



Warsaw, 11 January 2016

Dom Development S.A.: Trading update 2015

1. Sales

In 2015 we sold 2,383 units net, including 678 in the fourth quarter.

We achieved the biggest sales volumes on the following projects: Żoliborz Artystyczny (381 units), Saska (323), and Wilno (313).

The 2015 sales volume was higher by 439 units than in 2014 (23% rise YoY).

2. Deliveries

In the past year we delivered 2,062 units, including record-high deliveries of 1,019 units in the fourth quarter.

The financial results of Q4 2015 were mostly influenced by deliveries on the following projects: Żoliborz Artystyczny (198 units), Saska (191), Rezydencja Mokotów (63), and Wilno (150).

2015 deliveries were higher by 66 units over 2014 (3% rise YoY).

3. Market

As anticipated, 2015 was another successful year for developers, setting new records in sales volumes. Stable prices pushed the market to a new, higher 'normal level'; we did not see rapid growth in prices typical for a boom.

In 2015 we saw further consolidation of trends observed earlier. Record-low interest rates led to improved credit standing for buyers, discouraging them from keeping savings in low-return bank deposits. In 2015 over 30% of Dom Development sales were cash purchases. Moreover, many mortgage-supported transactions had a high equity contribution of around 30-40%.

The labour market strength and increase of wages in the private sector encouraged first-time buyers, who frequently used the *Homes for the Young* government support programme. Extending this programme to the secondary market has not yet significantly influenced new flats' sales. The government support may help buyers to meet the new requirement of minimum equity share in flat purchase (up from 10% to 15%), but the popularity of the programme leads to a risk that the sum allotted for subsidies in 2016 may be spent well before the year end.

2016 seems promising, though some of the emerging factors may deaden the housing market, and the so-called banking tax may lead to an increase in mortgage margins and reduction in lending.

We do expect that demand for flats in 2016 will be similar to that of 2015. We see an accumulation of housing market supporting factors: continuing low interest rates, a strong labour market and increase in real wages, and high attractiveness of flats compared with other investment alternatives. In our opinion, the positive factors outweigh the limitations, creating favourable conditions for the Polish housing market, which we think has a great chance for 2016 and for long-term, stable growth.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board, CFO