



REPORT OF THE REMUNERATION COMMITTEE OF DOM DEVELOPMENT S.A. ON THE ACTIVITIES CONDUCTED FROM 1 JANUARY 2014 TO 31 DECEMBER 2014





I. Personnel, composition and organisation of the Remuneration Committee of Dom Development S.A.

Pursuant to the provisions of the Statute of Dom Development S.A. with its registered seat in Warsaw ('the Company') and Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006 and 5 October 2010, the Remuneration Committee is a permanent committee of the Supervisory Board.

The Remuneration Committee is composed of at least three members appointed by the Supervisory Board from among its members, at least two of whom shall be Independent Members of the Supervisory Board (in the meaning of point 7.7 of the Company's Statute).

From 1 January 2014 to 31 December 2014, the Remuneration Committee acted under the following composition:

- Marek Moczulski - Chairman of the Remuneration Committee,
- Mark Spiteri - Member of the Remuneration Committee,
- Krzysztof Grzyliński - Member of the Remuneration Committee.

The rules of organisation and the methods of operation of the Remuneration Committee are specified by the provisions of the Company's Statute and the Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006 and 5 October 2010.

II. Activity of the Remuneration Committee

1. During the period under review, the Remuneration Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board. Said sessions took place in accordance with the 2014 Company Activity Schedule and depending on needs. The Remuneration Committee also conducted sessions via teleconference. Minutes were taken during all sessions and the decisions made by the Committee took the form of resolutions.

2. During the period from 1 January 2014 to 31 December 2014, the most important tasks of the Remuneration Committee were the periodical assessment of the terms of remuneration of the Management Board members, preparation of remuneration proposals and proposals on granting additional incentive-based benefits for management, such as share option programs, and submitting to the Supervisory Board the proposed remuneration policies of the Company.



During the period covered by this report, 6 sessions of the Dom Development S.A. Remuneration Committee took place (of which 2 sessions were held by teleconference), on the following dates:

- 1) 24 February 2014;
- 2) 5 March 2014 (via teleconference);
- 3) 20 May 2014;
- 4) 22 September 2014;
- 5) 1 October 2014 (via teleconference);
- 6) 27 November 2014.

All sessions of the Remuneration Committee were convened correctly. All members of the Remuneration Committee were present at 5 sessions and 1 session took place with the required *quorum*. Some sessions of the Remuneration Committee were also attended by the President of the Management Board Mr. Jarosław Szanajca.

Session of 24 February 2014

After the meeting had opened the Members of the Remuneration Committee adopted a resolution on the acceptance of the Report of the Remuneration Committee on the activities conducted from 1 January 2013 to 31 December 2013 and submission of said Report to the Supervisory Board (Resolution No. 01/02/14), and analysed the remuneration of the members of the Management Board in 2013.

Then the Remuneration Committee recommended that the Supervisory Board approve execution of the SECP (Senior Executives Compensation Plan) for 2013 (Resolution No. 02/02/14) and approve the targets of the SECP (Senior Executives Compensation Plan) for 2014 (Resolution No. 03/02/14).

Session of 5 March 2014 (via teleconference)

The Remuneration Committee adopted a following resolutions: on a proposal of the award of Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. (re. 2012 and 2013 Pool) (Resolutions: No. 01/03/14 and 02/03/14).

Session of 20 May 2014

The Remuneration Committee conducted a general review and discussed the operation of Dom Development S.A. 726,000 Executive Share Option Scheme II.



Session of 22 September 2014

The members of the Remuneration Committee analysed the results of the research on Warsaw quoted public companies' 2013 remuneration packages.

Analysis and discussion regarding the remuneration of each of the members of the Management Board in 2013 was also held as well as a discussion concerning recommendations for remuneration of each of the members of the Management Board.

Furthermore, the Remuneration Committee adopted the 2015 Company Activity Schedule (Resolution No. 01/09/14), the resolution on a proposal of concluding by mutual consent a termination agreement of the employment agreement between Dom Development S.A. and Vice President of the Management Board (Resolution No. 02/09/14) and the resolution on proposal concerning granting the consent to exercise by former employee the option granted within Dom Development S.A. 726,000 Executive Share Option Scheme II (Resolution No. 03/09/14).

Session of 1 October 2014

The Remuneration Committee adopted the resolution on the proposal of Vice President of the Management Board's remuneration and other benefits (Resolution No. 01/10/14)

Session of 27 November 2014

The Remuneration Committee conducted a general review and discussed the operation of Dom Development S.A. 726,000 Executive Share Option Scheme II and adopted the resolution on a proposal of determination of a Pool and a Pool for Distribution to be allocated for payment of Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A., and a proposal of specification of Shares in the Pool for Distribution (re. 2015 Pool) (Resolution No. 01/11/14).