



Warsaw, 7 April 2015

Dom Development: Trading update Q1 2015

1. Sales

In the first quarter of 2015 we sold 467 units net (incl. shops), and achieved the biggest sales volumes on the following projects: Żoliborz Artystyczny, Wilno, and Saska.

During this period we introduced to the offer two projects in new locations: Dom Pod Zegarem (235 units) in the Mokotów district of Warsaw and Wille Lazurowa (166) in Bemowo. Moreover, sales commenced on the third stage of Saska Apartamenty nad Jeziorem (236) project.

2. Deliveries

In the first quarter of 2015 we delivered 190 units. The most influential projects in terms of the Q1 2015 financial results were Derby (77 units), Saska (30), and Żoliborz Artystyczny (29).

3. Market situation evaluation

The first quarter of 2015 turned out to be somewhat better than in the same period of 2014. Q1 2015 seasonal adjustment of sales continued the trend of previous years, which experienced sales growth over their subsequent quarters. This year, after a slowdown in January, the housing market has regained its strength, and this is visible in the sales results of February and March.

The strong demand observed in the previous quarter was maintained despite the hindrance of new regulations on the mortgage market. From the beginning of the year, according to Recommendation S of the Polish Financial Supervision Authority, the minimum equity requirement was raised from 5% to 10% of a flat's purchase price. To date, this change has not brought any substantial changes, such as restricting client purchasing power.

The *Homes for the Young* programme was a demand-supporting factor in Q1 2015, reducing the negative influence of Recommendation S – the price limits increased in October 2014 have brought the programme closer to market conditions. Government support enabled by those buying their first, popular-standard flats to meet their LTV requirements. This positive influence from the programme should be maintained in Q2 2015 as the new price limit announced on 1 April 2015 is very close to the previous one.

Developers also benefited from the past winter; unusually high temperatures positively affected the pace of construction. This enabled undisturbed construction, increasing the chance for developer companies to achieve anticipated, or even better, results.

In our opinion, the market environment is stable. The increase of the developers' offer in Q2 2015 is a result of project construction specifics and we expect that this surplus will be reduced in the upcoming quarters. We assume that the market strength, which we signaled in the previous year will also be maintained in the upcoming periods. In a situation of strong demand followed by supply, the ability to adjust the offer to the growth in clients expectations may prove to be a key source of competitive advantage, and this is a priority of Dom Development.

Jarosław Szanajca – President of the Management Board

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