



Warsaw, 4 July 2016

Dom Development: Trading update Q2 2016

1. Sales

In the second quarter of 2016, sales increased to 701 units net from 615 in the first quarter. Total H1 2016 sales were 1 316 units net, giving a rise of 24% against the same period last year.

In Q2 2016 we achieved the biggest sales volumes on the following projects: Saska, Żoliborz Artystyczny, Ursynovia, and Wilno.

2. Deliveries

In the second quarter of 2016 we delivered 564 units, which with the 256 units in Q1 2016 gives 820 deliveries for H1 2016 (45% increase against the same period last year). The most influential projects for the Q2 2016 financial results were Wilno (199 units), Klasyków (118), and Saska (99)

3. Market

Q2 2016 was a stable period for the housing market, with the main trends continuing. Supply and demand was balanced, underpinning the stability in flats prices, seen even with very high market volume sales.

Dom Development, like many of the biggest Polish developers, substantially increased its offer in Q2 2016 by launching 8 projects with over 1,300 units. The main players' activity has increased, but the market is still seeing a supply and demand equilibrium. Limited access to investment land and financing are the main stabilizing factors on developers' activity. This maintains the supply and demand balance with companies such as Dom Development – with abundant capital and large, diverse land banks, being the biggest beneficiaries of the market strength.

Demand remains very strong, despite factors which could negatively affect current flat sales – limited access to mortgages, rapid exhaustion of the funds allotted for the *Homes for the Young* programme, and the announcement of the *Home+ (Mieszkanie+)* programme, which may make some people postpone their purchase decision in hope of government support.

Resilience of demand confirms its healthy foundations, and that the market is entering a new 'normal level'. In particular, the Warsaw market has very big potential, as it is the biggest Polish labour market and migration destination, with a significant share of that influx constituting one-person households.

In Q2 2016 we observed at Dom Development an increase in cash purchases, accounting for approx. 40% of overall transactions. Its significance here illustrates that real estate is an attractive form of capital allocation – increased uncertainty and volatility on global capital markets may result in higher interest in flats, which are perceived as a safe harbour among investment options.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board, CFO