



Dom Development S.A. Consolidated Group: Trading update Q1 2021

1. Sales

In Q1 2021, the Dom Development Group sold 1 084 units net (up 33% YoY), including 600 units in Warsaw, 342 in the Tricity area, and 142 in Wrocław.

We achieved the biggest quarterly sales volumes on the following projects: Wilno (153 units), Metro Zachód (110), Stacja Grochów (107) and Żoliborz Artystyczny (106) in Warsaw and Osiedle Beauforta (84 units) in the Tricity area.

Although the Group announced on 12 March 2021 its intention to acquire a majority of the shares in SENTO S.A. in Cracow, we do not include any SENTO sales in this report.

2. Deliveries

In Q1 2021 1 366 units were delivered (+149% YoY), including 906 in Warsaw, 150 in the Tricity area, and 310 in Wrocław.

The financial results of Q1 2021 were mostly influenced by deliveries on the following projects: Wilno (352 units) Apartamenty Ogrodowa (146), Żoliborz Artystyczny (128), and Marina Mokotów (126) in Warsaw, and Apartamenty Księcia Witolda (84 units), Idylla (121), and Dom na Kurkowej (94) in Wrocław.

3. Market

The housing market was very strong in Q1 2021, especially compared to the overall situation in the Polish economy, which is suffering due to COVID-19 epidemic restrictions. This favourable situation in our sector has continued since mid-2020.

Demand for flats was high in all market segments, supported mainly by persistently low interest rates. These encouraged consumers to invest their savings in real estate, which despite the weak rental market remained a more attractive investment than bank deposits which have negative interest rates. Secondly, low borrowing costs, combined with the easing of banks' lending criteria, resulted in improved mortgage affordability. These two effects supported sales at Dom Development Group, and the share of cash purchases stayed at approx. 40% in Q1 2021.

The market sales volume was restricted by difficulties in offer replenishment, which combined with strong demand, led to gradual price increases. Dom Development Group was able to launch new projects, and so maintained high sales volumes, benefiting from the situation.

The supply-side difficulties on the housing market are caused primarily by the scarcity of land plots available for swift launch of projects at satisfactory margins. Among the Group's markets, we faced the most complex situation in Warsaw. In Wrocław and the Tricity area, administrative decisions also took longer. This is caused mainly by restrictions in planning authorities' operations due to the COVID-19 pandemic.

From Dom Development's Group perspective, the situation in the construction industry in the Q1 2021 was very favourable – subcontractors' availability was high, and all of our projects progressed on time and on budget, despite a relatively cold and long winter. The main risk in this field is a visible increase in construction material prices, which may lead to rises in construction costs in forthcoming quarters.

The situation in the developers' industry is especially favourable for large renowned companies with a strong financial position, and Dom Development Group is one of these. Thanks to our experience and agile organization, we continue to benefit from market opportunities and look with optimism towards the rest of 2021.

Jarosław Szanajca – CEO

Leszek Stankiewicz – CFO