

Current Report No. **3 /2014**

Report Date:

**21 January 2014**

Abbreviated name of the issuer:

**DOM DEVELOPMENT S.A.**

Subject:

**Resolution of the Management Board regarding the increase of the share capital through the issuance of 17,075 series S shares within the scope of the authorised capital, and full and complete waiver of the pre-emptive rights of the existing shareholders**

Legal basis:

**Article 56.5 of the Public Offering Act – material change of confidential information**

#### **The Report:**

The Management Board of Dom Development S.A. with its registered seat in Warsaw (the "Company") informs, in accordance with Article 56.5 of the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies, dated 29 July 2005 (Journal of Laws 2009, No. 185, item 1439, as amended), about a material change of confidential information provided in the current report No. 44/2013 dated 16 December 2013.

The Management Board of the Company informs that on 21 January 2014 it adopted a resolution No. 03/01/14 regarding the increase of the share capital through the issuance of series S shares within the scope of the authorised capital, and full and complete waiver of the pre-emptive rights of the existing shareholders.

The Company's Management Board, acting on the basis of the authority granted by section 3.2.8 of the Company's Statutes, increased the Company's share capital from the existing sum of PLN 24,753,197.00 (twenty four million, seven hundred and fifty three thousand, one hundred and ninety seven Polish zloty) up to the amount of PLN 24,770,272.00 (twenty four million, seven hundred and seventy thousand, two hundred and seventy two Polish zloty) i.e. by the amount of PLN 17,075.00 (seventeen thousand seventy five Polish zloty) by issuing 17,075 (seventeen thousand seventy five Polish zloty) ordinary bearer shares of series S, with a nominal value of PLN 1.00 (one Polish zloty) each, numbered from 1 to 17,075.

The series S shares are issued by way of private placement. Pursuant to the resolution No. 01/01/14 of the Supervisory Board of the Company dated 17 January 2014, regarding the consent for the Management Board to fully waive the pre-emptive rights of the existing shareholders of Dom Development S.A., and regarding the opinion on the share capital increase of the Company through the issuance of shares within the authorised capital, the Management Board waived the pre-emptive rights of the existing shareholders with respect to the abovementioned 17,075 ordinary series S bearer shares. The objective of the issuance of the series S shares is to allow the Company to comply with its obligations under the Rules of the Dom Development S.A. 726,000 Executive Share Option

Scheme II (the "Scheme II"). The waiver of the pre-emptive rights of the existing shareholders is justified by the circumstances that the series S shares issue is addressed exclusively to the participants of the Scheme II and to allow them to exercise their rights under subscription warrants. Pursuant to the resolution of the Supervisory Board No. 02/01/14 dated 17 January 2014 regarding the grant of consent for the Management Board to determine the issue price for the series S shares at PLN 14.91 the Management Board determined the issue price for the new series S shares at PLN 14.91 (fourteen and 91/100) per share. Those shares shall be paid for in cash.