



Dear All,

We look back at 2014 with satisfaction, as our optimistic assumptions of a year ago concerning the business situation of developers came true. Interest rates were cut and they remained at a historic minimum level, providing the main demand-supporting factor on the housing market. Lower mortgage installments resulted in increases in credit-worthiness, which combined with Poland's good economic condition and positive signals from the labour market, proved an effective stimulus to purchase a flat on credit. Market sales in the past year reached 2007 boom levels, although this time we see it as a beginning to long-term sustainable growth on the market.

I consider the 1 889 flats sold in 2014 to be a success – this is the second highest sales result in Dom Development's history, and very close to the record-high level reached in 2005. As in 2013, each consecutive quarter of 2014 brought increasingly high sales results, with 531 flats sold in Q4. In response to the market revival, in the past year we started construction of 12 projects with a total of 1 900 flats. Thanks to that, we are ready to respond to strong demand, which in our opinion will be continued in 2015.

Dom Development's strong financial position results in the potential to build up a land bank and to enrich it with further plots in new locations, which is our goal for 2015. 2014 was another year when our financial standing was very comfortable – we maintained net debt at a low level, keeping a high cash balance (at the end of 2014 our cash position was PLN 353m) and long debt maturity terms at the same time.

In 2014 we continued our dividend maximisation policy, in line with which we distributed all of our 2013 consolidated net profit to shareholders. This was PLN 54.5m, or PLN2.20 per share. The Management Board recommends that 2014's profit will also be entirely allocated to dividend distribution.

The financial results of 2014 (including the consolidated net profit of PLN 55.9m) were satisfying and in line with our expectations. Dom Development's current position and the market outlook cause us to look to 2015 with an optimistic approach.

Jarosław Szanajca
CEO of Dom Development S.A.