

DOM DEVELOPMENT S.A.

**REMUNERATION REPORT  
FOR MEMBERS  
OF MANAGEMENT BOARD  
AND SUPERVISORY BOARD  
OF DOM DEVELOPMENT S.A.  
FOR 2019-2020**



This Report was prepared in line with regulations governing remuneration in public companies under Article 90g of the Act of 29 July 2005 on public offering and terms and conditions governing introduction of financial instruments to the organised trading system, and on public companies (Journal of Laws of 2019, item 623, as amended).

The Report contains a comprehensive overview of the remuneration received by individual Members of the Management Board and the Supervisory Board of Dom Development S.A. (hereinafter the "Company") in the last two financial years 2019-2020, awarded in accordance with the Remuneration Policy for the Members of the Management Board and the Supervisory Board of Dom Development S.A. (hereinafter referred to as the "Remuneration Policy").

In 2019 and 2020, the composition of the Management Board and Supervisory Board was as follows:

| BOARD               | Function       |                |
|---------------------|----------------|----------------|
|                     | 2019           | 2020           |
| Jarosław Szanajca   | President      | President      |
| Małgorzata Kolarska | Vice President | Vice President |
| Janusz Zalewski     | Vice President | Vice President |
| Mikołaj Konopka     | Member         | Member         |
| Terry Roydon        | Member         | Member         |

| SUPERVISORY BOARD           | Function        |                 |
|-----------------------------|-----------------|-----------------|
|                             | 2019            | 2020            |
| Grzegorz Kiełpsz            | Chairman        | Chairman        |
| Michael Cronk               | Member          | Member          |
| Markham Dumas               | Deputy Chairman | Deputy Chairman |
| Krzysztof Grzyliński        | Member          | Member          |
| Marek Moczulski             | Deputy Chairman | Deputy Chairman |
| Dorota Podedworna-Tarnowska | Member          | Member          |
| Mark Spiteri                | Member          | Member          |

#### TOTAL REMUNERATION OF MANAGEMENT BOARD MEMBERS BY COMPONENTS

The remuneration of the Management Board Members between 2019 and 2020 is shown in the table below (k PLN):

|                     | Fixed Remuneration |       | Company vehicle used for personal purposes |      | Other non-cash benefits (medical care, life insurance, sports card) |      | Variable Remuneration* |       | Ratio of fixed and variable remuneration ** |        |
|---------------------|--------------------|-------|--|------|---|------|------------------------|-------|---|--------|
|                     | 2019               | 2020  | 2019                                       | 2020 | 2019  | 2020 | 2019                   | 2020  | 2019  | 2020   |
| Jarosław Szanajca   | 1 319              | 1 279 | 12   | 12   | 31  | 35   | 1 423                  | 1 605 | 108%  | 126%   |
| Małgorzata Kolarska | 1 200              | 1 200 | 76   | 76   | 29  | 31   | 3 878                  | 4 437 | 323%  | 370%   |
| Janusz Zalewski     | 1 080              | 1 080 | 70   | 70   | 15  | 15   | 1 274                  | 1 521 | 118%  | 141%   |
| Mikołaj Konopka     | 80                 | 120   | 0  | 0    | 0   | 0    | 524                    | 619   | 655%  | 516%   |
| Terry Roydon***     | 72                 | 72    | 0  | 0    | 0   | 0    | 1 004                  | 1 186 | 1 394%                                      | 1 647% |

\* Variable remuneration calculated in accordance with the accrual principle.

\*\* Variable remuneration calculated as a percentage of fixed remuneration.

\*\*\* Terry Roydon, as part of Hansom Property Company Limited, provided consulting services totalling 1,203 (kPLN) in 2019 and 1,371 (kPLN) in 2020.

As provided for in the rules for payment of the Variable Remuneration set out in the Remuneration Policy, the Variable Remuneration granted and paid may not be reimbursed.

Variable Remuneration for Management Board Members granted in the form of bonuses was subject to certain criteria related to both financial and non-financial performance. The value thereof was tied to strategic goals under two variable remuneration systems:

- Variable remuneration, as a one-off payment, calculated as a specific amount (expressed as a percentage) of the basic, annual gross remuneration of the Management Board Member, and linked to performance in achieving expected levels of implementation for both individual and corporate goals. The strategic goals included, among others: net profit, net margin, costs, customer satisfaction (NPS score), land purchases and other individual tasks related to the implementation of Company strategy. The total weight of the financial goals fell in the range of 20% -40%.
- Variable remuneration calculated as a specified percentage of the consolidated gross profit of Dom Development Capital Group, and paid in installments over a 3-year period.

The remuneration of the Management Board Members granted and paid in the form of financial instruments (management options) in the financial years 2019-2020 is shown in the tables below:

| <b>OPTIONS GRANTED AND EXERCISED IN 2020</b> | <b>Options granted as of 1 January 2020 and not yet exercised (number of shares)</b> | <b>Options granted in 2020 (number of shares)</b> | <b>Options exercised in 2020 (number of shares)</b> | <b>Price of one share on grant date</b> | <b>Price of exercising one share (strike price)</b> | <b>Date of exercising shares</b> |
|--|--|---|---|---|---|----------------------------------|
| Jarosław Szanajca                            | 0  | 0   | 0   | 0                                       | 0   | -                                |
| Małgorzata Kolarska                          | 300 000  | 0   | 100 000   | 74,49 PLN                               | 35,00 PLN   | 03.02.2020                       |
| Janusz Zalewski                              | 0  | 0   | 0   | 0                                       | 0   | -                                |
| Mikołaj Konopka                              | 250 000  | 0   | 50 000  | 95,20 PLN                               | 50,00 PLN   | 03.02.2020                       |
| Terry Roydon                                 | 0  | 0   | 0   | 0                                       | 0   | -                                |

| <b>OPTIONS GRANTED AND EXERCISED IN 2019</b> | <b>Options granted as of 1 January 2019 and not yet exercised (number of shares)</b> | <b>Options granted in 2019 (number of shares)</b> | <b>Options exercised in 2019 (number of shares)</b> | <b>Price of one share on grant date</b> | <b>Price of exercising one share (strike price)</b> | <b>Date of exercising shares</b> |
|--|--|---|---|---|---|----------------------------------|
| Jarosław Szanajca                            | 0  | 0   | 0   | 0                                       | 0   | -                                |
| Małgorzata Kolarska                          | 400 000  | 0   | 100 000   | 74,49 PLN                               | 35,00 PLN   | 01.02.2019                       |
| Janusz Zalewski                              | 0  | 0   | 0   | 0                                       | 0   | -                                |
| Mikołaj Konopka                              | 0  | 250 000   | 0   | 95,20 PLN                               | 50,00 PLN   | -                                |
| Terry Roydon                                 | 0  | 0   | 0   | 0                                       | 0   | -                                |

The main conditions for exercising the right for the options granted included notification by the Management Board Member of an intention to exercise the options. Thereupon, the Management Board Member received a proposal to purchase shares and could exercise the right to subscribe for shares. The exercise became effective upon receipt of payment for the shares subscribed.

Furthermore, the options granted could have been exercised during the calendar year for which they were granted or at a later date determined by the Company individually for each Management Board Member.

Ms Małgorzata Kolarska and Mr Mikołaj Konopka exercised all options to which they acquired the right to exercise in 2019 and 2020, respectively.

## TOTAL REMUNERATION OF SUPERVISORY BOARD MEMBERS BY COMPONENTS

The remuneration of the Supervisory Board Members paid in the years 2019-2020 is shown in the table below (k PLN):

|                             | Fixed Remuneration |      | Non-Cash Benefits (medical care, life insurance, sports card) |      |
|-----------------------------|--------------------|------|---|------|
|                             | 2019               | 2020 | 2019  | 2020 |
| Grzegorz Kielpsz            | 600                | 600  | 24  | 24   |
| Michael Cronk               | 110                | 110  | 0   | 0    |
| Markham Dumas               | 116                | 110  | 0   | 0    |
| Krzysztof Grzyliński        | 110                | 110  | 11  | 11   |
| Marek Moczulski             | 110                | 110  | 0   | 0    |
| Dorota Podedworna-Tarnowska | 110                | 110  | 0   | 0    |
| Mark Spiteri                | 110                | 110  | 0   | 0    |

The total remuneration of the Members of the Management Board and the Supervisory Board was awarded and paid in accordance with the adopted Remuneration Policy. Its amount was considered proportionate and linked to the implementation of the Company's business strategy, which is based on long-term maximisation of the Company value and return on equity for shareholders through: geographic diversification of operations, optimisation of the portfolio of current development projects as regards the margins earned and the scale of operations, timely delivery of high quality development projects on budget, while maintaining adequate liquidity and a strong balance sheet.

The size and nature of the remuneration was consistent with the strategic objectives and the short- and long-term interests of Dom Development S.A. Their payment was intended to strengthen the motivation of the Members of the Management Board to reach their personal goals which contribute to the achievement of the above-mentioned corporate and strategic objectives.

The payment of deferred compensation in the form of a financial instruments granted to the Management Board Members shown above ensures that the interests of the Management Board Members who receive such compensation as part of their overall remuneration are linked to the long-term objectives of the Company. Such variable remuneration is an additional incentive to ensure long-term strategic planning and taking decisions aimed at maximising the value of the company over several years.

## CASH AND NON-CASH BENEFITS FOR PERSONS RELATED TO THE MANAGEMENT BOARD MEMBERS AND SUPERVISORY BOARD

The Company granted cash and non-cash benefits to the immediate family of the Management Board and Supervisory Board Members, the total amount of which is shown in the tables below (k PLN):

| MANAGEMENT BOARD    | Benefits to the immediate family (medical care, life insurance, sports card) |      |
|---------------------|--|------|
|                     | 2019   | 2020 |
| Jarosław Szanajca   | 6  | 7    |
| Małgorzata Kolarska | 6  | 8    |
| Janusz Zalewski     | 7  | 7    |
| Mikołaj Konopka     | 0  | 0    |
| Terry Roydon        | 0  | 0    |

| SUPERVISORY BOARD           | Benefits to the immediate family (medical care, life insurance, sports card) |      |
|-----------------------------|--|------|
|                             | 2019   | 2020 |
| Grzegorz Kielpsz            | 4  | 4    |
| Michael Cronk               | 0  | 0    |
| Markham Dumas               | 0  | 0    |
| Krzysztof Grzyliński        | 7  | 7    |
| Marek Moczulski             | 0  | 0    |
| Dorota Podedworna-Tarnowska | 0  | 0    |
| Mark Spiteri                | 0  | 0    |

**COMPARISON OF REMUNERATION, COMPANY PERFORMANCE AND AVERAGE REMUNERATION OF THE EMPLOYEES WHO ARE NOT MEMBERS OF THE MANAGEMENT BOARD OR THE SUPERVISORY BOARD (k PLN):**

|  | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
|--|---------|---------|---------|---------|---------|---------|
| Remunerations of Members of Management Board and Supervisory Board | 6 459   | 8 582   | 9 985   | 9 320   | 11 853  | 13 118  |
| Remunerations of Members of Supervisory Board                      | 1 158   | 1 407   | 1 295   | 1 300   | 1 301   | 1 295   |
| Company performance (net profit)                                   | 80 647  | 127 740 | 186 113 | 214 098 | 304 665 | 264 217 |
| Capital Group performance (consolidated gross profit)              | 100 613 | 155 900 | 236 232 | 282 642 | 320 482 | 378 627 |
| Average employee remuneration                                      | 227     | 236     | 214     | 239     | 199     | 198     |

**REMUNERATION FROM ENTITIES BELONGING TO THE SAME CAPITAL GROUP**

On account of their functions in entities belonging to the Dom Development capital group, the Members of the Management Board and the Supervisory Board of the Company were granted and paid remuneration in the amounts shown in the table below (k PLN):

|                   | Company                            | 2019  | 2020  |
|-------------------|------------------------------------|-------|-------|
| Jarosław Szanajca | Dom Development Wrocław Sp. z o.o. | 40    | 60    |
|                   | Euro Styl S.A.                     | 40    | 60    |
| Mikołaj Konopka   | Euro Styl S.A.                     | 1 541 | 1 752 |
|                   | Euro Styl Construction Sp. z o.o.  | 4     | 6     |
|                   | Euro Styl Development Sp. z o.o.   | 0     | 6     |
|                   | Euro Styl Montownia Sp. z o.o.     | 0     | 2     |

The remuneration policy was adopted by the Company in August 2020. Since its implementation, there have been no exceptions to its application.

This Report has been reviewed by a certified auditor.