



Warsaw, 4 July 2014

Dom Development: Trading update Q2 2014

1. Sales

In the second quarter of 2014 our sales increased to 463 units net from 400 in the first quarter. The total H1 2014 sales were 863 units net, giving a rise of 19% YoY.

In Q2 2014 we achieved the biggest sales volumes on the following projects: Saska, Derby, Żoliborz Artystyczny, and Wilno.

2. Deliveries

In the second quarter of 2014 we delivered 450 housing units, which along with the 516 units in Q1 2014 gives 966 deliveries in H1 2014 (19% rise YoY).

The most influential projects in terms of the Q2 2014 financial results were Wilno (111 flats), Adria (104), Willa na Harfowej (67), Derby (39), and Klasyków (38).

3. Market situation evaluation

Q2 2014 was another successful quarter for the primary housing market. These favourable circumstances allowed Dom Development to achieve satisfactory sales margins and increase sales volumes. The positive macroeconomic factors and the upwards trend in consumer confidence that has been present since the beginning of 2013 are a strong basis for a long-term sustainable growth in the development sector.

As we expected, the rise in the price limits of the *Homes for the Young* programme has increased the number of flats that qualify for the programme which has positively influenced market demand in Q2 2014. However, the price limits of the programme in both Warsaw and Wrocław are still significantly below the average market prices and as such our eligible offer for this programme is still substantially restricted (currently approx. 6%).

In Q2 2014 we observed banks gradually increasing their margins on loans, which led to higher mortgage costs. Nevertheless, the share of mortgage-supported purchases in Dom Development has not changed and amounts to approximately 70% of overall sales. This is most likely a result of the retention of low interest rates set by the National Bank of Poland.

The continuing combination of favourable circumstances has led to an increase in demand with market sales volumes having again reached the levels achieved in the 2007 market peak. The Warsaw market supply and demand has also reached a balance in terms of both scale and structure. We face a strong market in which key developer competences will be the ability to acquire new plots and effectively launch desirable new projects. In our assessment these positive conditions for developer activity may lead to a sustained development of the housing market in the longer term.

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board, CFO