



Warsaw, 3 October 2014

Dom Development: Trading update Q3 2014

1. Sales

In the third quarter of 2014 our sales increased to 495 units net from 463 in the second quarter. Total Q1-Q3 2014 sales were 1 358 units net, giving a rise of 19% YoY.

In Q3 2014 we achieved the biggest sales volumes on the following projects: Saska, Derby, Żoliborz Artystyczny, and Wilno.

2. Deliveries

In the third quarter of 2014 we delivered 374 housing units, giving 1 340 deliveries in Q1-Q3 2014 (26% rise YoY).

The most influential projects in terms of the Q3 2014 financial results were Saska (179 flats), Adria (47), Derby (40), and Młyny Królewskie (37).

3. Market situation evaluation

Q3 2014 confirmed the strength of the market that we signaled in the previous quarter. We can still see market sales at levels close to the market boom of seven years ago, but this time in our opinion the market's demand and supply are in balance which is leading to volume growth without a corresponding increase in prices.

Market strength is also visible in the structure of demand with both Customers interested in moving up the ladder as active as first time buyers. Cash transactions still make up 30% of sales with these clients and those using low credit leverage driving an increase in demand for bigger flats. On the other hand, record-low interest rates are supporting demand from clients requiring higher mortgage support.

In our opinion, the primary housing market now offers high growth potential to financially strong developers, who can invest in their land bank and commence new projects efficiently and on schedule. At the same time, the high barriers to entry combined with the significant regulatory restrictions of the Developers Act may hinder new developers from entering the market. From Dom Development's point of view, the market conditions are characterized by healthy demand and a benign competitive environment.

Jarosław Szanajca – CEO

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