



Warsaw, 8 January 2014

## Dom Development Trading Update 2013

### 1. Sales

In 2013 we sold 1 605 housing units net, including 466 in the fourth quarter.

We have achieved the biggest sales volumes on the following projects: Saska (359 flats), Żoliborz Artystyczny (187), Wilno (162), Derby (150), Młyny Królewskie (134), Adria (119) and Regaty (106).

The 2013 sales volume was higher by 169 flats than in 2012.

### 2. Deliveries

In the past year we have delivered 1 562 housing units, including 496 in the fourth quarter.

The financial results of Q4 2013 were mostly influenced by deliveries on the following projects: Saska (225 flats), Wilno (91) and Derby (71).

2013 deliveries were lower by 408 units than in 2012.

### 3. Market situation evaluation

The new apartments market in 2013 surpassed expectations, and every consecutive quarter brought higher sales volumes. Better balance between demand and offer decreased the pressure on prices.

In Q4 2013, the proportions of cash purchases and mortgage-funded purchases were 30% and 70% respectively, near the long-term average. A large number of the cash purchases were by clients who had withdrawn savings from banks due to decreasing deposit interest rates. Interest rates are still at record low levels, which is encouraging clients to take out mortgages. The lower mortgage interest rates are having a positive effect on credit availability, enabling clients who previously did not meet affordability criteria to obtain for mortgages.

On 1<sup>st</sup> January 2014 Recommendation S of the Polish Financial Supervision Commission came into force, stipulating a clients' minimum equity requirement of 5% of purchase price for mortgages. This threshold is low enough that Q4 2013 did not see any significant boost in sales from clients wishing to secure 100% mortgages ahead of the regulation.

Conversely, Q4 2013 did see some clients choose to postpone their purchases until 2014, when the *Homes for the Young* governmental support program comes into force. While this may support the popular standard flats market in early 2014, Dom Development SA, having limited exposure to this market segment, is more likely to benefit from any resulting underpinning of the wider market and improved sentiment.

*Jarosław Szanajca – President of the Management Board*

*Janusz Zalewski – Vice President of the Management Board, CFO*