



Warsaw, 3 January 2018

Dom Development S.A. Consolidated Group: Trading update 2017

1. Sales

In 2017, the Dom Development Group noted another record-setting sales total, of 3,975 units net (of which the Euro Styl share is 581 units), achieving growth of 45% YOY.

We achieved the biggest sales volumes on the following projects: Wilno (459 units), Osiedle Premium (375), Osiedle Moderna (336), Żoliborz Artystyczny (295) and Osiedle Amsterdam (241).

2. Deliveries

In the past year, 2,929 units were delivered, of which a record-breaking 1,472 units were delivered in the fourth quarter itself, as planned.

The result for the fourth quarter was predominantly affected by the deliveries on the following projects: Żoliborz Artystyczny (340 units), Saska (259) and Ursynovia (180).

2017 deliveries were higher by 447 units over 2016 (18% rise YOY).

3. Highlights

3.1 Tricity: The acquisition of Euro Styl S.A. Capital Group in June 2017 was undoubtedly the most important corporate event in 2017. It caused a significant boost in the scale of activity of Dom Development, and allowed the company to enter the very promising Tricity market.

3.2 Wrocław: A number of advantageous purchases of land in Wrocław, coupled with the strengthening of the Dom Development Wrocław team, will translate into rapid expansion in this also very promising market.

3.3 Warsaw: Successful land purchases in Warsaw ensured the continued renewal of the company's offer, mainly thanks to the 1,300-unit Żoliborz Artystyczny II project.

4. Market

Residential developers exceeded previous sales volume records in 2017.

Strong demand throughout the year was supported by several macroeconomic factors, such as low interest rates, very low unemployment and significant real wage growth. Notable migration trends, mainly the flow of people to larger cities in Poland, were also meaningful in this respect.

In the first three quarters of 2017, developers were able to renew their offer despite growing sales. In the fourth quarter, however, they launched fewer projects, which in turn reduced the number of units on offer. Selling prices rose slightly over the first three quarters and accelerated at the end of the year.

Supply matched the strong demand most of the year. However, in the fourth quarter, the scarcity of subcontractors and increasing prices of construction materials pushed building costs up. These factors, together with notably longer delays for obtaining administrative decisions (specifically in the Warsaw market) and an ever more competitive land market, may soon curtail supply. Given the prevailing strong demand, further sales price increases are therefore likely.

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