



Warsaw, 5 January 2017

Dom Development S.A.: Trading update 2016

1. Sales

In 2016 we set a sales record of 2 735 units net, including 714 units in the fourth quarter.

We achieved the biggest sales volumes on the following projects: Żoliborz Artystyczny (463 units), Saska (319), and Wilno (233). The 2016 sales volume was higher by 352 units than in 2015 (15% rise YoY).

2. Deliveries

In the past year we delivered 2 482 units, including record-high deliveries of 1,162 units in the fourth quarter.

The financial results of Q4 2016 were mostly influenced by deliveries on the following projects: Żoliborz Artystyczny (320 units), Studio Mokotów (262), Dom Pod Zegarem (177), and Wilno (138). 2016 deliveries were higher by 420 units over 2015 (20% rise YoY).

3. Highlights

On 5 January 2017 Dom Development S.A. obtained an exclusivity to negotiate the purchase of Eurostyl Capital Group housing development business. Eurostyl is a well-established housing developer operating in the Tri-city area (Trójmiasto). Our goal is to enter a market with good prospects through the acquisition and continuation of activities of one of the leaders of the Tri-city housing market.

4. Market

2016 set new sales records for the primary housing market, with very slight price increases. This desirable situation confirms our conclusions about the new, higher 'normal level' of the market.

The market demand remained strong and healthy, with no significant upswell in speculative purchases with clients predominantly purchasing flats for their own need or for rental.

Continuing low interest rates stimulated demand, and with a favourable labour market and very good consumer sentiment, these conditions supported an elevated interest in real estate. The past year saw a persistent high share of cash buyers, making up approx. 35-40% of Dom Development's overall sales. We believe that this trend will be sustained in 2017 – households' savings are reaching new highs and property is seen as an attractive alternative to low interest rates offered on bank deposits.

So far, supply has matched demand, although on the Warsaw market we have observed a ramping up of competition for land with longer periods needed to obtain administrative decisions. That said, at Dom Development S.A. we see no obvious threats to our ambitious 2017 plans – we have a diversified land bank with oven-ready projects and substantial cash resources.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board, CFO