters and convening an Extraordinary General Meeting on 5 February 2007 to seek the approval of Shareholders.

**Richard Kingston**, Chairman of Alpha Pyrenees Trust commented: *"We are delighted to announce the Company's intention to re-classify its listing under the Listing Rules. This pro-active move by the Company will align more closely the Company's investment policy with the REIT legislation and provide added flexibility to the Company in achieving its investment objectives, including being fully invested by the end of 2007. The Re-*

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*classification will allow the Company to purchase the remaining 23 per cent economic interest in the €124.5 million French business park acquisition which was announced on 27 December 2006. On completion of this acquisition the Company will have invested or committed to invest over €250 million in over 185,000 square metres (approximately 2 million square feet) of commercial real estate in France and Spain at an average yield of 7.2%.”*

This summary should be read in conjunction with the full text of this announcement.

Copies of the Circular have been submitted to the UK Listing Authority and will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility, which is situated at:

Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Tel no: +44 (0) 20 7066 1000

#### **ENQUIRIES:**

**Alpha Real Capital**  
**Phillip Rose, Chief Executive**

020 7591 1609

**Kinmont**  
**John O'Malley**

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**Nick Wells**

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**ALPHA PYRENEES TRUST LIMITED**

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**NOTICE OF EXTRAORDINARY GENERAL MEETING**

## **Introduction**

Alpha Pyrenees Trust announces its intention, subject to Shareholder approval, to re-classify the Company's listing from that of a property investment company under Chapter 15 of the Listing Rules to that of an overseas company with a secondary listing under Chapter 14 of the Listing Rules and to amend the Company's investment policy.

The Board believes that the added flexibility and speed to completion of property investments by the Company that the Re-classification will provide will assist the Company in achieving its stated investment objectives, which include being fully invested by the end of 2007.

Given the introduction of legislation relating to REITs in the UK, which became effective on 1 January 2007, and the responses received to one of the UKLA's consultation papers, the UKLA is proposing to introduce some major changes to Chapter 15 of the Listing Rules.

As a result of these amendments, it is proposed to amend the Company's investment policy to align it more closely with REIT legislation.

The Re-classification amounts to a material change to the Company's investment policy and therefore requires, and is conditional upon Shareholder approval, in accordance with the Listing Rules.

Shareholders will today be sent a circular setting out details of the proposed Re-classification and a notice convening an Extraordinary General Meeting for Monday, 5 February 2007.

## **Background to and reasons for the Proposal**

The UKLA has recently published a number of consultation papers which have, *inter alia*, considered the listing regime for property investment companies which is currently contained within Chapter 15 of the Listing Rules – "Investment Entities". Given the introduction of legislation relating to REITs in the UK, which became effective on 1 January 2007, and the responses received to one of the UKLA's consultation papers, the UKLA is proposing to introduce some major changes to Chapter 15 of the Listing Rules.

The proposed changes, if implemented, will result in Chapter 15 of the Listing Rules moving from a rules-based regime to a principles-based regime. The UKLA believes that this will provide a more modern and flexible platform that will give investment entities greater choice in selecting their investment objectives and strategies. It is currently expected that the Listing Rules will be amended in the third quarter of 2007.

Along with these changes, the UKLA has also recently, in a consultation paper, clarified the rules relating to overseas companies. Overseas companies (which include companies incorporated in the Channel Islands) are now able to list on the Official List with only a secondary listing, under Chapter 14 of the Listing Rules, without having to have a primary listing in another jurisdiction.

Given the fact that the proposed changes to the Listing Rules will not be implemented until the third quarter of 2007, the Board believes it to be in the Company's best interest to pro-actively seek the Re-classification now, rather than to wait for the proposed changes to be implemented. The Re-classification will provide the Company with maximum flexibility to operate within its amended investment policy, which is described in detail in the Circular and which is proposed to be amended to align it more closely with the REIT legislation. The Re-classification will also enable the Company to complete certain transactions without the requirement to seek Shareholder approval whilst retaining on a modified basis some of the investment restrictions from Chapter 15 of the Listing Rules.

### **Effects of the Re-classification on the Company's obligations under the Listing Rules**

The effect of the Re-classification is that the provisions of Chapters 7 to 13 (inclusive) and Chapter 15 of the Listing Rules will cease to apply to the Company. A summary of these provisions is set out in the Circular.

Shareholders should note that, amongst other things, the 15 per cent. limit on the proportion that any single property can constitute of the total assets of the Company and the 20 per cent. limit on the proportion that income from any single tenant (or tenants within the same group) can contribute to the total income of the Company in any financial year, which are both required in accordance with Chapter 15 of the Listing Rules, will cease to apply to the Company following the Re-classification.

Instead, the Company will be required to comply with the more limited requirements of Chapter 14 of the Listing Rules, which are also summarised in the Circular.

### **Investment policy and applicable investment restrictions in the future**

The investment policy of the Company will continue to be to invest in a diversified portfolio of properties in France and Spain focusing on commercial property, principally in the industrial, logistics, office and retail sectors.

Following the Re-classification, the Company will no longer be required to comply with the prescriptive requirements of Chapter 15 of the Listing Rules. Given this, the Board believes that certain investment principles should be included in the investment policy in the future. The adoption of new investment principles represents a material change to the Company's investment policy. Given the introduction of legislation in relation to REITs, effective from 1 January 2007, the Board believes it is appropriate to align more closely the Company's investment principles with those of the REIT requirements. The proposed new investment principles to be adopted on Re-classification are set out in further detail in the Circular.

### **Additional Shareholder protections to be retained**

In addition to the Company's investment policy and the Shareholder protections included in the Articles, the Board has also considered Chapters 7 to 13 (inclusive) of the Listing Rules and believes that certain protections to be included within these Chapters should still be complied with, where possible, on a voluntary basis. These are set out in detail in the Circular.

## Current opportunity

The Company announced on 27 December 2006 that it had acquired a 77 per cent. economic interest in a 77,000 square metre business park in France, comprising 20 office, warehouse and research and development buildings, and that it has secured a call option, and granted a put option, to acquire the remaining 23 per cent. of the economic interest in the business park at a pre-determined price. If Shareholder approval for the Re-classification is received, the Board intends to proceed with acquiring the remaining 23 per cent. as soon as possible thereafter. The acquisition of the remaining 23 per cent. will, once complete, mean that this business park will comprise approximately 19 per cent. of the Company's expected gross assets, once fully invested.

## Notice of Re-classification

The Company is required to give 20 business days notice of the Re-classification. This announcement should be treated as such notice and Shareholders should therefore note that, if the Re-classification is approved by Shareholders, it is expected that it will become effective on 13 February 2007.

## Conclusion

Given the impending changes to Chapter 15 of the Listing Rules, the Board believes it to be in the Company's best interests to proceed with the Re-classification as this will provide the Company with maximum flexibility to operate within its investment policy and will allow the Company to complete certain transactions without the requirement to seek Shareholder approval whilst retaining, on a modified basis, some of the investment restrictions from Chapter 15 of the Listing Rules.

The Board believes that the added flexibility and speed to completion of investments that the Re-classification will provide will assist the Company in achieving its investment objectives. The Board has consulted with the Investment Manager who unequivocally supports the Re-classification and also believes it to be in the best interests of the Company and the Shareholders.

## Recommendation

The Board believes that the Proposal is in the best interests of Shareholders as a whole and unanimously recommends that Shareholders approve the Proposal by voting in favour of the Resolution to be proposed at the Extraordinary General Meeting, as each Director intends to do in respect of his or her beneficial holdings, which in aggregate amount to 265,000 ordinary shares, representing approximately 0.21 per cent. of the issued share capital.

## ENQUIRIES:

**Alpha Real Capital**  
**Phillip Rose, Chief Executive**

020 7591 1609

**Kinmont**  
**John O'Malley**

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**Cenkos**  
**Nick Wells**

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BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, and Kinmont Limited, both of whom are authorised by the Financial Services Authority, are acting for the Company, as sponsor and financial adviser respectively, and for no one else in connection with the Proposal and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for providing advice in relation to the Proposal.

## NOTES TO EDITORS:

### **ABOUT ALPHA REAL CAPITAL**

Alpha Real Capital is a value-adding international property fund management group with operations in both the French and Spanish real estate markets. Alpha Real Capital was established by Phillip Rose and Sir John Beckwith.

**Phillip Rose** has 25 years' experience in the real estate, funds management and banking industries in Europe, the USA and Australasia. He has been Head of Real Estate for ABN AMRO Bank, Chief Operating Officer of European shopping centre investor and developer TrizecHahn Europe (where he was responsible for a €1 billion European investment and development programme from 1999-2000), Managing Director of Lend Lease Global Investment where, during his tenure from 1994 to 1999, he was responsible for managing European property investments and Executive Manager of listed fund General Property Trust. He is currently a non-executive director of Great Portland Estates and a member of the Management Committee of the Hermes Property Unit Trust.

**Sir John Beckwith** has been involved in property investment and other investment for his entire working life. He founded London & Edinburgh Trust PLC ("LET") in 1971 where he was Chairman and Chief Executive Officer and developed it into one of the top ten listed real estate companies in the UK. Following the sale of LET, he established Pacific Investments through which he founded a number of successful asset management businesses, including Liontrust Asset Management and Thames River Capital.

Alpha Real Capital is the Investment Manager to Alpha Pyrenees Trust.

Alpha Real Capital's European Funds Director, Paul Cable, is Fund Manager to Alpha Pyrenees Trust.

**Paul Cable** has 27 years' experience in the real estate and banking industries in the UK, Europe and the Far East and was previously responsible for Sir John Beckwith's property investment activities in France and Spain for six years.

Further information is available at [www.alpharealcapital.com](http://www.alpharealcapital.com) including contact details for Alpha Real Capital's UK, French and Spanish offices.

### **ABOUT ALPHA PYRENEES TRUST**

Alpha Pyrenees Trust is a Guernsey registered closed-ended investment company investing in French and Spanish commercial real estate.

## **Investment Strategy**

The strategy of the Company is to invest in a diversified portfolio of properties in France and Spain, focusing on commercial property in the industrial, logistics, office and retail sectors. Alpha Real Capital believes that there will be capital growth opportunities in the portfolio through income growth, active asset management and yield compression.

## **Directors**

The Directors of the Company, all of whom are non-executive, are responsible for the implementation of the investment policy of the Company and the overall supervision of the Group's activities. The Board consists of:

**Richard Kingston (Chairman)**  
**Christopher Bennett**  
**David Jeffreys**  
**Phillip Rose**  
**Serena Tremlett**

**Richard Kingston** was an executive director of Slough Estates Plc, one of the largest London Stock Exchange listed property companies. He was responsible for Group Finance at Slough Estates Plc for nine years, and chairman of their continental European real estate activities. He was a non-executive director of Mersey Docks and Harbour Company and is a qualified Chartered Accountant.

## APPENDIX: DEFINITIONS

References in this announcement to statutes or government agencies are, unless specifically stated otherwise, to statutes or government agencies in the UK. The following definitions apply throughout this announcement unless the context requires otherwise:

“Alpha Pyrenees Trust” or the “Company”	Alpha Pyrenees Trust Limited
“Articles”	the articles of association of the Company
“Board” or “Directors”	the directors of the Company for the time being
“business day”	any day where banks in London and Guernsey are open for business (excluding Saturdays and Sundays)
“Circular”	the circular to shareholders, dated 15 January 2007 setting out details of the Proposal
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 5 February 2007, notice of which is set out at the end of the Circular, or any reconvened meeting following adjournment thereof
“Investment Manager” or “Alpha Real	Alpha Real Capital LLP, investment manager to the Capital” Company
“Listing Rules”	the listing rules made pursuant to Part VI of FSMA to be amended on 20 January 2007 by the Transparency Obligations Directive (Disclosure and Transparency Rules) Instrument 2006
“Official List”	the Official List of the UK Listing Authority
“ordinary shares”	ordinary shares of no par value in the capital of the Company
“Proposal” or “Re-classification”	the proposed re-classification of the Company’s listing from that of a property investment company listed under Chapter 15 of the Listing Rules to that of an overseas company listed under Chapter 14 of the Listing Rules including the amendments to the Company’s investment policy described under the heading “Investment policy and applicable investment restrictions in the future” in the letter from the Chairman of Alpha Pyrenees Trust set out in Part 1 of the Circular
“REITs”	UK Real Estate Investment Trusts being companies to which Part IV of the Finance Act 2006 applies
“Resolution”	the resolution to be proposed at the Extraordinary General Meeting
“Shareholders”	holders of ordinary shares

“UKLA” or “UK Listing Authority”

the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

“UK” or “United Kingdom”

United Kingdom of Great Britain and Northern Ireland.

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