



Warsaw, 2 July 2013

Dom Development: Trading update H1 2013

1. Sales

In Q2 2013 net sales have rose to 386 from 339 in Q1, giving a total H1 2013 sales of 725 flats. Q2 sales consisted mostly of units from the following projects: Saska, Żoliborz Artystyczny, and Wilno.

In May, Dom Development introduced to sales the first phase on the Żoliborz Artystyczny project with 223 apartments, and in June the second phase of this project with 152 units commenced. To date 49 units have been sold in this location. Such a fast sales pace was a result of a prevalence interest in upper standard flats.

In Q2 2013 we also noticed higher interest in flats on finished projects, constituting approx. 40% of overall sales and approx. 20% of the offer.

2. Deliveries

In Q2 2013 we delivered 295 housing units, which with the 519 deliveries in Q1 gave an H1 2013 result of 814 deliveries.

The financial results of Q2 2013 were mostly influenced by deliveries on the following projects: Wilno (83 flats), Regaty (45), Saska (37), Oaza (35), Akropol (34).

3. Market situation evaluation

The situation in the new apartments market in Q2 2013 was very similar to the market conditions of Q1. In Q2 we still continued to observe the interest in flat purchases mostly from the two groups of clients: people wanting to upgrade their housing conditions, and investors turning to the real estate market after interest rate cuts. Both of these groups were interested mostly in upper standard flats.

Resulting from the above mentioned demand-side trends, the share of new apartments bought for cash rose again in Q2 2013. Nevertheless, most of Dom Development transactions included mortgage support, and banks mortgage-granting policy changes may now significantly influence the primary housing market. Low interest rates are stimulating the mortgage market, which may be restricted from 2014 by the obligatory clients own contribution to flat purchases recommended by the Polish Financial Supervision Authority. Recommendation S may less affect the potential beneficiaries of the "Homes for the Young" programme, who are supposed to receive government subsidies for the own contribution of min. 10% of apartment value.

In the second half of 2013, high interest in the upper standard apartments may continue, whereas in 2014 we expect a rise in demand for popular standard flats, purchase of which is due to be supported by the "Homes for the Young" programme.

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