

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 immediately to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your ordinary shares, please forward this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

Kinmont Limited, which is authorised in the United Kingdom under the Financial Services and Markets Act 2000 and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and for no one else in connection with the Acquisition and other Proposals and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Acquisition and other Proposals.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List. Application will also be made for the New Ordinary Shares to be admitted to trading on the London Stock Exchange's market for listed securities. It is expected that such admission will become effective and that dealings in the New Ordinary Shares will commence as soon as practicable after Completion.

Alpha Pyrenees Trust Limited

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

Proposed acquisition of a property in Evreux, France

Proposed issue of a further 2,500,000 ordinary shares

Proposed alteration of the Company's borrowing powers

and

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 5 to 9 of this document in which the Board recommends that you approve the Acquisition and other Proposals described herein by voting in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of Alpha Pyrenees Trust Limited, to be held at 10.15 am on Monday, 26 June 2006 at East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ, 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 registrars, Mourant Guernsey Limited, PO Box 543, East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ, or be returned by fax to + 44 1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.15 am on Saturday, 24 June 2006. 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.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	<i>2006</i>
Latest time and date for receipt of Forms of Proxy	10.15 am on Saturday, 24 June
Extraordinary General Meeting	10.15 am on Monday, 26 June
Expected date of Completion	by late July
Expected date of Admission	as soon as practicable after Completion

DEFINITIONS

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

“Acquisition”	the proposed acquisition by Alpha Pyrenees Evreux of the Evreux Property pursuant to the Acquisition Agreement
“Acquisition Agreement”	the acquisition agreement dated 31 May 2006 between Alpha Pyrenees Evreux, the Vendor and Pacific Investments, a summary of which is set out in Part 3 of this document
“Admission”	the admission of the New Ordinary Shares to the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s market for listed securities
“Alpha Pyrenees Evreux”	Alpha Pyrenees Evreux SARL
“Alpha Pyrenees Trust” or the “Company”	Alpha Pyrenees Trust Limited
“Alpha Real Capital”	Alpha Real Capital LLP, investment manager to the Company
“Alpha Real Capital Singapore”	Alpha Real Capital Singapore PTE. Ltd, a subsidiary undertaking of Alpha Real Capital
“Articles”	the articles of association of the Company
“associate”	has the meaning given to it in the Listing Rules
“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)
“Company’s Prospectus”	the prospectus dated 23 November 2005 issued by the Company
“Completion”	completion of the Acquisition Agreement in accordance with its terms
“Evreux Property”	the property at ZAC Du Long Buisson, Commune du Vieil-Evreux, Normandy, France, to be acquired by Alpha Pyrenees Evreux, a subsidiary undertaking of the Company, pursuant to the Acquisition Agreement
“Existing Ordinary Shares”	the 125,000,000 ordinary shares of no par value currently in issue
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened for 26 June 2006, 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
“FSA”	the Financial Services Authority
“FSMA”	the Financial Services and Markets Act 2000, as amended

“Group”	the Company and its subsidiary undertakings
“Kinmont”	Kinmont Limited
“Listing Rules”	the listing rules of the UK Listing Authority made pursuant to Part V of the FSMA
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the 2,500,000 ordinary shares proposed to be issued in connection with the Acquisition
“Official List”	the Official List of the UK Listing Authority
“ordinary shares”	ordinary shares of no par value in the capital of the Company
“Pacific Investments”	Pacific Investments II Limited, a company controlled by Sir John Beckwith, the chairman and controlling member of Alpha Real Capital
“Proposals”	(i) the Acquisition; (ii) the issue of New Ordinary Shares in connection with the Acquisition at a price of 100p; and (iii) the amendment to the borrowing limit in the Articles, further details of which are set out in Part 1 of this document
“Resolutions”	the resolutions to be proposed at the Extraordinary General Meeting
“Shareholders”	holders of ordinary shares
“subsidiary undertaking”	has the meaning given to it in section 258 of the Companies Act 1985, as amended
“UKLA” or “UK Listing Authority”	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
“UK” or “United Kingdom”	United Kingdom of Great Britain and Northern Ireland
“Vendor”	SCI Clivaden, a subsidiary undertaking of Pacific Investments

PART 1

LETTER FROM THE CHAIRMAN OF ALPHA PYRENEES TRUST

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:

East Wing
Trafalgar Court
Admiral Park
St. Peter Port
Guernsey GY1 6HJ

2 June 2006

To Shareholders and, for information only, to holders of options and warrants over ordinary shares

Dear Shareholder,

**Proposed acquisition of a property in Evreux, France
Proposed issue of a further 2,500,000 ordinary shares
Proposed alteration of the Company's borrowing powers**

Introduction

On 1 June 2006 your Board announced that a subsidiary undertaking, this being Alpha Pyrenees Evreux, had entered into a conditional contract (being the Acquisition Agreement) to acquire the Evreux Property for a cash consideration of €10,450,000, representing an initial purchase yield (including "build cost" reimbursement) of 8.4 per cent. per annum (excluding for these purposes estimated purchase costs of approximately 7.5 per cent. of the consideration). At the same time, it announced the proposed issue of a further 2,500,000 ordinary shares, in order to part finance the cash consideration for the Evreux Property, and a proposed alteration to the Company's articles of association to increase the existing borrowing limit contained in those articles.

The Acquisition Agreement is conditional upon, *inter alia*, the approval of Shareholders. Similarly, the issue of a further 2,500,000 ordinary shares is subject to Shareholder approval, and the alteration to the Articles requires the passing of a special resolution under Guernsey law.

The purpose of this document is to provide you with details of the Proposals, including the background to and reasons for the Acquisition, to explain why your Board considers the Proposals to be in the best interests of Shareholders as a whole, and to recommend that you vote in favour of each of the Resolutions.

The Resolutions will be proposed at the Extraordinary General Meeting convened for Monday, 26 June 2006.

If the Acquisition is approved by Shareholders and, subject to the satisfaction of the conditions precedent referred to in the summary of the Acquisition Agreement in Part 3 of this document, it is expected that Completion will take place by late July 2006. The Acquisition is not conditional upon Shareholder approval of either the allotment of the New Ordinary Shares or the proposed alteration to the Articles.

Background to and reasons for the Acquisition

In the Company's Prospectus it was noted that it was the Company's intention to enter into a conditional property option agreement with the Vendor in relation to the Evreux Property, and that as part of those arrangements it was proposed to issue 2,500,000 ordinary shares at the placing price (being 100p per ordinary share). Since that time, rather than entering into an option agreement, the Company has been considering an acquisition of the Evreux Property, and it is now proposed to make such acquisition. Further

details of the Acquisition and the proposed issue of 2,500,000 ordinary shares in connection with the Acquisition are set out below.

Your Board is committed to an investment objective that will enable the Company to develop a quality portfolio of real estate assets through the acquisition of properties with an average yield in excess of the Company's cost of borrowing. To further this investment objective, the Company intends 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 Evreux Property falls within this investment objective and the Acquisition will provide a property income stream which will enhance the Group's earnings.

The Evreux Property

The Evreux Property is located in Evreux, upper Normandy, and is situated between Paris, Caen, Rouen and Le Havre. It is used as a distribution warehouse for pharmaceutical goods. The tenant is Laboratoire GlaxoSmithKline SAS, which leases the property on a 9 year lease from 24 October 2005. The tenant has break options after 3 years and 6 years, subject to the payment of an indemnity as follows: (i) in case of termination of the lease by the tenant at the end of the initial 3 year period, the tenant is liable to pay to the lessor an indemnity calculated in accordance with a formula which, based on the current value of the rent, results in an indemnity of €1,847,586 and (ii) in case of termination of the lease by the tenant at the end of the second 3 year period, the tenant is liable to pay an indemnity of €201,157 to the lessor.

The tenant's break options are subject to a minimum of 6 months' notice, save that if the tenant wishes to exercise a break option after 3 years, the notice period is a minimum of 9 months.

The lessor may only terminate the lease according to specific rules protecting the tenant's goodwill and clientele in the leased premises in accordance with applicable French laws and regulations.

The tenant is entitled to the renewal of the lease at the end of the 9 year term; if the lessor does not renew the lease, the lessor is liable to pay to the tenant an indemnity aimed at compensating the tenant for the losses that the tenant suffers as a result of the termination of the lease.

The basic rent is €785,000 per annum (excluding costs), paid quarterly and subject to indexation each year based on the French construction costs index (INSEE), which is equivalent to a basic initial purchase yield of 7.5 per cent. per annum (excluding costs). There is also an additional "build cost" reimbursement of €97,226 per annum (equivalent to a purchase yield of 0.9 per cent. per annum excluding costs), payable quarterly. This additional amount is not subject to any indexation. Including the "build cost" reimbursement, the Acquisition will represent an initial purchase yield of 8.4 per cent. per annum (excluding for these purposes estimated purchase costs of approximately 7.5 per cent. of the consideration).

In case of a sale of the rented premises or any of the parcels of land on which the building was erected, as well as upon a change of control affecting the lessor, the tenant is granted a right of first refusal to acquire the premises, the parcels of land or the shares in the lessor, as applicable. Such right of first refusal is not applicable where the sale takes place in favour of (i) a company controlled, either directly or indirectly, by Pacific Investments or (ii) a company controlled, either directly or indirectly, by a fund managed by Alpha Real Capital.

Further details of the Evreux Property are contained in the property valuation report set out in Part 2 of this document.

Details of the Acquisition and the Acquisition Agreement

The consideration to be paid for the Evreux Property is €10,450,000 in cash, which is consistent with the property valuation report set out in Part 2 of this document.

The purchaser will be Alpha Pyrenees Evreux, a French incorporated subsidiary undertaking of the Company. The Vendor is a subsidiary undertaking of Pacific Investments, a company controlled by Sir John Beckwith, the chairman and controlling member of Alpha Real Capital, the Company's investment manager.

As a result of this relationship, the Vendor is a related party under the Listing Rules and the Acquisition is subject to Shareholder approval.

The Acquisition Agreement was entered into on 31 May 2006 and is conditional upon Shareholder approval and the waiver of pre-emption rights. A summary of the Acquisition Agreement is set out in Part 3 of this document.

Issue of a further 2,500,000 ordinary shares

In the Company's Prospectus it was noted that, as part of the arrangements in relation to the Evreux Property, it was intended that the Company allot 2,500,000 ordinary shares at the original placing price (being 100p per ordinary share) to Pacific Investments or a subsidiary undertaking thereof nominated by Pacific Investments, and that the proceeds thereof would be utilised to part finance the Acquisition. This allotment now forms part of the Proposals. Under the terms of the Acquisition Agreement, it is proposed to issue such shares to Alpha Real Capital Singapore, Sir John Beckwith, members of his family, charitable and other trusts associated with him and employees of Alpha Real Capital. Your Board considers this allotment to be beneficial to the Company, in that it increases the co-investment by Alpha Real Capital and its management team as referred to in the Company's Prospectus, thereby further aligning their interests with those of the Company. Shareholders should note that, if approved, the issue of New Ordinary Shares is likely to be at a discount to the mid-market closing price of the ordinary shares, but at a premium to net asset value per ordinary share, as at the time of such issue.

Although there are no provisions of Guernsey law equivalent to sections 89 to 96 of the Companies Act 1985 which confer pre-emption rights on existing Shareholders in connection with the allotment of ordinary shares, similar provisions were included in the Articles. These rights have been disapplied in relation to 187,500,000 ordinary shares and so no further authority is required under the Articles for the proposed allotment of the New Ordinary Shares. However, given that the proposed allotment is in connection with the Acquisition, and the fact that the New Ordinary Shares are proposed to be allotted to, *inter alia*, a subsidiary undertaking of Alpha Real Capital, a related party, Shareholder approval is being sought for the allotment.

Furthermore, in the Company's Prospectus it was confirmed that no ordinary shares would be issued for cash on a non-pre-emptive basis pursuant to the dis-application referred to above without Shareholder consent if the ordinary shares would be issued at a discount of greater than 5 per cent. to the average mid-market closing price of the ordinary shares on the 5 business days preceding the date of issue. In any event, under the Listing Rules, if the ordinary shares are issued at a discount of greater than 10 per cent., specific Shareholder consent is required. It is anticipated that, subject to Shareholder approval, the New Ordinary Shares would be issued by late July 2006 and, depending on the mid-market price of the ordinary shares at that time, may or may not be at a discount of greater than 5 per cent. or 10 per cent. Accordingly, Shareholder approval for the issue of the New Ordinary Shares is being sought in advance. As an indication, on the basis of the average mid-market closing price of the ordinary shares for the five business days ended 1 June 2006 (being the last practicable date prior to the posting of this document), an issue of ordinary shares at 100p per ordinary share on 2 June 2006 would represent a discount of 3.3 per cent. to such average mid-market closing price.

Application will be made to the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List, and to be admitted to trading on the London Stock Exchange's market for listed securities. Subject to Shareholder approval being obtained for the issue of the New Ordinary Shares, it is expected that the New Ordinary Shares will be admitted to the Official List and to trading on the London Stock Exchange's market for listed securities as soon as practicable after Completion. The New Ordinary Shares may be held in certificated or uncertificated form.

Each of the persons to whom the New Ordinary Shares are being allotted will be entering into lock-in deeds (in a form substantially the same as those entered into by certain members of Alpha Real Capital and its management team on 22 November 2005) pursuant to which they will undertake, save in limited circumstances, not to dispose of any of the New Ordinary Shares held by them prior to 29 November 2006, the first anniversary of the Company's admission to the Official List. It should be noted that in the event that Alpha Real Capital Singapore ceases to be a subsidiary undertaking of Alpha Real Capital, and before such cessation occurs, Alpha Real Capital is required to ensure that Alpha Real Capital Singapore transfers the

ordinary shares the subject of the lock-in deed to Alpha Real Capital or another subsidiary undertaking of Alpha Real Capital.

Alteration of Company's borrowing powers

As a property investment company, your Company was required, at the time of admission of its ordinary shares to the Official List, to limit its borrowing powers to 65 per cent. of the Company's gross assets, and accordingly such a limit is currently included in the Articles. However, the Listing Rules do not preclude a company from seeking Shareholder consent to alter its articles of association in this respect at a general meeting of the company subsequent to such admission.

As stated in the Company's Prospectus, your Board believes that it would be more appropriate for the Company to have the flexibility to adopt a gearing policy allowing for borrowings of up to 95 per cent. of the Company's gross assets. To this end, a resolution is now being proposed to alter the Articles accordingly.

Subject to the resolution being passed to alter the borrowing limit, the Company would intend to target borrowings of 75 per cent. of gross assets in the medium term.

Extraordinary General Meeting

Each of the Proposals is conditional upon the approval of Shareholders and, accordingly, you will find set out at the end of this document a notice convening the Extraordinary General Meeting, such meeting to be held at 10.15 am on Monday, 26 June 2006 at East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ, at which the Resolutions to approve the Proposals will be proposed.

Voting at the Extraordinary General Meeting

Phillip Rose, Sir John Beckwith and Paul Cable (a member of the Alpha Real Capital management team), all of whom hold ordinary shares, have agreed to abstain from voting at the Extraordinary General Meeting in relation to the approval of the Acquisition and the allotment of New Ordinary Shares, and to take reasonable steps to ensure that their respective associates will also so abstain.

Action to be taken

You will find enclosed with this document a Form of Proxy for use at the Extraordinary General Meeting. Whether or not you propose to attend the Extraordinary General Meeting 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 registrars, Mourant Guernsey Limited, P.O. Box 543, East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ, or by fax to + 44 1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.15 am on Saturday, 24 June 2006.

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.

Additional information

Your attention is drawn to the additional information set out in Parts 2, 3 and 4 of this document. Shareholders are advised to read the whole of this document and not merely rely on the key summarised information contained in this letter.

Recommendation

The Board, having been so advised by Kinmont, considers the Acquisition and the issue of New Ordinary Shares in connection with the Acquisition to be fair and reasonable so far as Shareholders are concerned. In providing advice to the Board, Kinmont has taken into account the Board's commercial assessment of the Acquisition.

Phillip Rose, as a member of Alpha Real Capital, abstained from the Board's consideration of the Acquisition and the proposed allotment of New Ordinary Shares.

The Board believes that the Proposals are in the best interests of Shareholders as a whole and recommends that Shareholders approve the Proposals by voting in favour of the Resolutions to be proposed at the Extraordinary General Meeting, as each of them (save that Phillip Rose, as referred to above, will abstain from voting in relation to the approval of the Acquisition and the allotment of New Ordinary Shares) intends to do in respect of his or her own beneficial holdings, which in aggregate amount to 15,000 ordinary shares, representing approximately 0.01 per cent. of the existing issued ordinary shares of the Company in relation to resolutions 1 and 2 and 265,000 ordinary shares, representing approximately 0.21 per cent. of the existing issued ordinary shares of the Company in relation to resolution 3.

Yours sincerely

Richard Kingston

Chairman

PART 2

VALUATION REPORT ON THE EVREUX PROPERTY



The Directors
Alpha Pyrenees Trust Limited
East Wing
Trafalgar Court
Admiral Park
St Peter Port
Guernsey GY1 6HJ

7 Place Vendôme
75001 Paris
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2 June 2006

Dear Sirs

Warehouse situated in ZAC Du Long Buisson, 27930 Le Vieil-Evreux, France (the “Property”)

1.0 Introduction

We refer to your written instructions dated 30 November 2005 to prepare a valuation of the Property. The valuation is provided as at 1 May 2006. As you are aware, we conducted our inspection on 12 December 2005.

2.0 Compliance with Appraisal and Valuation Standards

We confirm the valuation has been carried out in accordance with the RICS Appraisal and Valuation Standards (the “Red Book”), by valuers who conform to its requirements, and with regard to relevant statutes or regulations.

3.0 Status of Valuer and Conflicts of Interest

We confirm that we have undertaken the valuation for the purposes of the proposed acquisition and for inclusion in a shareholder circular as suitably qualified independent valuers as defined in the Red Book, qualified for the purpose of the valuation. We confirm that we are not aware of any conflict of interest in undertaking this instruction.

4.0 Purpose of the Valuation Report

We understand that this valuation report and Schedule (the “Valuation Report”) are required in connection with the acquisition of the Property by the company and for inclusion in a shareholder circular (the “Purpose of this Valuation Report”).

5.0 Basis of Valuation and Net Annual Rent

5.1 Market Value

The Property has been valued on the basis of Market Value subject to the existing tenancy in accordance with the Appraisal & Valuation Standards published by the Royal Institution of Chartered Surveyors.

Valuations based on Market Value shall adopt the definition, and the interpretive commentary, settled by the International Valuation Standards Committee.

Market Value is defined as:

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.

5.2 *Net Annual Rent*

The net annual rent for the Property is referred to in the Schedule. Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer":

- (i) ignoring any special receipts or deductions arising from the Property;
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and
- (iii) after making deductions for superior rents (but not for amortisation); and any disbursements including, if appropriate, expenses of managing the Property and allowances to maintain it in a condition to command its rent.

The Schedule also includes the estimated net annual rent of the Property. The estimated net annual rent is based on the current rental value of the Property. The rental value reflects the terms of the lease where the Property, or parts thereof, is let at the date of valuation.

5.3 *Disposal Costs and Liabilities*

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any VAT that may become chargeable. The Property is valued disregarding any mortgages or other charges.

6.0 Assumptions and Sources of Information

An assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" ("assumption"). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuation, we have made a number of assumptions and have relied on certain sources of information. Where appropriate, the company's advisers have confirmed that our assumptions are correct so far as they are aware. In the event that any of these assumptions prove to be incorrect then our valuation should be reviewed. The assumptions we have made for the purposes of our valuation are referred to below:

6.1 *Title*

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that the Property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the Property nor any material litigation pending.

6.2 *Condition of structure and services, deleterious materials*

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the Property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the site of the Property are sufficient to support the building constructed thereon.

6.3 *Environmental Matters*

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a proper environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the Property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of the Red Book.

6.4 *Building Areas and Age*

We have not measured the Property but have relied on the areas supplied by the company. Where the age of the building is estimated, this is for guidance only.

6.5 *Statutory Requirements and Planning*

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the Property, where considered appropriate, are normally only obtained verbally, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by your lawyers who should also confirm the position with regard to any legal matters referred to in our Valuation Report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

We assume that the premises comply with all relevant statutory requirements including fire and building regulations.

6.6 *Leasing*

Where we do read leases we recommend that reliance is not placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

6.7 *Information*

We rely upon the information provided to us as to details of tenure and tenancies (subject to 'Leasing' above), planning consents and other relevant matters. We assume that this information is complete and correct.

7.0 Valuation

We are of the opinion that the Market Value of the freehold interest in the Property as at 1 May 2006 was:

€10,450,000

(Ten Million, Four Hundred and Fifty Thousand Euros)

8.0 Confidentiality and Disclosure

If our opinion of value as set out in this Valuation Report is disclosed to persons other than the addressees of this Valuation Report, the basis of valuation should be stated. If it is proposed to publish the figure, the form and context in which the figure is to appear must be approved by us beforehand.

Yours faithfully



Matthew Stansfield MA MRICS

For and on behalf of Knight Frank SNC

The Schedule

<i>Property</i>	<i>Description, Age and Tenure</i>	<i>Terms of Existing Tenancies</i>	<i>Net Annual Rent</i>	<i>Estimated Net Annual Rent</i>	<i>Market Value as at 1 May 2006</i>
Warehouse situated in ZAC Du Long Buisson, 27930, Le Vieil-Evreux, France	The property is located in a new development zone. It comprises a modern logistics warehouse with ancillary offices, built in 2001 with extension added in 2005. The total surface area is 14,129 m ² with 12,909 m ² of warehouse and 1,220 m ² offices.	The property is fully let to a single tenant, GlaxoSmithKline on a 3/6/9 year lease from 24 October 2005. There is an indemnity payable if the tenant breaks after the 3rd and 6th years.	€882,226. This is made up of €785,000 per annum rent plus an additional rent of €97,226 per annum relating to the reimbursement of works carried out by the landlord.	€787,200	€10,450,000

PART 3

SUMMARY OF THE ACQUISITION AGREEMENT

The Acquisition Agreement is an agreement dated 31 May 2006 made between SCI Clivaden as the Vendor, Alpha Pyrenees Evreux as the purchaser (the "Purchaser") and Pacific Investments.

Under the Acquisition Agreement the Vendor agrees to sell and the Purchaser agrees to purchase the Evreux Property for a consideration of €10,450,000 (plus recoverable VAT of €472,283 and registration duty of €434,786) which will be payable on Completion, due to take place by late July 2006 subject to the satisfaction of the conditions precedent referred to below.

The Acquisition is conditional, *inter alia*, upon the passing by Shareholders of the resolution to approve the Acquisition contained in the notice of the Extraordinary General Meeting set out at the end of this document and on the pre-emption rights referred to in paragraph (a) below being waived.

Material terms of the Acquisition Agreement include:

- (a) The sale of the Evreux Property is subject to rights of pre-emption in favour of public entities, the waiver of which is a condition precedent to the completion of the Acquisition. The local authority must be informed of the terms of the sale and grant a waiver to its right to purchase the property subject to the sale. Rights of pre-emption are a standard procedure in France and allow the municipal authorities to have regard to the purpose of the property's location and maintain the locale therein.
- (b) The sale of the Evreux Property is with the benefit of the occupational lease entered into by the Vendor with Laboratoire GlaxoSmithKline SAS (the "Tenant") on 24 October 2005. There are several provisions in the Acquisition Agreement relating to the transfer of the lease and related rights and obligations of the Purchaser, including customary provisions regarding the apportionment of rent and service charges.
- (c) The Acquisition Agreement contains various representations and warranties by the Vendor to the Purchaser in relation to the following: authority of the Vendor to enter into the Acquisition Agreement; organisation and good standing of the Vendor; the Vendor's title to the property; all necessary building permits having been obtained by the Vendor in relation to the construction of the main building and its extension; the Vendor's compliance with insurance obligations; the Vendor's disclosure of third party claims in relation to the Evreux Property. The Acquisition Agreement also contains representations with respect to the lease agreement and which relate to the absence of breaches by the Tenant or the Vendor of its obligations under the lease agreement and the absence of any termination notice from the Tenant.
- (d) The consideration for the Evreux Property has been split between the original building and an extension that was built recently. The portion of the consideration that relates to the extension will be subject to VAT (which is recoverable as referred to below), whereas the portion of the consideration relating to the original building will be subject to registration duties. The VAT regime is applicable on the sale of a building provided (i) the construction of such building has been completed less than five years prior to the sale; (ii) such sale is the first to take place since the completion of the building; and (iii) the sale is made to a person other than a real estate agent. The purchase of the extension will fall within the scope of the VAT regime because it was completed in October 2005, whereas the original building was completed more than five years ago. The Purchaser will pay to the Vendor VAT of €472,283, and will be entitled to recover from the French tax administration the amount of VAT it paid to the Vendor, less any VAT payments it receives from the Tenant's rental payments.
- (e) The Tenant operates an "*installation classée*" (registered installation) on the Evreux Property. The Tenant is therefore operating a business which falls within the scope of specific legal provisions relating to the protection of the environment and the conduct of this registered installation is subject to administrative authorisation which has been duly obtained by the Tenant. This authorisation is required under French law because, *inter alia*, the Tenant is storing inflammable products on site. The

Acquisition Agreement contains certain representations relating to the absence of pollution which would require de-pollution measures, as well as other customary representations regarding compliance with environmental laws and regulations.

- (f) The Evreux Property is subject to mortgages that were granted by the Vendor as security for the Vendor's reimbursement obligations under bank loans. The Acquisition Agreement contains provisions detailing the manner in which these mortgages are to be released upon payment by the Vendor of the balance of such loans to the mortgagees out of the price to be paid on Completion by the Purchaser.
- (g) The Acquisition Agreement provides that part of the consideration to be paid on Completion by the Purchaser will be placed in escrow as security for the clearance of potential third party claims in respect of the administrative permits obtained by the Vendor in relation to works carried out recently on the Evreux Property.
- (h) The Acquisition Agreement also contains warranties from Pacific Investments, including an indemnification warranty in favour of the Purchaser, to cover any costs, damages and losses (above the insurance cover) inherent to the presence of nine items located in the earth outside the buildings of the Evreux Property that remain to be identified and, to the extent any such items constitute ammunitions and/or military weapons, removed from the Evreux site. These items result from the prior ownership and occupancy of the Evreux site by the French army. A number of items have already been identified in a recent study at the Evreux site, although none of these items have been identified as ammunitions and/or weapons. The nine remaining items are to be extracted at the earliest opportunity, as soon as local ground conditions allow, and the indemnification warranty will cover the period up until the date upon which these nine items have been identified and, to the extent required, removed.
- (i) The Acquisition Agreement contains provisions whereby Alpha Pyrenees Evreux can be substituted as the purchaser of the Evreux Property. It is currently anticipated that the purchaser will be another subsidiary undertaking of the Company, Alpha Pyrenees Evreux SCI.
- (j) The Acquisition Agreement is governed by and construed in accordance with the laws of France.

PART 4

ADDITIONAL INFORMATION

1 The Company

- 1.1 The Company was incorporated with limited liability in Guernsey on 16 November 2005 with the name “Alpha Pyrenees Trust Limited” as a closed-ended investment company under the Companies (Guernsey) Law, 1994 (as amended), with registered number 43932. The Company has been incorporated with an unlimited life. The Company operates under the Companies (Guernsey) Law, 1994 (as amended) and ordinances and regulations made thereunder.
- 1.2 The address of the registered office of the Company is East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ and its telephone number is + 44 1481 715601.

2 Substantial shareholdings

- 2.1 As at 1 June 2006 (being the latest practicable date prior to the publication of this document), insofar as is known to the Company, the following persons are interested, directly or indirectly, in 3 per cent. or more of the existing issued ordinary share capital of the Company:

<i>Interested person</i>	<i>Number of ordinary shares</i>	<i>Percentage of issued ordinary shares</i>
BlueCrest Capital Ltd	8,400,000	6.72%
Cheyne Capital Management Ltd	6,100,000	4.88%
Credo Capital	4,000,000	3.20%
EPIC Group Plc	4,000,000	3.20%
HSBC Investment Management Ltd	13,945,605	11.15%
Invesco Plc	23,750,000	19.00%
Jupiter Asset Management Ltd	9,000,000	7.20%
Lansdowne Partners Ltd	11,400,000	9.12%
Lazard Asset Management Ltd	3,800,000	3.04%
M&G Investment Management Ltd	4,900,000	3.92%
Moore Europe Capital Management Ltd	7,366,200	5.89%
UBS Asset Management Ltd	4,500,000	3.60%

- 2.2 Save as disclosed in paragraph 2.1 above, the Company is not aware of any person who is interested, directly or indirectly, in 3 per cent. or more of the existing issued ordinary share capital of the Company.

3. Share capital

The authorised share capital of the Company is represented by an unlimited number of ordinary shares with no par value. The Company has 125,000,000 ordinary shares of no par value in issue. The issue of the New Ordinary Shares represents 2 per cent. of the ordinary shares currently in issue. After the issue of the New Ordinary Shares, the Company will have 127,500,000 ordinary shares in issue. The New Ordinary Shares will rank *pari passu* with the Existing Ordinary Shares.

4. Material contracts

Save for (i) an acquisition agreement entered into by a subsidiary undertaking of the Company, for the acquisition of three retail centres in the south of Spain for a combined purchase price of €36,000,000; (ii) an acquisition agreement entered into by a subsidiary undertaking of the Company, in relation to acquiring a logistics warehouse and ancillary offices in the southern suburbs of Paris for approximately €13,000,000 and (iii) the Acquisition Agreement, the Company has not entered into any material contracts (being contracts

entered into by the Company since its incorporation and which are, or may be, material) which contain information which Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolutions.

5. Significant changes

- 5.1 There has been no significant change in the financial or trading position of the Company since its incorporation, save for (i) the allotment and issue of 124,999,998 ordinary shares to institutional and other investors on 29 November 2005 pursuant to a placing at a placing price of 100p per ordinary share and the admission of the Existing Ordinary Shares to trading on the London Stock Exchange's market for listed securities; and (ii) the acquisition, by a subsidiary undertaking of the Company, of three retail centres in the south of Spain for a combined purchase price of €36,000,000.
- 5.2 There has been no significant change in the valuation of the Evreux Property since the date of the Knight Frank SNC valuation report, set out in Part 2, and the date of this document.

6. Miscellaneous

- 6.1 Knight Frank SNC has given and not withdrawn its consent to the inclusion in this document of the references to its name in the form and context in which they are included. The property valuation report set out in Part 2 of this document, attributed to Knight Frank SNC, has been included, in the form and context in which it is included, with the consent of Knight Frank SNC.
- 6.2 Kinmont has given and not withdrawn its consent to the inclusion in this document of the references to its name in the form and context in which they are included.

7. Documents available for inspection

Copies of the following documents will be available for inspection at the registered office of the Company and at the offices of Norton Rose at Kempson House, Camomile Street, London EC3A 7AN during business hours on any weekday from the date of this document (Saturdays and public holidays excepted) up to and including the date of the Extraordinary General Meeting:

- (a) the Acquisition Agreement (together with a translation thereof into English);
- (b) the Memorandum of Association of the Company and the Articles;
- (c) the written consents referred to in paragraph 6 above;
- (d) the draft lock-in deeds referred to in Part 1; and
- (e) this document.

Dated 2 June 2006

ALPHA PYRENEES TRUST LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Alpha Pyrenees Trust Limited (the "Company") will be held at East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ on Monday, 26 June 2006 at 10.15 am for the purpose of considering and, if thought fit, passing the following resolutions, of which Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolution 3 as a special resolution:

ORDINARY RESOLUTIONS

- 1 THAT the proposed acquisition of the property at ZAC Du Long Buisson, Commune du Vieil-Evreux, Normandy, France, as described in the circular to shareholders dated 2 June 2006, on the terms and subject to the conditions of the acquisition agreement dated 31 May 2006 between Alpha Pyrenees Evreux SARL, SCI Clivaden and Pacific Investments II Limited (the "Acquisition Agreement"), a copy of which has been produced to this meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and the directors of the Company or of Alpha Pyrenees Evreux SARL (or any duly authorised committees thereof) be and they are hereby authorised to take all steps as may be necessary and appropriate in relation thereto and to carry the same into effect with such modifications, variations, revisions, waivers or amendments (provided such modifications, variations, revisions, waivers or amendments are not of a material nature) to the Acquisition Agreement or documents relating thereto as they shall deem necessary, expedient or appropriate.
- 2 THAT, subject to and conditional upon the passing of Resolution 1 as set out in the notice of this meeting, the allotment of 2,500,000 ordinary shares of no par value to Alpha Real Capital Singapore PTE. Ltd, Sir John Beckwith, members of his family, charitable and other trusts associated with him and employees of Alpha Real Capital LLP, in each case at an allotment price of 100p per ordinary share, be and is hereby approved.

SPECIAL RESOLUTION

- 3 THAT the articles of association of the Company be and are hereby altered by the deletion of the figure "65" in article 20.2 and the substitution therefor of the figure "95".

Dated: 2 June 2006

By order of the Board
Mourant Guernsey Limited
Company Secretary

Registered office:
East Wing
Trafalgar Court
Admiral Park
St. Peter Port
Guernsey GY1 6HJ

Notes:

1. Shareholders entitled to attend and vote at the 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 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 registrars, Mourant Guernsey Limited, PO Box 543, East Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey GY1 6HJ, or be returned by fax to + 44 1481 715602, as soon as possible but, in any event, so as to arrive no later than 10.15 am on Saturday, 24 June 2006. 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 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 meeting is 10.15 am on Saturday, 24 June 2006. If the 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 meeting is 48 hours before the date fixed for the adjourned 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 meeting.