RESOLUTION NO. 02/04/15
of the Management Board
of Dom Development S.A. with its registered seat in Warsaw
held on 7 April 2015
on 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

Acting under Art. 433 § 2 sentence 4 in conjunction with Art. 447 § 2 of the Polish Commercial Companies Code (“**Companies Code**”) the Management Board of Dom Development Spółka Akcyjna with its registered seat in Warsaw (“**Company**”), having considered a proposal to authorise the Management Board once again to increase the Company’s share capital by way of the issue of new shares with an aggregate nominal value of up to PLN 1,514,950 *(in words: one million, five hundred and fourteen thousand, nine hundred and fifty Polish zloty)*, on one or several occasions, within the limits set out above, with the right granted to the Management Board to exclude, in full or in part, upon the consent by the Supervisory Board, the pre-emptive rights the existing shareholders of Dom Development S.A. may have with respect to the new shares and subscription warrants which entitle their holders to subscribe for shares, hereby presents to the Ordinary General Shareholders Meeting of Dom Development S.A. convened on 28 May 2015 the following opinion:

OPINION OF THE MANAGEMENT BOARD OF
DOM DEVELOPMENT SPÓŁKA AKCYJNA WITH ITS REGISTERED SEAT IN WARSAW
dated 7 April 2015

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 within the limits of the authorised and unissued capital*

1. Subject matter and purpose of the opinion

The annual general meeting is to be convened on 28 May 2015 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 1,514,950 *(in words: one million, five hundred and fourteen thousand, nine hundred and fifty 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 Dom Development S.A. 726,000 Executive Share Option Scheme II ("**Managerial Option Programme II**"); 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 23 May 2012 the Company's general meeting authorised 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 No. 23 dated 23 May 2012 was entered in the register of business entities, i.e. until 5 June 2015.

(a) <u>Managerial Option Programme II</u>

Managerial Option Programme II provides that when the participants of Managerial Option Programme II submit their requests to join the programmes to exercise Share options to subscribe for the Shares (subscription warrants) allocated to them, 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 Managerial Option Programme II, the Company plans to issue, on one or more occasions, up to 726,000 Shares with a nominal value of PLN 1.00 *(in words: one Polish zloty)* each, intended for the execution of Managerial Option Programme II, within the limits of the Authorised Capital.

Under Managerial Option Programme II, the persons eligible to take part in this Managerial Option Programme II indicated by the Supervisory Board who accept their membership in Managerial Option Programme II will be granted options to exercise the right to subscribe for a specified number of Shares at the given price and on given dates - in connection with the granting of the options after the expiry of the period specified in Managerial Option Programme II, the Management Board will issue subscription warrants to the eligible participants.

As at the date on which this opinion was issued:

1. Under Managerial Option Programme II:

(i) 726,000 options were granted which entitle their holders to subscribe for 726,000 Shares;

(ii) in December 2009 527,975 Subscription Warrants entitling their holders to subscribe for 527,975 Shares were issued; the rights from 110,175 Subscription Warrants were exercised whereby the Company issued 110,175 ordinary bearer shares of series Ł on 20 January 2012; 6,000 Subscription Warrants expired as the result of expiration of options based on which they were issued; due to the fact that the Management Board's authorisation to increase the share capital within the limits of the authorised and unissued capital expired on 17 June 2012, as three years will have lapsed since the date on which the amendment of the Statute made by virtue of resolution of the general meeting No. 23 dated 21 May 2009 was entered in the register of business entities, 411,800 Subscription Warrants expired on 17 June 2012, and

(iii) based on authorisation of the Company's Management Board by the general meeting 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 No. 23 dated 23 May 2012 was entered in the register of business entities, the Company issued in July 2012 615,825 Subscription Warrants entitling their holders to subscribe for the aforementioned Shares; 351,765 Subscription Warrants expired as the result of expiration of options based on which they were issued; the rights from 100,875 Subscription Warrants were exercised and thereby the Company issued: 24,875 ordinary bearer shares of series M and 20,000 ordinary bearer shares of series N on 9 August 2012, 26,000 ordinary bearer shares of series O on 21 January 2013, 925 ordinary bearer shares of series P and 11,000 ordinary bearer shares of series R on 31 July 2013, 17,075 ordinary bearer shares of series S on 21 January 2014 and 1,000 ordinary bearer shares of series T on 18 November 2014.

Due to the fact that the Management Board's authorisation to increase the share capital within the limits of the authorised and unissued capital will expire on 5 June 2015, as three years will have lapsed since the date on which the amendment of the Statute made by virtue of resolution of the general meeting No. 23 dated 23 May 2012 was entered in the register of business entities, granting a subsequent authorisation on the terms and conditions set out in proposed resolution No. 23 of the general meeting to be held on 28 May 2015 and in the Statute is necessary to enable the Company to perform its obligations arising from Managerial Option Programme II. In accordance with the provisions of Managerial Option Programme II, due to the fact that the Management Board's authorisation to issue Shares within the limits of the authorised and unissued capital will expire, the Management Board will recommend to the general meeting, if necessary, the adoption of a resolution on amending the Statute and renewing the Management Board's authorisation for a period of three years from the date of the registration of an amendment to the Statute, to increase the share capital up to 726,000 Shares less the number of shares already issued under the Managerial Option Programme II to facilitate the Company to perform the obligations arising from Managerial Option Programme II, to the exclusion of the pre-emptive rights of existing shareholders, upon the consent of the Supervisory Board and to issue subscription warrants. After the renewal of the Management Board's authorisation by the general meeting (if such a renewal of the authorisation takes place) and after fulfillment of all the conditions specified in Managerial Option Programme II, the Management Board will issue a warrant or warrants to a participant or participants in a given tranche.

(b) Seeking additional funding

Furthermore, the part of the authorised and unissued capital not used for the performance of Managerial Option Programme II 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 rapidly make decisions 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.

The Company also reserves the option to use the entire authorised and unissued capital, i.e., up to PLN 1,514,950, for seeking 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. In such case, the Management Board will propose that the general shareholders' meeting of the Company grants to the Management Board of the Company subsequent authorisation to increase the share capital within the limits of the authorised and unissued capital to perform the obligations arising from Managerial Option Programme II.

3. The manner of determination of the issue price of the Shares

In the case of Managerial Option Programme II, the issue price for the Shares is determined by the Supervisory Board in a resolution listing the persons eligible to participate in Managerial Option Programme II and the number of Shares to each eligible person. The issue price at which Shares may be acquired by exercising the option granted under Managerial Option Programme II shall not be less than 90% of the arithmetical average of the closing prices of the Company’s shares on the public market over the 30 days prior to the date of the adoption of the Supervisory Board resolutions referred to above, with the condition that the price shall not be more than PLN 114.48 *(in words: one hundred and fourteen Polish zloty, forty-eight Polish groszes)*. The issue price for the Shares is determined by the Management Board in a resolution on the issuance of Shares within the limits of the Authorised Capital intended for the realisation of the Company`s obligations arising from Managerial Option Programme II, and results directly from the Supervisory Board’s resolution and repeats the issue price fixed by the Supervisory Board in its resolution listing the persons eligible to participate in Managerial Option Programme II. Furthermore, the resolution of the Management Board on the determination of the issue price for the Shares issued within the limits of the Authorised Capital requires the consent of the Supervisory Board.

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 reasons 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 then be 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. <u>Conclusions</u>

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. The manner in which the issue price for the Shares is to be determined is also reasonable.

In view of the foregoing, the Management Board recommends that the Company's Ordinary General Shareholders Meeting votes for 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.