24 April 2006

Dawnay, Day Carpathian PLC

Preliminary Results
Period from incorporation on 2 June 2005 to 31 December 2005

Highlights

- Admitted to AIM in July 2005 and raised £140m before expenses
- Acquired 3 commercial retail portfolios for a combined total of £84.3m
- Delivered initial dividend and on track to meet target dividend for 2006
- Strong pipeline of acquisitions
- Exploring value enhancing opportunities within existing portfolio

Rupert Cottrell, Chairman of Dawnay, Day Carpathian, said "In a relatively short period, we have established a strong presence amidst our target markets. The Company is confident that there are sufficient opportunities which meet its investment criteria and expects that, as previously stated, it will be substantially invested by the end of 2006 without having to compromise on the quality of its acquisitions.

Enquiries:

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CHAIRMAN'S STATEMENT

Introduction

I am pleased to be able to report that Dawnay, Day Carpathian plc (“Dawnay, Day Carpathian” or the “Company”) continues to make good progress since it was admitted to the AIM market in July 2005. At the time of flotation the Company raised £140m (before expenses) which, together with bank borrowings, will facilitate the creation of a geared €1 billion portfolio of retail properties. Our investment strategy remains focused on acquiring suitable commercial retail properties such as shopping centers, supermarkets and retail warehousing in Central and Eastern Europe and we have been successfully executing this strategy.

Operational review

Since July of 2005, Dawnay, Day Carpathian has rapidly established itself as a leading presence within the Central and Eastern European commercial property sector. As a result, the Company has generated a wide circle of contacts, including investors, developers and agents, through whom the Company is being presented with many suitable acquisitions. Currently we are processing a satisfactory range of suitable opportunities for inclusion in the portfolio. Our selection criteria remain robust and are based upon identifying retail assets with sustainable income, prospects for income and capital growth and for value enhancement through asset management.

The current portfolio comprises of five shopping centres and one warehouse park:

- Varayada Shopping Centre – Karlovy Vary, Czech Republic
- Tulipan Centre – Lodz, Poland
- Osowa – Gdansk, Poland
- Kometa – Torun, Poland
- Centrum Sosnowiec – Sosnowiec, Poland
- Antana Warehouse Park – Budapest, Hungary

Shortly an application will be made to redevelop the Antana Warehouse Park in Budapest, from light industrial and office units into a circa 50,000 sq m retail centre. Negotiations are commencing for the required permitting, and the exercise carried out earlier this year to canvas retail interest has received positive responses.

The transfer of Dawnay, Day Group’s 50% share in the four shopping centres in Hungary anticipated as part of the initial pipeline investments for the Company, is now to include the entire 100% interest in these properties. Completion of the acquisition has been delayed by tax and legal complications but is expected to complete shortly. These Hungarian assets due for completion will add a further £41.5 million of investment to the Company’s portfolio.

Financial Results

During the period under review, the Company made three acquisitions for a combined total of £84.3 million. These assets generated net rental income for the period of £1.16 million, which equates to an annualised return of approximately 25% on the equity invested. The acquisitions have been funded through £21.2 million of equity and £63.1 million of debt. A re-valuation of the Company’s assets by DTZ took place at the period-end and resulted in a valuation increase of £2.5 million. Basic earnings per share for the period were 4.8p.

The administrative expenses amounted to approximately £701,000 for the period, which is in line with our original estimate of establishing a long-term business in a new geographical region.

In line with its stated strategy, the Company paid a dividend in December 2005 of 3p per share equating to a 3% yield based upon the placing price of 100p per share. The Company is also intending to pay a 6p per share dividend for the year ending 31 December 2006.

Investment Pipeline
We have a strong pipeline of acquisitions. In total, the Company is in advanced due diligence on a number of substantial transactions which, once completed, will bring the Company well in line with its target acquisition plan.

These transactions vary between properties in primary city centres to provincial convenience centres and range from the Baltic States, through Central and Eastern Europe to Romania and Bulgaria. In addition, the Company has a strategic agreement to acquire a roll out programme of supermarket developments, which are likely to comprise approximately £70 million of assets per annum over each of the next three years.

Management

In March 2006, Ross MacDiarmid resigned as a director of Dawnay, Day Europe Limited. Paul Rogers and Massimo Marcovecchio continue to have managerial responsibility for Dawnay, Day Europe Limited supported by an increased team of 14 members.

Outlook
Our focus is upon creating a superior commercial retail property portfolio. Penetration by the Company into wider property sub markets and recognition of the Dawnay, Day brand give rise to a broad range of opportunities and pricing levels. Market activity to date has seen a marked increase in transactional volumes in the territory increasing from £949 million in 2004 to £1,707 million approximately in 2005 (source: DTZ research, March 2006).

The Company is confident that there are sufficient opportunities which meet its investment criteria and expects that, as previously stated, it will be substantially invested by the end of 2006 without having to compromise on the quality of its acquisitions.

Rupert Cottrell
Chairman

INCOME STATEMENT	Note	Company £	Group £
Gross rental income	3	-	1,485,519
Service charge income		-	494,073
Service charge expense		-	(424,650)
Property operating expenses		-	(394,614)
Net rental and related income		-	1,160,328
Changes in fair value of investment property	7	-	2,468,706
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		433,933	608,639
Administrative expenses		(362,417)	(701,102)
Net other income		-	32,433
Net operating profit before net financing income		71,516	3,638,945
Financial income		2,795,106	3,007,062
Financial expense		-	(1,009,461)
Net financing income	4	2,795,106	1,997,601
Net profit before tax		2,866,622	5,636,546
Income tax expense	5	-	(702,796)
PROFIT FOR THE PERIOD		2,866,622	4,933,750
Attributable to:			
Equity holders of the Company		2,866,622	4,909,679
Minority Interests		-	24,071
Basic and diluted earnings per share for profit attributable to the equity holders of the Company during the year (expressed as pence per share)			
Basic earnings per share	6		4.8
Diluted earnings per share	6		4.7

BALANCE SHEET	Note	Company £	Group £
ASSETS			
Non current assets			
Investment in subsidiaries		8,603	-
Investment property	7	-	87,054,370
Loan to subsidiary		20,430,343	-
Goodwill		-	3,698,346
Deferred income tax assets	8	-	127,305
		20,438,946	90,880,021
Current assets			
Trade and other receivables	9	353,993	2,036,675
Cash and cash equivalents		123,466,020	126,144,770
Financial assets		-	399,323
		123,820,013	128,580,768
TOTAL ASSETS		144,258,959	219,460,789
EQUITY			
Issued Capital	10	1,454,300	1,454,300
Share Premium	10	125,556,323	125,556,323
Distributable Reserves		12,631,489	14,674,546
Foreign Exchange Movement		-	(95,033)
Total equity attributable to equity holders of the parent		139,642,112	141,590,136
Minority Interest		-	229,773
TOTAL EQUITY		139,642,112	141,819,909
LIABILITIES			
Non-current liabilities			
Bank loans		-	60,971,511
Deferred income tax liabilities	8	-	4,943,082
		-	65,914,593
Current liabilities			
Trade and other payables	11	253,947	4,887,286
Bank loans		-	2,476,101
Dividends payable	12	4,362,900	4,362,900
		4,616,847	11,726,287
TOTAL LIABILITIES		4,616,847	77,640,880
TOTAL EQUITY AND LIABILITIES		144,258,959	219,460,789

CASH FLOW STATEMENT	Note	Company	Group
		£	£
Cash flows from operating activities			
Cash (used in) / generated from operations	13	(28,530)	2,706,408
Net cash (used in) / generated from operating activities		(28,530)	2,706,408
Cash flows from investing activities			
Capital expenditure on investment property		-	(22,849)
Investment in subsidiary		(8,603)	-
Interest received		2,795,106	2,470,348
Acquisition of subsidiaries		-	(6,483,768)
Loans advanced to subsidiaries before acquisition		-	(10,342,575)
Loan to subsidiary		(18,673,359)	-
Net cash used in investing activities		(15,886,856)	(14,378,844)
Cash flows from financing activities			
Proceeds on issue of shares, net of share issuance costs	12	139,381,406	139,381,406
Interest paid		-	(778,495)
Repayments of borrowings		-	(294,846)
Net cash generated from financing activities		139,381,406	138,308,065
Net increase in cash and cash equivalents		123,466,020	126,635,629
Cash and cash equivalents at the beginning of the period		-	-
Exchange losses on cash and cash equivalents		-	(490,859)
Cash and cash equivalents at the end of the period		123,466,020	126,144,770

STATEMENT OF CHANGES IN EQUITY

GROUP	Note	Share Capital £	Share Premium £	Minority Interest £	Translation Reserve £	Retained Earnings £	Total £
Issue of share capital	10	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	10	-	(14,127,767)	-	-	14,127,767	-
Dividend declared	12	-	-	-	-	(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

COMPANY	Note	Share Capital £	Share Premium £	Minority Interest £	Translation Reserve £	Retained Earnings £	Total £
Issue of share capital	10	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
Profit for the period		-	-	-	-	2,866,622	2,866,622
Share premium release	10	-	(14,127,767)	-	-	14,127,767	-
Dividend declared	12	-	-	-	-	(4,362,900)	(4,362,900)
Balance as at 31 December 2005		1,454,300	125,556,323	-	-	12,631,489	139,642,112

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 and company accounts for Dawnay, Day Carpathian PLC (The "Group") have been prepared for the period from incorporation on 2 June 2005 to 31 December 2005.

The financial information set out above does not constitute the Group's or Company's statutory accounts for the period from incorporation on 2 June 2005 to 31 December 2005. The figures for the period from incorporation on 2 June 2005 to 31 December 2005 are extracted from the audited Group and Company 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 period from incorporation on 2 June 2005 to 31 December 2005 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 International Financial Reporting Standards (IFRS), details of accounting policies adopted by the Group can be found in the financial statements.

3 Gross rental income

	£
Gross lease payments collected/accrued	1,485,519

The Group leases out its investment property under operating leases. All operating leases are for terms of 1 - 10 years.

4 Net financing income

	Company £	Group £
Interest income from financial institutions	2,464,648	2,470,348
Interest income from subsidiary	330,458	-
Fair value adjustment of interest rate swaps	-	200,290
Fair value adjustment of loans held to maturity	-	336,424
Financial income	2,795,106	3,007,062
Gross interest expenses	-	(1,009,461)
Net financing costs	2,795,106	1,997,601

5 Income tax expense

Recognised in the income statement	**Group £**
Current tax expense	
Current year	228,976
Deferred tax expense	
Origination of temporary differences	473,820
Total income tax expense in the income statement	702,796

6 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the period ended 31 December 2005 was based on the profit attributable to ordinary shareholders of £ 4,909,679 and a weighted average number of ordinary shares outstanding during the period ended 31 December 2005 of 102,101,808.

Diluted earnings per share

The calculation of diluted earnings per share for the period ended 31 December 2005 was based on the profit attributable to ordinary shareholders of £ 4,909,679 and a weighted average number of ordinary shares outstanding during the period ended 31 December 2005 of 103,356,615.

7 Investment property

	£
Acquisitions through business combinations	83,265,238
Additions	22,849
Increase in fair value	2,468,706
Foreign exchange effect	1,297,577
Balance at 31 December 2005	87,054,370

The fair value of the Group's investment property at 31 December 2005 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.

8 Deferred tax assets and liabilities

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

	Group Assets £	Group Liabilities £
Property valuation	-	4,917,106
Swap valuation	-	25,976
Accrued interest	44,136	-
Tax loss	29,706	-
Other temporary differences	53,463	-
	127,305	4,943,082

9 Trade and other receivables

	Company £	Group £
Trade receivables	-	1,197,635
Prepayments	19,448	666,868
Accrued interest on intercompany loans	334,545	-
Tenant deposits	-	172,172
	353,993	2,036,675

10 Share capital and share premium

Authorised:	Number of Ordinary Shares of 1 p each	£
31 December 2005	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)
At the end of the year	145,430,015	1,454,300	125,556,323

11 Trade and other payables

	Company £	Group £
Trade payables	82,659	2,532,906
Tenant deposits	-	610,903
Related party payables	8,603	608,515
Income received in advance	-	452,983
Tax payable	-	258,424
Accrued interest	-	230,966
Accrued expenses	162,685	192,589
	253,947	4,887,286

12 Dividends

	£
Special dividend for the period ended 31 December 2005 of 3p per share.	4,362,900

A special dividend of 3p per share for the period ended 31 December 2005 was declared on the 15 December, and paid on 6 January 2006 to ordinary shareholders on the register at close of business on 23 December 2005.

13 Notes to the cash flow statement

Cash generated from operations	Company £	Group £
Profit for the period	2,866,622	4,933,750
Adjustments for:		
Excess of acquirer's	-	(69,941)
Increase in fair value of interest rate swaps	-	(200,290)
Increase in fair value of bank loan	-	(336,424)
Net other finance income	(2,795,106)	(1,460,887)
Increase in fair value of investment property	-	(2,468,706)
Income tax expense	-	702,796
Operating cash flows before movements in working capital	71,516	1,100,298
(Increase) / decrease in receivables	(353,993)	5,864,791
Increase / (decrease) in payables	253,947	(4,258,681)
Cash generated from operations	(28,530)	2,706,408

14 Events after the balance sheet date

There were no significant events after balance sheet date.

15 Financial statements

Copies of the 2005 financial statements will be sent to all shareholders as soon as practical. Copies of these documents will be available to the public at the offices of the company: St James's Chambers, Athol Street, Douglas, Isle of Man.