



Warsaw, 4 April 2016

Dom Development: Trading update Q1 2016

1. Sales

We sold 615 units net (32% rise YoY) and achieved the biggest sales volumes on the following projects: Żoliborz Artystyczny, Saska, and Wilno.

2. Deliveries

We delivered 256 units. The most significant projects in terms of our financial results were: Rezydencja Mokotów (30 units), Żoliborz Artystyczny (49), Aleja Piastów (36), and Saska (32).

3. Market

The quarter saw many changes to the market environment, but supply and demand continued to be balanced, with cash buyers accounting for approx. 35% of Dom Development's sales. The most salient developments were the increase in the minimum equity requirement from 10% to 15%, higher mortgage loan margins due to the so-called *banking tax*, the exhaustion of the funds allotted for 2016 *Homes for the Young* programme and the introduction of the so-called *Land Trading Act*.

The prevailing low interest rates and strong labour market fostered such strong demand that the decrease in LTV ratio and higher mortgage margins failed to impact negatively the residential market.

However, the exhaustion of the funds available under the 2016 *Homes for the Young* subsidy programme was a negative, albeit mainly for the secondary market, as most flats offered on the primary market are still under construction and many of them will be eligible for subsidies from the 2017 pool.

The restriction on agricultural land trading which will come into force on 30 April 2016 may lead to a rise in prices for unaffected land, and may conversely hinder transactions in respect of land plots currently classified as agricultural. From Dom Development's perspective these changes are not material. With our significant land bank as well as superior land buying skills, we don't expect adverse consequences.

Sales volumes are still high and prices remain stable, confirming that the market has entered a new, higher 'normal level'. Dom Development's Q1 sales, as in previous years, saw a seasonal adjustment compared to Q4 2015, also evidence of a healthy market. Positive YoY dynamics, which are mainly due to the broadening of our offer, foreshadow another good year for Dom Development S.A., although we expect the total market size in 2016 to be similar to last year's.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board, CFO