



Warsaw, 4 April 2014

## **Dom Development: Trading update Q1 2014**

### **1. Sales**

In the first quarter of 2014 we sold 400 housing units net, and achieved the biggest sales volumes on the following projects: Saska, Żoliborz Artystyczny, Wilno, and Derby.

### **2. Deliveries**

In the first quarter of 2014 we delivered 516 housing units. The most influential projects in terms of the Q1 2014 financial results were Młyny Królewskie (191 flats), Klasyków (95), Derby (86), and Saska (58).

### **3. Market situation evaluation**

We find the first quarter of 2014 to be satisfactory, although it did not bring a record high new flat sales volume. The stable market prices and healthy sales volume are positive signals for housing developers. The rebound in mortgage demand also supports our optimistic approach, as we see the decision to take a mortgage as proof of the client's faith in the economic upswing and employment stability.

The *Homes for the Young* governmental support programme had a moderate influence on the Warsaw and Wrocław markets in Q1, its first quarter in force, mainly due to a disproportion between market prices and the price limits qualifying flats for the programme. For Q2 2014 the limits have risen, and we see this as a positive market factor; the share of flats eligible for the programme in the offer has increased. This may positively affect the market demand.

From the beginning of 2014 the new Recommendation "S", concerning mortgages, has come into force. This requires a minimum own contribution towards mortgages from clients of 5% for 2014, and future years will see gradual increases to reach 20% in 2017. In our opinion this recommendation has had no significant impact on the market yet, but we still see a future demand threat as the required own contribution rises.

2014 started well for the housing development sector, which may now experience stable growth for some time. Stable or moderate price increases and a balancing of supply and demand are positive indicators for the sector, and realisation of the optimistic macroeconomic forecasts for the Polish economy may have a significant positive impact on the housing market.

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