



Ladies and Gentlemen,

The world economy started 2009 with great caution looking for symptoms of global economic downside forecast by independent experts and financial market analysts. In Poland, the dynamics of economic growth has greatly decreased in result of reduction of employment at many facilities, the condition of households has deteriorated and the population decided that they must wait for the right moment. The waiting for the development of economic situation in the country coincided with the passive attitude of the banks, particularly as far as granting mortgage loans, the principal source of financing flat purchases. Those factors, combined with a consistent policy of the media forecasting extensive decrease in prices of new flats and predicting spectacular bankruptcies of developers, followed by a break down of the housing market in Poland along the lines of the events in such countries as Spain or Ireland, caused drastic drop in sales on the domestic real estate market.

It also applied to Dom Development as confirmed by the sales figures in the first quarter of 2009. Sales in that period reached one of the lowest levels in the history of the firm since 2002. Nevertheless, against the background of the industry experiencing a complete standstill, the sales volume was greater not only as compared to the previous quarter, but also the results achieved by our competitors. The actions planned for the duration of the crisis were commenced already in 2008 and continued in 2009. The priority was to maintain high liquidity, consistent implementation of the strategy of controlling costs and expenses, and keeping the prior level of general costs, including employment. The suspension of new investments at a proper moment coincided with the market conduct and greatly preceded the actions taken by the competition. Those actions had strengthened the position of Dom Development even further and allowed it to focus not only on sales of the available housing resources , but also on preparing new projects which will have to be launched when the condition of the housing industry improved.

The strategy of the Company's Management Board proved successful. Measures aimed at improvement of sales were applied on systematic basis, such as flexible pricing policy, introduction of several sale support programmes and searching for new target groups. Combined with modified marketing actions, regardless of lack of clear symptoms of economic revival and unchanged situation on the real estate market, it resulted in increased sales of the Company in the subsequent quarters of 2009.

Since the general mood of the population has calmed and the economic situation in Poland has become rather stable, the number of individuals interested in buying a flat from our company has grown, and the sales results in the third quarter were clearly better than those achieved by the competition, once again we were the first in the industry to take a decision to launch one, and following its success, a second investment. Our experience gathered prior to the crisis and the time spent on modifying the offer,

particularly as far as adjusting new investments to market expectations resulted in success of the new investments. That was evident already at the stage of “a hole in the ground” believed to be the most difficult and of the least interest to the customers at the time of stagnation. That clearly proves the demand and perspectives of development of the housing industry in Poland.

The sales results in the fourth quarter confirm Dom Development’s reinforcement of its position of a leader on the Warsaw real estate market. 2009 was a difficult year for the Company, forcing it to take difficult and sometimes bold decisions. The experience gathered during the crisis prior to 2002 and 2003, but most importantly the strong financial position of Dom Development, as well as more efficient and stronger organisation, including its most important features, the best and highly qualified specialists and management, ensured strong and stable position of the Firm. At the end of 2009 the Company had cash on hand in the amount in excess of PLN 230 million and its debt amounted to less than 40% of its equity. Conscious and consistent development of the offer as well as innovative and dynamic sales and marketing actions in response to the variable situation on the market, using the most recent knowledge, improvement of the capabilities of the team and introduction of new sales techniques, resulted in greater interest in our offer. However, the greatest victory in that difficult period is the trust of our Customers translated both into the number of sold flats and the number of visits at our sales offices and contacts with our sales representatives.

Dom Development begins 2010 as a leader. We face new challenges, including further increase of the market share. However, our present position, in light of the results of the entire industry, measured by the continuously growing number of sold flats, allows us to be optimistic for the future.

Jarosław Szanajca

President of the Management Board of
Dom Development SA

