



Ladies and Gentlemen,

The year of 2006 was a fine year for Dom Development S.A. with the Company's debut on the Warsaw Stock Exchange being the most important event.

The day of the debut was preceded by a very successful public offering, the demand for our shares greatly exceeded the number offered for sale in the course of the offering, both in the retail and the institutional investors tranche. It means that the investors have a high opinion of our position on the market, the quality of management and the firm's development prospects. We are aware of the responsibility resulting from the investors' trust and we will make all the efforts not only not to abuse that trust, but to positively surprise the market.

Dom Development S.A.' offering was one of the largest 2006 public offerings in Poland and the initial quotation of the shares could be classified among the most successful in 2006, the prices at which our shares were quoted on the first day increased by as much as 42.9%. Between the day of the debut and the end of 2006 the share prices increased by 23.46% and by as much as 76.47% compared to the issue price. Since then it has been on a steady rise. The Company's capitalisation on the day of the debut amounted to PLN 2.6 billion and to PLN 3.6 billion on 31 December 2006, a 38.5% increase.

The firm is considered to be reliable and stable. It is confirmed by the various certificates with the quality system management certificate ISO 9001 – 2000 received in 2004 being the most important. All of our developer operations are certificated, namely real estate trade, project management, development, preparation and implementation of housing investments. On 18 December 2006 Dom Development S.A. was also granted a certificate which confirms that in its operations the firm incorporated the Secure Information Management System which complies with the ISO/IEC 27001:2005 standard. In 2004 Dom Development was once more awarded the prestigious Developer Certificate granted by the Polish Chamber of Construction for its important position on the housing construction market, for its reliability and diligence as well as guaranteeing legal and financial security for its Customers.

The firm is dynamically growing. The net profit generated by the Capital Group increased by almost 160% compared to 2005. That was possible exclusively because of the

favourable macroeconomic factors, good market conditions, but mostly procurement of attractive land for future investments and the creation of a strong, consolidated staff of professional and effective employees on all levels who are managed by a management team of the highest qualifications.

By the end of 2006 Dom Development S.A. has completed projects for almost 8700 flats and houses. At present, our investments incorporate construction of over 2600 flats and apartments worth about PLN 1.4 billion. Our prospective projects incorporate 5869 flats and houses. The value of those projects amounts to about PLN 2.2 billion.

The floatation provided us with means of raising financing for future development. We wish to use the proceeds from the sale of the shares for the implementation of new projects and for strengthening our position in Warsaw. We plan that we will expand beyond Warsaw in 2008.

Sincerely,

Jarosław Szanajca
President of the Management Board