

**OPINION OF THE MANAGEMENT BOARD OF  
DOM DEVELOPMENT SPÓŁKA AKCYJNA WITH ITS REGISTERED OFFICE IN  
WARSAW**

**dated 28 March 2017**

*justifying the reasons for granting to the Management Board the right to exclude the pre-emptive rights of the existing shareholders of Dom Development S.A. and specifying the manner in which the issue price will be determined in the event that the Management Board increases the Dom Development S.A. share capital within the limits of the authorised and unissued capital*

**1) Subject matter and purpose of the opinion**

The Ordinary General Meeting was convened on 25 May 2017 to adopt resolutions, including a resolution on an amendment to the Statute aimed at authorising the Management Board to increase the share capital within the limits of the authorised and unissued capital with the right to exclude, at the discretion of the Management Board and upon the consent of the Supervisory Board, the pre-emptive rights, in full or in part, the existing shareholders may have with respect to the new shares and subscription warrants which entitle their holders to subscribe for new shares.

A draft resolution provides the Management Board the authorisation to increase the share capital by way of a new share issue with an aggregate nominal value of up to PLN 1,500,000.00 (in words: one million five hundred thousand Polish zloty) (“**Shares**”), on one or several occasions, within the limits set out above (“**Authorised Capital**”), with the right granted to the Management Board to exclude, in full or in part, upon the consent of the Supervisory Board, the pre-emptive rights the existing shareholders may have with respect to the new shares and subscription warrants which entitle their holders to subscribe for shares (“**Subscription Warrants**”).

The obligation to draft this opinion results from Art. 433 § 2 sentence 4 in conjunction with Art. 447 § 2 of the Companies Code.

**2) Justification of the reasons for excluding the pre-emptive rights**

The purpose of the issue of the Shares or the Subscription Warrants, which entitle their holders to subscribe for the Shares issued within the limits of the Authorised Capital, is:

- (a) to facilitate the Company to perform its obligations under the Management Share Options Programme IV regarding 500,000 Shares of Dom Development S.A. (**“Management Share Options Programme IV”**) or
- (b) to facilitate the Company to increase its share capital in a flexible manner to obtain additional funding intended for the achievement of the Company’s objectives, including for the development of projects or the exploitation of development opportunities, including possible acquisitions.

For these purposes, on 25 May 2017 the Company’s General Meeting will be voting on a resolution on an authorisation of the Management Board to increase the Company’s share capital within the limits of the authorised and unissued capital and to issue shares and subscription warrants entitling their holders to subscribe for the Shares until the end of the period for which the authorisation to increase the share capital was granted, i.e. for a period of three years from the date on which the amendment of the Statute made by virtue of resolution of the General Meeting was entered in the register of business entities.

**(a) Management Share Options Programme IV**

The Management Share Options Programme IV addressed to Małgorzata Kolarska, Vice President of the Management Board and Chief Operations Officer of the Company, shall provide that when the participants of Management Share Options Programme IV submit their requests to join the Management Share Options Programme IV to exercise share options to subscribe for the Shares (subscription warrants) allocated to the participants, the Management Board will adopt, upon the consent of the Supervisory Board, resolutions on increasing the share capital within the limits of the authorised and unissued capital, in the performance of which the holders of Subscription Warrants could exercise their rights to subscribe for the Shares.

In accordance with the provisions of Management Share Options Programme IV, the Company plans to issue on one or several occasions, up to 500,000 Shares with a nominal value of PLN 1.00 (in words: one Polish zloty) each, intended for the implementation of Management Share Options Programme II, within the limits of the Authorised Capital.

Due to the completion of the Management Share Options Programmes II and III, for the implementation of which the Management Board was authorized to increase the share capital within the limits of the authorised and unissued capital for the period of three years from the date on which the amendment of the Statute made by virtue of resolution No. 23 dated 28 May 2015 of the General Meeting was entered in the register of business entities, the granting of a new authorisation under the terms and conditions set forth in the proposed resolution no. 22 of the General Meeting dated 25 May 2017 and in the Statute is necessary in order to facilitate the Company to perform its obligations under the Management Share Options Programme IV.

***(b) Seeking additional funding***

Furthermore, the part of the authorised and unissued capital not used for the performance of Management Share Options Programme IV will be used to ensure to the Company the possibility to increase the Company's share capital in a flexible manner in order to obtain additional funding intended for the achievement of the Company's objectives, including for the development of projects or exploitation of development opportunities, including possible acquisitions. By using the authorised and unissued capital, the Company is in the position to take a quick decision on issuing new shares and can carry out the issuing in such a manner that, in the opinion of the Management Board, the Company will be able to achieve the aforementioned objectives.

**3) The manner of determination of the issue price of the Shares**

In the case of Management Share Options Programme IV the issue price of the Shares will be determined directly by the General Shareholders Meeting.

In the case of other objectives which are to be achieved through the use of the authorised and unissued capital, the issue price for the Shares issued on one or more occasions will be determined by the Company's Management Board. The resolutions of the Management Board in this respect will require the consent of the Company's Supervisory Board. The reason why the Management Board should be granted the powers to determine the issue price for the Shares is that in order to issue the Shares in an efficient manner the issue price must be adjusted to the demand for the offered Shares and the situation prevailing on the financial markets. Since the demand for the Shares depends on many factors which are beyond the control of the Company (including the current overall situation on the stock exchange), it is in the best interests of the

Company to grant to the entities the largest possible flexibility to determine the issue price for the Shares in order to obtain the largest possible funds for the Company and ensure that the issue of the shares is successful taking account of the requirements of a development project underway. The issue price for the Shares will be then calculated based on the value assessed with respect to the share market price or using the market standard valuation methods, taking account of the quantity and the quality of the demand for Shares or the requirements of a development project underway.

#### **4) Conclusions**

The aforementioned arguments justify that the Management Board should be granted the powers to decide on the exclusion of the pre-emptive rights, in full or in part, of existing shareholders to the Shares and Subscription Warrants within the limits of the Authorised Capital since it is economically efficient and in the best interests of the Company.

In view of the foregoing, the Management Board recommends that the Company's Ordinary General Meeting votes in favour of the adoption of the resolution on an amendment to the Statute aimed at authorising the Management Board to increase the share capital within the limits of the authorised and unissued capital with the right to exclude, at the discretion of the Management Board and upon the consent of the Supervisory Board, the pre-emptive rights, in full or in part, the existing shareholders may have with respect to the new shares and subscription warrants which entitle their holders to subscribe for new shares.

#### § 2

The resolution shall become effective upon its adoption.