



Warsaw, October 4, 2022

## **Dom Development S.A. Consolidated Group: Trading update Q3 2022**

### **1. Sales**

In Q3 2022, Dom Development Group ("the Group") sold 703 units net, including: 414 units in Warsaw, 161 in the Tri-City area, 87 in Wrocław, and 41 in Cracow.

The highest sales volumes came from the following projects: Metro Zachód (90 units), Przystanek Międzylesie (55) and Apartamenty Koło Parków (36) in Warsaw, Górka Narodowa (39 units) in Cracow, and Synteza (31) in the Tri-City area.

Total 9M 2022 Group sales amounted to 2 262 units, giving a 24% drop as compared to the record-breaking 9M 2021.

### **2. Deliveries**

In Q3 2022, the Group delivered 421 units, including 243 units in Warsaw, 141 in the Tri-City area, 24 in Wrocław, and 14 in Cracow. The financial results for Q3 2022 were mostly influenced by deliveries on the following projects: Stacja Grochów (166 units) in Warsaw and Zielony Południk (130) in Tri-City.

Total 9M 2022 Group deliveries amounted to 2 598 units as compared to 2 521 units in 9M 2021.

### **3. Market**

Q3 2022 was a very challenging period for the housing market. The slump in mortgages, from rising interest rates and tighter creditworthiness criteria, effectively deprived the majority of our society of the opportunity to purchase a home. The negative consequences of this situation particularly hit developers in the popular segment and smaller cities.

The most affluent agglomerations of the country, where Dom Development Group operates, remained relatively stable, although they did not completely avoid the slowdown. Transaction volumes fell, while most sales were cash purchases without mortgage support. Inflation and a strong rental market continued to encourage people to put their savings into real estate. At Dom Development Group, the share of cash transactions rose to a record 75% in the quarter. However, it is worth emphasising that although we are still seeing strong interest in buying flats, it is not fully translating into sales due to an extremely rigorous creditworthiness criteria and high interest rates.

Developers, especially small-scale operators, also experienced difficult access to financing, resulting in a slowdown in new projects. As a result, supply has remained relatively low, which stabilised prices despite reduced demand. In the current situation, Dom Development Group's strong balance sheet as well as its low-cost committed funding facilities have significantly gained in importance and have become an essential competitive advantage in the eyes of both customers and suppliers.

The slowdown in new projects was reflected in construction costs - building material prices were relatively stable in the past quarter, while the availability and price flexibility of subcontractors increased. With its in-house general contractors, Dom Development Group benefitted from this situation.

Developers currently face a number of challenges. Our market, although relatively young, has matured significantly in recent years and most companies manage in a rational manner their projects launches in a volatile environment and scarce, expensive financing. As Dom Development Group, we have been running our business for over 25 years with a clear understanding that we operate in a cyclical industry. Our strong brand, high-quality apartments and secure financial position enable us to navigate these difficult times with confidence and react flexibly to market opportunities as they arise.

Jarosław Szanajca – CEO  
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