

**ASSESSMENT OF SITUATION OF LC CORP S.A.
MADE BY THE COMPANY'S SUPERVISORY BOARD**

I. Assessment of the Company's Situation

The year 2015 brought further growth to the Company operating within the real estate development sector. The Company achieved its objectives and accomplished a very successful financial result. Such a success was possible owing to the consistent execution of the development strategy it adopted which aimed at strengthening the position and increasing the influence on the real estate market in terms of both the housing segment and of commercial real estate segment.

The Supervisory Board of LC Corp S.A. believes that the activities undertaken by the Company in 2015 contributed both to the increase in the Group's financial results in 2015 and created the solid grounds for further development of the Group and strengthening its market position.

The Supervisory Board positively assesses the business strategy and objectives of the Company defined by the Management Board: enhancement of the activity in the key Polish cities (Warsaw, Wrocław, Kraków and Gdańsk) through appropriate start-up of investments from the existing portfolio and through the new acquisitions of real estate, thus diversifying the product offer with regards to the location and standard.

The Supervisory Board positively assesses the activity of the Company in 2015 and the work of the Company's Management Board which implemented the plans as adopted. The Supervisory Board has resolved that the Company is managed correctly and effectively.

**II. Assessment of the Internal Control System and Risk Management System,
Compliance and Internal Audit Function**

Risk management at LC Corp S.A. is conducted through the formalised process of periodical identification, analysis and evaluation of risk factors in various areas of Company's and Group's operations. Appropriate procedures and processes are defined in the course of the identification of the risks whose implementation is aimed at the elimination or mitigation of the risks for the Company and the Group. The Company does not have a specialised and functionally separated internal control (internal audit) unit or compliance: these activities are identified and supervised directly by the Management Board.

The Supervisory Board supervised the activity of the Management Board in risk management at the Company. In the opinion of the Supervisory Board, the systems of management of key risks (i.e. operating, legal and financial risks) developed at the Company, were functioning properly.

The Supervisory Board did not have any committees, and the audit committee function was performed by the Supervisory Board which fulfilled its duties in 2015 in a comprehensive manner, adequately to the specific operations of the Company and in compliance with legal regulations, representing the interests of the shareholders.

Annex No. 1 to the Resolution of the Supervisory Board No. 2/2016

In the opinion of the Supervisory Board, the Company's Management Board identified appropriately the risks material for the Company and managed them effectively in the dynamically changing external environment.

III. Assessment of how the Company Fulfilled Information Obligations Regarding the Application of Corporate Governance Rules Set Out in the Stock Exchange Rules and Regulations on Current and Periodical Reporting by Issuers of Securities

In the opinion of the Supervisory Board, in 2015 the Company duly fulfilled its information obligations on corporate governance rules set out in the Good Practices of Companies Listed on the Warsaw Stock Exchange 2016 and the obligations under the regulations on current and periodical reporting by issuers of securities.

Wrocław, 11 March 2016