Warsaw, 8 January 2015

Dom Development Trading Update 2014

1. Sales

In 2014 we sold 1,889 housing units net, including 531 in the fourth quarter.
We achieved the biggest sales volumes on the following projects: Saska (374 flats), Żoliborz Artystyczny (259), Wilno (243), and Derby (240).
The 2014 sales volume was higher by 284 flats than in 2013 (18% rise YoY).

2. Deliveries

In the past year we delivered 1,958 housing units, including 618 in the fourth quarter.
The financial results of Q4 2014 were mostly influenced by deliveries on the following projects: Żoliborz Artystyczny (290 flats), Derby (100) and Saska (97). 2014 deliveries were higher by 396 units over 2013 (25% rise YoY).

3. Market situation evaluation

We entered 2014 with optimism, expecting the housing market to improve. Our predictions turned out to be correct, illustrated by a noticeable rise in the number of primary market transactions, which reached the 2007 peak. This time, however, we believe that the market is experiencing stable and sustainable growth. Low interest rates, resulting in lower mortgage repayments and increased mortgage availability, will support demand.
In spite of growing demand and significantly higher sales volumes, the new-build market has not experienced a price rise. In 2014 developers, taught by their experience, accurately adjusted the scale of their business, matching supply to demand.
An increase in the maximum price level of the Homes for the Young programme in Warsaw in Q4 brought the programme criteria further into line with market reality. Although the limit is still substantially lower than the average transaction prices in Warsaw, many more flats became eligible for the programme (in Dom Development's case, from approx. 12% of offer in Q3 to approx. 40% in Q4). Since the start of Q4 2014, these more generous government subsidies have supported market demand. On the other hand, a rise in the minimum equity requirement to 10% of purchase price for obtaining a mortgage in 2015 may restrict the purchasing power of the clients.
In 2014 we faced a strong, balanced market. Given that the cost of credit will likely remain low and economic growth healthy, 2015 looks equally promising, with a strong labour market and cheap energy boosting internal investment and consumption.

Jarosław Szanajca – President of the Management Board
Janusz Zalewski – Vice President of the Management Board, CFO