

# Alpha Pyrenees Trust Limited

**14 AUGUST 2009**

**ALPHA PYRENEES TRUST LIMITED  
("ALPHA PYRENEES TRUST" OR THE "TRUST")**

**ALPHA PYRENEES TRUST POSTS RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2009:**

**NET ASSET VALUE IS 44.2p PER SHARE (ADJUSTED)**

**DIVIDEND PAID AND DECLARED FOR THE HALF YEAR ENDED 30 JUNE 2009 OF 3.5p PER SHARE**

Alpha Pyrenees Trust Limited, the property company investing in commercial real estate in France and Spain, today posts its results covering the half year from 1 January 2009 to 30 June 2009.

The Trust announced adjusted earnings of £2.5 million for the period together with the declaration of a further dividend of 1.75p per share in respect of the second quarter. The Trust has now paid and declared 3.5p per share for the half year to 30 June 2009.

**Highlights of the period to 30 June 2009 include:**

- Current portfolio valuation yield of 8.6%
- 85% of rental income comes from Grade A tenants
- Weighted average lease length of 8.0 years to expiry and 4.5 years to next break
- Lease extensions and new leases covering approximately 31,000 square metres achieved during period
- Net leverage of 73.6% after cash of £16.8 million; weighted average loan to value covenants of 86.6%
- All debt fixed long term at a weighted average interest rate of 5.26% per annum; 91% of debt matures in 2015 and remainder in 2013
- NAV (adjusted) of 44.2p per share as at 30 June 2009
- Adjusted earnings of £2.5 million for the six months to 30 June 2009 (adjusted earnings per share of 2.1p)
- Dividend of 1.75p paid for the quarter to 31 March 2009 and a further dividend of 1.75p declared for the quarter to 30 June 2009

**Dick Kingston, Chairman of Alpha Pyrenees Trust, commented:**

*"The effects of the credit crunch and recession have created a more challenging leasing environment for the Trust characterised by higher vacancy and generally longer re-leasing periods. In such circumstances, management emphasis in the period has been principally focused on the extension of lease terms and to the re-leasing of vacant units within the portfolio. The Board are pleased to note the important progress achieved on this front. The economic outlook makes predicting the timing and level of re-leasing of the Trust's remaining vacant units unusually difficult and the Board has taken into consideration the changes in market conditions and the progress on leasing and other initiatives that are currently being pursued in its decision to maintain the dividend for the period under review. The Board recognizes it is desirable to broadly align dividends with earnings and will therefore keep the dividend policy under review in the next quarter in the light of progress on these initiatives."*

# Alpha Pyrenees Trust Limited

**Paul Cable, Fund Manager, Alpha Real Capital, commented:**

*“The Trust owns a diversified portfolio of properties focused on the French property market which represents 90% of the portfolio by value and where market conditions remain relatively defensive compared to many other European markets. 85% of the portfolio’s rental income derives from Grade A tenants which provides the Trust with significant insulation from the effects of the recession on weaker covenants. The Trust has adopted a conservative strategy, focusing on maximising the income and security of its established portfolio while conserving its cash resources so as to be in a position to take advantage of opportunities as they arise.”*

**Contact:**

**Dick Kingston**

Chairman, Alpha Pyrenees Trust  
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**Paul Cable**

Fund Manager, Alpha Real Capital  
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For more information on the Trust, including the Half Year Report which will be available this morning, please visit [www.alphapyreneestrust.com](http://www.alphapyreneestrust.com).

For more information on the Trust’s Investment Manager please visit [www.alpharealcapital.com](http://www.alpharealcapital.com).

**FORWARD-LOOKING STATEMENTS**

This Half Year Report contains forward-looking statements which are inherently subject to risks and uncertainties because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements. Forward-looking statements are based on the Board’s current view and information known to them at the date of this statement. The Board does not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this Half Year Report should be construed as a profit forecast.

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# Alpha Pyrenees Trust Limited

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**ALPHA PYRENEES TRUST LIMITED**

**Results for the period ended 30 June 2009**

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# Alpha Pyrenees Trust Limited

## Trust summary and objective

### Objective

Alpha Pyrenees Trust Limited (“the Trust” or “the Company” or “Alpha Pyrenees”) invests in commercial property in France and Spain with inflation-indexed rents that will provide an income return to investors as well as the potential for capital growth.

### Dividends

Dividends are paid quarterly.

### Listing

The Trust is a closed-ended Guernsey registered investment company which has been declared under the relevant legislation to be an Authorised Closed-Ended Collective Investment Scheme. Its shares are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange.

### Management

The Trust’s Investment Manager is Alpha Real Capital LLP (“the Investment Manager”). Control of the Trust rests with the non-executive Guernsey-based Board of Directors.

### ISA/PEP/SIPP status

The Trust’s shares are eligible for Individual Savings Accounts (ISAs), Personal Equity Plans (PEPs) and Self Invested Personal Pensions (SIPPs).

## Financial highlights

	Half year ending 30 June 2009	Year ending 31 December 2008 (restated)	Half year ending 30 June 2008 (restated)
Net asset value (adjusted) (£'000)*	51,990	73,310	103,954
Net asset value per ordinary share (adjusted)*	44.2p	62.4p	88.5p
Net asset value per ordinary share	26.3p	55.5p	88.0p
Earnings per share (adjusted - basic & diluted)**	2.1p	4.7p	2.9p
Earnings per share (basic & diluted)	(17.5)p	(54.4)p	(13.4)p
Dividend per share (proposed and paid)	3.5p	7.0p	3.5p

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The net asset value and net asset value per ordinary share have been adjusted for the fair value mark-to-market revaluation of the currency swap and interest rate swap derivatives and the deferred tax provisions; full analysis is given in note 10 to the accounts.

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The adjusted earnings per share includes adjustments for the effect of the fair value mark-to-market revaluation of the properties, currency swap and interest rate swap derivatives and the deferred tax provisions and rental guarantee income. The adjusted earnings per share are now stated after adjustment for foreign exchange gains and losses and prior year disclosures have been restated; full analysis is given in note 9 to the accounts.

## Chairman's Statement

### Objectives

The Trust invests in higher-yielding properties in France and Spain, focusing on commercial property in the office, industrial, logistics and retail sectors.

The Trust seeks to provide shareholders with a regular, secure dividend stream whilst also having the potential for capital growth in the long term from a combination of rent increases (leases are typically indexed to increase in line with inflation) and active asset management.

The Trust seeks to diversify risk by investing in a portfolio spread of properties across different property sectors with a variety of tenants.

### Finance

Due to uncertainty in financial markets and the current downward trend in property valuations, focus remains on leverage within property companies. As at 30 June 2009 the Trust has net leverage of 73.6% (taking into account cash of £16.8 million). The Trust has total borrowings of £207.3 million (€243.7 million) as at 30 June 2009 under its facilities with Barclays Bank Plc.

The key features of the Trust's debt facilities are:

- Long term maturities
  - French facility (91% of debt) matures in 2015; and
  - Spanish facility (9% of debt) matures in 2013.
- All interest rates are fixed to maturity at a weighted average rate of 5.26% per annum.
- Interest cover ratio (ICR) should not fall below 110% - weighted average ICR over the six months to 30 June 2009 was 168%.
- Next loan to value testing dates
  - February 2012 for the French facility (with the exception of the Alcatel-Lucent property which is tested annually in February); and
  - February 2010 for the Spanish facility.
- Loan to value of mortgaged property at testing date should not exceed 87.5% on a country portfolio basis (with the exception of the Alcatel-Lucent property where it should not exceed 85% - currently 75%). The weighted average loan to value covenant is 86.6%.
- The French (€221 million) and Spanish (€22.7 million) facilities are independent and are not cross-collateralised.

The Trust holds £16.8 million of cash and un-mortgaged properties with a value of £12.5 million (€14.7 million) as at 30 June 2009 providing it with the financial resources to manage adjustments to the facilities if necessary. Recent developments relevant to the Spanish facility are discussed in the Property Review.

Currency hedge instruments are in place that significantly protect the conversion of the shareholders' original equity back to Sterling.

# Alpha Pyrenees Trust Limited

## Management activity

The Trust continues to adopt a cautious approach and there have been no further acquisitions or additional debt incurred since December 2007.

Management emphasis during the first half of the year has been principally focused on asset management within the existing portfolio with particular emphasis on the extension of lease terms where breaks are imminent thereby securing the Trust's income. The Board are pleased to note the important progress achieved on this front during the period most notably at the Athis Mons and Cordoba properties. During the period lease extensions or new leases were achieved on a total of approximately 31,000 square metres representing around 12% of the portfolio by area. Further detail on asset management progress appears in the Property Review.

## Results and dividend

Results for the period show adjusted earnings of £2.5 million and adjusted earnings per share of 2.1p (note 9).

The effects of the credit crunch and recession have created a more challenging leasing environment for the Trust characterised by higher vacancy and generally longer re-leasing periods. Despite significant asset management, lease extensions and new leasing in the period, the Trust currently has vacant space with an estimated rental value of approximately €2.8 million and the economic outlook makes predicting the timing and level of re-leasing that will be achieved unusually difficult. The Trust's earnings have also been constrained by the strategic decision to retain substantial cash reserves (£16.8 million), which earn an unusually low rate of return at present, in order to maximise the Trust's future flexibility, including the ability to take advantage of investment opportunities when market conditions stabilise.

The Board has taken into consideration the above changes in market conditions and progress on leasing and other initiatives that are currently being pursued.

The Board has decided to maintain the dividend for the period under review. Accordingly, the dividend of 1.75p for the second quarter will be payable to the shareholders on the register as of 18 September 2009 and will be paid on 12 October 2009. This brings the total dividend for the period to 30 June 2009 to 3.5p per share.

The Board recognises it is desirable to broadly align dividends with earnings and will therefore keep the dividend policy under review in the next quarter in the light of progress on the initiatives mentioned above.

## Revaluation and Net Asset Value

Investment properties are included in the balance sheet at an independent valuation of £258.8 million (€304.3 million) providing an average valuation yield across the portfolio of 8.6% as at 30 June 2009.

The portfolio totals approximately 262,000 square metres (approximately 2.8 million square feet) and many of the tenants are well known companies belonging to large groups with strong covenants such as, Alcatel-Lucent, Aldi, BNP Paribas, Carrefour, Credit Lyonnais, Dai Nippon Printing, GlaxoSmithKline, Husqvarna, KDI, La Poste, MediaMarkt, McDonalds, Norauto, OCP, Plastic Omnium, Saint Gobain, UPS and Vinci Group. Grade A tenants also include government or quasi-government bodies and together the rent from such tenants accounts for 85% of the Trust's rental income.

The weighted average lease length within the portfolio is currently 8.0 years to expiry and 4.5 years to the next break.

The adjusted net asset value per ordinary share is 44.2p (note 10); this compares to 62.4p as at 31 December 2008, a decrease of 18.2p for the period. The movement is mainly due to revaluation of the Trust's investment portfolio which showed a decrease in value of £22.9 million (approximately 19.5p per share) as at 30 June 2009 compared to 31 December 2008.

# Alpha Pyrenees Trust Limited

## Portfolio Summary

Country	Property	Sqm	Description	Valuation £m	Valuation €m
France	Villarcieux-Nozay	78,800	Business park	105.9	124.5
France	Aubervilliers	8,750	Offices	17.7	20.8
France	Goussainville	20,500	Warehouse and offices	14.4	16.9
France	Champs sur Marne	5,930	Offices	12.7	14.9
France	St Cyr L'Ecole	6,340	Offices	10.4	12.2
France	Athis Mons	23,280	Logistics with offices	9.8	11.5
France	Aubergenville	27,700	Logistics	9.5	11.2
France	Mulhouse	5,250	Offices	8.9	10.5
France	Evreux	14,130	Logistics with offices	8.6	10.1
France	Gennevilliers	3,330	Offices with light industrial	7.5	8.9
France	Roissy-en-France	7,800	Offices and warehouse	6.8	8.0
France	Nimes	3,100	Offices and retail	5.9	7.0
France	Ivry-sur-Seine	7,420	Warehouse and offices	5.8	6.8
France	Fresnes	6,540	Warehouse and offices	4.5	5.3
France	Vitry-sur-Seine	5,180	Warehouse and offices	4.2	4.9
Spain	Córdoba	16,880	Retail park	15.3	18.0
Spain	Zaragoza	9,520	Warehouses	4.3	5.0
Spain	Écija	5,950	Shopping centre	3.4	4.0
Spain	Alcalá de Guadaíra	5,700	Shopping centre	3.2	3.8
<b>Total</b>		<b>262,100</b>		<b>258.8</b>	<b>304.3</b>

## Market outlook

- Leasing activity in the French and Spanish markets has reduced over the period reflecting difficult economic conditions, although the Trust achieved lease extensions and new leases on 31,000 square meters (12% of its portfolio) in the period.
- Vacancy rates in our occupational markets are likely to rise, however, in the Paris region, where the majority of the Trust's portfolio is situated, office vacancy remains low at 6.1% and significant oversupply appears unlikely in the medium term.
- There is an increased risk of tenant defaults in this difficult economic environment, although the Trust's portfolio with 85% of current income from Grade A tenants is significantly insulated from weaker covenants.
- A lower level of future indexation is anticipated reflecting subdued economic activity.

Against this more challenging background the Trust has completed a number of successful lease extensions and new leases in the period, all in line with market rents.

## Summary

- The Trust is well positioned to generate strong cashflows from its high-yielding, quality-tenanted property portfolio.

# Alpha Pyrenees Trust Limited

- The Trust owns a diversified freehold portfolio of properties totalling £258.8 million (€304.3 million) with an average valuation yield of 8.6% at the June valuation.
- All the Trust's leases are subject to annual index-linked rent reviews though the Trust anticipates that future increases will moderate from those seen in recent years.
- 85% of the Trust's rental income comes from Grade A tenants with a strong capacity to pay.
- The Trust's current average lease length is 8.0 years to expiry and 4.5 years to the next break.
- All debt is fixed at a weighted average interest rate of 5.26% per annum to maturities of 2015 (91% of debt) and 2013 (9%).
- The Trust's cash reserves of £16.8 million leave it well positioned to take advantage of opportunities.

**Dick Kingston**  
**Chairman**  
13 August 2009

## **Statement of Directors' Responsibilities**

The Directors confirm that this condensed set of financial statements has been prepared in accordance with IAS34 as adopted by the European Union, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8.

The Directors of Alpha Pyrenees Trust Limited are listed below and have been Directors throughout the period.

By order of the Board

**Dick Kingston**  
**Chairman**  
13 August 2009

## Property review

### Portfolio overview

The Trust owns a portfolio of fifteen properties in France and four properties in Spain totalling approximately 262,000 square metres (approximately 2.8 million square feet) of commercial real estate. The properties are generally well let, well located and offer good value accommodation to occupiers. Of the total property portfolio, 90% is invested in France and 10% in Spain in terms of capital value.

The valuation of the portfolio as at 30 June 2009 was approximately £258.8 million (€304.3 million) giving an average valuation yield of 8.6% with the French portfolio producing an average valuation yield of 8.7% and the Spanish portfolio 8.5% respectively. The portfolio as a whole showed a valuation decline of 7.7% on a Euro like-for-like basis compared to 31 December 2008. This decline consisted of a decline of 6.3% in the French portfolio and a decline of 18.1% in the Spanish portfolio. The larger percentage decline in Spain reflects the comparative weakness of the Spanish economy and the harsher conditions experienced in the property market there compared to the relative stability of the French market.

The average capital value of the portfolio is approximately £987 (€1,161) per square metre (equivalent to £92 per square foot) and the average rental value is approximately £85 (€100) per square metre per annum (equivalent to £7.90 per square foot). Of the overall portfolio, 81% is located within the Ile-de-France region around Paris. The portfolio has 65% exposure to the French office and business park sector of which 60% of the total portfolio is in the Ile-de-France region. The reinstatement cost of the portfolio buildings has been assessed at £250 million (€294 million) representing 97% of current value.

The Trust's portfolio is diversified across business sectors with 65% in offices and business park property, 26% in warehouses and 9% in retail and has a significant geographical diversification with assets in Paris (Ile-de-France), Normandy, Nîmes, Mulhouse, Seville, Córdoba and Zaragoza.

The portfolio benefits from strong credit tenants with 85% of its current rent roll secured by leases to Grade A tenants (large international/national companies or public sector). Examples of those categorised as Grade A are given in the Chairman's Statement.

The portfolio also enjoyed a high level of average occupancy during the review period. Rental income comprised 89% of the potential total income and income from rental guarantees, with duration ranging from three to eighteen months, 3% of the potential total income. During the review period a rental guarantee on vacant space at the Trust's Aubervilliers property expired. The guarantee represented approximately 1.2% of the potential total income.

With the Trust's Zaragoza property becoming vacant after the balance sheet date the vacancy rate in the portfolio has increased from 8% to 10% of potential total income.

The weighted average lease length as at 30 June 2009 is 8.0 years to expiry and 4.5 years to next break, including rent guarantees.

### Asset management review

The Investment Manager has continued to concentrate its activities in asset management and property management initiatives and we are pleased to report a number of important achievements during the period in the following areas:

- increasing the maturity profile of the Trust's leases through lease extensions, and
- letting of vacant units.

# Alpha Pyrenees Trust Limited

At the Trust's Athis Mons property, comprising 23,280 square metres of logistics warehousing, the tenant, Point P (Saint Gobain Group), had a break option as at 30 November 2009. The lease has been successfully extended for a further three years from that date in line with the market rent.

A programme of lease extensions has been undertaken at the Connecta Retail Park in Cordoba during the review period. A new 30 year lease with minimum 3 year term was signed with McDonalds; a new 30 year lease with minimum 5 year term was signed with Elefante Azul; a new 25 year lease with minimum 5 year term was signed with Norauto; a new 20 year lease with minimum 5 year term was signed with the cinema tenant UCC; and DIA now hold a lease with 24 years unexpired and a minimum 3 year term. During the period a vacant unit of 205 square metres within the retail park was let to restaurant operator, El Meson de Bien Comer on a new 5 year lease from 1 April 2009. The total space covered by these new lease arrangements is 6,600 square metres and represents 39% of the space in the centre. As a result of this initiative the park's overall lease profile has improved significantly, in line with market rents.

At Alcalá, a new 5 year lease has been signed with restaurant operator La Hacienda Mexicana on a 215 square metre unit.

At Vitry, a new 3/6/9 year lease was signed with Maugein Freres on a 330 square metre warehouse unit from 1 January 2009. This tenant replaced another company, Controle Actionneur, who occupied the unit on a six month rolling break and is in addition to the new 3/6/9 year lease that was signed with Societe des Cendres on a 525 square metre warehouse unit from 12 January 2009.

The Trust's Investment Manager remains highly focused on the re-leasing campaign for the vacant 6,340 square metre office property at St Cyr and there are a number of active leads being followed up at present including parties where the Trust anticipates more detailed discussions imminently. St Cyr represents around 4.0% of the portfolio by value and 2.4% by floor area.

At the Trust's Zaragoza property (representing 1.6% of the Trust's portfolio by value) the tenant, Tratinox, ceased occupation in early July 2009. This combined with increased pressure from the deteriorating economic and property market outlook has led to a significant fall in the valuation of two of the Trust's properties (Cordoba and Zaragoza) which together form the security for the €22.7 million Spanish loan facility. This means that there is the potential for a breach of the loan-to-value covenant on this loan when it is next tested in February 2010. Although rent guarantees held by the Trust mean that interest payments on the loan have been met, a default under the interest coverage ratio is likely to occur. The Trust is currently investigating the alternatives available to address this situation. It should be noted that the Spanish loan represents around 9% of the Trust's total loans and that the Spanish facility is ring-fenced and held separately from the French loan facility, the unleveraged properties and from the holding company of the Trust including the Trust's cash holdings. The level of the valuation of the two Spanish properties and the loan secured by them, means that effectively the Trust's "equity at risk" under the loan is limited to €0.4 million at 30 June 2009. An active marketing campaign to re-lease the Zaragoza property is in progress.

More generally, the Trust maintains a close relationship with all its tenants and is in regular discussions to establish their potential needs for lease extensions and building extensions at the properties they occupy.

Strong attention continues to be given to ensuring service charges are spent effectively, the annual level of property costs is closely monitored and additional sources of income are identified. There has been particular success in this regard on the Spanish retail assets where significant service charge savings have been achieved.

## Market overview

The property markets in France and Spain have felt the effects of the recession and are characterized at present by higher vacancy, longer re-leasing periods and a downward trend in rental values and indexation. These trends are more marked in Spain where the economic conditions remain more challenging than in France.

### France

A lesser reliance on volatile exports, a relatively sound consumer sector and supportive fiscal policy suggest that France will continue to fare relatively well in coming quarters and the French economy looks set to contract at a slower rate than others in the eurozone. Consumers' income expectations have improved pointing to a modest pick-up in spending growth which probably reflects the recent drop in inflation (CPI down from 3.2% in 2008 to a forecast 0.1% in 2009) and the impact of earlier tax cuts. However, this is likely to be offset to some extent by the increase in unemployment.

Total investment should be boosted next year by the Government's latest plans for a debt-financed increase in infrastructure spending and after a 3% contraction forecast for this year, strong fiscal support should mean growth in GDP of about 0.5% in 2010.

90% of the Trust's portfolio is in France, 81% in the Ile-de-France and 60% is in Ile-de-France office and business park space.

Despite the economic slowdown across the eurozone, the Paris region remains one of Europe's more stable office markets. In the first half of 2009 take-up in the Ile-de-France slowed to 860,000 square metres, however, there was letting activity across different size requirements, business sectors and geographic spread. Take up in 2009 as a whole is forecast to reach around 1.8 million square metres (against 2.4 million square metres take up in 2008).

As previously reported, the trend in prime office rents peaked in July 2008 and has continued to decline; this remains more marked in central Paris and less evident in other office sectors which offer occupiers the opportunity to cut costs and occupy good quality buildings.

The vacancy rate in the Paris region remains low at 6.1%. Future pipeline supply has fallen for several months due to many developers putting a halt on construction starts and a reduction in the amount of second hand space offered to the market. Consequently the medium term prospects do not signal the emergence of significant over-supply.

### Spain

The Spanish economy has weakened further during the period and the unemployment rate has increased rapidly to 17% and could peak at over 20% in 2010 causing household income to decline. The result of this is that Spain looks set for a deeper and longer downturn than most other countries in the eurozone and after a GDP contraction of around 5% forecast for 2009 the economy is now expected to shrink another 2.5% next year before returning to modest growth in 2011.

## Rental Indexation

As foreseen in the 2008 Annual Report, there has been a moderation in the rate of increase in the INSEE Construction Cost Index and the Spanish Consumer Price Index to which the Trust's rents are pegged in France and Spain respectively. In France the index produced an increase of 3.32% for the fourth quarter of 2008 and 0.4% for the first quarter of 2009. In Spain, the CPI was running at a rate of -1.0% as at 30 June 2009.

**Paul Cable**

**For and on behalf of the Investment Manager**

13 August 2009

## Independent auditors' report

To Alpha Pyrenees Trust Limited

### Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 June 2009 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow, consolidated statement of changes in equity and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

### Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting' as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review. This report, including the conclusion, has been prepared for, and only for, the Company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not in producing this report accept or assume responsibility for any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months to 30 June 2009 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

### BDO Novus Limited

Chartered Accountants

Place du Pré, Rue du Pré, St Peter Port, Guernsey

13 August 2009

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## Condensed consolidated statement of comprehensive income

	Notes	For the six months ended 30 June 2009			For the six months ended 30 June 2008		
		Revenue £'000	Capital £'000	Total £'000	Revenue £'000 (restated)	Capital £'000	Total £'000 (restated)
<b>Income</b>							
Revenue		13,429	-	13,429	12,291	-	12,291
Property operating expenses		(3,046)	-	(3,046)	(2,724)	-	(2,724)
<b>Net Rental Income</b>	<b>3</b>	<b>10,383</b>	<b>-</b>	<b>10,383</b>	<b>9,567</b>	<b>-</b>	<b>9,567</b>
<b>Expenses</b>							
Net change in (losses)/gains on revaluation of investment properties		-	(22,861)	(22,861)	-	(14,443)	(14,443)
Investment Manager's fee		(1,074)	(460)	(1,534)	(1,231)	(527)	(1,758)
Other administration costs		(594)	-	(594)	(730)	-	(730)
<b>Operating profit/(loss)</b>		<b>8,715</b>	<b>(23,321)</b>	<b>(14,606)</b>	<b>7,606</b>	<b>(14,970)</b>	<b>(7,364)</b>
Finance income	4	125	14,399	14,524	2,494	4,981	7,475
Finance costs	5	(11,464)	(8,976)	(20,440)	(5,253)	(11,082)	(16,335)
<b>Profit/(loss) before taxation</b>		<b>(2,624)</b>	<b>(17,898)</b>	<b>(20,522)</b>	<b>4,847</b>	<b>(21,071)</b>	<b>(16,224)</b>
Taxation	7	-	-	-	-	392	392
<b>Profit/(loss) for the period</b>		<b>(2,624)</b>	<b>(17,898)</b>	<b>(20,522)</b>	<b>4,847</b>	<b>(20,679)</b>	<b>(15,832)</b>
<b>Other comprehensive Income</b>							
Foreign exchange gains on translation of foreign operations (translation reserve)		-	-	(7,630)	-	-	7,447
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>(7,630)</b>	<b>-</b>	<b>-</b>	<b>7,447</b>
<b>Total comprehensive income for the period</b>		<b>(2,624)</b>	<b>(17,898)</b>	<b>(28,152)</b>	<b>4,847</b>	<b>(20,679)</b>	<b>(8,385)</b>
<b>Earnings per share - basic &amp; diluted</b>	9			<b>(17.5)p</b>			<b>(13.4)p</b>
<b>Adjusted earnings per share (restated) - basic &amp; diluted</b>	9			<b>2.1p</b>			<b>2.9p</b>

All items in the above statement derive from continuing operations.

The accompanying notes are an integral part of this statement.

# Alpha Pyrenees Trust Limited

## Condensed consolidated balance sheet

	Notes	30 June 2009 £'000	31 December 2008 £'000
<b>Non-current assets</b>			
Investment properties	11	258,147	319,793
		<b>258,147</b>	<b>319,793</b>
<b>Current assets</b>			
Trade and other receivables	12	18,053	20,512
Cash and cash equivalents		16,789	23,501
		<b>34,842</b>	<b>44,013</b>
<b>Total assets</b>		<b>292,989</b>	<b>363,806</b>
<b>Current liabilities</b>			
Trade and other payables	13	(3,155)	(2,684)
Bank borrowings	14	(1,517)	(1,769)
		<b>(4,672)</b>	<b>(4,453)</b>
<b>Total assets less current liabilities</b>		<b>288,317</b>	<b>359,353</b>
<b>Non-current liabilities</b>			
Bank borrowings	14	(203,908)	(233,189)
Financial liabilities at fair value through profit or loss	15	(50,472)	(57,566)
Rent deposits		(2,996)	(3,337)
		<b>(257,376)</b>	<b>(294,092)</b>
<b>Total liabilities</b>		<b>(262,048)</b>	<b>(298,545)</b>
<b>Net assets</b>		<b>30,941</b>	<b>65,261</b>
<b>Equity</b>			
Share capital	16	-	-
Share premium account		2,500	2,500
Special reserve		110,462	110,462
Warrant reserve		130	130
Translation reserve		21,966	29,596
Capital reserve		(104,144)	(86,246)
Revenue reserve		27	8,819
<b>Total equity</b>		<b>30,941</b>	<b>65,261</b>
<b>Net asset value per share</b>	10	<b>26.3p</b>	<b>55.5p</b>
<b>Net asset value per share (adjusted)</b>	10	<b>44.2p</b>	<b>62.4p</b>

The half-year financial statements were approved by the Board of Directors and authorised for issue on 13 August 2009.

David Jeffreys

Director

Serena Tremlett

Director

The accompanying notes are an integral part of this statement.

## Condensed consolidated cash flow statement

	For the six months ended 30 June 2009 £'000	For the six months ended 30 June 2008 £'000
<b>Operating activities</b>		
Loss for the period	(20,522)	(15,832)
Adjustments for :		
Net change in losses on revaluation of investment properties	22,861	14,443
Deferred taxation	-	(392)
Finance income	(14,524)	(7,475)
Finance costs	20,440	16,335
<b>Operating cash flows before movements in working capital</b>	<b>8,255</b>	<b>7,079</b>
Movements in working capital:		
(Increase)/Decrease in operating trade and other receivables	(385)	1,374
Increase/(Decrease) in operating trade and other payables	1,183	(1,090)
<b>Cash generated from operations</b>	<b>9,053</b>	<b>7,363</b>
Interest received	49	597
Swap interest (paid)/received	(675)	1
Bank loan interest paid and costs	(5,828)	(5,522)
Taxation	-	-
<b>Cash flows from operating activities</b>	<b>2,599</b>	<b>2,439</b>
<b>Investing activities</b>		
Purchase of investment properties and capital expenditure	(482)	(2,453)
Capital expenditure on development property	-	(718)
<b>Cash flows from Investing activities</b>	<b>(482)</b>	<b>(3,171)</b>
<b>Financing activities</b>		
Collateral requirements	-	1,548
Share buyback	-	(8,190)
Dividends paid	(6,168)	(3,675)
<b>Cash flows from financing activities</b>	<b>(6,168)</b>	<b>(10,317)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,051)</b>	<b>(11,049)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>23,501</b>	<b>34,430</b>
Exchange translation movement	(2,661)	2,222
<b>Cash and cash equivalents at end of period</b>	<b>16,789</b>	<b>25,603</b>

The accompanying notes are an integral part of this statement.

## Condensed consolidated statement of changes in equity

For the six months ended 30 June 2009	Share capital £'000	Share premium £'000	Special reserve £'000	Warrant reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
At 1 January 2009	-	2,500	110,462	130	29,596	(86,246)	8,819	65,261
Total comprehensive income for the period	-	-	-	-	(7,630)	(17,898)	(2,624)	(28,152)
Dividends	-	-	-	-	-	-	(6,168)	(6,168)
At 30 June 2009	-	2,500	110,462	130	21,966	(104,144)	27	30,941

For the six months ended 30 June 2008	Share capital £'000	Share premium £'000	Special reserve £'000	Warrant reserve £'000	Translation reserve £'000	Capital reserve £'000	Revenue reserve £'000	Total reserves £'000
At 1 January 2008	-	2,500	118,251	130	7,941	(8,279)	2,726	123,269
Total comprehensive income for the period	-	-	-	-	7,447	(20,679)	4,847	(8,385)
Dividends	-	-	-	-	-	-	(3,675)	(3,675)
Share buyback	-	-	(7,789)	-	-	-	-	(7,789)
At 30 June 2008	-	2,500	110,462	130	15,388	(28,958)	3,898	103,420

The accompanying notes are an integral part of this statement.

## Notes to the condensed financial statements

### 1. General information

The Company is a limited liability, closed-ended investment company incorporated in Guernsey. The Group comprises the Company and its subsidiaries. The Group invests in commercial property in France and Spain with inflation-indexed rents that will provide income return to investors as well as potential for capital growth. These financial statements are presented in pounds Sterling as this is the currency in which the funds are raised and in which the investors are seeking a return. The Company's functional currency is Sterling and the subsidiaries' currency is Euros. The presentational currency of the Group is Sterling. The period-end exchange rate used is £1:€1.176 (December 2008: £1:€1.027) and the average rate for the period used is £1:€1.118 (June 2008: £1:€1.292).

### 2. Significant accounting policies

The unaudited condensed financial information included in the half year report for the six months ended 30 June 2009, have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and International Accounting Standard (IAS) 34, 'Interim Financial Reporting' as adopted by the European Union. The half year report should be read in conjunction with the Group's Annual Report and Accounts for the year ended 31 December 2008, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

With the exception of the new and revised standards adopted as discussed below, the same accounting policies and methods of computation are followed in these condensed financial statements as were applied in the preparation of the Group's financial statements for the year ended 31 December 2008, which are available on the Company's website ([www.alphapyreneestrust.com](http://www.alphapyreneestrust.com)).

The interim condensed financial statements are made up from 1 January 2009 to 30 June 2009, and have been prepared under the historical cost convention as modified by the revaluation of investment properties and the mark to market of debt and derivative instruments.

The preparation of the interim condensed financial statements requires Directors to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the condensed interim financial statements. If in the future such estimates and assumptions, which are based on the Directors' best judgement at the date of the interim condensed financial statements, deviate from actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

#### Adoption of new and revised Standards and Interpretations

##### New Standards

IFRS 8: Operating Segments

##### Revised and amended Standards

IFRS 1: First time Adoption of International Financial Reporting Standards – Amendments relating to cost of an investment on first-time adoption

IFRS 2: Share-based Payment – Amendment relating to vesting conditions and cancellations

IFRS 7: Financial Instruments Disclosures – Amendments enhancing disclosures about fair value and liquidity risk

IAS 1: Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income

IAS 1: Presentation of Financial Statements – Amendments relating to disclosure of puttable instruments and obligations arising on liquidation

IAS 1: Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 16: Property, Plant and Equipment Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 19: Employee Benefits Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 20: Government Grants and Disclosure of Government Assistance Amendments resulting from May 2008 Annual Improvements to IFRS

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IAS 23: Borrowing Costs – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 23: Borrowing Costs – Comprehensive revision to prohibit immediate expensing

IAS 27: Consolidated and Separate Financial Statements – Amendments relating to cost of an investment on first time adoption

IAS 27: Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 28: Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 29: Financial Reporting in Hyperinflationary Economies – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 31: Interests in Joint Ventures – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 32: Financial Instruments: Presentation – Amendments relating to puttable instruments and obligations arising on liquidation

IAS 36: Impairment of assets - Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 38: Intangible Assets - Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 39: Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 40: Investment Property – Amendments resulting from May 2008 Annual Improvements to IFRS

IAS 41: Agriculture – Amendments resulting from May 2008 Annual Improvements to IFRS

## Interpretations

IFRIC 12: Service Concession Arrangements\*

IFRIC 13: Customer Loyalty Programmes

IFRIC 16: Hedges of a Net investment in a Foreign Operation

With the exception of IAS 1, as discussed below, the adoption of these standards and interpretations do not have material impact on the financial statements of the Group.

IAS 1 (revised), 'Presentation of financial statements' (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Application of IAS 1 (revised) did not impact on the Net Assets or Income for period ended 30 June 2009. Apart from formatting and the titles of primary statements there have been no other changes.

## 3. Net rental income

	1 January 2009 to 30 June 2009	1 January 2008 to 30 June 2008 (restated)*
	£'000	£'000
Rental income	11,316	10,053
Service charge income	2,113	2,238
<b>Revenue</b>	<b>13,429</b>	<b>12,291</b>
Property operating expenses	(3,046)	(2,724)
<b>Total</b>	<b>10,383</b>	<b>9,567</b>

\* The service charge income and property operating costs for the period comparative are restated for the grossing up of incomes previously taken against expenditure. This restatement has no impact on net assets and earnings previously reported.

## 4. Finance income

	1 January 2009 to 30 June 2009 £'000	1 January 2008 to 30 June 2008 £'000
Bank interest	125	668
Foreign exchange gains	-	1,825
Net gains on financial assets held at fair value through profit and loss (note 6)	14,399	4,982
<b>Total</b>	<b>14,524</b>	<b>7,475</b>

## 5. Finance costs

	1 January 2009 to 30 June 2009 £'000	1 January 2008 to 30 June 2008 £'000
Bank loan interest	5,807	4,932
Loan fee amortisation	311	304
Foreign exchange loss	4,639	-
Net losses on financial liabilities at fair value through the profit and loss (note 6)	9,652	11,082
Other charges	31	17
<b>Total</b>	<b>20,440</b>	<b>16,335</b>

## 6. Net gains and losses on financial assets and liabilities at fair value through profit and loss

	1 January 2009 to 30 June 2009 £'000	1 January 2008 to 30 June 2008 £'000
<b>Net change in unrealised appreciation on financial assets held at fair value through profit or loss</b>		
Interest rate swap	-	4,981
Currency swaps	14,399	-
<b>Net change in unrealised depreciation on financial liabilities held at fair value through profit or loss</b>		
Currency swaps	-	(11,082)
Interest rate swap	(8,976)	-
<b>Net realised gains/(losses) on financial liabilities held at fair value through profit or loss</b>		
Currency swaps – interest received	4,348	4,464
Currency swaps – interest paid	(5,024)	(4,463)
<b>Net (expense)/income from currency swaps</b>	<b>(676)</b>	<b>1</b>
<b>Net profit/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>4,747</b>	<b>(6,100)</b>
<b>Disclosed as:</b>		
Finance costs (note 5)	(9,652)	(11,082)
Finance income (note 4)	14,399	4,982
<b>Net profit/(loss) on financial assets and liabilities at fair value through profit or loss</b>	<b>4,747</b>	<b>(6,100)</b>

## 7. Taxation

The Company is exempt from Guernsey taxation on income derived outside Guernsey and bank interest earned in Guernsey under Income Tax (Exempt bodies) (Guernsey) Ordinance, 1989. A fixed annual fee of £600 is payable to the States of Guernsey in respect of this exemption. No charge to Guernsey taxation arises on capital gains.

Deferred taxation has been calculated in accordance with IFRS. The Group is currently liable to French income tax at 33.33% and Spanish income tax at 30% arising on the activities of the Group's operations in France and Spain.

## 8. Dividends

Dividend reference period	Shares '000	Dividend per share	Paid £'000	Date
Quarter ending 30 September 2008	117,500	1.75p	2,056	14 January 2009
Quarter ending 31 December 2008	117,500	1.75p	2,056	27 April 2009
Quarter ending 31 March 2009	117,500	1.75p	2,056	22 June 2009
<b>Total</b>			<b>6,168</b>	

The Directors have resolved to pay a dividend of 1.75p per share for the second quarter taking the total dividend for the period to 30 June 2009 to 3.5p per share. This dividend has not been included as a liability in the half year report.

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## 9. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

	1 January 2009 to 30 June 2009	1 January 2008 to 31 December 2008 (restated)*	1 January 2008 to 30 June 2008 (restated)*
<b>Earnings per income statement</b>	<b>(20,522)</b>	<b>(64,086)</b>	<b>(15,832)</b>
<b>Basic earnings per share</b>	<b>(17.5)p</b>	<b>(54.4)p</b>	<b>(13.4)p</b>
Earnings per income statement	(20,522)	(64,086)	(15,832)
Revaluation losses in investment properties	22,861	35,825	14,443
Mark to market of currency swaps	(14,399)	37,915	11,082
Mark to market of interest rate swaps	8,976	8,812	(4,981)
Deferred taxation movement	-	(5,623)	(392)
Investment Manager's fee (capital)	460	1,038	527
Rental guarantee income	483	851	358
Foreign exchange losses/(gains)	4,639	(9,154)	(1,825)
<b>Adjusted earnings</b>	<b>2,498</b>	<b>5,578</b>	<b>3,380</b>
<b>Adjusted earnings per share</b>	<b>2.1p</b>	<b>4.7p</b>	<b>2.9p</b>
<b>Weighted average number of ordinary shares</b>	<b>117,500</b>	<b>117,863</b>	<b>118,231</b>

The adjusted earnings are presented to provide what the Company believes is a more appropriate assessment of the operational income accruing to the Group's activities. Hence, the Company adjusts basic earnings for income and costs which are not of a recurrent nature or which may be more of a capital nature.

\*The adjusted earnings per share have been restated to adjust earnings for the effect of foreign exchange gains and losses which are not regarded as being of a recurrent nature.

The Group has the following instruments which could potentially dilute basic earnings per share in the future:

	30 June 2009	30 June 2008
Warrants	6,375,000	6,375,000
Options	2,550,000	3,825,000

# Alpha Pyrenees Trust Limited

## 10. Net asset value per share

	30 June 2009	31 December 2008
Net asset value (£'000)	30,941	65,261
<b>Net asset value per share</b>	<b>26.3p</b>	<b>55.5p</b>
Net asset value (£'000)	30,941	65,261
Mark to market of currency hedge*	4,012	(1,683)
Mark to market of interest rate swaps	17,037	9,732
<b>Adjusted net asset value</b>	<b>51,990</b>	<b>73,310</b>
<b>Net asset value per share (adjusted)</b>	<b>44.2p</b>	<b>62.4p</b>
<b>Number of ordinary shares (000's)</b>	<b>117,500</b>	<b>117,500</b>

\* The mark to market of the currency hedge necessarily includes both a movement in relation to currency fluctuation and a movement due to relative future interest rates. For the purpose of providing an adjusted net asset value the element of valuation in relation to the interest rates is included as an adjustment; the intention is to hold the instruments to maturity at which point this element will have unwound.

The adjusted net assets are presented to provide what the Company believes is a more relevant assessment of the Group's net asset position. The Company has determined that certain fair value and accounting requirements may not be realisable in the longer term.

## 11. Investment properties

	30 June 2009 £'000	31 December 2008 £'000
<b>Market value of investment properties at 1 January</b>	<b>319,793</b>	<b>270,946</b>
Transfer from Development properties	-	4,550
Subsequent capital expenditure after acquisition	554	1,041
Fair value adjustment in the period/year	(22,861)	(35,825)
Effect of foreign exchange	(39,339)	79,081
<b>Market value of investment properties at 30 June/31 December</b>	<b>258,147</b>	<b>319,793</b>
<b>Valuation per Knight Frank LLP of investment properties</b>	<b>258,784</b>	<b>320,940</b>
Adjustment for rental guarantees	(637)	(1,147)
<b>Market value of investment properties at 30 June/31 December</b>	<b>258,147</b>	<b>319,793</b>

The fair value of the Group's investment properties at 31 December 2008 and 30 June 2009 have been arrived at on the basis of valuations carried out at that date by Knight Frank LLP, independent valuers not connected to the Group. The valuation basis has been market value as defined by the Royal Institution of Chartered Surveyors Approval and Valuations Standards ("RICS").

The approved RICS definition of market value is the "estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

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## 12. Trade and other receivables

	30 June 2009 £'000	31 December 2008 £'000
Trade receivables	2,969	3,098
Bank interest receivable	7	25
Prepayments	602	664
Rental guarantees	854	1,504
Other debtors	13,621	15,221
<b>Total</b>	<b>18,053</b>	<b>20,512</b>

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Rental guarantees are contractual agreements specifically referred to in the relevant property sale and purchase agreements under which the vendor provides a guarantee (normally by way of an escrowed bank account deposit) for units within the acquired property which are vacant at the time of acquisition. There have been no acquisitions during the period. Income of £0.5m was received in 2009 in relation to existing rent guarantees.

Included in other debtors is collateral of £13 million (€15.3 million) held with Barclays Bank Plc in relation to the currency swap (note 15).

## 13. Trade and other payables

	30 June 2009 £'000	31 December 2008 £'000
Trade creditors	402	751
Deferred income	433	524
Investment Manager's fee payable	483	160
VAT Payable	260	53
Accruals	1,577	1,196
<b>Total</b>	<b>3,155</b>	<b>2,684</b>

Trade creditors and accruals primarily comprise amounts outstanding for trade purchases and ongoing costs. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade payables approximates to their fair value.

## 14. Bank borrowings

	30 June 2009 £'000	31 December 2008 £'000
Current liabilities: Interest payable	1,517	1,769
Non-current liabilities: Bank borrowing	203,908	233,189
<b>Total liabilities</b>	<b>205,425</b>	<b>234,958</b>
The borrowings are repayable as follows:		
Interest payable	1,517	1,769
On demand or within one year	-	-
In the second to fifth years inclusive	19,303	21,410
After five years	184,605	211,779
	<b>205,425</b>	<b>234,958</b>

There have been no breaches of any bank covenants during the period.

Due to the tenant ceasing occupation at Zaragoza, a default under the interest coverage ratio is likely to arise in the Spanish facility. Of the €22.7million borrowed under the Spanish facility, €5.8million was drawn-down in relation to Zaragoza. The Trust is currently investigating the alternatives available to address this situation.

Movements in the Group's non-current bank borrowings is analysed as follows:

	1 January 2009 to 30 June 2009 £'000	1 January 2008 to 31 December 2008 £'000
Opening balance	233,189	176,033
Amortisation of finance costs	311	615
Exchange differences on translation of foreign currencies	(29,592)	56,541
<b>Total</b>	<b>203,908</b>	<b>233,189</b>

## 15. Financial assets and liabilities held at fair value through the profit or loss

	30 June 2009 £'000	31 December 2008 £'000
<b>Non-current liabilities</b>		
Currency swap - a	(26,141)	(37,643)
Currency swap - b	(7,294)	(10,191)
Interest rate swaps	(17,037)	(9,732)
<b>Total</b>	<b>(50,472)</b>	<b>(57,566)</b>

### Interest rate swap

The Company is required under the financing agreements with Barclays to fix the rate at which it borrows over the duration of each loan. The Company has agreed a fixed interest rate with Barclays Bank plc at each loan draw-down.

The bank has undertaken a variable to fixed rate swap with a third party. The Company is not party to the swap agreement but via the financing agreement the Company has all the risks and rewards of the swap as should the loan be repaid early the company would be required to pay the swap break costs or, alternatively accrue a swap benefit as a capital reduction depending on the value of the underlying swap at that point in time.

The interest rate swap is valued by reference to the bank's redemption notice of amounts due if the Company repaid its borrowings at the balance sheet date; the Directors consider this to represent fair value.

# Alpha Pyrenees Trust Limited

## Currency swap

The Group uses currency derivatives to hedge significant future foreign currency transactions and cash flows to safeguard the equity investments of shareholders against significant adverse movements between Sterling and Euros.

a) On 13 October 2006, Alpha Pyrenees Trust Finance Company Limited ("Alpha Finance"), a wholly owned subsidiary of the Company, entered into a currency swap with Barclays Bank Plc. Under the terms of this agreement, Alpha Finance will pay Barclays Bank Plc €130.1 million and Barclays Bank Plc will pay Alpha Finance £87.6 million on 16 October 2013. In addition, there are quarterly periodic payments in February, May, August and October of each year starting on 16 February 2007 and ending 16 October 2013. On these dates Barclays Bank Plc will pay Alpha Finance an amount equal to 7% per annum on £87.6 million and Alpha Finance will pay Barclays Bank Plc an amount equal to 6% per annum on €130.1 million.

b) On 18 January 2007, Alpha Finance entered into a further currency swap with Barclays Bank Plc. Under the terms of this swap, Alpha Finance will pay Barclays Bank Plc €33 million and Barclays Bank Plc will pay Alpha Finance £21.6 million on 16 October 2013. In addition, there are quarterly periodic payments in February, May, August and November of each year starting on 16 February 2007 and ending on 16 October 2013. On these dates Barclays Bank Plc will pay Alpha Finance an amount equal to 7% per annum on £21.6 million and Alpha Finance will pay Barclays Bank Plc an amount equal to 5.9725% per annum on €33 million.

A total amount of €15.3 million has been pledged as collateral to Barclays Bank Plc to support both the 13 October 2006 and 18 January 2007 swaps.

The fair value of the currency swap contracts is determined by reference to the valuation process carried out by the contractual counterparty.

## 16. Share capital

The authorised share capital is unlimited. The Company has one class of share which carry no right to fixed income. All ordinary shares have a nil par value. The number of shares in issue is 117.5 million. There have been no shares issued or cancelled during the period.

## 17. Warrants and incentive options

### a) Warrants

During 2005, the Company issued warrants to the Investment Manager pursuant to which it has been granted the right to subscribe for 6,375,000 ordinary shares in the company at an exercise price of £1 per share. Such warrants can be exercised at any time up to and including 29 November 2010. The warrant instrument provides that the holder of the warrant may from time to time transfer all or some of its warrants to third parties. No warrants have been exercised during the period.

### b) Incentive options

In order to incentivise the Investment Manager, the Company has granted options to it to acquire up to 3,825,000 ordinary shares. The options vest in three tranches of equal amounts over a three year period ending on the third, fourth and fifth anniversaries of admission of the shares to the Official List of the UKLA subject to a cumulative shareholder return performance criteria of 10% per annum (50% vesting) and 12% per annum (100% vesting) having been met over a period of the preceding three years for each tranche respectively.

Once vested the options are exercisable during the subsequent seven year period.

Number of options	Expiry	Price
1,275,000	29 November 2016	100p
1,275,000	29 November 2017	100p

The first tranche of options lapsed in November 2008 as the cumulative shareholder return criteria were not met.

The weighted average exercise price of outstanding options at 30 June 2009 was £1 (2007: £1) with a weighted average remaining contractual life of 7.5 years.

# Alpha Pyrenees Trust Limited

## 18. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. Alpha Real Capital LLP is the Investment Manager to the Company under the terms of the Investment Manager Agreement and is thus considered a related party of the Company.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The Investment Manager is entitled to receive a fee from the Group at an annual rate of 1% of the gross assets of the Group, payable quarterly in arrears. The Investment Manager is also entitled to receive an annual performance fee calculated with reference to total shareholder return ("TSR"), whereby the fee is 20% of any excess over an annualised TSR of 12% and then a further 15% of any excess over 20%; the performance fee is subject to a three year high watermark with a minimum threshold of 100 pence. Details of the investment management fees for the current accounting period are shown on the face of the income statement and any balances outstanding are disclosed separately in note 13.

The Directors of the Company received total fees as follows:

	Six months ending 30 June 2009 £	Year ending 31 December 2008 £
Dick Kingston	15,000	30,000
Christopher Bennett	10,000	20,000
David Jeffreys	10,000	20,000
Phillip Rose	10,000	20,000
Serena Tremlett	10,000	20,000
<b>Total</b>	<b>55,000</b>	<b>110,000</b>

Alpha Global Property Securities Fund Pte Limited, being a wholly owned subsidiary of the Investment Manager, held 1,490,000 shares at the period end in the Company.

The following, being partners of the Investment Manager held the following shares in the Company:

Number of shares held	30 June 2009	31 December 2008
Sir John Beckwith	2,143,600	2,143,600
P. Rose	600,000	600,000
B. Bauman	100,399	105,455
M. Johnson	26,400	26,400
S. Wilson	5,000	5,000

Phillip Rose is the CEO and a partner of the Investment Manager. Paul Cable, being the Investment Manager's Fund Manager responsible for the Trust's investments, held 46,193 (31 December 2008: 30,193) shares in Alpha Pyrenees Trust Limited.

Serena Tremlett is also a Managing Director and major shareholder of Morgan Sharpe Administration Limited, the Company's administrator and secretary. During the period the Company paid Morgan Sharpe Administration Limited fees of £49,000.

## 19. Events after the balance sheet date

There are no material events after the balance sheet date.

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## Directors and Trust information

### Directors:

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

### Registered office:

Isabelle Chambers  
Route Isabelle  
St Peter Port  
Guernsey

### Investment Manager:

Alpha Real Capital LLP  
1b Portland Place

London

W1B 1PN

### Administrator and Secretary:

Morgan Sharpe Administration  
Limited  
Isabelle Chambers

Route Isabelle

St Peter Port

Guernsey GY1 3TX

### Joint Brokers:

Numis Securities Limited  
10 Paternoster Square  
London EC4M 7LT

KBC Peel Hunt Limited  
111 Old Broad Street  
London EC2U 1PH

### Independent valuers:

Knight Frank LLP  
55 Baker Street  
London W1U 8AN

### Corporate advisors:

Kinmont Limited  
6 Arlington Street  
London SW1A 1RE

### Auditors:

BDO Novus Limited  
PO Box 180  
Place du Pré  
Rue du Pré  
St Peter Port  
Guernsey GY1 3LL

### Tax advisers:

Deloitte & Touche LLP  
Hill House  
1 Little New Street  
London EC4A 3TR

BDO Stoy Hayward LLP  
55 Baker Street  
London W1U 7EU

### Legal advisors in Guernsey:

Carey Olsen  
7 New Street  
St Peter Port  
Guernsey GY1 4BZ

### Legal advisors in the UK:

Norton Rose  
3 More London Riverside  
London SE1 2AQ

### Registrar:

Computershare Investor Services  
(Channel Islands) Limited  
Ordnance House  
31 Pier Road  
St Helier  
Jersey JE4 8PW

## Shareholder information

### Dividends

Ordinary dividends are paid quarterly. Shareholders who wish to have dividends paid directly into a bank account rather than by cheque to their registered address can complete a mandate form for this purpose. Mandates may be obtained from the Group's Registrar. Where dividends are paid directly to shareholders' bank accounts, dividend vouchers are sent directly to shareholders' registered addresses.

### Share Price

The Trust's Ordinary Shares are listed on the London Stock Exchange.

### Change of address

Communications with shareholders are mailed to the addresses held on the share register. In the event of a change of address or other amendment, please notify the Trust's Registrar under the signature of the registered holder.

### Investment Manager

The Company is advised by Alpha Real Capital LLP which is authorised and regulated by the Financial Services Authority in the United Kingdom.

### Financial Calendar

Financial reporting	Date	Dividend period	Ex-dividend date	Record date	Payment date
Half Yearly Report and announcement of dividend	14 August 2009	Quarter ended 30 June 2009	16 September 2009	18 September 2009	12 October 2009
Interim Management Statement (Q3)	26 November 2009	Quarter ended 30 September 2009	9 December 2009	11 December 2009	11 January 2010
Annual Report and Accounts announcement	19 Mar 2010	Quarter ended 31 December 2009	7 April 2010	9 April 2010	26 April 2010
Annual Report Published	31 Mar 2010				
Annual General Meeting	30 April 2010				