

8th February

2013

DEED POLL

- (1) CARPATHIAN PLC
- (2) CARPATHIAN HOLDINGS S.À R.L.
- (3) CARPATHIAN PROPERTIES S.À R.L.

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THIS DEED is executed by way of deed poll on 8th February 2013

BETWEEN:

- (1) **CARPATHIAN PLC** a company registered in the Isle of Man under the Isle of Man Companies Act 2006 with registered number 004145V whose registered office is at IOMA House, Hope Street, Douglas, Isle of Man IM1 1AP ("PLC");
- (2) **CARPATHIAN HOLDINGS S.À R.L.** a Luxembourg private limited company registered with the Luxembourg Trade and Companies Register under the number B109154 having a share capital of EUR41,025 and whose registered office is at 5, rue Guillaume Kroll, L-1882 Luxembourg ("CH"); and
- (3) **CARPATHIAN PROPERTIES S.À R.L.** a Luxembourg private limited company registered with the Luxembourg Trade and Companies Register under the number B109155 having a share capital of EUR12,500 and whose registered office is at 5, rue Guillaume Kroll, L-1882 Luxembourg ("CP").

RECITALS:

- (A) CP is a wholly owned subsidiary undertaking of CH. CH is a wholly owned subsidiary undertaking of PLC.
- (B) PLC has previously stated that its principal objective is to return capital to its shareholders following a programme of orderly asset sales with a regular and significant dividend income, derived from rental income.
- (C) As announced in PLC's half yearly report on 28 September 2012, PLC sold its last investment property during the first half of 2012 and continued to merge, sell or liquidate its subsidiary undertakings and to repatriate cash to PLC pending anticipated further and final distributions to shareholders of PLC.
- (D) PLC shall, on, or within two Business Days after, the date of this Deed, issue the Circular (as defined below) to its shareholders and in accordance with the arrangements described in the Circular it is anticipated that, if the resolutions proposed in the Circular are passed, the shareholder base of PLC is likely to change materially from that at the date of this Deed.
- (E) On or about the date of this Deed, PLC announced the declaration by its board of directors of an interim cash dividend in favour of those shareholders of PLC on the register of members as of the Record Date as defined in such announcement) for that dividend. Within the Existing Group (as defined below) there are cash reserves, provisions and accruals for a variety of general and specific actual and contingent liabilities which have been retained and which have not been counted towards the amounts available for interim distribution to the shareholders declared as above. The parties to this Deed intend, subject to the terms of this Deed, to preserve the position of the Existing Shareholders (as defined below) in relation to all and any of such cash reserves, provisions and accruals as may from time to time be released by reason of the

relevant liability being settled at a lower amount, or being otherwise reduced or eliminated or proving to be unnecessary in whole or part in accordance with the directions of the applicable directors of the relevant members of the Existing Group.

- (F) PLC has agreed to guarantee certain obligations of CP and to accept certain restrictions on its actions, each on the terms of this Deed.
- (G) It is envisaged that CH and CP will carry out a merger under Luxembourg law. It is further envisaged that the surviving company will then enter into a voluntary liquidation. Neither event is to have any impact on the terms of this document and the parties shall procure that the surviving company will assume the obligations of each of CH and CP as set out in this Deed.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 In this Deed, the following words and expressions shall have the following meanings, unless the context requires otherwise:

"Business Day" means a day on which banks are open for business in London and Luxembourg, other than Saturday or Sunday;

"Circular" means a circular to be sent to the shareholders of PLC on or around the date of this Deed in which, inter alia, the board of directors recommend that certain resolutions be approved at a general meeting of the shareholders of PLC in relation to the proposed placing of new ordinary shares in the capital of PLC, the proposed capital reorganisation of PLC, the proposed amendment of the existing articles of association of PLC, adoption of a new investing policy by PLC, proposals to pay all cash available in the existing group of companies following the date of the general meeting to the Existing Shareholders in accordance with the terms of this Deed and the proposed change of name of PLC;

"Deductible Costs" means, at any given time, the aggregate amount of all costs, fees and expenses reasonably and properly incurred by any of PLC, CH, CP or any other member of the Existing Group (to the extent not already taken into account in determining the Received Amount) in connection with the solvent liquidation of each member of the Existing Group (including, for the avoidance of doubt, the fees payable by CH and/or CP pursuant to the 2013 Services agreement dated 23 January 2013 entered into between CP and CAM (as defined in clause 3.4.1 below), excluding in relation to PLC, any and all costs and expenses which are reasonably incurred after the date of the General Meeting (except to the extent specifically provided for in the accounts of PLC as at the date of the General Meeting);

"Deed" means this Deed as modified from time to time in accordance with its terms, including any deed which is executed in accordance with the provisions of this Deed (as so modified from time to time) and which is expressed to be supplemental to this Deed;

"Directors" means the board of directors of each of PLC and CP from time to time, including any duly appointed committee of that board;

"Distributable Amount" means, at any given time, an amount equal to the Received Amount less the Deductible Costs;

"Existing Group" means CH, CP and each person in which CH or CP (directly or indirectly) holds an interest both as at the date of this Deed and as at the date on which CH or CP (as the case may be) has received any amount from any such person;

"Existing Shareholders" means each of the persons who are registered in the register of members of PLC at 9 a.m. on the date of the General Meeting as holders of ordinary shares in the capital of PLC;

"General Meeting" means the general meeting of the Company convened by the notice of general meeting contained in the Circular;

"IOMA" means Isle of Man Fund and Investment Management Limited;

"Received Amount" means, at any given time, the aggregate amount received by PLC, CH and CP from or on behalf of members of the Existing Group after the date of this Deed whether of income or capital nature and whether by way of distribution or loan or capital payment or payment for the issuance of bonds or as a result of a merger or liquidation or otherwise together with any and all sums held by any of PLC, CH or CP (or any other member of the Existing Group, to the extent that such sum or sums have been remitted to PLC, CH or CP) at the date of this Deed to the extent not reasonably respectively required by it to meet Deductible Costs or to satisfy payment of the dividend referred to in recital (E); and

"Relevant Percentage" means (in relation to each Existing Shareholder) the percentage that the number of shares set against the name of that Existing Shareholder in the schedule referred to in clause 2.1 represents of the total number of shares listed in that schedule.

1.2 The schedules and recitals form part of this Deed and shall have effect as if set out in full in the body of this Deed.

1.3 In this Deed, unless the context requires otherwise:

1.3.1 any reference to a clause is to the relevant clause of this Deed;

1.3.2 any reference to a "person" includes an individual, firm, cooperative, partnership, limited partnership, company, corporation, association, organisation, government, state, foundation and trust, in each case whether or not having separate legal personality or any entity analogous to any such entities described above in any jurisdiction outside England and Wales;

1.3.3 use of any gender includes the other genders;

1.3.4 use of the singular includes the plural and vice versa; and

1.3.5 "subsidiary undertaking" has the meaning given to it by section 1162 of the Companies Act 2006.

1.4 Headings shall be disregarded in construing this Deed.

2. PAYMENT UNDERTAKINGS OF CP

2.1 Subject only to the resolutions (except for the resolution regarding the change of name) set out in the Circular being passed by the shareholders of PLC, CP irrevocably and unconditionally undertakes, to the extent allowed by Luxembourg law and provided that CP would not become insolvent as a result of such payment, to pay an aggregate amount equal to the Distributable Amount to the Existing Shareholders. The Existing Shareholders shall be determined by reference to a schedule of the shareholders of PLC which PLC shall instruct IOMA to prepare and deliver to PLC and CP no later than the date falling 15 Business Days after the date of the General Meeting. PLC shall instruct IOMA to ensure that such schedule contains the name and address of each Existing Shareholder and the aggregate number of ordinary shares in the capital of PLC held by each such shareholder.

2.2 Each Existing Shareholder shall be entitled to receive his Relevant Percentage of the Distributable Amount (or of each instalment on account of the Distributable Amount, as the case may be), rounded down to the nearest whole euro. Fractions of euro not so paid out shall be aggregated and applied to defray the costs of effecting the payments.

2.3 CH and CP shall engage IOMA to administer the payments referred to in clauses 2.1 and 2.2. Payments shall be made by IOMA in euros to the latest available addresses or bank account details supplied by or on behalf of each Existing Shareholder for the receipt of dividends paid by the PLC.

2.4 Payments due in accordance with clauses 2.1 and 2.2 shall be made to the Existing Shareholders at six monthly intervals, with the first payment being due on the date falling six months from the date of the General Meeting (provided that if any such payment would otherwise fall due to be paid on a day that is not a Business Day, such payment(s) shall be made on the next Business Day) (each a "**Payment Date**"), save that:

2.4.1 if the Distributable Amount at any time exceeds €500,000 (having deducted, for these purposes, the aggregate amount (if any) already paid by CP to Existing Shareholders under this Deed) then CP shall within 15 Business Days pay an instalment on account of the Distributable Amount of an amount equal to the Distributable Amount less the aggregate amount (if any) already paid by CP to Existing Shareholders under this Deed; and

2.4.2 if, on a Payment Date, an amount equal to the Distributable Amount at that Payment Date less the aggregate amount (if any) already paid by CP to Existing Shareholders under this Deed, is less than €100,000, CP shall not be required to make a payment of an instalment on account of the Distributable

Amount at that Payment Date (with, for the avoidance of doubt, such amount being rolled forward and taken into account in determining the quantum of the payment to be made in the next Payment Date);

- 2.4.3 if, the directors of CP, acting reasonably, determine that the Distributable Amount less the aggregate amount (if any) already paid by CP to Existing Shareholders under this Deed, will not at any time in the future exceed €100,000, CP shall pay, within 15 Business Days of the directors determination, an amount equal to the then Distributable Amount less the aggregate amount (if any) already paid by CP to Existing Shareholders and CP shall not be obliged to make any further payments on account of the Distributable Amount.

3. RESTRICTIONS ON PLC, CH AND CP

- 3.1 CP shall not transfer, and shall procure that none of its subsidiary undertakings shall transfer, any share (or similar instrument) in any member of the Existing Group whilst any obligations are outstanding under any of clauses 2 or 4 other than:

3.1.1 a transfer to another member of the Existing Group; or

3.1.2 pursuant to a bona fide transfer on arms length terms; or

3.1.3 in the case of the Interfruct and Marina Mokotow companies in Hungary and Poland (being Mallee Holding Kft., Ironbark Holding Kft., Silver Estate Ingatlanfejlesztő és Befektetési Kft., ELEF Property Ingatlanforgalmazó és Hasznosító Kft., A-Invest Kereskedelmi Kft., and MARKET-ESTATE Kereskedelmi és Szolgáltató Kft. in Hungary and Marise Investments SP. z o.o. in Poland), pursuant to a cooperation agreement to be entered into between CP, Irish Bank Resolution Corporation PLC and others, to Pollondi Limited (registered seat: CY-2112 Lemesou 11, Galatariotis Building, 2nd floor, Cyprus; company registration number: HE 305966) for a nominal consideration.

- 3.2 PLC shall ensure that CH remains a wholly owned subsidiary undertaking of PLC, and PLC and CH shall ensure that CP remains a wholly owned subsidiary undertaking of CH, whilst any obligations are outstanding under any of clauses 2 or 4, until the merger of CH and CP and the subsequent voluntary liquidation of the surviving entity contemplated in recital (G) of this Deed take place.

- 3.3 References in clause 3.1 to a transfer of any share (or similar instrument) include a transfer or grant of any interest in any share or such similar instrument) or of any right attaching to the same, whether by way of sale, gift, holding on trust, declaration of trust, charge, mortgage or pledge, or in any other way, and whether at law or in equity, and also include an agreement to make any such transfer or grant or to exercise the voting rights attaching to the same at the direction of any third party.

- 3.4 Whilst any obligations are outstanding under any of clauses 2 or 4 PLC shall:

- 3.4.1 ensure that it makes no changes to the composition of the board of directors of CH or CP, save that in the event that a director of CH resigns, or gives notice to resign, from their position, PLC may appoint as a replacement director any person reasonably nominated for that role by the portfolio manager, Carpathian Asset Management Limited (or its successor) ("CAM"), provided such person is independent of CAM and, in CAM's opinion (acting reasonably), suitably qualified. Provided such nomination has been notified to PLC, PLC undertakes promptly to vote in favour of the appointment of each such director so proposed by CAM; and
- 3.4.2 not commence any insolvency proceedings in respect of CH or CP, whether in or out of court, including proceedings or steps leading to any form of bankruptcy, liquidation, administration, receivership, arrangement or scheme with creditors, moratorium, stay or limitation of creditors' rights, interim or provisional supervision by a court or court appointee, winding-up or striking-off, or any distress, execution or other process levied or any event analogous to any such events in any jurisdiction outside England and Wales Provided That, upon written request from a director of CH or CP (or the entity which survives the merger described in Recital (G)), PLC shall promptly sign and return all such resolutions and other documents supplied to it, and generally co-operate to the extent reasonably required, in connection with a merger and / or voluntary liquidation (on a solvent basis) of CH and CP (provided always that PLC shall not be required to assume any liability as a consequence of signing such documents).

4. GUARANTEE

- 4.1 PLC as primary obligor irrevocably and unconditionally:
- 4.1.1 undertakes to ensure CP's full and prompt performance of its obligations under clauses 2.1 and 2.2 of this Deed and the punctual payment of all sums payable under, or in consequence of a breach of, this Deed;
- 4.1.2 agrees to indemnify each Existing Shareholder on demand against all Losses which that Existing Shareholder may incur arising directly or indirectly from or in connection with any breach by CP of any of its obligations under clauses 2.1 and 2.2 of this Deed, or in enforcing any rights under this Deed against CH or CP or PLC; and
- 4.1.3 agrees that if and each time that CP fails to make any payment to an Existing Shareholder when it is due under this Deed, the Guarantor shall on demand (without requiring the Existing Shareholder first to take steps against CP or any other person) pay that amount to the Existing Shareholder.
- 4.2 The liability of PLC under this clause shall not be released or diminished in whole or in part by anything which, but for this provision, might operate to affect its liability, including without limitation:

- 4.2.1 any variation of the terms of this Deed;
- 4.2.2 any forbearance or neglect or delay in seeking the performance of any obligations under this Deed or any granting of time for the performance of those obligations or any other arrangement between the PLC and any Existing Shareholder or any other person;
- 4.2.3 any unenforceability or invalidity of any obligation of CP, so that this clause shall be construed as if there were no such unenforceability or invalidity.
- 4.3 The guarantee in clause 4.1 is a continuing guarantee and accordingly shall remain in force until all of the obligations of CP under this Deed have been fully performed or fully satisfied.
- 4.4 The guarantee in clause 4.1 shall be in addition to and without prejudice to and not in substitution for, the performance and observance of CP's obligations under this Deed.
- 4.5 So long as CP remains under any actual or contingent obligation under this Deed, PLC shall not exercise any rights which it may at any time have by reason of the performance of its obligations under this clause to be indemnified by CP, to claim a contribution from another surety of CP's obligations or to take the benefit (by way of subrogation or otherwise) of any of an Existing Shareholder's rights under this Deed.
- 4.6 PLC will not hold any security from CP in respect of the guarantee in clause 4.1, and any such security which is held in breach of this clause shall be held by PLC in trust for the Existing Shareholders.

5. VOLUNTARY ARRANGEMENTS

- 5.1 In this clause 5, "**Compromise**" shall mean any company voluntary arrangement in respect of CH or CP (or any compromise or scheme of arrangement or any analogous procedure to any of the foregoing in any other jurisdiction) under which CP's obligations under this Deed are or are to be compromised in any way.
- 5.2 On the approval or implementation of any Compromise, PLC shall as principal obligor be liable to each Existing Shareholder for, and hereby undertakes to each Existing Shareholder (as a separate and additional covenant) immediately on demand from time to time to pay to that Existing Shareholder, amounts equal to the sums that would have been payable to that Existing Shareholder by CP, or any guarantor of CP, had such Compromise not occurred. Payment shall be made by PLC to that Existing Shareholder under this clause 5 in the amounts and at the times at which, but for the Compromise, CP would have been obliged to make payment to that Existing Shareholder. PLC's liability under clause 4 and this clause 5 shall, without prejudice to the generality of clause 4.2, not be affected in any way by that Existing Shareholder voting in favour of (if that Existing Shareholder chooses to do so) any Compromise proposed by or in respect of CP.
- 5.3 If and to the extent that any right is or may be held by PLC as against CP, the existence or exercise of which may affect the right or ability of an Existing Shareholder to obtain the

full benefit of the guarantee and indemnity in clause 4 from PLC if a Compromise by or in respect of CP were proposed and approved, PLC hereby unconditionally and irrevocably waives such right. In the event of any inconsistency between this clause 5 and clause 4.5, this clause 5 shall prevail.

- 5.4 This clause 5 applies without prejudice to an Existing Shareholder's rights to recover sums under the guarantee and indemnity under clause 4.

6. **GOOD FAITH**

Each of PLC, CH and CP recognises that the purpose of this Deed is to secure for the sole benefit of the Existing Shareholders all and any net recoverable residual value in the Existing Group as at the date of the General Meeting, to the exclusion of any and all future shareholders of PLC and agrees that it will act in good faith towards the Existing Shareholders in connection with this Deed, and shall not, and (so far as is within its control) shall ensure that no other person shall, whilst any obligation under this Deed remains outstanding take or refrain from taking any action or otherwise enter into any agreement or arrangement with the intention or main or sole purpose of circumventing the operation, intention or purpose of this Deed or avoiding any obligation to make a payment under this Deed or reduce the amount otherwise payable.

7. **MODIFICATIONS**

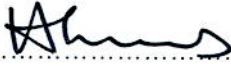
- 7.1 Any modification to this Deed (other than modifications of a minor or technical nature which in the opinion of the Directors, acting reasonably, do not materially affect the interests of Existing Shareholders or are made to correct a manifest error) may be made only if first sanctioned by such Existing Shareholders who, in aggregate, hold Relevant Percentages in excess of 75 per cent, and shall be effected by deed poll, executed by each of the parties and expressed to be supplemental to this Deed. Modifications of a minor or technical nature which in the opinion of the Directors, acting reasonably, do not materially affect the interests of the Existing Shareholders or are made to correct a manifest error may be effected by deed poll, executed by each of the parties and expressed to be supplemental to this Deed.

- 7.2 A memorandum of every such supplemental deed as is referred to in clause 7.1 shall be endorsed on this Deed.

- 7.3 Notice of every modification to this Deed shall be given promptly to the Existing Shareholders in accordance with clause 9.

8. **ENFORCEMENT BY EXISTING SHAREHOLDERS**

The benefit of the obligations of the parties contained in this Deed shall enure to each and every Existing Shareholder and his or her personal representatives. One or more of the Existing Shareholders who, in aggregate, hold Relevant Percentages in excess of 25 per cent shall be entitled to enforce those obligations against the parties without the need to join any other Existing Shareholder in the enforcement proceedings.

Witness's
Signature 

Name HAILEY THOMAS


Address CLO IOMA HOUSE

HOPE STREET, DARGAS

ISLE OF MAN

Occupation Fund Administrator

EXECUTED as a deed by)
CARPATHIAN HOLDINGS S.A.R.L.)
acting by its director (*gérant*) in the)
presence of:)

Director's
Signature 

Name: Pascale Nutz

Witness's
Signature 

Name: Nicolas Collignon

Professional Address:

5, rue Guillaume Kroll
1882 Luxembourg

Occupation: Senior Officer

EXECUTED as a deed by)
CARPATHIAN PROPERTIES S.A.R.L.)
acting by its director (*gérant*) in the)
presence of:)

Director's


Signature.....



Name: Pascale Nutz

Witness's

Signature.....



Name: Nicolas Collignon

Professional Address:

5, rue Guillaume Kroll
1882 Luxembourg

Occupation: Senior Officer