



REPORT OF THE REMUNERATION COMMITTEE OF DOM DEVELOPMENT S.A. ON THE ACTIVITIES CONDUCTED FROM 1 JANUARY 2016 TO 31 DECEMBER 2016





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 2016 to 31 December 2016, 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 2016 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 2016 to 31 December 2016, 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 including granting additional incentive-based benefits for management, such as share option programs, as well as submitting to the Supervisory Board the proposed remuneration policies of the Company.



During the period covered by this report, 7 sessions of the Dom Development S.A. Remuneration Committee took place (of which 4 sessions were held by teleconference), on the following dates:

- 1) 25 February 2016;
- 2) 4 March 2016 (via teleconference);
- 3) 4 April 2016 (via teleconference);
- 4) 13 May 2016 (via teleconference);
- 5) 8 June 2016 (via teleconference);
- 6) 28 September 2016;
- 7) 9 December 2016.

All sessions of the Remuneration Committee were convened correctly. All members of the Remuneration Committee were present at 6 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 and HR Director Mr. Paweł Kamiński.

Session of 25 February 2016

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 2015 to 31 December 2015 and submission of said Report to the Supervisory Board (Resolution No. 01/02/16), and analysed the remuneration of the members of the Management Board in 2015.

The Remuneration Committee recommended that the Supervisory Board amends the remuneration of the Vice President of the Management Board Mrs. Małgorzata Kolarska and the Vice President of the Management Board Mr. Janusz Zalewski (Resolution No. 02/02/16, 03/02/16) and approves execution of the SECP (Senior Executives Compensation Plan) for 2015 (Resolution No. 04/02/16). The Remuneration Committee also recommended that the Supervisory Board amends the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. to the Supervisory Board (Resolution No. 05/02/16).

Session of 4 March 2016 (via teleconference)

The Remuneration Committee adopted the 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. 2013, 2014 and 2015 Pool) (Resolutions: No. 01/03/16, 02/03/16 and 03/03/16).

Session of 4 April 2016 (via teleconference)

The Remuneration Committee adopted the resolution on an amendment of 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. 2016 Pool) (Resolution No. 01/04/16).

Session of 13 May 2016 (via teleconference)

The Remuneration Committee analysed the proposed New Incentive System, adopted the resolution the resolution on a proposal of the acceptance of the targets of the SECP (Senior Executive Compensation Plan) for 2016 (Resolution No. 01/05/16) and conducted a general review and discussed the operation of Dom Development S.A. 726,000 Executive Share Option Scheme II.

Session of 8 June 2016 (via teleconference)

The Remuneration Committee adopted the resolution on Bonus Pool mechanics for 2016 within the New Incentive System (Resolution No. 01/06/16) and on an amendment of 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. 2016 Pool) (Resolution No. 02/06/16).

Session of 28 September 2016

The members of the Remuneration Committee analysed the results of the research on Warsaw quoted public companies' 2015 remuneration packages.

Analysis and discussion regarding the remuneration of each of the members of the Management Board in 2015 was also held as well as a discussion concerning recommendations for remuneration of each member of the Management Board.



Furthermore, the Remuneration Committee recommended the amendment of the remuneration of Hansom Property Company Limited (Resolution No. 01/09/16) and adopted the 2017 Company Activity Schedule (Resolution No. 02/09/16).

Session of 9 December 2016

The Remuneration Committee conducted a general review of the Dom Development S.A. 726,000 Executive Share Option Scheme II including discussion of its operation, as well as adopted the resolution on the acceptance of the "Guidelines for Dom Executives SECP Objectives" (Resolution No. 01/12/16).