



# CFA Institute

## CFA Institute Research Challenge

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# DOM DEVELOPMENT

Warsaw Stock Exchange  
(WSE:DOM)

Industry: Real Estate

As of 31<sup>st</sup> Jan 2025

Current price: PLN 213.0

Target price: PLN 259.9

Upside: 22%

Recommendation: **BUY**

**DOM**  
DEVELOPMENT

## EXECUTIVE SUMMARY: Not Just Another Developer, It's the Polish Real Estate Titan!

Figure 1: Summary

Source: Stooq.pl, Capital IQ, Team Analysis

RECOMMENDATION	BUY
Valuation Date	31.01.2025
Target Price	PLN 260
Current Price*	PLN 213
Upside	% 22
Shares Outstanding	mln 25.8
52 Week High	PLN 216
52 Week Low	PLN 209

\* Closing price as of 31.01.2025

Figure 2: DOM Stock Price Vs Main Indices, Rebased to 100 [2020-2025]

Source: Stooq.pl, Team analysis

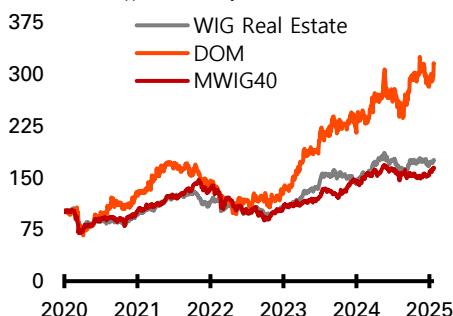


Figure 3: DOM's Land Bank (2019-2024)

Source: Company Reports, Team analysis

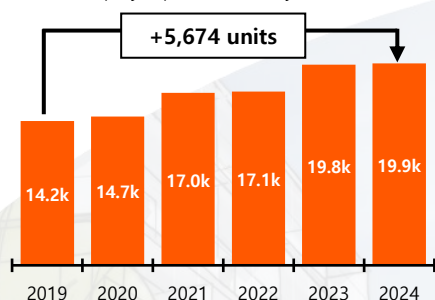


Figure 4: DOM Stock Price Performance Annotated with Key Events 2019-2025 [PLN]

Source: Stooq.pl, Team analysis



Figure 5: DOM at a Glance – Key Value Drivers

Source: Stooq.pl, Team analysis



(1) Price PLN 213 and dividend 12.5

We initiate coverage on Dom Development (WSE: DOM) with a **BUY** recommendation and a **12-month price target of PLN 260**. This represents a 22% upside from the close price of PLN 213 as of January 31, 2025. The target price is solely based on DCF valuation and triangulated using comparable multiples, a dividend discount model, and a sum-of-the-parts valuation.

Dom Development stands out as Poland's leading residential real estate developer with a legacy that spans nearly thirty years of delivering over 50,000 apartments to customers. Amid the recent market volatility, the strong balance sheet, record sales, and attractive land bank provide a solid foundation for the company's outlook growth in 2025 and beyond.

Our BUY recommendation rests on a rigorous financial analysis, further supported by **three core investment pillars** and validated by insights from **11 industry experts**, including a C-suite executive at a **direct competitor (Annex 1)**

### DOM IS A STAR OUTPERFORMER – READY TO 'DELIVER' EVEN MORE

Dom Development is the largest residential real estate developer by units sold and delivered on the Polish market (**Figure 14**). The Group is heading into 2025 with record-breaking financial performance in 2023 and 2024. We believe DOM is in an intense phase of 'upward momentum' (**Figure 4**). While the stock market has shown enthusiasm already with DOM's stock registering handsome 28% returns in 2024, we are convinced DOM has even more attractive upside to be unlocked that investors should bet on thanks to **a) DOM's strategic positioning** in Poland's key housing agglomerations **b) a premium offer** that is resilient to market swings **c) bumper sales growth** to be driven by the company's presence in fast-growing housing markets of Krakow and Tri-City and **d) the Group's advantageous position** against peers in selling efficiency and clearing the stock faster than the overall market (**Figure 31**).

### DOM'S ROCK-SOLID BALANCE SHEET WILL FUEL LONG TERM RETURNS

Dom Development's consistent gearing ratio of 17% or lower for the last decade indicates its healthy balance sheet and financial stability. In a capital-intensive industry like real estate, the option to take on additional debt is a luxury not available to many competitors. Coupled with prudent financial management, it makes DOM more resilient to economic downturns and primes it for future growth and strategic expansion (**Figure 9**). The company's financial discipline also rewards shareholders with a consistent dividend payout with the company issuing PLN 2.4 billion as dividends since its listing in 2006.

### BIG LAND BANK WITH A FOCUS ON PREMIUM SEGMENT

DOM is sitting on a robust land bank of **approximately 20,000 units (Figure 3)**, ensuring a steady pipeline for the next three to five years of sales. The company has mastered the premium multi-family residential development code, excelling in **four of the six** major Polish housing markets where the demand for high-standard apartments is strongest. The company's focus on affluent, cash-rich clients (**Figure 30**) has helped maintain strong sales and investor demand, even in the face of rising inflation. Additionally, DOM is tapping into urban regeneration and revitalization projects that will not only strengthen its ESG commitments but also further drive sustainable growth (**Figure 19**)

# BUSINESS DESCRIPTION

Figure 6: DOM's Geographic Presence

Source: Company Reports, Team Analysis



Figure 7: DOM NPS and Customer Satisfaction Score

Source: Company Reports, Team Analysis

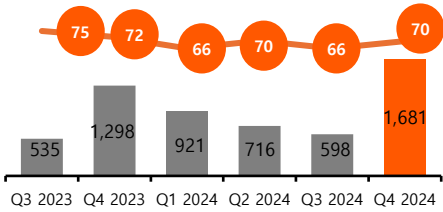


Figure 8: DOM's Business Segments by Value

Source: Company Reports, Team Analysis

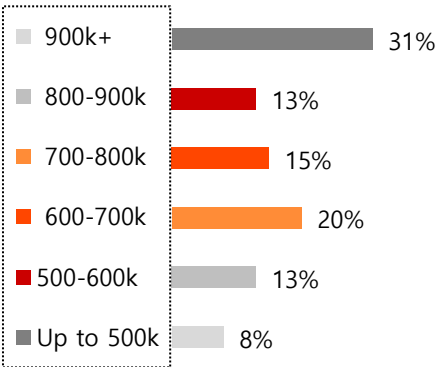
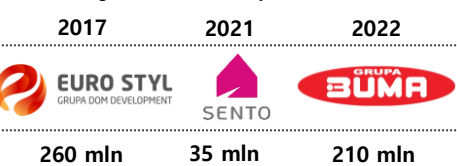


Figure 9: DOM's Acquisition History

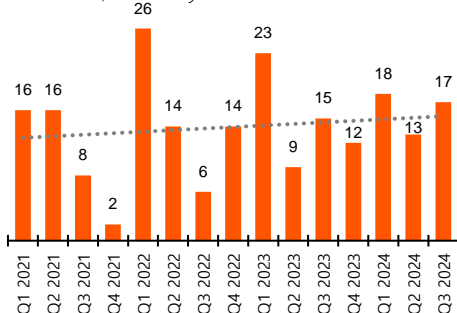
Source: Mergermarket, Team Analysis (deal value in PLN)



## INDUSTRY OVERVIEW

Figure 10: Bankruptcies Filed by Construction Enterprises (2021-Q3 2024)

Source: GUS, Team Analysis



Since its foundation in 1996 Dom Development (WSE: DOM) has evolved from a Warsaw-based residential real estate developer to a nationwide leader. The company has a strong presence across key markets (Figure 6) - Warsaw, Krakow, Wroclaw, and the Tri-City region where they offer apartments across the segments from popular to upper-standard to luxury. The group has built a trusted brand known for quality, financial stability and long-term value creator (Figure 7). As one of the biggest companies on the market, DOM is one of the key constituents of the mWIG40 and WIG Real Estate indices.

## BUSINESS MODEL

**Core Operations:** Dom Development follows a vertically integrated business model. This includes managing almost the entire real estate project lifecycle - from land acquisition and planning to construction and sales. With this approach ensures high operational execution and cost-effectiveness. A key addition to this model is mortgage consulting through an in-house division, which supports the customer group in securing financing and fit out packages, allowing clients to personalize their apartments.

**Target Market:** Dom Development operates only in four of Poland's six largest real estate market (Figure 6). They offer apartments across segments, nonetheless, their primary focus is on upper-standard properties as 59% of apartments were sold for PLN 700K, and 31% were priced above PLN 900K (Figure 8). The company's strong appeal to investors is further underscored by over half of the sales being made on cash (Figure 29). Sales are driven by an experienced in-house sales team with advertising campaigns across multiple channels. This effort includes direct customer engagement through open days and other promotional events, helping them establish a connection with their clients.



## LAND ACQUISITION AND STRATEGY

**Land Acquisition:** Dom Development actively seeks investment opportunities in land across the major Polish regions where it operates. The company strategically acquires land during the real estate cycle to ensure business continuity while focusing on a sustainable and optimal inventory level. Currently, the company strategy includes maintaining a land bank with a 3-year sales cycle, which they have been able to achieve successfully. DOM recognizes that prime land is becoming increasingly scarce in large cities and places sufficient emphasis on revitalizing urban areas.

**Previous Mergers & Acquisitions:** Dom Development has strategically acquired other developers in recent years to expand their geographical presence (Figure 9). In the real estate sector, such transactions are motivated by the need to purchase land for development. Ultimately, this approach enabled the company to establish operations in Tri-City by acquiring Euro Styl. Similarly, the acquisitions of Sento and Buma align with their strategy to strengthen their position in the Krakow market. Although, the company has indicated that they are not currently looking to expand into new markets due to lower margins, M&A could be a strategic tool they can revisit. Such an event would be particularly relevant if other markets in Poland became more financially viable.

**No PRS:** Although DOM occasionally catered to the private rented sector (PRS), such as 397 units contracted in 2022 for an institutional investor in Warsaw, it is not the Group's focus segment due to lower margins of such projects and a similar strategy is expected to continue.

We conducted interviews with some of the leading industry experts to form an informed view of the residential real estate market in Poland, its intricate dynamics and the recent headwinds. The list of experts includes economists and researchers specializing in CEE economy, senior executives at competing firms, and real estate subject matter experts (Annex 1).

## OVERALL MARKET DYNAMICS - NEUTRAL

**Short-term headwinds with muted demand:** The Polish residential real estate market experienced a noticeable slowdown in demand. The sales across the country's top 6 markets declined by -35% YoY from 60,614 units to 39,626 (Annex 20). We believe this drop was primarily driven by high inflation and interest rates (Annex 28) and potential customers delaying the apartment purchase in the hopes of a new "Kredyt Mieszkaniowy na Start", which remains uncertain in the legislative process. This market-wide trend has varying impacts on developers based on their offering, scale of operation and market.



Figure 11: Average Margins in Real Estate Sector

Source: Capital IQ, Team Analysis

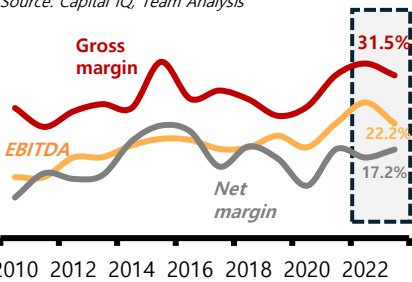


Figure 12: Inflation Rate Vs Salary Increase (2022-2024)

Source: GUS, Team analysis

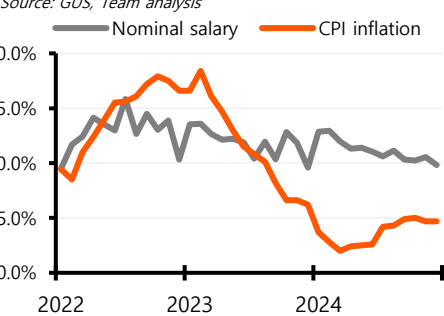


Figure 13: Spatial Planning Act Snapshot

Source: PZFD report, Team Analysis

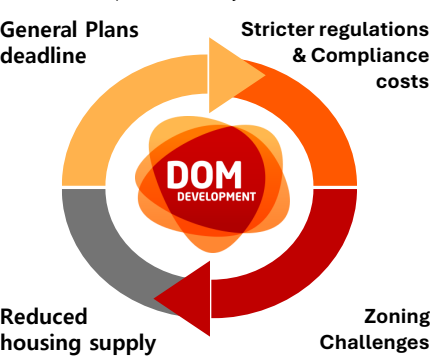


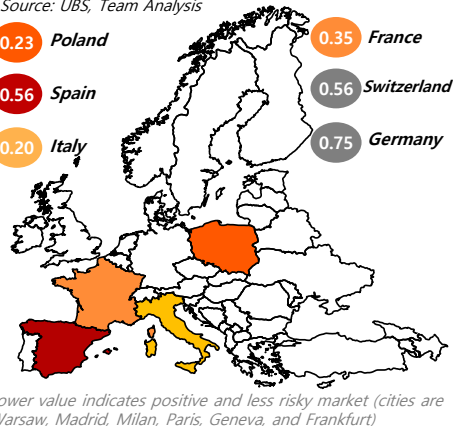
Figure 14: Units Sold DOM vs Competitors in Different Cities, 2024

Source: Company Reports, Team Analysis

City	DOM	DEVELIA	ROBYG
Warsaw	1,791	1,165	858
Wroclaw	1,038	407	72
Tri-City	920	553	473
Krakow	520	662	NA

Figure 15: Global Real Estate Bubble Index 2024

Source: UBS, Team Analysis



Lower value indicates positive and less risky market (cities are Warsaw, Madrid, Milan, Paris, Geneva, and Frankfurt)

**Oversupply in the market with higher time to sell is a problem:** On the supply side, the developers optimistically released new offers throughout the year, offering **56,694** units (+32% YoY). With the new offers outpacing the sales, the market now has **54,400** units on offer, the highest in the last 4 years (**Annex 21**) .

**Healthy volume of permits paints a better outlook:** On the supply side, permits rose sharply in 2024 after a 20.47% YoY decline in 2023 (**Annex 23**). A total of 205,078 permits (+26.6% YoY) were issued across the top six markets in Poland. This showcases developers' renewed confidence in a better outlook of the market. Based on our research, the real estate companies are securing permits to align with expected demand recovery in the coming years which would certainly be a lot better.

UNCERTAIN REGULATORY ENVIRONMENT - **NEGATIVE**

**Spatial Planning Reform:** The "Ustawa o planowaniu i zagospodarowaniu przestrzennym" reform significantly shifts Poland's urban planning framework. The new amendment requires municipalities to adopt General Plans (Plan Ogólny) by December 31, 2025 (**Figure 13**). From a pure business standpoint, the stricter regulations on building areas and land use restrictions will likely increase compliance costs. Simultaneously, the demand for land in certain areas covered by the previous plan would surge dramatically.

**Uncertainty around "Kredyt Mieszkaniowy na Start":** The program was expected to succeed the "Safe 2% Credit" program in 2024. Nonetheless, the government has yet to provide clarity on its implementation. The resulting uncertainty caused many potential buyers to postpone purchases, contributing to the market's slowdown last year. As the developers anticipate its rollout in 2025, the ongoing uncertainty complicates market dynamics, and clarity would help the market.

CONSOLIDATION AHEAD - **POSITIVE**

The ongoing slowdown in the Polish residential real estate market has disproportionately impacted the smaller developers in the Polish real estate market (**Annex 22**). Even well-known entities like Lokum (-78%), Ronson (-49%), and Victoria Dom (-50%) experienced a drop in sales YoY. About 50 construction companies declared bankruptcy during the first three quarters of 2024. This highlights the tough market conditions faced by the construction industry (**Figure 10**).

Rising unsold inventory and longer selling times make it difficult for these entities to purchase land in the medium term. This would essentially accelerate the market consolidation, leaving the market in the hands of bigger players, including Dom Development.

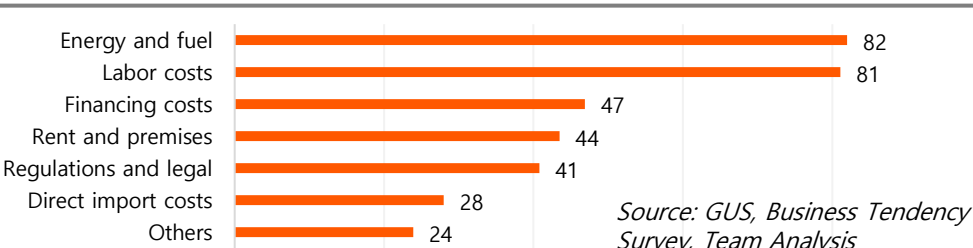
FAVORABLE POLISH ECONOMY & REAL ESTATE GROWTH - **POSITIVE**

Our analysis and the insights from expert interviews suggest a positive medium-term outlook for the Polish economy. While the challenging conditions are expected to persist in the early months of 2025, the second half could be better. In recent months, a gradual decline in inflation alongside higher growth in wages (**Figure 12**) and better overall macro was seen, which should improve future sales. With a better economic perspective, the market expects a 100bps rate cut as suggested by the 12x15 PLN FRA. This lowered borrowing cost and clarity about the mortgage program in the coming months would revive the demand in the housing market. Furthermore, the urban migration trends are expected to sustain long-term demand for residential properties, especially in the top market where Dom Development operates.

IMMINENT MARGIN PRESSURE - **NEGATIVE**

At first glance, the developers appear to enjoy a healthy gross margin (**Figure 11**). However, these numbers do not accurately reflect the industry's risk-to-reward ratio. Given that it takes anywhere from a few years to an entire decade (**business model**) to acquire land, prepare it, construct the apartments, and sell them, the margins are not very high for the risks. From our conversations with experts, margin pressures may soon weigh in. The limited availability of land, implementation of Spatial Planning regulation, rising labor shortages, increasing costs of construction (**Annex 25, Annex 26**), and material costs would add to margin compression. The same concerns are reflected by the Business tendency survey in construction (**Figure 16**). However, the margins are expected to align with the historical averages in the medium-to-long run, which even industry experts partially agree with.

Figure 16: What factors will contribute the most to the rise in costs in next 12 months? (scale of 100)



Source: GUS, Business Tendency Survey, Team Analysis

# COMPETITIVE OVERVIEW

Figure 17: Comparison of Land Bank units owned by DOM and its competitors in 2024

Source: Company Reports, Team analysis

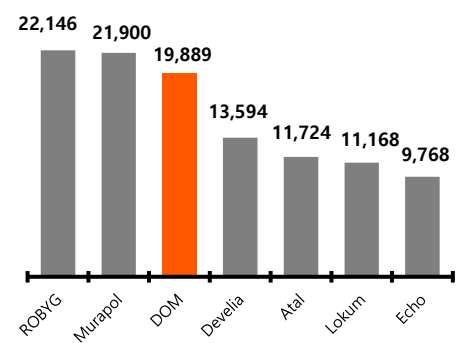


Figure 18: Industry Recognition, Leadership, Awards, and Initiatives of DOM

Source: Company Reports, Team analysis



## INDUSTRY LEADERSHIP AND INNOVATION

As the Polish residential real estate market leader, Dom Development consistently drives industry innovation. From pioneering turnkey apartments to launching customized housing solutions for people with special needs in 2024, DOM remains at the forefront of market advancements. The company's latest initiative, the Green Investment Card, highlights their commitment to sustainability. From 2026 onwards, all new projects will adopt this internal standard to align with urban sustainability priorities. These innovations strengthen DOM's competitive positioning and reinforce market leadership.

### SUPERIOR OPERATIONAL EFFICIENCY AND ABILITY TO OUTSELL

Dom Development's well-established subcontractor network has been a key driver of its ability to deliver projects on time, even under challenging market conditions. The company successfully navigated labor shortages over the past decade, underscoring its operational resilience. Beyond construction efficiency, DOM also exhibits exceptional sales performance (Figure 27) maintaining industry-leading time-to-sell ratios (offer/sales in the last quarter) compared to both the industry and direct competitors (Figure 30). This reflects a highly effective sales strategy, strong demand for its projects, and an attractive land bank that continues to support future growth (Figure 17)

### MARKET DOMINANCE ACROSS KEY CITIES

Dom Development remains the undisputed leader in Poland's residential real estate market, outperforming competitors in both revenue and units sold. In the first nine months of 2024, DOM reported PLN 1.85 billion in revenue (+16% YoY), 20% above its nearest rival. In Warsaw, DOM sold 1,791 units, exceeding Develia's sales by 50% in 2024, reinforcing its market leadership in the capital city. Momentum remains strong in Wroclaw, where DOM's 653 unit sales outperformed Echo by 180 apartments in the city, further cementing its foothold. Q4 preliminary data suggests a continued widening of this gap between the two competitors in Wroclaw. Additionally, DOM regained its top position in Tri-City, surpassing ROBYG and Develia until Q3 by selling 742 units (full year 1038). Despite a market slowdown, DOM recorded a 13.5% YoY sales increase in Krakow, showcasing its resilience and ability to outperform competitors even in challenging market conditions. DOM is aggressively expanding in Krakow and the Tri-City region with management focused on establishing a bigger market share.

# ENVIRONMENTAL, SOCIAL & GOVERNANCE

Figure 19: DOM's Key ESG pillars

Source: Company Reports, Team analysis

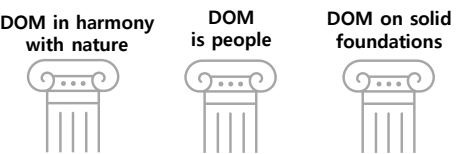


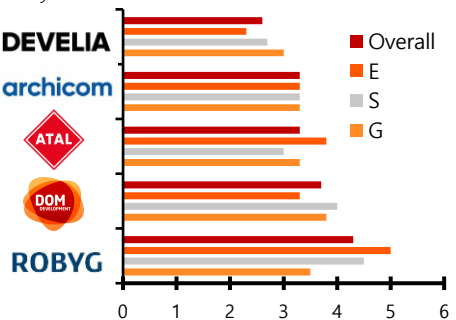
Figure 20: ESG Scorecard

Source: Sevva.ai, Morningstar: Sustainalytics, Bloomberg, Team analysis

Entity	Overall	E	S	G
Sevva (SDG)	5.9/10	3.2	6.4	8.0
Morningstar	22.6/40+	-	-	-
Bloomberg	2.5/10	0.4	7.8	4.8
Team T	3.7/ 5	3.3	4.0	3.8

Figure 21: Comparative ESG scores

Source: Competitor Reports, Company reports, Team analysis



### ESG REGULATORY ALIGNMENT

DOM integrates the European Green Deal and EU Taxonomy framework into its sustainability initiatives, reinforcing compliance and long-term resilience. The company's reporting framework reveals that 96% of turnover, 4% of CapEx, and 88% of OpEx are Taxonomy-eligible, reflecting a stronger operational alignment with sustainability goals than capital investments. DOM aims to increase investments in biodiversity and circular economy projects to enhance Taxonomy-aligned CapEx. The DOM 2030 Strategy establishes clear objectives for progressing toward full EU Taxonomy compliance. However, full alignment remains commercially unfeasible as SLL bonds for real estate are yet to be issued from our conversation with industry experts (Annex 1). Nonetheless, DOM is well-positioned to capitalize on future green financing opportunities.

### ESG PERFORMANCE ANALYSIS - ENVIRONMENTAL (E):

**Energy Efficiency & Renewables:** DOM has embedded sustainability at the core of its development strategy, steadily transitioning to a low-carbon operating model. By 2023, the company increased its renewable energy share to 12% (from 0% in 2021), securing 4,000 MWh of green energy to power its construction sites. These actions align with its 30% CO2 reduction target by 2030. Beyond energy sourcing, DOM future-proofs its developments through intelligent building systems, energy-efficient lighting, photovoltaics, and motion/dusk detectors, significantly reducing operating costs. The company is also integrating local, natural, and recycled materials, limiting embodied carbon and enhancing long-term cost efficiency. Additionally, its commitment to reducing energy demand extends to the construction phase, where optimized processes and innovative materials minimize resource consumption. As part of its Green Investment Card initiative, all future developments will prioritize urban sustainability while maintaining DOM's premium housing standards.

Figure 22: Diversity at DOM – FTEs White Collar

Source: Company Reports, Team Analysis

Staff positions	Male	Female
Operational	61%	39%
Managerial	35%	65%
Senior management	37%	63%

Figure 23: Employee Wellbeing

Source: LinkedIn, Team Analysis

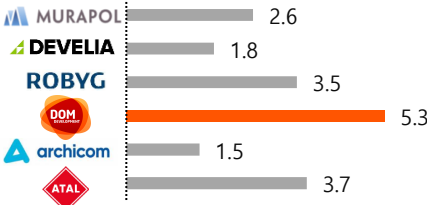


Figure 24: Employee satisfaction

Source: Gowork.pl, Team Analysis



Figure 25: Executive compensation vs EBITDA (PLN bn)

Source: Company Reports, Team Analysis

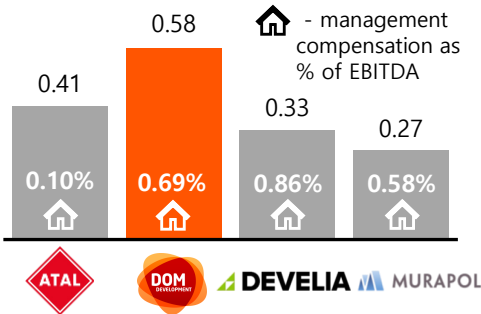


Figure 26: UN SDGs Met by DOM

Source: Company Reports, UN Sustainable Development Goals



**Water Management:** DOM proactively integrates nature-based water solutions, embedding rainwater harvesting, bioretention basins, and sustainable drainage systems (SUDS) to enhance retention and minimize environmental impact. Rising water stress in Krakow and Tri-City in 2023 prompted further investment in green roofs and stormwater management, ensuring climate resilience. By prioritizing hydrologically secure land acquisition, DOM future-proofs its developments while reinforcing long-term sustainability.

**GHG Emissions:** DOM's aggressive decarbonization efforts have led to a 99% reduction in Scope 1 methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) emissions since 2021. Scope 2 emissions declined 17%, fueled by expanded renewable energy procurement, energy-efficient lighting, and smart-building technology integration. The transition to a hybrid vehicle fleet further reduces reliance on fossil fuels, reinforcing DOM's push toward a low-emission operating model.

## ESG PERFORMANCE ANALYSIS - SOCIAL (S):

**Community Impact:** DOM enhances urban living by revitalizing public spaces and fostering inclusive communities. Initiatives like "Active Senior" and accessible turnkey fit-outs improve quality of life, while the 15-minute city model—achieved in 86% of projects in 2023—ensures convenient access to essential services, reinforcing DOM's leadership in sustainable urban development.

**Diversity & Inclusion:** Women represent 53% of DOM's workforce, with 35% in managerial roles (Figure 22) —a figure DOM is actively improving. The company tracks pay equity, with gender pay gaps at 36% for executives and 14% for managers, mainly due to seniority distribution. Leadership programs and inclusive hiring initiatives drive DOM's commitment to a more diverse leadership pipeline.

**Employee Wellbeing:** DOM prioritizes fair wages, performance-based incentives, and continuous development. Employees receive two days of annual training, while safety audits and training programs resulted in zero workplace injuries in 2023. An external whistleblower platform reinforces ethical governance. With one of the lowest staff turnover rates (9.5%), the longest average tenure on LinkedIn (Figure 23), and top-three rankings on GoWork (Figure 24), DOM remains a top employer in Poland's real estate sector.

## ESG PERFORMANCE ANALYSIS - GOVERNANCE (G):

**Leadership Structure:** DOM operates a dual-board system, ensuring effective oversight and strategic decision-making. The five-member management board (20% women, 20% non-Polish) brings over two decades of industry expertise (Annex 5), while the eight-member supervisory board (38% women, 25% non-Polish) brings a diversity of perspectives, backgrounds, and experiences (Annex 5). DOM is on track to achieve 30% female representation in management and supervisory boards by 2026.

**Shareholder Composition:** Groupe Belleforet S.a.r.l. retains a 54.81% majority stake, granting substantial influence over governance and long-term strategic planning (Annex 4). In 2024, co-founder Jarosław Szanajca, holding 5.64% of shares, transitioned to the supervisory board.

**Executive Compensation:** DOM aligns management incentives with performance through a structured remuneration framework. Compensation consists of fixed salaries and performance-linked bonuses, capped at 5x base salary. Variable pay is tied to key financial metrics (gross/net profit) and ESG targets, ensuring a clear link between executive pay and long-term value creation. DOM's industry-leading EBITDA performance underscores the effectiveness of this incentive structure (Figure 25), which undergoes regular review by the Supervisory Board and Remuneration Committee to maintain transparency and best governance practices.

## MATERIAL ESG RISKS AND THEIR IMPACT

Dom Development operates in an evolving regulatory and environmental landscape, where proactive ESG management is critical to long-term growth. Failure to engage in urban infrastructure could weaken community trust and brand equity, reducing DOM's competitive edge. Regulatory misalignment with the EU Taxonomy presents financial and reputational risks, increasing compliance costs and potentially undermining DOM's ESG leadership. Climate-related threats, including extreme weather events, pose operational risks that could disrupt project timelines and inflate capital expenditures. Strong ESG ratings from agencies such as Sustainalytics and MSCI remain key to securing favorable financing terms and maintaining investor confidence, reinforcing DOM's commitment to sustainability-driven value creation.

## ESG OPPORTUNITIES FOR DOM

DOM's Green Project Card (GPC) enhances green financing eligibility, including Sustainability-Linked Loans (SLLs) and potential green bond issuance. By aligning with the EU Taxonomy, DOM may reduce WACC and strengthen financial flexibility. Additionally, obtaining BREEAM or LEED certifications could attract eco-conscious investors and clients. Investments in renewables, biodiversity, and sustainable urban integration further align with shifting consumer preferences, driving long-term revenue growth. DOM's commitment to SASB and ISSB disclosure standards enhances transparency, reinforcing its status as a sustainable real estate development leader.



INVESTMENT SUMMARY

Figure 27: Units Sold

Source: Company Reports, Team Analysis

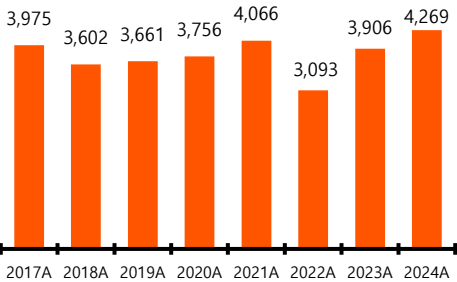


Figure 28: DOM vs Peers stock Performance Comparison, Rebased to 100

Source: Stooq.pl, Team analysis

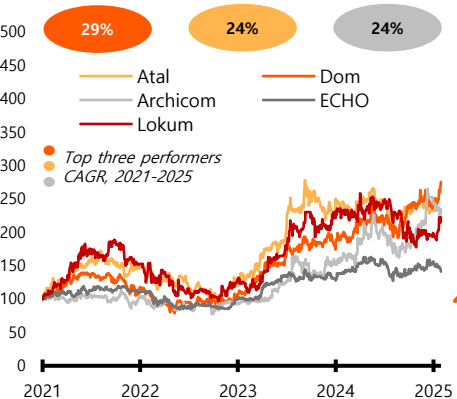


Figure 29: Resilient Gross Margins Against Rising Construction Costs

Source: GUS, Company Reports, Team Analysis

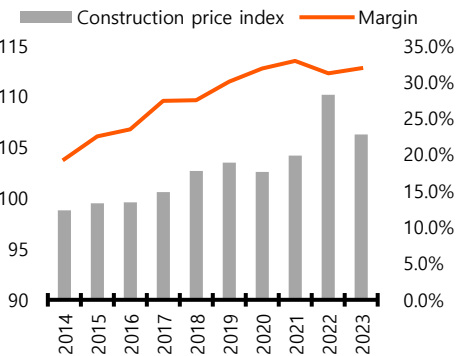


Figure 30: Split of Transactions by Type of Financing, Q3 2024

Source: Company Reports, Team Analysis

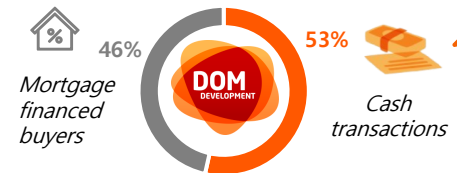
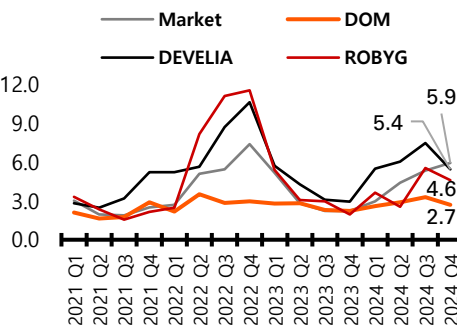


Figure 31: Stock-to-sales ratio, DOM vs peers [quarters needed to sell the stock]

Source: Company Reports, Team Analysis



THESIS 1: DOM IS THE CROWN JEWEL OF POLAND'S RESIDENTIAL DEVELOPMENT MARKET. WELL-POSITIONED TO SUSTAIN ITS OUTPERFORMANCE

**A) Poised for market share expansion through strong sales momentum:** Dom Development has consistently delivered strong sales growth (Figure 27), hitting back-to-back record numbers of units sold in the last two years. It sold 4,269 units (+9% YoY) in 2024. The company thrashes its competitors operationally and in stock market performance (Figure 28). We believe this upward trajectory is bound to continue as the company's focus on high-standard, premium residential apartments positions it to capture an even greater share of Poland's thriving real estate market.

**B) Unmatched efficiency in project delivery and superior stock-to-sales ratio fuelling growth:** DOM's efficiency in completing projects on time, combined with its swift sales process, is a key driver of growth and profitability. The company maintains strong subcontractor relationships and benefits from economies of scale, resulting in an impressive Time-to-sell (TTS) rate and strong revenue potential. Despite a declining supply of saleable housing units over the past year, DOM has sustained a stock-to-sales ratio that outperforms the overall market (Figure 31).

**C) DOM's operational efficiency translates to enhanced revenue potential in the coming years:** We believe DOM is well-positioned to achieve record-breaking revenue in the coming quarters, supported by PLN 4 billion in projected deferred revenues and an increasing number of sales and project launches in key agglomerations. Given its proven ability to generate strong total shareholder returns and consistently outperform peers over the past half decade, DOM remains a compelling investment opportunity for those seeking both growth and stability in Poland's real estate sector. This outlook is further reinforced by our SOTP valuation (Figure 46).



THESIS 2: ROCK-SOLID BALANCE SHEET FUELS DOM'S ABILITY TO NAVIGATE RISKS WHILE TURBOCHARGING LONG-TERM WEALTH CREATION FOR SHAREHOLDERS

**A) The Group can stay resilient in variable market situations thanks to its conservative level of debt:** The real estate sector is notoriously popular amongst investors and financial institutions as a risky bet due to the requirements of large upfront investments for construction, correlation to broader macro factors, and reliance on external financing. Thankfully for investors of DOM, these concerns are important, but much less so. DOM's fortress like balance sheet enables confidence as there gearing ratio has remained below 17% in the last decade, even dropping negative which implies excess cash position of the company and prudent financial management (Figure 32).

**B) Strategic positioning for market consolidation through potential M&A:** Our interview with a senior investor relations team member from a PLN 2.4 billion competitor confirmed that Dom Development is seen as a key player in potential industry consolidation. With smaller developers facing declining sales and liquidity challenges in 2023–2024 (Annex 22), the real estate sector may witness a wave of M&A activity in the near future. As a financially strong and operationally efficient company, DOM is well-positioned to capitalize on market consolidation, expanding its strategic Land Bank competitive advantage.

**C) Sustained dividend growth reinforcing shareholder value:** While reinvestment is a key driver of long-term growth, DOM has maintained a clear and consistent capital return policy since 2012, prioritizing shareholder dividends. The company has sustained a payout ratio of 70–90% of net profits, reinforcing its commitment to rewarding investors. This makes DOM an attractive investment not only for value-oriented investors but also for those seeking consistent dividend growth (Annex 15).



THESIS 3: WITH A PREMIUM-FOCUSED Land Bank. DOM ISN'T JUST RESILIENT—IT'S UNSTOPPABLE

**A) Extensive Land Bank driving a robust development pipeline:** DOM holds one of the largest Land Banks in key Polish housing markets (Figure 17), providing a strong foundation for future growth. Our view about the Group scaling new projects in key agglomerations, particularly Krakow and Tri-city is supported by a full analysis of past projects dating back to 2012 (Annex 32). The share of external capital usually does not exceed 50%. Additionally, DOM leverages its know-how enabling it to maintain profitability even in high-cost locations.

**B) Market leader in the premium residential segment:** DOM dominates the high-end residential market, with over 50% of its units sold classified as premium, operating across four of Poland's largest housing markets. A significant proportion of transactions are cash-based, underscoring DOM's affluent clientele (Figure 30), which is less price-sensitive and insulated from inflationary pressures. Additionally, investment-driven purchases remain a key demand driver, reinforcing premium properties' role as an inflation hedge.

**C) Strategic urban revitalization and ESG-focused growth:** DOM is actively capitalizing on urban revitalization projects, aligning with its ESG commitments and long-term growth strategy. By integrating sustainability into its development model, DOM enhances its market positioning while ensuring profitable and environmentally responsible growth. Additionally, these initiatives help minimize non-compliance risks with the European Green Deal, reinforcing DOM's long-term resilience in an evolving regulatory landscape.

FINANCIAL ANALYSIS

Figure 32: DuPont Analysis  
Source: Company Reports, Team analysis

	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E
<b>DuPont Analysis</b>											
Gross Margin	32%	33%	31%	32%	32%	32%	31%	30%	29%	28%	27%
EBITDA Margin	22%	23%	21%	23%	22%	23%	22%	21%	20%	19%	18%
Net Profit Margin	17%	17%	17%	17%	17%	18%	17%	16%	16%	15%	15%
Asset Turnover	0.6x	0.5x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x	0.6x
Return on Assets	9%	8%	10%	10%	10%	11%	10%	10%	9%	9%	9%
Financial Leverage	2.8x	3.1x	2.9x	3.1x	3.1x	3.0x	3.0x	2.9x	2.9x	2.8x	2.7x
Return on Equity	26%	26%	29%	32%	32%	33%	31%	29%	27%	26%	24%
Return on Invested Capital	29%	30%	27%	26%	28%	30%	28%	27%	25%	25%	24%
<b>Liquidity</b>											
Current Ratio	1.9x	1.8x	1.7x	1.8x	1.8x	1.9x	1.9x	1.9x	1.9x	1.9x	1.9x
Quick Ratio	0.5x	0.4x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x	0.2x
<b>Debt Ratios</b>											
Interest Coverage Ratio					12.7x	13.0x	12.5x	12.7x	12.7x	12.7x	14.9x
Debt / EBITDA	1.2x	1.1x	0.9x	1.0x	1.1x	1.0x	1.1x	1.1x	1.1x	1.1x	1.1x

Figure 33: Revenue projections (PLN m)

Source: Company Reports, Team Analysis

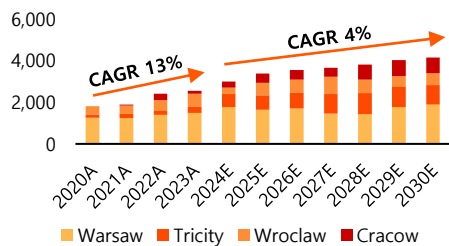


Figure 34: EBITDA margin %

Source: Company Reports, Team Analysis

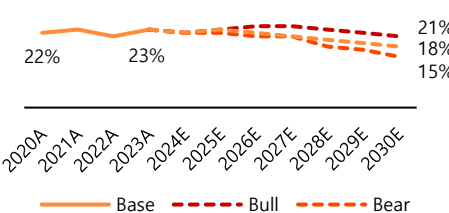


Figure 35: EPS comparison (2023A)

Source: CapitalIQ, Team Analysis

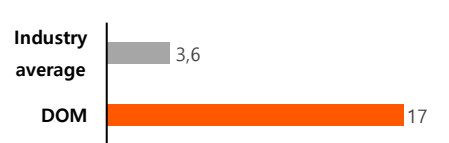


Figure 36: Dividend growth

Source: Company Reports, Team Analysis

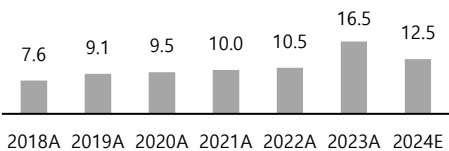
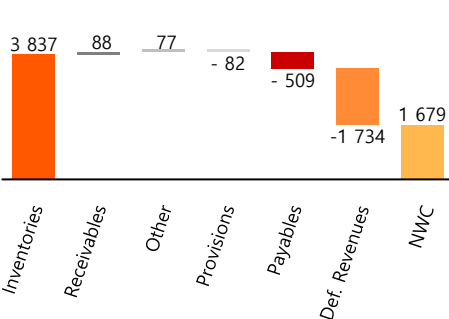


Figure 37: NWC (PLN m, 2023A)

Source: Company Reports, Team Analysis



FROM BLUEPRINTS TO BILLIONS

Forecasting revenues over 6 years, we estimate a CAGR of 4% from 2020 to 2030 (Figure 33). DOM's revenue is primarily driven by the number of units delivered annually, determined based on the pipeline of projects (Annex 32). As of the report date, DOM has 36 projects in construction and 16 projects under preparation across four operational regions, with Warsaw accounting for 58% of the portfolio as of 2023. Based on projected prices per square meter (Annex 24) in each operational area, we estimate stable and consistent revenue growth, reaching PLN 4.2bn by 2030. While DOM has experienced relatively dynamic growth from 2020-2023, our forecast reflects a more conservative trajectory due to limited pricing upside, making further increases challenging without impacting demand. Given different levels of regional competitiveness, we expect Warsaw's revenue contribution to decline by 2030E.

DEFYING COST SURGES WITH PREMIUM STRATEGY

DOM has consistently maintained robust profitability levels (Figure 33) despite the persistent rise in material costs and the highly competitive nature of the real estate industry. With a five-year track record of EBITDA margins exceeding 20%, DOM stood at 23% in 2023 (Figure 31). According to our research, the real estate sector faces increasing material and labor costs. While, historically, DOM has successfully passed these costs on to customers while maintaining stable profitability, industry-wide margin pressure is inevitable and will persist and affect the company over the forecast period. Nonetheless, DOM's strong track record in cost management and its strategic focus on the premium apartment sector position the company to mitigate these challenges effectively. Additionally, its pricing power in the high-end market segment allows for greater flexibility in passing cost increases to buyers without significantly impacting demand. As a result, these trends are unlikely to impact DOM's profitability substantially compared to the industry. DOM's shift toward renewable energy sources is also expected to support margins, buffering against market fluctuations. Further, the company's disciplined approach to procurement and supplier negotiations strengthens cost efficiency, ensuring sustained profitability despite external pressures. This proactive transition underscores DOM's resilience and adaptability to evolving industry conditions while maintaining stable financial performance.

HIGHER EARNINGS, HIGHER PAYOUTS

Dynamic growth, stable profitability, and leading earnings per share (Figure 35) have allowed DOM to increase dividends in recent years (Figure 36). Following historical payout trends, we forecast that DOM will allocate 40% of the current year's net profit and 60% of the previous year's net profit to dividends. The company consistently meets investors' high return and consistent dividend expectations, which is characteristic of the real estate market and a key driver of stock performance resilience in the sector.

FUELING GROWTH WITH SMART CAPITAL

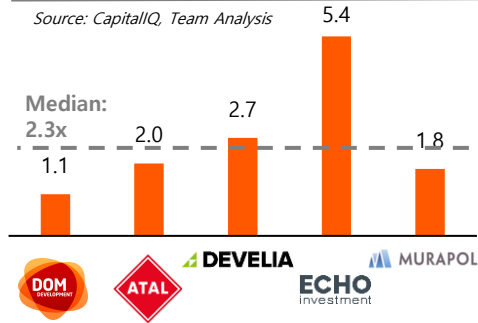
**Working capital:** according to forecasts, DOM's working capital has a CAGR of 8.5% between 2020 and 2030. Its structure mainly consists of inventories, primarily units under construction, offset by deferred revenues and accounts payables (Figure 37). Most units are sold before completion, while deferred revenues, representing 50–60% of total revenues, provide a reliable short-term funding source. We expect steady working capital growth over the forecast period.

**Land Bank:** As a key inventory component, Land Bank is essential to DOM's long-term growth strategy. In 2024, its capacity hit a record 19,889 units. Regions like Krakow have and Tri-City have seen rapid expansion for DOM's operations, further bolstering Dom Development's project pipeline.



Figure 38: Debt / EBITDA (2023A)

Source: CapitalIQ, Team Analysis



"DOM is a candidate for consolidating the market via M&A because of their well managed financial strategy " - Expert X

VALUATION

Figure 39: Valuation Football Field

Source: Team Analysis

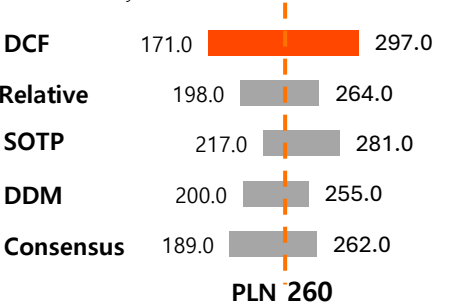


Figure 40: Deliveries volume

Source: Company Reports, Team Analysis

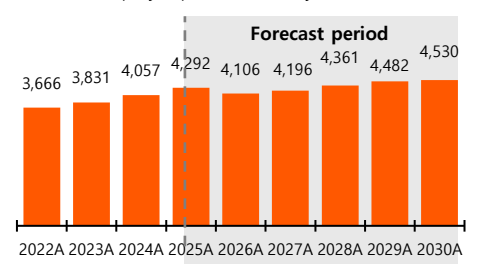


Figure 41: DOM vs WIG weekly 5 yr returns regression analysis

Source: Stooq.pl, Team Analysis

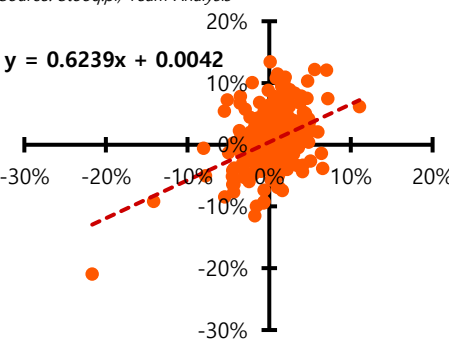
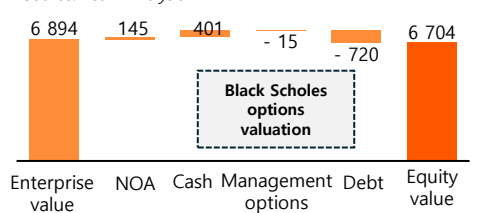


Figure 42: Enterprise value to Equity value bridge [mPLN]

Source: Team Analysis



"Margins are justified, but the future profitability for developers depends on adapting to regulatory costs and rising land prices." - Expert X, C-suite executive at a competitor of DOM.

LEVERAGING STABILITY FOR STEADY EXPANSION

DOM maintains a leading debt profile among its peers, with a stable Debt/EBITDA ratio in the range of 0.9–1.2x (Figure 32) – well below the 2023 sector average of 2.97x (Figure 38). The company's gearing ratio of 0.45 highlights a balanced approach to capital structure, with 55% of financing from equity and earnings. This moderate leverage demonstrates DOM's prudent financial management, allowing the company to sustain growth while managing financial risks effectively. Stability in debt positioning enhances DOM's resilience against market fluctuations and supports quick expansion without liquidity constraints. DOM's interest coverage ratio of 70 reflects exceptionally strong debt-servicing capabilities, with EBIT exceeding interest expenses by 70x, providing DOM with ample financial buffer to meet its interest obligations. Long-term bonds accounted for 10% of total liabilities as of year-end 2023, with the remaining debt split between lease liabilities and short-term bonds. Additionally, DOM has secured bond issuance agreements of up to PLN 800 million with mBank and Trigon, ensuring ample financial flexibility for future projects. With a stable cash balance (8–10% of total assets) and a high current ratio (Figure 32), DOM is well-positioned for expansion in Krakow, Wroclaw, and other key markets. While additional leverage is feasible, uncertain land availability limits potential returns, making additional debt financing unwarranted given current conditions.

We issue a **BUY** recommendation for DOM based on a rigorous valuation analysis using four different approaches- DCF, relative valuation, DDM, and the sum of the parts (Figure 39). We assign a 100% weight to the DCF approach due to its superior ability to capture the company's long-term intrinsic value through detailed cash flow forecasts, operational insights, and financial projections. Other approaches also confirm our buy recommendation for DOM.

DCF VALUATION – PLN 260 , 22% UPSIDE ↑

**Revenues:** Volume of deliveries and average transaction price drive revenue  
**Deliveries:** We forecast deliveries of 4.1k–4.3k units annually in 2025–27E, reaching 4.5k units by 2030 (Figure 40). Key drivers include a) **DOM's continuous momentum** reflected in record-breaking deliveries of 4.2k units in 2024 (+10% y/y); b) **strong Land Bank expansion** in 2024 (+11% y/y); c) **rapid launches of new projects** in high-growth agglomerations; and d) **sufficient offer supplementation**. Our forecasts are based on historical project trends, current Land Bank capacity, and detailed pipeline forecast, ensuring a robust projection framework feeding from our SOTP valuation (Annex 32).  
**Average transaction price:** The average transaction price surpassed PLN 700k in 2024 (+26% y/y). We maintain an average transaction price of PLN 700k+ over the forecast horizon, using a conservative assumption that average prices will increase in line with inflation.  
**Costs:** Our conservative approach accounts for potential market volatility, including fluctuations in variable costs. Fixed costs are projected to remain stable at % of sales, driven by efficient resource allocation and economies of scale achieved through a steady pipeline of projects. This reflects the DOM's consistent operational efficiency despite external challenges.  
**Gross Margins:** Projected to decline from 32% in 2025 to 28% by 2030 due to competitive pressures, stricter regulations, and the expectation of rising construction costs in the real estate sector (Annex 25, Annex 26 ). Construction costs are the biggest concern of managers in the business tendency survey for 2024 despite the stability seen in recent months (Annex 25).

NET WORKING CAPITAL

**Inventory:** Represents the largest component of net working capital, comprising finished housing units, parking spaces, and work in progress for ongoing projects. Inventory levels align with industry standards and are linked to next year's sales at 1.33x and 1.34x.  
**Receivables and Payables:** Calculated using turnover days, receivables remain at 13 days and payables at 93 days, ensuring that working capital assumptions accurately reflect the company's operational cycle while also demonstrating cash flow efficiency and strong supplier relationships.  
**Deferred Revenue:** Modelled as a ratio of next year's sales, deferred revenue remains steady at 3.1%–3.2%, consistent with historical trends and revenue recognition practices, capturing differences in timings of cash inflows and revenue recognition.

BETA & WACC

**Beta:** We use a beta of 0.62 as the maximum of three approaches: 5-year regression of WIG (Figure 41), bottom-up beta using comparable companies (Annex 13) and Damodaran sector beta. **Cost of Equity (CoE):** 9.6%, calculated based on the Capital Asset Pricing Model (CAPM) (Annex 9). **Cost of Debt (CoD):** 6.32%, derived from DOM's 2024 bonds issued, with additional consideration given to the average yield to maturity (YTM) of bonds trading on Catalyst over the past three years (Annex 10). **WACC:** Estimated at 9.01%, assuming a stable capital structure for the future (Figure 43, Annex 11).

TERMINAL GROWTH

The terminal growth rate is calculated using the Key Value Driver formula, incorporating a reinvestment rate of 6.7% and a return on new invested capital (RONIC) of 15%. This estimate reflects a cautious approach compared to DOM's historical average ROIC of 20% (Figure 44).

Figure 43: WACC calculation

Source: P.Fernandez, NBP, Company Reports, Team Analysis

WACC	
Equity – weight [%]	88.2%
Debt – weight [%]	11.8%
Tax [%]	19.0%
Cost of equity [%]	9.4%
Cost of debt [%]	7.2%
<b>WACC [%]</b>	<b>9.01%</b>

Figure 44: Terminal growth decomposition

Source: Damodaran, Team Analysis

Terminal growth	
NOPAT terminal [mPLN]	602,8
Depreciation terminal [mPLN]	24,3
CAPEX terminal [mPLN]	27,3
Working capital terminal[mPLN]	36,2
Reinvestment rate [%]	6.5%
RONIC [%]	15.0%
<b>Terminal growth rate [%]</b>	<b>0.97%</b>

Figure 45: Price to book-value DOM vs peers

Source: CapitalIQ, Team Analysis

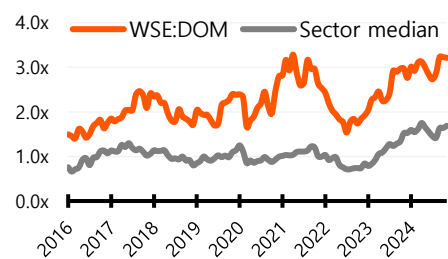


Figure 46: SOTP Summary

Source: Company Reports, Team Analysis

Sum-of-the-parts valuation	[mPLN]
Value of properties in the pipeline (till 2027)	10,328
All-in pipeline costs (till 2027)	8,135
Terminal value (beyond 2027)	5,790
<b>Total</b>	<b>7,982</b>
Present value of total	5,720
Estimated value of secured land bank	1,011
<b>Enterprise value</b>	<b>6,732</b>
Net debt	319
<b>Equity value</b>	<b>6,412</b>
<b>Price per share</b>	<b>PLN 248</b>

Figure 47: Bull & Bear Scenario Analysis

Source: Company Reports, Team Analysis

	BEAR	BASE	BULL
Terminal growth rate	0.6%	1.0%	1.7%
Gross margin (2030E)	24%	27%	30%
EBITDA margin (2030E)	15%	18%	21%
WACC	9.0%	9.0%	9.0%
Upside / (Downside)	-19%	22%	48%

## RELATIVE VALUATION – 5% UPSIDE ↑

We valued DOM using comparable companies' forward-looking valuation multiples of EV/EBITDA and Price-to-earnings (P/E). EV/EBITDA reflects operational performance, while P/E captures equity-specific factors, offering a balanced perspective. The average 2025E multiples were 9.3x EV/EBITDA and 8.2x P/E. Additionally, we did a regression of ROE/PBV (**Annex 17**) as the PBV reflects balance sheet strength, which is especially relevant for real estate firms with significant tangible assets. Notably, DOM's P/BV has outperformed peers over the last decade (**Figure 45**) thanks to its efficient capital allocation and superior returns. We formed two peer groups for relative valuation: **a)** Polish developers and **b)** Western European developers (**Annex 18**). While DOM operates exclusively in Poland, Western European peers provided us with a broader sectoral benchmark as Poland aligns with Western Europe's economic development trajectory. The relative valuation yielded a target price of PLN224, based on the average derived from EV/EBITDA and P/E multiples, indicating a modest 5% upside. The relative valuation was not used for the final price calculation but supplements our **BUY** view on Dom Development.

## SUM-OF-THE-PARTS (SOTP) – PLN 246, 15% UPSIDE ↑

We employed a sum-of-the-parts (SOTP) valuation to derive a conservative value of DOM's projects pipeline based on a) projects currently under construction and b) extended pipeline scenario up to 2027 (**Figure 46**). Historical project data (e.g., Osiedle Wilno, active since 2012 (**Annex 32**))informed our 2025-2027 pipeline projections across markets. Beyond 2027, we apply 1% terminal growth computed using the key value driver formula (**Figure 46**). As DOM does not disclose the total capital expenditure on acquiring land, we estimate the value of secured land bank using benchmark market transactions for land parcels in premium locations. The final price using the SOTP model was PLN 246, suggesting a 15% upside from the close of January 31 2025. This supports our DCF and further strengthens our **BUY** rating on the ticker.

## DIVIDEND DISCOUNT MODEL (DDM) – PLN 236, 11% UPSIDE ↑

To support our DCF valuation, we conducted a DDM valuation, which yields a target price of PLN 236, implying an 11% upside to the price at the close of January 31 2025. Our dividend model assumes an 80% dividend payout ratio throughout the 2025-2030 forecast period, reflecting DOM's proven grit of never missing a dividend payout since its debut on the Warsaw stock exchange in 2006. The Group's focus on shareholder returns (**Annex 18**) underscores its consistent execution of this strategy. A perpetual growth rate of 2.0% was applied, calculated using long-term average ROE x Retention Rate from data provided by Prof. Damodaran for real estate developers and sense checked with DOM's historical levels. Using a cost of equity of 9.4%, the resulting target price corroborates our DCF valuation and further strengthens our **BUY** recommendation on DOM.

## ESG IMPACT ON VALUATION

We consulted the Sustainalytics' ESG Risk Rating report on DOM, noting an ESG-adjusted beta of 0.95 (**Annex 13**). This beta adjusts for financial flexibility (-0.02) and operating performance (-0.03), thereby reducing it from a baseline of 1.0. We believe ESG factors are priced into the stock price. Hence, no external adjustments were made. This was further confirmed by expert interviews conducted by the team, which indicated that, currently, ESG considerations have minimal influence on financing decisions within Poland's real estate sector. With no notable issuance of green bonds or SLLs in Poland's residential real estate sector, we believe it is premature to make ESG adjustments in our valuation. Nonetheless, DOM remains strong on our proprietary ESG scorecard (**Annex 13**).

## SENSITIVITY & SCENARIO ANALYSIS

We conducted a sensitivity analysis (**Fig 49, Figure 50**) changing two key valuation drivers simultaneously – WACC and the terminal growth rate. A 1% WACC increase reduces the price by 15%, with greater declines when combined with downward terminal growth rate adjustments. A Monte Carlo simulation with 10,000 iterations was performed, simultaneously changing key variables from our DCF base case of **a) margins, b) WACC, c) growth, and d) deliveries** (**Annex 19**).

We also built a bull and bear case scenario using a separate set of assumptions (**Fig 47**) to consider possible deviations from our DCF base case valuation. There is no change to our assumption of the cost of capital in both bull and bear cases. However, we expect the biggest changes in profitability margins and number of units delivered in the **bull (+2% deliveries** Vs base case) and **bear case (-3% deliveries** Vs base case). The reasons for this deviation include **a)** better/worse economic environment affecting demand for residential apartments, **b)** faster/slower than expected interest rate cuts, **c)** ramp-up/ slowdown of turnkey apartment deliveries which will allow the company to sell at a higher average transaction price and maintain strong margins at the 30% level, **d)** changes in the regulatory and legal environment which can increase costs for the Group and impact gross margins to decline to 24% by 2030 **e)** internal quality controls enhancement/deterioration.

"Poland's largest cities are seeing growing demand driven by strong job markets, rising international students, and favorable climate conditions. With hotter summers in Southern Europe, more buyers are considering Poland for second homes, further supporting urban residential real estate," – Expert B, business analyst at DOM's competitor

INVESTMENT RISKS

Figure 48: Risk Matrix

Source: P.Fernandez, NBP, Company Reports, Team Analysis

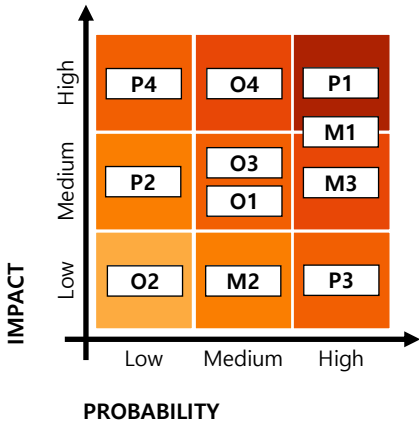


Figure 49: Sensitivity analysis - Revenue/Costs

Source: CapitalIQ, Team Analysis

		Costs					
		%	-5.0%	-2.5%	0.0%	2.5%	5.0%
Revenue	5.0%	394,3	364,2	334,1	304,1	274,1	
	2.5%	357,1	327,0	297,0	267,0	237,0	
	0.0%	319,9	289,9	259,9	229,9	200,0	
	-2.5%	282,8	252,8	222,8	192,9	163,0	
	-5.0%	245,6	215,7	185,8	156,0	126,3	

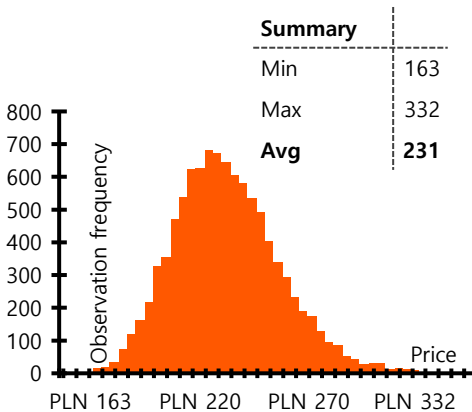
Figure 50: Sensitivity analysis - WACC/Terminal growth

Source: CapitalIQ, Team Analysis

Terminal Growth						
WACC	%	1.0%	0.5%	0.0%	-0.5%	-1.0%
	-2.0%	398,7	370,5	347,1	327,2	310,1
	-1.0%	332,6	313,6	297,3	283,2	270,8
	0.0%	285,2	271,7	259,9	249,4	240,2
	1.0%	249,4	239,5	230,6	222,7	215,5
	2.0%	221,5	213,9	207,1	200,9	195,3

Figure 51: Monte Carlo analysis

Source: CapitalIQ, Team Analysis



MARKET RISKS

**[M1] Interest rate and inflation risk:** Persistently high interest rates in Poland may weaken residential sales and overall industry sentiment. Combined with inflation, rising costs pressure developers margins, while higher borrowing costs deter primary market buyers. **Valuation:** Sensitivity analysis (Figure 50) indicates that a 2% increase in WACC would lower our target price to 207PLN, which is a 20.3% decline from our base case recommendation. **Mitigation:** DOM's focus on premium properties attracts higher-income buyers, ensuring more stable demand that is less reliant on borrowing costs. This reduces market volatility exposure and enhances revenue stability.

**[M2] Risk of economic slowdowns:** Economic downturns weaken the labor market, wages, and consumer confidence. Slower wage growth reduces purchasing power, weakening demand in the primary housing market and extending DOM's sales cycles. This may require pricing adjustments, potentially impacting profitability. **Valuation:** A 5% decline in revenue could decrease DOM's share price by 28.5%. **Mitigation:** The company focuses on developing properties in key metropolitan areas and high-growth urban centers to sustain market attractiveness and reduce exposure to economic fluctuations.

**[M3] Land bank depletion risk:** Land scarcity is driving up prices, while the rising number of urban revitalization projects with high demolition costs may put long-term pressure on the company's gross margins. **Valuation:** A 5% cost increase and 3% drop in revenue could result in a 40% decline in share price. **Mitigation:** DOM is actively securing premium land and has the potential to acquire smaller developers with well-established Land Banks.

POLITICAL RISKS

**[P1] Risks related to the war in Ukraine:** The war in Ukraine poses a geopolitical risk, potentially disrupting migration, capital, and labor flows needed for Ukraine's reconstruction. A Ukrainian outflow from Poland may reduce demand for rental and purchased flats, impacting the real estate market. **Valuation:** A 5% decline in revenue will result in a 28.5% decline in stock price. **Mitigation:** Strengthening leadership in the local market to ensure continued demand.

**[P2] Taxation risk:** The potential introduction of a cadastral tax may reduce demand for premium housing and drive down property prices, negatively affecting DOM's profit margins. **Valuation:** A 2% increase in costs reduces DOM's share price by 9.2% due to tax burden and reduced investor confidence in high-end real estate. **Mitigation:** Optimizing resource allocation and pricing strategies to offset cost pressures and safeguard margins.

**[P3] Government risk:** Uncertainty around the implementation of the "Mieszkanie na Start" program may slow purchasing decisions, prolong sales cycles, and increase market volatility. **Valuation:** A slowdown of 2% in revenues would cause the price to drop by 11.4%. This scenario could lead to higher inventory levels and delayed cash flow realization. **Mitigation:** Developing offers that appeal to both subsidy-dependent and non-subsidy-dependent buyers to mitigate reliance on government policies.

**[P4] Regulatory risk:** Delays in obtaining building permits due to Poland's Spatial Planning Act could extend project timelines and increase costs. Stricter zoning regulations and evolving government policies may limit DOM's ability to scale new developments. **Valuation:** A 5% increase in costs with a 2% decrease in revenue will cause a 34.4% drop in recommended price. **Mitigation:** DOM has an experienced legal and compliance team to navigate zoning regulations and permitting processes more effectively.

OPERATIONAL RISKS

**[O1] Quality Control Risk:** Expanding operations makes maintaining consistent quality challenging, especially in the premium segment where high standards are critical. Poor quality control may lead to delays and impact customer satisfaction. **Valuation:** A 5% rise in costs will result in 23.1% drop to 200PLN. **Mitigation:** DOM invests in robust quality assurance processes, adopts advanced construction technologies, and ensures experienced personnel oversee project execution.

**[O2] Labor Market Constraints:** The shortage of skilled labor in the real estate sector may hinder DOM's ability to meet timelines and drive-up labor costs. **Valuation:** A 2.5% cost increase will lower the target price by 11.5%. **Mitigation:** DOM invests in training programs and builds healthy partnerships with contractors to mitigate labor churn.

**[O3] Decreasing Profitability:** Rising labor and material costs increase construction expenses, potentially pressuring margins. While DOM has passed some costs on to customers, it may not successfully continue to offset these increases fully. **Valuation:** A 2.5% drop in revenues and a 2.5% increase in costs will cause a 25.8% decrease in share price. **Mitigation:** DOM secures long-term supplier contracts, streamlines procurement, and enhances operational efficiency.

**[O4] Technological Risk:** Rapid adoption of construction technologies and digital innovations is critical to remaining competitive. Failure to adapt may increase costs and reduce efficiency. **Valuation:** A 1% drop-in terminal growth rate would cause the share price to decline by 7.6%. **Mitigation:** DOM should gradually adopt modern construction technologies, including digital project management systems and energy-efficient techniques.



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Annex 1 – Expert Interviews

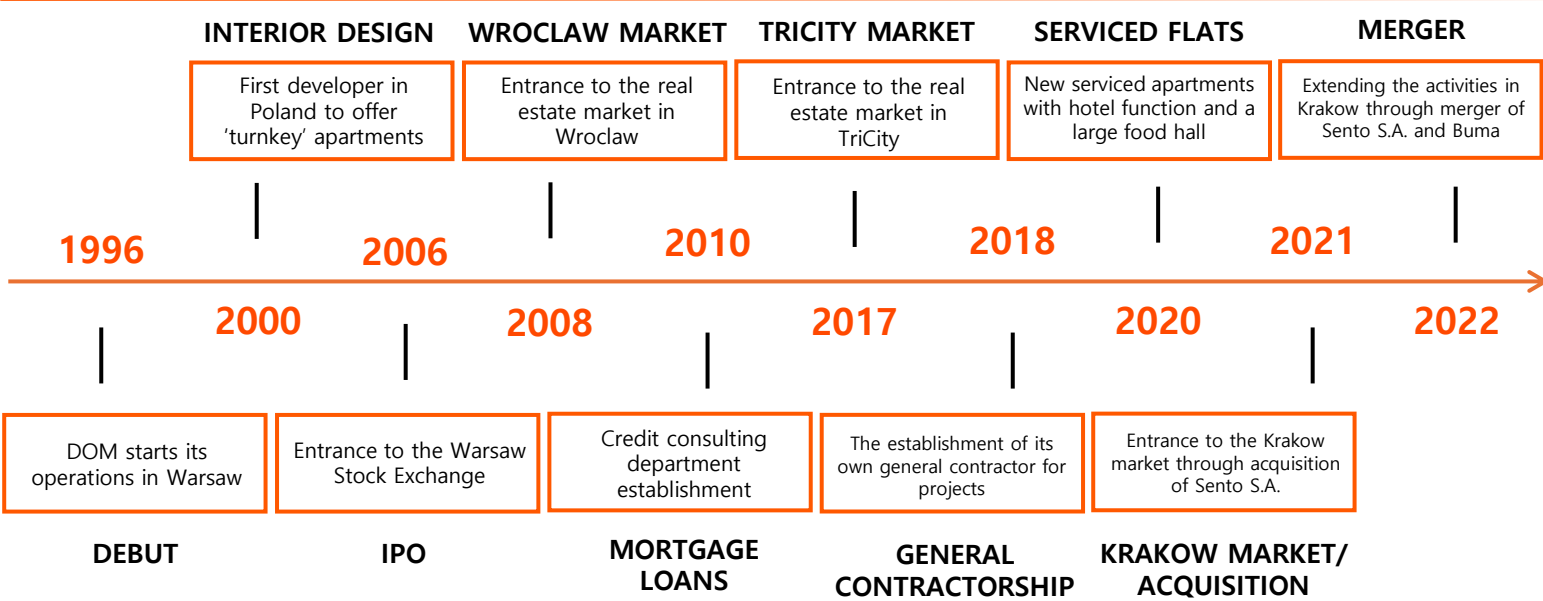
Source: Team analysis

Expert A	C suite executive at a direct competitor of Dom Development with PLN 2bln+ market capitalization
Expert B	Business analyst with 6+ years of experience at a leading residential real estate developer in Poland
Expert C	Lead economist at World Bank for 15+ years
Expert D	Head of Team XYZ at Polish Economic Institute for 5+ years
Expert E	Consultant and mortgage advisor with 10+ years experience
Expert F	Real estate industry expert with 10+ years of experience, interim CFO of a real estate and logistics firm
Expert G	Researcher and macroeconomic expert with 10+ years of experience
Expert H	ESG practitioner and one of the founding members of a sustainability focused industry organization in Poland
Expert I	Researcher specializing in financial economics and ESG transition dynamics
Expert J	A beneficiary of Safe Credit 2% scheme in Warsaw
Expert K	Professor of real estate for 10+ years at a leading Polish university

Names of interviewees are kept confidential upon their request

Annex 2 – History of Dom Development

Source: Company's website



Annex 3 – Flagship Projects of Dom Development

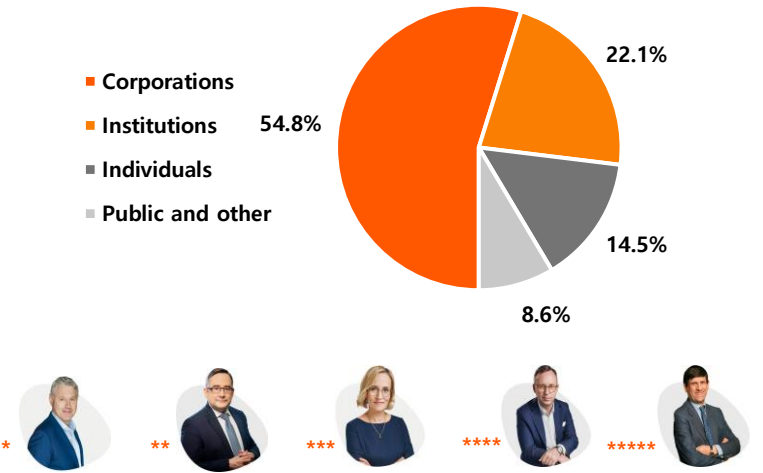
Source: Company's Reports



Annex 4 – Shareholder structure of Dom Development

Shareholder	Shares	%
<b>Corporations:</b>		
Groupe Belleforet	14,140,441	54.8%
<b>Individuals:</b>		
Jaroslav Szanajca	1,454,050	5.6%
Grzegorz Kielpsz	1,280,750	5.0%
Janusz Zalewski	300,000	1.2%
Małgorzata Kolarska	285,066	1.1%
Other individuals (owning <1% shares)	422,961	1.6%
<b>Institutions:</b>		
PTE Allianz Polska	2,501,493	9.7%
Natone Nederlanden PTE S.A.	575,820	2.2%
Aegon Asset Management UK Plc	552,086	2.1%
UNIQA Österreich Versicherungen	427,479	1.7%
PTE PZU S.A.	369,949	1.4%
TFI PZU S.A.	298,229	1.2%
Other institutions (owning <1% of shares)	984,955	3.8%
<b>Public and other</b>	<b>2,205,140</b>	<b>8.5%</b>
<b>Total</b>	<b>25,798,422</b>	<b>100%</b>

Source: Capital IQ, Team analysis

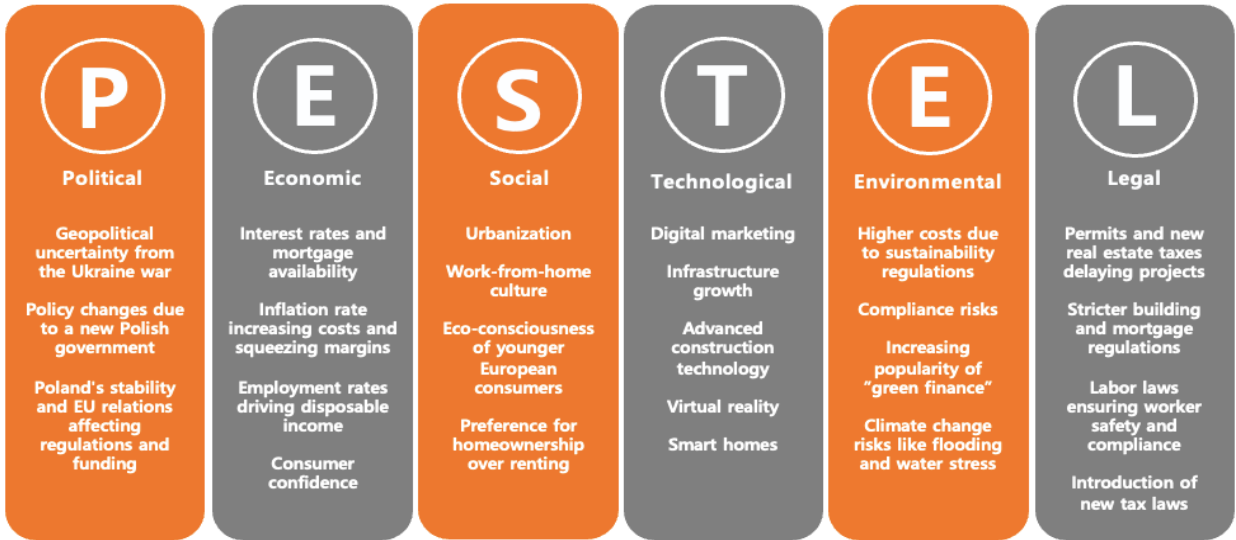


Annex 5 – Board members of Dom Development

Name & Position	Background
<b>SUPERVISORY BOARD</b>	
Dorota Podedwora-Tarnowska, Vice Chairwoman of the Supervisory Board	7+ years on the Supervisory Board, PhD in Economics, Finance Expert, Former Deputy Minister, Finance (2013-2015)
Jaroslav Szanajca, Chairman of the Supervisory Board	Founder of DOM (since 1996) 20+ years in development, Law graduate, University of Warsaw, Former Chairman in Gres-Investi (1992-1996)
Janusz Zalewski, Deputy Chairman of the Supervisory Board	4+ years on the Supervisory Board, 40+ years in finance and development, 24+ years with DOM, Former CFO&Vice President of DOM
Mark Richard Anthony Spiteri, Member of the Supervisory Board	13+ years on the Supervisory Board, 19+ years of experience in property development, Director of businesses in financial services sector
Anna Maria Panasiuk, Member of the Supervisory Board	2+ years on the Supervisory Board, Extensive experience in capital market law, Experienced legal advisor for investment funds and holdings
Edyta Wojtkiewicz, Member of the Supervisory Board	2+ years on the Supervisory Board, Over 20 years of executive experience, Strong financial expertise and communication across all levels
Philippe Bonavero, Member of the Supervisory Board	2+ years on the Supervisory Board, 9+ years of executive experience in the British real estate sector, Legal and financial expert
Grzegorz Kielpsz, Member of the Supervisory Board	18+ years on the Supervisory Board, 30+ years of experience in property development sector, 28+ years with DOM, One of the founders of DOM
<b>MANAGEMENT BOARD</b>	
Mikołaj Konopka, Chairman of the Management Board *	30+ years of experience in real estate and construction, 17+ years with DOM, Expert in land acquisition and development, Degree in Maritime Transport Economics (UG)
Leszek Stankiewicz, Deputy Chairman of the Management Board, Financial Director **	20+ years of executive experience, 10 years of experience in the construction sector, 5+ years with DOM, PhD in Management, degrees in finance (UW & SGH)
Justyna Wilk, Member of the Management Board ***	Experience in the property market, 14+ years with DOM, Former Land Dept. Director& Commercial Proxy, Board member since 1st of January 2025, Geodesy degree (WUT), Postgrad (SGH)
Grzegorz Smoliński, Member of the Management Board ****	25+ years of experience in property development, 27+ years with DOM, President of Dom Development Kredyty since 2019, MBA (SGH) & Finance degree (Vistula University)
Terry Roydon, Member of the Management Board *****	40+ years in the European construction industry, 25+ years with DOM, Former CEO of UK-listed developers, MBA (Pittsburgh) & Property Management degree (London)

Annex 6 – PESTEL analysis

Source: Team analysis



## Annex 7 – Key assumptions

Source: Team Analysis

### Revenues

- Period of analysis** was established to be **2025-2030**. The revenue forecast is driven by two key quantitative factors **a) number of deliveries** and **b) average transaction price per unit**. We use a city-wise segmentation of under construction and in-preparation projects reported by Dom Development and **projection a future pipeline** using expected start and handover dates of projects. A fairly good understanding of sales for DOM is possible because the Group's current land bank of 19,889 units is sufficient for the next three to five years of sales.
- No. of units sold and delivered:** We expect DOM to maintain and sustainably increase from its current level of units delivered of 4,216 in 2024 (+10% y/y) to **roughly 4,400 deliveries by end of forecast period**. In our view it is **'not'** likely that the Group will double or triple from its current level of operations in the coming years. However, we do not ignore that it may be possible within city-wise segments with a small base. For eg: between 2020 and 2024, units sold in **Krakow jumped by 4.4x** and in Wroclaw by 2.3x. In our forecast, our estimates built using the project pipeline show units sold in Krakow will be **1.4x from 2024 level of 520 units to 749 units in 2030**.
- Growth drivers:** Our model assumes biggest increase in units delivered in **a) Krakow**, forecasted to increase from 475 deliveries in 2024 to 755 deliveries annually in 2030 **b) TriCity**, from 950 deliveries in 2024 to 1,115 in 2030 annually. This assumption is supported by a **rising Land Bank stock in these cities**. In 2024, units under preparation and under construction combined in Krakow were 2,910 and Tri-City were 5,537. **DOM will maintain leadership in the Warsaw market** leveraging a strong under construction and in-preparation pipeline of **11,434 units**. **We do not assume DOM will expand into new housing markets** either in Poland or abroad. The management gives no such indication and has mentioned its objective to increase market share in the existing markets.

### Costs

- We believe that while currently there are no gross margin pressures on DOM, this situation is likely to change in coming years with overall sector margins reverting lower. Hence, we model a base case with gross margins slightly dropping from 32% to 28%.
- Other operating costs such as general and administration and selling costs are modeled as % of revenue. We expect efficiency in sales and marketing activities of DOM and include a slowdown factor of selling costs by 2% YoY.

### CAPEX and D&A

- CAPEX increases with inflation, not significant for real estate developers

### Working capital forecasts

- Inventories are modelled as next year sales taking into account new Land Bank acquisitions and lag between converting inventory into sales. For 2024, we use an average of past five years inventory/sales ratio. For the next years in our forecast, the ratio remains consistent on average and increases by 0.04x. Deferred revenue is also modelled relative to next year sales.

### Debt forecasts and cost of debt

- Debt includes long term debt, short term debt, and leases. It is modelled using **Debt/EBITDA ratio** expected to stay in the range of **1.0-1.1x** based on historical analysis. We believe **DOM will maintain its financially prudent strategy** of keeping conservative debt levels. We do not foresee any need for development loans or financing through private individual investors and think company can continue financing majority of their needs internally.
- The cost of debt is reflected in income statement only partially, to the tune of **20% of total interest expense**. The remaining portion is modelled as being **capitalized into work in progress** associated with development projects. Cost of debt is assumed as **WIBOR 6M 5.84% plus 1.4% bank margin**, equal to DOM's latest bond issue of series DOMDEM2051229 in December 2024. We also considered average YTM of publicly traded bonds of Dom Development and a synthetic credit rating method (Annex x).

### DDM

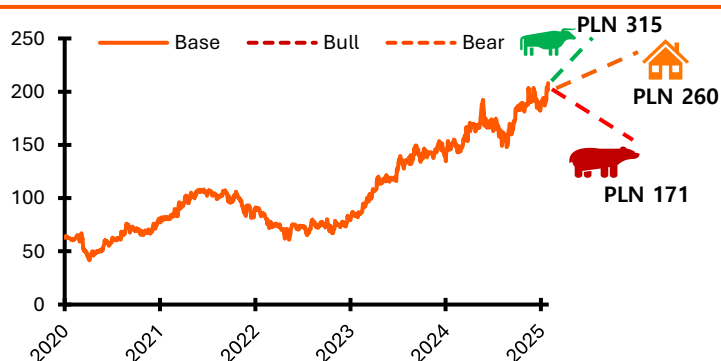
- Payout ratio fixed at 80% based on past policy of the Group, growth rate of DDM model assumed as 2% by multiplying historical ROE and Retention ratio of DOM and sense checked using data from from prof. Damodaran. Given DOM distributed advance dividend in 2024, we include a 40% advance payout in our forecasts.

### SOTP

- Units under preparation in all cities are spread out to build a project pipeline until 2027. The project start date and handover dates are usually kept between 4 to 6 quarters based on our analysis of DOM's pipeline going back till 2012. We see 4-6 quarters is reasonable for start to handover assumption.
- The project all-in-costs are linked with DCF assumptions of EBITDA margins. The revenues are linked to average transaction price of the unit, increasing in-line with inflation. The project pipeline also assumes that commencements will not dramatically exceed historic levels of 3-5k units annually to ensure there is no operational burden on the company and our forecasts are realistic.
- Estimated value of secured land bank assumes average size of a unit as 70sqm thereby arriving at a total usable floor area from the owned land bank that was not used in the SOTP pipeline of 180,600sqm. The value of the Land Bank was then established at PLN 1011million using average price paid per UFA in similar market transactions.

## Annex 8 – Scenario analysis

Source: Team Analysis



The bear scenario results in a valuation downside of -20% versus our base case upside of 22%.

**Bear case scenario:** DOM faces multiple headwinds that negatively impact its profitability and revenue growth. The key assumptions driving this scenario include a) Margin compression: The company struggles to pass on rising costs to customers, leading to a decline in gross margins b) Regulatory impact: The new Spatial Planning Act delays projects and lowers deliveries. c) Weaker demand: Economic uncertainty and slow rate cuts force price reductions d) Project delays: Execution risks and supply issues lead to a 3% drop in deliveries.

**Bull case scenario:** DOM benefits from a favourable macroeconomic environment, allowing it to sustain high profitability and revenues. The key assumptions driving this scenario include a) Higher margins: The company successfully maintains its strong gross margins by passing cost increases onto buyers, benefiting from its turnkey apartment offerings, which command a premium price. b) Average price appreciation c) DOM demonstrates an ability to launch new projects faster than expected, capitalizing on strong market demand. d) Interest rate tailwinds: A more aggressive rate-cutting cycle by NBP which would be faster than expected stimulates mortgage affordability, leading to higher demand for residential units for popular segment. The premium segment is not highly impacted by high mortgage rates. e) Increased sales and deliveries: With demand picking up, the company experiences an uptick in sales volumes, resulting in a 2% increase in deliveries versus the base case. The combined effect results in a valuation uplift implying an upside of 48% compared to our base case upside of 22%.

## Annex 9 – Cost of equity

Source: Team Analysis

### Approach 1 - CAPM

Risk-free rate	5.83%
Beta	0.62
Market risk premium	5.8%
<b>Cost of Equity</b>	<b>9.4%</b>

We calculate cost of equity using the Capital Asset Pricing Model (CAPM). The risk-free rate was taken on 31.01.2025 to ensure consistency with the valuation date. Market risk premium for Poland was gathered from prof. P. Fernandez research. We arrived at a cost of equity of 9.4% using the CAPM method. Consideration for ESG was discussed within the research team with one option being- use an ESG-adjusted beta. We believe the ESG factors are already priced in by the market and hence do not use any ESG adjustments in our cost of equity calculations.



Annex 10 – Cost of Debt

Method 1 – YTM of Dom Development's bonds		Source: Team analysis
DOM0925	2020	5.6%
DOM0526	2021	6.1%
DOM0928	2023	7.3%
DOMDEM2051229	2024	7.2%
Average cost of debt		6.32%
Tax rate		19.0%
After-tax cost of debt		5.12%

Note: we have used 2021-23 average YTM as the average cost of debt in this specific calculation because the bond issued in 2024 was not trading on Catalyst at the time of valuation.

To estimate the cost of debt for Dom Development, we considered three methods to ensure comprehensiveness: a) synthetic rating estimation, b) the average YTM of publicly traded bonds, and c) the market cost of debt, calculated as WIBOR6M plus the bank margin. A key element in cost of debt is that DOM capitalizes its interest expense under historical cost of inventories / work-in-progress. The total cost of debt is not seen in the profit and loss account. This was taken care of even while we forecasted the P&L statement and the interest expense line within it. Ultimately, for the cost of debt we opted to use the market cost of debt of 7.2%, arrived at using WBOR6M of 5.8% plus 1.4% bank margin in our model. The bank margin is the same as on DOM's latest bond issue in December 2024. We did not use the synthetic rating approach as it is derived from US data and was not fully reflective of the specific dynamics within the Polish market.

Annex 11 – WACC

Source: Team Analysis		
WACC	Forecast period	Terminal period
Equity – weight [%]	88.2%	Same as forecast period, we do not assume separate WACC for the reasons explained below.
Debt – weight [%]	11.8%	
Tax [%]	19.0%	
Cost of equity [%]	9.4%	
Cost of debt [%]	7.2%	
WACC [%]	9.01%	9.01%

We assume a stable WACC throughout the DCF forecast period as opposed to dynamic WACC or a distinct calculation of WACC for the terminal year. We use a stable WACC because it reflects our assumption about DOM's risk profile and stable future capital structure. Additionally, the Polish 10-year risk-free rate already incorporates market expectations for future economic conditions, making further adjustments to the WACC redundant. By keeping the WACC constant, we ensure the valuation remains focused on realistic and consistent assumptions, without speculative fluctuations that could undermine its reliability.

Annex 13 – Beta calculations

Name	Ticker	Levered beta	Tax rate	Unlevered beta	Cash	Market cap [mPLN]	Cash/FV	Cash adj. unl.beta
Develia	WSE:DVL	0.7	19%	0.5	312	2,568	9%	0.6
Atal	WSE:1AT	0.8	19%	0.6	52	2,247	2%	0.6
Archicom	WSE:ARH	0.9	19%	0.7	117	1,948	04%	0.7
Murapol	WSE:MUR	0.4	19%	0.3	246	1,541	11%	0.3
Inpro	WSE:INP	0.4	19%	0.3	53	246	13%	0.3
Marvipol Development	WSE:MVP	0.8	19%	0.3	310	278	37%	0.5
Lokum Deweloper	WSE:LKD	0.5	19%	0.4	98	328	25%	0.6
Average							14%	0.518

**Method 1:** To estimate Dom Development's beta, we used a bottom-up approach with comparable Polish real estate developers of similar business models and size. Due to limited perfectly matching 5-year size wise, we included some with differing sizes to broaden the sample. The beta was derived by unlevering and relevering peer betas to Dom Development's capital structure, adjusted for cash to firm value. **Method 2:** We decided to use the max of the bottom-up and WIG Vs DOM regression of 5 year weekly returns approach. Both methods produced a beta within a narrow range of 0.54 to 0.62.

**Method 3:** We also reviewed the ESG-adjusted beta for Dom Development that was provided by Sustainalytics. The ESG-adjusted beta reflects the Group's exposure to material ESG risks and their financial impact. With a company exposure score of 33.3 (low risk) and a subindustry exposure of 35.0, the adjustment process modifies the overall beta based on risk indicators. Factors like carbon emissions (+0.02) and regional corruption (+0.02) contribute to the final ESG-adjusted beta of 0.95, indicating a slight downward adjustment from a baseline of 1.0 that Sustainalytics uses to establish comparability between different companies. DOM's ESG-adjusted beta got a slight reduction due to the company's relatively low ESG risk, suggesting marginally lower systematic risk when ESG factors are considered.

Method 2 – Synthetic credit ratings		Source: Team analysis
EBIT 2023A [mPLN]		558,2
Interest paid [mPLN]		28,4
Interest coverage ratio		19,7x
Synthetic credit rating assigned		AAA
Credit spread (Damodaran)		0.75%
Risk-free rate		5.73%
Cost of debt		6.48%
Tax rate		19.00%
After-tax cost of debt		5.25%

Annex 12 – Terminal growth rate

Source: Team Analysis	
Terminal growth	
NOPAT terminal [mPLN]	602,8
Depreciation terminal [mPLN]	24,3
CAPEX terminal [mPLN]	27,3
Working capital terminal[mPLN]	36,2
Reinvestment rate [%]	6.5%
RONIC [%]	15.0%
Terminal growth rate [%]	0.97%

We calculated the terminal growth using the **Key Value Driver formula**. With a **reinvestment rate of 6.5%** and imputing returns on new invested capital (RONIC) of 15%, the g was **0.98%**. The key value driver formula directly links growth to the company's reinvestment rate and (RONIC). We opted for this approach over other methods like exit multiples or the Gordon Growth Model to maintain internal consistency. This contrasts with exit multiples, which can be highly subjective and dependent on market comparable that may not accurately represent DOM's unique performance.

Source: CapitalIQ, Team Analysis

Average unlevered	0,52
Dom's Cash/Firm value	0,05
Dom's Unlevered beta	0,49
D/E ratio	0,13
Tax rate	19%
Dom's levered beta	0,54

Annex 14 – Valuing management options for DCF valuation

To account for the potential dilution from the exercised of stock options granted to the management, we used the **Black Scholes model to determine the value of 100,000 options** held by Mr. Leszek Stankiewicz under the 7<sup>th</sup> Management Share Option programme. With the options maturing in December 2032 and having an **exercise price of PLN 50**, we were able to value the options. This value was deducted from the equity value arrived at from the DCF valuation. Key assumptions of BSM were:

Value of management options using Black-Scholes method

Source: Stooq.pl, Team analysis

Particular	
Option strike price	PLN 50
Risk-free rate	5.8%
Spot price of the stock <sup>(1)</sup>	PLN 260
Time to maturity in years	7,9
Volatility of the stock	9.6%
<b>Price of the option</b>	<b>PLN 147</b>
No. of option contracts	100,000

Total value (PLN m) 14,7

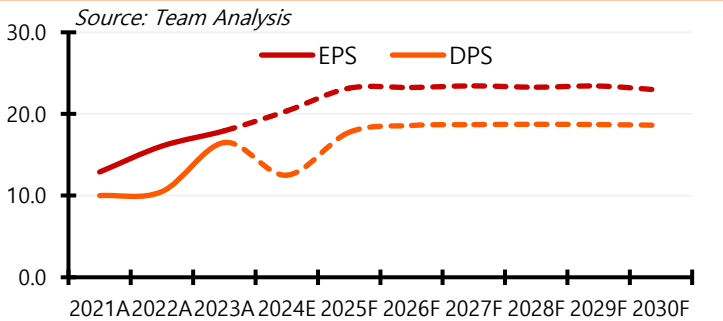
Total diluted shares using the Treasury stock method

Source: Stooq.pl, Team analysis

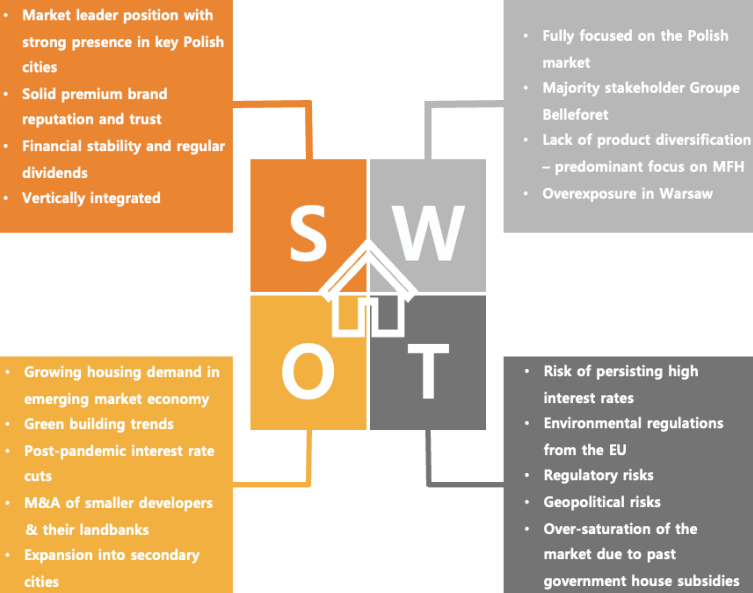
Particular	
Option strike price	PLN 50
No. of option contracts	100,000
Expected proceeds from exercise	PLN 500,000
Spot price of the stock <sup>(2)</sup>	PLN 213
Additional shares after exercise	2,347

Total shares outstanding (diluted) in millions 25,8

Annex 15 – Forecasted performance



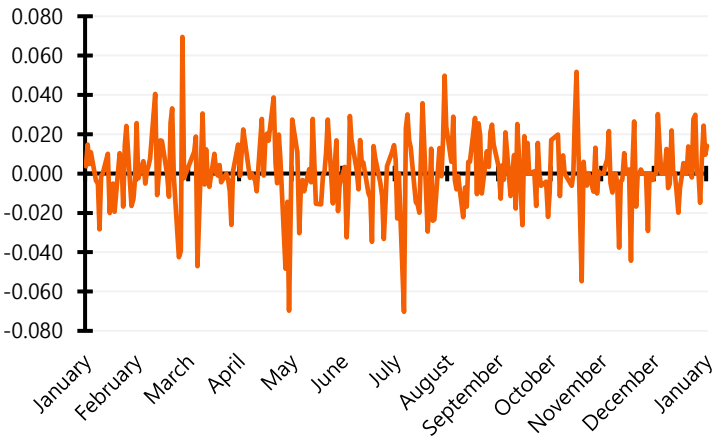
Annex 16 – SWOT analysis



Source: Team Analysis

Annualized volatility of DOM stock price, last 1 year

Source: Stooq.pl, Team analysis

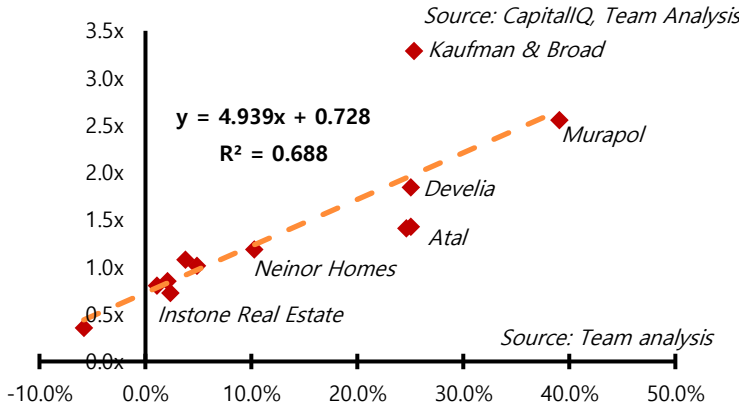


<sup>(1)</sup>In valuing DOM's management options using the Black-Scholes model, we used a **spot price of PLN 260**, which differs from the prevailing market price. This adjustment addresses the inherent circularity in valuing options within an equity research framework. Typically, the spot price refers to the current market price of the stock. However, when valuing options to estimate the value per share, using the market price introduces inconsistency, as the resulting option value would feed into the valuation of the same stock price being tested for under- or over-valuation. To resolve this, we applied the **treasury stock method** to estimate an initial value per share and used this as the input spot price in the Black-Scholes model. This iterative approach ensures internal consistency by converging on an appropriate per-share value while accurately capturing the dilution effect of management options.

Summary of DCF with management options Source: Team Analysis

Enterprise value	6,894
Non operating assets	145
Value of management options	14,7
Net debt	319
Equity value	6,704
Total shares outstanding	25,8
Price per share	PLN 260

Annex 17 – ROE/PBV Regression



We conducted PBV and ROE regressions to establish a price target for Dom Development. However, the implied P/BV multiple derived for DOM from this regression was 2.5x, while Dom Development has consistently traded at an average of 3.0x for the past year and consistently with a higher P/BV ratio than peers for the last decade (**Figure 45**). This reflects a sustained premium to peers. This premium is justified by the company's strong brand, superior profitability, and consistent dividend policy, which have historically supported a higher valuation. Given this long-term trend, the regression-based PBV multiple was deemed not useful for valuation purposes and was ultimately disregarded.

## Annex 18 – Relative valuation

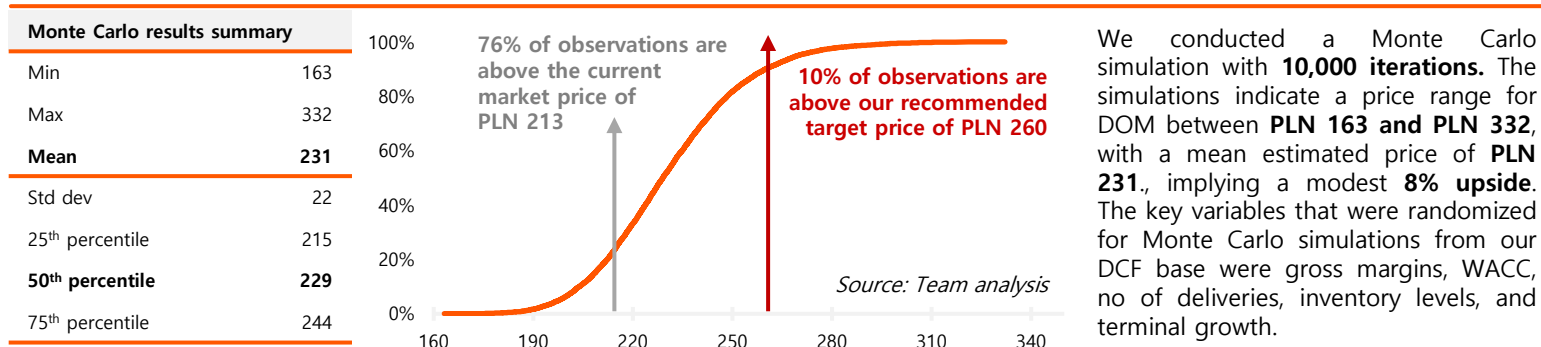
Source: CapitalIQ, Team analysis

	Polish real estate developers				European real estate developers			
Peer Group	 MURAPOL  ECHO investment	 DEVELIA  archicom	 ATAL	 Neinor HOMES  mvc.	 BONAVA	 Barratt Redrow  KAUFMAN BROAD		

Ticker	Name	Market cap EURm	P/E multiple			EV/EBITDA multiple			P/BV multiple		
Polish real estate developers			2023	2024	2025	2023	2024	2025	2023	2024	2025
WSE:DVL	Develia S.A.	609	7.4x	8.4x	8.6x	5.6x	6.9x	7.0x	1.5x	1.6x	1.6x
WSE:1AT	Atal S.A.	528	9.2x	7.2x	7.2x	8.3x	6.6x	6.6x	1.6x	1.3x	1.3x
WSE:ARH	Archicom S.A.	527	12.1x	12.0x	11.1x	15.6x	9.2x	8.7x	1.5x	2.0x	1.8x
WSE:ECH	Echo Investment S.A.	422	20.0x	11.5x	8.7x	15.9x	13.5x	9.9x	0.9x	1.1x	1.1x
WSE: MUR	Murapol S.A.	337	8.8x	11.0x	11.1x	6.2x	8.9x	9.0x	3.4x	2.3x	2.3x
<b>Average</b>			<b>11.5x</b>	<b>10.0x</b>	<b>9.3x</b>	<b>10.3x</b>	<b>9.0x</b>	<b>8.2x</b>	<b>1.8x</b>	<b>1.7x</b>	<b>1.6x</b>
<b>Median</b>			<b>9.2x</b>	<b>11.0x</b>	<b>8.7x</b>	<b>8.3x</b>	<b>8.9x</b>	<b>8.7x</b>	<b>1.5x</b>	<b>1.6x</b>	<b>1.6x</b>
European real estate developers											
LSE:BTRW	Barratt Redrow plc	7,860	10.5x	19.9x	20.6x	4.9x	14.3x	14.8x	1.0x	0.8x	0.8x
LSE:BWY	Bellway p.l.c.	3,721	9.5x	21.1x	22.2x	5.2x	12.4x	13.0x	0.9x	0.9x	0.9x
BME:MVC	Metrovacesa S.A.	1,317	NM	30.5x	30.2x	NM	16.6x	16.5x	0.7x	0.8x	0.8x
BME:HOME	Neinor Homes, S.A.	1,258	18.9x	21.0x	20.9x	13.5x	14.9x	14.8x	0.8x	1.3x	1.3x
ENXTPA:KOF	Kaufman & Broad S.A.	688	0.0x	23.7x	24.1x	3.6x	5.6x	5.7x	0.0x	3.4x	3.5x
XTRA:INS	Instone Real Estate Group SE	360	8.5x	18.1x	17.7x	6.2x	7.6x	7.5x	0.5x	0.6x	0.6x
OM:BONAV B	Bonava AB (publ)	257	12.9x	NM	NM	11.0x	22.8x	23.9x	0.2x	0.4x	0.4x
<b>Average</b>			<b>10.7x</b>	<b>16.7x</b>	<b>16.6x</b>	<b>8.7x</b>	<b>11.6x</b>	<b>11.4x</b>	<b>1.1x</b>	<b>1.4x</b>	<b>1.4x</b>
<b>Median</b>			<b>9.5x</b>	<b>18.1x</b>	<b>17.7x</b>	<b>6.2x</b>	<b>10.8x</b>	<b>9.4x</b>	<b>0.9x</b>	<b>1.2x</b>	<b>1.2x</b>

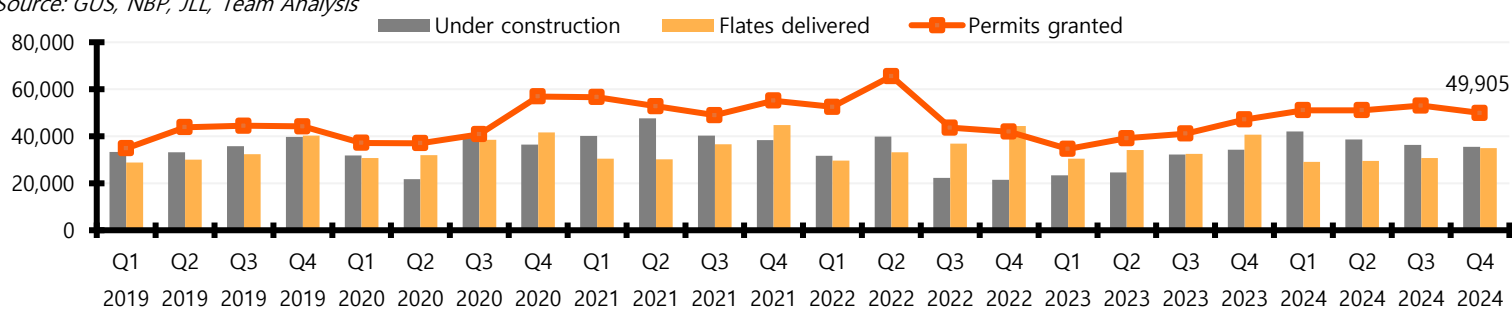
## Annex 19 – Montecarlo analysis

Source: Team Analysis



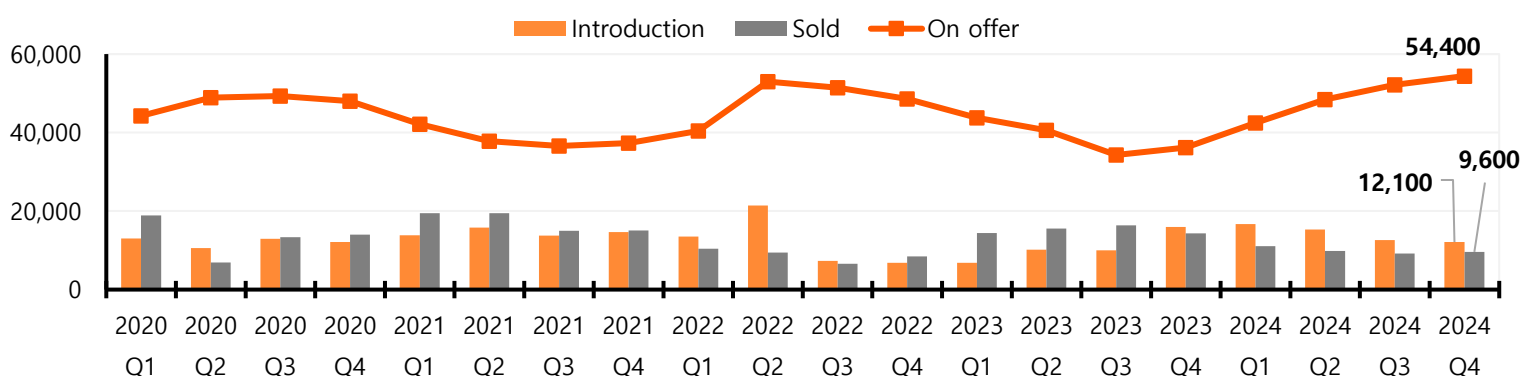
## Annex 20 – Polish RE market through the lens of units for sale, introduced, & sold, quarterly (2020-2024)

Source: GUS, NBP, JLL, Team Analysis



## Annex 21 – Polish RE market through the lens of units sold, introduced, & offer, quarterly (2020-2024)

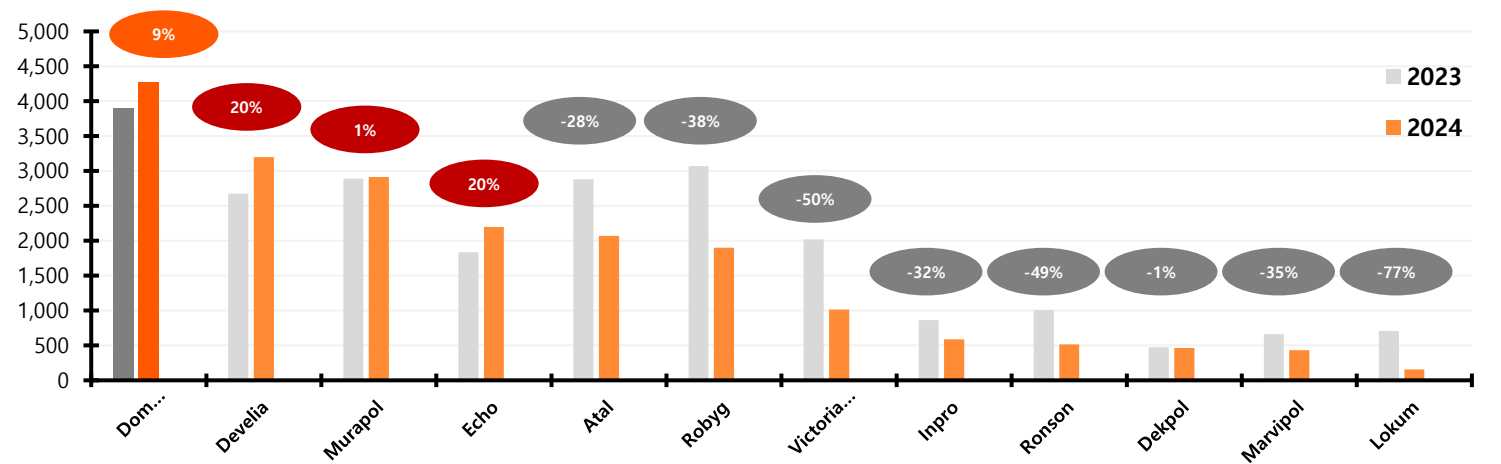
Source: GUS, NBP, JLL, Team Analysis





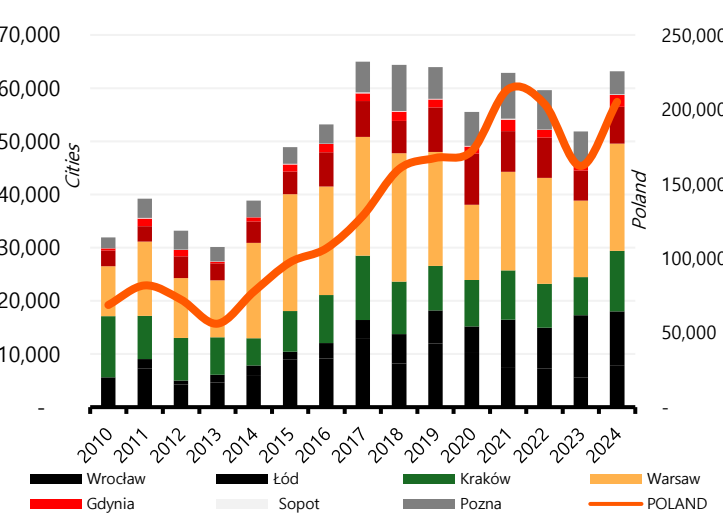
Annex 22 – Year on year comparison of number of units sold by RE developers in Poland (2023-2024)

Source: Company Reports, Team analysis



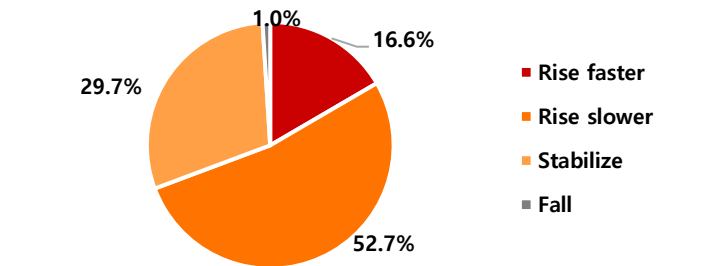
Annex 23 - Construction permits issued in Six Largest Polish Cities (2010-2024)

Source: GUS, Team Analysis



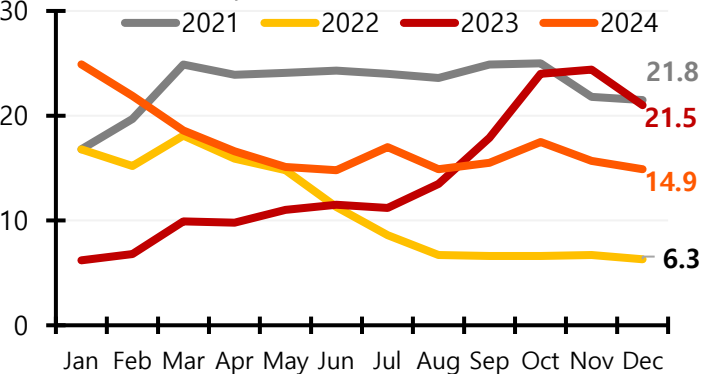
Annex 25 - How will prices of services/materials/raw materials change in next 12 months?

Source: GUS, Team Analysis



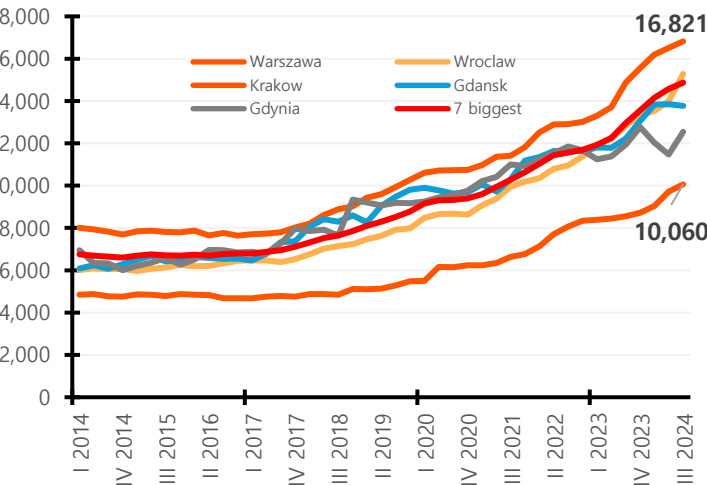
Annex 27 - Volume of Mortgages, Thousands, Monthly (2021-2024)

Source: BIK, Team analysis



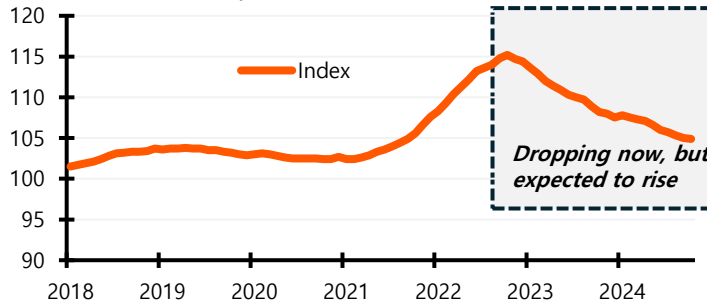
Annex 24 - Pricer per sqm in Primary Market

Source: GUS, Team Analysis



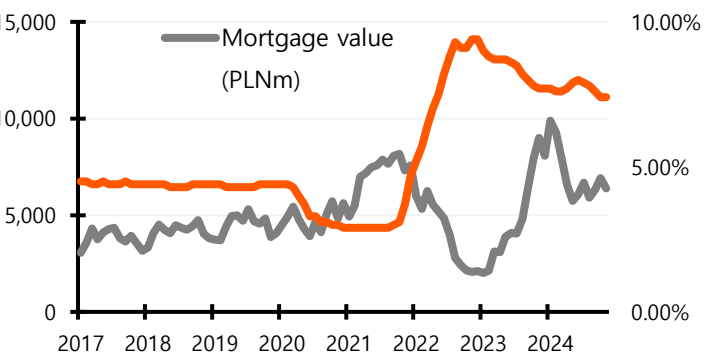
Annex 26 - Construction price index (2018-2024)

Source: GUS, Team analysis








Annex 28 - Mortgage Rate Vs Value of Mortgages Issued in Poland (2017-2024)

Source: GUS, NBP, Team analysis



Annex 29 – Proprietary ESG Scorecard

**Approach and rationale:** with no universal standard for ESG reporting and DOM’s unique role in its industry, ESG ratings have often varied significantly depending on the criteria used. To develop a more accurate evaluation, we conducted a thorough analysis of ESG reports from comparable companies and industry peers. This enabled us to create a tailored scorecard that reflects the ESG factors most relevant to DOM. Our ratings and the rationale behind the key factors used in our analysis are outlined below.

Rating	Category	Description				
0	Not applicable	No evidence of effort or achievement related to the criterion				
1	Below standard	Some attempts made, but little progress or success in addressing the criterion				
2	Basic	Shows effort with partial success in meeting the criterion				
3	Meets standard	Effort and outcomes are consistent with typical industry expectations for the criterion				
4	Outstanding	Demonstrates above-average effort and notable success in achieving the criterion				
5	Leader	Sets an example of excellence, innovation, and exceptional results in achieving the criterion				
<div>Source: Company Reports, Team analysis</div> <div></div>						
Environmental	DOM	ATAL	DEVELIA	ARCHICOM	ROBYG	
GHG Emission	Uses the GHG Protocol, reporting 13.3k tonnes of CO2. Focuses on low-carbon materials and increasing renewable energy use	Reports 8.4k tonnes of CO2 under ISO-certified EMS. Implements energy-efficient solutions like LEDs and occupancy sensors, with plans for EV adoption	Lacks a standardized GHG methodology but prioritizes low-carbon materials, energy-efficient designs, and renewable energy integration	Adopts the GHG Protocol and transitions to green energy. Ensures transparency through audits and external assessments	Uses 100% renewable energy in construction. Reduced emissions by 47% in 2023 and reports Scope 1, 2, and 3 emissions under the GHG Protocol	
Grade	3	4	2	3	5	
Social	DOM	ATAL	DEVELIA	ARCHICOM	ROBYG	
Workforce well-being and safety	Provides private medical care, flexible work, strict OHS compliance, accident prevention, and fosters inclusion and diversity	Focuses on health programs, safety systems, accident monitoring, and diversity initiatives	Offers private medical insurance, inclusive work awards, accident monitoring, and safety training	Ensures strict OHS compliance, zero accidents, private medical care, and flexible work options	Achieved zero accidents, provides OHS training, private care, flexible work, and discloses a reducing 11% gender pay gap	
Grade	4	3	3	3	5	
Governance	DOM	ATAL	DEVELIA	ARCHICOM	ROBYG	
Leadership & Accountability and oversight	Well-structured supervisory and management boards with an ESG compliance director. Internal audits and risk management frameworks ensure compliance	Management committee oversees ESG efforts with risk frameworks, anti-corruption policies, and whistleblowing mechanisms. Regular ESG audits prioritize stakeholder concerns	Supervisory board with two committees ensures compliance with WSE practices. Strong risk controls and transparency with stakeholders	Management board supervises ESG strategies with internal audits and regular reviews. Transparent communication with shareholders	Head of ESG appointed with robust compliance frameworks. Independent board members ensure strong oversight and auditing	
Grade	4	3	3	3	4	
Overall ESG score	3.7	3.3	2.7	3.0	4.7	

Annex 30 – ESG Risk Table

PILLAR	KEY INITIATIVES
DOM IN HARMONY WITH NATURE	<ul style="list-style-type: none"><li>- Reduction of Scope 1 and 2 CO2 emissions by 30% by 2030 (baseline: 2021)</li><li>- Urban Greenery Programme and Green Investment Cards to support biodiversity</li><li>- Commitment to sustainable procurement through the Green Procurement Standard</li></ul>
DOM IS PEOPLE	<ul style="list-style-type: none"><li>- Adoption of the "15-minute city" concept to create accessible urban environments with integrated healthcare, education, and public spaces</li><li>- Focus on employee well-being through equal opportunities, retention strategies, and attractive working conditions</li><li>- Initiatives for accessible building designs and rollout of the "We Are Fair" program</li></ul>
DOM IS ON SOLID FOUNDATIONS	<ul style="list-style-type: none"><li>- Transparent governance aligned with the Best Practices of WSE Listed Companies</li><li>- Gender-balanced leadership with a target of 30% female representation on supervisory and management boards by 2026</li><li>- Monitoring the wage gap and implementing robust compliance systems by 2025</li></ul>

Annex 31 – Analyst recommendations

PLN 209

 Biuro Maklerskie

PLN 227

 Bank Pekao

PLN 247



PLN 250



PLN 260

Project name	Units	Start Q	Expected handover Q	Revenue PLN M	Costs PLN M	NOPAT	NPV
Metro Zachód							
Phase 1 - stage 10	145	Q1 2024	Q4 2025	126	99	22	21
Phase 3 - stage 8 (Building E)	118	Q2 2024	Q4 2025	103	80	19	18
Phase 3 - stage 8 (Building F)	90	Q2 2024	Q1 2026	78	62	14	13
Phase 4 - stage 8	249	Q3 2024	Q1 2026	217	170	38	35
Phase 5 - stage 8	250	Q1 2025	Q3 2026	229	180	40	35
Phase 4 - stage 7	200	Q3 2026	Q3 2028	189	153	30	22
Phase 5 - stage 7	150	Q3 2027	Q1 2029	146	118	23	16
Phase 1 - stage 6	200	Q2 2028	Q1 2030	200	163	29	19
Phase 5 - stage 11	195	Q4 2028	Q2 2030	195	161	27	17
Apartamenty Literacka							
Phase 2	200	Q1 2025	Q4 2026	183	144	32	27
Phase 3	50	Q3 2025	Q4 2026	46	37	7	6
Phase 4	50	Q4 2025	Q2 2027	46	36	8	7
Phase 5	143	Q1 2026	Q3 2027	135	108	22	18
Grzybowska							
Phase 1	196	Q2 2025	Q4 2026	180	141	31	27
Harmonia Mokotów							
Phase 1	157	Q4 2023	Q3 2025	123	95	23	22
Phase 2	213	Q1 2024	Q3 2025	186	144	34	33
Phase 3	105	Q3 2024	Q1 2026	92	72	16	15
Urbino							
Phase 2 - stage 2	100	Q1 2024	Q3 2025	87	67	16	15
Phase 1 - stage 3	190	Q3 2025	Q2 2027	174	139	28	23
Phase 2 - stage 3	165	Q4 2026	Q1 2028	156	125	25	19
Phase 1 - stage 4	160	Q2 2027	Q1 2029	156	127	23	16
Phase 2 - stage 4	150	Q2 2028	Q1 2030	150	123	22	14
Osiedle Przy Alejach							
Phase 1	122	Q2 2023	Q1 2025	95	74	18	18
Phase 3	105	Q1 2024	Q3 2025	92	71	17	16
Phase 2	150	Q2 2024	Q4 2025	131	101	24	22
Phase 4	19	Q3 2024	Q1 2026	17	13	3	3
Apartamenty Rudnickiego							
Phase 1	141	Q2 2024	Q1 2026	123	97	21	20
Phase 2	150	Q2 2025	Q4 2026	137	108	24	21
Phase 3	203	Q1 2027	Q1 2029	197	162	29	21
Osiedle Przy Forcie							
Phase 1	124	Q1 2024	Q3 2025	108	84	20	19
Osiedle Przy Ryżowej							
Phase 1	151	Q3 2023	Q2 2025	118	91	22	21
Phase 2 (downward revision)	254	Q4 2023	Q3 2025	199	154	36	35
Beethovena							
Phase 1	272	Q2 2025	Q1 2027	249	200	40	34
Phase 2	178	Q3 2025	Q1 2027	163	131	26	22
Phase 3	120	Q1 2027	Q4 2028	117	94	18	13
Apartamenty Białej Koniczyny (Pory)							
Phase 2	71	Q2 2023	Q1 2025	56	43	10	10
Osiedle Mokotów Sportowy (Antoniewska)							
Phase 1	158	Q2 2024	Q1 2026	138	108	24	22
Phase 2	300	Q1 2026	Q3 2027	284	227	46	37
Phase 4	260	Q2 2026	Q4 2027	246	197	40	31
Phase 6	240	Q1 2027	Q1 2029	233	191	34	24
Phase 7	170	Q3 2027	Q2 2029	165	135	24	17
Phase 8	210	Q2 2028	Q1 2030	210	169	33	21
Palladium (Akacje)							
Phase 1	160	Q1 2025	Q4 2026	147	117	24	20
Phase 2	255	Q2 2026	Q1 2028	241	195	38	29
Phase 3	222	Q2 2027	Q1 2029	216	174	34	24
Osiedle Jagiellońska							
Phase 2	137	Q1 2023	Q1 2025	107	83	20	20
Phase 3	45	Q1 2023	Q1 2025	35	27	6	6
Wilno							
Phase 3	130	Q2 2026	Q1 2028	123	99	19	15
Phase 4	180	Q1 2027	Q4 2028	175	141	27	20
Phase 5	200	Q2 2027	Q1 2029	195	159	29	20
Phase 6	190	Q3 2027	Q2 2029	185	151	27	19
Phase 7	240	Q1 2028	Q4 2029	240	199	33	22
Phase 8	250	Q2 2028	Q1 2030	250	207	35	22
Phase 9	250	Q3 2028	Q2 2030	250	207	35	22
Phase 10	380	Q1 2029	Q3 2030	389	323	54	33
Phase 12	100	Q3 2029	Q1 2031	102	85	14	8
Phase 13	143	Q1 2030	Q4 2031	145	120	20	11
Bokserka							
Phase 1	129	Q2 2026	Q1 2028	122	99	19	15
Phase 2	150	Q3 2026	Q2 2028	142	115	22	17
Phase 3	150	Q4 2027	Q1 2030	146	119	22	14
Bielany							
Phase 1	138	Q3 2026	Q2 2028	131	105	20	15
Perspektywa							
Phase 4	102	Q2 2022	Q1 2025	68	53	13	13
Doki							
Phase 1 - Task A	187	Q3 2023	Q2 2025	118	91	22	21
Phase 2 - Doki G	246	Q3 2024	Q2 2026	200	157	35	31
Phase 3	100	Q4 2025	Q3 2027	93	74	15	12
Phase 4	143	Q4 2025	Q3 2027	132	107	21	17
Dolne Miasto							
Phase 1	62	Q3 2024	Q2 2026	50	40	9	8
Phase 2	132	Q2 2025	Q1 2027	122	98	20	17
Phase 3	150	Q3 2025	Q2 2027	139	111	22	18
Phase 4	150	Q4 2025	Q3 2027	139	111	22	18
Phase 5	145	Q2 2026	Q1 2028	136	109	22	17
Phase 6	210	Q1 2027	Q4 2028	203	164	32	23
Phase 7	150	Q1 2028	Q3 2029	149	120	23	16
Synteza							
Phase 1 - AB	101	Q1 2023	Q1 2025	64	49	12	12
Phase 2 - C	120	Q3 2023	Q2 2025	76	59	14	14
Phase 3 - Building D	143	Q2 2024	Q1 2026	116	91	20	19
Phase 4	80	Q1 2025	Q4 2026	74	58	13	11
Phase 5	84	Q2 2025	Q1 2027	78	62	13	11
Lema							
Phase 1	189	Q1 2023	Q1 2025	119	92	22	22
Gdańsk Warszawska							
Phase 1- E/F	102	Q3 2024	Q1 2026	83	65	14	13
Phase 2	120	Q1 2026	Q3 2027	113	90	18	15
Phase 3	128	Q2 2027	Q1 2029	124	101	18	13
Phase 2	203	Q4 2027	Q2 2029	196	161	29	20
Osiedle Przy Błoniach 3							

## Annex 32 – Project pipeline (2024-2031)

Source: Team analysis

.....forecasted pipeline continued and shortened

Osiedle Przy Błoniach 3	Units	Start Q	Expected handover Q	Revenue PLN M	NPV
Phase 2	56	Q1 2024	Q3 2025	46	8
Phase 3	180	Q1 2026	Q1 2028	169	20
Phase 4	185	Q2 2027	Q1 2029	179	19
Widoki					
Phase 2	64	Q3 2023	Q3 2025	40	7
Phase 3	60	Q1 2024	Q1 2026	49	8
Leśna Góra					
Phase 1	90	Q1 2028	Q2 2029	89	10
Gdańsk Uczniowska					
Phase 1	366	Q4 2026	Q3 2028	344	40
Gdańsk Potęgowska					
Phase 1	135	Q2 2026	Q1 2028	127	15
Hubska 100					
Phase 2	129	Q3 2024	Q2 2026	91	14
Phase 3	139	Q3 2026	Q1 2028	108	17
BRANIBORSKA					
Phase 2	210	Q4 2023	Q2 2025	137	25
Phase 3	187	Q2 2023	Q1 2025	122	22
Międzyleska 1-2					
Phase 1	117	Q3 2026	Q1 2028	91	11
Zielna					
Phase 1 - stage 4	89	Q3 2024	Q2 2026	63	10
Phase 3	65	Q2 2025	Q3 2026	49	8
Apartamenty Nad Rzeką					
Phase 1	152	Q1 2023	Q1 2025	99	18
Osobowicka 114					
Phase 1	82	Q2 2022	Q1 2025	53	10
Braci Gierymskich					
Phase 1	120	Q2 2025	Q4 2026	91	14
Phase 2	114	Q2 2026	Q4 2027	89	11
Międzyleska 1-2					
Phase 1	159	Q1 2023	Q1 2025	104	19
Phase 2	248	Q1 2024	Q1 2026	175	28
Rapsodia (Wołowska)					
Phase 1	390	Q3 2026	Q4 2027	304	39
Apartamenty Nad Oławką (Krakowska)					
Phase 1	88	Q4 2023	Q2 2025	58	10
Phase 2	174	Q1 2025	Q4 2026	131	20
Ramiszowska					
Phase 1	47	Q1 2026	Q3 2027	37	5
Phase 2	109	Q2 2026	Q4 2027	85	10
Górka Narodowa					
Phase 4	125	Q4 2023	Q2 2025	73	13
Phase 5	329	Q1 2025	Q4 2026	247	37
29. Aleja					
Phase 2	166	Q3 2024	Q1 2026	115	18
Phase 3	70	Q3 2026	Q1 2028	54	7
Phase 4	70	Q2 2027	Q2 2029	56	6
Malborska					
Phase 2	71	Q2 2024	Q4 2025	49	8
Park Matecznego					
Phase 1	353	Q2 2024	Q4 2025	244	42
Phase 2	180	Q2 2025	Q1 2027	135	18
Phase 3	60	Q1 2026	Q4 2027	47	6
Meiera					
Phase 1	247	Q2 2026	Q2 2028	192	23
Phase 2	197	Q1 2027	Q3 2028	157	18
Phase 3	247	Q2 2027	Q1 2029	197	22
Phase 4	50	Q3 2027	Q1 2029	40	4
Wielicka					
Phase 1	224	Q4 2025	Q2 2027	168	22
Phase 2	223	Q4 2026	Q4 2028	173	20
Extended pipeline (2025 - 2030)					2,410



Annex 33 – Profit and Loss statement (2019-2030)

Source: Team analysis

Income Statement (PLNm)	2019A	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Total revenue	1,662	1,815	1,897	2,419	2,550	3,028	3,415	3,585	3,691	3,848	4,061	4,193
COGS	(1,162)	(1,236)	(1,272)	(1,664)	(1,735)	(2,055)	(2,313)	(2,462)	(2,553)	(2,702)	(2,892)	(3,028)
Gross profit	500	579	625	756	815	974	1,103	1,123	1,138	1,146	1,169	1,165
OPEX	(164)	(177)	(196)	(237)	(236)	(294)	(330)	(347)	(355)	(367 )	(385)	(397)
EBITDA	336	401	429	519	579	680	773	777	783	779	784	769
Depreciation	(15)	(15)	(16)	(18)	(21)	(21)	(21)	(22)	(23)	(23)	(24)	(24)
EBIT	321	386	413	502	558	659	751	755	761	756	760	744
Interest expense	(0)	(8)	(8)	11	15	(8)	(12)	(12)	(12)	(12)	(12)	(12)
EBT	320	379	405	513	573	651	740	743	749	744	748	732
Income tax expense	(64)	(76)	(80)	(102)	(113)	(124)	(141)	(141)	(142)	(141)	(142)	(139)
Net profit	256	302	325	410	460	527	599	601	607	602	606	593

Annex 34 – Balance sheet (2019-2030)

Source: Team analysis

Balance Sheet (PLNm)	2019A	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Fixed and intangible assets	63	61	79	100	101	103	106	109	111	114	117	120
Non-operational assets	57	11	67	133	145	145	145	145	145	145	145	145
Total non-current assets	120	72	146	232	246	248	251	253	256	259	262	265
Inventories	2 510	2 424	3 025	3 443	3 837	4 472	4 709	4 995	5 167	5 491	5 669	5 742
Receivables	63	118	68	91	88	108	120	127	130	136	143	148
Other current assets	5	5	5	8	77	9	11	11	11	12	13	13
Cash and Cash Equivalents	253	586	607	304	286	401	540	510	571	523	606	660
Total current assets	2 831	3 132	3 705	3 845	4 289	4 990	5 379	5 643	5 879	6 162	6 431	6 563
Total assets	2 950	3 204	3 851	4 078	4 535	5 238	5 630	5 896	6 135	6 421	6 693	6 828
Total shareholders' equity	1 084	1 157	1 249	1 413	1 450	1 654	1 808	1 930	2 053	2 172	2 295	2 407
Long-term & short-term debt	571	485	484	478	654	720	801	835	828	823	833	814
Other long-term liabilities	68	75	106	80	108	108	108	108	108	108	108	108
Accruals and provisions	37	50	64	71	82	96	106	113	116	120	127	131
Account payables	356	326	392	483	509	595	671	713	738	779	832	869
Deferred income	834	1 111	1 556	1 551	1 734	2 066	2 135	2 199	2 292	2 419	2 498	2 498
Total Liabilities	1 866	2 047	2 602	2 665	3 086	3 585	3 822	3 967	4 082	4 249	4 399	4 421
Total equity & liabilities	2 950	3 204	3 851	4 078	4 535	5 238	5 630	5 896	6 135	6 421	6 693	6 828

Annex 35 – Cash flow statement (2019-2030)

Source: Team analysis

Cash flow statement (PLNm)	2019A	2020A	2021A	2022A	2023A	2024E	2025F	2026F	2027F	2028F	2029F	2030F
Profit before tax	320	379	405	513	573	585	740	743	749	744	748	732
Depreciation	15	15	15	17	21	21	21	22	23	23	24	24
Working capital investment & Non-cash adjustments	(87)	390	40	(216)	(179)	(154)	(94)	(182)	(53)	(158)	(48)	(36)
Interest cost / income	9	13	14	9	10	74	12	12	12	12	12	12
Cash flow from operating activities	258	796	475	322	425	526	679	594	730	621	736	732
Interest paid and received	(14)	(14)	(12)	(9)	(10)	(74)	(12)	(12)	(12)	(12)	(12)	(12)
Income tax	(82)	(103)	(69)	(110)	(147)	(111)	(141)	(141)	(142)	(141)	(142)	(139)
Net cash flow from operating activities	162	679	394	204	268	341	527	441	576	468	582	581
Net cash flow from investing activities	(18)	(38)	(66)	(216)	(16)	(23)	(24)	(25)	(25)	(26)	(27)	(27)
Change in interest-bearing debt	50	(75)	(59)	(31)	149	66	82	34	(7)	(6)	11	(20)
Proceeds from issue of shares / (Dividends)	(223)	(234)	(246)	(260)	(419)	(323)	(419)	(480)	(483)	(484)	(483)	(481)
Net cash flow from financing activities	(174)	(309)	(306)	(291)	(270)	(257)	(338)	(447)	(490)	(489)	(472)	(500)
Increase / (decrease) in net cash and cash equivalents	(29)	332	21	(303)	(18)	61	165	(30)	61	(48)	83	54
Cash and cash equivalents – opening balance	282	253	586	607	304	286	347	512	482	543	495	578
Cash and cash equivalents – closing balance	253	586	607	304	286	347	512	482	543	495	578	632

Annex 36 – Sources

Source: Team analysis

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• Large language models such as OpenAI were used to proofread and ensure proper language usage and coherence only. All analysis, valuation, graphs, content, conclusions, and opinions remain those of the authors of the report.