

Dividend Policy of Dom Development S.A.

Since it became listed on the Warsaw Stock Exchange ("WSE") in October 2006 Dom Development S.A. with its registered seat in Warsaw (hereinafter the "Company") has generated profits in each financial year. In the opinion of the Company's Management Board the dividend policy exercised by the Company thus far should be considered as conservative (the Company paid dividend equal to a total of 22% of the net profit generated between 2007 and 2012).

In the past, the Company's dividend policy was specifically based on the following assumptions:

1. Stable increase of the Company's net asset value and the Company becoming the leading WSE listed developer on the Polish residential market were the strategic objectives of the Company's Management Board.
2. In the first few years after the Company's listing on the WSE, the residential property market in Poland grew dynamically, resulting in an increase of Company expenses related with the growth of the scale of operations.
3. The Management Board believes that in the first years after the listing of the Company on the WSE the Company shareholders did not expect high dividend payments.

A change of the Company's past dividend policy is based on the following assumptions:

1. The Company has a well-established position of a leading developer on the residential property market in Poland.
2. At the end of 2012 the Company's balance sheet was very satisfactory. The Company's Management Board noted specifically: (i) the level of the Company's net debt at 2%; and (ii) the Company's net cash position at PLN 410 million.
3. In light of the low interest rates (in Poland at record lows since March 2013) resulting from the existing global economic conditions, investors will search for investments ensuring high rates of return.

In light of the above, the Company's Management Board decided that in the next years it will recommend to the General Meeting of Shareholders an increase of the dividend compared to the previous years. When deciding upon a recommendation regarding the dividend value, the Management Board will always take into account, without limitation, the existing market conditions, development plans and the financial needs of the Company.

The Management Board expects that once the Ordinary General Meeting adopts the dividend in the amount recommended by the Management Board the Company will be among the top WSE listed companies in terms of dividend yield.

It is the intention of the Management Board to procure, in the future, the highest dividend yield for the Company shareholders, while maintaining a satisfactory balance sheet of the Company and having funds available to benefit from the opportunities of the expected growth of the residential property market.