

Current Report No. **15/2020**

Report Date: **6 April 2020, 09:39 AM**

Abbreviated name of the issuer:

**DOM DEVELOPMENT S.A.**

Subject:

**Trading update Q1 2020 and information on COVID-19's influence on the Company and its Group operations**

Legal basis:

**Article 17.1 of the Market Abuse Regulation – inside information**

### **The Report:**

The Management Board of Dom Development S.A. with its registered seat in Warsaw (the "Company"), hereby informs that Dom Development S.A. Capital Group (the "Group") sold 815 units net in Q1 2020 (12% less than in Q1 2019). The sales structure was dominated by Warsaw, where the Group recorded 497 transactions. 220 units were sold in Tri-City and 98 in Wrocław.

In Q1 2020 the Group delivered 549 units (55% less than in Q1 2019). The deliveries volume was in line with the plan and its market breakdown was as follows: Warsaw - 430 units, Tri-City - 38, Wrocław - 81. The financial results of Q1 2020 were mostly influenced by deliveries on the following projects: Żoliborz Artystyczny (81 units), Wille Taneczna (75), Stacja Grochów (74), Port Żerań (71), and Apartamenty Dolny Mokotów (51) in Warsaw and Idylla (79 units) in Wrocław.

The Group's Q1 sales and deliveries numbers, having essentially hit the quarterly budget, could project the impression of an uneventful start to the year. This was certainly true until the appearance of COVID-19 in Poland towards the beginning of March.

In the Company's Management Board opinion, the Group reacted strongly and decisively to this threat, ensuring continuity of operations with approximately 80% of staff working remotely by early March. The Group's companies introduced online sales meetings and implemented procedures for remote signing of sales agreements with clients on 13 March, i.e. on the day of the announcement of a state of epidemic threat in Poland. Aside from online sales, the Group's sales offices continue to operate, obeying the safety measures recommended by the WHO and the Polish Main Sanitary Inspectorate. Flat deliveries and notary sales proceed without disruptions. All the Group's construction sites are progressing normally.

The Company's Management Board members have many years of experience in the residential development business, both in Poland and internationally. Indeed, the Group started increasing liquidity and downsizing its average project launches last year, in order to prepare for a potential market downturn.

Thanks to the steps taken upfront, as of 31 March 2020 the Group had in its bank accounts approx. PLN 644m and its gearing was around 4%.

As of this report's date, forecasting the state of the Polish economy or the residential property market over the next few months is not possible. Nevertheless, the Company's Management Board hereby informs of the current situation in Dom Development S.A. Capital Group and gives its opinion on possible scenarios.

- a) This is an anxious and difficult time for all, including the Group's customers, when the main concern is their health and that of their loved ones. In such a dynamic and uncertain environment, a strong balance sheet, very high liquidity and the Company's Management Board's many years of experience will be key factors significantly mitigating the effects of the forthcoming crisis. In the current situation the Group's companies put special emphasis on prompt and transparent communication with clients and the stock market.
- b) Dom Development S.A. Capital Group is a market leader with a well-experienced management team which has successfully weathered two previous downturns (in 2001 and 2008-9). The Company's Management Board has good grounds to expect that the group will once again emerge from this crisis with a strengthened market position.

Due to the ongoing epidemic, the Company's Management Board has decided to delay the Ordinary General Meeting of Dom Development S.A.'s Shareholders until visibility improves. We now intend to convene it at the end of August 2020, as Indicated in the current report no. 14/2020 dated 6 April 2020.

**Signatures of persons representing the Company:**

Jarosław Szanajca – President of the Management Board

Janusz Zalewski – Vice President of the Management Board