

# Alpha Pyrenees Trust Limited

18 November 2010

## Alpha Pyrenees Trust Limited (the "Trust")

### Interim Management Statement

Alpha Pyrenees Trust Limited today publishes its interim management statement for the quarter ending 30 September 2010 and the period up until the date of this announcement. The information contained herein has not been audited.

#### KEY POINTS

- **DIVIDEND OF 0.9 PENCE PER SHARE DECLARED FOR THE THIRD QUARTER 2010**
- **VALUATIONS AND OUTLOOK IMPROVING IN FRANCE (91% OF THE TOTAL PORTFOLIO)**
- **PORTFOLIO VALUE INCREASED BY 0.2% IN THE QUARTER**
- **PORTFOLIO VALUATION YIELD OF 8.35% AT 30 SEPTEMBER 2010**
- **ADJUSTED NAV\* 32.2p PER SHARE AS AT 30 SEPTEMBER 2010**
- **84% OF PORTFOLIO INCOME COMES FROM GRADE A TENANTS**
- **LEASES ARE SUBJECT TO ANNUAL INDEXATION; INDEXATION TREND IMPROVING**
- **NO LOAN TO VALUE COVENANT TESTS UNTIL FEBRUARY 2014**
- **99% OF BORROWINGS FIXED AT A WEIGHTED AVERAGE INTEREST RATE OF 5.26% PER ANNUM TO MATURITY IN FEBRUARY 2015**
- **WEIGHTED AVERAGE LEASE LENGTH OF 7.1 YEARS TO EXPIRY AND 3.8 YEARS TO NEXT BREAK**
- **FURTHER PROGRESS ON LETTINGS IN FRANCE AND SPAIN**

#### DIVIDEND

The Board is declaring an unchanged dividend of 0.9 pence per share for the third quarter of 2010. The dividend will be paid on 10 January 2011, with an associated ex-dividend date of 8 December 2010 and record date of 10 December 2010. A Scrip alternative will be offered for this dividend subject to the Trust's average share price being 29p or above for the five dealing days following the ex-dividend date. This dividend brings the total for the first three quarters of 2010 to 2.7p per share.

A circular and scrip dividend mandate form will be sent to shareholders explaining the terms of the scrip dividend alternative.

#### REVALUATION AND NET ASSET VALUE ("NAV")

The Trust's investment portfolio was valued at £252.8m (€293.8m) on 30 September 2010 giving an average valuation yield across the portfolio of 8.35% (French portfolio 8.34% and the Spanish portfolio 8.44%). On a Euro like-for-like basis the French portfolio increased in value by 0.5% and the Spanish portfolio decreased in value by 2.25% from 30 June 2010 giving an overall increase in valuation of

0.2% for the period. This Euro like-for-like increase in valuation is the first quarterly increase in portfolio value since December 2007 and reflects the improvement in the investment market in France, the Trust's key market.

As at 30 September 2010 the adjusted NAV\* is 32.2p per share. The decrease in adjusted NAV from 30 June 2010 (34.9p per share) is primarily due to net currency losses on the Trust's hedges.

*\*Adjusted NAV – unaudited, after adjustments for the unrealised mark-to-market of the interest component of the currency swap, interest rate swap derivatives and deferred taxation provisions.*

## FINANCING

The Trust's total borrowings of £209.5m (€243.4m) and portfolio value of £252.8m (€293.8m) gives a net leverage after cash of 76.6% as at 30 September 2010.

All borrowings are long term with maturity in February 2015 and 99% of borrowings have interest rates that are fixed to maturity at a weighted average rate of 5.26% per annum. There are no Loan to Value ("LTV") covenant tests until February 2014, at which point the Trust's LTV should not exceed 87.5% on a country portfolio basis (with the exception of the Alcatel-Lucent property where it should not exceed 85%). The French (€221m) and Spanish (€22.4m) borrowings are independent and are not cross-collateralised.

## PROPERTY UPDATE

The Trust's Investment Manager continues to pursue the goals of:

- preserving existing lease income,
- extending lease terms, and
- letting vacant units within the portfolio.

## FRANCE

Mulhouse – an extension to the existing lease has been signed with Société d'Equipement de la Région Mulhousienne ("SERM") on approximately 1,380 square metres of office accommodation. SERM previously had a lease break option in April 2011 but now lease the space without break until April 2015.

Vitry – a vacant 495 square metre warehouse unit has been let to Alchimica on a 3/6/9 year lease from 1 November 2010. Leases have been extended to March 2014 on a total of 1,395 square metres of warehousing with offices let to Mediapost and Stanbridge .

Aubervilliers – River Star have taken a new 3/6/9 year lease from 1 November 2010 on 110 square metres of vacant office accommodation.

Ivry - Metallerie Marie have extended their lease to April 2014 on 840 square metres of light industrial space.

Nimes – France Telecom have extended their lease on a 215 square metre retail unit until February 2014.

St Cyr - The Trust's Investment Manager remains actively involved in the marketing campaign for the vacant 6,340 square metre office property at St Cyr and there are a number of leads being pursued at present.

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## SPAIN

Alcala – Crimasa have leased the entire top floor of the shopping centre comprising 1,925 square metres and will operate a new gym club on a 25 year lease with a firm period of 10 years from 1 September 2010.

Overall the portfolio enjoys high levels of occupancy with rental income comprising 89% of potential total income; income from rental guarantees representing 1% and vacancy representing 10%.

## RENTAL INDEXATION

The trend in rental indexation continues to improve. The INSEE Construction Cost Index applicable to leases in France has shown modest quarter-on-quarter growth for the last four published quarters (Q3-Q4 2009 and Q1-Q2 2010) as a result of which the annual indexation base as at Q2 2010 showed a growth of 1.27%. The Spanish Consumer Price Index was running at an annualised rate of increase of 2.1% as at the end of September 2010.

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For more information on the Company, please visit [www.alphapyreneestrust.com](http://www.alphapyreneestrust.com).

## FORWARD-LOOKING STATEMENTS

This interim management statement 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 interim management statement should be construed as a profit forecast.