



Dear All,

I look at the past year, 2016, with pride. As expected, the continued growth of the housing market led to new sales volume records at stable prices. Companies with wide resources, know-how and excellent organization at their disposal, such as Dom Development S.A., were the main beneficiaries of this strong demand as they could keep pace with the growing customer interest.



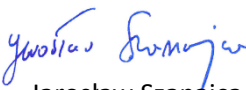
We managed to diversify our offer as never before – in 2016 our customers could choose from residential flats in over 20 different locations. As a result, we sold 2 735 units in 2016, i.e. 15% more than in 2015. We marked our presence on the left bank of the Vistula River in the Warsaw market in a very distinctive manner, which translated into a growth in average transaction value to over PLN 500 thousand last year. I see this as evidence of the considerable trust vested in us by our customers. The growth in transaction value also implies a significant proportion of owner-occupiers among our customers, which is a healthy basis for the demand.

We are very pleased with our achievements, and we continue to focus our attention on providing Dom Development S.A. with the conditions required for further growth. In 2016 we allocated approx. PLN 280 million for land purchases, our consolidated operating cash flow amounted to PLN 265 million and our cash at the end of the year in the amount of PLN 437 million exceeded our debt by PLN 57 million.

The strength of our balance sheet is our advantage in facing escalating competition in the land market. We can afford big-ticket purchases and fast payments. It also enables us to further develop our operations – we are ready to commence construction of a record-breaking number of residential flats in 2017 and we are considering expanding our operations into the Tricity market (Gdańsk, Sopot, Gdynia). As we said at the beginning of January, Dom Development S.A. has sole agency in the negotiations to acquire companies from the housing segment of the Euro Styl Capital Group, one of the leaders in the Tricity market.

These ambitious plans have no impact on our dividend Policy – The Board of Directors of Dom Development recommends, for the fifth time in a row, the payment of 100% of the profit of the Capital Group to our shareholders. As the consolidated net profit for 2016 amounts to PLN 126 million, this means a payment of PLN 5.05 per stock – a record amount in our 10-year history on the Warsaw Stock Exchange.

We expect to see the favourable trends of 2016 to continue in 2017. We still believe that the market environment is good for us, and only global-scale events can be a significant source for any slow-down in the housing market. However, we are keenly observing supply which can be of significant impact this year. The scale and quality of our land bank is one of the main competitive advantages of Dom Development S.A. – it allows us to look at our perspectives in 2017 with optimism.


Jarosław Szanajca

President of the Management Board, Dom Development S.A.