



Report of the Audit Committee of Dom Development S.A.
on the activities conducted from 1 January 2018 to 30 June 2018

**REPORT
OF THE AUDIT COMMITTEE
OF DOM DEVELOPMENT S.A.
ON THE ACTIVITIES CONDUCTED
FROM 1 JANUARY 2018
TO 30 JUNE 2018**



Warsaw, 13 July 2018



I. Personal composition and organisation of the Audit Committee.

Pursuant to the provisions of the Company's Statute and Audit Committee Bylaws dated 5 September 2006, amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010, the Audit Committee is a permanent committee of the Supervisory Board.

The Audit Committee shall be composed of at least three members appointed by the Supervisory Board from among its members, according to point 7.10 of the Company Statute at least two of whom, including its chairman, shall be Independent Members (in the meaning of Art. 129 section 3 of the Act of 11 May 2017 on auditors, audit companies and public supervision and point 7.7 of the Company's Statute). In addition at least one Audit Committee Member shall have knowledge of and skills in accounting or auditing and at least one Member of the Audit Committee shall have knowledge of and skills in the industry in which the Company operates.

During the period from 1 January 2018 to 7 June 2018 the Audit Committee acted under the following composition:

- Włodzimierz Bogucki – Chairman of the Audit Committee,
- Mark Spiteri – Member of the Audit Committee,
- Marek Moczulski – Member of the Audit Committee.

The aforementioned persons were appointed as members of the Audit Committee under Resolutions of the Supervisory Board on 22 May 2013 no. 11/05/13, no. 12/05/13 and on 2 June 2016 no. 13/05/13 and no. 11/06/16, no. 12/06/16 and no. 13/06/16.

With reference to the expiration on 7 June 2018 of the mandate of the Member of the Supervisory Board of Dom Development S.A., Mr. Włodzimierz Bogucki, the Supervisory Board appointed, starting from 7 June 2018, Mrs. Dorota Podedworna-Tarnowska as Chairman of the Audit Committee (Resolution no. 01/06/18).

The rules of organisation and the methods of operation of the Audit Committee are specified by the provisions of the Company's Statute and the Audit Committee Bylaws dated 5 September 2006, and amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010.

II. Activity of the Audit Committee.

During the period under review, the Audit Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board according to pre-decided audit and internal audit cycles.



During all sessions, minutes were taken and the decisions made by the Audit Committee took the form of resolutions.

During the period covered by this report, 2 sessions of the Audit Committee of Dom Development S.A. took place, on the following dates:

1. 2 March 2018,
2. 5 June 2018.

All sessions of the Audit Committee were convened correctly. All members of the Audit Committee were present at 1 session and 1 session took place with the required *quorum*. At some sessions of the Audit Committee certain members of the Management Board and other management also attended: Vice President of the Management Board and CFO, Mr. Janusz Zalewski, and Financial Controller and CFO Deputy, Mr. Dariusz Gołębiewski, who both provided, amongst other matters, information about issues concerning auditor remuneration, the Company's financial statements and other information that was requested by the Audit Committee to be provided by the Management Board.

One Audit Committee meeting was attended by representatives of the Company's auditor Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k., who gave explanations and information about the Company's audit procedures and conclusions. The other Audit Committee meeting was attended by representatives of the new Company's auditor PricewaterhouseCoopers sp. z o.o., who presented an advisory session for the members of the Audit Committee in the areas of changes in tax law and regulations related to accountancy and to International Financial Reporting Standards.

During the period from 1 January 2018 to 30 June 2018, the main tasks of the Audit Committee were to supervise the Management Board of the Company with respect to compliance with any applicable provisions of law and other regulations and in particular with respect to the Accountancy Law dated 29 September 1994, to supervise financial reports and information prepared by the Company, and to ensure compliance by the Management Board with the recommendations and findings of the auditors appointed by the Supervisory Board.

Additionally, the Audit Committee evaluated the auditor's works and its independence and objectiveness.

Using its authority, the Audit Committee requested from the Company specific information concerning accounting, financial, internal and external audit issues, and in particular, the members of the Audit Committee were authorised to review all books, records, the Company's annual and semi-annual financial statements, to request schedules of the work of internal controllers and auditors, to request



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explanations from the Management Board members, managers and employees of the Company to the extent necessary and to give recommendations and assessments to the Supervisory Board, within the scope of the Audit Committee tasks.