10 May 2007

Dawnay, Day Carpathian PLC

("Dawnay, Day Carpathian" or the "Company" or the "Group")

Preliminary results for the twelve months ended 31 December 2006

Highlights:

- Admitted to AIM in July 2005 and raised £140 million before expenses ("Admission")

- On 2 April 2007, Company announced it had reached full investment target set at Admission, with over 90% of the funds invested or committed

- Announced on 24 April 2007 the raising of a further £100 million:
  - Raised £100 million by a placing of 83,333,334 new ordinary shares ("the Placing"), subject to shareholder approval at an EGM on 17 May 2007
  - Following proceeds of the Placing, intention to be substantially invested by 31 December 2008
  - Substantial pipeline of potential acquisitions priced at approximately £1 billion

- Financial results
  - Adjusted NAV increased to 126.7p from 98.2p
  - EPS for the period of 21.1p compared to 4.8p
  - Proposed final dividend of 4p, giving a total dividend for the year of 6p and first interim dividend for 2007 of 3.33p

Rupert Cottrell, Chairman of Dawnay, Day Carpathian, said: "We are delighted by the positive investor response to the recent secondary Placing. As a result, we are now focused on creating a £1.2 billion commercial property portfolio across Central and Eastern Europe. We continue to see opportunities to acquire properties as well as selecting regeneration and development opportunities providing attractive total returns to our investors. Our asset manager, Dawnay, Day PanTerra, is highly regarded within our chosen markets and we believe this gives us a significant competitive advantage."

Enquiries:

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Chairman's Statement

I am pleased to report that the Group has continued to make excellent progress in acquiring an attractive portfolio of retail properties in Central and Eastern Europe in line with our objectives set at Admission. Since the year end, the Company has announced its intention to raise approximately £100 million (before expenses) by means of the Placing of 83,333,334 new ordinary shares ("the Placing Shares") at 120p per share, which together with the funds raised at the time of Admission, means the Company has raised gross proceeds of £240 million. As a result, the Company is now aiming to build a portfolio worth approximately £1.2 billion. The net proceeds of the Placing will be used to fund the Company's continuing investment programme and new business opportunities including the development and regeneration of properties while maintaining our focus on income generation. The Placing is conditional upon the passing of resolutions by shareholders at the Extraordinary General Meeting scheduled for 17 May 2007. Dealings in the Placing Shares are expected to commence on or around 18 May 2007.

As at 31 December 2006, the Company had acquired property investments costing a total of £332.8 million with an annualised rent roll in excess of £26.1 million and a blended net initial yield of 7.9%.

Our investment strategy has evolved in response to a developing market environment, and while we continue to focus predominantly on income generating assets, a substantial number of forward commitment opportunities exist which the Company is seeking to pursue. The Company believes its experience in its chosen markets creates a significant competitive advantage and we are confident of continuing to generate excellent shareholder value.

Financial Results

During the period under review, the Company acquired 35 retail properties in 10 acquisitions for a total of approximately £249.5 million. The net rental and related income for the period was £12.7 million.

The Company overall generated a profit before tax of £46.8 million. Adjusted profit before tax, which excludes any revaluation surplus, was £10.0 million.

The basic earnings per share of the Company were 21.1 pence. Adjusted earnings per share, which excludes any revaluation surplus, were 5.78 pence.

As at 31 December 2006, the Company's borrowings totalled £254.2 million representing a loan to value ratio of 69%.

The loans secured against the properties are denominated in euros and have an average weighted interest rate of 5.28% for the period. All loan agreements have hedging instruments in place minimising the impact of the interest rate risk, by swapping the variable Euribor rate to an average fixed rate of 3.51%.

Dividends

As announced on 24 April 2007, the Board has declared, subject to shareholder approval, a final dividend in respect of the financial year ended 31 December 2006 of 4p per share ("the Final Dividend"), representing a total dividend for that year of 6p in line with our dividend target set at Admission. The record date for the Final Dividend is 4 May 2007 and it will be paid on 25 May 2007.

The Board has also declared a first interim dividend in respect of the financial year ended 31 December 2007 ("the First Interim Dividend") of 3.33p per share. The Placing Shares do not qualify for the Final Dividend and the First Interim Dividend but they will qualify for any further dividends, including the one remaining interim dividend, together with the final dividend for the financial year ended 31 December 2007, which is intended to result in an aggregate dividend payment of 10p per share for that financial year. It is the Directors' intention to continue to provide investors with substantial dividends in addition to the confirmed potential for capital growth. In this regard and as announced on 2 April 2007, the Board has also confirmed that it targets a dividend of 10p per share for the year ending December 2008.

Revaluation and Net Asset Value

As announced on 12 March 2007, the portfolio has been valued as at 31 December 2006 at £368.7 million by DTZ Debenham Tie Leung Limited ('DTZ'), giving a net uplift of £36.8 million compared to the 31 December 2005 valuation (or the purchase price if acquired thereafter). The net asset value per share, adjusted to exclude goodwill and any deferred tax liabilities arising on the property valuations, has risen to 126.7p from 98.2p, an increase of 29%. Non adjusted, net asset value per share has risen to 114.2p from 97.4p at 31 December 2005, an increase of 17.2%.

Property Portfolio

Country	Location	Property	Purchase Price (£m)	DTZ valuation (£m)
Czech Republic	Karlovy Vary	Varyada Shopping Centre	26.8	32.2
Czech Republic Total			**26.8**	**32.2**
Hungary	Budaors	Antana Warehouse Park	14.2	14.8
	Hungary	Plaza Portfolio	44.4	51.1
	Budapest	Ericsson Office Building Complex	11.5	11.5
	Hungary	Interfruct Portfolio	53.7	55.4
Hungary Total			**123.8**	**132.8**
Latvia	Riga	Blaumana 12	8.5	9.1
Latvia Total			**8.5**	**9.1**
Lithuania	Panevezys	Babilonas Shopping Centre	23.0	23.1
Lithuania Total			**23.0**	**23.1**
Poland	Poland	Geant Portfolio	42.3	52.5
	Warszawa	Promenada Shopping Centre	94.5	104.9
	Slupsk	Biedronka Supermarket	0.8	1.0
Poland Total			**137.6**	**158.4**
Romania	Brasov	MacroMall Shopping Centre	13.1	13.1
Romania Total			**13.1**	**13.1**
Grand Total			**332.8**	**368.7**

The gross lettable area ('GLA') of the portfolio exceeds 320,000 sqm, and in addition there is a potential increase of approximately 25% of GLA. These extensions could be realised by individual asset management strategies spanning two to three years.

Differences between the purchase price and the DTZ valuation at 31 December 2006 at individual property level vary due to the length of actual ownership of each property. The Antana Logistic Park and the Ericsson Office Building complex were acquired with the intention of implementing regeneration projects to maximise their future value while providing attractive income yields at present.

The Company's property advisor, Dawnay, Day PanTerra ("DDPT") has expanded its team of professional personnel focused upon Central and Eastern Europe from 7 to 24 since Admission, and it now has an established local presence in Warsaw, with significant expertise, including a team of five property professionals.

Following the successful completion of the Placing, the Company will have the opportunity to significantly expand its portfolio, and DDPT has identified a strong pipeline of potential transactions across the Company's target geographies. The pipeline contains a mix of income producing assets as well as development opportunities. It is expected that future acquisitions will take the Company into new markets such as Bulgaria and expand its existing presence in countries such as Romania and Lithuania. The new funds raised have positioned the Company to capitalise upon the excellent opportunities that DDPT has identified.

Outlook

The Company has delivered on its targets set out at Admission. Upon successful completion of the secondary Placing, we will be focused on creating a £1.2 billion property portfolio across Central and Eastern Europe. This growth potential and wide geographic coverage are strategically important to be competitive and successful.

The macroeconomic environment remains favourable and we expect to continue to be able to acquire attractive income producing assets, together with selective regeneration projects. The excellent pipeline of potential acquisitions provides the Board with confidence that the Company will continue to generate an excellent mix of income and capital growth.

Rupert Cottrell
Chairman

INCOME STATEMENT

	Note	2006 Group £	2005 Group £
Gross rental income	3	15,799,374	1,485,519
Service charge income		5,946,374	494,073
Service charge expense		(6,712,383)	(424,650)
Property operating expenses		(2,678,962)	(418,623)
Other property income		334,732	32,433
Net rental and related income		12,689,135	1,168,752
Changes in fair value of investment property	8	36,791,502	2,468,706
Changes in fair value of financial assets and liabilities		(1,147,166)	-
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost.		-	69,941
Net Foreign Exchange gain / (loss)		1,387,958	608,639
Administrative expenses	4	(2,140,023)	(677,093)
Net operating profit before net financing income		47,581,406	3,638,945
Financial income		6,776,321	3,007,062
Financial expense		(7,597,219)	(1,009,461)
Net financing income / (expense)	5	(820,898)	1,997,601
Net profit before tax		46,760,508	5,636,546
Tax	6	(10,738,812)	(702,796)
PROFIT FOR THE PERIOD		36,021,696	4,933,750
Attributable to:			
Equity holders of the Company		30,705,369	4,909,679
Minority Interests		5,316,327	24,071
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the period			
Basic earnings per share	7	21.1 p	4.8 p
Diluted earnings per share	7	21.0 p	4.7 p

	2006 £	**2005 £**
Dividend paid for the year	2,908,600	-
Dividend proposed for the year	5,817,201	4,362,900
Total Dividends for the year	8,725,801	4,362,900

STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Share Capital £	Share Premium £	Minority Interest £	Translation Reserve £	Retained Earnings £	Total £
Issue of share capital	11	1,454,300	144,468,545	-	-	-	145,922,845
Costs of issue of shares		-	(5,389,998)	-	-	-	(5,389,998)
Recognition of share-based payments		-	605,543	-	-	-	605,543
Acquisition of subsidiaries		-	-	205,702	-	-	205,702
Profit for the period		-	-	-	-	4,933,750	4,933,750
Minority interest		-	-	24,071	-	(24,071)	-
Share premium release	11	-	(14,127,767)	-	-	14,127,767	-
Dividend declared		-	-	-	-	(4,362,900)	(4,362,900)
Translation into presentation currency		-	-	-	(95,033)	-	(95,033)
Balance as at 31 December 2005		1,454,300	125,556,323	229,773	(95,033)	14,674,546	141,819,909
Balance as at 1 January 2006		1,454,300	125,556,323	229,773	(95,033)	14,674,546	141,819,909
Profit for the period		-	-	-	-	36,021,696	36,021,696
Minority interest		-	-	460,219	-	(460,219)	-
Dividend Paid	14	-	-	-	-	(2,908,600)	(2,908,600)
Carried interest allocation to minority shareholders		-	-	4,856,108	-	(4,856,108)	-
Translation into presentation currency		-	-	-	(3,372,131)	-	(3,372,131)
Balance as at 31 December 2006		1,454,300	125,556,323	5,546,100	(3,467,164)	42,471,315	171,560,874

BALANCE SHEET	Note	2006 Group £	2005 Group £
ASSETS			
Non-current assets			
Investment in subsidiaries			
Investment property	8	368,691,607	87,054,370
Goodwill		16,577,691	3,698,346
Costs relating to future acquisitions		436,197	-
Deferred income tax assets	9	963,644	127,305
		386,669,139	90,880,021
Current assets			
Trade and other receivables	10	10,368,325	2,036,675
Cash and cash equivalents		75,130,888	126,144,770
Financial assets		2,665,925	399,323
		88,165,138	128,580,768
TOTAL ASSETS		474,834,277	219,460,789
EQUITY			
Issued Capital	11	1,454,300	1,454,300
Share Premium	11	125,556,323	125,556,323
Retained Earnings		42,471,315	14,674,546
Translation Reserve		(3,467,164)	(95,033)
Total equity attributable to equity holders of the parent		166,014,774	141,590,136
Minority Interest		5,546,100	229,773
TOTAL EQUITY		171,560,874	141,819,909
LIABILITIES			
Non-current liabilities			
Bank loans	13	189,534,695	60,971,511
Deferred income tax liabilities	9	35,335,631	4,943,082
		224,870,326	65,914,593
Current liabilities			
Trade and other payables	12	11,838,675	4,887,286
Bank loans	13	64,701,807	2,476,101
Provisions		728,840	-
Dividends payable		-	4,362,900
Financial liabilities		1,133,755	-
		78,403,077	11,726,287
TOTAL LIABILITIES		303,273,403	77,640,880
TOTAL EQUITY AND LIABILITIES		474,834,277	219,460,789

CASH FLOW STATEMENT	Note	2006 Group £	2005 Group £
Cash flows from operating activities			
Cash (used in)/ generated from operations	15	2,940,450	2,706,408
Income taxes paid		(797,488)	-
Net cash (used in)/ generated from operating activities		2,142,962	2,706,408
Cash flows from investing activities			
Capital expenditure on investment properties		(34,486,202)	(22,849)
Capital expenditure on incomplete acquisitions		(436,197)	-
Investment in subsidiary		-	-
Interest received		4,593,407	2,470,348
Acquisition of subsidiaries		(70,936,865)	(6,483,768)
Loans advanced to Subsidiaries before acquisition		(22,475,812)	(10,342,575)
Net cash used in investing activities		(123,741,669)	(14,378,844)
Cash flows from financing activities			
Proceeds on issue of shares, net of share issuance costs	11	-	139,381,406
New bank loans raised		86,045,496	-
Interest paid		(7,075,181)	(778,495)
Repayments of borrowings		-	(294,846)
Dividends paid		(7,271,500)	-
Net cash generated from financing activities		71,698,815	138,308,065
Net (decrease)increase in cash and cash equivalents		(49,899,892)	126,635,629
Cash and cash equivalents at the beginning of the period		126,144,770	-
Exchange losses on cash and cash equivalents		(1,113,990)	(490,859)
Cash and cash equivalents at the end of the period		75,130,888	126,144,770

Abbreviated notes to the Consolidated financial statements

1. Accounting Basis

Dawnay, Day Carpathian PLC (the "Company") is a company domiciled and incorporated in the Isle of Man on 2 June 2005 for the purpose of investing in the retail property market in Central and Eastern Europe.

The consolidated financial statements for Dawnay, Day Carpathian PLC (the "Group") and financial statements for the Company have been prepared for the year ended 31 December 2006.

The financial information set out above does not constitute the Group's statutory accounts for the year ended 31 December 2006. The figures for the year ended 31 December 2006 are extracted from the audited Group financial statements ("the financial statements"). A copy of the financial statements, on which the auditors have issued an unqualified report, will be lodged with the Registrar of Companies. The results for the year ended 31 December 2006 have been prepared on the basis of the accounting policies set out in the financial statements.

2. Significant accounting policies

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), details of accounting policies adopted by the Group can be found in the financial statements.

3. Gross rental income

	2006	2005
	Group	**Group**
	£	£
Gross lease payments collected/accrued	15,799,374	1,485,519

The Group leases out its investment property under operating leases. All operating leases are for terms of 1 - 15 years.

4. Administrative expenses

	2006	2005
	Group	**Group**
	£	£
Accounting fees	401,447	69,594
Other administrative expenses	355,595	14,918
Audit fees	322,858	152,047
Legal fees	264,227	61,037
Abortive acquisition costs	233,991	-
Non-executive Directors fees	135,115	34,883
Bank charges and fees	88,950	7,869
Portfolio management fees	86,958	67,705
Tax advisory fees	84,681	34,497
Nominated advisor fees	60,902	25,376
Public relation fees	56,255	45,462
Custody/Trust fees	35,968	25,564
Irrecoverable V.A.T.	13,076	20,196
Due diligence fees	-	117,945
	2,140,023	677,093

Other administrative expenses include items such as stationary, postage, telecommunications and travel.

5. Net financing income

	Group	Group
	£	£
Interest income from financial institutions	4,593,407	2,470,348
Fair value adjustment of interest rate swaps	2,245,782	200,290
Unwinding of unrealised direct issue costs of borrowings	(62,868)	336,424
Financial income	6,776,321	3,007,062
Gross interest expenses on bank borrowings	(7,597,219)	(1,009,461)
Net financing costs	(820,898)	1,997,601

6. Income Tax expense

	2006	2005
Recognised in the income statement	**Group**	**Group**
	£	£
Current tax expense		
Current year	1,108,057	228,976
Deferred tax expense		
Origination of temporary differences	9,630,755	473,820
Total income tax expense in the income statement	10,738,812	702,796

7. Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2006 was based on the profit attributable to ordinary shareholders of £ 30,705,369 (2005: £ 4,909,679) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2006 of 145,430,015 (2005: 102,101,808).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2006 was based on the profit attributable to ordinary shareholders of £ 30,705,369 (2005: £ 4,909,679) and a weighted average number of ordinary shares outstanding during the period ended 31 December 2006 of 146,515,868 (2005: 103,356,615).

8. Investment property

	2006	2005
	Group	**Group**
	£	£
Balance at 1 January	87,054,370	
Acquisitions through business combinations (see note 25)	215,530,101	83,265,238
Acquisitions through direct asset purchases	33,832,517	-
Additions	653,685	22,849
Increase in fair value	36,791,502	2,468,706
Foreign exchange effect	(5,170,568)	1,297,577
Balance at 31 December	368,691,607	87,054,370

The fair value of the Group's investment property at 31 December 2006 has been arrived at on the basis of a valuation carried out at that date by DTZ Debenham Tie Leung, independent valuers.

The Group has pledged each of its investment properties to secure related interest bearing debt facilities granted to the Group for the purchase of such investment properties.

9. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	2006	2006	2005	2005
	Group	**Group**	**Group**	**Group**
	Assets £	Liabilities £	Assets £	Liabilities £
Investment property valuation	-	34,798,474	-	4,917,106
Interest rate swap valuation	-	323,835	-	25,976
Accrued interest payable	54,832	-	44,136	-
Tax loss's brought forward	908,812	-	29,706	-
Other temporary differences	-	213,322	53,463	-
	963,644	35,335,631	127,305	4,943,082

10. Trade and other receivables

	2006	2005
	Group	**Group**
	£	£
Trade receivables	9,016,584	1,197,635
Prepayments	1,351,741	666,868
Accrued interest on intercompany loans	-	-
Tenant deposits	-	172,172
	10,368,325	2,036,675

11. Share capital and share premium

Authorised:	Number of Ordinary Shares of 1 p each	£
31 December 2005 and 2006	200,000,000	2,000,000

The Company was incorporated on 2 June 2005 with an authorised share capital of £ 2,000, comprising 100 founder shares of £ 1 each and 190,000 unclassified shares of 1p each.

On 17 June 2005 the authorised share capital was restructured to 200,000 shares of 1p each by conversion of the founder shares to 10,000 ordinary shares of 1p each and conversion of the unclassified shares to 190,000 ordinary shares of 1p each.

On the same day the authorised share capital of the Company was increased to £ 2,000,000 by the creation of 199,800,000 ordinary shares of 1p each.

Issued:	Number of Shares Issued and Fully Paid	Share Capital	Share Premium
		£	£
Founder shares of £ 1 each			
2 June 2005 Founder Shares	100	100	
Ordinary shares of 1p each			
17 June 2005 conversion of founder shares	10,000	100	-
1 August 2005 - issue for cash	140,000,000	1,400,000	138,600,000
1 August 2005 - placing costs	-	-	(5,389,998)
1 August 2005 - recognition of share-based payments	-	-	605,543
16 October 2005 - issued for cash	3,856,862	38,569	4,127,192
16 November 2005 - acquisition of BHA Czech s.r.o.	1,563,153	15,631	1,741,353
	145,430,015	1,454,300	139,684,090
14 December 2005 - Transfer to distributable reserves	-	-	(14,127,767)
Balance at 31 December 2005 and 2006	145,430,015	1,454,300	125,556,323

12. Trade and other payables

	2006	2005
	Group	**Group**
	£	£
Trade payables	5,559,125	2,532,906
Tenant deposits	1,812,527	610,903
Accrued interest	1,289,874	230,966
Related party payables (see note 27)	1,139,890	608,515
Tax payable	869,369	258,424
Accrued expenses	704,475	192,589
Income received in advance	390,627	452,983
Subsidiary purchase price adjustment payable	72,788	-
	11,838,675	4,887,286

13. Interest-Bearing loans and Borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	2006	2005
	Group	**Group**
	£	£
Bank Loans - non-current	189,534,695	60,971,511
Bank Loans - current	64,701,807	2,476,101
	254,236,502	63,447,612
The borrowings are repayable as follows:		
On demand or within one year	65,147,290	2,476,101
In the second year	23,506,634	1,438,971
In the third to fifth years inclusive	137,759,091	59,873,125
After five years	29,132,843	-
	255,545,858	63,788,197
Unrealised direct issue cost of borrowings	(1,309,356)	(336,424)
Foreign exchange effect	-	(4,161)
	254,236,502	63,447,612
Less: Amount due for settlement within 12 months (shown under current liabilities)	(64,701,807)	(2,476,101)
Amount due for settlement after 12 months	189,534,695	60,971,511

The Group has pledged each of its investment properties and its shares in the special purpose vehicles holding the investment properties to secure related interest-bearing debt facilities granted to the Group for the purchase of such investment properties.

The weighted average cost of debt of the year was 5.28%.

14. Dividends

	2006	2005
	£	£
Dividends paid during the year	2,908,600	4,362,900

An interim dividend of 2p per share for the year ended 31 December 2006 was declared on 28 September 2006, and paid on 3 November 2006 to ordinary shareholders on the register at close of business on 6 October 2006.

A final dividend of 4p for the year ended 31 December 2006 has been declared on 23 April 2007 and will be paid on 25 May 2007 to ordinary shareholders on the register at close of business on 4 May 2007. As required by IFRS this dividend is not recognised in the financial statements until appropriately authorised.

15. Notes to the cash flow statement

Cash generated from operations	2006 **Group** £	2005 **Group** £
Profit for the period	36,021,696	4,933,750
Adjustments for:		
Excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost.	-	(69,941)
Increase in fair value of interest rate swaps	(2,245,782)	(200,290)
Increase in fair value of financial liabilities	1,147,166	-
Unwinding of unrealised direct issue costs of borrowings	62,868	(336,424)
Net other finance income	3,003,812	(1,460,887)
Increase in fair value of investment property (see note 12)	(36,791,502)	(2,468,706)
Income tax expense	10,738,812	702,796
Unrealised foreign exchange loss/ (gain)	(1,387,958)	-
Operating cash flows before movements in working capital	10,549,112	1,100,298
Decrease/ (increase) in receivables	(3,091,073)	5,864,791
(Decrease)/ increase in payables	(4,517,589)	(4,258,681)
Cash (used in)/ generated from operations	2,940,450	2,706,408

16. Financial Statements

Copies of the 2006 financial statements will be sent to all shareholders as soon as practical. These documents will be available to the public at the offices of the company: IOMA House, Hope Street, Douglas, Isle of Man, as well as on our website www.dawnaydaycarpathian.com.