

Date: 2 July 2009
 On behalf of: Carpathian PLC ('Carpathian' or 'the Company')

Carpathian PLC successfully completes debt restructuring of €235 million with Hypo Real Estate ('HRE')

Carpathian PLC is pleased to announce that it has signed a debt restructuring deal with Hypo Real Estate (recently renamed 'Deutsche Pfandbriefbank AG') for all of its existing facilities with the bank.

Highlights

- The transaction represents approximately 56% of the total debt of €417.1 million within the Group as at 31 December 2008
- The existing facilities are extended until the end of 2011
- An immediate fixed equity repayment of €8 million and the additional asset collateral of Poldrim is required
- Loan to value covenants suspended for the term until Dec 2011
- Total net property income after taxes is in excess of €9 million until Dec 2011

A number of the Group's most sizeable assets are subject to loans from HRE as the table below shows. The Polish assets Promenada and the Blue Knight portfolio together with Babilonas in Lithuania are included in the restructuring.

	Balances prior to debt restructuring		Balances post debt restructuring	
	Loan amount (€ million)	Loan Expiry	Loan amount (€ million)	Loan Expiry
Promenada, Poland	108.4	extended until 20 July 2009	103.4	December 2011
Blue Knight portfolio, Poland	45.1	October 2010	45.1	December 2011
MID portfolio, Czech Republic and Hungary	57.3	August 2010	54.3	December 2011
Babilonas, Lithuania	23.7	October 2009	23.7	December 2011
Grand total	235.3		227.3	

Summary of terms

Promenada and Blue Knight

The Promenada and Blue Knight portfolio loans are to be fully cross-collateralised as part of the restructuring (Joint Promenada and Blue Knight Loan"). The Company will repay €5 million from equity and add the Poldrim asset acquired on 30 of June 2009 for a purchase price of €6.2 million as collateral.

The Joint Promenada and Blue Knight Loan will be €147.65 million and will expire at the end of 2011 with no loan to value ('LTV') test for the term. The total interest cost will be approximately 5% and the base Euribor rate will be fully hedged for the term.

The interest service cover ratio will be aggregated between both portfolios, which will further spread the risk of rental payments. The Company's property investment adviser, Carpathian Asset Management, and the Bank have worked together on a prudent and conservative set of assumptions to forecast future cash flows.

In addition, an undertaking to pay down €3 million of the €23.7 million Babilonas facility has been agreed from sales proceeds from Promenada and Blue Knight, but only after full repayment of the Joint Promenada and Blue Knight Loan has taken place. Based on these forecasts, it is estimated that the portfolio will generate net property income after taxes in excess of €9 million over the remaining term.

The Joint Promenada and Blue Knight Loan is structured as an extension of the existing loan agreements, and full share pledges and mortgages are provided to the Bank within the corporate structure of the Promenada and Blue Knight portfolio. Therefore, this portfolio remains completely ring fenced from the Company's other assets and liabilities.

MID

The MID portfolio's debt of €57.3 million requires €3 million to be repaid immediately. In addition, any excess cash generated from rental income after costs within the portfolio will be swept as amortisation by HRE for the term of the loan. This cash sweep is estimated to be in excess of €1 million.

Babilonas

The Babilonas loan of €23.7 million has no immediate equity repayment requirement but a deferred obligation to invest sales proceeds of up to €3 million from the Promenada and Blue Knight portfolio once their debt is fully repaid has been agreed. This cash sweep is estimated to be in excess of €750,000 for the term of the loan.

The interest costs of the MID and Babilonas loans will be approximately 5% with fully hedged Euribor rate. The existing legal structures of these loans will remain largely unchanged.

The total transaction cost of the above restructuring is expected to be approximately 1% of the restructured loan amount.

Commenting on the acquisition, Rory Macnamara, Chairman of Carpathian PLC, said:

“This transaction demonstrates Carpathian’s ability to find solutions with its key lenders to allow the allocation of equity where it believes enduring and significant equity value exists. Hypo Real Estate also demonstrated cooperation and support for a portfolio with strong property fundamentals coupled with an experienced property team. Carpathian will continue to review its debt positions very closely in the current market and focus on further stabilising its capital base over the medium term in line with the outcome of the Strategic Review completed earlier in the year.

“We are making good progress with our other debt restructuring negotiations and look forward to updating the market further in due course.”

Enquiries:

Carpathian PLC

Rory Macnamara, Non-Executive Chairman

Via Redleaf Communications

Carpathian Asset Management Limited

Paul Rogers / Balazs Csepregi

020 3178 2892

ir@carpathianam.com

Collins Stewart Europe Limited

Bruce Garrow

020 7523 8350

Redleaf Communications

Emma Kane / Adam Leviton / Henry Columbine

020 7566 6700

carpathian@redleafpr.com

Notes to Editors:

- Carpathian was created in 2005 for the purpose of investing in Central and Eastern European commercial real estate
- Carpathian’s primary focus is on shopping centres, supermarkets and retail warehousing in several countries in Central and Eastern Europe being currently Croatia, the Czech Republic, Hungary, Poland, Romania, Lithuania and Latvia
- Carpathian listed on AIM in July 2005.
- Carpathian Asset Management Limited (“CAM”) is the Property Investment Adviser to Carpathian. It is responsible for identifying acquisition targets, managing transactions and portfolios and development activity within Central and Eastern Europe. The Company holds a 50 per cent. interest in CAM, the remaining 50 per cent. is held by UK Real Estate Management Limited (a company wholly owned by Paul Rogers and Massimo Marcovecchio)