
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, or other independent professional adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your registered holding of Ordinary Shares, please forward this document and the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through or by whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you have sold or transferred part only of your registered holding of Ordinary Shares, please contact the stockbroker, bank or other agent through whom the sale or transfer was effected.

Alpha Pyrenees Trust Limited

(a closed-ended investment company incorporated in Guernsey and registered with number 43932)

Proposal to hold Ordinary Shares repurchased by the Company in treasury

Notice of Extraordinary General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Alpha Pyrenees Trust Limited set out on pages 3 and 4 of this document in which the Board recommends that you approve the proposal described herein by voting in favour of the resolution proposed at the Extraordinary General Meeting.

Notice of an Extraordinary General Meeting of Alpha Pyrenees Trust Limited to be held at the Company's registered office, First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey on Thursday, 20 December 2007 at 10.30 a.m. is set out at the end of this document. A Form of Proxy for use at the Extraordinary General Meeting is enclosed.

To be valid, the Form of Proxy should be completed, signed and returned in accordance with the instructions printed thereon, to the Company's registrar, Mourant Guernsey Limited, Freepost GU289, First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, or by fax to +44 (0)1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.30 a.m. on Tuesday, 18 December 2007. The completion and return of a Form of Proxy will not preclude you from attending and voting at the Extraordinary General Meeting in person should you wish to do so.

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DEFINITIONS

In this document, the following expressions shall have the following meanings:

“Articles”	the articles of association of the Company for the time being
“Board”	the board of directors of the Company
“Company”	Alpha Pyrenees Trust Limited
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company convened for Thursday, 20 December 2007, notice of which is set out at the end of this document, or any reconvened meeting following adjournment thereof
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the Extraordinary General Meeting
“Ordinary Shares”	ordinary shares of no par value in the capital of the Company
“Shareholders”	holders of Ordinary Shares
“Treasury Shares Ordinance”	The Companies (Purchase of Own Shares) (Treasury Shares) Ordinance 2006

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	10.30 a.m. on Tuesday, 18 December 2007
Extraordinary General Meeting	10.30 a.m. on Thursday, 20 December 2007

Alpha Pyrenees Trust Limited

(a closed-ended investment company incorporated in Guernsey and registered with number 43932)

Directors:

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

Registered office:

First Floor
Dorey Court
Admiral Park
St. Peter Port
Guernsey

6 December 2007

Dear Shareholder,

Proposal to hold Ordinary Shares repurchased by the Company in treasury

Introduction

The purpose of this document is to provide you with details of the Board's proposal to hold Ordinary Shares repurchased by the Company in treasury, including the background to and reasons for this proposal. It also explains why the Board considers this proposal to be in the best interests of Shareholders as a whole and recommends that you vote in favour of the resolution to be proposed.

Shareholder approval is being sought for this proposal because it entails an amendment to the Articles requiring the passing of a special resolution under Guernsey law. The resolution will be proposed at an Extraordinary General Meeting convened for Thursday, 20 December 2007.

Background to and reasons for the proposal

By virtue of certain changes to company law and practice in Guernsey pursuant to the introduction of the Treasury Shares Ordinance, a listed company which purchases its own shares is now permitted, subject to certain restrictions, to hold those shares in treasury, provided such shares constitute no more than 10 per cent. of its issued shares (including those held in treasury) at any point in time, rather than being required to immediately cancel these shares, as would otherwise be the case. Such repurchased shares can be held in treasury by the listed company and later resold for cash, transferred for the purposes of an employee share scheme or cancelled. Whilst any shares repurchased by the listed company are held in treasury, voting rights and dividend rights in relation to those shares will be suspended. Furthermore, those shares have no entitlement to a return of capital on a winding-up of the listed company.

In order to be able to take advantage of the Treasury Shares Ordinance, your Board proposes that the Articles be amended to grant the Company the necessary power and authority to hold Ordinary Shares repurchased by it in treasury. Your Board believes that the ability of the Company to hold its Ordinary Shares in treasury will provide the Company with greater flexibility in the management of its share capital.

If the resolution to amend the Articles is passed at the EGM, your Board would consider holding in treasury any Ordinary Shares repurchased by the Company pursuant to the exercise of the authority granted to it by Shareholders at the annual general meeting of the Company on 30 April 2007. This authority permits the Company to make market purchases of up to 14.99 per cent. of its Ordinary Shares.

Your Board is currently considering exercising this authority to repurchase its Ordinary Shares. On the basis of the closing middle market price of 79.5 pence per Ordinary Share on 5 December 2007 (being the last practicable date prior to publication of this document) and the Company's current intention to pay a dividend of not less than 7 pence per Ordinary Share per annum for the Company's financial year commencing on 1 January 2008, the Ordinary Shares would attract a dividend yield of over 8.8 per cent.

per Ordinary Share. Given this, your Board believes that a repurchase of Ordinary Shares could be attractive for the Company and Shareholders. Should the resolution be passed at the EGM, the Company may decide to repurchase Ordinary Shares and may hold any of the Ordinary Shares repurchased by it in treasury.

Extraordinary General Meeting

The resolution required in order to effect the amendment to the Articles, and thereby provide the Company with the power and authority to hold any Ordinary Shares repurchased by it in treasury, is to be proposed at an Extraordinary General Meeting of the Company convened for 10.30 a.m. on Thursday, 20 December 2007. The notice convening the Extraordinary General Meeting is set out at the end of this document.

Action to be taken

You will find enclosed with this document a Form of Proxy for use at the EGM. **Whether or not you propose to attend the EGM in person, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed thereon and return it to the Company's registrar, Mourant Guernsey Limited, Freepost GU289, First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, or by fax to +44 (0)1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.30 a.m. on Tuesday, 18 December 2007.**

The completion and return of a Form of Proxy will not preclude you from attending the Extraordinary General Meeting and voting in person if you wish to do so.

Recommendation

Your Board believes that the resolution to be proposed at the Extraordinary General Meeting is in the best interests of Shareholders as a whole and unanimously recommends that Shareholders approve the resolution by voting in favour of such resolution, as each director intends to do in respect of his own beneficial holdings, totalling an aggregate of 390,000 Ordinary Shares, representing 0.31 per cent. of the current issued ordinary share capital of the Company.

Yours sincerely

Richard Kingston
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING

Alpha Pyrenees Trust Limited

(a closed-ended investment company incorporated in Guernsey and registered with number 43932)

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Alpha Pyrenees Trust Limited (the "Company") will be held at First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey on Thursday, 20 December 2007 at 10.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

Special Resolution

THAT the articles of association of the Company be amended by the deletion of the existing Article 4.5 and the substitution thereof of the following new Article 4.5:

"4.5 The Company may from time to time, subject to the provisions of the Laws, the rules of the Financial Services Authority and the London Stock Exchange, purchase its own shares (including any redeemable shares) in any manner authorised by the Laws and may hold any such shares as treasury shares provided that the number of shares held as treasury shares shall not at any time exceed ten per cent. of the total number of shares in issue (including any shares held in treasury) at that time."

By order of the Board

Registered office:

First Floor
Dorey Court
Admiral Park
St. Peter Port
Guernsey

Mourant Guernsey Limited

Company Secretary

Dated: 6 December 2007

Notes:

1. Shareholders entitled to attend and vote at the Extraordinary General Meeting may appoint one or more proxies (who need not be shareholders) to attend and vote on their behalf.
2. To have the right to attend and vote at the Extraordinary General Meeting you must hold ordinary shares in the Company and your name must be entered on the share register of the Company in accordance with note 4 below.
3. To be valid, Forms of Proxy (and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) must be received by the Company's registrar, Mourant Guernsey Limited, Freepost GU289, First Floor, Dorey Court, Admiral Park, St. Peter Port, Guernsey, or be returned by fax to +44 (0)1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.30 a.m. on Tuesday, 18 December 2007. A Form of Proxy accompanies this notice. Completion and return of a Form of Proxy will not preclude members from attending and voting at the Extraordinary General Meeting should they wish to do so.
4. The time by which a person must be entered on the register of members in order to have the right to attend or vote at the Extraordinary General Meeting is 10.30 a.m. on Tuesday, 18 December 2007. If the Extraordinary General Meeting is adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned Extraordinary General Meeting is 48 hours before the date fixed for the adjourned Extraordinary General Meeting. Changes to entries on the register of members after such times shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting.
5. If the Chairman, as a result of any proxy appointments, is given discretion as to how the votes the subject of those proxies are cast and the voting rights in respect of those discretionary proxies, when added to the interests in the Company's securities already held by the Chairman, result in the Chairman holding such number of voting rights that he has a notifiable interest under the Disclosure and Transparency Rules, the Chairman will make the necessary notifications to the Company and the Financial Services Authority. As a result, any person holding 5 per cent. or more of the voting rights in the Company who grants the Chairman a discretionary proxy in respect of some or all of the voting rights, and so would otherwise have a notification obligation under the Disclosure and Transparency Rules, need not make a separate notification to the Company and the Financial Services Authority.
6. As at 5 December 2007, the latest practicable date prior to publication of this document, the Company had 127,500,000 ordinary shares in issue with a total of 127,500,000 voting rights.