MLP Group S.A.

Separate

Annual Report

FOR THE YEAR ENDED 31 DECEMBER 2015

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This document is a translation.
Polish version prevails

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I. Letter of the President of Management Board to Shareholders

Dear Shareholders,

On behalf of the Management Board we have the pleasure to present the Annual Report of the MLP Group S.A. for 2015. We have had a very successful period behind us, during which we have strengthened the position of the MLP Group in a dynamically developing warehouse market.

Macroeconomic situation

2015 was characterized by various trends in the global economy, fluctuations in exchange rates and uncertainty in global markets, which also had an impact on the situation in Poland. Despite these conditions, the Polish economy has developed and maintained overall stabilization. In 2015 Gross Domestic Product in our country grew by 3.6% while the unemployment rate was 9.8%. It is estimated that in 2016 the Polish economy will grow by about 3.7%, similarly to the prior year.

Warehouse property market

At the end of 2015 the total supply of modern warehouse space in Poland amounted to approx. 9.76 million sqm. In 2015 approx. 930,000 sqm of new warehouse space was delivered to the market, which was comparable to 2014. The last two years have been a record in terms of developers' activity. It is expected that this trend will continue in 2016. Currently there is almost 900,000 sqm of warehouse space under construction. The most active regions are Warsaw, Poznań and Upper Silesia, which account for approximately 400,000 sqm of the warehouse space currently under construction.

2015 was also the year of a systematic decrease in the vacancy rate. Compared to the end of 2014, the average vacancy rate decreased from 5.8% to 5%, reaching the lowest level in history.

In 2015 approx. 750,000 sqm of new space was rented. Monthly rents in main Polish regions ranged from 2.50 - 3.90 EUR / sqm.

2015 events concerning MLP Group

The year 2015 was a year of continued expansion of our Group to new markets - the Group purchased land on which it is planned to build two new logistics parks, MLP Gliwice and MLP Wroclaw.

In the past year MLP Group has achieved significant growth in net asset value (NAV), which at the end of 2015 amounted to PLN 647.4 million - an increase of 16% compared to the previous year.

In the past year, the Group generated PLN 74.6 million of net profit, i.e. 36% more than in 2014. Consolidated revenues of PLN 102.1 million were 0.7% lower in 2015 than in the previous year. In the first three quarters of 2015 the Group's revenues increased steadily on a year to year basis. The decrease occurred only in the fourth quarter as a result of the sale of two logistics parks, MLP Tychy and MLP Bieruń, which took place in late September and mid-October last year. The total area leased in these parks, at the time of sale, was over 123 thousand sqm.

Sales of logistics parks MLP Tychy for EUR 62,663 thousand and MLP Bieruń for EUR 17.125 thousand was in line with the strategy set out in the prospectus.

In 2015, the Group carried out investment projects with a total area of 83.9 thousand sqm, including the construction of 66.1 thousand sqm started in 2015, and 17.8 thousand sqm that was the continuation of the work started in the previous year. Projects with an area of 32.4 thousand sqm were completed. At the end of last year MLP Group had a total of 276.4 thousand sqm of commercial space. At the same time the vacancy rate of 2.8% was lower in comparison to the previous year.

The Group is currently operationg four operational logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań and MLP Lublin. There is a fifth park under development, MLP Teresin. In 2015, the Group bought the land for the construction of two new logistics parks: MLP Gliwice and MLP Wroclaw, on which it intends to build a total of 142 thousand sqm. Including these projects, total target warehouse area of MLP Group is 767.3 thousand sqm. The total size of surplus land in Poland is 96.3 hectares.

In the Management Board's opinion the Group is in an excellent financial situation, has a very good capital structure enabling the realization of long-term strategic objectives, owns land available for future projects located in prime locations and has a highly qualified management team. All these factors, plus an increase in the macroeconomic indicators in the Polish economy should positively affect the realization of the long-term strategic objectives of the MLP Group.

We would like to thank all our shareholders for their continuing support and confidence. We will do our best for effective and consistent realization of our strategy, reaching the best financial results and constant growth of the MLP Group S.A. Capital Group.

Michael Shapiro
President of Management Board

Radosław T. Krochta
Chief Executive Officer
Vice-President of
Management Board

II. Statement of the Management Board

The separate financial statements of MLP Group S.A. for the period from 1 January 2015 to 31 December 2015 and the comparative data for the period from 1 January 2014 to 31 December 2014 was prepared in compliance with the applicable accounting principles, which are disclosed in note 3, and reflect true and fair view of financial position and financial results of the Company. Management Board's Report on the activities of MLP Group S.A. presents a true overview of the development and achievements of the Company and business situation, including basic risks and exposures.

We declare that the audit firm performing audit of the separate financial statements of MLP Group S.A. for the period of 12 months ended 31 December 2015 - KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa was appointed in compliance with the respective provisions of law. The audit firm and the certified auditors performing the audit met the conditions to issue an independent opinion in compliance with relevant regulations and professional standards.

Michael Shapiro
President of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 14 March 2016

(data in thousands of PLN, unless otherwise stated)

III. Selected financial data of MLP Group S.A.

Average exchange rates of Polish zloty against Euro in the period covered by the separate financial statements:

	31 December 2015	31 December 2014
Average exchange rate during the period *	4,1848	4,1893
Average exchange rate at the last day of the period	4,2615	4,2623

** Arithmetic average of the average exchange rates published on the last day of each month in the reporting period.*

Main positions of the separate statement of financial position converted into Euro:

as at	31 December 2015		31 December 2014	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Non-current assets	210 954	49 502	125 227	29 380
Current assets	32 016	7 513	105 477	24 746
Total assets	**242 970**	**57 015**	**230 704**	**54 126**
Long-term liabilities	40 285	9 453	-	-
Short-term liabilities	13 765	3 230	48 586	11 399
Equity, including:	188 920	44 332	182 118	42 727
Share capital	4 529	1 063	4 529	1 063
Total equity and liabilities	**242 970**	**57 015**	**230 704**	**54 126**
Number of shares (in units)	18 113 255	18 113 255	18 113 255	18 113 255
The book value and diluted book value per share (in PLN)	10,43	2,45	10,05	2,36

To translate the separate statement of financial position the average exchange rate published by the National Bank of Poland (NBP) on the last day of the reporting period was used.

The main positions of the separate statement of profit or loss and other comprehensive income converted into Euro:

for the year ended	31 December 2015		31 December 2014	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand
Revenues	8 829	2 110	8 230	1 965
Selling and administrative expenses	(7 875)	(1 882)	(6 864)	(1 638)
Operating profit/(loss)	1 363	326	(1 212)	(289)
Profit before taxation	3 448	824	1 059	253
Net profit/(loss) from continuing operations	6 802	1 625	(3 691)	(881)
Total comprehensive income	**6 802**	**1 625**	**(3 691)**	**(881)**

(in thousands of PLN, unless otherwise stated)

To translate the separate statement of profit or loss and other comprehensive income an average Euro exchange rate calculated as the arithmetic average of the exchange rates published on the last day of each month in the reporting period by the National Bank of Poland (NBP) on that day was used.

The main positions of the separate statement of cash flows converted into Euro:

for the year ended	**31 December 2015**		**31 December 2014**	
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
			(restated data)	
Net cash flow from operating activities	(2 109)	(504)	2 559	611
Cash flow from investing activities	(14 905)	(3 562)	(43 007)	(10 266)
Cash flow from financing activities	7 055	1 686	2 099	501
Total cash flow	**(9 959)**	**(2 380)**	**(38 349)**	**(9 154)**

To translate the separate statement of cash flows an average Euro exchange rate (calculated as the arithmetic average of the average exchange rates published on the last day of each month in the reporting period by the National Bank of Poland (NBP) on that day was used.

as at	**31 December 2015**		**31 December 2014**	
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
Cash at the beginning of the period	20 211	4 742	58 561	14 121
Cash at the end of the period	10 252	2 406	20 211	4 742

To translate the above data of the separate statement of cash flows the following exchange rates were used:

- for the position "Cash at the end of the period" the average exchange rate published by the National Bank of Poland (NBP) on the last day of the reporting period was used
- for the position "Cash at the beginning of the period" the average exchange rate published by the National Bank of Poland (NBP) on the last day of the period proceeding the reporting period was used

Euro exchange rate on the last day of the reporting period ended 31 December 2013 was 4.1472 EUR/PLN.

MLP Group S.A.

Separate financial statements

for the year ended 31 December 2015

prepared in accordance with IFRS EU

Approval of the separate financial statements

On 14 March 2016, the Management Board of MLP Group S.A. approved the separate financial statements of MLP Group S.A. ("Financial Statements") for the period from 1 January 2015 to 31 December 2015.

The separate financial statements for the period from 1 January 2015 to 31 December 2015 have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU"). Information is presented in this report in the following sequence:

1. Separate statement of profit or loss and other comprehensive income for the period from 1 January 2015 to 31 December 2015, with a net profit of PLN 6.802 thousand.
2. Separate statement of financial position as at 31 December 2015, with total assets and total liabilities and equity of PLN 242.970 thousand.
3. Separate statement of cash flows for the period from 1 January 2015 to 31 December 2015, with a net cash decrease of PLN 9.959 thousand.
4. Separate statement of changes in equity for the period from 1 January 2015 to 31 December 2015, with an equity increase of PLN 6.802 thousand.
5. Explanatory information to the separate financial statements.

The separate financial statements have been prepared in PLN thousand, unless otherwise stated.

Michael Shapiro
President of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 14 March 2016

(data in thousands of PLN, unless otherwise stated)

Separate statement of profit or loss and other comprehensive income

for the year ended 31 December	Note	2015	2014
Continuing operations			
Revenues	6	8 829	8 230
Other operating income	7	516	299
Other operating costs	8	(107)	(2 877)
Selling and administrative expenses	9	(7 875)	(6 864)
Operating profit/(loss)		**1 363**	**(1 212)**
Financial income	10	2 907	3 456
Financial costs	10	(822)	(1 185)
Net financial income		**2 085**	**2 271**
Profit before taxation		**3 448**	**1 059**
Corporate income tax	11	3 354	(4 750)
Net profit/(loss) from continuing operations		**6 802**	**(3 691)**
Total comprehensive income		**6 802**	**(3 691)**
Profit/(loss) per share			
- Basic and diluted profit/(loss) for the year attributable to the ordinary shareholders of the Parent Company	19	0,38	(0,20)

(data in thousands of PLN, unless otherwise stated)

Separate statement of financial position

as at 31 December	Note	2015	2014
Non-current assets			
Intangible assets		5	10
Tangible fixed assets		13	16
Long-term financial assets in related parties	12	122 209	121 142
Long-term investments	13	82 674	1 406
Deferred tax assets	15	6 005	2 651
Other long-term investments		48	2
Total non-current assets		**210 954**	**125 227**
Current assets			
Short-term investments	14	19 132	83 629
Corporate income tax receivables	16	13	-
Trade and other receivables	16	2 619	1 637
Cash and cash equivalents	17	10 252	20 211
Total current assets		**32 016**	**105 477**
TOTAL ASSETS		**242 970**	**230 704**
Equity	18		
Share capital		4 529	4 529
Other capital reserve		4 194	4 194
Share premium		71 121	71 121
Reserve capital		64 485	64 485
Retained earnings		44 591	37 789
Total equity		**188 920**	**182 118**
Long-term liabilities			
Loans and other debt instruments	20	40 285	-
Total long-term liabilities		**40 285**	**-**
Short-term liabilities			
Loans and other debt instruments	20	11 096	43 545
Payroll liabilities	21	1 917	1 432
Corporate income tax liabilities	22	-	336
Trade and other liabilities	22	752	3 273
Total short-term liabilities		**13 765**	**48 586**
Total liabilities		**54 050**	**48 586**
TOTAL EQUITY AND LIABILITIES		**242 970**	**230 704**

(data in thousands of PLN, unless otherwise stated)

Separate statement of cash flows

for the year ended 31 December	Note	2015	2014
Cash flows from operating activities			
Profit before taxation		3 448	1 059
Adjustments for:			
Depreciation and amortization		48	53
Net interest		(1 587)	(1 432)
Foreign exchange losses		(604)	410
Other		(47)	12
Changes in trade and other receivables		(982)	(487)
Changes in short-term trade and other liabilities		(2 036)	3 349
Cash flow generated from operating activities		**(1 760)**	**2 964**
Income tax paid		(349)	(405)
Net cash flow from operating activities		**(2 109)**	**2 559**
Cash flows from investing activities			
Expenditure on financial assets		(1 067)	-
Repayments of loans granted		32 288	28 093
Interest received		1	803
Purchase of investment property, tangible fixed assets and intangible assets		(40)	(30)
Loans granted		(46 087)	(71 873)
Cash flow from investing activities		**(14 905)**	**(43 007)**
Cash flows from financing activities			
Proceeds from loans received		10 970	2 700
Repayment of loans		(3 915)	(600)
Interest paid		-	(1)
Cash flow from financing activities		**7 055**	**2 099**
Total cash flow		**(9 959)**	**(38 349)**
Cash and cash equivalents at the beginning of the period		**20 211**	**58 561**
Foreign exchange losses/gains on cash and cash equivalents		-	(1)
Cash and cash equivalents at the end of the period	17	**10 252**	**20 211**
- including restricted cash and cash equivalents	17	-	-

(data in thousands of PLN, unless otherwise stated)

Separate statement of changes in equity

	Share capital	Other capital reserve	Share premium	Reserve capital	Retained earnings	Total equity
Equity as at 1 January 2014	**4 529**	**4 194**	**71 121**	**64 485**	**41 480**	**185 809**
Comprehensive income						
Financial result	-	-	-	-	(3 691)	**(3 691)**
Total comprehensive income for the year ended 31 December 2014	**-**	**-**	**-**	**-**	**(3 691)**	**(3 691)**
Equity as at 31 December 2014	**4 529**	**4 194**	**71 121**	**64 485**	**37 789**	**182 118**
Comprehensive income						
Financial result	-	-	-	-	6 802	**6 802**
Total comprehensive income for the year ended 31 December 2015	**-**	**-**	**-**	**-**	**6 802**	**6 802**
Equity as at 31 December 2015	**4 529**	**4 194**	**71 121**	**64 485**	**44 591**	**188 920**

Explanatory information to the separate financial statements

1. General information

1. 1 Information on MLP Group S.A.

MLP Group S.A. ("Company", "Entity", "Issuer") is a joint-stock publicly-traded company registered in Poland. The Company headquarter's is seated in Pruszków, 3 Maja 8 Street.

The Company was established as a result of a transformation of the state company Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy seated in Pruszków into the joint-stock company fully owned by the state. The notarial deed of transformation was drawn up on 18 February 1995. The company operates under the name of MLP Group S.A. by virtue of resolution of the Company's General Meeting of 27 June 2007.

Currently, the Company is registered in the National Court Register in the District Court for the Capital City of Warsaw, XIV Commercial Department under the National Court Register number of 0000053299.

The core business activities of the Company include: management, acquisition and sale of real estate, rental of real estate, management of residential and non-residential properties, construction works related to construction of buildings and other construction (see note 5). The prevailing type of the Company's business is characterized by the 7032Z symbol of the Statistical Classification of Products by Activity of the European Economic Community, which refers to property management services.

The Company's financial year is defined as the calendar year.

The duration of the Company is unlimited.

1. 2 Information on the Capital Group

The parent company of the Company is CAJAMARCA HOLLAND B.V. that is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

The ultimate parent company is Israel Land Development Company Ltd., registered in Tel Aviv, Israel (“ILDC”). ILDC shares are listed on the Stock Exchange in Tel Aviv.

As at the end of the reporting period, MLP Group S.A. is the parent company of 21 subsidiaries: MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Pruszków IV Sp. z o.o., MLP Moszna I Sp. z o.o., MLP Spółka z ograniczoną odpowiedzialnością SKA, MLP Energy Sp. z o.o., MLP Poznań Sp. z o.o., MLP Lublin Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Bieruń Sp. z o.o., MLP Bieruń I Sp. z o.o., MLP Sp. z o.o., MLP Property Sp. z o.o., MLP Teresin Sp. z o.o., MLP Poznań West Sp. z o.o., MLP Fin Sp. z o.o., LOKAFOP 201 Sp. z o.o., LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA, MLP Wrocław w organizacji Sp. z o.o., MLP Gliwice w organizacji Sp. z o.o.

Additional information on the subsidiaries is included in note 12.

1. 3 Composition of the Management Board

As at the date of preparation of the separate financial statements, the composition of the Management Board is as follows:

- Michael Shapiro - President of the Management Board
- Radosław T. Krochta - Vice-President of the Management Board
- Tomasz Zabost [1)] - Member of the Management Board

[1)] On 14 January 2015, according to the resolution of the Supervisory Board Mr. Tomasz Zabost was appointed to the position of Member of the Management Board.

1. 4 Composition of the Supervisory Board

As at the date of preparation of the separate financial statements, the composition of the Supervisory Board is as follows:

- Shimshon Marfogel - President of the Supervisory Board
- Yosef Zvi Meir - Member of the Supervisory Board
- Eytan Levy - Vice-President of the Supervisory Board
- Guy Shapira [1)] - Member of the Supervisory Board
- Jacek Tucharz - Member of the Supervisory Board
- Maciej Matusiak - Member of the Supervisory Board

[1)] On 3 March 2015, Mr. Baruch Yehezkelov resigned from the position of Member of the Supervisory Board. For the position of Member of the Supervisory Board, Mr. Guy Shapira was appointed by one of the Company's shareholder - Miro B.V. - according to rights arising from Company's Articles of Association.

2. Basis for the preparation of the separate financial statements

2. 1 Statement of compliance

MLP Group S.A. prepared separate financial statements in accordance with the accounting principles issued by the International Accounting Standards Board approved by the European Union, defined as the International Financial Reporting Standards ("IFRS EU"). The Company has applied all Standards and Interpretations adopted by the European Union except Standards and Interpretations listed below that are awaiting approval of the European Union and the Standards and Interpretations that have been approved by the European Union, but not yet effective.

2. 2 Status of Standards Approval in the European Union

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods ending on 31 December 2015 and have not been applied in preparation of the separate financial statements. Impact of new standards on the separate financial statements was presented below.

(data in thousands of PLN, unless otherwise stated)

2. 2. 1 *Standards and Interpretations approved by the European Union that are not yet effective as at the end of the reporting period.*

The Company plans to adopt the following new, but not yet legally binding as at the date of approval for publication of the financial statements, standards and changes to standards and interpretations of IFRS published by International Accounting Standards Board when they become effective.

Standards and interpretations approved by the European Union, which did not come into force for annual periods.	Possible impact on the financial statements.	Effective date for periods starting on or after
Amendments to IAS 19 Employee Benefits: Defined Benefit Plans: Employee Contributions	no significant impact	1 February 2015
Improvements to IFRS (2010-2012) - IFRS 2 Share-based payment - IFRS 8 Operating segments - IFRS 9 Financial instruments - IAS 39 Financial Instruments: Recognition and Measurement - IFRS 13 Fair Value Measurement - IAS 16 Property, Plant and Equipment - IAS 38 Intangible Assets	no significant impact	1 February 2015
Accounting for Acquisition of Interest in Joint Operations	no impact	1 January 2016
Agriculture - Bearer plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)	no impact	1 January 2016
Clarification of Acceptable Methods of depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)	no impact	1 January 2016
Amendments to International Financial Reporting Standards 2012-2014, including: - IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - IFRS 7 Financial Instruments: Disclosures - IAS 19 Employee Benefits - IAS 34 Interim Financial Reporting	no significant impact	1 January 2016
Disclosure Initiative (Amendments to IAS 1 Presentation of Financial Statements)	no significant impact	1 January 2016
Equity Method in Separate Financial Statements	no significant impact	1 January 2016

(data in thousands of PLN, unless otherwise stated)

2. 2. 2 Standards and interpretations not yet endorsed by the European Union

Standards and interpretations approved by the European Union.	Possible impact on the financial statements.	Effective date for periods starting on or after
IFRS 9 Financial Instruments (2014)	no significant impact	1 January 2018
IFRS 14 Regulatory Deferral Accounts	no impact	1 January 2016
IFRS 15 Revenue from Contracts with Customers	no significant impact	1 January 2017
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures	no impact	1 January 2016
Investment Entities. Applying the Consolidation Exception (Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures)	no impact	1 January 2016
IFRS 16 Leases	The Group hasn't prepared an analysis of the impact of new standard on its financial situation and results.	1 January 2019
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes)	no significant impact	1 January 2017
Diclosure initiative (Amendments to IAS 7 Statement of Cash Flows)	no significant impact	1 January 2017

2. 3 Basis for preparation of the financial statements

The separate financial statements has been prepared assuming that the Company will continue to operate as a going concern in the foreseeable future and in conviction that there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

The separate financial statements has been prepared on the historical cost basis except for the following items:

- financial instruments at fair value through profit or loss which are measured at fair value,
- cash settled share-based payments measured at fair value,
- available-for-sale financial instruments measured at fair value.

For fair value measurement methods see note 3.

2. 4 Functional and presentation currency and methods applied to translation of financial data

2. 4. 1 Functional and presentation currency

These separate financial statements is presented in Polish zloty rounded to the nearest thousand. This is the Company's functional currency and the presentation currency of the separate financial statements.

2. 4. 2 Methods applied to translation of financial data

To translate positions of the separate statement of financial position denominated in foreign currencies, the following exchange rates were used (in PLN):

Separate statement of financial position:

as at 31 December	**2015**	**2014**
EUR	4,2615	4,2623
PLN	3,9011	3,5072

2. 5 Use of estimates and judgments

The preparation of financial statements in conformity with IFRS EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.
Estimates and assumptions are based on experience and other reasonable factors and their results provide the basis for the carrying amount of assets and liabilities and which does not result directly from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period, that the estimates are revised and in any future periods affected. Significant estimates are based on valuation performed by independent experts.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3. 1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency by applying the spot exchange rate at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated using the closing date. Non-monetary assets and liabilities that are measured based at historical costs or purchase price in foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rate at the date when the fair value is measured.

3. 2 Financial instruments

3. 2. 1 Non-derivative financial instruments

Non-derivative financial instruments include equity instruments, debt securities, trade and other receivables, cash and cash equivalents, credits and loans and trade and other liabilities.

Non-derivative financial instruments are initially measured at fair value increased by the transaction costs – with the exception of investments measured at fair value through profit or loss (with exceptions mentioned below).

The Company initially recognizes financial assets on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Standardized transactions are recognized on the day of transaction, i.e. on the day of commitment to buy or sell. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Cash and cash equivalents comprise of cash in hand and bank deposits with maturities of up to 3 months from the end of the reporting period. The balance of cash and cash equivalents presented in the separate statement of cash flows comprises the above-mentioned cash and cash equivalents less bank overdrafts that form an integral part of the Company's cash management system.

3. 2. 2 Held-to-maturity financial instruments

Held-to-maturity financial assets comprise other than derivatives financial instruments that have defined payments terms and maturity dates and the Company has the positive intent and ability to hold instruments to maturity excluding financial instruments that are classified as financial assets at fair value through profit or loss, available-for-sale financial assets or loans and receivables.
Current assets comprise assets which will be sold within twelve months from the end of the reporting period.

Subsequent to initial recognition, held-to-maturity financial assets are measured at amortized cost using the effective interest method, less any impairment losses.

3. 2. 3 Loans and receivables

Loans and receivables are financial assets, other than derivative instruments, with fixed or determinable payments that are not quoted in an active market. Such assets are recognized as result of cash expenditure, delivery of goods or rendering of services for a debtor without intent to classify these receivables as financial assets measured at fair value through profit or loss. They are recognized as current assets except for those with maturities exceeding twelve months from the reporting date.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Revaluation includes the time and probability of the payment.

3. 2. 4 Financial instruments at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company actively manages such investments and makes purchase and sale decisions based on their fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein are recognized in profit or loss.

The fair value of financial instruments unquoted in an active market (e.g. derivative instruments unquoted on the market) is determined by means of individual analysis based on discounted cash flow. The result of valuation is recognized in profit or loss.

3. 2. 5 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. They are recognized as current assets, as long as there is the intent of selling them within 12 months of the reporting date. Subsequent to initial recognition, available-for-sale financial assets are measured at fair value except for equity investments that do not have a quoted market price on an active market and the fair value of which is not reliably measurable.

Gain or loss from the valuation of available-for-sale financial assets is presented as other comprehensive income until the asset is sold or until impaired, at which point the gain or loss previously recognized as other comprehensive income is reclassified to profit or loss.

3. 2. 6 Long-term financial assets in related entities

They include shares in related entities and are specific contracts based on which an entity has a rights to the assets of other company.

Shares in related entities are measured at acquisition cost less impairment allowances.

3. 3. Equity

Equity is recorded in accounting books by type, in accordance with legal regulations and the Company's Articles of Association.

3. 3. 1 Share capital

Share capital is recorded in the amount stipulated in the Company's Articles of Association and registered in the National Court Register.

Preference shares are classified as equity if they are non-redeemable, or are redeemable only at the Parent Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Preference share capital is classified as liability if it is redeemable on a specific date or on shareholder's option or if the dividend payments are not discretionary.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. The repurchased shares are presented as a separate position in equity as a negative value.

3. 3. 2 Other capital reserves

Other capital reserves is the capital designed by the Company's Articles of Association to cover special losses or expenditures.

3. 3. 3 Share premium

Share premium is created by the surplus of the issuance value in excess of the par value of shares. It is presented as a separate position within equity. Issuance costs of shares and option decrease the premium.

3. 3. 4 Reserve capital

Reserve capital encompasses the capital comprised of the distribution of earnings from previous years. It also includes amounts transferred in accordance with applicable regulations.

3. 3. 5 Retained earnings

Retained earnings include current period result and undivided profit from previous years.

3. 4. Tangible fixed assets

Tangible fixed assets consist of property, plant and equipment, investments in third party's tangible assets, assets under construction and assets under finance lease (leases in terms of which the Company assumes substantially all of the risks and rewards of ownership, and the expected duration of their use exceeds one year).

3. 4. 1 Valuation of tangible fixed assets

Tangible fixed assets are measured at cost i.e. either at acquisition price or construction cost less accumulated depreciation and any impairment losses

The cost of an item includes the purchase price of an asset and costs directly attributable to the purchase of property, plant and equipment and bringing it into use, including the costs of transportation, loading, unloading and storage. Discounts, rebates and other similar returns decrease the purchase price of property, plant and equipment. The cost of property, plant and equipment and tangible fixed assets under construction includes all costs incurred by the Company during its construction, installation, adjustment and improvement and interest costs of loans taken out to finance the construction of fixed assets which are directly attributable to the construction of fixed assets, until the date of bringing such an asset into use (or until the end of the reporting period) if the asset is not yet available for use). The construction costs also include, in case where this is required, the initial estimate of the costs of dismantling and removing items of property, plant and equipment and restoring the original site. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

In case where a specific item of property, plant and equipment consists of distinct and significant components with different useful lives, they are accounted for as separate fixed assets.

3. 4. 2 Subsequent expenditures

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance is expensed as incurred.

3. 4. 3 Depreciation

Items of property, plant and equipment, or their major components are depreciated on a straight-line basis over the estimated useful life, allowing for the net selling price of an asset (residual value). Land is not depreciated. The basis for calculating depreciation is the purchase price or construction cost less residual value, on the basis of the useful life of an asset adopted by the Company and periodically verified. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, until the earlier of the following dates: the day a fixed asset is classified as held for sale, is removed from the separate statements of financial position, the residual value of an asset exceeds its the carrying amount or the asset has already been fully depreciated.
The estimated useful lives for items of property, plant and equipment are as follows:

Machinery	3 - 16 years
Vehicles	5 - 7 years
Furniture and equipment	1 - 5 years

Adequacy of useful lives, depreciation methods and residual values of property, plant and equipment (if not negligible) are verified periodically by the Company.

3. 5. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance which value has been determined in a reliable manner which will result in the entity deriving economic benefits in the future.

Intangible assets that are acquired by the Company are measured at cost less accumulated amortization and accumulated impairment losses.

Intangible assets are amortized on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use (unless not determined). Intangible assets are amortized to the earlier of the dates: when the asset is classified as available for sale, is removed from the balance sheet, when its residual value is higher than the carrying amount or when it is completely amortized.

3. 6. Impairment of assets

3. 6. 1 Financial assets

A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses on available-for-sale financial assets are calculated in relation to their current value.

The carrying amounts of individual financial assets of significant value are reviewed at each reporting date to determine whether there is any indication of impairment. Other financial assets are reviewed collectively, grouped by credit risk levels.

Impairment losses are recognized in profit or loss. If the fair value of an impaired available-for-sale financial assets was recognized in other comprehensive income, cumulated loss recognized previously in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses are reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the recognition of an impairment loss. Impairment losses in respect of investments in equity instruments classified as held for sale are recognized in profit or loss. If the fair value of debt instruments classified as held for sale increases and the increase can be objectively related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the amount of the reversal recognized in profit or loss.

3. 6. 2 Non-financial assets

The carrying amounts of the Company's non-financial assets, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill, indefinite-lived intangible assets and intangible assets which are not available for use are tested annually for impairment.

Impairment loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing of assets that don't generate independent cash flows, value in use is estimated for the smallest identifiable cash generating units to which those assets are allocated.

An impairment loss in respect of goodwill is not reversed. At the end of each reporting date, impairment is assessed if there is any indication of reversal of impairment. For other assets, an impairment loss is reversed (if there are changes in estimates) only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. 7. Employee benefits

Defined benefit plans

The Company is obliged to collect and pay contributions for pension benefit for employee. According to IAS 19 a defined benefit national plan is a post-employment benefit plan. Therefore, a liability related to each period is recognized on the base of amounts contributed for the year.

3. 8. Cash settled share based payment

Employees are entitled to annual bonuses in form of cash settled share based payments.

The Company accounts for those transactions in compliance with IFRS 2. Cash settled share based payments are measured at fair value.

The fair value of the amount payable to employees in respect of share appreciation right, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

3. 9. Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If there is a significant influence, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. 10. Bank credits and loans

Initially, they are recognized at acquisition cost corresponding to the fair value of the instrument. In subsequent periods, credit and loans are measured at amortized cost, using the effective interest method, which includes costs associated with obtaining the loan and the premium or discount from settling obligations.

3. 11 Revenues

3. 11. 1 Services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. The outcome of a transaction involving the rendering of services can be estimated reliably when all the following conditions are satisfied: the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the stage of completion of the transaction at the reporting date can be measured reliably, the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 12. Finance income and finance costs

Finance income comprises interest income on funds invested by the Company, dividend income, gains on the disposal of available-for-sale financial assets, fair value gains on financial assets at fair value through profit or loss, gains from foreign exchange differences, gains on hedging instruments that are recognized in profit or loss. Interest income is recognized as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Company's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and losses from foreign exchange differences, losses on disposal of available-for-sale financial assets, dividends on preference shares classified as liabilities, fair value losses on financial assets at fair value through profit or loss, impairment losses recognized on financial assets, losses on hedging instruments that are recognized in profit or loss. Interest cost is recognized as it is incurred in profit or loss, using the effective interest method.

3. 13. Income tax

Current tax calculation is based on current year result in accordance with tax laws.

Tax charge comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income. Then it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill; temporary differences on the initial recognition of assets or liabilities and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognized to the extent it is probable that future taxable income will be available against which the deferred tax asset can be utilized. Deferred tax assets are reduced to the extent that it is probable that taxable income will be insufficient for the temporary differences to be partially or fully realized. Such reductions are adjusted upwards, insofar as obtaining sufficient taxable profits becomes probable.

Income tax on the payment of dividends are recognized at the time of the obligation to pay the dividend.

3. 14 Earnings per share

The Company presents basic and diluted earnings per share for ordinary shares. Basic earnings per share are calculated by dividing the profit or loss attributable to holders of ordinary shares by the weighted average number of ordinary shares in the period. Diluted earnings per share as opposed to the ratio described above take into account apart from profit attributable to holders of ordinary shares and the average number of ordinary shares also the convertible bonds and stock options granted to employees.

4. Financial risk management

Financial instruments hold by the Company are related to following risks:

- Credit risk,
- Liquidity risk,
- Market risk.

The note presents information about the Company's exposure to a particular type of risk, objectives, policies and procedures to manage the particular type of risk and the method of capital management adopted by the Company. The required financial data is presented in the separate financial statements.

The Management Board has overall responsibility for the establishment and oversight of the Company’s risk management framework.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through training of its employees and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

4. 1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally the Company's receivables from customers, loans granted and cash and cash equivalents.

4. 1. 1 Trade and other receivables and loans granted

The Company's exposure to the credit risk is influenced mainly by the individual characteristics of each customer. Structure of the customers, including the default risk of the industry in which customers operate have less significant influence on credit risk.

The Company's credit risk from loans granted pertains mostly to receivables from related parties. At the moment there are no indicators that related parties will not be able to repay the loans granted.

4. 2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities on maturity date.

The Company's approach to managing liquidity is to ensure, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in extent of expected cash outflows related to business activity. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

4. 3 Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and prices of securities will affect the Company's income or the value of its financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return.

4. 3. 1 Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the Company's functional currency, primarily Euro (EUR).

The Company draws loans denominated in EUR. To minimize the currency risk, the Company also has receivables from loans granted in EUR.

4. 4 Capital management

The Management Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Management Board monitors the return on capital. It is defined as operating profit divided by equity, excluding non-buying / redemption of preference shares and non controlling interest. The Management Board monitors as well as the level of dividends to ordinary shareholders.

There were no changes in Company's approach to capital management in reporting period.

The Company is not subject to externally imposed capital requirements.

5. Segment reporting

Segment of business activity is the isolated part of the company, which role is to provide specific products and services (line of business) or delivering products or services in defined business environment (geographical segmentation), which is a subject to other risks and draws other profits than the rest of segments.

The primary and sole business of MLP Group S.A. is the management of the logistic properties. The company operates in Poland. In accordance to property location criteria, the company distinguish one operating segment - Poland. The criteria of assets location correspond with the criteria of clients' location. Operating segments are the same as the geographical segments. Because the Company operates only in one segment, all information concerning operations in this segment have been included in statement of profit and loss and other comprehensive income and in statement of financial position.

5. 1. Information on the key customers of the Company

The share of the key customers in the Company's revenues are as follows:

for the year ended 31 December	**2015**	**2014**
MLP Pruszków I Sp. z o.o.	68%	73%
MLP Spółka z ograniczoną odpowiedzialnością SKA	12%	8%

(data in thousands of PLN, unless otherwise stated)

6. Revenues

for the year ended 31 December	**2015**	**2014**
Real estate management	3 252	3 292
Consulting services	4 238	4 294
Reinvoiced services	1 315	580
Other revenues	24	64
Total revenues	8 829	8 230
including revenues from related parties	*8 805*	*8 168*

Details of revenues from related parties are disclosed in note 25.3.

7. Other operating income

for the year ended 31 December	**2015**	**2014**
Revenues from fixed assets sale	-	19
Compensation, penalties received	-	12
Reinvoiced insurance costs	52	87
Reversal of provisions	353	-
Other	111	181
Total other operating income	**516**	**299**

8. Other operating costs

for the year ended 31 December	**2015**	**2014**
Provision for liabilities related to the purchase of MLP Bucharest Sud S.R.L	-	(2 557)
Other operating costs	(107)	(320)
Other operating costs	**(107)**	**(2 877)**

9. Selling and administrative expenses

for the year ended 31 December	**2015**	**2014**
Depreciation and amortization	(48)	(53)
Materials and energy	(126)	(120)
External services	(4 190)	(3 695)
Taxes and charges	(76)	(51)
Payroll	(3 013)	(2 553)
Social security and other employee benefits	(236)	(210)
Other expenditures	(186)	(182)
Total selling and administrative expenses	**(7 875)**	**(6 864)**

Selling and administrative expenses for the financial year ended 31 December 2015 amounted to PLN 7,875 thousand. The above mentioned costs incurred by the Company relate to expenses related to the service and maintenance of revenue-generating investment property, owned by subsidiaries and consulting services. The company recovers the specified amounts by charging these companies for property management.

(data in thousands of PLN, unless otherwise stated)

10. Financial income and costs

for the year ended 31 December	2015	2014
Interest on loans granted to the related entities	2 373	2 207
Interest income on bank deposits	534	1 249
Total financial income	**2 907**	**3 456**
Interest expenses on loans from related entities	(786)	(775)
Other interest	(8)	-
Foreign exchange differences net	(28)	(410)
Total financial costs	**(822)**	**(1 185)**

Exchange differences are mainly the result of the balance sheet date valuation of liabilities and receivables of loans, which are denominated in Euro.

Details of financial income and costs from related parties are disclosed in note 25.3.

11. Income tax

for the year ended 31 December	2015	2014
Current income tax	-	808
Origination / reversal of temporary differences	(3 354)	3 942
Income tax	**(3 354)**	**4 750**

Effective tax rate

for the year ended 31 December	2015	2014
Profit before taxation	**3 448**	**1 059**
Current income tax on the basis of the enacted tax rate (19%)	(655)	(201)
Unrecognized deferred tax asset related to provision for liabilities for purchase of shares in MLP Bucharest Sud S.R.L.	-	(486)
Adjustment of deferred tax assets recognized in respect of impairment allowance	-	(4 031)
Difference in value of shares sold	3 977	-
Non-taxable income	32	-
Non- tax deductible costs		(32)
Current income tax	**3 354**	**(4 750)**

(data in thousands of PLN, unless otherwise stated)

The calculation of corporate income tax

for the year ended 31 December	**2015**	**2014**
Profit before taxation	**3 448**	**1 059**
Non- tax deductible costs:		
Interest accrued on loans received	786	775
Provision for audit of financial statements	145	135
Foreign exchange losses on valuation	6 353	6 893
Provision for remuneration of Supervisory Board and Management Board	46	45
Provision for liabilities	-	125
Provision for liabilities for purchase of shares in MLP Bucharest Sud S.R.L.	-	2 557
Employee benefits provision	1 577	1 275
Allowance for other receivables overdue	-	1
Other	165	218
	9 072	**12 024**
Costs increasing tax costs		
Reversal of foreign exchange losses on valuation	6 893	6 114
Reversal of provision for audit of financial statements	135	145
Payment of employee benefits	822	-
Costs of sold MLP FIN Sp. z o.o. Sp.K. shares	25 005	-
Reversal of provision for remuneration of Supervisory Board and Management Board	45	-
	32 900	**6 259**
Amounts that increase the tax base		
Reversal of foreign exchange gains	502	126
Loan interest repayment	1	25
Received interest from bank deposits	788	-
	1 291	**151**
Non-taxable revenues		
Foreign exchange gains on valuation	687	502
Accrued but not paid interest on loans	2 374	1 429
Bank deposit interest receivable	-	788
Other	7	-
Revelsal of overstated provision for liabilities	353	-
	3 421	**2 719**
Income/(Loss)	**(22 510)**	**4 256**
Deductions		
Donation to Happy Kids Foundation	-	(5)
Taxable (loss)/income	**(22 510)**	**4 251**
Tax base	(22 510)	4 251
Income tax	**-**	**808**

(data in thousands of PLN, unless otherwise stated)

12. Long-term investments in related parties

as at 31 December	2015	2014
Gross value at the beginning of the period	**121 142**	**121 142**
Acquisition of shares in LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	50	-
Acquisition of shares in LOKAFOP 201 Sp. z o.o.	7	-
Acquisition of shares in MLP Wrocław Sp. z o.o.	5	-
Acquisition of shares in MLP Gliwice Sp. z o.o.	5	-
Acquisition of additional shares in MLP Property Sp. z o.o.	1 000	-
Gross value at the end of the period	**122 209**	**121 142**
Net value at the end of the period	**122 209**	**121 142**

On 6 March 2015 MLP Group S.A. contributed cash in the amount of PLN 150 thousand to MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k. On 30 December 2015, the Company sold all the rights and obligations held in MLP FIN Spółka z ograniczona odpowiedzialnością Sp.K. to Sanborn Holdings Ltd.

As at 31 December 2015 the Company holds directly and indirectly shares in the following entities:

Entity	Country of registry	Direct and indirect share in the share capital		Direct and indirect share in voting rights	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o. 1)	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z.o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań West Sp. z o.o. 2)	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.3)	Poland	100%	-	100%	-
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA4)	Poland	100%	-	100%	-
MLP Wrocław w organizacji Sp. z o.o.5)	Poland	100%	-	100%	-
MLP Gliwice w organizacji Sp. z o.o.6)	Poland	100%	-	100%	-

(data in thousands of PLN, unless otherwise stated)

The Company holds shares in MLP Bucharest Sud S.R.L. which is in bankruptcy

[1)] On 2 February 2015 MLP Poznań I Sp. z o.o. changed its name to MLP Lublin Sp. z o.o.

[2)] On 16 April 2015 MLP Poznań Zachód Sp. z o.o. changed its name to MLP Poznań West Sp. z o.o.

[3)] On 24 June 2015 MLP Group S.A. acquired 100 shares of PLN 5.000 in LOKAFOP 201 Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company.

[4)] On 20 August 2015 MLP Group S.A. acquired 50.000 A series registered shares of A00001 to A50000 numbers of nominal value of PLN 1 each in LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA, whose sole general partner is a LOKAFOP 201 Sp. z o.o.

[5)] On 9 December 2015 MLP Wrocław Sp. z o.o. was established. MLP Group S.A. acquired 50 equal and indivisible shares of a nominal value of PLN 100 each, with a total nominal value of PLN 5.000 and paid them

[6)] On 9 December 2015 MLP Gliwice Sp. z o.o. was established. MLP Group S.A. acquired 50 equal and indivisible shares of a nominal value of PLN 100 each, with a total nominal value of PLN 5.000 and paid them fully in cash.

Shares owned in subsidiaries presented in the separate financial statements, have been valued on the basis of the purchase price less allowance for impairment.

13. Long-term investments

as at 31 December	**2015**	**2014**
Long-term loans granted to related parties	82 674	1 406
	82 674	**1 406**

14. Short-term investments

as at 31 December	**2015**	**2014**
Short-term loans granted to related parties	19 095	83 621
Short-term loans granted to other entities	37	8
Short term investments	**19 132**	**83 629**

Details of the loans granted to related parties are disclosed in note 25.2.

(data in thousands of PLN, unless otherwise stated)

15. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
as at 31 December	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Loans granted and received	(1 349)	(2 491)	-	-	(1 349)	(2 491)
Tax loss	(4 277)	-	-	-	(4 277)	-
Other	(379)	(160)	-	-	(379)	(160)
Deferred tax assets / liabilities	**(6 005)**	**(2 651)**	**-**	**-**	**(6 005)**	**(2 651)**

	1 January 2014	**changes recorded in the statement of profit or loss**	**31 December 2014**	**changes recorded in the statement of profit or loss**	**31 December 2015**
Loans granted and received	**(6 566)**	4 075	**(2 491)**	1 142	**(1 349)**
Tax loss	**-**	-	**-**	(4 277)	**(4 277)**
Other	**(27)**	(133)	**(160)**	(219)	**(379)**
	(6 593)	**3 942**	**(2 651)**	**(3 354)**	**(6 005)**

MLP Group S.A. does not recognize deferred tax arising from shares held in subsidiaries, as the Company has full control over its subsidiaries and in the foreseeable future does not plan to sell those shares.

(data in thousands of PLN, unless otherwise stated)

16. Trade and other receivables

as at 31 December	2015	2014
Trade receivables from related parties	2 340	757
Trade receivables from third parties	8	16
Tax and social security receivables	1	-
Prepayments	108	71
Accrued interest	-	788
Other	162	5
Trade and other receivables	**2 619**	**1 637**
Income tax receivables	13	-
Short-term receivables	**2 632**	**1 637**

Receivables from related parties were disclosed in note 25.

The aging structure of trade and other receivables, and the amount of allowance for receivables are presented in the table below:

as at 31 December	2015		2014	
	Receivables Gross	Write-offs	Receivables Gross	Write-offs
Current receivables	960	-	602	-
Overdue from 1 to 90 days	1 436	-	131	-
Overdue from 91 to 180 days	61	-	35	-
Overdue over 181 days	53	-	583	(573)
Total receivables	**2 510**	**-**	**1 351**	**(573)**

17. Cash and cash equivalents

as at 31 December	2015	2014
Cash on hand	10	4
Cash in bank	13	10
Short-term deposits	10 229	20 197
Cash and cash equivalents in the separate statement of financial position	**10 252**	**20 211**
Cash and cash equivalents in the separate statement of cash flows	**10 252**	**20 211**

The Company does not have any restricted cash.

(data in thousands of PLN, unless otherwise stated)

18. Equity

18. 1 Share capital

as at 31 December	**2015**	**2014**
Share capital		
Ordinary series A shares	11 440 000	11 440 000
Ordinary series B shares	3 654 379	3 654 379
Ordinary series C shares	3 018 876	3 018 876
	18 113 255	**18 113 255**
Par value of 1 share	0,25	0,25

As at 31 December 2015 the share capital of MLP Group S.A. amounted to PLN 4 528 313.75 and was divided into 18 113 255 shares entitling to 18 113 225 votes on the general meeting. All shares have the par value of PLN 0.25 and have been fully paid.

In 2013 the Company increased its share capital by PLN 754 719 through issuance of new C series shares. District Court for the Capital City Warsaw registered the capital increase on 29 October 2013.

To the knowledge of the Management Board of the Company, the Shareholders holding, as of the date of preparation of the separate financial statements, either directly or through related entities, at least 5% of the overall number of votes during the General Shareholders' Meeting, are:

Shareholder	**Number of shares and votes at the GSM**	***% of capital and votes at the GSM***
MIRO B.V.	1 004 955	*5,55%*
GRACECUP TRADING LIMITED	1 094 388	*6,04%*
THESINGER LIMITED	1 920 475	*10,60%*
Pozostali akcjonariusze	3 773 595	*20,83%*
CAJAMARCA Holland BV	10 319 842	*56,98%*
Total	**18 113 255**	***100,00%***

The share capital and reserve capital were created by the division of the funds of the state company ZNTK at the time when it was transformed into a joint-stock company in 1995. In accordance with the binding regulations, 15% of the total amount of funds were assigned to share capital and the remainder, after settling losses from previous years, to reserve capital. On 9 December 2009 the General Shareholders Meeting adopted a resolution to convert the registered shares of series A and B to bearer shares of series A and B. Moreover, during 2013 the share capital was increased by PLN 755 000 by share issuance.

Michael Shapiro holds indirectly, through controlled by himself in 100% MIRO B.V., 5,55% in share capital of MLP Group S.A. and by 25% shares in share capital held by MIRO B.V. in Cajamarca Holland B.V. economically participate in 14,24% of MLP Group S.A. share capital, what results in effective economic share of 19,80% in MLP Group S.A. share capital.

Members of the Supervisory Board do not directly hold shares of the Company.

(data in thousands of PLN, unless otherwise stated)

18. 2 Other capital reserve

Other capital reserve was created from profit generated in 2010 (PLN 1 470 thousand) and from profit generated in 2012 (PLN 2 724 thousand).

18. 3 Share premium

In year ended 31 December 2015 there were no changes in equity presented under the position "Share premium".

19. Earnings per share

Earnings per share for each period are calculated by dividing the net result attributable to shareholders of the Parent Company for the period by the weighted average number of shares during the reporting period. Diluted earnings per share for each period are calculated by dividing the net result for the period by the sum of the weighted average number of ordinary shares during the reporting period and all dilutive potential shares.

for the year ended 31 December	**2015**	**2014**
Net profit/(loss) for the period	6 802	(3 691)
Weighted average number of issued shares (in units)	18 113 255	18 113 255
Net profit/(loss) per share for the period (in PLN per share):		
- basic	0,38	(0,20)
- diluted	0,38	(0,20)

There were no dilutive factors in the presented periods.

20. Loans and other debt instruments

20. 1 Long term liabilities

as at 31 December	**2015**	**2014**
Loans received from related parties	40 285	-
Total long-term loans and other debt instruments	**40 285**	**-**

20. 2 Short term liabilities

as at 31 December	**2015**	**2014**
Loans received from related parties	11 096	43 545
Total short-term loans and other debt instruments	**11 096**	**43 545**

Details on the loans received from related parties are disclosed in note 25.2.

(data in thousands of PLN, unless otherwise stated)

20. 3 Loans unsecured on the Company's assets

			as at 31 December	**2015**			**2014**	
Loan received from	**currency**	**effective rate (%)**	**maturity date**	**in currency**	**PLN**	**maturity date**	**in currency**	**PLN**
MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2016	333	1 420	2015	328	1 400
MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2020	607	2 586	2015	598	2 549
MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2016	-	1 029	-	-	-
MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2020	-	6 648	2015	-	6 444
MLP Pruszków I Sp. z o.o.	EUR	Euribor 1M + margin	2020	6 903	29 419	2015	7 401	31 543
MLP Spółka z ograniczoną odpowiedzialnością SKA	EUR	Euribor 3M + margin	2016	2 029	8 646	-	-	-
MLP Spółka z ograniczoną odpowiedzialnością SKA	EUR	Euribor 3M + margin	2020	383	1 632	2015	377	1 609
MLP Energy Sp. z o.o.	PLN	Wibor 3M + margin	2016	-	1	-	-	-
Total				**10 255**	**51 381**		**8 704**	**43 545**

(data in thousands of PLN, unless otherwise stated)

21. Payroll liabilities

as at 31 December	**2015**	**2014**
Special funds	157	157
Cash settled share based payment	1 760	1 275
Payroll liabilities	**1 917**	**1 432**

According to the resolution of the Supervisory Board of MLP Group S.A. employees are covered by phantom shares program for the period from 2014 to 2017.

Each entitled employee is granted fixed number of phantom shares, that is dependent on achieving the established financial goals by the Group.

After approval of the financial statements by General Meeting of Shareholders, Supervisory Board will authorize a list of employees, with number of phantom shares assigned to each employee. Equivalent of phantom shares will be paid in cash.

22. Trade and other liabilities

as at 31 December	**2015**	**2014**
Trade liabilities to related parties	48	40
Trade liabilities to third parties	186	224
Taxation and social security liabilities	118	147
Accruals	146	261
Investment liabilities related to guarantee deposits and other	254	44
Provision for purchase of MLP Bucharest Sud S.R.L. shares	-	2 557
Trade and other liabilities	**752**	**3 273**
Income tax liabilities	-	336
Short-term liabilities	**752**	**3 609**

Liabilities to related parties were disclosed in note 25.

The following table shows the aging structure of trade and other liabilities:

as at 31 December	**2015**	**2014**
Current liabilities	605	3 009
Liabilities overdue from 0 to 90 days	4	50
Liabilities overdue from 91 to 180 days	1	-
Liabilities overdue over 181 days	24	67
Total trade and other liabilities	**634**	**3 126**

(data in thousands of PLN, unless otherwise stated)

Trade liabilities are not subject to interest and are usually settled within 30 to 60 days. The difference between VAT liabilities and receivables is paid to the appropriate tax authorities in the periods regulated in tax law. Interest liabilities are usually settled based on approved interest notes.

23. Financial instruments

23. 1 *Valuation of financial instruments*

The fair value of financial assets and financial liabilities as at 31 December 2015 and 31 December 2014 is equal to the value presented in the separate statement of financial position.

The following assumptions have been adopted for the fair value of financial instruments:

- **cash and cash equivalents**: the carrying amount of these financial instruments corresponds to fair value because of the short maturity,
- **trade receivables, other receivables, trade liabilities and accruals**: the book value is comparable with fair value because of the short-term character of these instruments,
- **loans granted**: the carrying amount corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **bank credit and loans taken**: the carrying amount of these instruments is comparable with fair value because of the floating rate, based on market rates.

23. 1. 1 *Financial assets*

as at 31 December	**2015**	**2014**
Loans and receivables:		
Cash and cash equivalents	10 252	20 211
Loans and receivables, including:		
• Trade and other receivables	2 510	1 566
• Loans granted	101 806	85 035
	114 568	**106 812**
Total financial assets	**114 568**	**106 812**

23. 1. 2 *Financial liabilities*

as at 31 December	**2015**	**2014**
Financial liabilities valued at amortized cost:		
Loans received	51 381	43 545
Trade and other liabilities	634	3 126
	52 015	**46 671**
Total financial liabilities	**52 015**	**46 671**

(data in thousands of PLN, unless otherwise stated)

23. 2 *The nature and extent of risks related to financial instruments*

The Company's operations are mainly associated with the exposure to the following types of financial risks:

- liquidity risk,
- market risk (including currency and interest rate risk),
- credit risk.

23. 2. 1 *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its long term loans due to insufficient inflows from operating activities.

The following table shows the maturity structure of loans taking into account interest cash flow:

Loans - expected payments		up to 1 year	from 1 to 5 years	over 5 years	Total
	2015	11 277	44 969	-	**56 246**
	2014	44 281	-	-	**44 281**

23. 2. 2 *Currency risk*

The company is subject to considerable exchange rate risk because of the fact that a significant part of financial assets and financial liabilities is denominated in Euro.

The currency structure of the financial instruments in particular years has been presented below:

The currency structure of financial instruments as at 31 December 2015 (PLN thousand)

Financial assets	PLN	EUR	other	Total
Loans and receivables:				
Cash and cash equivalents	10 239	10	3	**10 252**
Loans and receivables, including:				
Trade and other receivables	2 510	-	-	**2 510**
Loans granted	69 906	31 900	-	**101 806**
	82 655	**31 910**	**3**	**114 568**

Financial liabilities	PLN	EUR	other	Total
Financial liabilities measured at amortized cost				
Loans received	7 678	43 703	-	**51 381**
Trade and other liabilities	628	-	6	**634**
	8 306	**43 703**	**6**	**52 015**

(data in thousands of PLN, unless otherwise stated)

The currency structure of financial instruments as at 31 December 2014 (PLN thousand)

Financial assets	PLN	EUR	other	Total
Loans and receivables:				
Cash and cash equivalents	20 201	8	2	**20 211**
Loans and receivables, including:				
• Trade and other receivables	1 558	8	-	**1 566**
• Loans granted	63 233	21 802	-	**85 035**
	84 992	**21 818**	**2**	**106 812**

Financial liabilities	PLN	EUR	other	Total
Financial liabilities measured at amortized cost				
Loans received	6 444	37 101	-	**43 545**
Trade and other liabilities	567	2 557	2	**3 126**
	7 011	**39 658**	**2**	**46 671**

Because of the short foreign exchange position in 2015 and 2014, the Company is particularly exposed to fluctuations in the EUR/PLN exchange rate. The table below presents the potential effects a 5% depreciation of the Polish zloty against the euro would have on the financial results and the equity of the Company.

The impact of the depreciation of the Polish zloty against euro on the results of the Company and its equity (PLN thousand)

as at 31 December	**2015**	**2014**
Increase in the exchange rate EUR/PLN by 5%	(590)	(892)

A 5% depreciation of the Polish zloty against the euro would have an unfavourable impact on the Company's financial results, increasing the cost of debt because of the short foreign exchange position of the Company.

23. 2. 3 Interest rate risk

The interest rate risk is related mostly to floating-rate loans received. A change in the interest rate impacts cash flows associated with servicing these liabilities.

The impact of interest rate changes on outflows in respect to loans

as at 31 December	**2015**	**2014**
EURIBOR + 50 p.b.	(219)	(186)
WIBOR + 50 p.b.	(38)	(32)

The above sensitivity analysis presents how much debt service interest cost would increase on each balance sheet date assuming a 50-base-point increase in interest rates.

The impact of interest rate changes on interest inflows on loans granted

as at 31 December	**2015**	**2014**
EURIBOR + 50 p.b.	160	109
WIBOR + 50 p.b.	350	316

The above sensitivity analysis presents how much interest income would increase at the end of each reporting period assuming a 50-base-point increase in interest rates.

(data in thousands of PLN, unless otherwise stated)

The impact of interest rate changes on inflows for cash and cash equivalents

as at 31 December	**2015**	**2014**
WIBOR + 50 p.b.	51	101

The above sensitivity analysis presents how much interest income would increase at the end of each reporting date assuming a 50-base-point increase in interest rates.

23. 2. 4 *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer or a counter party fails to meet its contractual obligations. Credit risk arises principally from receivables and cash and cash equivalents.

The ageing of trade and other receivables is presented in note 16.

24. Contingent liabilities and pledges

As at 31 December 2015 the Company had established the following securities on its assets:

24. 1 *Financial and registered pledges on shares*

Securities established on MLP Group's shares in the companies:	Security	Value of the established security
Registered pledge on shares;		
MLP Pruszków I Sp. z o.o.	Raiffeisen Bank Polska S.A receivables resulting from the credit CRD/25846/07 granted to MLP Pruszków I Sp. z o.o.	EUR 80 000 thousand
MLP Poznań II Sp. z o.o.	ING Bank Śląski S.A. receivables from the credit ING 11/0002 granted to MLP Poznań II Sp. z o.o.	EUR 14 047 thousand
Registered and financial pledges on shares:		
MLP Moszna I Sp. z o.o.	BGŻ BNP Paribas S.A. receivables resulting from the credit dated 5 November 2015 granted to MLP Moszna I Sp. z o.o.	EUR 12 975 thousand

Following MLP Moszna I Sp. z o.o. repayment of loan, a registered pledge on shares of MLP Group S.A. in MLP Moszna I Sp. z o.o. (established as collateral for DZ Bank S.A.) was removed from the register of pledges in September 2015.

Follwoing MLP Spółka z ograniczoną odpowiedzialnością SKA repayment of loan, a registered pledge on shares of MLP Group S.A. and MLP Sp. z o.o. in MLP Spółka z ograniczoną odpowiedzialnością SKA and shares of MLP Group S.A. in MLP Sp. z o.o. (established as collateral for the bank Raiffeisen Bank Polska S.A. under the loan agreement CRD/39165/13), was removed from the register of pledges in November 2015.

Following MLP Bieruń Sp. z o.o. repayment of loan, a registered pledge on shares of MLP Group S.A. in MLP Bieruń Sp. z o.o. (established as collateral for PKO BP S.A.) was removed from the register of pledges in November 2015.

On 27 October 2015 a pledge on 1,245,000 shares of MLP Group owned by Cajamarca Holland BV has been established. The pledge was established in order to secure a complete and timely payment of the secured debt owed to the Mercantile Discount Bank Ltd bank seated in Tel-Aviv arising from the loan agreement, which was concluded in 2002 by RRN Holdings and Investments Ltd. seated in Tel-Aviv (which holds 75% of Cajamarca Holland BV's shares).

In accordance with the signed agreement, the subject of the pledge will remain in possession of the pledgor, i.e. Cajamarca Holland BV, which will have the right to execute the rights from the pledged shares.

24. 2 Additional guarantees

In conjunction with the insurance policies obtained by WestInvest Gesellschaft für Investmentfonds mbH seated in Düsseldorf ("Buyer"), guarantees provided by MLP Group S.A. in favour of the Buyer, in connection with the contracts for the sale of real estate owned by MLP Tychy and MLP Bieruń, expired in October 2015.

As at 31 December 2015 the Cimpany did not grant any additional guarantees.

24. 3 Other security

- Support agreement granted to MLP Pruszków IV Sp. z o.o. by MLP Group S.A, under which if MLP Pruszków IV will not cover any excessive property construction costs (A2b building) with its own contributions, then the Issuer will grant to the above mentioned company unsecured loan, which will be subordinated to repayment of company's liabilities, in an amount not exceeding EUR 68 thousand.
- Support agreement granted to MLP Pruszków IV Sp. z o.o. by MLP Group S.A, under which if MLP Pruszków IV will not cover any excessive costs of property construction (A3a building) with its own contributions, then the Issuer will grant to the abovementioned company unsecured loan, which will be subordinated to repayment of the company's liabilities, in an amount not exceeding EUR 193 thousand.

(data in thousands of PLN, unless otherwise stated)

25. Related party transactions

25. 1 Trade and other receivables and payables

Related party transactions related to trade and other receivables and payables as at 31 December 2015 are as follows:

	Trade receivables and other	Trade liabilities and other
Parent company		
The Israel Land Development Company Ltd., Tel-Aviv	50	-
	50	**-**
Other related parties		
MLP Pruszków I Sp. z o.o.	1 625	-
MLP Pruszków II Sp. z o.o.	24	-
MLP Pruszków III Sp. z o.o.	92	-
MLP Pruszków IV Sp. z o.o.	11	-
MLP Moszna I Sp. z o.o.	12	-
MLP Spółka z ograniczoną odpowiedzialnością SKA	298	-
MLP Poznań Sp. z o.o.	22	-
MLP Lublin Sp. z o.o.	106	-
MLP Poznań II Sp. z o.o.	19	-
MLP Bieruń Sp. z o.o.	-	8
MLP Bieruń I Sp. z o.o.	10	-
MLP Poznań West Sp.z o.o.	53	-
MLP Teresin Sp.z o.o.	10	-
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	8	-
	2 290	**8**
Key management personnel		
ROMI CONSULTING Michael Shapiro	-	40
	-	**40**
Total	**2 340**	**48**

(data in thousands of PLN, unless otherwise stated)

25. 2 Loans granted and received

Related party balances related to loans granted and received as at 31 December 2015 are as follows:

	Loans granted	Loans received
Other related parties		
Fenix Polska Sp. z o.o.	60 759	-
MLP Pruszków I Sp. z o.o.	-	41 102
MLP Pruszków III Sp. z o.o.	1 299	-
MLP Moszna I Sp. z o.o.	100	-
MLP Spółka z ograniczoną odpowiedzialnością SKA	-	10 278
MLP Property Sp. z o.o.	282	-
MLP Poznań Sp. z o.o.	4 890	-
MLP Lublin Sp. z o.o.	8 642	-
MLP Poznań II Sp. z o.o.	153	-
MLP Bieruń I Sp. z o.o.	1 110	-
MLP Energy Sp. z o.o.	-	1
MLP Poznań West Sp.z o.o.	470	-
MLP Teresin Sp. z o.o.	7 926	-
MLP FIN Sp. z o.o.	51	-
MLP Gliwice Sp. z o.o.	16 087	-
	101 769	**51 381**
Total	**101 769**	**51 381**

(data in thousands of PLN, unless otherwise stated)

25. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the year ended 31 December 2015 are as follows:

	Revenues from sale of services	Sales - other	Interest income
Parent company			
The Israel Land Development Company Ltd., Tel-Awiw	169	-	-
	169	**-**	**-**
Other related parties			
Fenix Polska Sp. z o.o.	-	-	1 835
MLP Pruszków I Sp. z o.o.	5 958	20	-
MLP Pruszków II Sp. z o.o.	181	4	-
MLP Pruszków III Sp. z o.o.	194	3	40
MLP Pruszków IV Sp. z o.o.	112	1	-
MLP Moszna I Sp. z o.o.	118	1	98
MLP Spółka z ograniczoną odpowiedzialnością SKA	1 071	12	-
MLP Property Sp. z o.o.	-	-	8
MLP Poznań Sp. z o.o.	46	-	53
MLP Lublin Sp. z o.o.	214	1	121
MLP Poznań II Sp. z o.o.	203	3	4
MLP Bieruń Sp. z o.o.	367	10	-
MLP Bieruń I Sp. z o.o.	30	-	30
MLP Energy Sp. z o.o.	-	5	-
MLP Poznań West Sp.z o.o.	30	-	6
MLP Teresin Sp. z o.o.	76	-	146
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	36	-	-
MLP FIN Sp. z o.o.	-	-	1
MLP Gliwice Sp. z o.o.	-	-	31
	8 636	**60**	**2 373**
Total revenues	**8 805**	**60**	**2 373**

	Purchase of services and remuneration	Other purchases	Interest expenses
Other related parties			
MLP Pruszków I Sp. z o.o.	(43)	(20)	(641)
MLP Pruszków II Sp. z o.o.	-	(4)	-
MLP Pruszków III Sp. z o.o.	-	(3)	-
MLP Pruszków IV Sp. z o.o.	-	(1)	-
MLP Moszna I Sp. z o.o.	-	(1)	-
MLP Spółka z ograniczoną odpowiedzialnością SKA	-	(12)	(144)
MLP Lublin Sp. z o.o.	-	(1)	-
MLP Poznań II Sp. z o.o.	-	(3)	-
MLP Bieruń Sp. z o.o.	-	(3)	-
MLP Energy Sp. z o.o.	-	(5)	(1)
MLP Teresin Sp. z o.o.	(3)	-	-
	(46)	**(53)**	**(786)**

(data in thousands of PLN, unless otherwise stated)

	Purchase of services and remuneration *	Other purchases	Interest expenses
ROMI CONSULTING Michael Shapiro	(376)	-	-
PROFART Tomasz Zabost	(370)	-	-
RTK CONSULTING	(168)	-	-
Other key management personnel	(533)	-	-
	(1 447)	**-**	**-**
Total expenses	**(1 493)**	**(53)**	**(786)**

* Costs of services and salaries do not include share-based payments settled in cash.

26. Significant litigation and disputes

As at 31 December 2015 the Company was not a party to any significant legal proceedings .

27. Significant events during the period and subsequent events

- According to the resolution of the Supervisory Board dated 14 January 2015 Mr. Tomasz Zabost was appointed as a Member of Management Board.
- On 3 March 2015, Mr. Baruch Yehezkelov resigned from the position of Member of the Supervisory Board. Mr. Guy Shapira was appointed, by one of the Company's shareholders - Miro B.V., for the position of Member of the Supervisory Board according to rights arising from the Company Statute.
- On 5 March 2015, MLP Group S.A. entered into an agreement with Accurcius Ltd regarding the final amount to be paid for the shares in MLP Bucharest Sud S.R.L and on 6 March 2015 EUR 600 thousand was paid to Accurcius Ltd.
- On 25 June 2015 the General Meeting of Shareholders renewed mandates of members of the Supervisory Board of MLP Group SA. Personnel composition remained unchanged.
- On 25 June 2015 the Supervisory Board of MLP Group SA appointed The Management Board for another term. Personnel composition remained unchanged.
- On 27 October 2015 a pledge on 1,245,000 shares of MLP Group owned by Cajamarca Holland BV. has been established. The pledge was established in order to secure a complete and timely payment of the secured debt owed to the Mercantile Discount Bank Ltd bank seated in Tel-Aviv arising from the loan agreement, which was concluded in 2002 by RRN Holdings and Investments Ltd. seated in Tel-Aviv (which holds 75% of the Cajamarca Holland BV's shares).

  In accordance with the signed agreement, the subject of the pledge will remain in possession of the pledgor, i.e. Cajamarca Holland BV, which will have the right to execute the rights from the pledged shares.
- On 4 March 2016 MLP Group S.A. acquired 50 shares of PLN 5,000 in MLP Łódź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were fully paid in cash.
- On 4 March 2016 MLP Group S.A. acquired 50 shares of PLN 5,000 in MLP Czeladź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were fully paid in cash.

Following the end of the reporting period, until the date of approval for publication of these separate financial statements, no other events occurred which were not, but should have been, included both in the accounting books of the reporting period and the separate financial statements of the Company.

(data in thousands of PLN, unless otherwise stated)

28. Remuneration paid or due to members of management and supervisory bodies of the Company

for the year ended 31 December	2015	2014
Remuneration of Management Board		
• **Remuneration and other benefits**		
Michael Shapiro	376	378
Radosław T. Krochta	168	92
Tomasz Zabost	370	
Dorota Jagodzińska-Sasson	-	24
	914	**494**
• **Cash settled share based payment**	662	536
	1 576	**1 030**
Remuneration of Supervisory Board		
• **Remuneration and other benefits**		
Maciej Matusiak	30	29
Jacek Tucharz	30	29
Eytan Levy	30	29
Shimshon Marfogel	30	29
Yosef Zvi Meir	30	29
Baruch Yehezkelov	5	29
Guy Shapira	25	-
	180	**174**
Total remuneration (paid or due) members of management and supervisory bodies of the Company	**1 756**	**1 204**
Other Key Management Personnel		
• Remuneration and other benefits.	533	576
• Cash settled share based payment	300	242
	833	**818**
Total remuneration (paid or due) to the to members of the management and supervisory boards and key management personnel	**2 589**	**2 022**

Except for the transactions presented above, the Members of the Management Board and the Supervisory Board and other key Management Personnel did not receive any other benefits from the Company.

29. Employment structure

as at 31 December	2015	2014
Number of employees	15	16

30. Audit Firm

On 12 December 2013, the Supervisory Board, acting on the basis of the article no. 21.2 g) of the Company's Articles of Association appointed KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa seated in Warsaw, as the entity entitled to audit separate and consolidated financial statements for the years: 2013, 2014, 2015, and to perform interim reviews of separate and consolidated financial statements for the years 2014, 2015, 2016.

Headquarters of KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa is seated in Warsaw, 4A Inflanckiej Street. KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa has been registered on the list of entities entitled to audit financial statements under the number 3546.

The agreement with the audit firm was concluded by the Management Board for the time required to perform the tasks assigned to the auditor.

Michael Shapiro
President of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 14 March 2016

Management Board report on the activities of MLP Group S.A.

for the year 2015

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MANAGEMENT BOARD APPROVAL OF MLP GROUP S.A. REPORT ON MLP GROUP S.A. ACTIVITIES FOR THE YEAR 2015

The Management Report on the MLP Group S.A. activities for 2015 was prepared and approved by the Management Board on 14 March 2016.

Michael Shapiro
President of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 14 March 2016

INTRODUCTION

MLP Group S.A. is the parent company of MLP Group S.A. Capital Group ("The Company", "The Issuer", "Parent Company"). The Company is registered in the National Court Register under registration number 0000053299, District Court for the Capital City Warsaw, XIV Department of the National Court Register. Company headquarters is located in Pruszków (05-800 Pruszków, 3 Maja 8 Street).

The Company was founded on 18 February 1995 (The act of transformation) and is established for an indefinite period.

The core business of the Parent Company is management, buying and selling of real estate, rental of real estate, the management of residential and non-residential properties, construction works related to the construction of buildings and other construction. The predominant type of activity is PKD symbol: 7032Z - property management services.

The higher level parent company for the Company is CAJAMARCA HOLLAND B.V. that is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.
The ultimate parent company for the Company is Israel Land Development Company Ltd., registered in Tel-Aviv, Israel (“ILDC”). ILDC shares are listed on the Tel Aviv Stock Exchange.

(in thousand PLN, unless otherwise stated)

1. Basic information on MLP Group S.A.

1. 1 MLP Group S.A. shareholdings structure

As at 31 December 2015, MLP Group S.A. consisted of the following entities:

Entity	Country of registry	Direct and indirect share of the Parent Company in the equity	Direct and indirect share of the Parent Company in the voting rights
MLP Pruszków I Sp. z o.o.	Poland	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%
MLP Lublin Sp. z o.o.[1)]	Poland	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%
MLP Property Sp. z.o.o.	Poland	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%
MLP Sp. z o.o.	Poland	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%
MLP Poznań West Sp. z o.o. [2)]	Poland	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%
LOKAFOP 201 Sp. z o.o.[3)]	Poland	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA[4)]	Poland	100%	100%
MLP Wrocław w organizacji Sp. z o.o.[5)]	Poland	100%	100%
MLP Gliwice w organizacji Sp. z o.o.[6)]	Poland	100%	100%

The Company holds shares in MLP Bucharest Sud S.R.L. which is in bankruptcy

Changes in the Group.

On 12 February 2015 MLP Fin Sp. z o.o. was registered in the National Court Register.

On 6 March 2015 MLP Group S.A. made a contribution in kind of PLN 150 thousand to MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k.

On 30 December 2015, the Company sold all the shares held in the company MLP FIN Spółka z ograniczona odpowiedzialnością Sp.K. to Sanborn Holdings Ltd.

1) On 2 February 2015 MLP Poznań I Sp. z o.o. changed its name to MLP Lublin Sp. z o.o.

2) On 16 April 2015 MLP Poznań Zachód Sp. z o.o. changed its name to MLP Poznań West Sp. z o.o.

3) On 24 June 2015 MLP Group S.A. acquired 100 shares of PLN 5.000 in LOKAFOP 201 Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company.

4) On 20 August 2015 MLP Group S.A. acquired 50.000 A series registered shares numbered A00001 to A50000 with a nominal value of PLN 1 each in LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA, whose sole general partner is a LOKAFOP 201 Sp. z o.o.

5) On 9 December 2015 MLP Wrocław Sp. z o.o. was established by virtue of a notarial deed. MLP Group S.A. acquired 50 equal and indivisible shares with a nominal value of PLN 100 each and a total nominal value of PLN 5.000 paid fully in cash.

6) On 9 December 2015 MLP Gliwice Sp. z o.o. was established by virtue of notarial deed. MLP Group S.A. acquired 50 equal and indivisible shares of a nominal value of PLN 100 each, with a total nominal value of PLN 5.000 and paid them fully in cash.

1. 2 Scope of activities of the Company and the Group

Since 1998, MLP Group operates in the market of commercial real estate. Its core activity is the construction and property management related to logistics. Activity in this area includes:

- purchase of investment properties (either directly or through the purchase of shares in companies owning the real estate),
- property management (including activities related to tenant services such as: determination of the targeted tenant group, tenant search, negotiating leases, re-renting of property),
- activities related to the provision of real estate financing (setting the target ratio of debt financing to equity financing and activities of providing the desired amount of debt financing for each of the assets in the most favorable conditions in the given time),
- technical activities with supervision (including repairs, maintenance and cleaning services), sale of real estate investments

The Company realizes these objectives and tasks through its subsidiaries, in which the Company holds its shares. MLP Group S.A. is a holding entity that manages companies involved in various logistics parks.

The Group is currently operating four logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań and MLP Lublin, and ha logistics park under construction - MLP Teresin and bought land for construction of two new logistics parks - MLP Gliwice and MLP Wrocław. The total size of surplus land in Poland is 96.3 hectares.

Investment property in the logistics parks are measured at fair value by independent experts.

The following table shows the structure of the real estate portfolio at fair value by categories in different parks of MLP as at 31 December 2015:

Logistics park	Fair value EUR thousand	Fair value PLN thousand
MLP Pruszków I	80 610	343 519
MLP Pruszków II	68 319	291 141
MLP Poznań	23 123	98 539
MLP Lublin	11 095	47 281
MLP Teresin	3 850	16 407
MLP Gliwice	4 198	17 890
MLP Wrocław	5 876	25 041
Total	**197 071**	**839 818**

(in thousand PLN, unless otherwise stated)

1. 3 Information on the core activities

The basic and sole activity of MLP Group S.A. is property management of logistics investments. The Company's source of revenues is property management and advisory services.

The Company conducts its activities in Poland.

Revenue *for the year ended 31 December*	**2015**	**2014**
Domestic sales		
Sales to non-related clients	24	62
Sales to related clients	8 636	8 012
Total domestic sales	8 660	8 074
Foreign sales		
Sales to related clients	169	156
Total foreign sales	**169**	**156**
Total revenue from sales	**8 829**	**8 230**

1. 4 Information about the market, customers and suppliers

The main and sole activity of the Company MLP Group SA is the property management. The Company's activities are carried out on Polish territory. Based on the location of the real estate investment company extracts a single operating segment - Poland. Location of assets coincides with the location of customers. Operating segments coincide with the geographical segments.

1. 4.1 The structure of the Company's sales

The Company generates revenue mainly from (i) real estate administrative services for subsidiaries, as well as (ii) management and advisory services. Transactions with related parties are the main source of revenue.

Revenue structure: *for the year ended 31 December*	**2015**	**2014**	***change (%)***
Property management	3 252	3 292	*-1%*
Advisory services	4 238	4 294	*-1%*
Re-invoiced services	1 315	580	*127%*
Other revenues	24	64	*-63%*
Total revenues	**8 829**	**8 230**	***7,3%***
- including from related parties	*8 805*	*8 168*	*8%*

(in thousand PLN, unless otherwise stated)

In 2015, the total sales of services to related parties amounted to PLN 8.805 thousand. The main beneficiary of these services was MLP Pruszków I Sp. z o.o.which share in the Company's sales revenue during the period was 68%. The following table illustrates the structure of sales in 2015 and 2014:

Structure of sales to related parties *for the year ended 31 December*	2015	2014
Parent entity		
The Israel Land Development Ltd	169	156
Subsidiaries		
MLP Pruszków I Sp. z o.o.	5 958	5 973
MLP Pruszków II Sp. z o.o.	181	322
MLP Pruszków III Sp. z o.o.	194	221
MLP Pruszków IV Sp. z o.o.	112	83
MLP Moszna I Sp. z o.o.	118	122
MLP Spółka z ograniczoną odpowiedzialnością SKA	1 071	627
MLP Poznań Sp. z o.o.	46	66
MLP Lublin Sp. z o.o.	214	96
MLP Poznań II Sp. z o.o.	203	217
MLP Bieruń Sp. z o.o.	367	249
MLP Bieruń I Sp. z o.o.	30	-
MLP Energy Sp. z o.o.	-	1
MLP Poznań West Sp.z o.o.	30	13
MLP Teresin Sp. z o.o.	76	22
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	36	-
Total	**8 805**	**8 168**

1. 4.2 The largest counterparties

During the analyzed period, the Company cooperated mainly with suppliers providing the following services:

- media delivery,
- advisory - legal and business advisory,
- audit and review of financial statements, property appraisers services

In 2015 turnover with any single supplier did not exceed 10% revenue of the Company.

Wide range of suppliers ensures that Company is not dependent on a single supplier.

2. MLP GROUP S.A. ACTIVITIES

2. 1 MLP Group S.A. activities in 2015

In 2015, the Company continued its activities of construction and property management. These activities are conducted through subsidiaries in which the Company holds its shares.

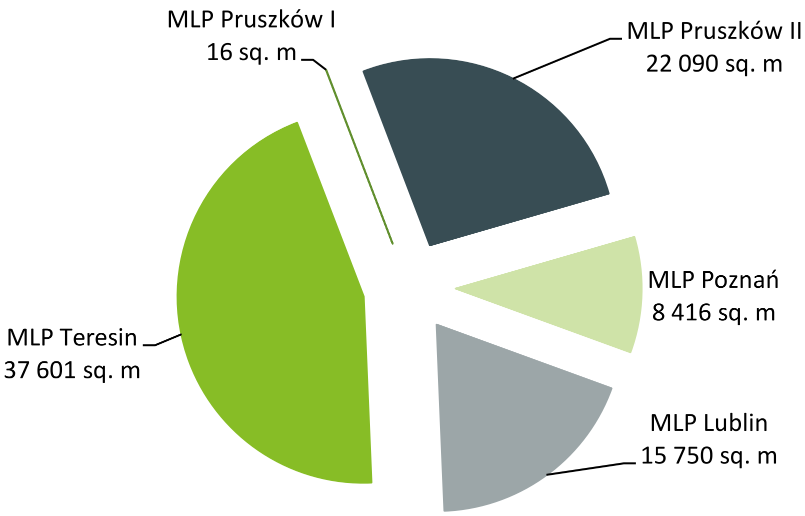
In the analyzed period, the Group simultaneously operated several development projects and rented more than 268 thousand sq.m. of warehouse and office space. Moreover, in 2015 investment property forming MLP Tychy and MLP Bieruń logistics parks were sold. Total leasable area in those parks, at the moment of sale, amounted to 123,228 sq.m. The Company's Management Board reviewed and evaluated:

- current projects in development for the progress of the construction work
- earned and expected revenue from sales
- the best possible use of existing land resources of the Group and adjustment of the sale offers to the expectations and demand of the market
- possibilities to purchase land for new projects to be implemented in subsequent years
- optimization of financing of the Group's investments

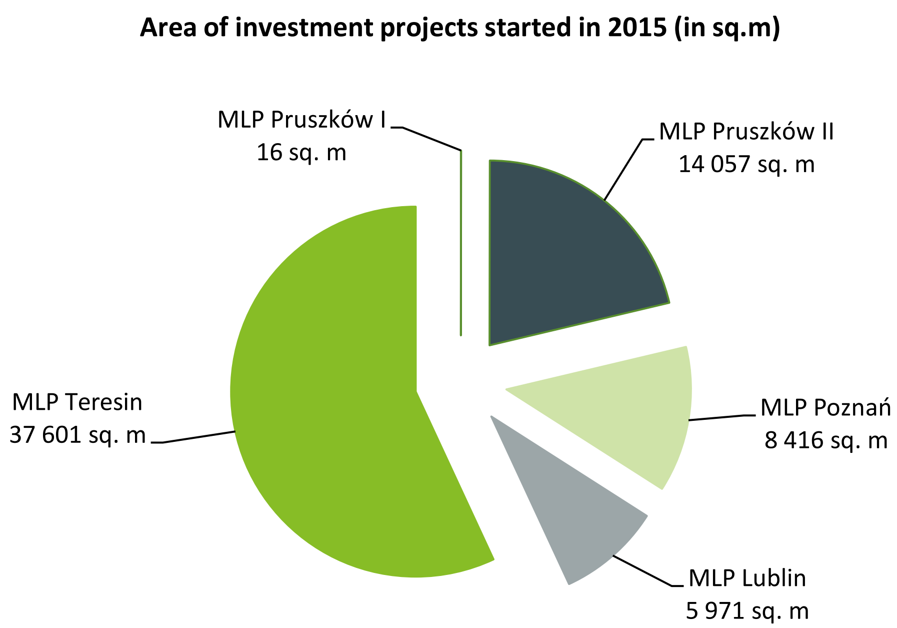
2. 1.1 Investment projects started and completed

In 2015 the Company carried out investment projects with a total area of 83,873 sq.m through its subsidiaries.

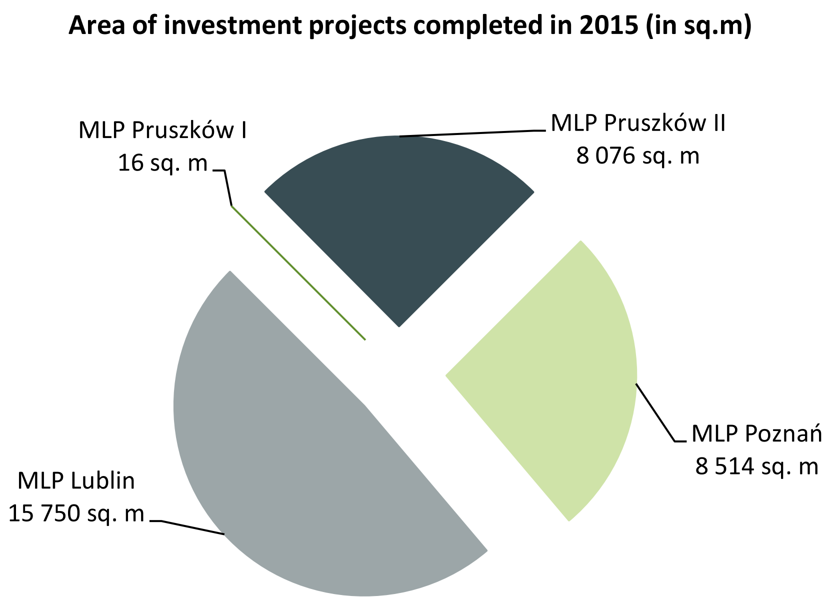
Area of investment projects with construction activity in 2015 (in sq.m)



Out of the total area of projects that were with construction activity in 2015, 17,812 sq.m of investment projects were started before 2015. Additionally in 2015, the Group commenced the construction of warehouse and office buildings with a total area of 66,061 sq.m. The chart presents the surface area of initiated investment projects in various parks of the Group:



Among projects under construction in 2015 of 83,873 sq. m, the Group finalized projects of 32,356 sq. m.



2. 1.2 Development projects currently underway and in preparation

In 2015 the Company has finished all projects under construction at 31 December 2014. Additionally, 59.040 sq.m of space in logistic parks: MLP Pruszków II, MLP Poznań, MLP Poznań West i MLP Teresin is to be built.

Moreover, the Group acquired land for construction of two new logistics parks - MLP Gliwice and MLP Wrocław, where plans to build totally 142,000 sq.m.

The Company's strategy is to focus on expanding the existing industrial parks (i.e. construction of warehouses on owned land), and development of BTS projects outside existing parks. Investments are realized in BTS system , i.e. a lease agreement with a prospective tenant must be signed prior to the initiation of the investment process.

As of the date of authorization of the separate report the Company has not entered into any binding commitments for the realization of new investment projects. Future investments will be financed, among other sources, from proceeds from the funds obtained from the sale of investment property belonging to the logistics parks MLP Tychy and MLP Bieruń.

2. 1.3 Significant agreements for the Company's activities

Significant suppliers with whom the Company entered into agreements in 2015 with a total value exceeding 10% of Company's equity.

In the financial year ended 2015, the Company has not entered into a trade agreement with a single supplier the total value of which exceeded 10% of the Company's equity.

2. 1.4 Agreements between the shareholders

MLP Group S.A. has no information on possible agreements between the shareholders of the Company.

Additionally, MLP Group S.A. has no information on possible agreements (including those concluded after the end of the reporting period), which may result in future changes in the proportion of shares held by existing shareholders.

2. 1.5 Cooperation and collaboration agreements

In 2015 MLP Group S.A. did not sign any significant agreement related to the cooperation or collaboration with other entities.

2. 1.6 Transactions with related parties

All transactions with related parties entered into by the Company or its subsidiaries were concluded on market terms.

A description of related party transactions is presented in Note 25 to the Financial Statements for the year ended 31 December 2015.

2. 1.7 Litigation

Ongoing proceedings in court, competent authority for arbitration proceedings or public authority.

As at 31 December 2015 there was no individual proceeding in court, arbitration proceedings or public administration related to liabilities or receivables of the Company or its subsidiaries, the value of which would exceed 10% of the Company's equity.

As at 31 December 2015 there were no combined proceedings in court, arbitration or public administration related to liabilities or receivables, the value of which would exceed 10% of the Company's equity.

Proceedings involving the Company do not have a material impact on the Company's activities.

The arbitration proceedings initiated by Accursius Limited, with its seat in Limassol, were closed in 2015. On 5 March 2015, MLP Group S.A. entered into an agreement with Accurcius Ltd regarding the final amount to be paid for the shares in MLP Bucharest Sud S.R.L and on 6 March 2015 EUR 600 thousand was paid to Accurcius Ltd.

2. 2 Development of MLP Group S.A., risk factors

MLP Group S.A. development is based on the development of subsidiaries within the MLP Group S.A. Capital Group.

2. 2.1 Key risk factors relevant to the development of the Company

MLP Group S.A. conducts its activities through entities in which it holds its shares. Activities of the Company and the Group are exposed to the following risks:

- Credit risk
- Liquidity risk
- Market risk

The Management Board is responsible for the establishment and oversight of the Company's risk management, including the identification and analysis of risks to which the Company is exposed, the terms of their respective limits and controls and for monitoring risks and adherence to limits of the respective risks. Rules and risk management procedures are regularly reviewed to reflect changes in the market conditions and changes in the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain, in terms of quality and value, a stable and sustainable portfolio of loans granted and other investments in debt instruments, achieved by having a policy of setting credit limits for contract parties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation. For this purpose, the Company monitors its cash flows, maintains lines of credit and keeps sufficient cash to cover anticipated operating expenses and expected cash outflows for current financial liabilities, and maintains anticipated liquidity ratios.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The activities of the Company's subsidiaries in this respect include applying hedge accounting to minimize volatility in the profit or loss for the current period.

- **Foreign exchange risk**

The majority of the Group companies revenue from rent is denominated in EUR and USD. A portion of the Group's costs, such as certain construction costs, labor costs and wages are denominated in PLN.

In order to hedge currency risk (i.e. Currency hedging), the Group companies mainly use natural hedging by obtaining debt financing in EUR. To reduce the volatility of return of investment caused by exchange rate fluctuations, the Group companies may also conclude hedging contracts against such risks, including use of derivatives, and entering into agreements with contractors (investment agreement with general constructor), which are denominated in EUR. Due to the short currency position of the Group companies, the depreciation of the Polish currency against EUR adversely affects the Group companies performance, resulting in increased debt service costs.

- **Interest rate risk**

The Group companies credit agreements are based on floating interest rates. The level of interest rates is highly dependent on many factors, including governmental monetary policies and both domestic and international economic and political conditions, and other factors beyond the Group companies' control. Changes in interest rates may increase the financing cost of the Group companies with respect to existing loans, and thus affect its profitability. A need to hedge the risk of interest rates is considered by the Group companies in each case. In order to reduce the impact of the interest rate risk, the companies enter into Interest Rate SWAP transactions with the bank financing their activities. Changes in interest rates may have a material adverse effect on the financial position and results of the Group companies.
In addition to these risks, the Group's activities are also exposed to the following risk factors:

Risks associated with the Company's and Group companies' dependence on the macroeconomic situation

The downturn in the real estate market may have a negative impact on the Group companies' performance in terms of profits from rental of warehouse space. In case of tenant's default to meet its obligation or in case of absence of tenants, the Company and Group companies will not receive rental income while incurring the costs associated with the property. These costs may include legal costs and valuation expenses, maintenance costs, insurance and property taxes. The level of rent and the market price of the property are, in principle, dependent on the economic situation. Consequently, the decline in market prices may result in the determination of other than expected rent levels and lead to losses in relation to the respective projects or may result in a need to find an alternative use of land purchased for investment. The occurrence of these events could have a material adverse effect on their business, financial condition and results.

The Company is exposed to risks related to: real estate development, acquisition, ownership and management of commercial real estate.

Revenue and value of the property held by the Company may be affected by numerous factors, including: (i) changes in laws and administrative regulations concerning real estate, including obtaining of licenses or permits, determining zoning, taxes and other public charges, (ii) the cyclical changes in the real estate market in which the Company operates; (iii) the Company's ability to obtain appropriate services for construction, management, maintenance, and insurance services. Although the Company undertakes certain actions to protect its business from the negative impact of these risks, it is impossible to eliminate them entirely. Occurrence of any of these risks will have a significant negative impact on the Company's business, financial condition, results and prospects.

Risk associated with the downturn in the real estate market and the general deterioration of the economic situation

The downturn in the real estate market may have a negative impact on the Group companies' performance in terms of profits from rental of warehouse space. In case of tenant's default to meet its obligation or in case of absence of tenants, the Company and Group companies will not receive rental income while incurring the costs associated with the property. These costs may include legal costs and valuation expenses, maintenance costs, insurance and property taxes. The level of rent and the market price of the property are, in principle, dependent on the economic situation. Consequently, the decline in market prices may result in the determination of other than expected rent levels and lead to losses in relation to the respective projects or may result in a need to find an alternative use of land purchased for investment. The occurrence of these events could have a material adverse effect on their business, financial condition and results.

Insurance risk

The group companies' properties may be destroyed or damaged due to many foreseeable or unforeseeable circumstances. It is also possible that third parties may suffer damages as a result of an event, which the Group companies are responsible for. Due to the scope of insurance coverage currently held by the Group companies, there is a risk that such damages or claims will not be covered by insurance or that they will only be partially covered by insurance. Some risks are not subject to insurance, in case of other types of risks insurance premium costs are disproportionately high in relation to risk occurrence likelihood. The Group companies' insurance coverage may not protect them against all losses that they may incur in connection with its activities, and some types of insurance may not be available on commercially reasonable terms or at all. Accordingly, the Group companies' insurance coverage may not be sufficient to fully compensate for losses incurred in connection with its real estate.

Risks associated with the development activities of the Company.

The development of the Company's business is related to the risks arising from the nature of the process of construction of warehouses and manufacturing centers. During the construction of warehouses and manufacturing centers there may occur, not due to the developer, delays or technical problems resulting in a failure to meet deadlines and to obtain appropriate permits required by law or administrative approvals, which may have an adverse effect on the business, financial position and results of the Company.

Risks associated with a failure to finalize profitable investments and the nature of property development activities:

The subsidiary's ability to start and complete a development, reconstruction or modernization of its property depends on a number of factors, some of which are beyond its control. These factors include, in particular, their ability to receive all of the necessary administrative decisions, obtaining external financing on satisfactory terms or at all, the involvement of reliable contractors and obtaining appropriate tenants.

The following factors, over which the Group companies have limited or no control, that may result in a delay or otherwise adversely affect the development or modernization of the Group companies' properties include:

- increase in the cost of materials, labor costs or other expenses that may cause the completion of a project to be unprofitable;
- actions taken by public authorities and local governments resulting in unexpected changes in the land use planning and development plan;

- disadvantages or limitations on legal title to land or buildings acquired by the Group companies or defects, restrictions or conditions related to management decisions on land owned by the Group companies;
- changes in applicable laws, regulations or standards, which come into force after the start of the planning or construction of the project, resulting in the Group companies incurring additional costs or causing delays in the project or its interpretation or application;
  violations of building standards, incorrect methods of construction or faulty construction materials;
- industrial accidents, previously undisclosed existing soil contamination and potential liability related to environmental regulations and other applicable laws, for example, related to archaeological finds, un-exploded bombs or building materials that are deemed harmful to health;
- forces of nature, such as bad weather, earthquakes and floods, which can damage or delay the completion of projects;
- acts of terrorism or riot, revolts, strikes or civil unrest.

Investment projects may be carried out only if the land on which they are carried out is provided with appropriate technical infrastructure as required by law, (e.g. access to internal roads , the possibility of connections to the media or certain procedures for fire protection and adequate facilities to ensure this protection). The relevant authorities may require the Group companies to create additional infrastructure required by law in the performance of its construction work, before making appropriate administrative decisions. Such additional work can significantly affect the cost of construction.
In addition, the implementation of some projects may become uneconomic or impracticable for reasons that are beyond the Group companies' control, such as a slowdown in the real estate market. The Group companies may not be able to complete these projects on time, within budget or at all, due to any of the above or other factors, which may increase the costs, delay the implementation of the project or cause the project to be abandoned.

Risk associated with general contractors.

In a significant number of cases, the Group companies commission their projects to general contractors or other third parties. The successful completion of construction projects depends on the ability of the Group companies to employ general contractors who carry out realized projects in accordance with established standards of quality and safety, at commercially reasonable terms, within the agreed deadlines and within the approved budget. Inability to employ general contractors on commercially reasonable terms and the failure of general contractors to meet accepted standards of quality and safety, or non-completion of construction or repairs on time or within the agreed budget may increase the cost of the project, delays in its completion, as well as result in claims against the Group companies. In addition, the above-mentioned events may adversely affect the Group companies' image and the ability to sell completed projects.

The financial strength and liquidity of the general contractors of the Group companies may not be sufficient in the event of a severe economic downturn in the property market, which in turn could lead to their bankruptcy, adversely affecting the execution of the Group companies' strategy. Any security usually established by general contractors in order to secure the performance of obligations under the respective agreements with the Group companies, may not cover the total costs and damages incurred by the Group companies in these circumstances.

The Group companies' dependency on general contractors also exposes the Group companies to all risks associated with poor quality of work of such general contractors, their subcontractors and employees and of construction flaws. In particular, the Group companies may incur losses due to the need to engage other contractors to correct defective work done or because of the need to pay compensation to people who have suffered losses as a result of defective work carried out. In addition, there is a risk that such losses or expenses will not be covered by insurers of the Group companies, by the contractor or by the appropriate subcontractor.

Risks associated with administrative decisions:

As part of their activities and in the course of management of their assets, the Group companies are obligated to obtain multiple licenses, approvals or other decisions of public administration bodies, in particular for the execution construction and use of its property. The Group companies can not guarantee that any of such permits, consents or other decisions in relation to the existing property or new investments will be obtained in time or that it will be obtained at all, or that currently held or acquired in the future permits, consent or other decisions will not be withdrawn or that their term of validity will not be extended. In addition, public administrations may issue a decision based on the fulfilment of certain additional terms and conditions (including, for example ensuring adequate infrastructure) or impose on the Group companies in such decisions additional conditions and obligations, which may involve additional costs and the extension of the procedures.

In addition, the Group companies may seek changes of certain projects or facilities of the Group companies, as well as the change in use of the property, so as to utilize them more effectively and in accordance with the current trends in the real estate market. The introduction of such changes may not be possible due to the difficulty in obtaining or changing required permits or change, approvals and decisions, in particular in the case of real estate included in the register of monuments.

In addition, social organizations and organizations dealing with the protection of the environment, as well as adjacent property owners and local residents can take action to prevent the Group companies from obtaining the required permits, approvals or other decisions, including participation in administrative and judicial proceedings involving the Group companies, challenging decisions, regulations and rulings issued in the course of such proceedings, as well as disseminating negative and defamatory information about the Group companies and their investments. These actions may, in particular, significantly extend the realization of its investment activities by the Group companies, as well as result in additional costs incurred by the Group companies in connection with the ongoing investments.

2. 2.2 Business prospects

MLP Group S.A. core activity includes managing the operations of its subsidiaries. The strategic goal of the Group companies is to permanently increase the owned warehouse space on the Polish market. The effect of this will be strengthening their position as a long-term partner of customers developing operations in the area. The strategic objective of the Group companies is the realization of buildings in the Build to Suit (BTS) System on the current surplus land and construction of buildings in the BTS system beyond the current parks for resale. According to many forecasts, Poland is facing a period of increasingly rapid GDP growth. As the general state of the economy and trends in the industrial market are highly correlated, we expect that it will be reflected in the demand for warehouse space.

2015 was a very intense year in the warehouse market in Poland, for tenants, investors and developers. At the end of 2015, the total warehouse stock in Poland exceeded 9.9 million sq m which reflected a 10% growth compared to the previous year. Modern warehouses are located primarily in seven major areas of concentration (i.e. Warsaw, Upper Silesia, Wielkopolska, Lower Silesia, Central Poland, Tricity and Kraków). However, along with the improving road infrastructure, the past year saw a dynamic development of smaller logistic markets, such as Szczecin, Lublin, Rzeszów.[1)]

Currently, over 893,000 sq.m. of modern industrial space remains under construction, of which 68% is leased. Developers are frequently deciding for partly speculative investments.

In 2016, further development of the industrial market is expected (Lublin, Rzeszów, Szczecin). Apart from BTS, BTO transactions will be observed (known also as fee development), in which clients order developers to build warehouses for ownership.

Despite the low vacancy rate, effective rental rates will remain at a stable level and demand on logistic area in the following year is to maintain at a stable level.[2)]

1) Source: Knight Frank

2) Source: Colliers International

(in thousand PLN, unless otherwise stated)

3. MLP GROUP S.A. FINANCIAL POSITION, FINANCIAL RESOURCES MANAGEMENT

3. 1 Key economic and financial data disclosed in the separate financial statements of MLP Group S.A. for the year 2015

3. 1.1 Selected financial data from the separate statement of financial position

The structure of the separate statement of financial position of MLP Group S.A. (selected, significant items)

As at 31 December	2015	Share %	2014	Share %	Change %
Assets	**242 970**	**100%**	**230 704**	**100%**	**5%**
Non-current assets	**210 954**	**87%**	**125 227**	**54%**	**68%**
In which:					
Long-term financial assets in related parties	122 209	50%	121 142	53%	1%
Long-term investments	82 674	34%	1 408	1%	5772%
Deferred tax assets	6 005	2%	2 651	1%	127%
Current Assets	**32 016**	**13%**	**105 477**	**46%**	**-70%**
Short-term investments	19 132	8%	83 629	36%	-77%
Trade and other receivables	2 619	1%	1 637	1%	60%
Cash and cash equivalents	10 252	4%	20 211	9%	-49%

As at 31 December	2015	Share %	2014	Share %	Change %
Liabilities and equity	**242 970**	**101%**	**230 704**	**100%**	**5%**
Equity	**188 920**	**78%**	**182 118**	**79%**	**4%**
Long-term liabilities	**40 285**	**17%**	**-**	**0%**	**-**
Loans and other debt instruments	40 285	17%	-	0%	-
Short-term liabilities	**13 765**	**6%**	**48 586**	**21%**	**-72%**
In which:					
Loans and other debt instruments	11 096	5%	43 545	19%	-75%

As at 31 December 2015, long-term financial assets represented a significant part of the Company's assets, i.e. 50% of total assets. The most sifnificant part of the Company's total liabilities and equity contained equity (i.e. 78% of total liabilities and equity) and loans and other debt instruments (i.e. 17% of total liabilities and equity).

(in thousand PLN, unless otherwise stated)

Long-term financial assets in related parties

As at 31 December	2015	2014
Gross value at the beginning of the period	**121 142**	**121 142**
Acquisition of shares in LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	50	-
Acquisition of shares in LOKAFOP 201 Sp. z o.o.	7	-
Acquisition of shares in MLP Wrocław Sp. z o.o.	5	-
Acquisition of shares in MLP Gliwice Sp. z o.o.	5	-
Acquisition of additional shares in MLP Property Sp. z o.o.	1 000	-
Gross value at the end of the period	**122 209**	**121 142**
Net value at the end of the period	**122 209**	**121 142**

Shares in subsidiaries held by MLP Group S.A. as at 31 December 2015 are disclosed in section 1.1 (MLP Group S.A. shareholding structure).

On 30 December 2015, the Company sold all the rights and obligations held in the company MLP FIN Spółka z ograniczona odpowiedzialnością Sp.K. to Sanborn Holdings Ltd.

Long-term and short-term investments

As at 31 December	2015	2014
Long-term investments	**82 674**	**1 406**
Loans granted to related parties	82 674	1 406
Short-term investments	**19 132**	**83 629**
Loans granted to related parties	19 095	83 621
Loans granted to other entities	37	8
Total long-term and short-term investments	**101 806**	**83 629**

As at 31 December 2015 the Company recognized long-term and short-term investments from loans granted to related parties in the amount of PLN 101,769 thousand, whereof PLN 60,759 thousand (including long-term portion in the amount of PLN 54,160 thousand) represents the loans granted to Fenix Polska Sp. z o.o.

Cash

As at 31 December	2015	2014
Cash on hand	10	4
Cash in bank	13	10
Short-term deposits	10 229	20 197
Cash and cash equivalents, the amount presented in the separate statement of financial position	**10 252**	**20 211**
Cash and cash equivalents, the amount presented in the separate statement of cash flows	**10 252**	**20 211**

(in thousand PLN, unless otherwise stated)

As at 31 December 2015, the cash balance amounted to PLN 10,252 thousand, and decreased as compared to PLN 20,211 thousand as at the end of the prior year. The decrease resulted mainly from the usage of a part of the funds obtained in 2013 from the issuance of shares of series C shares of MLP Group S.A. for the expansion of existing logistics parks and investment in new parks

Equity

- **Share capital**

As at 31 December	2015	2014
A series shares	11 440 000	11 440 000
B series shares	3 654 379	3 654 379
C series shares	3 018 876	3 018 876
Total	**18 113 255**	**18 113 255**
Par value of 1 share	0,25	0,25

As at 31 December 2015, share capital of the Company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling shareholders to 18,113,225 votes at the General Meeting. All shares have a par value of PLN 0.25 and have been fully paid.

Loans and other debt instruments

As at 31 December	2015	2014
Loans from related parties:	**51 381**	**43 545**
• MLP Pruszków I Sp. z o.o.	41 102	41 936
• MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	10 278	1 609
• MLP Energy Sp. z o.o.	1	-
Loans and other debt instruments	**51 381**	**43 545**

Loans and other debt instruments are the main item of the Company's liabilities and equity. These are long-term loans in the amount of PLN 40,285 thousand and short-term loans in the amount of PLN 11,096 thousandreceived from subsidiaries.

(in thousand PLN, unless otherwise stated)

3. 1.2 Selected financial data from the separate statement of profit or loss

Separate statement of profit or loss of MLP Group S.A. for the year ended 31 December 2015 compared to the year 2014:

for the year ended 31 December	2015	*% sales*	2014	*% sales*	*Change %*
Revenue	8 829	*100%*	8 230	*100%*	*7%*
Other operating income	516	*6%*	299	*4%*	*73%*
Selling and administrative expenses	(7 875)	*89%*	(6 864)	*83%*	*15%*
Other operating costs	(107)	*1%*	(320)	*4%*	*-67%*
Operating profit before recognition of the IPO costs	**1 363**	***15%***	**1 345**	***16%***	***1%***
Provision for liabilities for purchase of shares in MLP Bucharest Sud S.R.L (one-off cost)	-	*0%*	(2 557)	*-31%*	-
Operating profit/(loss)	**1 363**	***15%***	**(1 212)**	***-15%***	***-212%***
Net financial income	2 085	*-24%*	2 271	*-28%*	*-8%*
Zysk przed opodatkowaniem	**3 448**	*39%*	**1 059**	*13%*	*226%*
Profit before taxation	3 354	*-38%*	(4 750)	*58%*	*-171%*
Net profit/(loss) from continuing operations	**6 802**	***77%***	**(3 691)**	***-45%***	***-284%***

The main source of the Company's revenue are revenue from management and advisory services provided to related parties.

In 2015, selling and administrative expenses amounted to PLN 7,875 thousand and increased by PLN 1,011 thousand as compared to 2014. Costs of legal and advisory services are the main class of expenses of the Company's current operations.

Among the selling and administrative expenses, there are costs associated with servicing and maintenance of income generating investment properties owned by subsidiaries. The Company recovers the amounts by invoicing these companies for property management.

In 2015 the Company recognized net financial income of PLN 2.085 thousand, which slightly decreased compared to 2014.

(in thousand PLN, unless otherwise stated)

3. 1.3 *Selected information from the separate statement of cash flows*

year ended 31 December	2015	2014
Net cash flows from operating activities	(2 109)	2 559
Net cash flows from investing activities	(14 905)	(43 007)
Net cash flows from financing activities	7 055	2 099
Total net cash flow	**(9 959)**	**(38 349)**
Cash at the beginning of the period	**20 211**	**58 561**
Foreign exchange differences	-	(1)
Cash and cash equivalents at the end of the period	**10 252**	**20 211**

In 2015, the Company reported negative cash flows from operating activities of PLN 2,109 thousand (in 2014 the positive cash flows from operating activities amounted to PLN 2,559 thousand). Such change was mainly caused by decrease of liabilities and increase of receiveables as at 31 December 2015.

Lower inflows from investing activities, related mainly to the fact that in 2015 the Company granted fewer loans compared to the previous year. In addition, in 2015 the company received more cash due to repayment of loans.

Positive cash flows from financing activities in 2015 are mainly the result of higher inflows of borrowings compared to 2014.

3. 2 Forecasts

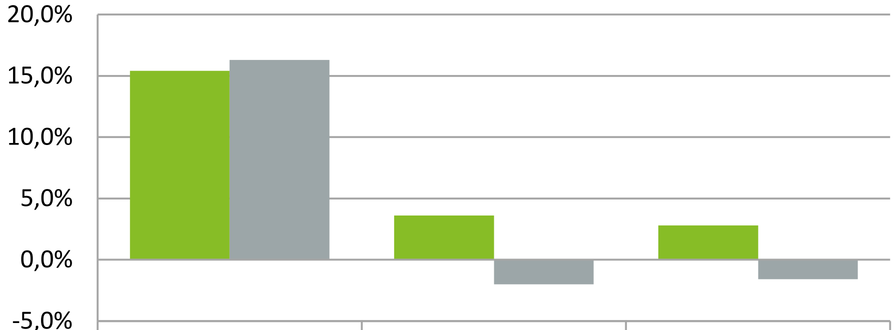
MLP Group S.A. did not publish forecasts of separate financial results for 2015.

(in thousand PLN, unless otherwise stated)

3. 3 Company's financial management

3. 3.1 Profitability ratios

Profitability ratios



	Operating profit margin before "one-off" costs (%)	Return on Equity (ROE)	Return on Assets (ROA)
31 December 2015	15,4%	3,6%	2,8%
31 December 2014	16,3%	-2,0%	-1,6%

Profitability analysis was based on the below defined ratios:

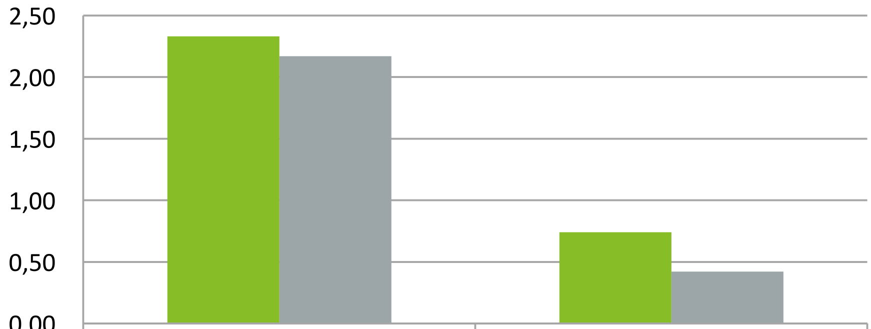
- **operating profit margin:** profit (loss) from operating activities less one-off items / revenue from sale
- **return on equity (ROE):** net loss / equity
- **return on assets (ROA):** loss / total assets.

In 2015, operating profit margin ratio before the inclusion of one-off costs decreased slightly, compared to the previous year.

Values of other ratios , as opposed to 2014 are positive. It was caused by the net profit obtained in 2015 (in 2014, the Company reported a net loss) .

3. 3.2 Liquidity ratios

Liquidity ratios



	Current liquidity	Immediate liquidity
31 December 2015	2,33	0,74
31 December 2014	2,17	0,42

Liquidity analysis was performed based on the following ratios:

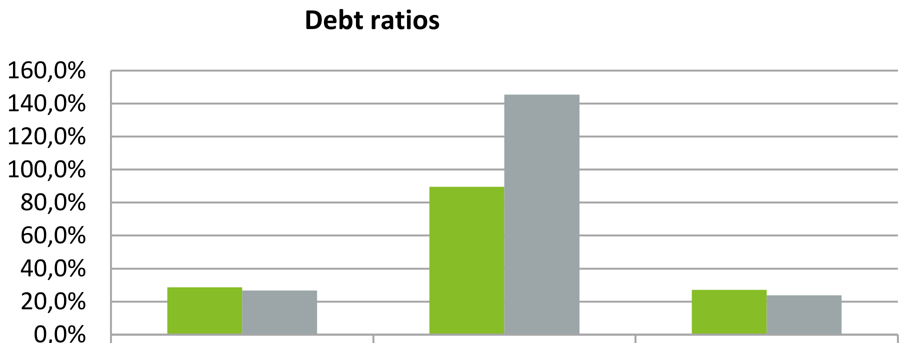
(in thousand PLN, unless otherwise stated)

- **current ratio:** current assets/ current liabilities
- **immediate liquidity ratio:** cash and cash equivalents / current liabilities.

In 2015 liquidity ratios increased in comparison to 2014.

This change was primarily due to a larger decline in short-term liabilities compared to the decrease in cash and cash equivalents and total current assets .

3. 3.3 Debt ratios



	Debt to equity ratio	Assets to equity ratio	Financial liabilities to equity ratio
31 December 2015	28,6%	89,6%	27,2%
31 December 2014	26,7%	145,4%	23,9%

Debt analysis was performed based on the following ratios presented:

- **debt to equity ratio:** total liabilities / total equity
- **equity to non-current assets ratio:** total equity / non-current assets
- **financial liabilities to equity ratio:** financial liabilities[1)] / total equity

[1)] *Financial liabilities include long term liabilities and short term liabilities from loans and other debt instruments.*

In 2015 there was an increase in the debt to equity ratio and the financial liabilities to equity ratio . This change resulted mainly from the increase in the balance of borrowings received.

The equity to non-current assets ration decreased in 2015 compared to the previous year. This was due to higher value of long-term investments, compared to 31 December 2014 . The majority of loans reported as at 31 December 2014 as short-term , have been reclassified as long-term as a result of signing annexes .

(in thousand PLN, unless otherwise stated)

3. 4 Credits, bonds, loans, securities and guarantees

3. 4.1 Concluded and terminated loans agreements

As at 31 December 2015, the Company recognized liabilities due to loans received in 2015:

Borrower	Lender	Date of loan agreement	Amount of loan	The amount of loan outstanding
MLP Group S.A.	MLP Pruszków I Sp. z o.o.	2015-01-28	1 000 000 PLN	1 000 000 PLN
MLP Group S.A.	MLP Spółka z ograniczoną odpowiedzialnością SKA	2015-01-28	2 000 000 EUR	2 000 000 EUR
MLP Group S.A.	MLP Energy Sp. z o.o.	2015-04-23	1 500 000 EUR	0 EUR

In 2015, the Company repaid the following loans and interest on loans:

Borrower	Lender	Date of loan agreement	Amount of loan repaid	The amount of interest repaid
MLP Group S.A.	MLP Pruszków I Sp. z o.o.	2008-01-24	581 119 EUR	0 EUR
MLP Group S.A.	MLP Energy Sp. z o.o.	2015-04-23	1 500 000 PLN	0 PLN

In 2015, no loans were terminated.

3. 4.2 Concluded and terminated bank credit agreements

MLP Group S.A. is not a party to any bank credit agreement.

3. 4.3 Bonds

The Company does not hold or issue bonds.

3. 4.4 Loans granted

As at 31 December 2015, the Company recognized receivables from loans granted in 2015:

Lender	Borrower	Date of loan agreement	Amount of loan	The amount of loan outstanding
MLP Group S.A.	Fenix Polska Sp. z o.o.	2015-01-19	150 000 PLN	150 000 PLN
MLP Group S.A.	MLP Bieruń I Sp. z o.o.	2015-08-24	80 000 PLN	80 000 PLN
MLP Group S.A.	MLP Bieruń I Sp. z o.o.	2015-02-11	1 000 000 PLN	1 000 000 PLN
MLP Group S.A.	MLP Fin Sp. z o.o.	2015-03-19	50 000 PLN	50 000 PLN
MLP Group S.A.	MLP Fin Sp. z o.o. Sp. K.	2015-07-15	30 000 PLN	30 000 PLN
MLP Group S.A.	MLP Lublin Sp. z o.o.	2015-01-28	199 950 EUR	199 950 EUR
MLP Group S.A.	MLP Moszna I Sp. z o.o.	2015-04-23	2 230 000 EUR	0 EUR
MLP Group S.A.	MLP Poznań Sp. z o.o.	2015-06-24	300 000,00 PLN	300 000 PLN
MLP Group S.A.	MLP Poznań Sp. z o.o.	2015-08-06	240 000 EUR	240 000 EUR
MLP Group S.A.	MLP Poznań Sp. z o.o.	2015-09-08	3 200 000 PLN	3 200 000 PLN
MLP Group S.A.	MLP Poznań Sp. z o.o.	2015-03-19	315 000 PLN	315 000 PLN
MLP Group S.A.	MLP Gliwice Sp. z o.o.	2015-12-10	16 056 657 PLN	16 056 657 PLN
MLP Group S.A.	MLP Poznań West Sp. z o.o.	2015-05-14	164 513 PLN	164 513 PLN
MLP Group S.A.	MLP Poznań West Sp. z o.o.	2015-10-02	300 000 PLN	300 000 PLN
MLP Group S.A.	MLP Property Sp. z o.o.	2015-03-19	100 000 PLN	100 000 PLN
MLP Group S.A.	MLP Teresin Sp. z o.o.	2015-07-28	3 936 000 PLN	3 936 000 PLN
MLP Group S.A.	MLP Teresin Sp. z o.o.	2015-08-24	1 300 000 PLN	1 300 000 PLN
MLP Group S.A.	MLP Teresin Sp. z o.o.	2015-03-19	700 000 PLN	700 000 PLN

3. 4.5 Granted and received securities

In conjunction with the insurance policies obtained by WestInvest Gesellschaft für Investmentfonds mbH seated in Düsseldorf ("Buyer"), guarantees provided by MLP Group S.A. in favour of the Buyer, in connection with the contracts for the sale of real estate owned by MLP Tychy and MLP Bieruń, expired in October 2015.

As at 31 December 2015 the Cimpany did not grant any additional guarantees.

3. 4.6 Granted and received guarantees

- Support agreement granted to MLP Pruszków IV Sp. z o.o. by MLP Group S.A, according to the agreement if MLP Pruszków IV will not cover excessive property construction costs (A2b building) with its own contributions, then Issuer will grant to the company abovementioned unsecured loan, which will be subordinated to repayment of company's liabilities, in the amount not exceeding EUR 68 thousand.
- Support agreement granted to MLP Pruszków IV Sp. z o.o. by MLP Group S.A, according to the agreement if MLP Pruszków IV will not cover excessive cost of property construction (A3a building) with its own contributions, then Issuer will grant to the abovementioned company unsecured loan, which will be subordinated to repayment of company's liabilities, in amount not exceeding EUR 193 thousand.

3. 5 Assessment of the feasibility of the investment plans

The Company is in possession of appropriate capital resources to meet its strategic objectives and to finance current operations. Investment projects are realized by special purpose vehicles which are owned by the Company. The Company finances the investments, both those connected with the acquisition of new properties, as well as those connected with expanding currently held logistics parks from its own resources and through long-term debt financing in the form of bank credits and loans. The Company assumes that the share of debt financing in the financing of the planned investment projects will be approximately 70%.

3. 6 Evaluation of factors and unusual events affecting the separate financial result for the year

On 30 December 2015, the Company sold all the rights and obligations held in the company MLP FIN Spółka z ograniczona odpowiedzialnością Sp.K. to Sanborn Holdings Ltd.

As a result of the above, the Company recorded a tax loss, due to which the deferred tax asset was created in the amount of PLN 4,277 thousand.

In 2015, there were no other factors or unusual events that would have a significant impact on the separate financial statements of the Company.

4. STATEMENT ON CORPORATE GOVERNANCE

Statement of MLP Group S.A. with its seat in Pruszków (the "Company", "The Issuer") on selected corporate governance principles set out in the annex to Resolution No. 19/1307/2012 of the Warsaw Exchange Supervisory Board of 21 November 2012, which were not complied with in the year ended 31 December 2014, along with an explanation, and reasons for non-compliance.

The Management Board of the Company, appreciating the importance of corporate governance principles to ensure transparency of internal relations and relations of the Issuer with its external environment, in particular the current and future shareholders of the Issuer, fulfilling the duty imposed by § 29 paragraph 3 of The WSE Rules informs that in the financial year ended 31 December 2014, all the principles of corporate governance set out in "Best Practice for Companies Listed on the Stock Exchange" were applied with the exception of:

I. Recommendations on good practices of listed companies.

Recommendation No. 5. The company should have a remuneration policy and the principles of its determination. The remuneration policy should, in particular, describe the form, structure and level of remuneration of members of the supervisory and management board. In determining the remuneration policy for members of the supervisory and management board, the company should apply the Recommendation of the European Commission dated 14 December 2004 with regards to an appropriate form of remuneration of directors of listed companies (2004/913/EC), supplemented by the Recommendation of European Commission dated 30 April 2009 (2009/385/EC).

<u>Explanation of the reasons for which the Company does not comply with the recommendation:</u>

Remuneration of members of management and supervisory bodies of the Company shall be determined according to the terms of reference, responsibilities and financial performance of the Company. The Company does not intend to introduce a remuneration policy as described in the recommendations of the European Commission, in order to exercise more discretion in this respect.

Recommendation No. 9. WSE recommends public companies and their shareholders ensure a balanced representation of women and men within the management and supervisory bodies of the companies, thereby enhancing the creativity and innovation of the company's business.

<u>Explanation of the reasons for which the Company does not comply with the recommendation:</u>

The representation of women and men within management and supervisory bodies in the structures of the Company is dependent on the competence, skills and efficiency. Decisions regarding the appointment to management and supervisory positions are not dependent on the gender of the candidate. The Company therefore is not able to provide a balanced representation of women and men in management and supervisory bodies.

Recommendation No. 12. The company should provide shareholders with the opportunity to exercise their voting rights in person or by proxy during the general shareholders meeting, outside of the venue of the general shareholders meeting by means of electronic communication.

Explanation of the reasons for which the Company does not comply with the recommendation:

In order to provide shareholders the possibility to exercise voting rights in the course of the General Shareholders Meeting by means of electronic communication, the Board proposed to undertake at the first general meeting, which took place after the registration of the Company on the Stock Exchange on 15 January 2014, a resolution amending the Articles of Association so as to provide the opportunity for Shareholders Meeting to take place through electronic communications. Such a resolution was adopted and the court registered a change in the Articles of Association.

Due to the fact, that no shareholder was interested in voting through electronic communications at a location other than the venue of the meeting, no means of electronic communication were used at the General Shareholders Meeting, which took place on 26 June 2014.

II. Best Practices applied by the Management Board.

Rule No. 1.2a). The company maintains a corporate website and annually, in the fourth quarter - publishes information about men and women in the Management Board and the Supervisory Board of the company for representation for the last two years.

Explanation of the reasons for which the Company does not comply with the recommendation:

The composition of the Supervisory Board and the Management Board is updated by the current reports and website of the Issuer on a regular basis. Information on the past composition of the management and supervisory bodies are presented in the periodic reports. Non-compliance with this rule, results from non-conformity by the Issuer with recommendation No. 9 on the balanced representation of women and men in the management and supervisory bodies.

Rule No, 1.7. The company maintains a corporate website and publishes questions of its Shareholders on issues on the agenda of the general meeting arising before and during the general meeting, along with answers to those questions.

Explanation of the reasons for which the Company does not comply with the recommendation:

This principle was not applied, because in the Company's opinion publication of the questions and answers could affect the interests of individual shareholders.

Rule No. 1.9a).The company maintains a corporate website where a record of the proceedings of the general meeting, in the form of audio or video, are published.

Explanation of the reasons for which the Company does not comply with the recommendation:

In the opinion of the Issuer, publication of a complete record of The General Meeting of Shareholders proceedings via audio or video, could negatively effect the interest of individual shareholders. Moreover, in the Company's view, compliance with disclosure obligations as set out in applicable laws, in particular, by publication of respective current reports and publications of required information on the Company's website, provide shareholders access to all important information related to shareholders meetings.

Rule No. 1.14. The company maintains a corporate website and publishes information regarding internal regulations on auditor rotation requirements or information about respective absence of such a rule.

Explanation of the reasons for which the Company does not comply with the recommendation:

Appointment and change of the audit firm falls within the competence of the Supervisory Board, which, in its decisions, always has the best interests of shareholders in mind and does not apply fixed rules on the principles of choice. Publication of information about the lack of rules in this area in the Issuer's opinion should be considered inexpedient.

Rule No. 3. The Management Board asks for the supervisory board approval of the transaction/ agreement before concluding a significant agreement with a related party.

Explanation of the reasons for which the Company does not comply with the recommendation:

The Issuer believes that regulations, in respect of compliance of the Supervisory Board, contained in applicable laws enhanced by the Company's Articles of Association and the rules of the Supervisory Board shall be determined adequate and therefore the Company has decided not to extend regulations in this respect.

III. Best Practices applied by the Supervisory Board Members.

Rule No. 1.3. (except for activities listed by law, the Supervisory Board should) review and give opinions on issues subject to resolution of the General Shareholders Meeting.

Explanation of the reasons for which the Company does not comply with the recommendation:

Articles of Association and Rules of the Supervisory Board do not require review of all matters subject to resolutions of the General Shareholders Meeting. The Company believes that regulations in respect of compliance of the Supervisory Board contained in applicable laws enhanced by the Company's Articles of Association and the rules of the Supervisory Board shall be determined adequate and therefore the Company has decided not to extend regulations in this respect.

Rule No. 9. Conclusion of a contract / transaction with a related entity which meets the conditions referred to in Part II, point 3, requires the approval of the Supervisory Board.

Explanation of the reasons for which the Company does not comply with the recommendation:

The Company believes that regulations in respect of compliance of the Supervisory Board contained in applicable laws enhanced by the Company's Articles of Association and the rules of the Supervisory Board shall be determined adequate and therefore the Company has decided not to extend regulations in this respect.

IV. Best practices applied by shareholders

Rule No. 1.1. Representatives of the media should be allowed to attend general meetings.

Explanation of the reasons for which the Company does not comply with the recommendation:

The General Shareholders Meeting is attended by persons entitled to attend the General Shareholders Meeting and individuals who support the General Shareholders Meeting. According to the Company there is no need to introduce additional obligations to shareholders on enabling participation at the General Shareholders Meeting of representatives of the media. In the opinion of the Issuer, the applicable regulations adequately regulate the execution of obligations to provide information imposed on public companies in respect of transparency of issues of general meetings. In case of questions regarding the general meetings addressed to the Company from the media, the Company shall provide appropriate answers.

Rule No. 10. The company should provide shareholders with the opportunity to participate in the General Shareholders Meeting by means of electronic communication through:
1) transmission of the general meeting in real time,
2) two-way communication in real time within which shareholders may speak during the general meeting from a location other than the venue of the meeting.

Explanation of the reasons for which the Company does not comply with the recommendation:

In order to provide shareholders the possibility to exercise voting rights in the course of the General Shareholders Meeting by means of electronic communication, the General Shareholders Meeting proposed to undertake at the first general meeting, which took place after the registration of the Company on the Stock Exchange on 15 January 2014, a resolution amending the Articles of Association so as to provide the opportunity for Shareholders Meeting to take place through electronic communications. Such a resolution was adopted and the court registered a change in the Articles of

Due to the fact, that no shareholder was interested in voting through electronic communications at a location other than venue of meeting, no means of electronic communication were used at the General Shareholders Meeting, which took place on 26 June 2014.

(in thousand PLN, unless otherwise stated)

4. 1 Equity and shareholders

4. 1.1 Shareholders

As at December 31, 20145 MLP Group S.A. was controlled by the majority shareholder of the Company, Cajamarca Holland B.V. headquartered in Delft, which holds 10 319 842 shares of the Company, representing 56.98% of the share capital of the Company and is entitled to 56.98% of the total number of votes at the General Meeting. Cajamarca Holland B.V. is a Dutch holding company.

The following table shows the list of shareholders as at 31 December 2015:

Shareholders	Number of shares	Share in capital	Share in total number of votes
Cajamarca Holland B.V	10 319 842	56,98%	56,98%
Thesinger Limited	1 920 475	10,60%	10,60%
Gracecup Trading Limited	1 094 388	6,04%	6,04%
MIRO B.V.	1 004 955	5,55%	5,55%
Akcjonariusze posiadający poniżej 5% liczby głosów	3 773 595	20,83%	20,83%
Total	**18 113 255**	**100%**	**100%**

4. 1.2 Special rights of the Shareholders

MLP Group S.A. did not issue shares with special rights to their holders.

According to the Articles of Association Cajamarca Holland B.V., shall have a personal right to appoint and dismiss 3 members of the Supervisory Board, including the Chairman of the Supervisory Board, unless the number of shares held by this shareholder falls below 25%, in case of MIRO B.V., if the number of shares held by this shareholder does not fall below 2.5%, the shareholder is entitled to appoint and dismiss one member of the Supervisory Board. The personal rights of the above mentioned Shareholders expire, when the number of shares held jointly by Cajamarca Holland B.V. and Miro B.V. fall below 40% of the share capital.

According to the statements of significant shareholders, they do not have other voting rights.

4. 1.3 Voting rights restrictions

Indication of restrictions on voting rights, such as a restriction on the voting rights of holders of a given part or number of votes, time limitation for exercising voting rights or provisions according to which, in cooperation with the Company, the equity rights attached to shares are separated from the ownership of shares.

There are no restrictions on voting rights in MLP Group S.A.

Restrictions on transfer of ownership of MLP Group S.A. shares

There are no restrictions on transfer of ownership of MLP Group S.A. shares.

4. 2 General Meeting of Shareholders

Method of operation of the General Meeting of Shareholders and its basic rights and the rights of shareholders, and the manner of their execution, in particular those arising from the General Meeting of Shareholders regulations, if such regulations have been passed, unless the information in this regard does not arise directly from the law.

The General Meeting of Shareholders may be ordinary or extraordinary, and as a body of the Company operates under the regulations of the Commercial Companies Code dated 15 September 2000, (Official Journal of 2000 No. 94, pos. 1037, with amendments), Articles of Association and the provisions of the Regulation of the General Meeting of Shareholders of MLP Group S.A. dated 2 December 2009.

According to the Articles of Association, subject of the Company's Ordinary General Meeting of Shareholders shall be:

- examination and approval of the Management Board's report on the company's activities and the financial statements for the preceding financial year;
- adopting of resolution on the distribution of profit or covering of loss;
- granting vote of acceptance to members of the company bodies confirming the discharge of their duties
- resolutions of the General Meeting shall decide on matters required by the Commercial Companies Code, unless the Articles of Association state otherwise and it is permitted by law and

  - appointing and dismissing members of the Supervisory Board, subject to the provisions of the Articles of Association concerning the rules for appointing the members of the Supervisory Board by the individual shareholders

  - changes to the Article of Association of the Company

  - establishing the rules and amounts of remuneration of the members of the Supervisory Board

  - merger or dissolution of the Company and the appointment of liquidators

  - examination of claims made against the members of the Company's bodies or the Company's founders for compensation for the damage caused by their unlawful conduct

Resolutions of the General Meeting of Shareholders is required for both the acquisition and disposal of investment property, perpetual usufruct or a share in property or perpetual usufruct, as well as the pledge of property or of perpetual usufruct.

The General Meeting is convened by an announcement on the Company's website and in the manner specified for the publication of current information in accordance with the provisions of the Act on Public Offering. The announcement should be made at least twenty-six days before the General Meeting. The General Meeting is convened by the Management Board as ordinary or extraordinary. The ordinary General Meeting of Shareholders shall be held within six months after the end of each financial year. If, however, the Management Board does not convene the Ordinary General Meeting within the prescribed period, the Supervisory Board shall have the right to convene the meeting.

The Management Board shall convene an Extraordinary General Meeting of Shareholders

- on its own initiative
- at the request of the Supervisory Board
- at the request of shareholders representing a total minimum of 20% of the share capital,
- based on a resolution of the General Meeting of Shareholders in accordance with the contents of the resolution and set its agenda

Besides the individuals referred to in the provisions of the Commercial Companies Code, each Independent Member of the Supervisory Board may require:

- convening the General Meeting of Shareholders
- introduction of specific issues to the agenda of the General Meeting of Shareholders

Removal of items on the agenda of the General Meeting at the request of the person or persons entitled to require their consent.

The Management Board shall determine the order of the General Meeting of Shareholders.

The Management Board, having received the relevant request, is required no later than two weeks from the date of the relevant request to convene the General Meeting.

In accordance with the Articles of Association, if the Management Board of the Company does not convene an Extraordinary General Meeting of Shareholders within the prescribed period, the right to convene such meeting belongs to the individuals filing for the General Meeting - after receiving authorization from the Registry Court. However, the Supervisory Board may convene an Extraordinary Meeting of Shareholders when a request is submitted to the Management Board.

Resolutions may be adopted, despite the lack of formal convening of the General Meeting, if the entire share capital is represented and none of the participants objected to the General Meeting or the individual items on the agenda.

All shareholders are entitled to attend the General Meeting in person or by proxy. Power of attorney to participate in the General Meeting and exercise voting rights must be granted in writing or in electronic form. Granting power of attorney in an electronic form does not require a secure electronic signature verified by a valid qualified certificate. No restrictions can be made on the right to appoint a proxy at the General Meeting and on the number of proxies.

Sixteen days before the General Meeting of Shareholders persons that are the company's shareholders have the right to participate in the General Meeting of Shareholders (date of registration in the General Meeting).

Members of the company's bodies also have the right to attend the General Meeting of Shareholders, including members of the bodies whose mandate expired, but their activity is subject to an assessment of the General Meeting, as well as the individual, designated by the Management Board to support the General Meeting.

As a rule, resolutions of the General Meeting shall be passed by an absolute majority of votes cast, and the voting at the General Meeting is open. A secret ballot shall be ordered for elections and motions for dismissal of members of the Company's bodies or the liquidators, to hold them accountable as well as in personal matters or on request of at least one of the shareholders present or represented at the General Meeting.

General Meetings of Shareholders are held in Warsaw or in the Company's registered office.

4. 3 Policy for amending the Articles of Association

Amendment of the Articles of Association of MLP Group S.A. in accordance with art. 430 § 1 and art. 415 § 1 of the Commercial Companies Code, requires a resolution adopted by a majority of three quarters of the vote and an entry to the register. In the case of a resolution regarding the amendment of Articles of Association concerning the benefits of increasing or limiting the rights granted to individual shareholders in accordance with art. 354 of the Commercial Companies Code, they require the consent of all the shareholders to which the resolution concerns. The Management Board shall notify the registration court when there is a change in the Articles of Association. MLP Group S.A. General Meeting of Shareholders may authorize a unified text of the changes within the Articles of Association or make other changes specified in the resolution of the General Meeting of Shareholders.

4. 4 Management Board

According to the Articles of Association, the Management Board consists of one to three members, appointed and dismissed by the Supervisory Board. The president of the Management Board is appointed by the Supervisory Board. The Management Board, as well as its individual members may be dismissed or suspended In accordance with the Articles of Association, the Management Board's term of office is joint and lasts three years. The President of the Management Board is appointed by the Supervisory Board. The Management Board, as well as its individual members may be dismissed or suspended by the General Meeting of Shareholders.

Current term of the Management Board's office began on 25 June 2015. The Supervisory Board appointed Mr. Michael Shapiro as the President of the Management Board, Mr. Radosław Tomasz Krochta as the Vice-President of the Management Board, and Mr. Tomasz Zabosta as Member of the Management Board. In accordance with the provisions of the Commercial Companies Code and the Articles of Association, the three years term of office shall expire no earlier than 28 June 2018. However, the mandates of the members of the Management Board shall expire no later than the date of the Ordinary Meeting of Shareholders when the approval of the financial statements for the year 2017 shall take place.

4. 4.1 The Management Board should adopt a resolution prior to the following actions

In accordance with the Articles of Association, the Management Board represents the Company in its affairs and in particular is in control of the Company's assets and legal rights of the Company, as well it adopts resolutions and decisions in respect to all matters which are not reserved for the General Meeting of Shareholders or the Supervisory Board.

The President of the Management Board or two members of the Management Board (jointly) have the right to represent the Company. Proxies appointed by the Management Board may also represent the Company within the granted power of attorney. The Management Board may also unanimously decide to grant a power of attorney.

The Management Board should adopt a resolution prior to the following actions

- issuance of a note
- granting of security for any debt of an other entity, including a subsidiary
- establishing a mortgage or other encumbrance on any assets of the Company
- concluding a contract, which imposes an obligation to provide or a risk to provide by the Company within one year items, services or cash of the amount of PLN 2 000 000 (two million), unless the agreement was included by the Management Board in the annual financial plan (budget) of the Company and approved by the Supervisory Board,
- convening the General Meeting of Shareholders or requesting a meeting of the Supervisory Board
- filing a petition for cancellation or invalidation of resolutions of the General Meeting of Shareholders
- filing for bankruptcy of the Company

By the end of the third month after the end of each financial year, the Management Board shall prepare an annual financial statement and the statement of the Company's activities, which, along with the draft of the resolution on the distribution of profit and the opinion and report of the auditor are submitted to the Supervisory Board in order to examine the documents before the General Meeting of Shareholders.

4. 4.2 Principles of operation of the Management Board

The Management Board operates under the Articles of Association, Rules of the Management Board and the Commercial Companies Code.

(in thousand PLN, unless otherwise stated)

Rules of the Management Board regulate the issues related to the organization of the meetings, and decision-making of the Management Board. In accordance with the Rules of the Management Board, the Board meetings take place when necessary but no less than twice a month.

The Management Board adopts resolutions at the meetings, however the members of the board may participate in a meeting by means of direct communication and cast their votes by mail, fax or by phone. In addition, the Management Board members may participate in adopting resolutions by casting their votes in writing through another member. A resolution may be adopted without a meeting or in the form of a written ballot if it is approved by all members of the Management Board.

The Rules define ways for declaration of will in the name of the Company. It is possible to make statements via-email in cases where the nature or content of such legal relation is permitted. Provision of the Regulations also clarify granting and revoking of the power of attorney - the Management Board grants the power of attorney at the meeting with all the members present. It is also possible to grant a power of attorney at the meeting held through distant communication. Regulations regulate the issues of making resolutions, allowing for the possibility of adopting a resolution by circulation.

4. 4.3 Composition of the Management Board

As at 31 December 2015, the Management Board consisted of three members.

The following table provides information on the members of the Management Board, their position, the date of the last appointment, and the date of expiry of the current term.

Name	Surname	Position	Date of last appointment	Expiry of the current term
Michael	Shapiro	President of the Management Board	25 June 2015	25 June 2018
Radosław Tomasz	Krochta	Vice-President of the Management Board	25 June 2015	25 June 2018
Tomasz	Zabost	Member of the Management Board	25 June 2015	25 June 2018

Michael Shapiro - President of the Management Board

Mr. Michael Shapiro has over twenty years of experience in the real estate sector. He graduated from the Faculty of Management and Industrial Engineering at the Israel Institute of Technology in Haifa. In the years 1957-2000, Mr. Shapiro served as Chief Executive Officer and managed Miro Engineering Ltd and S.M. Shapiro Engineers Ltd. Since 1995, he has been the President of MLP Group S.A. He is responsible for the current development and commercialization of the Group's logistics parks and for the investment in surplus land held by the Group.

Radosław T. Krochta - Vice-President of the Management Board

Mr. Radosław T. Krochta graduated from Management and Banking College in Poznań (Finance). In 2003 he completed postgraduate studies in Management at Nottingham University and a MBA postgraduate program. He has many years of financial experience in Poland, Eastern Europe and the United States. From 2001 to 2004 he held the position of CFO at Dresdner Bank Polska S.A. He was also the Director of the Department of Strategic Consulting at Deloitte Advisory and previously worked as a manager at PWC in Warsaw and in the United States. In 2010, he joined MLP Group S.A. and serves as the Vice-President of the Management Board.

On 14 January 2015 pursuant to the resolution of Supervisory Board, Mr. Tomasz Zabost was appointed a member of the management board.

Tomasz Zabost - Member of the Management Board

Mr Tomasz Zabost graduated from the Civil Engineering Department at the Warsaw university of Technology. He completed also various courses and trainings in the field of management. He has over 20 years of experience in commercial property management. He specializes in asset management at every level of an investment project. Previously he was responsible for completion of new real estate projects, starting from investment strategy, i.e. selecting a developer, land, contractors, suppliers, architects, engineers and consultants. He was also responsible for preparing a budget and feasibility plans. For the previous 8 years Tomasz Zabost was employed in ProLogis, from 2007 he was a Vice President-Head of Project Management. Earlier he supported a Spanish construction corporation Dragados, in its efforts to enter the Polish market. During his career he also cooperated with other developers and contractors of warehouse and production space in Poland and overseas. He worked for Liebrecht&Wood, E&L Project and Ghelamco Poland.

4. 5 The Supervisory Board

The Supervisory Board exercises permanent supervision over the activities of the Company in all areas of its operations.

The Supervisory Board consists of six members, including the Chairman and the Co-Chairman, appointed for a term of 3 years. At least two members of the Supervisory Board are Independent Members.

The term of the current office of the Supervisory Board started on 25 June 2015 and expires on 25 June 2018. However, the mandates of the members of the Supervisory Board shall expire no later than the date of the Ordinary Meeting of the Shareholders when the approval of the financial statements for the year shall take place.

As at 31 December 2015, the Supervisory Board consisted of six members.

Subject to personal rights, as described in point. 4.1.2 of the statement (in Significant Shareholders chapter), the members of the Supervisory Board are appointed and dismissed by the General Meeting of Shareholders.

4. 5.1 Competence of the Supervisory Board

The Supervisory Board exercises permanent supervision over the activities of the Company in all areas of its operations, however apart from matters, referred to in the provisions of the Commercial Companies Code, the specific rights assigned to the Supervisory Board, in accordance with Art. 21.2 of the Articles of Association are as follows:

- giving consent to the issuance of shares within target capital, including the rules for the determination of the shares issue price and deprivation of pre-emptive rights if the resolution of the Management Board provides such possibility 1);
  approving annual budgets and development plans of the Company and the Group
- granting the Company the right to obtain contractual obligations or making expenditures in a single or related transactions which are beyond the normal business activities with a value exceeding PLN 5 000 000
- approval of acquisition, disposal and liquidation of the Company's shares in other companies, with the exception of the transactions within MLP Group S.A. Capital Group and transactions included in the annual budget for Company's financial plan
- approving purchases or sales of investment property (including the right of perpetual usufruct) with a value exceeding PLN 1 000 000, with the exception of transactions included in the annual budget or the Company's financial plan
- appointing and dismissing members of the Management Board
- appointing the auditor to audit or review the financial statements of the Company, 1)
- concluding agreements between the Company and members of the Management Board
- adopting resolutions concerning consent for agreements between the Company and a shareholder of the Company holding, directly or indirectly, shares exceeding 5% of the total number of votes at the General Meeting
- expressing consent for the members of the Management Board to engage in the Company's competitive interests personally, in a partnership, as members of companies bodies, as well as shareholders of companies if their participation in the share capital of these companies is greater than 5%, or if the Article of Association or under an agreement are entitled to appoint at least one member of the Management Board or Supervisory Board

- adopting resolutions on determining the remuneration rules and amounts of the members of the Management Board, 1)
- approval of the Rules of the Management Board, 1)
- examination, reviewing and evaluating issues which are subject to resolutions of the General Meeting of Shareholders
- expressing the consent for the mortgage pledging of real estate property, perpetual usufruct or shares in the Company's real estate for an entity other than a bank

[1)] Resolutions on the matters described above in selected points require the approval of at least one of the Independent Members of the Supervisory Board to be adopted.

To exercise its competence, the Supervisory Board may examine all documents, reports and explanations of the Management Board and Company's employees, as well as, review the Company's assets.

The Supervisory Board may express all opinions regarding the Company and present them to the Management Board as proposals and initiatives. The Management Board has a duty to notify the Supervisory Board on their position regarding the opinion, proposal or initiative no later than two weeks from the date of filing, unless the opinion of the Supervisory Board is incompatible with the proposal or initiative of the Management Board, no consent is required for any of the Company's bodies proceed in action.

Independent Members of the Board have the right to convene the General Meeting of Shareholders, or to introduce specific issues on the agenda of the General Meeting.

4. 5.2 Principles of operation of the Supervisory Board

The Supervisory Board operates under the Rules of the Supervisory Board adopted by the General Meeting which defines its competence, organization and manner of operation. According to the Rules, the Supervisory Board performs its tasks jointly, at the meetings. Meetings are held when necessary, but not less frequently than once every two months and shall be held at the registered office of the Company. The rules allow the possibility of holding meetings with the use of means of distant communication.

The Supervisory Board shall adopt resolutions if the meeting is attended by at least half of its members, and all members are invited at least 7 Business Days prior to the meeting. However, in urgent matters the Chairman of the Supervisory Board, or under his authority another Member of the Supervisory Board may convene a meeting of the Supervisory Board in a shorter period of time. As a rule, the Supervisory Board resolutions shall be passed by an absolute majority of votes. In case of equal number of votes, the Chairman of the Supervisory Board is decisive

As a rule, members of the Supervisory Board may participate in adopting resolutions by casting their votes in writing through another member of the Supervisory Board. It is permissible to hold meetings in writing. The Supervisory Board meeting may be held with the use of direct communication at a distance. The detailed description of holding meetings and passing resolutions using means of direct communication at a distance is specified in the Rules of the Supervisory Board. The Supervisory Board meets as the need arises, but not less frequently than once a quarter.

At least two members of the Supervisory Board appointed by the General Meeting of Shareholders must be Independent Members of the Supervisory Board, of which at least one should be qualified in the field of accounting or auditing referred to in the Act of Certified Auditors. The criteria for independence is set forth in Art. 18.12 of the Articles of Association.

(in thousand PLN, unless otherwise stated)

4. 5.3 Composition of the Supervisory Board

As at 31 December 2015, the composition of the supervisory board is as follows:

Name	Surname	Position	Date of appointment	Expiry of the current term
Shimshon	Marfogel	President of Supervisory Board	25 June 2015	25 June 2018
Eytan	Levy	Vice-President of Supervisory Board	25 June 2015	25 June 2018
Yosef Zvi	Meir	Member of the Supervisory Board	25 June 2015	25 June 2018
Guy	Shapira[1)]	Member of the Supervisory Board	25 June 2015	25 June 2018
Jacek	Tucharz	Member of the Supervisory Board	25 June 2015	25 June 2018
Maciej	Matusiak	Member of the Supervisory Board	25 June 2015	25 June 2018

Shimshon Marfogel - Chairman of the Supervisory Board

Mr. Shimshon Marfogel has graduated from the Hebrew University of Jerusalem, earning a B.A. (Bachelor of Arts) at the Faculty of Accounting and Economics.

Mr. Shimshon Marfogel has worked for Israel Land Development Company Ltd in Tel Aviv. Since 1985 as: chief accountant (in 1985-1986), vice president and chief accountant (1986-2001), CEO (in 2001 -2004), since 2004, Mr. Shimshon Marfogel serves as vice president of the management board of Israeli Land Development Company Ltd. based in Tel Aviv.

Eytan Levy - Vice-President of the Supervisory Board

Mr. Eytan Levy has graduated from Bar-Ilan University in Ramat Gan, earning a B.A. (Bachelor of Arts) in Political Science.

From 1982 to 1991 he held various managerial positions, including director of the department of special products, the vice president responsible for marketing in Israel National Post Authority, based in Jerusalem. In 1991-1997, he held various managerial positions, including director of safety and logistics, vice-president of marketing and sales in the Israel National Telecommunications Company, based in Jerusalem. In 1998-2000, he was a partner in the Israeli office of the American law company Gerard Klauer & Mattison, based in Tel Aviv. Since 1997, he is the director of the Israeli law Percite Technology, headquartered in Rosh Ha `Ayin.

Yosef Zvi Meir - Member of the Supervisory Board

Mr. Yosef Zvi Meir graduated from the Hebrew University of Jerusalem, earning a BA (Bachelor of Arts) at the Faculty of Economics. In addition, Mr Yosef Zvi Meir completed postgraduate MBA studies at Darby University, in Israel.

Since 1977, Mr. Yosef Zvi Meir has worked in Israel Land Development Company Ltd. based in Tel Aviv, as Chief Financial Officer.

[1)] On 15 January 2014, pursuant to a resolution of the Extraordinary General Meeting of Shareholders, Jacek Tucharz and Maciej Matusiak were appointed to the Supervisory Board.

Maciej Matusiak - Member of the Supervisory Board

Mr. Maciej Matusiak studied at the Technical University of Lódź, has the title of Chartered Financial Analyst (CFA) and is a licensed stock broker. In 1995-1996 he worked at Daewoo Towarzystwo Ubezpieczeniowe S.A. in the Department of Capital Investments as a securities dealer and a financial analyst. In 1996-1998 he worked in PKO BP Bankowy Dom Maklerski as a financial analyst. From 1998 to 2002 he worked in the Commercial Union Group - first in the Investment Department of Commercial Union Polska - Towarzystwo Ubezpieczeń na Życie S.A. and the Commercial Union Investment Management (Polska) S.A. Since 2006, he serves as CEO of Artemis Investment Sp. z o.o. in Warsaw.

Jacek Tucharz - Member of the Supervisory Board

Mr. Jacek Tucharz has graduated from the Warsaw School of Economics, Foreign Trade department and obtained postgraduate degree in the Warsaw School of Economics in the study of Marketing Policy. He is a licensed stock broker. In 1993, he joined the Brokerage Office of Powszechny Bank Kredytowy from the beginning as a specialist, later as a stock broker. From 1996 to 1999 he was associated with the XI NFI. Then he held the position of Investment Director at Trinity Management and PZU NFI Management. In 2005 he was appointed a Vice-President of the Management Board in ZELMOT S.A., and in 2006 he was appointed a CFO in Hygienika S.A. Since 2006 he runs his own business.

1) On 3 March 2015 Mr. Baruch Yehezkelov resigned from the position of Member of the Supervisory Board. For the position of Member of the Supervisory Board, Mr. Guy Shapira was appointed by one of the shareholders of the Company - Miro B.V. - according to the rights arising from the Company's Articles of Association.

Guy Shapira - Member of the Supervisory Board

Mr. Guy Shapira graduated with honours from Interdisciplinary Center Herzliya (IDC) in Israel with a bachelor degree on the faculty of Business and Administration (B.A.) and Law (LL.B) with specialization in International Business Law. He is also an Israeli licensed lawyer. Before appointment to the Supervisory Board, Mr. Guy Shapira worked for Steinmetz, Haring, Gurman & Co. lawfirm in Israel, and was a member of the Audit Committee of Students Association at IDC.

According to the statement of Mr. Guy Shapira, he runs business outside of the Company, which is not competitive with the business of the Company and he does not participate in any competitive company as a partner in a partnership or as a member of the authority of a rival company or a member of the governing body of any competitive legal entity and is not entered in the Register of Insolvent Debtors maintained pursuant to the provisions of the Law by the National Court Register (KRS).

4.5.4 Committees of the Supervisory Board

On 15 January 2014, a meeting of the Supervisory Board was held where an Audit Committee was established which is responsible for overseeing the Company's financial situation. Detailed tasks and functioning of the audit committee was determined by the terms and conditions annexed to the Rules of the Supervisory Board. The role and responsibilities of the Audit Committee are to supervise, monitor and advise the Management Board and the Supervisory Board on all matters related to risk management, audit, financial control and compliance with relevant laws and regulations. The Audit Committee evaluates the performance of the independent auditor and the associated costs.

On 31 December 2015 Mr. Shinshon Marfogel resigned from the position of Chairman of the Audit Committee.

In accordance with the above, pursuant to a resolution of the Supervisory Board, Jacek Tucharz was appointed as Chairman of the Audit Committee on 31 December 2015.

Composition of the Audit Committee as at 31 December 2015 is as follows:

- Jacek Tucharz
- Eytan Levy,
- Maciej Matusiak.

As at 31 December 2015 the person who fulfils requirements of art. 86 paragraph. 4 of the Act of Certified Auditors (i.e. accounting or auditing qualifications) and the criteria for independence, was Maciej Matusiak.

In addition, the Supervisory Board may appoint, among its members, the remuneration committee which prepares proposals for the remuneration of the members of the Management Board and will supervise the execution in the Company's incentive plans which will entitle its participants to acquire shares or instruments related to the Company. The remuneration committee will consist of 2 to 3 members.

As at 31 December 2015, there is no remuneration committee in the Supervisory Board of the Issuer.

(in thousand PLN, unless otherwise stated)

4. 6 Remuneration and employment contracts of the members of the Management Board, the Supervisory Board

4. 6.1 Remuneration, bonuses and benefits received by the members of Management Board and the Supervisory Board

Management Boards remuneration in 2015	
• **Remuneration and other benefits:**	
Michael Shapiro	376
Radosław T. Krochta	168
Tomasz Zabost	370
• **Cash settled share based payments**	**370**
	1 284

Total remuneration of the Management Board (received or due) in 2015 amounted to PLN 1,576 thousand.

Members of the Management Board received remuneration from the Company and its Subsidiaries: (i) in respect of the employment agreements, (ii) for providing of services in favour of the Group, (iii) in respect of service as a member of the Management Board, (iv) in respect of cash settled share-base payments.

Supervisory Board remuneration in 2015.	
Maciej Matusiak	30
Jacek Tucharz	30
Eytan Levy	30
Shimshon Marfogel	30
Yosef Zvi Meir	30
Baruch Yehezkelov	5
Guy Shapira	25
	180

Total remuneration received by the Supervisory Board amounted to PLN 180 thousand.

4. 6.2 Agreements with the members of Management Board in case of resignation, dismissal

The Vice-President of the Management Board: Radosław T. Krochta is employed under an employment agreement. The terms of the employment agreements allow members of the Mangement Board to receive a salary during the notice period.

The President of the Management Board: Michael Shapiro is employed in the subsidiary MLP Pruszków I Sp. z o.o. under an employment agreement. Under the terms of the employment agreement, it allows Mr. Michael Shapiro to receive a salary during the notice period.

Member of the Management Board Mr. Tomasz Zabost is employed by the Company since January 2015 on the basis of an employment agreement. Under the terms of the employment agreement, the dismissal of individual members of the Management Board entitles them to receive a salary during the notice period.

4. 7 Shares held by members of the Management Board and the Supervisory Board

Michael Shapiro is indirectly in possession, through a company MIRO B.V which he controls 100%, of 5.55% of the share capital of MLP Group S.A. and also through 25% of the share capital which MIRO B.V. holds of Cajamarca Holland B.V. which economic participation in the MLP Group S.A share capital of 14.25%. In total, the economic effective participation in MLP Group S.A. share capital is 19.80%.

Members of the Supervisory Board are not in a direct possession of MLP Group S.A. shares.

4. 8 Management stock options program

In MLP Group S.A. there is no management stock option program. However in 2014 the Group introduced a cash settled share based payments program. Details of the program are disclosed in note 21 to the Separate Financial Statements for the period ended 31 December 2014.

4. 9 Changes in the core principles of management of the Company and the Group

In 2015, there were no major changes in the core principles of management.

4. 10 The system of internal control and risk management

The Management Board is responsible for the internal control system and its effectiveness in the management of the financial statements and reports prepared and published in accordance with the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by law of non-Member States (Official Journal No. 33 item 259).

Efficient and appropriate operation of the system of internal control and risk management is ensured by the following features:

- established organizational structure,
- competence, knowledge and experience of the persons involved in the internal control,
- supervision of the management of the system and regular evaluation of the Company's operations,
- verification of reports by the auditor.

Similar characteristics of internal control in several areas, such as:

- operating activities,
- financial activities,
- reporting process (including preparation of the financial statements),
- process analysis of the costs and expenses associated with the project, costs and expenses of general management and sales and costs and expenses for the operation of the rented area,
- risk management,

not only guarantees the efficiency of the internal control system but also supports the management of the entire Group.

The main features of the system of internal control and risk management in relation to the preparation of individual and consolidated financial statements, are mainly:

- established organizational structure,
- qualified staff,
- direct supervision of management,
- verification of the financial statement by an auditor.

Persons responsible for the preparation of financial statements in the context of financial reporting and the Company's management consists of highly qualified staff in the Financial Division, managed directly by the CFO and indirectly by the Management Board.

In accordance with applicable laws, the Group's financial statements are reviewed or audited by an independent auditor of renowned and high qualification. During the audit by the independent auditor, the Financial Division employees involved in the process of drafting the report, are available for any explanations.

The process of controlling in the Company, the primary and significant part of the internal control, is based on a system of budgets. The Company performed the annual process of updating the plans for the short, medium and long term, and creates a detailed budget for the coming year in terms of:

- construction projects,
- operational projects,
- general and administrative expenses and sales.

The financial and accounting system of the Company is the source of data for the entire reporting system of the Company, that is:

- for the financial reporting process,
- periodic reports,
- management reporting system.

After the closure of the accounts, reports on the realization of budgets and forecasts are prepared. In respect of ended reporting periods, the Group's financial results are compared to the budget assumptions.

A key element of this process is to monitor deviations from the plan and explain the reasons for the deviations. The observation and study of the causes helps to optimize the Company's operations and minimize potential risks. Due to the nature of the industry, analyses are conducted on many levels - not only are the costs of individual groups analysed, but also separate individual investments projects. Based on these reports, the Management Board analyses the current financial result during the year by comparing them with the agreed budgets.

(in thousand PLN, unless otherwise stated)

Effective internal control (within the reporting system) is an essential step in the identification of risks and the changes in management. Besides the reporting system, effective risk analysis is also necessary. Therefore, the key measure in preventing exposure to risk is to properly assess the potential and current investment control. Any possible changes in the budgets of investment projects are transferred to the profit forecast and forecast of cash flow, in order to take a look at the problem globally and not only eliminate the risks associated with the project, but also liquidity risk, exchange rates, etc. Such broad area of management and monitoring of risks and internal controls in all areas relevant to the organization, largely eliminates most of the risks to which the Company is exposed.

4.11 Audit Firm

On 12 December 2013, the Supervisory Board, acting on the basis of article No. 21.2 g) of the Company's Articles of Association appointed KPMG Audit Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its seat in Warsaw, as the entity authorized to audit separate and consolidated financial statements for the years: 2013, 2014, 2015, and perform the interim reviews of separate and consolidated financial statements for years 2014, 2015, 2016.

Headquarters of KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa is seated at 00-189 Warsaw, 4A Inflancka Street. KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa is registered on the list of entities entitled to audit financial statements under number 3546.

The agreement with the entity authorized to audit financial statements was concluded by the Management Board for the time required to perform the tasks assigned to the auditor.

Remuneration of the entity authorized to audit the financial statements of the Issuer and the MLP Group S.A. Capital Group for the financial year comprise:

Remuneration for an audit, review of financial statements and other mandates is presented in the table below:

as at 31 December	2015	2014
Audit of the annual financial statements	96	96
Review of the consolidated and separate financial statements.	60	60
Other services, including audit and review of the group reporting package	173	158
Total remuneration	**329**	**314**

Michael Shapiro
President of the management Board

Radosław T. Krochta
Vice-President of the Management Board.

Tomasz Zabost
Member of the Management Board

Pruszków, 14 March 2016