

DOM DEVELOPMENT S.A. CAPITAL GROUP

MANAGEMENT BOARD'S REPORT OF ACTIVITIES IN 2020



DOM DEVELOPMENT S.A. CAPITAL GROUP in 2020:

RECORD-HIGH FINANCIAL RESULT

PLN 302 mn

**Consolidated net profit
of the Group**

2019: PLN 256 mn

INCREASED MARGIN IN A FAVOURABLE MARKET

32%

**Gross margin
on sales**

2019: 30%

CONSISTENTLY SOUND BALANCE

PLN 266 mn

Net cash

31.12.2019:

PLN 154 million of net debt

INCREASED POTENTIAL OF FUTURE RESULTS

PLN 1.1 bn

Deferred income

31.12.2019: PLN 0.8 bn

OUR ORGANISATION MAKES US STAND OUT

5 298

**Units under construction
31.12.2020**

Increase by 12% YoY. Market diversification increased as announced.

63 pts

**Net Promoter Score
in 2020**

This demonstrates the top quality of our projects and the level of organisation within the Group

3 756

Units sold in 2020

3% more units sold, reaching a total value 10% higher than in the previous year.

3 006

Units delivered in 2020

Timely completion has translated into the same volume of deliveries as planned.

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.



Dear Ladies and Gentlemen,

2020 has passed under the shadow of the COVID-19 epidemic, which has affected each of our lives. For me, it was also a period of increased responsibility – for our employees, contractors and customers. The past year was full of previously unknown challenges, and the existing difficulties we have experienced have intensified. It was also a time of many opportunities and possibilities of which we have made good use. Our efforts have delivered tangible results - we have strengthened our position in all markets over the past year, and our performance has produced record financial results.

OUR STRENGTH IS ORGANISATION

The announcement of a state of epidemic in Poland in March last year and the related restrictions have forced several changes in the way the business operates. I believe that Dom Development S.A. Capital Group has handled this challenge very well. We developed procedures and made it possible to hold meetings online and even contract remotely as soon as in the first half of March. Our sales offices remained open, and construction work followed the schedule and budget. We returned to at-work operations very quickly. Such an efficient adaptation to the new conditions was possible thanks to our main strength – the quality of the organisation. And the organisation is people – our employees who have specifically proven their professionalism and commitment this year.

MARKET OFFENSIVE

Our efforts have produced tangible results. In the past year the Dom Development S.A. Capital Group sold 3 756 units. We had a historic fourth quarter in 2020, reporting record-breaking sales of 1 130 units. We have strengthened our competitive position by increasing our market share in each of the cities we operate in - Warsaw, the Tricity region and Wrocław. As one of the few to do this, we efficiently replenished our offering by supplying the market with high-quality apartments. As a result, our prices have not only remained at a “pre-Covid” level but have slightly increased. This has enabled us not only to increase output volume but also to increase sales value.

In 2020, we commenced construction on 39 projects, with 4 054 units, efficiently coping with the administration's limited functionality and overcoming difficulties in obtaining the necessary permits. We completed all of our construction projects according to plan. Consequently, our clients were able to pick up their apartments on time, and in many cases, in advance. Simultaneously, the quality of our estates and customer satisfaction, which we have been monitoring for many years, have increased to record levels. This situation is especially pleasing in times when everybody is primarily looking for security. Therefore, sustaining a reliable brand and receiving recommendations from existing customers are things which are gaining importance.

RECORD RESULTS

The timely completion of construction work has translated into deliveries according to plan. In 2020, we transferred 3 006 units, with a record-high aggregate value of PLN 1 815 million, which corresponds to an average of PLN 604 thousand per unit delivered. This impressive result is the outcome of the favourable structure of deliveries. Over the past year, we completed the construction of many higher-standard apartments with significant value and return on sales.

In 2020, the Dom Development S.A. Capital Group earned PLN 302 million net profit. This is the highest figure in its history. This outcome is all the more gratifying as it results from the consistent sustainable growth of the Group, which is the leader in the Polish housing market.

... AND POTENTIAL

We have started 2021 with the potential for record-breaking results – 4 111 apartments sold and not yet delivered, with a value of PLN 2 222 million, which will mainly be recognised in this year's income statement.

In our operations, we invariably focus on financial security. At the end of 2020, we had PLN 636 million in cash, and this is PLN 266 million more than our total liabilities under loans and bonds.

We have been able to reconcile high profitability, economies of scale, and a strong balance sheet with a record dividend payment. In September, we paid a total of PLN 240 million to shareholders, amounting to PLN 9.50 per share. This positioned us among the companies with the highest dividend rate on the Warsaw Stock Exchange.

This year, in line with our March 2020 statement, we would like to pay a higher dividend than last year in both nominal and real terms. At the same time, we will allocate part of the profit to strengthening the Group's balance sheet, having taken into account our ambitious development plans.

GROUP EXPANSION

In 2020, we looked particularly closely at the environment and analysed the best way to be in the new reality. We used this time to optimise the processes within the Group, implemented new IT solutions, and reviewed options for further development.

More than three years have passed since we entered the Tricity market through the acquisition of Euro Styl S.A. This step was a breakthrough for the entire Dom Development S.A. Capital Group. We successfully integrated two organisations, learning from each other and inspiring growth. During these three years, Euro Styl S.A. almost doubled sales and delivered PLN 218 million net profit.

In 2018, we launched our in-house general contractor business through Dom Construction Sp. z o.o., an effective and profitable construction company that builds top-quality apartments.

In recent years, we have managed to reconcile intensive growth with process optimisation, thanks to which the Dom Development S.A. Capital Group is ready for further business expansion and to increase the scale of its operations. We are a developer specialised primarily in multi-stage upper-standard projects located in agglomerations.

We operate in three of the four most forward-looking markets, namely in Warsaw, Tricity and Wrocław. Now is the time for Kraków, the second-largest residential market in Poland, after Warsaw. Our objective for 2021 is to develop the Group's operations in this market.

Jarosław Szanajca
President of the Management Board,
Dom Development S.A.

NEW OPENING

This year it is 25 years since the foundation of Dom Development S.A. I am proud to summarise our achievements, and I am grateful to all those involved in this success.

I would particularly like to thank Janusz Zalewski, who joined our team in 1999, at an early stage in our Company's development. The date of publication of this annual report, i.e. 12 March 2021, is his last day at work before retirement. After 22 years, Janusz Zalewski leaves the position of Vice President of the Management Board and Chief Financial Officer of Dom Development S.A., a company in excellent financial condition and with record results. However, we do not say goodbye entirely. I was glad to hear that our main shareholder decided to appoint Janusz Zalewski to the Supervisory Board of Dom Development S.A.

The new Financial Director and Vice President of the Management Board of Dom Development S.A. will be Leszek Stankiewicz, a great manager with extensive experience. To date, Leszek Stankiewicz has been responsible for the finances of Dom Construction Sp. z o.o. I am pleased that the succession on such a key position is taking place in a smooth and controlled manner.

PROSPECTS AND CHALLENGES 2021

The Dom Development S.A. Capital Group is entering the new year as the uncontested leader of Poland's residential market. It is a great honour but also a commitment to thousands of people who have chosen to partner with us for a dream of their own home to come true. They may rest reassured as the quality of the organisation and financial security of the Dom Development S.A. Capital Group are consistently on guard of this.

I am optimistic, and positive about the future. We have taken advantage of a favourable situation in the housing market and have significantly increased our market shares and competitive advantage.

In 2021, we will focus on strengthening our position in the existing markets and expansion into the Kraków market. We do not rest on our laurels, and we still see great growth potential for our business and performance, thus increasing value for our shareholders.

1 GENERAL INFORMATION ABOUT DOM DEVELOPMENT S.A. AND ITS CAPITAL GROUP





Dom Development S.A. has operated since 1996 and is the leader of the residential market in Poland. The Group offers apartments in multi-family buildings located in the main agglomerations of the country: in Warsaw, Tricity and Wrocław.

Since 2006 the Company has been listed on the Warsaw Stock Exchange (ticker: DOM) and is a part of the mWIG40 index. Since its stock exchange début, the Company has combined low debt with dividend payments, including a record PLN 240 million in 2020.

The Dom Development S.A. Capital Group (the “Group”) from the beginning of its activities has focused on the residential market. It currently operates in Warsaw, Tricity, and in Wrocław.

Dom Development S.A. (the “Company”, the parent company) is a joint venture of Polish managers and investors from the United Kingdom. For 25 years the Company's founders have managed and supervised it: Jarosław Szanajca holding 5.77% shares in Dom Development S.A. since its inception has been the President of the Management Board, while Grzegorz Kiełpsz, the former CEO is now the Chairman of the Company's Supervisory Board holding 5.08% shares.

As at 31 December 2020 the Company was controlled by Groupe Belleforêt S.à r.l. with its registered office in Luxembourg which held 56.13% of the shares in the Company. The representatives of the main shareholder have been members of the Company's Management Board and the Supervisory Board since the beginning, sharing their extensive international experience in the real estate development market.

Dom Development S.A. operates in Warsaw, where it is the undisputed leader in terms of the number of flats

sold. The Group has operated in Wrocław since 2008. Now all of the Group's projects in that city are carried out by Dom Development Wrocław Sp. z o.o. The Group entered the Tricity market in 2017 as a result of the acquisition of Euro Styl S.A. Capital Group. The inclusion of Euro Styl S.A. in the Dom Development S.A. Capital Group resulted in a step growth of the scale of its activities. Euro Styl S.A. is one of the leaders in the Tricity market at present.

Euro Styl Construction Sp. z o.o., a general contractor of all the Group's development projects in Tricity is another subsidiary within the previously acquired Euro Styl S.A. Capital Group. Dom Construction Sp. z o.o., the general contractor for the Group's development projects in Warsaw and Wrocław, was established in 2018.

Since 2010, the Group has actively supported buyers of flats to obtain their mortgages. Dom Development Kredyty Sp. z o.o. is a mortgage broker exclusively serving the Group's customers. Due to large scale of its operations, the Group is able to obtain competitive financing terms and to help its customers to complete the necessary formalities.

1.1 GROUP STRUCTURE

Dom Development S.A. Capital Group as at 31 December 2020:

COMPANY	% OF THE SHARE CAPITAL HELD BY THE PARENT COMPANY	% OF THE VOTES HELD BY THE PARENT COMPANY
Group subsidiaries		
Euro Styl S.A.*)	100%	100%
Euro Styl Development S.A. sp. z o.o.*)	100%	100%
Dom Development Wrocław sp. z o.o.	100%	100%
Dom Construction sp. z o.o.	100%	100%
Dom Development Kredyty sp. z o.o.	100%	100%
Dom Development Grunty sp. z o.o.	46%	100%
Dom Land sp. z o.o.	-	-
Mirabelle Investments sp. z o.o.	100%	100%
M2 Biuro sp. z o.o.	100%	100%

*1) Euro Styl S.A. is the parent company of the Euro Styl S.A. Capital Group, with non-controlling interests held by Euro Styl Development Sp. z o.o. As a result of the acquisition of both these companies, Dom Development. S.A. has full control over the Euro Styl S.A. Capital Group. All the Dom Development S.A. Capital Group companies are registered in Poland and are fully consolidated by the Company.

The description of the organisation of Dom Development S.A. Capital Group with an indication of the consolidated entities, and the changes in the organisation of the Group are presented in note 7.1 of the Group's 2020 Consolidated Financial Statements.

1.2 GROWTH STRATEGY OF THE COMPANY AND THE GROUP

The strategic goal of the Dom Development S.A. Management Board is to maximise the value of the Company and its Group in the long term by maintaining the leading position in the residential market and operating in the main agglomerations of the country. The implementation of this strategy is based on four pillars:

LONG-TERM RELATIONSHIPS

In its activities, the Dom Development S.A. Capital Group emphasises the fostering of long-term relationships with its stakeholders: employees, customers and subcontractors. The quality of these relationships is measured by low employee turnover and very high customer satisfaction measured using the Net Promoter Score (NPS). The high quality and timeliness of development is to a large extent the result of very good cooperation with subcontractors. In the development industry, where the project's production cycle is very complex and lasts at least three years, the long-standing experience of employees and the trust and efficient cooperation with subcontractors are a source of lasting competitive advantage and allow the Group to build a strong brand on a national scale.

GEOGRAPHICAL DIVERSIFICATION

The Dom Development S.A. Capital Group is a high-quality organisation with significant development potential. The Company's Management Board recognises the numerous opportunities associated with the further growth of the Group in the main agglomerations of the country. In the coming years, increasing diversification of the Group's activities is expected.

Dom Development S.A. is an undisputed market leader in Warsaw with a market share exceeding 10% for many years. In 2020, 12% of flats sold in the capital city were offered by the Company. The Company's Management Board expects that the scale of its operations will gradually increase in the coming years owing to a strong brand, an attractive land bank and experience that allows the efficient development of further investment projects in this difficult market.

In the past year, Euro Styl S.A. has significantly expanded its potential and has grown into a leader in the Tricity market. The Group's activities in this region are expected to grow in the coming years.

The scale of the Group's activities in Wrocław is growing steadily, and Dom Development Wrocław Sp. z o.o. was at the forefront of the developers with the largest market share in 2020.

In line with earlier declarations of the Company's Management Board, the Group has been looking with interest at the residential market in other major Polish agglomerations, in particular in Kraków, which is the second largest real estate development market in the country, after Warsaw. The objective of the Company's Management Board in 2021 is to expand the Group's activities to include the Kraków market.

STRONG BALANCE SHEET

The Company's Management puts particular emphasis on the strong balance sheet of the Company and the Group, and safe liquidity position. Significant financial resources paired with low debt allow the Company and the Group's Management Board to respond with confidence to changing conditions in the real estate development and construction sectors, which are highly cyclical in nature. At the same time thanks to significant cash resources and secured credit lines, the Group companies have an advantage in land market transactions, often requiring multi-million payments in a short period of time.

ROE MAXIMISATION

The Company's Management Board focuses on the long-term maximisation of the return on equity for Shareholders by focusing on the profitability of the implemented projects, maintaining the adequate scale of the Group's activities to the size of its organisation with regular payments of dividend from the Company's profit.

1.3 BUSINESS MODEL

The Group's activities are concentrated in the main agglomerations of Poland, where it offers flats in all market segments – from popular, through to upper-standard to luxury apartments. The premium segment dominating the Group's portfolio allows the Company and the Group to achieve above-average margins while maintaining a high scale of business.

Property development companies within the Group i.e. Dom Development S.A., Euro Styl S.A. and Dom Development Wrocław Sp. z o.o. have a very similar business model. The role of the remaining Group companies is to support development activity, the typical elements of which are presented below. In 2020, there were no changes in the basic principles of management of the Company and its Capital Group.

PURCHASE OF LAND



The Group acquires plots for developed projects. Every transaction is analysed on a case-by-case basis in terms of legal aspects, development opportunities, and the cost-effectiveness of the potential development project. The Group companies actively seek investment land for residential development in Warsaw, Tricity and Wrocław. By investing

in new plots at the right moment of the cycle, the Group has ensured business continuity and the comfort of concluding transactions to achieve a satisfactory margin. According to the Company's Management Board, the optimum level of the land bank, i.e. land in preparation for development, corresponds to 2-3 year sales.

DESIGN AND SECURING PERMITS



The Group cooperates with recognised architect offices, paying great attention to the spatial order of the residential estates developed and the functionality of the apartments designed. A typical project consists of residential buildings with lifts and underground garages and business premises on the ground floor. All the apartments

offered by the Group companies have balconies, terraces, or gardens, and their layouts are carefully designed in accordance with the strict internal standards of Dom Development S.A. The Group's offer is dominated by flats in the popular upper-standard segment, which enables large scale activities combined with high margins.

CONSTRUCTION



Most of the Company's and the Group's projects are developed by general contractors owned by the Group, which enables the optimisation of investment parameters at the design stage, and the constant, very high quality of execution and cost-effectiveness. The general contractors conduct the

development by employing specialised subcontractors for specific types of building works. All of the Company's and the Group's projects are built in the traditional technology, and the standard lead time is approximately 18-20 months.

SALES



The sale of apartments starts around the start of the development works and is conducted directly by the Group companies at the sales offices of the investment project and at the premises of the development companies. In 2020, in response to the epidemic situation, the Group also provided its customers with the opportunity to meet the account manager online and to conclude transactions remotely. The apartment sale

process consists of several stages and payments are made in tranches correlated with the progress of construction works. All of the Group's investments have open escrow accounts with leading Polish banks, which are credited with customers' payments. The funds are released to the developer's account in proportion to completed investment project milestones.

MORTGAGE ADVICE



Approximately 60% of the Company's and the Group's transactions are purchases financed with a mortgage loan. For 10 years, the Dom Development S.A. Capital Group has been acting as a broker in the process of obtaining loans between apartment buyers and banks. Dom Development Kredyty Sp. z o.o. cooperates with leading banks in Poland so that it can provide every customer

with an optimal offer suited to their individual situation. In 2020 Dom Development Kredyty Sp. z o.o. brokered 1 203 mortgage loans worth more than PLN 500 million. Thanks to the scale of the activities, the company is able to offer very attractive financing terms, including tailor-made offers for the Group's customers.

INTERIOR DESIGN AND FIT-OUT



The Group companies offer their customers the option to fit-out the apartment according to one of many variations offered or according to their own tailor-made arrangements. The Group also enables modifications to the design of the apartment, including the placement of

partitioning or of the water and electrical installations. The fit-out is completed and layout modifications are supervised by the Group's development companies, which significantly simplifies the organisation of work and saves considerable time.

UNIT DELIVERIES



Ready-to-use apartments after the payment of the full purchase price are handed over to buyers.

In accordance with International Accounting Standards the handover of the premises is

the basis of recognition of sales revenue and associated expenses. The Company's and the Group's financial results are closely related to the volume and structure of the premises handed over to customers in a given period.

DIVIDEND



Since being listed on the Warsaw Stock Exchange for the first time, Dom Development S.A. has shared its earnings with its shareholders. Dom Development S.A. announced a dividend maximisation policy in 2013. Within eight years of the launch of this policy the Company paid more than PLN 820 million to shareholders while maintaining a very strong balance sheet and a high cash balance.

In 2020, the Company paid PLN 239.6 million in dividend (94% of the Group's consolidated profit for 2019), i.e. PLN 9.50 per share. The dividend rate amounted to 8.26%, which placed Dom Development S.A. in the top of the dividend-paying companies at the WSE. At the same time, the Company's Management Board expressed its intention to recommend payments guaranteeing an increase in the dividend per share in subsequent years.

The Company's and the Group's activities are not seasonal in nature. Financial performance fluctuations between quarters are closely linked to the project construction cycle and the accumulation of apartment transfers in the first weeks after the investment project has been granted an occupancy permit. In accordance with IFRS 15, the use of the premises transfer as the basis for the recognition of sales revenue in the profit and loss caused the financial results not to fully reflect the current situation of the Company and the Group. Therefore, in addition to the number of units transferred in a given period, the Company also discloses the

current sales volume calculated on the basis of preliminary agreements and paid reservation agreements on a net basis, i.e. including resignations.

Both the Group and the Company are not dependant on a single supplier or customer. The Company's only significant business partner the turnover with which exceeded 10% of sales revenue in 2020 and amounted to PLN 347 million is Dom Construction Sp. z o.o., the general contractor of the Company's development projects operating by the Group.

1.4 GROUP'S FLAGSHIP HOUSING PROJECTS

Development activities are increasingly shaping cities. The Management Board of Dom Development S.A. makes every effort to ensure that the Company's and the Group's participation in this process improves the quality of life of citizens and fosters sustainable urban development processes. Most investment projects implemented by the Group companies also include the development of local infrastructure.

The Group's flagship investment projects are large, multi-stage, higher-standard housing estates with developed public spaces and coherent architecture. Those projects allow the Group to utilise its main competitive advantages – its strong brand, capital resources, design expertise, and the high quality and durability of the apartments developed. As a result, the Group effectively combines a high sales volume with above-average profitability.



In the past year, Dom Development S.A. completed one of its most renowned projects – **Marina Mokotów**. Luxury apartments and upper-standard flats in a prime location were very popular among the buyers, which resulted e.g. in high average transaction value and project profitability. This investment project had a key impact on the financial results of the Company and the Group in 2020. Out of 766 units built, 552 were delivered to buyers, while the sale of the majority of the remaining 214 units will be recognised in the Company's and the Group's results for 2021.

Żoliborz Artystyczny is another flagship housing estate of the Group in Warsaw. This project is particularly appreciated for its interesting architecture and carefully designed common areas. In Q4 2020, the Company launched the last stage of the investment project which has been implemented since 2013. In total, more than 2 650 units will be built as a part of the Żoliborz Artystyczny project.



The **Osiedle Wilno** project in Warsaw proves the organisational and capital resources of Dom Development S.A. The Company created a small town situated in the former Targówek Fabryczny area virtually from scratch. In 10 years, the Company has built more than 2 600 flats, while at the end of 2020 another 767 were being developed and 514 were in the pre-development stage. The Osiedle Wilno estate is a very good example of the sustainable urban development of a resident-friendly space. The Company built the Warsaw Zacisze-Wilno railway station for PLN 6.5 million and handed it over for a symbolic penny. The housing estate itself has extensive infrastructure with numerous squares to promote the integration of the inhabitants.



In 2019, a new flagship project was launched by Dom Development S.A. – **Dzielnica Mieszkaniowa Metro Zachód** located in the Bemowo district of Warsaw. From the very first stage, this investment project has been very popular among customers. The Company is building 3 stages with nearly 400 units as part of this project, and has secured land for its continuation in the coming years.

The Company's subsidiaries are also structuring their offer based on multi-stage flagship projects. In the past year, Euro Styl S.A., the Tricity developer owned by the Group, started building 227 premises out of 1 200 planned as a part of the **DOKI** project. This project, located at the historical Gdańsk Shipyard premises, will be a multifunctional urban space, including a residential development, offices and the **MONTOWNIA** - a revitalised submarine hull assembly area converted into a food hall with serviced lofts.



Osiedle Perspektywa, Gdańsk

The **Osiedle Perspektywa** is also a typical multi-stage project for the Group, located in centre of Gdańsk, which will comprise more than 650 higher standard units. The housing estate development will be integrated with the surrounding architecture and will include small town villas, tenement houses and multi-family buildings deeper within the estate.

Euro Styl S.A. offers projects also in the popular segment, such as **Osiedle Beauforta**. This project was initially planned for just over 660 units, while last year Euro Styl S.A. bought

land for the construction of an additional 1 056 units. The sales success of Osiedle Beauforta mainly resulted from the extensive outdoor recreational areas, intimate architecture, and rich surrounding infrastructure.



Osiedle Komedy, Wrocław

The Group's investment projects in Wrocław are mostly more intimate often single stage projects. **Osiedle Komedy** is an exception – five stages of development combine modern architecture with details referring to the work of Krzysztof Komeda, an outstanding composer and jazz pianist, and will comprise more than 550 units in total.

The Group's flagship investment projects are complemented by smaller, often single stage projects in all market segments – from popular to luxury apartments such as the Rezydencja Stanisława Augusta in Warsaw, or the investment project of Apartamenty Księcia Witolda completed in 2020 and situated at the bank of the Oder river, in the centre of Wrocław.



DOKI Gdańsk

1.5 GEOGRAPHIC MARKETS



THOUGHTFUL EXPANSION

Dom Development S.A. is the undisputed leader in the Warsaw market with a 12% share in sales. Warsaw is the dominant business and academic centre in Poland, attracting new residents from both Poland and abroad. The real estate market in the capital is characterised by the highest prices of all metropolitan areas. Due to the limited availability of land and its complex legal situation, Warsaw is also a challenging market. Dom Development S.A. has operated in Warsaw since its inception, where it has a very strong brand and know-how proving a lasting advantage over its competitors.

The Group is also present in Wrocław, where since 2008 it has been organically developing its organisation. Dom Development Wrocław Sp. z o.o. is currently one of the leading developers in this market. The land holdings for future projects allow Wrocław's share to grow in the Group's results in the coming years.

2017 was a breakthrough year for the Dom Development S.A. Capital Group as with the acquisition of Euro Styl S.A.

the Group entered the Tricity market and significantly increased its scale of operations. Efficient organisation, a similar corporate culture and business outlook determined the success of the acquisition. The successful integration was confirmed with the appointment of Mikołaj Konopka – the President and co-founder of Euro Styl S.A. to a Member of the Management Board of Dom Development S.A. In less than three years since the acquisition, Euro Styl S.A. has significantly increased the scale of its activities and future project development potential while remaining a highly profitable organisation – gross sales margin of Euro Styl S.A. was 34% in 2020.

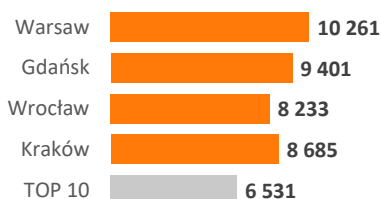
The Company's Management Board has repeatedly declared its interest in further expansion of the Group into markets with the highest potential in Poland, e.g. Kraków and Poznań. The Group's goal for 2021 is to enter the Kraków market. It is the second largest residential market in Poland after Warsaw.

SELECTED AGGLOMERATIONS ONLY

The Group operates only in the leading agglomerations of Poland with stable residential market growth potential, enabling the attainment of satisfactory margins. The strength of the markets in which the Group is operating is confirmed by key macroeconomic indicators such as the unemployment rate, average wages, and also by relatively high average transaction prices in the primary residential market.

The deterioration of the labour market situation in Poland in 2020 did not have a significant impact on the Group's operating markets. Warsaw has consistently been characterised by a shortage of workers, as evidenced by the unemployment rate below the so-called natural level, estimated at approx. 3-4%. The equilibrium was observed in the labour market only in Gdańsk, the main centre of the Tricity agglomeration, with an unemployment rate of 3.5%.

AVERAGE PRICE PER SQM (in PLN)



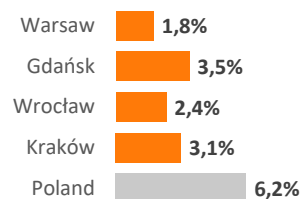
Transaction prices in Q4 2020, source: NBP (National Bank of Poland)

AVERAGE WAGES (in PLN)



Data for December 2020, source: GUS (Statistics Poland)

UNEMPLOYMENT RATE



As at 31.12.2020, source: GUS (Statistics Poland)

GROUP PROJECTS IN WARSAW

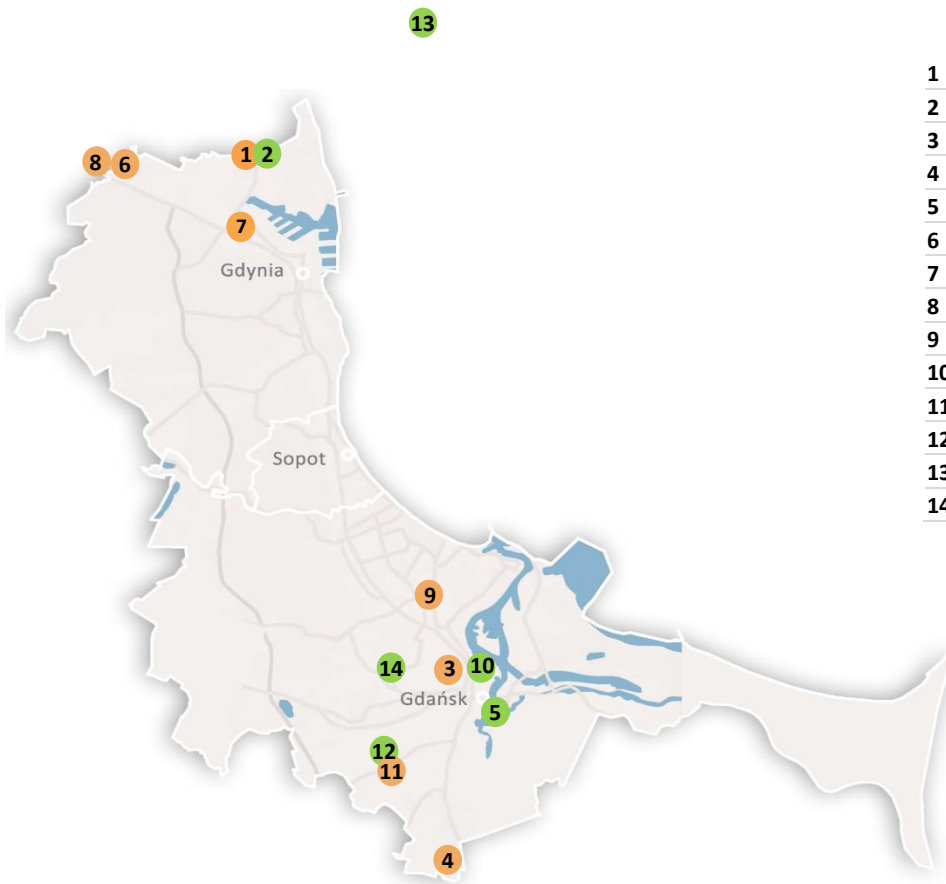


- 1 ŻOLIBORZ ARTYSTYCZNY
- 2 LUDWIKI
- 3 DZIELNICA MIESZKANIOWA METRO ZACHÓD
- 4 BOKSERSKA
- 5 PORY
- 6 WILNO
- 7 STACJA GROCHÓW
- 8 PALLADIUM
- 9 GŁĘBOCKA
- 10 REZYDENCJA STANISŁAWA AUGUSTA

- PROJECT UNDER PREPARATION
- PROJECT UNDER CONSTRUCTION

As at 31.12.2020

GROUP PROJECTS IN TRICITY



1	OSIEDLE BEAUFORTA
2	BEAUFORTA II
3	PERSPEKTYWA
4	ZIELONY POŁUDNIK
5	DOLNE MIASTO
6	LOCUS
7	OSIEDLE CIS
8	OSIEDLE PRZY BŁONIACH
9	DAWNA POCZTA
10	DOKI I MONTOWNIA
11	NASZE MIEJSCE
12	CZŁUCHOWSKA
13	JASTARNIA
14	PIEKARNICZA

- PROJECT UNDER PREPARATION
- PROJECT UNDER CONSTRUCTION

As at 31.12.2020

GROUP PROJECTS IN WROCLAW



1	IDYLLA
2	OSIEDLE CHOCIEBUSKA 11
3	DOM NA KURKOWEJ
4	APARTAMENTY OŁTASZYN
5	KOMEDY
6	ZIELNA

- PROJECT UNDER PREPARATION
- PROJECT UNDER CONSTRUCTION

As at 31.12.2020

1.6 OPERATIONAL RESULTS IN 2020

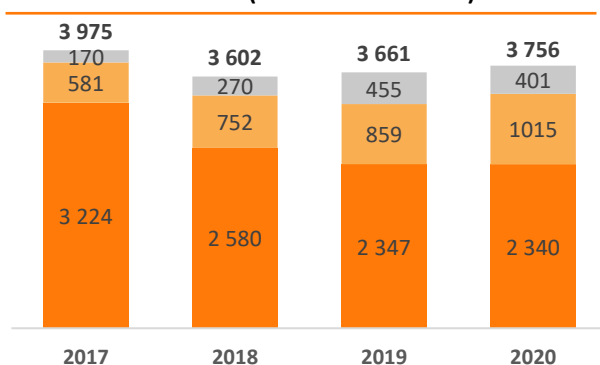
The year 2020 was a very successful year for Dom Development S.A. Capital Group. The Group has coped very well with the challenges of the COVID-19 epidemic, which broke out in Poland in March 2020. The Management Boards of the Group companies responded quickly to the developing situation, immediately implementing remote customer service starting from the date of the announcement of a state of epidemic in Poland.

In addition to online sales, the Group's sales offices operated without interruption. In order to ensure maximum safety for the employees, customers and contractors of the Group companies, weekly screening tests for the employees and permanent contractors of the Group companies were implemented in the fourth quarter of 2020.

The efficient response resulted in a 3% increase in the Group's current sales volume compared to 2019. Moreover, the value of units sold in 2020 increased by 10% compared to 2019, to reach PLN 2 130 million.

In line with expectations, sales by Dom Development S.A. in Warsaw remained at a level similar to that in 2019. The Management Board of the Company continued its strategy of diversification of the Group's activities - the year 2020 was a record year in terms of sales by Euro Styl S.A., which, thanks to its efficient organisation and high-quality land bank, grew to become the market leader in Tricity. The adjustment to the sales result of the Group in Wrocław came mainly from the timetables for the introduction of new projects into implementation and sales. Their accumulation in the second half of 2020 should have a positive impact on the Group's sales in Wrocław in 2021.

NET SALES OF UNITS (NUMBER OF UNITS)



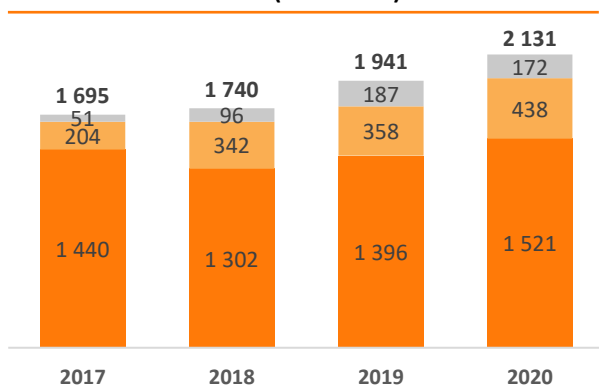
The Group skilfully combines a high volume of sales with high quality in terms of value and margins. The value of current sales increased by 10% in 2020, mainly due to an increase in the average transaction value in Warsaw. This increase was mainly due to the sales structure, as Dom Development S.A. has a well-established position in the

UNITS SOLD BY MARKETS	2020	2019	CHANGE
Warsaw Dom Development S.A.	2 340	2 347	-
Tricity Euro Styl S.A.	1 015	859	+18%
Wrocław Dom Development Wrocław sp. z o.o.	401	455	(12)%
Dom Development S.A. Capital Group	3 756	3 661	+3%

high-end apartment segment, and also due to market prices trending up in Warsaw as a result of limited supply and strong demand.

The other Group companies operating in the Tricity and Wrocław also recorded an increase in average transaction value in 2020.

VALUE OF UNITS SOLD (in PLN mn)

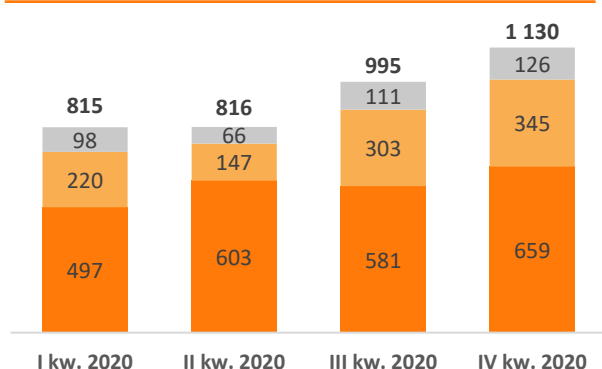


VALUE OF UNITS SOLD (in PLN million)	2020	2019	CHANGE
Warsaw Dom Development S.A.	1 521	1 396	+9%
Tricity Euro Styl S.A.	438	358	+22%
Wrocław Dom Development Wrocław sp. z o.o.	172	187	(8)%
Dom Development S.A. Capital Group	2 131	1 941	+10%

The volatile market environment contributed to large fluctuations in the quarterly sales of property developers. Dom Development S.A. Capital Group fared very well in that regard, maintaining the level of sales in the second

quarter of 2020, during the period of greatest volatility and uncertainty. In Q3 2020, sales volume increased by 21%, and the Group had record-high sales with 1 130 units sold in Q4.

NET QUARTERLY SALES (NUMBER OF UNITS)



MARKET SHARE

The effective identification of market signals and good organisation allowed the Group companies to increase their market share in all three agglomerations.

Dom Development S.A. has been an undisputed leader on the Warsaw market for many years, maintaining a market share of more than 10% for another decade.

In 2020, the Group, with a 12% market share, also became the largest property developer in the Tricity area. Within 3 years of its acquisition by the Group, Euro Styl S.A. has significantly increased its capacity and scale of operations, permanently strengthening its position on the local market.

Also in Wrocław, where sales are fragmented to a large extent, the Group recorded an increase in market share.

GROUP OFFER

In 2020, the Group expanded its offer to include eight new locations and new stages of existing projects. The rate of rotation of the offer was very high thanks to the large diversity and the good matching of the sizes and layouts of the apartments to the needs of customers. Similarly to the previous year, nearly 10% of apartments available for sale were in projects which were completed.

In 2020, Dom Development S.A. Capital Group implemented its announced plans concerning the geographical diversification of its operations. Earlier purchases of high-quality land in the Tricity and Wrocław enabled the rapid start of new projects and widening of the Group's offer.

QUARTERLY SALES	Q4 2020	Q3 2020	CHANGE
Warsaw Dom Development S.A.	659	581	+13%
Tricity Euro Styl S.A.	345	303	+14%
Wrocław Dom Development Wrocław sp. z o.o.	126	111	+14%
Dom Development S.A. Capital Group	1 130	995	+14%

THE GROUP'S MARKET SHARE	2020	2019	CHANGE
Warsaw Dom Development S.A.	12%	10%	+2 p.p.
Tricity Euro Styl S.A.	12%	10%	+2 p.p.
Wrocław Dom Development Wrocław sp. z o.o.	5%	4%	+1 p.p.
Group sales share in the three markets	11%	8%	+3 p.p.

Own study based on estimated market sales of JLL

Dom Development Wrocław Sp. z o.o. finished the year 2020 in fourth position on the local market and the potential for further growth.

UNITS AVAILABLE FOR SALE	2020	2019	CHANGE
Warsaw Dom Development S.A.	1 051	1 334	(21)%
Tricity Euro Styl S.A.	1 017	564	+80%
Wrocław Dom Development Wrocław sp. z o.o.	414	357	+16%
Dom Development S.A. Capital Group	2 482	2 255	+10%

As at 31 December

UNITS UNDER CONSTRUCTION

The Group finished the year 2020 with a record-high number of units under construction. 5 298 units in 53 ongoing projects translate into great potential for future results.

The commencement of the construction of 39 projects with 4 054 units and the increase in the scale of the Group's ongoing projects by 12% during the difficult and unpredictable year 2020 is a great success in the opinion of the Company's Management Board. At the same time, all construction work followed schedule and budget.

Success in this area is mainly owing to the Group's general contractors – Dom Construction Sp. z o.o. and Euro Styl Construction Sp. z o.o. The two companies carried out construction work according to the high standards of the Group at a competitive price while maintaining the profitability of their business.

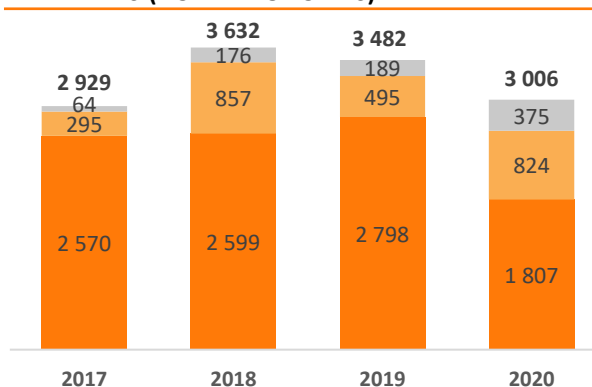
In Warsaw, where administrative difficulties and the situation on the land market were the most difficult of all Polish agglomerations, Dom Development S.A. maintained the scale of its activities at a level similar to 2019.

UNITS UNDER CONSTRUCTION	2020	2019	CHANGE
Warsaw Dom Development S.A.	2 433	2 536	(4)%
Tricity Euro Styl S.A.	2 044	1 419	+44%
Wrocław Dom Development Wrocław sp. z o.o.	821	763	+8%
Dom Development S.A. Capital Group	5 298	4 718	+12%

As at 31 December

The significant increase in the number of apartments built in the Tricity and the potential for the implementation of further projects allow us to expect that in the coming quarters, Euro Styl S.A. will maintain its position as the leader on the Tricity market. Also in Wrocław, the Group strengthened its position and increased the scale of its projects. Project diversity deserves particular attention - in 2020, Dom Development Wrocław Sp. z o.o. started three projects in new locations.

DELIVERIES (NUMBER OF UNITS)



The deliveries of completed units is a key factor affecting the results of the Company and of the Group. The timely completion of construction projects in 2020 has translated into unit deliveries as expected by the Management Board. The favourable structure of the completed projects, with the dominant share of higher-standard apartments, which are characterised by high transaction value and profitability, allowed the Group to generate record-high profits despite a 14% reduction in the volume of units delivered. The results of the Company and of the Group in 2020 was affected in particular by the delivery of 552 units in the Marina Mokotów project in Warsaw.

AVERAGE VALUE OF A UNIT DELIVERED (in PLN '000)	2020	2019	CHANGE
Warsaw Dom Development S.A.	695	486	+43%
Tricity Euro Styl S.A.	478	491	(2)%
Wrocław Dom Development Wrocław sp. z o.o.	435	316	+37%
Dom Development S.A. Capital Group	604	477	+27%

Average income recognised per one unit delivered

For another year in a row, the fourth quarter dominated the yearly structure of unit deliveries. Out of 1 073 units, 682 were delivered in Warsaw, 282 in the Tricity area and 109 in Wrocław.

The volume of deliveries is closely linked to the project timelines. In the previous year, the Group completed the construction of 39 projects totalling 3 472 units. The Group has started the year 2021 with a record-high potential of unit deliveries, totalling 4 111 units sold with a value of PLN 2 222 million. Out of these, 959 have been completed, with a further 2 037 to be completed in 2021. In addition, the offer as at 31 December 2020 included 770 units that were completed or scheduled for completion within the next 12 months.

LAND BANK

The Group's land bank means land for projects in preparation. Units planned to be built on plots already purchased and controlled plus units under construction translate to the potential result of the Company and of the Group in the coming years. In the opinion of the Management Board, the land banks of the property development companies that are a part of the Group are adequate to the planned projects in terms of their size and structure.

Land markets vary significantly across agglomerations. The most difficult situation with regard to the availability of plots for property development projects is in Warsaw, as a result of historic developments and title issues affecting some properties coupled with the high competition and difficulties in obtaining administrative permits. Accordingly, a significant share of the land bank of Dom Development S.A. in Warsaw comprised 'controlled land', the acquisition of which has been secured by the Company, but the title transfer and payment of the entire purchase price are deferred pending the obtaining of the required administrative permits and decisions. Owing to that purchasing strategy, the Company has been able to start its property development projects shortly following the completion of the purchase of the land. In 2020, this was the case, for example, for Osiedle Głębocka and Phase 2 of the Dzielnica Mieszkaniowa Metro Zachód, which were put on offer within one quarter year of their purchase.

UNITS IN THE LAND BANK – PLOTS PURCHASED AND CONTROLLED	2020	2019	CHANGE
Warsaw Dom Development S.A.	7 544	6 738	+12%
Tricity Euro Styl S.A.	5 545	6 070	(9)%
Wrocław Dom Development Wrocław sp. z o.o.	1 577	1 407	+12%
Dom Development S.A. Capital Group	14 666	14 215	+3%

As at 31 December

The Tricity area and Wrocław are relatively easier markets in terms of securing land for future projects. The land bank of Euro Styl S.A. decreased by 9% last year, but it was the result of an exceptionally high base level as at the end of 2019, related to the finalisation of a number of land purchase transactions covering 2 100 units and the introduction of nearly 1 500 units into its offer. At present, the Group has a high-quality land bank in the Tricity area, which in the opinion of the Management Board will allow Euro Styl S.A. to maintain its position as the market leader in the coming years.

Dom Development Wrocław Sp. z o.o. expanded its land bank by 12% in 2020. The company secured land in three locations, which will help to increase the scale of the Group's operations in Wrocław in the coming years.

1.7 MAJOR EVENTS IN 2020

COVID-19 EPIDEMIC

The COVID-19 epidemic was the main factor affecting society and the economy not only in Poland but worldwide in 2020. The announcement of a state of epidemic in Poland in March 2020 was accompanied by extensive restrictions, which resulted in a near freezing of the economy. At the beginning of April, the Management Board of the Company decided to suspend the recommendation of the dividend and to convene an Annual General Meeting of Shareholders at the earliest available date in order to make decisions concerning the distribution of profits having the best possible knowledge of the course and consequences of the epidemic on the Group's activities. During this period, the Management Board of the Company focused on ensuring the safety and operational continuity of the Group companies and their liquidity through the opening of credit lines worth PLN 248 million.

The Group companies have rapidly adapted to the epidemic, continuing their operations without interruption and introducing further projects. At the end of the first half of the year, there was a revival of demand for apartments, to which the Group responded efficiently by introducing new projects into its offer. The fact that in the second quarter of 2020, Dom Development S.A. held

a record 21% market share in Warsaw could indicate that the market sentiment was read correctly.

The demand for apartments was strong for the rest of the year, and the Group, thanks to its efficient organisation and high-quality offer, was one of its main beneficiaries.

With the market recovering and projects being carried out without interruptions, in the third quarter of 2020, the Company's Management Board decided to repay PLN 200 million of credit lines and to return to the initial recommendation of the dividend in the total amount of PLN 240 million.

The positive evaluation of the Company's and the Group's prospects by the Management Board proved to be accurate, as in the fourth quarter of 2020, the Group's sales reached a record-high level of 1 130 units and its financial situation was very comfortable, with a cash balance, including funds in escrow accounts, reaching PLN 636 million, exceeding the total liabilities under loans and bonds by PLN 266 million.

The impact of the COVID-19 epidemic on the operations of the Company and of the Group is also described in section 1.8.1 of this Report: *External factors relevant for the development of the Company and the Group*.

PAYMENT OF RECORD-HIGH DIVIDEND

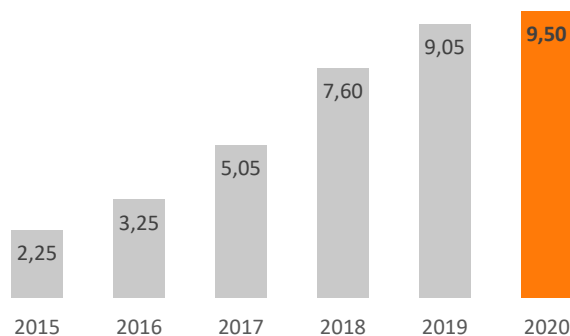
In 2020, Dom Development S.A. paid a record-high dividend of 9.50 PLN per share. On 14 September 2020, the Company paid a total of PLN 239 575 thousand to its shareholders, i.e. 94% of the Group's consolidated net profit for 2019 and 78.6% of the Company's net profit for 2019. The dividend rate in relation to the share price of the Company on the in-dividend date was 8.3%.

The remainder of the Company's net profit in the amount of PLN 65 090 thousand was allocated to the Company's supplementary capital.

The dividend payment was approved by the Annual General Shareholders' Meeting of the Company (AGSM), which, by way of exception due to the COVID-19 epidemic, took place later than usual, on 31 August 2020. The resolution of the AGSM was in line with the recommendation of the Management Board, which was issued after considering the impact of COVID-19 on the Company's activities and finances and, in the opinion of the Management Board, reflected its high liquidity and strong balance sheet.

The dividend paid is in line with the dividend policy of Dom Development S.A. published on 3 April 2013, which assumes increases in the amounts of dividends paid in subsequent years. The Management Board maintains its

DIVIDEND PER SHARE (PAID)



intention to pay the highest possible dividends to the Company's shareholders while maintaining a strong balance sheet and high liquidity.

In the opinion of the Management Board, the high return on equity (ROE) of the Company and its Group will allow them to remain among the top companies listed on the WSE in terms of dividend rate, while also allocating part of profits to strengthen its balance sheet and further develop its activities.

It is the intention of the Management Board to increase the dividend per share both in nominal and in real terms.

REDEMPTION AND ISSUE OF BONDS

On 12 June 2020, Dom Development S.A. redeemed on time its unsecured series DOMDE5120620 bearer bonds with a total value of PLN 100 million. The second quarter of 2020 was a period of very high uncertainty, including in financial markets, which was reflected in the expected return on investment. In view of the very comfortable liquidity situation of the Company and the Group, the Management Board decided to refrain from rolling down the maturing series of bonds until the mood on the capital markets improves and the bonds could be issued on more favourable terms.

The relative stabilisation in financial markets that took place as early as in Q3 2020 allowed the Company to issue 5-year unsecured bonds on favourable terms, with a total nominal value of PLN 100 million, series DOMDET4250925. The interest on the bonds in question is paid every six months and is calculated on the basis of the WIBOR 6M plus 1.75 bps of margin per annum. In the opinion of the Management Board of the Company, the interest rate on the bonds reflects a very high assessment of the Group's security and prospects, as well as the confidence of financial institutions supported by the credit history of Dom Development S.A.

START OF THE DOKI PROJECT

The start of the DOKI project is a milestone in the history of Euro Styl S.A. and a very important event for city planning and sustainable development of the city of Gdańsk. On the historical ex-shipyard site, at the border of the district of Śródmieście and with very good commuting opportunities, a new district will be developed by an external partner with residential, hotel, commercial, catering and office functions.

On land purchased in 2019, Euro Styl S.A. will build 1 200 units, including 116 in the Montownia project - a historic former submarine engine assembly plant, which after restoration will feature serviced apartments with a hotel function and a food hall with a wide range of bars and restaurants. As at 31 December 2020, 343 units were under construction in the Assembly Plant and as a part of the first stage of the DOKI project. Construction is planned to be completed in Q4 2022. Both projects enjoyed considerable interest from customers.

1.8 FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP

CHARACTERISTICS OF THE EXTERNAL AND INTERNAL FACTORS RELEVANT TO THE DEVELOPMENT OF THE COMPANY AND THE GROUP, INCLUDING A DESCRIPTION OF THE RELEVANT RISKS AND THREATS AND THE EXPOSURE OF THE COMPANY AND THE GROUP TO THEM

1.8.1 EXTERNAL FACTORS

EPIDEMIC

The main external factor affecting the activities of the Company and the Group in 2020 and its prospects for 2021 is the COVID-19 epidemic, announced in Poland in March 2020. It has had multifaceted consequences in all the areas described below. In the opinion of the Company's Management Board, the negative impact of the COVID-19 epidemic on the Company's and Group's activities and on the entire property development market was relatively small and largely compensated for by the decision of many people expecting increased inflation to invest their financial reserves in real estate.

For property developers, the COVID-19 epidemic was a time of trial from which organisations such as Dom Development S.A. Capital Group emerged victorious thanks to their good governance, high flexibility and high liquidity. Owing to those advantages, the Company and the Group have strengthened their market position.

The COVID-19 epidemic has so far had no negative impact on the Company's construction projects, all of which were being carried out on time and within budget. However, obtaining administrative permits and decisions required to complete the purchase of new land and to carry out further projects has become more difficult, thus reducing

supply. The offer of the Company and the Group was also put under pressure, but due to the experience and the high quality of the projects under development, sales remained at a high level.

The considerable uncertainty as to the progress of the COVID-19 epidemic led the Management Board to exercise the one-off option to convene the Annual General Meeting of Shareholders of the Company at a later date, so that the decision to distribute the profit for 2019 could be made with much greater knowledge of the impact of the epidemic on the Company and the Group. The COVID-19 epidemic remains the main factor affecting most aspects of life in Poland and worldwide, including the Company and the Group. The sudden increase in sick cases and drastic restrictions affecting social life and the economy might significantly reduce the current scale of the Company's and Group's activities. As described above, the Company and the Group have so far not been affected by the negative consequences of the situation. However, the scale of the impact of the ongoing COVID-19 epidemic cannot be estimated in the opinion of the Company's Management Board.

INTEREST RATES

In 2020, interest rates reached their all-time low. The Monetary Policy Council has decided to make three strong cuts to the reference rate, which has fallen from 1.50% to 0.10%. The reduction was intended to reduce the cost of debt service and to stimulate the economy that has suffered from epidemic-related social and economic restrictions affecting many sectors.

Traditionally, low interest rates support the real property market. In 2020, there was strong demand from people seeking a safe alternative to bank deposits whose effective interest rate has fallen below zero. Given that in 2020, the level of deposits from individuals set numerous records, that trend is expected to continue in 2021. The main beneficiaries of the situation are property developers such as Dom Development S.A. that have a strong brand and carry out high-quality projects in a timely manner.

The level of interest rates also had a positive impact on customers purchasing apartments out of mortgage loans, as the cost of mortgage loans has fallen significantly despite the slight increase in bank margins.

In the opinion of the Management Board of the Company, any potential increase of interest rates could have a significant negative impact on the situation on the residential market. However, taking into account the trends in monetary policy of central banks worldwide, the inflation in Poland, which is at a level close to the target level, and signals from representatives of the National Bank of Poland, the risk of an imminent increase of interest rates in Poland is negligible in the opinion of the Management Board of the Company.

INFLATIONARY EXPECTATIONS

The historically low interest rates and a significant increase in money supply have translated into considerable inflation expectations. Despite these fundamental considerations, the increase of consumer prices and services, after an initial growth, at the end of 2020 was within the limits of the inflation target of 2.5% as set by the National Bank of Poland.

LABOUR MARKET SITUATION

The situation on the housing market is closely linked to the situation on the labour market. Contrary to pessimistic expectations, the unemployment rate in Poland did not increase significantly, and remains below the natural unemployment rate in cities where the Group operates.

An expectation of job stability is an important factor in a decision to buy an apartment, in particular for people who take a mortgage loan. Since April, due to the volatile situation caused by the COVID-19 epidemic, GUS (Statistics Poland) has monitored the percentage of employed people who are concerned about losing their job. This metric showed a great deal of variation, reaching a maximum in April 2020, when 11.1% people answered 'yes' to the question whether they are afraid of losing their job, a minimum of 2.7% in August and September, increasing to 4.9% at the end of 2020. Consumer moods, measured by the consumer confidence index, fell to 2013-2015 levels after a record-high in 2019.

AVAILABILITY OF CAPITAL

The property development business requires large and long-term capital involvement, hence the particular focus of the Management Board of the Company on the liquidity level of the Company and the Group. The willingness of banks to lend money is also an important factor for housing demand. The high uncertainty in the first months of the COVID-19 epidemic has made loans much less available, both in case of business loans and mortgage loans for individual buyers. The Management Board of the Company, on the basis of global data on the suspension of lending by numerous financial institutions, made a decision as early as Q1 2020 to secure the liquidity of the Group companies by opening credit lines for PLN 248 million. Banks have gradually adapted to the new situation and the first signs of the loosening of mortgage loan criteria were already visible at the end of Q2 2020. In view of the recovering demand and uninterrupted operations, the Group repaid the credit lines opened at the beginning of the epidemic while maintaining a very strong balance sheet and liquidity.

In the opinion of the Management Board of the Company, Dom Development S.A. Capital Group has little exposure

to the risk of insufficient availability of capital. However, the expected depreciation of the PLN has induced people with financial resources to invest in relatively inflation-resistant assets, which traditionally include real estate. The desire to protect savings against the expected inflation has driven demand on the housing market. In the opinion of the Management Board of the Company, that trend is expected to continue in 2021.

In the opinion of the Management Board of the Company, the labour market situation may be crucial for housing demand in 2021, in particular in the popular segment.

The COVID-19 epidemic has also led to changes in work patterns, with remote work becoming widespread among office workers. In the opinion of the Management Board of the Company, these changes may result in a wide and long-term adoption of the hybrid work model, where employees partly work remotely and partly in the office. This trend will translate into increased expectations as regards the quality and functionality of housing. The Company and the Group have been closely monitoring the expectations of apartment purchasers and adjusting the structure of the offer. A tangible effect of these efforts is an increase in the turnover of the offer in 2020 – despite the lower number of available apartments, the Group's sales increased in 2020.

to the risk of insufficient availability of capital. The lack of net debt, the high cash balance and the high reliability of the Company in the eyes of financial institutions, which allowed it to issue bonds on favourable terms even in the difficult year 2020, are sources of the Group's competitive advantage and the comfort of uninterrupted property development projects.

Possible further reductions in bank lending could negatively affect demand on the housing market, in particular in the popular segment. That risk applies to the entire property development market, but in the opinion of the Management Board of the Company, the Group's exposure to that risk is relatively low, as the majority of the Group's offer is high-end apartments. This relative resilience of the Group is confirmed by the unchanged structure of apartment purchases in terms of sources of funds - in all quarters of 2020, as in previous years, the proportion was approximately 40:60 (cash to mortgage), i.e. approximately 40% of apartments sold by the Group were purchased entirely out of pocket.

ECONOMIC GROWTH

The housing market is considered to be a cyclical sector of the economy and it is traditionally believed that the situation in the property development sector is highly correlated with the dynamics of gross domestic product. In the opinion of the Management Board of the Company, the year 2020 was exceptional in that respect - the first recession in Poland for three decades has not translated into lower demand on the residential market. This was caused by the sources of the economic slowdown, which was mainly related to the COVID-19 epidemic and the restrictions implemented to reduce its spread. It is increasingly believed that the economic rebound after the crisis will be K-shaped – changes in the economy and society will make some industries grow rapidly and some will suffer to a significant degree.

In the opinion of the Management Board of the Company, the results of property developers will also be K-shaped, as the beneficiaries of the strong demand are mainly well-managed companies with a strong brand, high liquidity and capital resources, while other companies will have to reduce the scale of their operations due to organisational and administrative constraints. In 2020, Dom Development S.A. Capital Group strengthened its market position and used that period of partially compulsory operating changes to further the sustainable development of its organisational capacity. The possible future negative impact of an economic downturn in Poland on the activities of the Company and the Group depends primarily on the extent to which the crisis will affect the agglomerations in which the Group operates.

LEGISLATION

Potential future changes in legislation constitute a risk that could directly or indirectly affect the activities and performance of the Group companies. In particular, these risks include the possible introduction of compulsory contributions to the Developer Guarantee Fund. However, in the opinion of the Management Board of the Company, the possible negative impact of such an

obligation might affect the Group's activities and results to a relatively smaller degree than is the case for smaller property developers. The Group's advantage results mainly from its comfortable liquidity situation and the fact that it operates on high-margin and that its offer is targeted at buyers with relatively low price elasticity.

ADMINISTRATIVE DECISIONS

The nature of real estate development projects requires a number of licenses, approvals and arrangements to be obtained by the Group at every stage of the development process. Despite significant caution applied in the project execution schedules, there is always a risk of delay in attaining them, of challenges to decisions which have already been issued (also due to the fact that appeals can be made with no consequences for the appellants) or even failure to attain them. All of these factors affect the ability to

conduct and complete the executed and planned projects on time.

The fundamental measure adopted by the Group so as to reduce exposure to market risks is the proper assessment of potential projects and the control of current development projects based on investment models and decision-making procedures developed in the Group. Adherence to such procedures is closely monitored by the Management Board of the Company.

DEMOGRAPHIC TRENDS

Demand on the housing market and its medium- and long-term prospects are closely linked to demographic factors such as internal and external migration, the degree of urbanisation, the number of households and their structure - the number of people and their age.

Dom Development S.A. Capital Group focuses its activities in agglomerations that are major business and scientific centres with positive migration balances. Prestigious universities and an attractive labour market are the main drivers of changing residence.

In the opinion of the Management Board of the Company, Polish agglomerations, in particular Warsaw, have a long-term prospect of growth – the Polish urbanisation ratio is far below the EU average and large cities, compared to smaller towns, offer their inhabitants much better career prospects.

Another demographic trend affecting the real estate market is the increasing number of households, despite the decline in population in Poland. According to GUS forecasts, by 2030, population will decrease by almost one million people while the number of households will increase by almost one million to 15.4 million. The main reason is the projected increase in the number of single-person households.

The housing situation of many people in Poland is significantly different from EU standards, with almost 38% of flats being overpopulated. That is more than twice the European average. In recent years, the situation has gradually improved. Over 10 years, housing overpopulation has fallen by more than 10 percentage points. Still, the potential demand resulting from the need to improve housing conditions remains significant.

1.8.2 INTERNAL FACTORS

MANAGEMENT OF THE CAPITAL GROUP

The last three years were a period of intensive development of Dom Development S.A. Capital Group. In that period, the Group increased its geographical coverage to include the Tricity area, extended its activities to include general contractorship and implemented plans to diversify its activities, as evidenced by the significant increase in the share of the Company's subsidiaries in the Group's operating and financial results. The Management Board of the Company took extensive measures to optimise the management of the Group and to establish a system framework for further development – both organic and through possible acquisitions.

The acquisition of Euro Styl S.A. Capital Group in 2017, a large property development group involved in property development projects in the Tricity and in the general contractorship of its projects, required the harmonisation of processes, organisational structures and systems and the development of effective communication channels and the circulation of information. The implementation of that labour-intensive and complex task was successful and the Company gained invaluable knowledge and experience in building added value through acquisitions.

HUMAN CAPITAL

Property development projects are long-term projects of a unique nature. Therefore, the key advantage in this sector is know-how, the main source of which is experienced employees. Dom Development S.A. Capital Group has a low employee turnover and long-standing relations with many of its contractors. As a result, the Group is able to achieve above-average results at every stage of the property development process, from the purchase of high-quality land, to a high-quality design and timely and cost-effective

With the acquisition of Euro Styl S.A., the Group acquired its own general contractor company – Euro Styl Construction Sp. z o.o. In the following year, the Management Board made a strategic decision to develop its own general contractor company operating in Warsaw and Wrocław. Dom Construction Sp. z o.o., with an experienced team and efficient management, is a very well-organised general contractor company that successfully combines a quickly growing scale of operations, high quality and cost efficiency - offering prices at a competitive level, it achieves profitability above the industry average.

The changes that have taken place in recent years are a source of challenges in terms of effective Group management and maintaining the flexibility of the organisation needed to respond quickly to changes in a competitive environment. The main threat is, above all, a difficult decision-making process. The Management Board of the company is aware of such risks and is committed to mitigating them, e.g. through a clear division of decision-making areas between various levels of the organisation and the implementation of IT systems that support management reporting and information sharing in the Group.

construction to good relations with its customers who become the Group's ambassadors.

The Management Board of the Company mitigates the risks of loss of key employees through incentive programmes covering all employees of the Group companies, the development of managerial competencies and the promotion of employees at the operating level.

INFORMATION MANAGEMENT

As the Group's scale of operations increases and digitalisation progresses, which accelerated significantly in 2020 as a result of the proliferation of remote work and communication due to the COVID-19 epidemic, the role of management of information and its flow in the Group has increased. The Management Board of the Company used the past year and the need to ensure continuity of operations in the remote work environment to effect a permanent transformation of IT systems and infrastructure. At the same time, the Group companies have successfully implemented extensive IT projects to improve information processing and flow and reporting, at operational and management level.

The Management Board of the Company puts great emphasis on the efficient use of modern technology. In 2020, the Group signed a strategic partnership agreement with Microsoft to implement a Digital Transformation Plan. The Group companies completed the first phase of implementing the Dynamics 365 solution package that moves data from all business areas to the Microsoft cloud.

In the opinion of the Management Board of the Company, the development of IT systems is of strategic importance and can play a key role in the long-term development of the Group and its integration with new entities.

BUSINESS MARKETS

In 2020, Dom Development S.A. Capital Group operated on three markets: in Warsaw, the Tricity area and Wrocław. Those agglomerations were not selected at random, as in the opinion of the Management Board of the Company, only the largest cities in Poland provide sales volume adequate to the Group's scale and a satisfactory level of margin. In accordance with earlier declarations, the Management Board of the Company implemented a strategy of diversification of the Group's activities by increasing significantly the scale and potential of the companies Euro Styl S.A. and Dom Development Wrocław Sp. z o.o.

In the opinion of the Management Board of the Company, two other cities – Kraków and Poznań – could be potentially attractive from the point of view of the Group's specifics. In particular, Kraków being the second

largest residential market in Poland with prices comparable to the Tricity, was comprehensively analysed by the Management Board of the Company as a potential area of further expansion of the Group. In 2021, the Management Board of the Company intends to expand the Group's operations to include the Kraków market.

In the opinion of the Management Board of the Company, the diversification of the Group's activities and the increase of the participation of subsidiaries in the structure of its sales and financial results is an effective strategy for the building of the Company's and the Group's value and will continue in the coming years. The aim of the Management Board of Dom Development S.A. is to maintain the position of leader on the Warsaw market, which is currently the most forward-looking and profitable residential market in Poland.

ACQUISITION OF LAND FOR PROJECTS

The future success of the Group is founded on having the ability to continually and effectively acquire attractive land for new development projects at the right times and at competitive prices. This will enable satisfactory project margins to be generated. As there is a limited supply of land with clear legal status in attractive locations, the ability to acquire new land is a major competitive advantage in the real estate development market.

The supply of new apartments in the market decreased in 2020 primarily due to difficulties in obtaining administrative decisions, high prices and the low availability of land. Among the three markets on which

the Group operates, the most difficult situation was in Warsaw. Despite this, in 2020, the Group added to its land reserves on all the markets.

The Management Board places great emphasis on acquiring affordable land for new investments so that the Group has broad and varied real estate reserves in each of its markets that secure its activity and allow for seamless replenishment of offers for at least the next two years. Success in securing a land bank for the purpose of new projects is predominantly due to the experience of the Group's personnel and significant cash resources that allow for the quick closing of even the largest transactions.

CONTRACTOR RELATIONS

The quality and timeliness of implementation of the projects is the basis for building customer confidence. The Group adheres to a high standard of performance and expects the same from its contractors. We are a demanding, but reliable business partner. Thanks to the long-term relationships with its subcontractors, the Group as one of the few property developers was able to carry out its construction projects in

a timely manner even during the severe labour shortages in 2017 and 2018.

This relationship-based approach to external parties increases the operational efficiency of the Group – acting in line with proven procedures, and in cooperation with proven contractors, the risk of delays, cost overruns and reputation losses due to quality problems is reduced.

CUSTOMER SATISFACTION

The decision to buy an apartment is often a portentous and emotional event in many a person's life. With this in mind, the employees of the Group companies make every effort to ensure that the process is carried out in a comfortable manner and that customer satisfaction with the purchase is high and enduring.

The Polish real estate market has been maturing, with people buying their second and third apartments, as their lives change and for investment purposes. This change makes the developer's brand more important. One of the strengths of Dom Development S.A. Capital Group, which is reflected not only in sales volumes but also in the lower price-elasticity of buyers, is its opinion as a trustworthy company, earned through many years of diligence towards the customers.

The importance of reputation risk is relatively high for a property developer – when a person decides to buy an

apartment, they often ask their friends for opinions and seek online reviews. The Group companies closely monitor and analyse customer satisfaction at general and specific levels, broken down by area and project, with the use of the Net Promoter Score. This is a metric used in different industries, which can range from -100 to 100.

In 2020, the Group noted the highest NPS level in the history of the measurement, at a level of 63 points. By comparison, on a much more mature UK market, the average value of this indicator for the sector was 29 points (according to a report published in March 2020 by the Home Builders Federation).

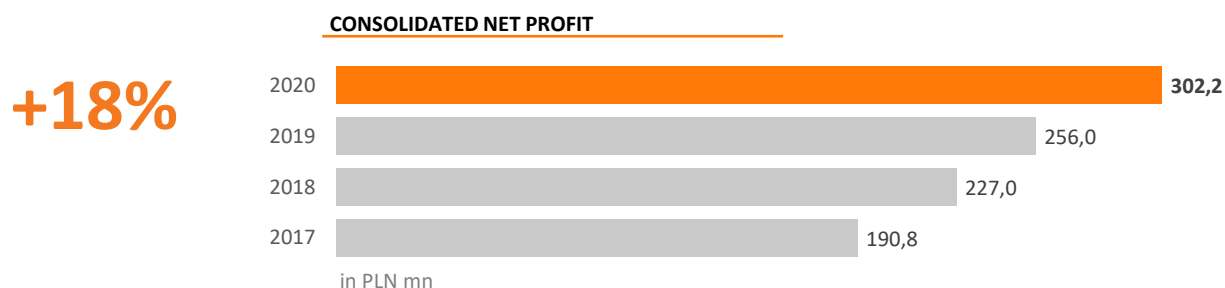
Through careful monitoring of the opinions and satisfaction levels of apartment purchasers, the Group has been able to respond better to customer needs and effectively allocate resources to create added value for the residents of its housing projects.

2 OVERVIEW OF FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. AND ITS GROUP



2.1 PROFITS AND PROFITABILITY

2.1.1 CONSOLIDATED FINANCIAL RESULTS OF DOM DEVELOPMENT S.A. CAPITAL GROUP

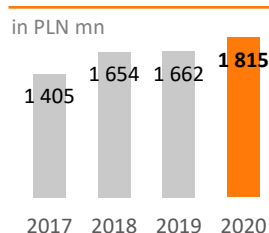


The year 2020 was a record-breaking year for Dom Development S.A. Capital Group in terms of financial results. The Group has gradually improved its financial performance and profitability in recent years. High-quality projects, an efficient sales policy and effective implementation of projects have been reflected in the consolidated income, which increased by 9% in the past year compared to 2019.

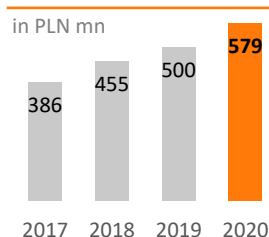
Transaction prices went up and construction costs were stable which translated into higher gross sales margins, at 32% compared to 30% in the previous year.

These factors, combined with the steady selling costs and general administrative expenses, resulted in an 18% increase in the Group's consolidated net profit, which reached a record-high of PLN 302 million.

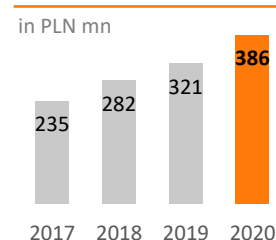
SALES REVENUE



GROSS PROFIT ON SALES



EBIT



In the opinion of the Management Board of the Company, the financial results of Dom Development S.A. Capital Group in 2020 were very good and were the result of skilful leveraging of the opportunities offered by the market.

The increasing share of Group companies among general contractors improved management of construction costs. This meant that the Group's gross profit on sales grew faster than its revenues, i.e. by 16% compared to 2019 versus 9% of growth in revenues.

Because the Group places a strong emphasis on management efficiency, the operating profit margin increased to 21% in 2020. The Company's Management Board considers this a very satisfactory level that reflects the effectiveness of the Group's business model.

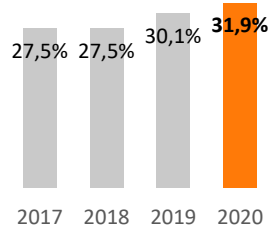
The record-high consolidated net profit is the result of increasing sales revenue and growing net profitability. The Group's net profit margin has grown constantly over the past 6 years to reach a level of nearly 17% in 2020.

The Group's gradual increase in profits and the relatively steady shareholders' equity, due to dividend payments of almost the entire consolidated profit for 2012-2019, resulted in growth of return on equity (ROE), which means that Dom Development S.A. Capital Group stands out in the sector. The ROE growth of 3.4 percentage points, up to 27.9% in 2020, is another indication of the Group's efficient performance and its ability to read market signals.

Return on assets was slightly less dynamic due to the substantial increase in cash, which in the following year will be allocated to developing the Group's prospects by acquiring land in existing markets and expansion into the Kraków market.

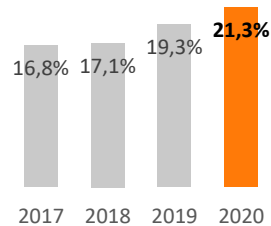
In 2020, there were no abnormal factors which would have had a material impact on the financial results presented in this report. Neither Dom Development S.A. nor other companies operating within its Capital Group published forecasts of financial results for 2020.

GROSS MARGIN ON SALES



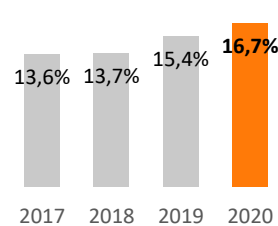
$\frac{\text{gross profit on sales}}{\text{sales revenue}}$

OPERATING PROFIT MARGIN



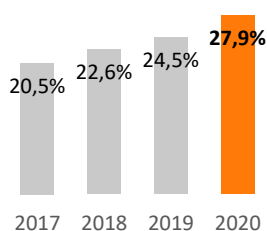
$\frac{\text{EBIT}}{\text{sales revenue}}$

NET PROFIT MARGIN



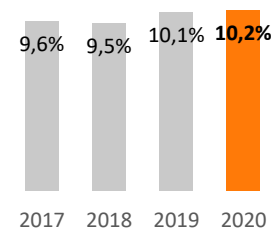
$\frac{\text{net profit}}{\text{sales revenue}}$

ROE



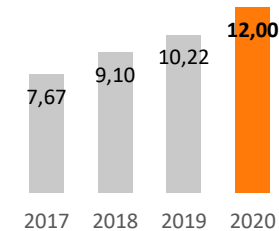
$\frac{\text{net profit}}{\text{equity capital at the beginning of the period}}$

ROA



$\frac{\text{net profit}}{\text{total assets at the beginning of the period}}$

EARNINGS PER SHARE



basic consolidated earnings per share

2.1.2 FINANCIAL RESULTS OF DOM DEVELOPMENT S.A.

The financial results of Dom Development S.A. were very strong in 2020 in the opinion of the Management Board of the Company. The relatively lower revenues and profits were due to the project development cycle and 35% less deliveries (1 807 units in 2020 versus 2 798 in 2019).

Deliveries in the Marina Mokotów project had a major impact on the Company's financial results. Revenues recognised by the Company per delivered unit increased by 44%, to PLN 695 thousand in 2020. The negative dynamics of the Company's revenues was nearly five times smaller than the change in the number of unit deliveries. This was due to a favourable revenue structure.

The Company showed consistently high profitability. Gross margin on sales, which is considered by the Company's Management Board to be the main metric of development company profitability, reached over 30%, despite very strong competition in the Warsaw market, which is the major market for Dom Development S.A.'s operations.

Thanks to the high profitability of operations and effective management of subsidiaries, the Company's net profit margin exceeded 20% for the second year in a row, and was 21% in 2020.

FINANCIAL RESULTS AND PROFITABILITY OF DOM DEVELOPMENT S.A.	2020	2019	Change YoY
INCOME STATEMENT			
Sales revenue	1 255 689	1 353 580	(7.2)%
Gross profit on sales	385 274	401 794	(4.1)%
EBIT	254 391	272 234	(6.6)%
Net profit	264 217	304 665	(13.3)%
Earnings per share, basic	10.49	12.16	(13.7)%
PROFITABILITY RATIOS			
Gross margin on sales	30.7%	29.7%	1.0
Operating profit margin	20.3%	20.1%	0.1
Net margin	21.0%	22.5%	(1.5)
ROE	23.7%	29.6%	(5.9)
ROA	10.5%	13.4%	(2.9)

2.2 CAPITAL STRUCTURE OF THE COMPANY AND THE GROUP

2.2.1 BALANCE SHEET OF THE GROUP

In 2020, the Company's and the Group's position in terms of assets was strong, and made them stand out in the sector.

ASSETS

Current assets were dominant in the Group's asset structure, as in previous years. The share of tangible fixed assets in the balance sheet total was 2% as at 31 December 2020. A significant increase in cash was observed, where cash is understood as cash and cash equivalents plus funds in open escrow accounts. The increase by 119% from PLN 290 million as at 31 December 2019 to PLN 636 million was mainly due to the high level of payments from customers and favourable payment schedules for ongoing land acquisition transactions.

The value of funds in the escrow accounts of Group companies was relatively low, and it stood at PLN 50 million as at 31 December 2020 against PLN 37 million a year earlier. A small proportion of these funds in relation to the value of invoiced sales recorded under "deferred income" in liabilities (around 4.5% at the end of 2020 and 2019) demonstrates the high operational efficiency of the Group companies and the timely completion of building projects. Funds are released from an open escrow account proportionally to the progress in building works, as soon as certain stages are completed.

Consistently, the key asset of the Group is inventory, which at the end of 2020 was similar to that at the end of 2019, PLN 2 424 million and PLN 2 510 million respectively. This balance sheet item consists primarily of projects under construction and investment land for future projects with a total value of PLN 1 822 million.

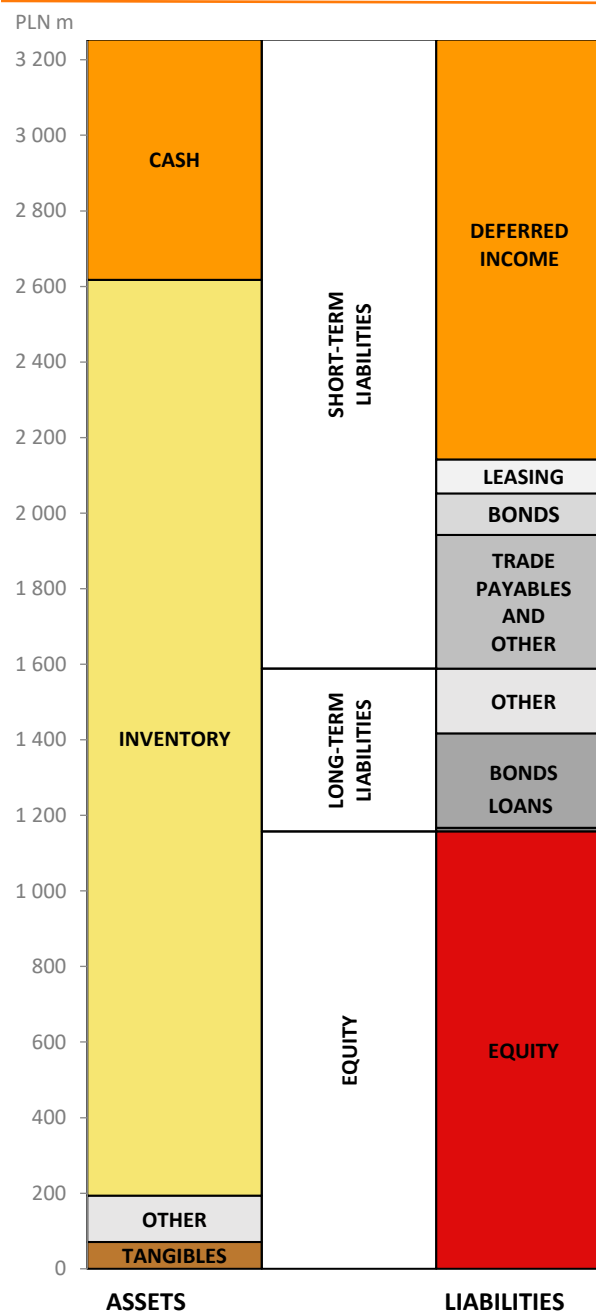
LIABILITIES

The closing balance of shareholders' equity at the Dom Development S.A. Capital Group was PLN 1 157 million in 2020, i.e. 7% higher than as at 31 December 2019. The increase in equity results mainly from the PLN 62 million surplus of 2020 consolidated net profit in the amount of PLN 302 million over PLN 240 million of dividend paid out from the Group's 2019 profit.

As in previous years, the structure of the Group's liabilities was very safe. As at 31 December 2020, all liabilities of the Group related to bonds and loans were long-term in nature, and their total value did not exceed the consolidated balance of cash and its equivalents.

Short-term liabilities accounted as deferred income were dominant in the structure of the Group's liabilities as at 31 December 2020. Despite record-high sales revenue

BALANCE SHEET STRUCTURE AS AT 31 DECEMBER 2020



recognised in the Group's consolidated income statement for 2020, this item increased by PLN 277 million last year. This demonstrates that Group companies capitalised on market trends, and - despite the dynamic changes caused by the COVID-19 epidemic, managed to combine high sales with a flexible pricing policy to maximise sales margin and, consequently, to maximise profits.

LIQUIDITY RATIOS

LIQUIDITY RATIOS	FORMULA	2020	2019
Current ratio	current assets / short-term liabilities ^{*)}	5.75	5.04
Quick ratio	current assets less inventory / short-term liabilities ^{*)}	1.37	0.67
Cash ratio	cash and bank deposits / current liabilities ^{*)}	1.06	0.44

^{*)} Short-term liabilities less deferred income

Considering the specifics of the real estate development industry with its long production cycle and tighter funding requirements, the Group is in a comfortable financial position. This is due to a number of long-term decisions and actions taken by the Company's Management Board. These high ratios to a large extent result from the relevant financing structure applied, that is predominantly medium-term and long-term, as opposed to short-term financing. Liquidity ratios are driven by decisions around financing of current investments (including decisions about when to commence the construction of individual estates and concerning the product

mix offered for sale) and the strategy for acquiring new land.

The Management Board of the Company considers the Group's liquidity to be very good. The Dom Development S.A. Capital Group has maintained consistently high liquidity. The current ratio at the end of 2020 was close to that in the previous year, while the decrease in inventories and the significant increase in cash contributed to a significant increase in the quick ratio and cash ratio. However, such a high level of the said ratios is a temporary state, and the Company's Management Board expects it to drop as a result of the closing purchases of land for future projects of the Group.

LEVERAGE RATIOS

LEVERAGE RATIOS	FORMULA	2020	2019
Equity ratio	shareholders' equity / total assets	35.6%	36.6%
Liabilities to equity ratio	total liabilities / shareholders' equity	181.1%	173.1%
Debt ratio	total liabilities / total assets	64.4%	63.4%
Interest bearing debt to equity ratio	interest bearing debt / shareholders' equity	32.0%	41.0%
Gearing ratio	(interest bearing debt less cash and cash equivalents ^{*)} / shareholders' equity	(23.0)%	14.3%

^{*)} Cash and cash equivalents, including funds in escrow accounts and bank deposits with a maturity of more than 3 months

Appropriate operating policy (i.e. proper commencement and pace of projects as well as controlled purchases of land) and financing policy (the financing structure) ensured that leverage ratios were maintained at safe levels to support the business activity of the Group and maintain the Group's creditworthiness. Leverage ratios with values similar at the end of 2020 to those at the end of 2019 reflect the conservative approach of the Company's Management Board to the sources of finance

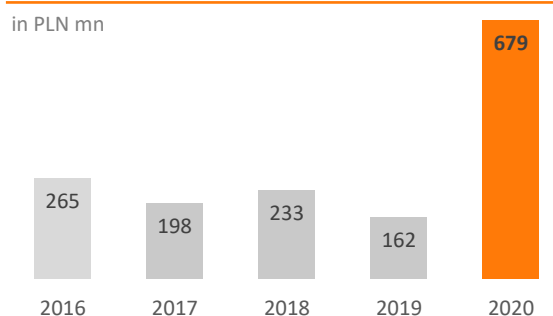
for operations. For the leverage ratios reviewed, the greatest dynamics were observed for gearing ratio, which from a relatively low level of 14.3% at the end of 2019 reached a negative value (23%) as at 31 December 2020. This change has resulted mainly from the previously described increase in cash and decrease in interest-bearing debt (balance of long-term loans dropped by PLN 75 million compared to the balance at the end of 2019) with a relatively steady shareholders' equity (increase by 7% YoY).

CASH FLOWS

The Dom Development S.A. Capital Group reached a record-high level of cash flow generated from operating activities in 2020. This was mainly due to the increasing value of sales and deferred payments for the purchase of land for future projects. Cash flow from net operating activities in 2020 was PLN 679 million versus PLN 162 million in 2019.

The Group recorded a slight net outflow of cash from investing activities in the amount of PLN 38 thousand.

CASH FLOW FROM OPERATING ACTIVITIES



Net cash outflow from financial activities in the amount of PLN 309 million was also recorded by the Group in 2020. This was predominantly the result of the payment of a record-high dividend in the amount of PLN 240

million and cash flow balance (outflow of PLN 75 million) on account of the contracted loans.

The Group's consolidated cash reserves increased by PLN 332 million to reach PLN 586 million in aggregate in 2020.

2.2.2 BALANCE SHEET OF THE COMPANY

The structure of The Company's balance sheet was similar to the Group's consolidated balance sheet. The Company's balance sheet total went up by 10% over the year 2020 to PLN 2 755 million, of which PLN 544 million was cash, including funds in open escrow accounts (increase by 137% YoY). The majority of the Company's assets was inventory to the value PLN 1 641 million at the end of 2020 (drop by 5% YoY).

Structure of the Company's liabilities has not materially changed as compared to the figures as at the end of 2019. Shareholders' equity as at 31 December 2020 was PLN 1 152

million, and accounted for 42% of the balance sheet total. Long-term liabilities of the Company were close in value to those in the previous year (PLN 382 million, increase by 6% YoY) and consisted mainly of PLN 250 million bonds issued by the Company. The 18% increase in short-term liabilities to PLN 1 221 million as predominantly a consequence of a 35% increase in deferred income (PLN 752 million as at 31 December 2020).

The favourable structure of the Company's balance sheet is reflected in the liquidity and leverage ratios as presented below.

LIQUIDITY RATIOS	2020	2019
Current ratio (current assets / short-term liabilities*)	4.89	4.17
Quick ratio (current assets less inventory / short-term liabilities*)	1.39	0.54
Cash ratio (cash and cash equivalents**) / short-term liabilities*)	1.13	0.46

*) Short-term liabilities less deferred income

**) Cash and cash equivalents including with a maturity of more than 3 months

LEVERAGE RATIOS	2020	2019
Equity ratio (shareholders' equity / total assets)	41.8%	44.5%
Debt to equity ratio (total liabilities / shareholders' equity)	139.1%	124.9%
Debt ratio (total liabilities / total assets)	58.2%	55.5%
Interest bearing debt ratio (interest bearing liabilities / shareholders' equity)	32.1%	32.2%
Net interest bearing debt to equity ratio (interest bearing liabilities less cash and cash equivalent*) / shareholders' equity)	(15.1)%	11.7%

*) Cash and cash equivalents, including funds in escrow accounts and bank deposits with a maturity of more than 3 months

2.4 ASSESSMENT BY THE MANAGEMENT BOARD OF FINANCIAL RESOURCES AND THE CAPACITY AT THE COMPANY AND THE GROUP TO IMPLEMENT INVESTMENT PROJECTS

The Dom Development S.A. Capital Group is fully capable of financing currently executed investment projects. The Group companies intend to finance the execution of real estate development projects from shareholders' equity, the issue of commercial paper by the Company and bank loans. The Management Board of the Company attempts to match the maturity structure of the commercial papers issued and bank loans mainly to the duration of individual development projects, with particular consideration given to the gradual replenishment of the land bank for future development projects.

The Group's capacity to implement investment projects was confirmed in 2020. The Management Board of the Company was able to bring about the payment of PLN 240 million in the form of dividends to shareholders while maintaining at the same time a high level of cash and no net interest bearing debt. Dom Development S.A. has significant financial resources and has a very good reputation at banks and bondholders, which results in the good availability of external funding.

The Management Board of the Company abided by its earlier statements concerning the increase in market diversification of the Group's business, which assumed the maintenance of scale of operations in Warsaw and development of subsidiaries in the Tricity region and Wrocław. In the coming

year, the Company's Management Board intends to continue this strategy, and a further increase in the share of subsidiaries in the Group's sales is expected. A key step required to achieve these objectives involves the effective acquisition of new land for the land bank.

An increased contribution of Euro Styl S.A. and Dom Development Wrocław Sp. z o.o. to the results of the Group should be expected in the upcoming years.

An important investment objective of the Group is its expansion to the Kraków market. Therefore, the Company's Management Board is reviewing various scenarios, including the acquisition of a company with a well-established position in this market.

The construction companies operating within the Group, namely Dom Construction Sp. z o.o. and Euro Styl Construction Sp. z o.o., grew their scale of operations in 2020. The Management Board of the Company expects that in future years, in-house internal general contractorship will become the predominant method of carrying out the Group's property development projects, does not exclude however, the engagement of third-party general contractors in the Warsaw and Wrocław markets, as long as their offer is competitive compared to the capabilities of Dom Construction Sp. z o.o.

2.5 LOANS AND BONDS, AND OTHER LIABILITIES

2.5.1 LOANS CONTRACTED OR TERMINATED

In 2020, the companies operating within the Group have not entered into nor terminated any loan agreements.

Details of the loans contracted by the Group have been presented in note 7.18 to the consolidated financial statements of the Group for 2020.

2.5.2 BONDS

On 25 September 2020, the Company issued 100 000 unsecured bonds with the nominal value of PLN 1 000 each and the aggregate nominal value of PLN 100 million. The maturity date for these bonds is 25 September 2025. The issue value equals the nominal value of the bonds. The interest rate is set at WIBOR 6M plus 1.75% margin and will be paid semi-annually. No purpose for the bond

issue was specified. The funds from the issue have been designated for current operations of the Company.

Details of the bonds issued and redeemed by the Group companies have been presented in note 7.19 to the consolidated financial statements of the Group for 2020.

2.5.3 BORROWINGS CONTRACTED OR TERMINATED

In 2020, the Group companies did not enter into nor terminate any borrowing agreements with non-Group companies.

The Company did not have any borrowings as at 31 December 2020. The Company did not take out or repay any borrowings in 2020.

2.5.4 BORROWINGS PROVIDED

On 3 December 2020, the Company signed a loan agreement with Sento 22 Sp. z o.o. for the amount of PLN 23 million at a fixed interest rate of 6% per annum, with the repayment date set at 31 August 2021.

On 22 December 2020, the Company signed a loan agreement with SPM Sp. z o.o. for the amount of PLN 4 million at a fixed interest rate of 6% per annum, with the repayment date set at 31 August 2021.

On 10 December 2020, the PLN 3 million loan, which the Company granted to KOŁO Spółdzielnia Mieszkaniowa

(housing cooperative) with its registered office in Warsaw on 11 June 2019, was repaid and cleared.

On 20 July 2020, Euro Styl S.A. and GGI Dolne Miasto Sp. z o.o., its related entity, entered into two loan agreements for the aggregate amount of PLN 400 thousand, with a variable interest rate based on WIBOR 3M plus a 4% margin in relation to a PLN 200 thousand and 6% margin in relation to the remaining PLN 200 thousand, and the repayment date for this loan was set at 30 November 2023.

2.5.5 SURETIES PROVIDED AND RECEIVED

In 2020, the Company and its subsidiaries operating within the Group did not receive any sureties.

The sureties provided by the Group in 2020 are presented in the table below. Other companies operating within the Group did not grant any sureties in 2020.

SURETIES GRANTED BY DOM DEVELOPMENT S.A.	SURETY AMOUNT (in PLN '000)
SURETIES FOR CONTRACTUAL OBLIGATIONS OF DOM DEVELOPMENT WROCŁAW SP. Z O.O., A COMPANY'S SUBSIDIARY	
VOLKSWAGEN FINANCIAL SERVICES POLSKA Sp. z o.o.	206
SURETIES FOR CONTRACTUAL OBLIGATIONS OF NON-GROUP COMPANIES	
AVONMORE Sp. z o.o.	12 403
Urszula Szepietowska	600
SURETIES GRANTED BY EURO STYL S.A.	
SURETY FOR CONTRACTUAL OBLIGATIONS OF EURO STYL CONSTRUCTION SP. Z O.O., A COMPANY'S SUBSIDIARY	
ULMA Construction Polska S.A.	1 850

2.5.6 GUARANTEES PROVIDED AND RECEIVED

The Company and its subsidiaries operating within the Group did not provide any guarantees in 2020.

The performance guarantees and retention bonds for defects and faults, and on account of other security interests as received in 2020 are presented in the table below:

GUARANTEES RECEIVED BY THE GROUP COMPANIES			
GRANTED BY	GRANTED TO	GUARANTEE TYPE	GUARANTEE AMOUNT (in PLN '000)
F.B.I. TASBUD S.A.	Dom Development S.A.	Bank guarantee	300
KARMAR S.A.	Dom Development Wrocław Sp. z o.o.	Bank guarantee	1 910
STRABAG SP. Z O.O.	Dom Development Wrocław Sp. z o.o.	Bank guarantee	1 318
Schindler Polska Sp. z o.o.	Dom Development Wrocław Sp. z o.o.	Bank guarantee	13
BUDUS-GRUPA PHMB Sp. z o.o.	Dom Development Wrocław Sp. z o.o.	Bank guarantee	4
BNP PARIBAS Bank Polska Spółka Akcyjna	Dom Construction sp. z o.o.	Bank guarantee	1 363
BANK HANDLOWY w Warszawie S.A.	Dom Construction sp. z o.o.	Bank guarantee	903
SANTANDER Bank Polska S.A.	Dom Construction sp. z o.o.	Bank guarantee	225
PKO BP S.A.	Dom Construction sp. z o.o.	Bank guarantee	89
Bank Millenium SA	Dom Construction sp. z o.o.	Bank guarantee	13
Bank Polska Kasa Opieki Spółka Akcyjna	Dom Construction sp. z o.o.	Bank guarantee	4
KONE Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Bank guarantee	59
BUDUS - GRUPA PHMB Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Bank guarantee	54
BEL-POL Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Insurance guarantee	30
OTIS Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Bank guarantee	30
Schindler Polska Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Bank guarantee	26
OTIS Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Insurance guarantee	17
KONE Sp. z o.o.	Euro Styl Construction Sp. z o.o.	Insurance guarantee	9

2.5.7 MATERIAL OFF-BALANCE SHEET ITEMS

Apart from the management option programmes described in note 7.43 *Incentive Plan – Management Option Programmes* to the consolidated financial statements of the

Group for the year ended on 31 December 2020, the Company and its subsidiaries operating within the Group did not hold any significant off-balance sheet items.

2.6 USE OF PROCEEDS FROM THE ISSUE OF SECURITIES

In 2020, the Company issued 100 000 ordinary bearer AA series shares and 50 000 ordinary bearer AB series shares with a nominal value of PLN 1.00 each. These shares were issued in a private placement as a result of the fulfilment of commitments under Management Options Programme IV for Ms Małgorzata Kolarska, Vice President of the Management Board and Management Options Programme V for Mr Mikołaj Konopka, Member of the Management Board of Dom Development S.A., which were described in

more detail in note 3.8 to this report. Proceeds raised from the said shares issue, in the amount of PLN 6 000 thousand, will be used to finance the current activities of the Company.

The Company issued new bonds in the amount of PLN 100 000 thousand in 2020. Information concerning the issue is presented in note 2.4.2 of this report. The proceeds from the issue of bonds will be used to finance the current operations of the Company.

2.7 TRANSACTIONS WITH RELATED ENTITIES

All transactions made by the Companies operating within the Group (or their subsidiaries) with related entities are based on the arm's length principle.

Transactions with the related entities are presented in note 7.42 to the consolidated financial statements for the period ended 31 December 2020.

2.8 AGREEMENTS SIGNIFICANT FOR THE BUSINESS ACTIVITY OF THE GROUP

In the financial year 2019, the Group companies did not enter into any major agreements with non-Group companies.

2.9 COOPERATION AGREEMENTS

On 29 July 2020, Dom Development S.A. signed a cooperation agreement with Warszawska Spółdzielnia Mieszkaniowa (Warsaw Housing Cooperative) (hereinafter "WSM") in Warsaw.

Under the agreement, the Company as the general project manager is to carry out a residential development

project on a property held under perpetual usufruct (long-term leasehold) by WSM, once administrative decisions are obtained. The value of the agreement is not significant considering the scale of operations of the Company and of the Group.

2.10 CAPITAL EXPENDITURES OF THE COMPANY AND THE GROUP

IDENTIFICATION OF MAJOR DOMESTIC AND FOREIGN INVESTMENTS, IN PARTICULAR IN SECURITIES, FINANCIAL INSTRUMENTS, INTANGIBLE ASSETS AND REAL ESTATE, INCLUDING CAPITAL INVESTMENTS MADE OUTSIDE THE GROUP OF RELATED PARTIES AND A DESCRIPTION OF THE FUNDING METHODS

Dom Development S.A. and other companies operating within the Group do not perform investment activities, which would involve the placement of financial resources in financial instruments, securities and intangible assets.

Real properties acquired by the Company and another Group companies are closely linked to operational activities of the Company and the Group and do not have

the nature of capital investment. For this reason they are disclosed in the assets of the Company and the Group as a component of the inventory, and the measures intended to finance them are recognised in the cash flow from operating activities.

3 STATEMENT ON THE APPLICATION OF CORPORATE GOVERNANCE



COMPANY'S CORPORATE GOVERNANCE RULES AND THE LOCATION, WHERE THE TEXT OF CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2020, Dom Development S.A. followed the corporate governance rules described in the Code of Best Practice for WSE Listed Companies 2016, adopted by the Supervisory Board of the Warsaw Stock Exchange on 13 October 2015 pursuant to Resolution No. 26/1413/2015.

In 2020, the recommendation described in Chapter IVR.2 in items 12) and 3) of the Good Practices for Listed Companies did not apply to the Company. The above-mentioned recommendation stipulates that in cases justified by the shareholding structure or by the expectations of the shareholders communicated to the company, provided that the company is able to supply the technical infrastructure necessary for the proper conduct of the general meeting with the use of electronic means of communication, the company should allow the shareholders to participate in the general meeting with the use of such means, in particular by: 2) two-way communication in real time thus allowing the shareholders to speak during the proceedings of the general shareholders meeting while being away from the place of the meeting, 3) exercise the voting rights at the general shareholders meeting in person or by proxy. The Management Board of the Company decided that the possibility of holding a general meeting with the use of electronic means of communications is not justified on account of the shareholding structure of the Company and the lack of such expectations being communicated by the shareholders of the Company. Moreover, the Company did not enable participation in the general shareholders meeting in accordance with the above-described procedure in order to protect against the higher risk of irregularities in the general shareholders meeting proceedings occurring. The Company's Management Board decided that the above-mentioned recommendation would not be complied with due to the potential issues related to, inter alia, the identification of Shareholders, the choice of the best platform for such remote two-way communication, and the Company's inability to guarantee compliance with the hardware requirements on the part of a Shareholder.

The Company's Management Board believes that the risk of problems of a legal, logistical and technical nature which are related to providing the option of real-time two-way communication where the shareholders may take the floor and exercise voting rights during a general meeting from a location other than the general meeting are greater than the potential benefits to Shareholders. In the opinion of the Company's Management Board the existing rules of participating in the general meeting assure the correct exercise of the rights related to the holding of the Company's shares by all the Shareholders, while a possible interruption of the general meeting as a result of disruption of the remote bilateral communication channel

would create a material inconvenience for the Shareholders or their attorneys present at the meeting.

The Company's Management Board does not rule out the possibility of complying with the above recommendation in the future, and the Management Board's decision to implement it depends on the development of proper standards of its application in practice.

Moreover, the Company has not applied principle VI.Z.2 of the BPWSE (Best Practice for WSE Listed Companies) prescribing that "to tie in the remuneration of members of the management board and key managers to the company's long-term business and financial goals, the period between the allocation of options or other instruments linked to the company's shares under the incentive scheme and their exercisability should be no less than two years." The instances, where the said principle has not been applied, are presented below:

On 1 December 2017, the Supervisory Board of the Company acting pursuant to the authorisation granted in resolution no. 21 dated 25 May 2017 by the Annual General Shareholders' Meeting of the Company, adopted the Provisions of Senior Management Option Programme IV for Małgorzata Kolarska, the Vice President of the Management Board and the CEO, concerning 500 000 shares in Dom Development S.A. ("Programme IV"). Ms Małgorzata Kolarska has received one-off options authorising her to subscribe for 500 000 shares in Dom Development S.A. for the price of PLN 35.00 per share. The exercise of these options is limited to 100 000 shares in any 12 month consecutive period, starting from 1 January 2018, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2027. The Management Board of the Company holds the view that the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying the remuneration of a member of the management board to the Company's long-term business and financial goals as defined in detailed principle VI.Z.2. of the BPWSE. Programme IV is designed in a way so as to tie the remuneration of Ms Małgorzata Kolarska, who holds the function of Vice President of the Management Board and CEO, to the increase in the value of the Company for the Shareholders for a period of at least 5 years. Taking into account the distribution of option exercisability under individual tranches in time, derogation from principle VI.Z.2 of the BPWSE occurs in only the first two tranches, however it should be noted that all tranches are to be exercised at periods later than those specified in principle VI.Z.2 of the BPWSE. Consequently, the solution adopted is an incentive programme for a period longer than two years within the meaning of principle VI.Z.2 of the BPWSE. Moreover, the Management Board is of the opinion that

the consent of the General Shareholders' Meeting of the Company and the Supervisory Board of the Company confirm that the rules of Programme IV adequately protect the interests of the Shareholders of the Company by tying the benefits of the exercise of options under Programme IV with the long-term development and growth in the value of the Company.

On 29 November 2019, the Supervisory Board of the Company acting pursuant to authorisation granted in resolution no. 26 dated 30 May 2019 by the Annual General Shareholders' Meeting of the Company, adopted the Provisions of Senior Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. ("Programme V"). In accordance with the terms of the Programme, Mr Mikołaj Konopka received a one-off option authorising him to subscribe for 250 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) per share. The exercise of these options is limited to 50 000 shares in any 12 month consecutive period, starting from 1 January 2020, while the non-exercised options may be exercised at a later time, however not later than by 31 December 2029. The Management Board of the Company holds the view that the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying the remuneration of a member of the management board to the Company's long-term business and financial goals as defined in detailed principle VI.Z.2. of the BPWSE 2016. Programme V is designed in a way so as to tie the remuneration of Mr Mikołaj Konopka, who holds the function of Management Board member, to the increase in the value of the Company for the Shareholders for a period of at least 5 years. Taking into account the distribution of option exercisability under individual tranches in time, the derogation from principle VI.Z.2 of the BPWSE 2016 occurs in only the first two tranches, however it should be noted that all tranches are to be exercised at periods later than those specified in principle VI.Z.2 of the BPWSE 2016. Consequently, the solution adopted is an incentive programme for a period longer than two years within the meaning of principle VI.Z.2 of the BPWSE 2016. Moreover, the Management Board is of the opinion that the consent of the General Shareholders' Meeting of the Company and the Supervisory Board of the Company confirm that the rules of Programme V adequately protect the interests of the Shareholders of the Company by tying the benefits of the exercise of options under Programme V with the long-term development and growth in the value of the Company.

On 1 December 2020, the Supervisory Board of the Company acting pursuant to the authorisation granted in resolution no. 21 dated 31 August 2020 by the Annual General Shareholders' Meeting of the Company, adopted the Provisions of Senior Management Option Programme VI for Marcin Drobek, Adviser to the Management Board and the Chief Construction Officer, concerning 150 000 shares in Dom Development S.A. ("Programme VI"). Mr Marcin Drobek received one-off options authorising him to subscribe for 150 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) per share. The exercise of these options is limited to 30 000 shares in any 12 month consecutive period, starting from 1 January 2021, while the non-exercised options may be exercised at a later time, however not later than by 31 December 2030. The Management Board of the Company holds the view that the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying the remuneration of an Adviser to the Management Board and the Chief Construction Officer to the Company's long-term business and financial goals as defined in detailed principle VI.Z.2. of the BPWSE 2016. Programme VI is designed in a way so as to tie the remuneration of Mr Marcin Drobek, who holds the function of Adviser to the Management Board and the Chief Construction Officer, to the increase in the value of the Company for the Shareholders for a period of at least 5 years. Taking into account the distribution of option exercisability under individual tranches in time, the derogation from principle VI.Z.2 of the BPWSE 2016 occurs in only the first two tranches, however it should be noted that all tranches are to be exercised at periods later than those specified in principle VI.Z.2 of the BPWSE 2016. Consequently, the solution adopted is an incentive programme for a period longer than two years within the meaning of principle VI.Z.2 of the BPWSE 2016. Moreover, the Management Board is of the opinion that the consent of the General Shareholders' Meeting of the Company and the Supervisory Board of the Company confirm that the rules of Programme VI adequately protect the interests of the Shareholders of the Company by tying the benefits of the exercise of options under Programme VI with the long-term development and growth in the value of the Company.

The Code of Best Practice for Warsaw Stock Exchange Listed Companies is publicly available on: https://www.gpw.pl/pub/GPW/files/PDF/GPW_1015_17_D_OBRE_PRAKTYKI_v2.pdf. The statement on the status of application of the recommendations and rules of Good Practice for WSE Listed Companies 2016 was posted by the Company on: <https://inwestor.domd.pl/pl/lad-korporacyjny>

COMPANY'S CORPORATE GOVERNANCE RULES ADOPTED VOLUNTARILY AND THE LOCATION, WHERE THE TEXT OF SUCH CORPORATE GOVERNANCE RULES IS PUBLICLY AVAILABLE

In 2020, Dom Development S.A. followed the corporate governance rules published in the Code of Best Practice for Customer-Developer Relations drafted by Polski Związek Firm Deweloperskich (the Polish Union of Developers). The Code of Best Practice for Customer-Developer Relations is publicly available on:

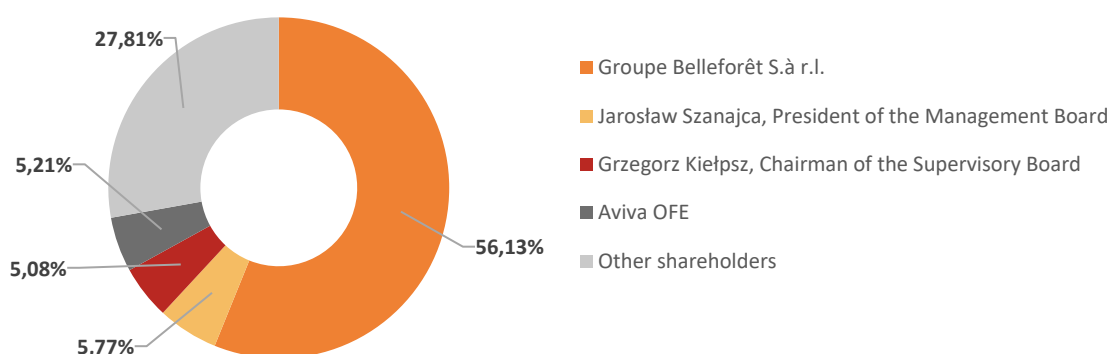
<http://www.warszawa.pzfd.pl/strefa-klienta/kodeks-dobrych-praktyk>

Dom Development S.A. has adhered to all of the rules described in the Code of Best Practice for Customer-Developer Relations.

3.1 SHARE CAPITAL, SHAREHOLDERS

3.1.1 SHAREHOLDER STRUCTURE

The shareholder structure of Dom Development S.A. as at 31 December 2020 was as follows:



As at 31 December 2020, the Company was controlled by Groupe Belleforêt S.à r.l. which held 56.13% of the Company's shares. The Dom Development S.A. shareholder structure has been relatively stable. Representatives of Groupe Belleforêt S.à r.l., who were co-founders of Dom Development S.A., serve on both the Management Board and the Supervisory Board of the Company. They are a valuable source of expertise and support for the management of the Company and its subsidiaries.

The long-term involvement of shareholders is a support for the activities of Dom Development S.A. thus enabling its sustainable development and optimised operations aimed at building the goodwill of the Company and the Group. In the opinion of the Company's Management Board, a transparent and stable ownership structure has a positive effect on the Company's operations as the exceptionally long production cycle in the development sector, spread over the years, requires a long-term perspective.

Shares of Dom Development S.A. are held in the portfolios of numerous Open-End Pension Funds, of which shareholding by Aviva OFE Aviva Santander

exceeded the threshold of 5% in the total number of votes and the share capital of the Company in 2011. Over the period from the date of the latest notice, the shareholding of Dom Development S.A. by Aviva OFE Aviva Santander has ranged between 5% and 10% of the Company's share capital.

Detailed information on shareholders who hold, directly or indirectly through subsidiaries, at least 5% of the overall number of votes at the General Shareholders Meeting ("GSM") as at 31 December 2020, and on the change in their shareholding in the period from 31 December 2019, are presented in the table below.

Save for the Executive Option Programmes described in section 3.8 of this report, the Company's Management Board is not aware of any agreements, including those concluded after the balance sheet date, which may result in future changes in the proportion of shares held by existing shareholders and bondholders. Dom Development S.A. Capital Group does not have any information about any insurance or cooperation agreements between shareholders in 2020.

DOM DEVELOPMENT S.A. SHAREHOLDING STRUCTURE AS AT 31.12.2020

	SHARES	% SHARES	NUMBER OF VOTES AT THE GSM	% VOTES AT THE GSM
Groupe Belleforêt S.à r.l.	14 155 491	56,13	14 155 491	56.13
Aviva OFE*	1 613 219	6,40	1 613 219	6.40
Jarosław Szanajca	1 454 050	5,77	1 454 050	5.77
Grzegorz Kiełpsz	1 280 750	5,08	1 280 750	5.08

* Shareholding by Aviva Otwarty Fundusz Emerytalny Aviva Santander (open-end pension fund) has been presented as per the latest notice dated 31 December 2020. The shareholding by AVIVA OFE is 1 313 383 shares in the Company as per the latest notice prepared dated 11 July 2011.

3.1.2 SPECIAL CONTROL RIGHTS**PERSONS HOLDING ANY SECURITIES WITH SPECIAL CONTROL RIGHTS, AND DESCRIPTION OF THESE RIGHTS**

Pursuant to article 6.2.2 of the Articles of Association of Dom Development S.A., a shareholder holding at least 50.1% of shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to the Management Board bylaws, for the Company's finances. For an odd number of Management Board members, a shareholder who holds at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a five-person Management Board) and four (for a seven-person Management Board) Management Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

Pursuant to article 7.4 of the Articles of Association of Dom Development S.A. a shareholder holding at least 50.1% of the shares in the Company is vested with the personal right to appoint and dismiss half of the members of the Supervisory Board, including 1 Vice Chairman thereof. For an odd number of Supervisory Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a 5-person Supervisory Board), four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Supervisory Board member.

As at 31 December 2020, Groupe Belleforêt S.à r.l., a limited liability company with its registered office in Luxembourg (formerly: SCOP Poland S.à r.l. spółka z ograniczoną odpowiedzialnością) was the shareholder holding at least 50.1% of the Company's shares.

3.1.3 LIMITATION OF RIGHT IN SHARES**RESTRICTIONS ON THE EXERCISE OF VOTING RIGHTS**

Pledges and beneficial owners of shares in Dom Development S.A. are not entitled to exercise voting rights attached to shares.

RESTRICTIONS ON THE TRANSFER OF OWNERSHIP TITLE TO THE ISSUER'S SECURITIES

No other restrictions are in place in Dom Development S.A. regarding the transfer of ownership title to shares in Dom Development S.A.

The transferability of subscription warrants issued by Dom Development S.A. in connection with its management option programmes is limited as subscription warrants can only be exercised by a participant in a specific management option programme, and in the event of their death such warrants can be exercised by their heirs, only upon the consent of the Supervisory Board of Dom Development S.A.

3.2 GENERAL SHAREHOLDERS' MEETING

THE PROCEDURE FOR AND MAJOR RIGHTS OF A GENERAL SHAREHOLDERS' MEETING, AND DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND MANNER FOR THESE RIGHTS BEING EXERCISED, IN PARTICULAR THE RULES RESULTING FROM GENERAL SHAREHOLDERS' MEETING BYLAWS, IF SUCH BYLAWS WERE ADOPTED AND IF THE RULES IN THIS RESPECT DO NOT DIRECTLY RESULT FROM LEGAL REGULATIONS

The General Shareholders' Meeting holds its sessions as Annual or Extraordinary General Shareholders' Meetings, and as a governing body of the Company it acts pursuant to the provisions of the Code of Commercial Companies Act dated 15 September 2000 (consolidated text of Dz.U. (Journal of Laws) of 2013 item 1030, as amended), the Articles of Association of the Company and provisions of unclassified and publicly available General Shareholders' Meeting Bylaws dated 5 September 2006 as amended by resolution No. 27 dated 15 May 2008 and resolution No. 31 dated 21 May 2009 of the Annual General Shareholders' Meeting of Dom Development S.A.

An Annual General Shareholders' Meeting is convened by the Management Board. It takes place in Warsaw within 6 months following the end of each financial year. Shareholders are entitled to participate in the General Shareholders Meeting provided that they were shareholders of the Company 16 days before the date of the General Shareholders Meeting (registration date for participation in a general shareholders' meeting). No invitations are required for members of the Company's Management Board or Supervisory Board to participate in a General Shareholders' Meeting. Other persons, in particular statutory auditors and experts, as invited by the Management Board, may participate in a session or an appropriate part thereof, should their participation be justified by the need to have their opinions on the discussed matters presented to the participants in the General Shareholders' Meeting. A statutory auditor should be present at a session of the General Shareholders' Meeting where Company's financial matters are addressed.

The General Shareholders' Meeting is valid and may adopt resolutions only if shareholders holding at least 50.1% of all votes are represented at the Meeting. Resolutions are adopted by an absolute majority of validly cast votes, unless the Code of Commercial Companies or the Articles of Association of the Company provide otherwise. An electronic system for casting and calculating votes may be used for voting. Pledges and beneficial owners of shares are not entitled to exercise voting rights attached to shares.

A resolution on the removal of certain matters from the agenda of the General Shareholders' Meeting or the abandonment of certain matters included in the agenda or placed on the agenda by a motion of shareholders requires a majority of three-quarters of the votes cast and

the express prior consent of all present shareholders who have filed such motion, for it to be valid.

The Chairman puts the agenda to a vote, having the attendance list signed and checked. The General Shareholders' Meeting may adopt the suggested agenda without changes, change the order of debate or remove certain matters from the agenda, subject to the provisions of the Articles of Association of the Company. The General Shareholders' Meeting may also put new matters on the agenda and discuss them, however without adopting any resolutions on such matters. The Chairman of the Meeting has no right to remove matters from the agenda or alter the same without the consent of the General Shareholders' Meeting.

Each participant in the General Shareholders' Meeting may speak on matters included in the adopted agenda which are currently brought up for discussion. Each participant in the General Shareholders' Meeting may submit a formal motion. The Chairman gives the floor to a participant willing to lodge a formal motion out of turn. Formal motions are motions concerning the debate and voting procedure.

The General Shareholders' Meeting adopts resolutions on matters included in the agenda by voting. Voting is open and is subject to relevant provisions of the Articles of Association of the Company and the Code of Commercial Companies.

In 2020, the Annual General Shareholders' Meeting of Dom Development S.A. was held on 31 August 2020 in Warsaw in the registered office of the Company. The General Shareholders' Meeting had been convened upon a motion of the Management Board of the Company, and shareholders of the Company did not file their motions for the General Shareholders' Meeting to be convened.

The course of the General Shareholders' Meeting was in line with the provisions of the Code of Commercial Companies, the Company's Articles of Association, unclassified and publicly available General Shareholders' Meeting Bylaws of Dom Development S.A. and the Code of Best Practice for WSE Listed Companies. The shareholders had the possibility to review the content of draft resolutions included in the agenda, in each case not later than 26 days prior to the planned date of the General Shareholders' Meeting. The Company did not question the correctness of documents submitted by shareholders and their attorneys in support of their right to represent a shareholder when verifying shareholders' IDs being the

proof of their entitlement to participate in the General Shareholders' Meeting.

The Chairman of the General Shareholders' Meeting ensured that the session proceeded in an orderly and efficient manner. Sessions of a General Shareholders' Meeting have never been cancelled or discontinued. Members of the Management Board and the Supervisory Board present at the General Shareholders' Meeting readily explained all matters within their competences and as required by law.

The circumstances for adopting resolutions of the General Shareholders' Meeting enabled for the protection of the rights of minority shareholders, including for voicing reservations and objections against such resolutions. None of the resolutions adopted was appealed in court.

The Annual General Shareholders' Meeting of Dom Development S.A. was held within the time limit set forth in § 3(4) of the Regulation by the Minister of Finance

dated 31 March 2020 on the setting of other time limits for compliance with the requirements of keeping records and preparation, approval, publication and filing with the competent register, organisation or body of certain reports/statements or information (Dz.U. 2020 item 570) in conjunction with art. 15zzh(1)(1) and 15zzh(2) of the Act of 2 March 2020 on specific arrangements for preventing, counteracting and combating COVID-19, other communicable diseases and the resulting crisis situations (Dz.U. items 374, 567 and 568), and documentation concerning the 2019 financial statements was published on the Company's website more than 6 months before the date of the Annual General Meeting.

All resolutions adopted by the General Shareholders' Meeting in 2020 were passed in the best interest of the Company and took into account the rights of other stakeholders. Resolutions adopted by the General Shareholders' Meetings are posted on: <https://inwestor.domd.pl/pl/wza>

3.3 PRINCIPLES FOR THE AMENDMENT OF THE ARTICLES OF ASSOCIATION

Pursuant to article 430 § 1 and art. 415 § 1 of the Code of Commercial Companies and Partnerships, an amendment to the Articles of Association of Dom Development S.A. requires a resolution by the General Shareholders' Meeting adopted by a three-quarters majority of votes and court registration. For a resolution that is to amend the Articles of Association as to the benefits of the shareholders or limit the rights granted personally to individual shareholders under art. 354 of the Code of Commercial Companies and Partnerships, the consent of

all the shareholders affected by the resolution is required. An amendment to the Articles of Association is to be filed with the court of registration by the Management Board of Dom Development S.A. The General Shareholders' Meeting of Dom Development S.A. may authorise the Supervisory Board to determine a revised and reinstated text for the amended Articles of Association or to make such other editorial changes as defined in the resolution by the General Shareholders' Meeting.

3.4 MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.

3.4.1 PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF THE MANAGEMENT BOARD

DESCRIPTION OF THE PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF MANAGING PERSONS AND THEIR RIGHTS, IN PARTICULAR THE RIGHT TO DECIDE ON THE ISSUE OR REDEMPTION OF SHARES

In accordance with the Company's Articles of Association, the Management Board of Dom Development S.A. shall comprise between 4 and 8 members, including the President, with a three-year term of office. The Supervisory Board shall determine the number of members of the Management Board. A shareholder who holds at least 50.1% of the shares in the Company is personally vested with the right to appoint and dismiss half of the members of the Management Board, including the President of the Management Board and the Vice President of the Management Board who is responsible, pursuant to

the Management Board bylaws for the Company's finances. For an odd number of Management Board members, a shareholder who holds at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for a 5-person Management Board) and four (for a seven-person Management Board) Management Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Management Board member. The remaining members of the Management Board shall be appointed and dismissed by the Supervisory Board.

The Management Board represents the Company in and out of court. For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy.

Pursuant to paragraph 3.2.8 of the Company's Articles of Association, the Management Board is authorised to increase the Company's share capital by the issue of new shares with an aggregate nominal value of no more than PLN 1 700 000 (in words: one million seven hundred thousand) by way of one or several share capital increases within the limits specified above (authorised capital). The Management Board's right to increase share capital and issue new shares within the limits of the authorised capital up to PLN 1 700 000 shall expire 3 years from the date of the amendment to the Articles of Association made by resolution No. 27 dated 30 May 2019 by the General Shareholders' Meeting being entered in the register of entrepreneurs.

The right to increase the share capital referred to in the foregoing sentence, includes the issue of subscription

warrants with subscription rights that expire after the above mentioned period.

Upon the consent of the Supervisory Board, the Management Board may deprive a shareholder of all or a part of its pre-emptive rights in relation to shares issued within the limits of the authorised capital.

A share capital increase by the Management Board within the limits of the authorised capital is conditional upon obtaining a positive opinion in this respect from the Supervisory Board. In other cases, unless otherwise provided by the Code of Commercial Companies, the Management Board may decide on any and all matters related to share capital increases within the limits of the authorised capital.

Pursuant to paragraph 3.2.6. of the Articles of Association of the Company, a purchase of treasury shares by the Company for redemption does not require the consent of the General Shareholders' Meeting (subject to art. 393 item 6 of the Code of Commercial Companies and Partnerships) and only requires the consent of the Supervisory Board.

3.4.2 COMPOSITION OF THE MANAGEMENT BOARD

In the period from 1 January until 31 December 2020 the Management Board of Dom Development S.A. was composed of the following five members:

- Jarosław Szanajca,
President of the Management Board
- Małgorzata Kolarska,
Vice President of the Management Board
- Janusz Zalewski,
Vice President of the Management Board
- Terry Roydon,
Member of the Management Board
- Mikołaj Konopka,
Member of the Management Board

On 25 August 2020 Mr Janusz Zalewski, Vice President of the Company's Management Board filed for resignation from his position as Vice President and Member of the Company's Management Board. The said resignation took effect on 12 March 2021.

3.4.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE MANAGEMENT BOARD

The Company's Management Board acts pursuant to the provisions of the Code of Commercial Companies, the Articles of Association and unclassified and publicly available Management Board Bylaws approved by a resolution of the Supervisory Board, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Management Board is an executive body of the Company. It manages the current operations of the Company and represents the same towards third parties. The Management Board decides in all matters concerning the Company not reserved for the General Shareholders'

Meeting and/or the Supervisory Board under legal regulations, the Articles of Association of the Company or a resolution of the General Shareholders' Meeting.

For statements to be validly made and signed on behalf of the Company, two members of the Management Board are required to act jointly or one member of the Management Board is required to act jointly with a commercial proxy. Resolutions of the Management Board are adopted by an absolute majority of votes. In case of a voting deadlock, the President of the Management Board has the casting vote.

When defining strategic and current objectives for the Company, the Management Board always acted in the underlying interest of the Company and in line with legal regulations, and taking into account the interests of the shareholders, employees and creditors of the Company.

In order to ensure the transparency and efficiency of the management system, the Management Board followed the principles of professional conduct within the limits of reasonable economic risk, and took into consideration a wide range of available information, analyses and opinions.

The amount, form and structure of remuneration for the Members of the Management Board have been determined by the Supervisory Board in line with the applicable "Dom Development S.A. Remuneration Policy for Members of the Management Board and Supervisory Board" and on the basis of clear-cut procedures, and correspond to the scope of their responsibilities and competences and have taken into account the economic performance of the Company. This remuneration also corresponds to the remuneration of Management Boards in comparable companies in the real estate development market.

3.5 SUPERVISORY BOARD

3.5.1 PRINCIPLES FOR THE APPOINTMENT OR DISMISSAL OF THE SUPERVISORY BOARD

The Supervisory Board shall comprise of 5 to 9 members appointed for a three-year term of office.

The General Shareholders' Meeting shall determine the number of members of the Supervisory Board. In addition to this, the General Shareholders' Meeting shall appoint and dismiss Members of the Supervisory Board, subject to the personal right of a Shareholder holding at least 50.1% of shares to appoint and dismiss half of the Members of the Supervisory Board, including 1 Vice Chairman thereof. For an odd number of Supervisory Board members, a shareholder holding at least 50.1% of the shares in the Company is authorised to appoint, accordingly: three (for

a 5-person Supervisory Board), four (for a seven-person Supervisory Board) and five (for a nine-person Supervisory Board) Supervisory Board members. The above right is exercised by way of serving a written statement to the Company regarding the appointment or dismissal of a given Supervisory Board member.

At least two Members (and their relatives, in particular, spouses, descendants or antecedents) of the Supervisory Board appointed by the General Shareholders' Meeting should meet the criteria of so-called Independent Members, defined in article 7.7 of the Articles of Association of the Company.

3.5.2 COMPOSITION OF THE SUPERVISORY BOARD

In the period from 1 January until 31 December 2020 the Supervisory Board of Dom Development S.A. was composed of seven members as follows:

- Grzegorz Kiełpsz,
Chairman of the Supervisory Board,
- Markham Dumas,
Vice Chairman of the Supervisory Board,
- Marek Moczulski, Vice Chairman of the Supervisory Board (Independent Member),
- Mark Spiteri,
Member of the Supervisory Board,
- Michael Cronk,
Member of the Supervisory Board,
- Dorota Podedworna-Tarnowska,
Member of the Supervisory Board (Independent Member),
- Krzysztof Grzyliński, Member of the Supervisory Board (Independent Member).

3.5.3 PRINCIPLES GOVERNING THE FUNCTIONING OF THE SUPERVISORY BOARD

The Supervisory Board acts pursuant to the provisions of the Code of Commercial Companies, the Articles of Association and unclassified and publicly available Supervisory Board Bylaws, approved by the Supervisory Board's resolution, that set forth its organisation and manner of operation, and in accordance with the Code of Best Practice for WSE Listed Companies.

The Supervisory Board is a permanent supervisory body of the Company for all areas of its operation.

The Supervisory Board adopts resolutions or issues opinions in the matters reserved for the Supervisory Board under the Company's Articles of Association and in the manner provided for in the Articles of Association or relevant legal regulations.

The Supervisory Board held its meetings regularly. The meetings were attended by the Members of the Management Board. The Supervisory Board held 9 sessions, including 3 teleconferences and 6 video conferences in 2020. The Management Board provided the Supervisory Board with exhaustive information on all important matters concerning the operations of the Company.

The Supervisory Board complied with the requirement of having among its members at least two Independent Members in line with the criteria of independence set forth in the Company's Articles of Association.

Resolutions of the Supervisory Board concerning: (i) consent for the Company or a related entity of the Company to make any considerations on any account whatsoever for the benefit of the Members of the Management Board, (ii) consent for the Company or a related entity of the Company to conclude a material agreement with a related entity of the Company, a Member of the Supervisory Board or the Management Board, or entities related to such members, and (iii) the choice of a statutory auditor for the audit of the Company's financial statements, were all adopted upon the consent of the majority of the Independent Members of the Supervisory Board.

3.5.4 SUPERVISORY BOARD COMMITTEES

Two committees, the Audit Committee and the Remuneration Committee, were established within the structure of the Supervisory Board.

AUDIT COMMITTEE

In the period from 1 January 2020 until 31 December 2020 the Audit Committee was composed of the following members:

- Dorota Podedworna-Tarnowska, Chairwoman of the Audit Committee,
- Mark Spiteri, Member of the Audit Committee,
- Marek Moczulski, Member of the Audit Committee.

The Audit Committee is a permanent committee at the Supervisory Board. The Audit Committee is composed of at least three Members appointed by the Supervisory Board from amongst its Members, with at least two members of the Audit Committee, including the chairperson, also being an Independent Member of the Supervisory Board as defined in art. 129 par. 3 of the Act on statutory auditors, audit firms and public supervision of 11 May 2017 (Dz.U. 2017 item 1089) and article 7.7 of the Company's Articles of Association, and at least one of whom should have expertise and qualifications in accountancy or financial audit. At least one Member of the Audit Committee must have expertise and qualifications in the market segment where the Company operates.

The remuneration of the Members of the Supervisory Board was determined in a transparent manner and did not constitute a considerable share in the Company's costs affecting its financial result. The amount of the remuneration was approved by a resolution of the General Shareholders' Meeting and was disclosed in the annual report.

The Supervisory Board presented to the Annual General Shareholders' Meeting of the Company which was held on 31 August 2020 the following documents prepared in line with the Code of Best Practice for WSE Listed Companies:

- assessment of the situation of the Company in 2019, including the system of internal control, risk management, compliance and internal audit,
- report of activities of the Supervisory Board in 2019,
- assessment of the company's compliance with the duty of disclosure in respect of applying the principles of corporate governance as specified in the Stock Exchange Rules, and the regulations concerning current and periodic submissions by security issuers,
- assessment of the soundness of sponsorship, charity and other similar policies in place at the Company.

The statutory criteria of independence were met by the Chairwoman of the Audit Committee, Ms Dorota Podedworna-Tarnowska and a member of the Audit Committee, Mr Marek Moczulski.

All members of the Audit Committee have knowledge of and skills in accounting or auditing. Ms Dorota Podedworna-Tarnowska, Chairwoman of the Audit Committee, completed her tertiary education in finance and banking and holds the degree of doctor of economic sciences. In her professional work she makes use of her knowledge in such areas as economics, finance, accounting, auditing and the audit of financial statements. Mr Marek Moczulski, Member of the Audit Committee completed post-graduate studies with specialisation in finance management. In his professional career he makes use of his knowledge in such areas as economics, finance, auditing and the audit of financial statements. A Member of the Audit Committee Mr Mark Spiteri is a chartered accountant.

The knowledge and skills pertinent to the sector in which the Company operates, i.e. real estate development, are held by Mark Spiteri, Member of the Audit Committee, who employs his working knowledge of property

development projects and of the real estate market in his professional activities. He gained this experience when cooperating with developers and consulting companies.

The duties and competences of the Audit Committee are set forth in unclassified and publicly available Audit Committee Bylaws approved by the Supervisory Board.

The duties of the Audit Committee include, in particular (i) supervision of the Company's Management Board as regards the Management Board's compliance with relevant laws and other regulations, in particular the Accounting Act dated 29 September 1994, supervision of the preparation of financial information by the Company, in particular in respect of the choice of the accounting policy adopted by the Company, supervision of the application and assessment of the consequences of new legal regulations, supervision of the information on the manner in which estimated items, forecasts etc., are presented in annual reports and supervision of compliance with the recommendations and findings of a statutory auditor appointed by the Supervisory Board, (ii) issuing recommendations to the Company's Supervisory Board concerning the appointment and dismissal of the statutory auditor, (iii) control of the independence and objectivity of the statutory auditor, in particular in respect of a possible replacement of the statutory auditor, and of their remuneration, (iv) verification of the statutory auditor's work.

In executing its duties, the Audit Committee works with the Supervisory Board, the Management Board, middle management and the external and internal audit unit.

The Vice President of the Management Board responsible for finance, Deputy Financial Director, Financial Controller and representatives of the external and internal audit teams may attend Audit Committee meetings, if invited. The Audit Committee held 6 meetings, including 1 teleconference and 4 video conferences in 2020.

The audit firm that audited the Company's financial statements did not provide any permissible non-audit services to the Company in 2020. The audit firm that audited the Company's financial statements provided permissible non-audit services contracted by the Company in 2020 whereby such services were provided to the Company's majority shareholder. Independence of the audit firm was assessed, and the Audit Committee agreed to have these services provided by this firm.

Under the auditor selection policy in effect at the Company, the choice of the audit firm to carry out the audit is made by the Supervisory Board of Dom Development S.A., acting on the basis of a recommendation made by the Audit Committee. Transparent and non-discriminatory selection criteria were defined to be used to evaluate the bids submitted by audit firms, which the Audit Committee is guided by during the preparation of the recommendation and the

Supervisory Board is guided by during the selection of the audit firm. These are:

- a. independence and impartiality of the audit firm as a prerequisite, assuming that the audit firm submits, by the date of the statutory audit of financial statements, written confirmation of its independence from Dom Development S.A. and the companies of Dom Development S.A. Capital Group once a year to the Audit Committee. The above-mentioned entity shall also discuss with the Audit Committee all risks to its independence as well as the measures used to mitigate those risks;
- b. the fee for the audit, which cannot be based on any form of contingency, this includes not being subject to the results of the audit and being dependant or contingent on the provision of additional non-audit services for the audited company or an affiliated entity by the audit firm, an affiliated entity or a member of its network, and one of the basic criteria for the selection of an audit firm to statutory audit of financial statements is the quality and reliability of the services provided;
- c. experience gained and potential of the entity in the audit of statements of public interest entities and audit of the statements of entities with similar profile of activity, specifically in the property development or real estate sector;
- d. ability to conduct the audit throughout the country and to ensure the provision of services within the required scope;
- e. ability to monitor ongoing changes in legislation;
- f. checking the professional qualifications and experience of persons directly involved in the audit.

In accordance with the policy, as prevailing at the Company concerning permitted non-audit services rendered by an audit firm that provides statutory audit of financial statements, by an affiliate to such audit firm or by a member of the audit firm's network, no audit firm appointed for a statutory audit of financial statements, no entity affiliated with the audit firm or any member of the audit firm's network may provide directly or indirectly to Dom Development S.A. nor to its affiliated entities any prohibited services other than non-audit services nor services which are related to financial review, from the first day of the period covered by the audit to the release of the audit report. In the case of internal audit, risk management, or information system procedures, this restriction is effective in the financial year immediately preceding the audited period. The prohibited services are not the services listed in Article 136(2) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision. The services may be provided only insofar as such services are unrelated to the tax policy of Dom Development S.A. after the Audit Committee has assessed threats to independence and the safeguards

applied, and after the consent of the Audit Committee is granted. Where the auditor or audit firm provides services for Dom Development S.A. or the Dom Development S.A. Capital Group companies for a period of at least three consecutive financial years, the total fee for such services will be limited to not more than 70% of the average fee paid in the subsequent three financial years for the audit of financial statements of Dom

REMUNERATION COMMITTEE

In the period from 01 January 2020 until 31 December 2020 the Remuneration Committee was composed of the following members:

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

The Remuneration Committee is a permanent committee at the Supervisory Board. It is composed of at least three members appointed by the Supervisory Board from amongst its members, with at least two members of the Remuneration Committee being Independent Members of the Supervisory Board within the meaning of article 7.7 of the Articles of Association. The Supervisory Board appoints one member of the Remuneration Committee to the position of Chairman of the Remuneration Committee. This member serves concurrently as an Independent Member of the Supervisory Board within the meaning of article 7.7 of the Articles of Association. The

Development S.A. and consolidated financial statements of Dom Development S.A. Capital Group.

The recommendation of the Audit Committee of 2 March 2020 concerning the selection of the audit firm complies with the conditions set out in Article 130(2) of the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Supervision.

Supervisory Board may dismiss any Member of the Remuneration Committee at any time.

The duties and competences of the Remuneration Committee are set forth in unclassified and publicly available Remuneration Committee Bylaws approved by the Supervisory Board.

The duties of the Remuneration Committee include, in particular (i) periodically assessing the remuneration principles for the members of the Management Board and providing the Supervisory Board with relevant recommendations in this respect, (ii) preparation of suggestions as regards remuneration and additional benefits for individual members of the Management Board, including in particular benefits under a management share option programme (options convertible into shares in the Company's share capital) to be reviewed by the Supervisory Board, (iii) submission of projects concerning the Company's remuneration policy.

The President of the Management Board and the HR Director may attend meetings of the Remuneration Committee, if invited. The Remuneration Committee held 6 meetings, including 1 teleconference and 4 video conferences in 2020.

3.6 REMUNERATION POLICY REPORT

3.6.1 REMUNERATION SYSTEM AT THE COMPANY

The purpose of the remuneration policy for members of the management and supervisory bodies, and for key managers at Dom Development S.A. is to support the Company's strategy and its short- and long-term objectives.

No significant changes in the implementation of the remuneration policy took place at the Company in the financial year 2020. On 31 August 2020, the Annual General Shareholders' Meeting of Dom Development S.A. adopted a document entitled "Dom Development S.A. Remuneration Policy for Members of the Management Board and Supervisory Board" (the "Remuneration Policy"), which sets out the rules for remunerating members of the aforementioned authorities in the Company.

The Remuneration Policy was prepared in line with Polish and European regulations concerning remuneration in public companies. It takes into account the current business environment and the remuneration practice prevailing in the market. Its objective is to provide transparent and clear rules for remunerating members of the Management Board and the Supervisory Board, and to support the Company's business strategy, taking into account the current business environment as well as the current market practice regarding remuneration in public companies.

In particular, the Remuneration Policy takes into account the need to:

- Contribute to the implementation of the Company's business strategy and the long-term interests of the Company, its shareholders, investors and stakeholders, and to support the sustainable development of the Company;
- Ensure transparency of the rules for remunerating Members of the Management Board by establishing a single remuneration title covering all the duties performed for the Company. The Members of the Management Board may concurrently serve on governing bodies in subsidiaries;
- Set the remuneration for Members of the Supervisory Board in a manner consistent with the remuneration practice throughout the Company and in the market;
- Ensure effective management of Remuneration Policy, and prevent conflicts of interest in this area.

3.6.2 TERMS AND AMOUNTS OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE MANAGEMENT BOARD OF THE COMPANY

In accordance with the Articles of Association of the Company, the terms of contracts and remuneration for the President of the Management Board and the other Members of the Management Board is the responsibility of the Supervisory Board, upon the recommendation of the Remuneration Committee in this regard.

The Remuneration Committee reviews the remuneration principles for the members of the Management Board periodically and provides the Supervisory Board with relevant recommendations in this respect, suggests amounts of remuneration and additional benefits for individual members of the Management Board, in particular benefits under a management share option programme (options convertible into shares in the Company's share capital) for individual Members of the Management Board, to be reviewed by the Supervisory Board.

Remuneration for the Members of the Management Board of the Company and key managers stems from the Remuneration Policy adopted and consists of a fixed part (base salary), a variable part based on results (bonus system) and fringe benefits. In 2020, the principles of the remuneration system were similar to these applied in previous years, i.e. the remuneration was based on the incentive system linked to financial performance, business and financial objectives of the Company. The granting of the annual discretionary bonus was contingent on the degree of implementation of individual annual targets associated with the business objectives of the Company.

In 2020, the amount of remuneration (including bonuses) paid, accrued or potentially accrued to individual members of the management bodies for serving on these bodies at the Company and at its subsidiaries, was as follows:

REMUNERATION AND BONUSED RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Fixed remuneration items	Variable remuneration items	Non-pay benefits
for serving on the governing bodies of Dom Development S.A.			
Jarosław Szanajca	1 279	1 290	35
Małgorzata Kolarska	1 200	2 765	31
Janusz Zalewski	1 080	1 141	15
Mikołaj Konopka	120	174	-
Terry Roydon	72	870	-

REMUNERATION AND BONUSED RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A. (in PLN '000)	Entity name	Fixed remuneration items	Variable remuneration items	Non-pay benefits
for holding a position in the subsidiaries of the Company				
Jarosław Szanajca	Euro Styl S.A.	60	-	-
Jarosław Szanajca	Dom Development Wrocław Sp. z o.o.	60	-	-
Małgorzata Kolarska	-	-	-	-
Janusz Zalewski	-	-	-	-
Mikołaj Konopka	Euro Styl S.A.	600	956	23
Mikołaj Konopka	Euro Styl Construction Sp. z o.o.	6	-	-
Mikołaj Konopka	Euro Styl Development Sp. z o.o.	6	-	-
Mikołaj Konopka	Euro Styl Montownia Sp. z o.o.	2	-	-
Terry Roydon	-	-	-	-

There was no distributions from profit, except for the dividend, to executives at the Company in 2020.

In addition to this, there are Management Option Programmes at the Company which are described in detail in note 3.8 to this report and in note 7.43 to the Group's consolidated financial statements for 2020.

Options granted to and exercised by members of the Management Board of Dom Development S.A. are shown in the table below.

SHARE OPTIONS GRANTED AND EXERCISED IN 2020	Options granted as of 1 January 2020 (number of shares)	Options granted in 2020 (number of shares)	Options exercised in 2020 (number of shares)	Price of one share in the Company on the option grant date	Exercise price for one option	Option exercise date
Jarosław Szanajca	-	-	-	-	-	-
Małgorzata Kolarska	300 000	-	100 000	PLN 74.49	PLN 35.00	03.02.2020
Janusz Zalewski	-	-	-	-	-	-
Mikołaj Konopka	250 000	-	50 000	PLN 95.20	PLN 50.00	03.02.2020
Terry Roydon	-	-	-	-	-	-

3.6.3 NON-FINANCIAL COMPONENTS OF REMUNERATION FOR THE MEMBERS OF THE MANAGEMENT BOARD AND KEY MANAGERS

Remuneration of the Members of the Management Board of the Company, the Members of the Supervisory Board of the Company and key managers

at the Group also consist of fringe benefits such as private health care or a company car that can also be used for private purposes.

3.6.4 LIABILITIES ARISING FROM RETIREMENT PENSIONS FOR FORMER MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF THE COMPANY

The Company has no liabilities arising from retirement pensions or similar benefits for its former management or supervisory executives.

3.6.5 AGREEMENTS WITH THE MEMBERS OF THE MANAGEMENT BOARD IN THE EVENT OF THEIR RESIGNATION OR DISMISSAL

All members of the Company's Management Board have been remunerated on the basis of resolutions of the Supervisory Board.

None of the Company's Management Board members is entitled to compensation in the event of resignation from their function. In accordance with the resolutions of the Supervisory Board, the following Management Board members: Jarosław Szanajca, Małgorzata Kolarska and Mikołaj Konopka, in the case of dismissal for reasons other

than violation of their fundamental obligations or non re-appointment for another term of office, are entitled to the payment of 6 months' remuneration. On the basis of the resolution of the Supervisory Board, Janusz Zalewski, a Management Board member, in the case of dismissal for reasons other than the violation of his fundamental obligations is entitled to payment equal to one full month salary as calculated for the period from the day following the expiry of his term of office to 1 October 2021.

3.6.6 AMOUNT OF REMUNERATION, BONUSES AND BENEFITS RECEIVED BY INDIVIDUAL MEMBERS OF THE SUPERVISORY BOARD

In 2020, the amount of remuneration paid, accrued or potentially accrued to individual members of the supervisory bodies was as follows:

REMUNERATION AND BONUSED (in PLN '000) RECEIVED BY THE MEMBERS OF THE MANAGEMENT BOARD OF DOM DEVELOPMENT S.A.	in Dom Development S.A.	in other companies operating within the Group
Grzegorz Kiełpsz	624	-
Mark Spiteri	110	-
Markham Dumas	110	-
Michael Cronk	110	-
Dorota Podedworna-Tarnowska	110	-
Marek Moczulski	110	-
Krzysztof Grzyliński	121	-

In 2020, there were no distributions from profit to members of the supervisory bodies of the Company, except for the dividend.

3.6.7 ASSESSMENT OF THE REMUNERATION POLICY OPERATION

- The Management Board of the Company is of the opinion that Members of the Management Board and the Supervisory Board of the Company have been remunerated in compliance with the Remuneration Policy, and having the

remunerations of Board Members tied to economic performance, while meeting business objectives, is the strong foundation for maintaining the viability of the company and the long-term increase in value for shareholders.

3.7 SHAREHOLDING OF THE MEMBERS OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

TOTAL NUMBER AND NOMINAL VALUE OF ALL SHARES IN THE COMPANY AS WELL AS THE SHARES AND STOCKS IN THE COMPANIES OPERATING WITHIN THE GROUP HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY

The ownership structure of shares and share options in the Company held by the Members of the Management Board and the Supervisory Board as at 31 December 2020 was as follows:

			AS AT		CHANGE FROM	
			31 DECEMBER 2020		31 DECEMBER 2019	
	Shares	Nominal value of the shares (in PLN '000)	Share options	Shares and options, total	Shares	Share options
MANAGEMENT BOARD						
Jarosław Szanajca	1 454 050	1 454	-	1 454 050	-	-
Małgorzata Kolarska ^{*)}	220 235	220	200 000	420 235	38 735	(100 000)
Janusz Zalewski	300 000	300	-	300 000	(50 000)	-
Mikołaj Konopka ^{*)}	38 981	39	200 000	238 981	37 689	(50 000)
Terry Roydon	58 500	59	-	58 500	-	-
SUPERVISORY BOARD						
Grzegorz Kiełpsz	1 280 750	1 281	-	1 280 750	-	-
Mark Spiteri	900	1	-	900	-	-

^{*)} On 22 January 2021 Małgorzata Kolarska and Mikołaj Konopka subscribed respectively, for 100 000 and 50 000 shares in Dom Development S.A. in the exercise of the Company's share options. Detailed information about the said transaction has been presented in note 7.49 of the Consolidated Financial Statements of Dom Development S.A. Capital Group: Material post-balance sheet events.

The Members of the Management Board and the Supervisory Board of the Company did not hold any shares in other companies operating within the Group.

3.8 MANAGEMENT OPTION PROGRAMMES

3.8.1 EXISTING EMPLOYEE SHARE SCHEMES

INFORMATION ON THE AGREEMENTS THAT ARE KNOWN TO THE COMPANY AND THAT WERE CONCLUDED IN THE LAST FINANCIAL YEAR WHICH MAY RESULT IN FUTURE CHANGES IN THE PROPORTIONS OF SHARES HELD BY THE CURRENT SHAREHOLDERS

There are three management option programmes in place at the Company.

On 1 December 2017, the Supervisory Board of the Company adopted resolution no. 01/12/17 concerning the approval of the provisions of the Management Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board – CEO, concerning 500 000 shares in Dom Development S.A. ("Programme IV"). In accordance with the terms of Programme IV, Ms Małgorzata Kolarska received one-off options authorising her to subscribe for 500 000 shares in Dom Development S.A. for the price of PLN 35.00 (thirty-five zlotys only) per share. The exercise of these options is

limited to 100 000 shares in any 12 month consecutive period, starting from 1 January 2018, and the non-exercised options may be exercised at a later time, however not later than by 31 December 2027.

On 29 November 2019, the Supervisory Board of the Company adopted resolution no. 02/11/19 concerning the approval of the provisions of the Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A., concerning 250 000 shares in Dom Development S.A. ("Programme V"). In accordance with the terms of Programme V, Mr Mikołaj Konopka received one-off options authorising him to subscribe for 250 000 shares in

Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) per share. The exercise of these options is limited to 50 000 shares in any 12 month consecutive period, starting from 1 January 2020, while the non-exercised options may be exercised at a later time, however not later than by 31 December 2029.

On 1 December 2020, the Supervisory Board of the Company adopted resolution no. 01/12/20 concerning the approval of the provisions of the Management Option Programme VI for Marcin Drobek, the Adviser to the Management Board and Chief Construction Officer, concerning 150 000 shares in Dom Development S.A.

3.8.2 Employee share scheme control system

The management option programmes in place at the Company were adopted by the Company's General Meeting of Shareholders which also authorised the Supervisory Board of the Company to adopt specific rules for the implementation of the schemes.

On 30 May 2019, the Company's Management Board was authorised by the General Shareholders' Meeting of the Company to increase its share capital within the authorised capital and to issue warrants allowing subscription for shares by the participant in Management Option Programme IV for Małgorzata Kolarska, Vice

(“Programme VI”). In accordance with the terms of Programme VI, Mr Marcin Drobek received one-off options authorising him to subscribe for 150 000 shares in Dom Development S.A. for the price of PLN 50.00 (fifty zlotys only) per share. The exercise of these options will be limited to 30 000 shares in any 12 month consecutive period, starting from 1 January 2021. The non-exercised options may be exercised at a later time, however not later than by 31 December 2030.

Management Option Programmes are described in detail in the consolidated financial statements of the Group for 2020 in note 7.43.

President of the Management Board and the CEO, for 500 000 Shares in Dom Development S.A., in Management Option Programme V for Mikołaj Konopka, Member of the Management Board of Dom Development S.A. for 250 000 Shares in Dom Development S.A. and in Management Option Programme VI for Marcin Drobek, Adviser to the Management Board and Chief Construction Officer, for 150 000 Shares in Dom Development S.A. The Management Board is then entitled to adopt a resolution concerning the increase of the share capital upon the consent of the Supervisory Board.

3.9 APPLICATION OF THE DIVERSITY POLICY IN RELATION TO THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

In the opinion of the Management Board of the Company, the composition of the Management Board and the Supervisory Board of Dom Development S.A provided the diversity of age, education and professional experience necessary to achieve a multidimensional perspective supporting the activities of and supervision over the Company.

In 2020, the Company's Management Board was composed of 5 members: 4 men and 1 woman. All members of the Management Board have been with the Group for many years, and their appointment was determined by their expertise and qualifications. The Management Board of Dom Development S.A. includes people who have degrees in law, economics and property management. All Members of the Company's Management Board have many years of experience in the real estate development industry, both in the Polish and foreign markets. Their track record and broad perspective allow the Management Board to make strategic decisions effectively.

In order to safeguard the development of the Company and of the Group, the Management Board has emphasised

the development of key managers and its diversity. The directors and vice-directors of the individual divisions and departments include women and men of different educational backgrounds, professional experience and age.

The Supervisory Board of the Company includes persons with experience in various industries, also in the property development sector. The Members of the Supervisory Board include persons that have been with Dom Development S.A. for many years, namely Mr Grzegorz Kiełpsz, the Chairman of the Supervisory Board and a co-founder of the Company as well as representatives of Groupe Belleforêt S.à r.l. as the majority shareholder. There are also three Independent Members on the Supervisory Board, with a high degree of proven competence in business and financial reporting, who guarantee the highest standard of supervision over the Company. Such diversity provides a wide perspective on the operation of the Management Board of the Company and the development paths undertaken. As at 31 December 2020, the Company's Supervisory Board was composed of 6 men and 1 woman.

3.10 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Management Board of the Company is responsible for the internal control system within the Group and its effectiveness as regards the preparation of financial statements and consolidated financial statements.

The effectiveness of the Group's internal control and risk management systems in financial reporting is ensured through the following means:

- Clear division of duties and competences in the process of preparing financial information

Accounting books are kept and financial reporting is performed by highly qualified financial and accounting teams, both at the Company and companies operating within the Group. The Group's consolidated financial statements are prepared by highly qualified employees from the finance and accounting division.

The effectiveness of internal controls and the quality of the accounts are ensured, inter alia, by the appropriate allocation of competences and responsibilities within the teams and by the assignment of relevant authorisations in the IT systems used by the Group.

There are also independent teams within the Group that are responsible for budgeting and management reporting processes.

- Structure and scope of financial reporting applied by the Group

The Group's finance and accounting system is a source of data for both financial statements and consolidated financial statements. It is also a source of information for the Group's management reporting, the financial part of which is based on the accounting policy adopted by the Group (in compliance with the International Financial Reporting Standards).

Operational quantitative forecasts and financial forecasts are incorporated in the monthly financial and operational management reports, in addition to historic financial data sourced from the accounting books. These reports are scrutinised by middle and executive management of individual organisational units of the Group and by the Management Boards of the companies operating within the Group and by the Management Board of the Company. As regards closed reporting periods, the Group's financial results are scrutinised versus budgets and forecasts. In view of the specific nature of the industry, we analyse not only the aggregated groups of costs and revenues, but also the financial and operating data for the respective property development projects are analysed separately.

Any identified deviations and errors, where possible, are reviewed, clarified and corrected in the books of the Group companies on an ongoing basis.

Both managerial and statutory reporting takes place under supervision of the financial controller and the Vice-President of the Management Board - Chief Financial Officer.

- Verification of the Group's financial statements by an independent statutory auditor

In accordance with the standards adopted by the Group, the Group's financial statements are always audited by a leading and highly qualified statutory auditor.

A so-called Audit Life Cycle has been developed in the Company. This is a cyclical schedule of communication between the Management Board, the statutory auditor and the Audit Committee of the Supervisory Board. The purpose of this schedule is to ensure appropriate interaction and communication between the Audit Committee and the statutory auditor.

- Formalised process for significant assessments that considerably affect the Company's financial statements

The fundamental activity adopted by the Group so as to reduce exposure to market risks is the proper assessment of potential and control of current development projects based on investment models and decision-making procedures developed in the Company.

The basis for calculating the cost of products sold, due to the accounting policy applied in this respect, is not only the costs recorded in the books, but also the detailed

development project budgets prepared in accordance with the Group's best knowledge and experience. The budgets for all development projects are updated at least once every three months, during the execution of the projects. This process is governed by the formalised rules in place at the Group, and is scrutinised by the management boards of the companies concerned, as well as the Management Board of the Company.

Moreover, it is relevant in the process of consolidation to eliminate intra-group sales, with particular regard to accurate assessment, and then elimination of the margin realised on such sales by the Group's construction companies.

- Risk management process and internal audit

There has been a formalised risk management procedure in operation within the Company since 2000. Under this procedure the risk is managed through the identification and assessment of risk areas for all aspects of the activities in which the Company and the Group are involved, together with defining activities required to reduce or eliminate such risks (including through procedures and internal audit system). Risk management also covers the accuracy and quality of data having a bearing on the accuracy and quality of the financial statements.

The Company has an in-house internal audit unit, which carries out internal audits mainly of processes relating to risks identified in the said risk management procedure. The activities of the internal audit unit are subject to the supervision of the Audit Committee. The findings of internal audits are reported to the Audit Committee and to experts appointed by this Committee.

3.11 MATERIAL LEGAL PROCEEDINGS

As at 31 December 2020 the companies operating within the Group were not a party to any material court cases.

3.12 SPONSORSHIP AND CHARITY ACTIVITIES

The Company has been actively engaged in sponsorship, which combines support for cultural, art, sports and education institutions with the promotion of the Dom Development S.A brand. The partners to be involved with as a sponsor or on a similar basis have been selected with high ethical standards in place and with particular regard for projects having a positive effect in the areas where the property development projects of the Company and of the Group are located.

The policy implemented by the Company in 2020 in the scope of sponsorship and charity activities include involvement in projects supporting those in need, culture, promoting sport and healthy lifestyle, and the development of local communities, in particular near the residential projects run by the Company.

The special focus area of *pro bono* activities of the Company and the Group in 2020 were initiatives in support of the health care system and those particularly affected by the COVID-19 epidemic. Dom Development S.A. made donations to support the health service, i.e. PLN 100 thousand for the purchase of protective suits for medics.

The Company also donated computer equipment to support remote learning in Primary School No. 1 in Cisna, Subcarpathia, while Euro Styl S.A. co-financed the purchase of computers for Primary School No. 56 and Primary School No. 21 in Gdańsk.

Moreover, Euro Styl S.A. took part in the #PosiłekZaWysiłek initiative (Meal for Your Effort) that involved delivery of a warm meal every day. The initiative was intended to help health professionals and seniors, while helping to keep Gdańsk restaurants going. Dom Development Wrocław Sp. z o.o., in cooperation with the City Social Care Centre in Wrocław and local foundations, financed the purchase of 1 500 meals for seniors and provided volunteers of local associations with face masks and medical gloves.

In 2020, the Company continued its efforts to improve the quality of public space by integrating residential architecture with art, and also by actively promoting art as an important factor with a favourable effect on the quality of life of city inhabitants. New murals were created in the Wilno and Żoliborz Artystyczny projects as fruit of the cooperation with artists. In addition to this, a sculptural relief in a portal passageway and new neon light installations inspired by Anna Jantar's musical works appeared on these estates.

Our endeavours to cherish history and architectural monuments this time took the shape of financial contributions to the renovation of the Dominican Monastery on Freta Street in the New Town area of Warsaw and to co-financing the statue, which was unveiled in 2020, of Stanisław Jankowski "Agaton", a participant in the Warsaw Uprising and an architect, who co-designed the WZ route and the Marszałkowska Dzielnica Mieszkaniowa (MDM). These two architectural creations are considered as a model of good urban space design to this day.

The Company also engaged in initiatives to promote sport and healthy lifestyles by supporting the organisation of a Football Championship for Children from Children's Homes that was held in Warsaw in September 2020. Euro Styl S.A. provided additional finance to the "Active Senior" scheme organised by the Association of Rugby Club Arka Rumia and also financially supported sports clubs Orkan Rumia and Arka Rumia.

Educational initiatives are an important element of the Group's charity activities. Last year, Euro Styl S.A. carried out educational sessions „Kim będę?” (Who will I be?) at Primary School No. 65 in the Dolne Miasto area in Gdańsk. The objective was to present the specifics of the property development industry to pupils. In 2020, Euro Styl S.A. continued to work with the University of Gdańsk as a patron and co-author of post-graduate studies in property and development project management.

3.13 AUDITOR

INFORMATION ON THE AGREEMENT FOR THE AUDIT AND REVIEW OF THE FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS CONCLUDED WITH THE AUTHORISED AUDITOR

On 20 March 2020, in accordance with the powers granted under article 7.12.3 of the Company's Statutes and the applicable regulations and professional standards, the Supervisory Board of the Company on the basis of the recommendation made by the Company's Audit Committee, contained in its Resolution 02/03/20 of 2 March 2020, selected PricewaterhouseCoopers Polska Sp. z o.o. Audyt sp.k. (formerly: PricewaterhouseCoopers Sp. z o.o.) with its registered office in Warsaw, to audit the annual financial statements of Dom Development S.A. for the year ended 31 December 2020 and the consolidated financial statements of the Dom Development S.A. Capital Group for the year ended 31 December 2020, and to review the condensed financial statements of Dom Development S.A. for the period of six months ended 30 June 2020 and the condensed consolidated financial statements of the Dom Development S.A. Capital Group, prepared for the period of six months ended 30 June 2020.

PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. with its registered office in Warsaw at al. Polna 11 is registered as an entity licensed to audit financial statements under reg. no. 144.

The agreement with PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. with its registered office in Warsaw was concluded on 16 April 2018 for the period necessary to carry out the review and audit of the said financial statements.

The Company had previously used the services of PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2002 and 2011 and of certain companies affiliated with PricewaterhouseCoopers Polska sp. z o.o. Audyt sp.k. with its registered office in Warsaw with regard to training programmes in 2013 and 2014 and legal services in 2012-2015. The audit firm in

charge of auditing the Company's financial statements for 2020 and the Group's consolidated financial statements for 2020 as contracted by the Company also provided permissible non-audit services to the Company's majority shareholder in 2020.

The financial statements for 2018, 2019 and 2020 were audited by PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. and other PricewaterhouseCoopers Polska spółka z o.o. Audyt sp.k. related companies.

Information on remuneration due to the audit firm for 2020 and 2019 is presented in note 7.52 to the Group's consolidated Financial Statements for the year 2020.

In accordance with the statement of the Supervisory Board of the Company, the Company's Management Board reports that: the selection of the audit firm to conduct the audit of annual consolidated financial statements for the year 2020 has been carried out in line with laws, including the provisions on selection of and the selection procedure for an audit firm; the audit firm and the members of the team performing the assignment fulfilled the prerequisites for preparing an impartial and independent audit report concerning the annual consolidated accounts in accordance with applicable laws, professional best practice and the rules of professional conduct; the existing provisions related to the rotation of the audit firm and the key statutory auditor and the compulsory withdrawal periods are respected, and the Company has a policy in place regarding the choice of the audit firm and the policy in respect of the provision of additional non-audit services, including services conditionally exempted from the prohibition of the provision thereof by the audit firm, to the Company by the audit firm, an affiliate of the audit firm or a member of its professional network.

**4 APPROVAL BY THE MANAGEMENT BOARD
OF DOM DEVELOPMENT S.A.
OF THE MANAGEMENT BOARD'S REPORT OF ACTIVITIES
OF THE COMPANY AND ITS CAPITAL GROUP IN 2020**





This Management Board's report of activities of Dom Development S.A. and its Capital Group in 2020 was prepared and approved by the Management Board of the Company on 11 March 2021.

The Management Board of the Company represents that this Report of activities of Dom Development S.A. and its Capital Group in 2020 presents a true view of the development, achievements and situation of the Company, including the description of key threats and risks.

Jarosław Szanajca

President of the Management Board, Dom

Janusz Zalewski

Vice President of the Management Board, Dom

Małgorzata Kolarska

Vice President of the Management Board, Dom

Mikołaj Konopka

Member of the Management Board, Dom

Terry R. Roydon

Member of the Management Board, Dom