ERBUD S.A.

REPORT ON ACTIVITIES OF THE SUPERVISORY BOARD FOR THE PERIOD FROM 1 JANUARY 2015 TILL 31 DECEMBER 2015

I. Composition of the Supervisory Board

W okresie od 1 stycznia 2015 roku do 31 grudnia 2015 roku w skład Rady Nadzorczej wchodzili:

In the period from 1 January 2014 to 31 December 2014, the Supervisory Board consisted of:

Udo Berner – Chairman of the Supervisory Board
Józef Olszyński – Vice-Chairman of the Supervisory Board
Albert Dürr – Member of the Supervisory Board
Zofia Dzik – Member of the Supervisory Board
Gabriel Główka – Member of the Supervisory Board
Michał Otto – Member of the Supervisory Board
Janusz Lewandowski – Member of the Supervisory Board

There are two committees working within the Supervisory Board:
Audit Committee consisting of:
Gabriel Główka – Chairman of the Audit Committee
Albert Dürr – Member of the Audit Committee
Józef Olszyński – Member of the Audit Committee;
Remuneration Committee consisting of:
Udo Berner – Chairman of the Remuneration Committee
Albert Dürr – Member of the Remuneration Committee
Michał Otto – Member of the Remuneration Committee.

II. Activities of the Supervisory Board

Over the period from 1 January 2015 to 31 December 2015, there were six meetings of the Supervisory Board (on 17 February 2015, 17 April 2015, 29 May 2015 (2 meetings), 25 September 2015, and 24 November 2015.)
At each meeting, the Supervisory Board got acquainted with current results of the Company's operations. The analysis also included the overall development of the construction market and the Company's performance against the market.

The other important topics dealt with by the Supervisory Board in 2015 were:

1. Continuous monitoring of financial results and performance of the financial plan for 2015, including meetings with the auditor;
2. The development strategy of ERBUD SA;
3. Financing the Company's operations (incl. cooperation with banks and the fulfilment of covenants by the Company);
4. Giving consent for new projects which exciding the powers of the Management Board - tenders for such substantial projects were discussed at the meetings, as well as approved by written resolutions taken by correspondence;
5. Issue of shares under the Management Stock Options Scheme in the Erbud Group;
6. Selecting an auditor to audit the Consolidated and Separate Financial Statements for 2015;
7. Opinions on draft resolutions of the AGM; including granting discharge to the members of the Management Board of ERBUD SA;
8. Appointment of the Management Board of Erbud SA composed of Mr. Dariusz Grzeszczak and Mr. Józef Zubelewicz for another joint term of office of three years;
9. Consideration of the request of the Management Board of ERBUD SA on the need to appoint a new member of the Management Board of ERBUD SA responsible for the development of the Group's development in the industrial sector;
10. Appointment of Audit Committee and Remuneration Committee for a joint three-year term;
11. Consent for the sale of condominium ownership right to premises located in the office property in Warsaw at 300A Puławska St. (the former seat of ERBUD SA);
12. Approval of performance, operating profit and Erbud's overhead expenses for 2016;
13. Support for the Management Board when creating the concept of Shared Services Centre.

At the above-said meetings and by correspondence passed the Supervisory Board in 2015 thirty-six resolutions in accordance with the powers set out in § 11 section 3 of the Company's Articles of Association.

The development of ERBUD in the financial year 2015 proceeded as planned. There was a further improvement in the overall outcome of the Company.

The Supervisory Board was receiving from the Management Board of Erbud SA monthly reports presenting the current financial and economic position of the Company.

Essential Company's issues and figures were analysed together with the Management Board of ERBUD both by phone, at the Supervisory Board's meetings, and in the form of video-conferencing.

The Management Board kept informed the members of the Supervisory Board in writing and verbally about special occurrences. The Management Board notified the members of the Supervisory Board in advance of all relevant events and important decisions that had to be taken.

One of the key areas of work of the Supervisory Board in 2015 was a permanent monitoring of the activities of the industrial business, focused in the ERBUD Industry Group.

In 2015, the Supervisory Board appointed an auditor to audit separate and consolidated financial statements for 2014, i.e. TPA Horwath Horodko Audit Sp. z o. o.

In 2015, the Supervisory Board of ERBUD SA recommended also to the General Meeting of Shareholders of ERBUD SA to distribute the profit generated by the Company in 2104, amounting to PLN 12,244,531.10 for:

- the payment of a dividend of PLN 6,380,962.50 (which is PLN 0.50 per share);
- Increasing the supplementary capital of the Company by PLN 5,863,568.60.

Warsaw, 25 March 2016

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Udo Berner
Chairman of the Supervisory Board