



Warsaw, April 4, 2022

Dom Development S.A. Consolidated Group: Trading update Q1 2022

1. Sales

In Q1 2022 the Dom Development Group ("The Group") sold 758 units net, including 385 units in Warsaw, 236 in the Tri-City area, 84 in Wrocław, and 53 in Cracow.

The highest sales volumes came from the following projects: Metro Zachód (142 units), Bokserska 71 (61), and Apartamenty Ludwiki (60) in Warsaw and Osiedle Perspektywa (93) in the Tri-City.

The Cracow market results include March outcomes of the companies from BUMA Group acquired by Dom Development S.A. on February 28, 2022.

2. Deliveries

In Q1 2022 the Group delivered 1 094 units, including 829 units in Warsaw, 179 in the Tri-City area, 85 in Cracow, and 1 in Wrocław.

The financial results of Q1 2022 were mostly influenced by deliveries on the following projects: Żoliborz Artystyczny (436 units), Osiedle Głębocka (145), Stacja Grochów (114), and Metro Zachód (113) in Warsaw, and Zielony Południk (86 units) in the Tri-City.

3. Market

Q1 2022 was an extraordinary period for the residential market. Russia's invasion of Ukraine on February 24, 2022 came as a great shock to everybody and our thoughts and efforts have been geared towards helping those who were forced to flee from war. At that time many people postponed big decisions, which also translated in reduced interest in purchasing flats. However, this early shock quickly passed and demand rebounded since mid-March.

In less than a month, Poland has welcomed over 2 million refugees, most of whom arrived in big cities – the populations of Cracow and Warsaw have increased by 20%. This huge wave of migration has caused a surge in demand for housing, firstly on the rental market and rental rates, and is gradually expanding to the secondary sales market as well. In the longer run, such tremendous inflows of people will strongly support demand on the primary housing market as well, especially in major cities, where Dom Development Group has a well-established position.

Increased internal demand due to refugees inflow, broken supply chains over our Eastern border and the drop in the Polish zloty exchange rate have increased inflationary expectations. Despite a series of interest rate increases, real interest on bank deposits remains deeply negative, encouraging the allocation of savings to real estate. The share of cash buyers in Dom Development Group in Q1 2022 has increased to 58% - a record high since we have monitored this statistic.

The increase in cash transactions was caused mainly by drop in mortgage affordability due to the increase in interest rates. Unfortunately, we expect a further decrease in credit availability, as the Polish Financial Supervisory Authority has tightened the criteria for calculating mortgage creditworthiness from April 1, 2022. This change will be particularly severe for customers and developers in the so-called popular segment. Dom Development Group's projects mostly are at a higher point of the market, where clients tend to have more equity and are accordingly less vulnerable to increased borrowing costs.

Inflationary pressures also impacted the construction business, where we saw a rapid increase of material prices along with limited availability. Thanks to our in-house general contractors, economies of scale, and long-term relationships with suppliers and subcontractors, Dom Development Group can effectively mitigate construction cost inflation and maintain a satisfactory gross margin.

Developers are now facing multiple challenges, on demand as well as supply side. Dom Development Group is in a relatively comfortable position – thanks to our presence in the most prosperous agglomerations, strong balance sheet, abundant liquidity and attractive land bank, we feel secure about our results for the rest of this year, as well as in the long run.

Jarosław Szanajca – CEO
Leszek Stankiewicz – CFO