



2009 1H - Interim Results

Carpathian plc 

September 2009



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- Core portfolio continues to **trade satisfactorily** with rental levels broadly in line with the Board's expectations
- Carpathian has **completed the restructuring of an aggregate €311 million of debt** facilities (representing about 74% of the Group's total) by the end of August 2009
- On **25 September 2009** Carpathian signed agreements to **amend to its €40.4 million debt** facility with Erste Bank (representing an additional 9% of the Group's total debt facilities)
- Where relevant, discussions in relation to the Group's other debt facilities are progressing well
- Carpathian has **no current plans to provide further uncommitted equity** into additional debt restructurings or for capital expenditure or other investment in its non-core assets (detailed below)

- Continued intention to make aggregate dividend distributions of not less than 8 pence (€9.2 euro cents) per share in cash to shareholders prior to May 2010 with an expectation that the **first part of this distribution will be announced prior to 31 December 2009**
- **Appointment of Andrew Shepherd as an additional Non-Executive Director** to the Board adding a wealth of experience within the Central and Eastern European property markets
- Discussions between Carpathian Asset Management and the Board in relation to the realignment of **incentive arrangements** (with clear realisation and cost reduction targets) **are expected to be concluded and announced shortly**
- Continued focus on preservation of value until a return of liquidity and transaction activity enables value realisation to occur; with an aim of maximising the distribution of cash proceeds from future disposals to shareholders

Financial Highlights

- Adjusted profits after tax* of €2.4 million (six months to 30 June 2008: €7.0 million)
- Earnings/(Loss) per share of €(1.1) euro cents for the period (six months to 30 June 2008: earnings per share of €4.8 euro cents)
- Adjusted earnings per share of €1 euro cent (six months to 30 June 2008: €3.1 euro cents)
- Net Asset Value per share of €81 euro cents (€169 euro cents as at 30 June 2008)
- Net rental income of €13.6 million (six months to 30 June 2008: €21.2 million)
- Total cash of €55.2 million as at 30 June 2009 (as at 30 June 2008: €84.1 million) decreasing to €42.6 million as at 31 August 2009, principally as a consequence of completed debt restructurings as detailed below
- Group's uncommitted cash of approximately €28 million as at 31 August 2009, equating to €12.1 euro cents per share

*Adjusted profits after tax and earnings per share exclude fair value, deferred tax and foreign exchange adjustments

Unaudited Group Balance Sheet:

Profit and Loss Statement

Unaudited Consolidated Statement of Comprehensive Income as at 30 June 2009

	30 June 2009 Revenue €000	30 June 2009 Capital €000	30 June 2009 Total €000	30 June 31 December 2008 Total €000	30 June 31 December 2008 Total €000
Gross rental income	19,048	-	19,048	24,939	47,275
Service charge income	6,485	-	6,485	7,208	15,034
Service charge expense	(8,152)	-	(8,152)	(8,411)	(17,886)
Property operating expenses	(5,110)	-	(5,110)	(3,290)	(7,164)
Other property income	1,357	-	1,357	709	6,079
Net rental and related income	13,628	-	13,628	21,155	43,338
Changes in fair value of investment property	-	-	-	-	(205,833)
Impairment of goodwill	-	-	-	-	(32,377)
Loss on sale of investment properties	-	-	-	-	(1,336)
Changes in fair value of derivative assets and liabilities	-	920	920	17	6,709
Net foreign exchange loss	-	370	370	(1,540)	(4,001)
Administrative expenses	(2,837)	-	(2,837)	(4,007)	(8,235)
Net operating profit/(loss) before net financing expense	10,791	1,290	12,081	15,625	(201,735)
Financial income	2,622	-	2,622	3,496	6,837
Financial expense	(11,440)	-	(11,440)	(12,612)	(26,094)
Changes in fair value of interest rate swaps	-	(1,230)	(1,230)	4,379	(10,986)
Net financing expense	(8,818)	(1,230)	(10,048)	(4,737)	(30,243)
Net profit/(loss)/ before tax	1,973	60	2,033	10,888	(231,978)
Tax	435	(5,040)	(4,605)	(3,258)	42,730
Profit/(loss) for the period and total comprehensive income for the period	2,408	(4,980)	(2,572)	7,630	(189,248)

Unaudited Consolidated Balance Sheet as at 30 June 2009

	30 June 2009 €000	30 June 2008 €000	31 December 2008 €000
Assets			
Non-current assets			
Investment property	571,945	774,486	551,156
Goodwill	12,767	35,401	13,600
Intangible assets	-	29	-
Costs relating to future acquisitions	66	332	65
Investments in equity accounted investees	191	-	191
Other investments	7,452	7,452	7,452
Loans receivable > 1 yr	25,086	33,000	25,177
Deferred income tax assets	5,576	1,999	2,955
	623,083	852,700	600,595
Current assets			
Trade and other receivables	22,606	18,552	15,711
Loans receivable < 1 yr	8,200	-	8,200
Cash and cash equivalents	55,150	84,116	63,853
Financial assets	9,088	10,876	8,030
	95,044	113,544	95,794
Total assets	718,127	966,244	696,389

Unaudited Group Balance Sheet:

Liabilities & Equity

Unaudited Consolidated Balance Sheet as at 30 June 2009

	30 June 2009 €000	30 June 2008 €000	31 December 2008 €000
Issued capital	3,383	3,348	3,383
Share premium	263,935	260,386	263,935
Retained earnings	(79,280)	123,856	(76,748)
Total equity attributable to equity holders of the parent	188,038	387,590	190,570
Non-controlling interest	20	1,950	60
Total equity	188,058	389,540	190,630
Liabilities			
Non-current liabilities			
Bank loans LT	141,056	257,477	197,835
Other payables	8,833	-	7,884
Deferred income tax liabilities	34,463	79,520	26,816
	184,352	336,997	232,535
Current liabilities			
Trade and other payables	33,073	21,857	29,927
Bank loans ST	287,817	206,031	219,304
Provisions	17,942	2,127	18,827
Dividends payable	-	9,692	-
Financial Liabilities	6,885	-	5,166
	345,717	239,707	273,224
Total liabilities	530,069	576,704	505,759
Total equity and liabilities	718,127	966,244	696,389

The main features of Carpathian's strategy, as proposed by CAM as part of the Strategic Review, are as follows:

- **Completion of debt negotiations**
 - All negotiations either formally completed or provisionally completed pending documentation
 - Reference to loan to value covenants removed for all core investment properties
- **Reducing operational costs**
 - CAM's management proposed to take 100% ownership of CAM and to reduce future direct management costs charged to the Company – provisionally agreed
- **Management alignment**
 - Revised scheme provisionally agreed re-aligning compensation with shareholders' priorities
- **Medium term trading**
 - Strategy of protecting core assets so as to realise best value for shareholders in the medium term

- Individual asset categorisation: **CORE** and **NON-CORE**
- Categorisation takes into account ongoing individual property attributes and debt position
- Core assets are held in ring-fenced non-recourse companies to ensure the independence of their performance
- Satisfactory core asset trading performance
- Successfully restructured debt position of all core assets
- Non core asset strategy is being reviewed to maximise value where possible

Core Property Portfolio



- Promenada
 - Poldrim acquisition €6.2 million
 - NOI €591k
 - Well performing, extension possibility, lease renewals above passing rent
- Blue Knight
 - Lease renewals above previous rent levels
 - 60% of expiries are renewed by the end of July
- Riga
 - Completion on schedule 2nd quarter 2010
 - Leasing status review
- Agrokor
 - Refinanced, and trading well
- Antana
 - Short term leases, major tenant terminated
- MacroMall
 - Severe trading difficulties

Core and Non-Core Asset Performance

Core Portfolio Investment Properties: Debt Facilities

CORE PORTFOLIO Investment Properties	Country	Gross Lettable Area (sqm)	Lender	Loan Amount as at 31 Aug 2009	Loan Expiry
Agrokor	Croatia	31,647	Erste Bank	40,474	Mar 2011
Antana	Hungary	36,997	Barclays Plc	12,011	Aug 2009
Gdansk – Osowa	Poland	13,167	DPB	22,104	Dec 2011
Lodz – Tulipan	Poland	9,621	DPB	16,578	Dec 2011
Sosnowiec - Centrum	Poland	2,162	DPB	3,224	Dec 2011
Torun - Kometa	Poland	1,958	DPB	4,145	Dec 2011
Biedronka/Slupsk	Poland	1,220	No debt	-	-
Promenada	Poland	51,165	DBP	103,400	Dec 2011
MacroMall	Romania	7,489	No debt	-	-
Total		155,426		201,936	

Core and Non-Core Asset Performance

Core Portfolio Investment Properties: KPIs

CORE PORTFOLIO Investment Properties	
Weighted average lease expiry	3.7 years
Voids by rental value / %	€1,731k / 7%
Lease expiries within 1 year (value / number of leases)	€4,593k / 149
Re-leased space within last year (value / number of leases)	€1,525k / 92
NOI Growth over the last 12 months	3%
Year to date income collection	96%

Tenant Exposure Profile

- The top 10 tenants in the Core portfolio represent 38% of the total rent.
- The remaining 62% is comprised of 837 tenants paying approximately €13.6 million gross rent per annum.

Core and Non-Core Asset Performance

Core Portfolio Development Properties: Debt Facilities

CORE PORTFOLIO Development Properties	Country	Land Size (sqm)	GLA (sqm)	Lender	Loan Amount	Expiry
Riga Shopping Centre	Latvia	8,203	37,742	Nordea	39,000	Jun 17
Baia Mare - Land	Romania	125,238	50,517	No debt	-	-
Satu Mare - Land	Romania	26,759	32,112	No debt	-	-
Total		160,200	120,371		39,000	

Core and Non-Core Asset Performance

Non-Core Portfolio Investment Properties: Debt Facilities

NON CORE PORTFOLIO Investment Properties	Country	Gross Lettable Area (sqm)	Lender	Loan Amount as at 31 Aug 2009	Loan Expiry
MID Portfolio	Czech Republic / Hungary	45,340	DPB	54,414	Dec 2011
Babilonas	Lithuania	21,475	DPB	23,500	Dec 2011
Plaza Portfolio	Hungary	48,375	MKB	44,400	In default
Interfruct	Hungary	94,668	AIB	58,575	Jan 2010
Ericsson Office	Hungary	8,972	AIB	11,223	Jan 2010
Marina Mokotow	Poland	2,544	AIB	6,809	Jan 2010
Total		221,373		198,920	

Core and Non-Core Asset Performance

Non-Core Portfolio Investment Properties: KPIs

NON CORE PORTFOLIO Investment Properties	
Weighted average lease expiry	4.32 years
Voids by rental value / %	€6,912k / 32%
Lease expiries within 1 year (value / number of leases)	€2,628k / 103
Re-leased space within 1 year (value / number of leases)	€1,650k / 100
NOI Growth over the last 12 months	(39%)
Year to date income collection	92%

Core and Non-Core Asset Performance

Non-Core Portfolio Development Properties: Debt Facilities

NON CORE PORTFOLIO Investment Properties	Country	Land Size (sqm)	GLA (sqm)	Lender	Loan Amount	Expiry
Arad Shopping Center	Romania	24,436	529,258	MKB	11,448	
Cluj Land	Romania	19,400	47,995	MKB	8,500	
Total		43,836	77,253		11,448	

Free Cash Reconciliation

Carpathian estimates its “free” cash as at 31 August 2009 at €28m

Free cash reconciliation (€million)

Total Bank Balances in € as at 31 August 2009	42.6
Deposit, Service Charge, Security accounts	7.3
Identified Creditor requirements*	7.3
Total Restricted Cash	13.5
"Free" cash as at 31 August 2009	28
"Free" cash per share	€12.1 cents