



Warsaw, 2 October 2020

Dom Development S.A. Consolidated Group: Trading update Q3 2020

1. Sales

In Q3 2020 the Dom Development Group sold 995 units net (22% rise QoQ and 6% rise YoY), including 581 units in Warsaw, 303 in the Tri-City area and 111 in Wrocław. We achieved the biggest sales volumes on the following projects: Żoliborz Artystyczny (123 units), Osiedle Wilno (98), Metro Zachód (77), Osiedle Głębocka (77), and Marina Mokotów (74) in Warsaw, and Osiedle Beauforta (77 units) in the Tri-City.

Total 9M 2020 Group sales amounted to 2 626 units, i.e. 3% less than in 9M 2019.

2. Deliveries

In Q3 2020 the Group delivered 692 units (down 18% YoY). The deliveries volume was in line with the plan and its breakdown by market was as follows: Tri-City – 315 units, Warsaw – 195, Wrocław – 182. The financial results of Q3 2020 were mostly influenced by deliveries on the following projects: Mezzo (151 units), Osiedle Beauforta (76), and Spektrum (64) in the Tri-City, Marina Mokotów (58 units) and Port Żerań (75) in Warsaw and Piękna 21 (182 units) in Wrocław.

Total 9M 2020 Group deliveries amounted to 1 933 units, i.e. 22% less than in 9M 2019.

3. Market

The third quarter of 2020 was another full quarter in the COVID-19 epidemic in Poland. It was a period of relative stabilization, a 'new normal'. After a strong rebound in May and June, demand remained high in all market segments. Despite dynamic changes in the market environment, housing prices persisted at pre-epidemic levels. The Group responded to the strong demand by launching the construction of over 2,000 flats. In Q3 2020, we substantially increased our offer, especially in the Tri-City and Wrocław.

The housing market is strongly supported by low interest rates. Negative real interest rates on bank deposits and low debt servicing costs encourage real estate purchases. In Q3 we saw increased mortgage availability – after an initial tightening of loan granting criteria, banks have eased their requirements.

Changes in the mortgage market have not moved our many-quarter proportion of mortgage vs cash purchases. Approximately 40% of Group's sales are still being financed by purchasers' own means. Savers search for safe investments and favour financially-strong, long-established developers, which strengthens our competitive advantage.

Thanks to our in-house general contractors, the situation on the construction market is also positively affecting the Group's business. Just as in Q2 2020, construction services availability was relatively high. Subcontractors' willingness to lower their prices also sustained.

Administrative delays in obtaining permissions necessary for new investment launches are significantly limiting developers' activity, especially in Warsaw. Combined with high land prices, extended formalities are substantially suppressing the market offer, favouring experienced developers with strong land banks.

Dom Development S.A.'s Management Board positively evaluates the third quarter of 2020. The market situation in forthcoming months will be strongly dependent on further development of the COVID-19 epidemic. So far, the Group has done well in this new situation – we have significantly strengthened our market position while maintaining a strong balance sheet and liquidity. After September's record-high dividend payment of almost PLN 240m our cash still exceeds the total value of outstanding bonds and bank loans. We are carefully observing changes in the market environment and we are looking for growth opportunities.

Jarosław Szanajca – CEO

Janusz Zalewski – CFO