



Dear All,

2013 has brought many positive changes for Dom Development S.A. At the beginning of the past year there was some uncertainty about the housing and construction sectors' development. From the current perspective, I can say that 2013 was a year of opportunity for companies able to maintain liquidity levels and manage their long-term perspective. In 2013 the housing market was supported by record-low interest rates. We expect that if this trend continues, the 2014 market will also benefit.

I consider the 1 605 flats sold in 2013 to be a good achievement, one which combined a maintenance of operational scale and targeted profitability. Flat sales of Dom Development S.A. increased every quarter, reaching a level of 466 flats in the last three months of 2013, a number not seen since 2007. Clients were especially interested in higher standard flats, illustrated by the very successful launch in May 2013 of our multiphase project, Żoliborz Artystyczny. We expect this unique investment to replicate the success of our Saska project. Considering market trends, in 2013 we enriched our land bank with approx. 1 000 housing units on land plots located in attractive parts of the left side of the Vistula river in Warsaw; four plots purchased last year are located in Upper Mokotów and one is in the Ochota district. Our current land bank provides construction of over 6 000 flats, which enables us to make sensible, unhurried decisions about further purchases.

Throughout 2013, Dom Development S.A. continued its conservative financing policy. We closed the year with a cash balance of PLN 327m, and net debt to equity ratio of 15%. With no short-term debt in place, the situation of the Company may be considered highly secure. Our conservative approach enabled us to achieve further funding with favorable terms, among others the issue of PLN 50 m of 5-year unsecured bonds placed in March 2013.

Dom Development S.A. has a high regard for our shareholders' interests. In the face of such a comfortable liquidity and solid land bank, on April 3, 2013 the Company announced its dividend policy, in which the Management Board declared its intention to recommend in future years the highest allowable dividend payments. Accordingly, in 2013 Dom Development S.A. paid dividends totaling PLN 91.2m, i.e. 100% of the net profit for 2012. This placed us among the highest dividend-yield companies on the Warsaw Stock Exchange in 2013.

2013 turned out to be better than expectations, prompting an optimistic outlook for 2014. In the first half of this year, we plan to enrich our offer with five new locations and also launch further phases of ongoing projects. We believe that our experience, attractive offer and high reputation among clients will allow us to achieve our performance goals and strengthen the market position of Dom Development S.A. in Warsaw and Wrocław.


Jarosław Szanajca

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