millennium logistic parks
MLP GROUP

MLP Group S.A.

SEPARATE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

Prepared in accordance with the IFRS EU

Pruszków, 12 March 2014

This document is a translation. Polish version prevails.

Published pursuant to § 82 sec. 1 point 1 of the Decree of the Ministry of Finance dated February 19, 2009 on current and periodic information Provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal No 33 item 259, with amendments)

Contents of separate annual report

Letter of the President of Management Board to Shareholders

Dear Shareholders,

Year 2013 was characterized by the presence of many different trends in the global economy. In the situation where many countries were still struggling with the consequences of the financial crisis started in 2008 and the euro zone crisis dominant in Europe, the Polish economy grew preserving overall stabilization. In 2013 the Polish Gross Domestic Product increased by 1,6%, while the unemployment rate was 13,4% and in many larger Polish cities remained below 7%. It is predicted that in 2014 the Polish economy will record a further increase by approximately 2,9%.

Warehouse property market

Year 2013 was characterized by a slightly lower dynamics of supply than the previous year. In the four quarters the market was supplied with more than 396 thousand sqm of modern warehouse space, what represents an increase of approximately 5,4% compared to the end of December 2012 (10% in 2012 vs. 2011). The largest increase in the supply was observed in the Wrocław market (about 105 thousand m^2).

At the end of December 2013 total modern warehouse space in Poland amounted to 7,76 million m^2. As compared to the fourth quarter of 2012, the ratio of vacant warehouse space has increased by 1,6 percentage points reaching the level of 10,8%.

The transactions volume in 2013 reached nearly 2,24 million m^2 and was approximately 32% higher than in 2012. In the past twelve months there were no major changes in rent rates in majority of markets. A slight increase was observed in markets with relatively low vacancy rates and high demand.

2014 expectations

Currently approximately 707 thousand m^2 of modern warehouse space is under construction, out of which 91% have already been leased. We expect that it will be reflected by a gradual decrease in vacancy rates in selected regions. In 2014 BTS contracts will still be popular, especially among the manufacturing industry. A gradual return of speculative investments in the regions characterized by low levels of available warehouse space (Wrocław, Poznań, some locations in Upper Silesia) is predicted. 2014 will also bring market development of so called Small Business Units (SBU) offering smaller areas to teats (from 600 m^2). Increase in variation of rents depending on the attractiveness of warehouse space will be observed.

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 warehouse market are highly correlated, we may expect it will be reflected in warehouse demand.

Events regarding the Group in 2013 include:

The most important event in 2013 affecting the future financial results of the Group was the debut of MLP Group S.A. on the Warsaw Stock Exchange which took place on 28 October 2013 and the related proceeds from initial public offering of C series shares in the gross amount of approximately 72.453 thousand PLN.

Additionally, in 2013 the company signed new lease agreements for additional warehouse and office space of 48.343 m^2 in the following parks:

- *MLP Pruszków II logistics park – the scale of investment in progress was approximately 12.952 sqm,*
- *MLP Poznań logistics park - the scale of investment in progress was approximately 8.320 sqm,*
- *MLP Tychy logistics park - the scale of investment in progress was approximately 4.156 sqm,*
- *MLP Bieruń logistics park - the scale of investment in progress was approximately 22.915 sqm.*

Additionally, in 2013 the Group renegotiated currently leased warehouse space of 31.438 sqm and signed new warehouse and office lease agreements for existing space of 14.082 sqm.

In our opinion the Group is in excellent financial situation, has a very good capital structure enabling the realization of long-term strategic objectives, own surplus land located in prime locations, a highly qualified management team. All these factors, plus an increase in macroeconomic indicators in Polish economy should positively affect the realization of long-term strategic objectives of MLP.

We would like to thank all our shareholders for their continuing support and confidence in our strategy.

Regards,

Michael Shapiro
President of Management Board
MLP Group S.A.

Statement of the Management Board

The separate financial statements of MLP Group S.A. for the period from 1 January 2013 to 31 December 2013 and the comparative data for the period from 1 January 2012 to 31 December 2012 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 2013 - 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

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 12 March 2014

millennium logistic parks
MLP GROUP

MLP Group S.A.

SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2013
prepared in accordance with the IFRS EU

Table of contents:

Approval of the separate financial statements

On 12 March 2014, 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 2013 to 31 December 2013.

The separate financial statements for the period from 1 January 2013 to 31 December 2013 have been prepared in accordance with the International Financial Reporting Standards ("IFRS-EU") as adopted by the European Union. 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 2013 to 31 December 2013, with a net loss of PLN 10.050 thousand.
2. Separate statement of financial position as at 31 December 2013, with total assets and total liabilities and equity of PLN 226.842 thousand.
3. Separate statement of cash flows for the period from 1 January 2013 to 31 December 2013, with a net cash increase of PLN 58.372 thousand.
4. Separate statement of changes in equity for the period from 1 January 2013 to 31 December 2013, with an equity increase of PLN 61.826 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

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 12 March 2014

Separate financial statements for the reporting year ended 31 December 2013(data in thousands of PLN, unless otherwise stated)

Selected financial data of the MLP Group S.A.

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

	2013	2012
Average exchange rate during the period *	4,2110	4,1736
Exchange rate at the last day of the period	4,1472	4,0882

** Arithmetic average of 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	2013		2012	
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
Non-current assets	129 018	31 110	121 192	29 644
Current assets	97 824	23 588	40 398	9 882
Total assets	**226 842**	**54 698**	**161 590**	**39 526**
Long term liabilities	-	-	544	133
Short term liabilities	41 033	9 894	37 063	9 066
Equity, including:	185 809	44 804	123 983	30 327
Share capital	4 529	1 092	3 774	923
Total equity and liabilities	**226 842**	**54 698**	**161 590**	**39 526**
Number of shares (in units)	18 113 255	18 113 255	15 094 379	15 094 379
The book value and diluted book value per share	10,26	2,47	8,21	2,01

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.

Separate financial statements for the reporting year ended 31 December 2013(data in thousands of PLN, unless otherwise stated)

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

for the year ended 31 December	2013		2012	
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
Revenues	7 605	1 806	7 950	1 905
Selling and administrative expenses	(8 574)	(2 036)	(5 280)	(1 265)
Operating profit/(loss)	(1 712)	(407)	2 381	570
Profit/(loss) before taxation	(17 173)	(4 078)	3 439	824
Profit/(loss) from continuing operations	(10 050)	(2 387)	2 724	653
Total comprehensive income	(10 050)	(2 387)	2 724	653

To translate the separate profit or loss and average 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	2013		2012	
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
Net cash flow from operating activities	23 939	5 685	419	100
Cash flow from investing activities	(38 985)	(9 258)	(2 318)	(555)
Cash flows from financing activities	73 421	17 436	2 073	497
Total cash flow	**58 375**	**13 863**	**174**	**42**

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.

Separate financial statements for the reporting year ended 31 December 2013(data in thousands of PLN, unless otherwise stated)

as at		**31 December 2013**		**31 December 2012**
	PLN thousand	**EUR thousand**	**PLN thousand**	**EUR thousand**
Cash at the beginning of the period	189	46	29	7
Cash at the end of the period	58 561	14 121	189	46

To translate the above data of the separate statement of cash flows the following exchange rates were 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 reporting period was 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 period preceding the reporting period was used

Euro exchange rate on the last day of the reporting period ended 31 December 2011 was 4.4168 EUR/PLN.

Separate financial statements for the reporting year ended 31 December 2013(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	2013	2012
Continuing operations			
Revenues	6	7 605	7 950
Other operating income	7	148	59
Other operating costs	8	(891)	(348)
Selling and administrative expenses	9	(8 574)	(5 280)
Operating profit/(loss)		**(1 712)**	**2 381**
Financial income	10	24 990	1 787
Financial costs	10	(40 451)	(729)
Net financial income/(loss)		**(15 461)**	**1 058**
Profit/(loss) before taxation		**(17 173)**	**3 439**
Corporate income tax	11	7 123	(715)
Net profit/(loss) from continuing operations		**(10 050)**	**2 724**
Total comprehensive income		**(10 050)**	**2 724**
Profit/(loss) per share			
- Basic (in PLN) profit for the year attributable to the ordinary shareholders of the Parent Company	22	(0,64)	0,18
- Diluted (in PLN) profit for the year attributable to the ordinary shareholders of the Parent Company	22	(0,64)	0,18

Separate financial statements for the reporting year ended 31 December 2013(data in thousands of PLN, unless otherwise stated)

Separate statement of financial position

as at 31 December 2013	Note	2013	2012
Non-current assets			
Intangible assets	14	23	-
Tangible assets	13	26	32
Long term financial assets in related parties	15	121 142	121 142
Long term investments	16	1 217	-
Deferred tax assets		6 593	-
Other long term investments		17	18
Total non-current assets		**129 018**	**121 192**
Current assets			
Short term investments	17	38 049	36 860
Corporate income tax receivables	19	67	-
Trade and other receivables	19	1 147	3 349
Cash and cash equivalents	20	58 561	189
Total current assets		**97 824**	**40 398**
TOTAL ASSETS		**226 842**	**161 590**
Equity	21		
Share capital		4 529	3 774
Other capital reserve		4 194	1 470
Share premium		71 121	-
Reserve capital		64 485	64 485
Retained earnings		41 480	54 254
Total equity		**185 809**	**123 983**
Long term liabilities			
Deferred tax liability	18	-	544
Total long term liabilities		**-**	**544**
Short term liabilities			
Credits, loans and other debt instruments	23	39 677	35 304
Payroll liabilities	24	157	157
Corporate income tax liabilities	25	-	337
Trade and other liabilities	25	1 199	1 265
Total short term liabilities		**41 033**	**37 063**
Total liabilities		**41 033**	**37 607**
TOTAL EQUITY AND LIABILITIES		**226 842**	**161 590**

Separate financial statements for the reporting year ended 31 December 2013(data in thousands of PLN, unless otherwise stated)

Separate statement of cash flows

for the year ended 31 December		**2013**	**2012**
Cash/ (loss) flow from operating activities			
Profit/ (Loss) before taxation		(17 173)	3 439
Adjustments for:			
Depreciation		28	54
Net interest		(739)	(1 165)
Foreign exchange losses/(gains)		(1 521)	71
Allowance for loans granted to MLP Bucharest		39 870	-
Other		1 757	6
		22 222	**2 405**
Changes in trade and other receivables		2 135	(2 499)
Changes in provisions		-	-
Changes in short-term trade and other liabilities		(418)	651
Cash flow generated from operating activities		**23 939**	**557**
Income tax paid		-	(138)
Net cash flow from operating activities		**23 939**	**419**
Cash flows from investing activities			
Purchase of financial assets		-	(5)
Sale of intangible and tangible fixed assets		10	46
Repayments of loans granted		6 760	-
Purchase of investment properties, tangible fixed assets and intangible assets		(55)	(28)
Loans granted		(45 700)	(2 331)
Cash flow from investing activities		**(38 985)**	**(2 318)**
Cash flows from financing activities			
Proceeds from credits and loans		5 600	2 073
Repayment of credits and loans		(2 299)	-
Net proceeds from issue of shares and other capital instruments and capital contributions		70 120	-
Cash flow from financing activities		**73 421**	**2 073**
Total cash flow		58 375	174
Cash and cash equivalents at the beginning of the period		189	29
Foreign exchange losses/gains on cash and cash equivalents		(3)	(14)
Cash and cash equivalents at the end of the period	20	58 561	189
- including restricted cash and cash equivalents	20	-	-

In 2013 MLP Group S.A. granted loans to Fenix Polska Sp. z o.o. in total amount of PLN 38.370 thousand, while Fenix Polska Sp. z o.o. granted loans in the same amount to entities from MLP Group S.A. Capital Group. In the consolidated statement of cash flows, cash flows from obtaining borrowings and repayment of the above loans were netted, due to lack of cash flows, because the loans were granted by MLP Group S.A. on behalf of Fenix Sp. z o.o.

Separate financial statements for the reporting year ended 31 December 2013 (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 2012	**3 774**	**1 470**	**-**	**64 485**	**51 530**	**121 259**
Comprehensive income						
Profit for the year	-	-	-	-	2 724	**2 724**
Total comprehensive income for the year ended 31 December 2012	**-**	**-**	**-**	**-**	**2 724**	**2 724**
Equity as at 31 December 2012	**3 774**	**1 470**	**-**	**64 485**	**54 254**	**123 983**
Comprehensive income						
Loss for the year	-	-	-	-	(10 050)	**(10 050)**
Total comprehensive income for the year ended 31 December 2013	**-**	**-**	**-**	**-**	**(10 050)**	**(10 050)**
Transactions with owners of the Parent Company presented directly in equity						
Shares issue	755	-	71 698	-	-	**72 453**
Shares issue costs	-	-	(577)	-	-	**(577)**
Transactions with owners of the Parent Company for the year ended 31 December 2013	**755**	**-**	**71 121**	**-**	**-**	**71 876**
Net profit distribution	-	2 724	-	-	(2 724)	**-**
Equity as at 31 December 2013	**4 529**	**4 194**	**71 121**	**64 485**	**41 480**	**185 809**

Explanatory information to the separate financial statements

1. General information

1.1. Information on the Company MLP Group S.A.

MLP Group S.A. ("Company", "Entity", "Issuer") is a joint-stock publicly-traded company registered in Poland. The Company headquarters is seated in Pruszkow, 8 May Street.

The company was established as a result of a transformation of the state company Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy seated in Pruszkow 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 with 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

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 balance sheet date, MLP Group S.A. is the parent company of 13 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 Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.), MLP Energy Sp. z o.o., MLP Poznań Sp. z o.o., MLP Poznań I Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Bieruń Sp. z o.o., MLP Sp. z o.o., MLP Property Sp. z o.o.

Additional information on the subsidiaries is included in note 15.

1.3. Composition of the Management Board

As at the date of preparation of the foregoing 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,
- Dorota Jagodzińska-Sasson - Member of the Management Board

After the balance sheet date there were no changes in the composition of the Management Board.

1.4. Composition of the Supervisory Board

As at the date of preparation of the foregoing 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,
- Baruch Yehezkelov - Member of the Supervisory Board.

On 21 August 2013 Mrs. Elah Shapira has been dismissed from the position of the Member of the Supervisory Board by virtue of the resolution of the Extraordinary Shareholders' Meeting. On 22 August 2013 Mr. Baruch Yehezkelov was appointed to the position of the Member of the Supervisory Board.

On 15 January 2014, according to the resolution of the Extraordinary Shareholders' Meeting, Mr. Jacek Tucharz and Maciej Matusiak were appointed as Supervisory Board Members.

2. Basis for the preparation of the separate financial statements

2.1. Statement of compliance

MLP Group S.A. has prepared separate financial statements in accordance with the accounting principles issued by the International Accounting Standards Board adopted by the European Union and 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 mandatory effective for annual periods ending on 31 December 2013 and have not been applied in preparing these separate financial statements. Of these pronouncements, the following will potentially have an impact on the Company's operations. The Company plans to adopt these pronouncements when they become effective.

2.2.1. Standards and Interpretations approved by the EU that are not yet in force for annual periods ending on 31 December 2013

- **IFRS 10 Consolidated Financial Statements**

IFRS 10 provides a new single model to be applied in the control analysis for all investees, including entities that currently are SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that are different from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when (1) it is exposed or has rights to variable returns from its involvement with the investee, (2) has the ability to affect those returns through its power over that investee and (3) there is a link between the power and returns.

The new standard also includes disclosure requirements and requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

The standard is effective for annual periods beginning on 1 January 2014 or later.

Amendments do not have any impact on the entity's financial statements.

- **IFRS 11 Joint Arrangements**

IFRS 11, Joint Arrangements, supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new Standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:

- a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- a joint venture is one whereby the jointly controlling parties, known as joint ventures, have rights to the net assets of the arrangement.

IFRS 11 effectively carves out from IAS 31, those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations, under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, must be accounted for using the equity method. Proportionate consolidation is no longer possible.

The change is effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect IFRS 11 to have material impact on the financial statements since it is not a party to any joint arrangements..

- **IFRS 12 Disclosure of Interests in Other Entities**

IFRS 12 requires additional disclosures relating to significant judgments and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The disclosure is effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect IFRS 12 to have material impact on the financial statements.

- **Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance**

The amendments:

- define the date of initial application of IFRS 10 as the beginning of the annual period in which the standard is applied for the first time (1 January 2013 unless early adopted). At this date, an entity tests whether there is a change in the consolidation conclusion for its investees;
- limit the restatement of comparatives to the period immediately preceding the date of initial application; this applies to the full suite of standards. Entities that provide comparatives for more than one period have the option of leaving additional comparative periods unchanged;
- requires disclosure of the impact of the change in accounting policy only for the period immediately preceding the date of initial application (i.e. disclosure of impact on the current period is not required);
- will remove the requirement to present comparative information disclosures related to unconsolidated structured entities for any periods before the first annual period for which IFRS 12 is applied.

The standard is effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect the Amendments to have material impact on the financial statements.

- **IAS 27 Separate Financial Statements (2011)**

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements with some minor clarifications. As well, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The Standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements, which have been carried over into IFRS 10 Consolidated Financial Statements.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect IAS 27 (2011) to have material impact on the financial statements, since it does not results in a change in the entity's accounting policy.

- **IAS 28 Investments in Associates and Joint Ventures (2011)**

There are limited amendments made to IAS 28 (2008):

- Associates and joint ventures held for sale. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.
- Changes in interests held in associates and joint ventures. Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control triggered remeasurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment is not remeasured.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect the amendments to Standard to have material impact on the financial statements since it does not have any investments in associates or joint ventures that will be impacted by the amendments.

- **Amendments to IAS 32 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities**

The Amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application. The Amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:

- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect the Amendments to have any impact on the financial statements since it does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The Amendments provide an exception to the consolidation requirements in IFRS 10 and require qualifying investment entities to measure their investments in controlled entities – as well as investments in associates and joint ventures – at fair value through profit or loss, rather than consolidating them.

The consolidation exemption is mandatory (i.e. not optional), with the only exception being that subsidiaries that are considered as an extension of the investment entity's investing activities, must still be consolidated.

An entity qualifies as an investment entity if it meets all of the essential elements of the definition of an investment entity. According to these essential elements an investment entity:

- obtains funds from investors to provide those investors with investment management services;
- commits to its investors that its business purpose is to invest for returns solely from appreciation and/or investment income; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

The amendments also set out disclosure requirements for investment entities.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect the new standard to have any impact on the financial statements.

- **Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39 Financial Instruments: Recognition and Measurement)**

The Amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws and regulations, when the following criteria are met:

- the novation is made as a consequence of laws or regulations;
- a clearing counterparty becomes a new counterparty to each of the original counterparties of the derivative instrument;
- changes to the terms of the derivative are limited to those necessary to replace the counterparty.

The changes are effective for annual periods beginning on 1 January 2014 or later.

It is expected that the Amendments, when initially applied, will not have a significant impact on the financial statements.

- **Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36 Impairment of Assets)**

The Amendments clarify that recoverable amount should be disclosed only for individual assets (including goodwill) or cash-generated units for which an impairment loss was recognized or reversed during the period.

The Amendments also require the following additional disclosures when an impairment for individual assets (including goodwill) or cash-generated units has been recognized or reversed in the period and recoverable amount is based on fair value less costs to disposal:

- the level of IFRS 13 'Fair value hierarchy' within which the fair value measurement of the asset or cash-generating unit is categorized;
- for fair value measurements categorized within Level 2 and Level 3 of the fair value hierarchy, a description of the valuation techniques used and any changes in that valuation technique together with the reason for making it;

- for fair value measurements categorized within Level 2 and Level 3, each key assumption (i.e. assumptions to which recoverable amount is most sensitive) used in determining fair value less costs of disposal. If fair value less costs of disposal is measured using a present value technique, discount rate(s) used both in current and previous measurement should be disclosed.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect the Amendments will have a material impact on the financial statements.

2.2.2. Standards and interpretations not yet endorsed by the EU as at 30 January 2014

- **IFRS 9 Financial Instruments (2009)**

This Standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

A financial asset is measured at amortized cost if the following two conditions are met:

- the assets is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and losses on remeasurement of financial assets measured at fair value are recognized in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognized in OCI is ever reclassified to profit or loss at a later date.

The entity does not expect the new Standard to have material impact on the financial statements. The classification and measurement of the entity's financial assets are not expected to change under IFRS 9 because of the nature of the entity’s operations and the types of financial assets that it holds.

- **Additions to IFRS 9 Financial Instruments (2010)**

The 2010 additions to IFRS 9 replace the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities.

The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities.

The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

Amounts presented in OCI are not subsequently reclassified to profit or loss but may be transferred within equity.

Derivative financial liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are required to be measured at fair value under IFRS 9.

The interpretation is effective for annual periods beginning on 1 January 2018 or later.

The entity does not expect additions to IFRS 9 (2010) to have material impact on the financial statements. The classification and measurement of the entity's financial liabilities are not expected to change under IFRS 9 because of the nature of the entity's operations and the types of its financial liabilities.

- **Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures**

These Amendments change the disclosure and restatement requirements relating to the initial application of IFRS 9 Financial Instruments (2009) and IFRS 9 Financial Instruments (2010).

The amended IFRS 7 requires to disclose more details about the effect of the initial application of IFRS 9 when an entity does not restate comparative information in accordance with the amended requirements of IFRS 9.

If an entity adopts IFRS 9 on or after 1 January 2013, then it will no longer be required to restate comparative information for periods prior to the date of initial application.

If an entity early adopts IFRS 9 in 2012, then it has a choice either to restate comparative information or to provide the enhanced disclosures as required by the amended IFRS 7. If an entity early adopts IFRS 9 prior to 2012, then neither restatement of comparative information nor provision of the enhanced disclosures under the amended IFRS 7 are required.

The changes are effective for annual periods beginning on 1 January 2018 or later.

It is expected that the Amendments, when initially applied, will not have a material impact on the entity's financial statements. The classification and measurement of the entity's financial assets are not expected to change under IFRS 9 because of the nature of the entity's operations and the types of financial assets that it holds. It is expected that the new Standard, when initially applied, will have a significant impact on the level of disclosure in the financial statements. However, the entity is not able to prepare an analysis of the impact this will have on the financial statements until the date of initial application.

- **IFRIC Interpretation 21 Levies**

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognizing a liability to pay a levy imposed by government.

In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognized when this event occurs.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognized when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

The changes are effective for annual periods beginning on 1 January 2014 or later.

The entity does not expect IFRIC 21 to have a material impact on the financial statements, since it does not result in a change in the entity's accounting policy regarding levies imposed by governments.

- **Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions**

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The changes are effective for annual periods beginning on 1 January 2014 or later.

It is expected that the Amendments, when initially applied, will not have a material impact on the entity's financial statements. The entity's has no such contributions to defined benefit plans.

- **Improvements to IFRS (2010-2012)**

The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separately defining a 'performance condition' and a 'service condition';
- clarify certain aspects of accounting for contingent consideration in a business combination;
- amend paragraph 22 of IFRS 8 to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8;
- amend paragraph 28(c) of IFRS 8 Operating Segments to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8;
- clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement;
- clarify the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation;
- make an entity providing management personnel services to the reporting entity a related party of the reporting entity.

The changes are effective for annual periods beginning on 1 July 2014 or later.

None of these changes are expected to have a significant impact on the financial statements of the entity.

- **Improvements to IFRS (2011-2013)**

The Improvements to IFRSs (2011-2013) contains 4 amendments to standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the meaning of 'each IFRS effective at the end of an entity's first IFRS reporting period' as used in paragraph 7 of IFRS 1 First-time Adoption of IFRSs.
- clarify that the scope exemption in paragraph 2(a) of IFRS 3 Business Combinations:

  - excludes the formation of all types of joint arrangements as defined in IFRS 11 Joint Arrangements from the scope of IFRS 3; and
  - only applies to the financial statements of the joint venture or the joint operation itself.
- clarify that the portfolio exception included in paragraph 48 of IFRS 13 applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- clarify that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

The changes are effective for annual periods beginning on 1 July 2014 or later.

None of these changes are expected to have a significant impact on the financial statements of the entity.

- **IFRS 14 Regulatory Deferral Accounts**

The interim Standard:

- permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements;
- requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and
- requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.

The standard is effective for annual periods beginning on 1 January 2016 or later.

It is expected that the interim Standard will not have a material impact on the financial statements of the entity as only first time adopters of IFRS are within the scope of the standard.

2.3. Basis of valuation

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

- financial instruments at fair value through profit or loss are measured at fair value,
- available-for-sale financial instruments at fair value.

For fair value measurement methods see note 3.

2.4. Functional and presentation currency

These separate financial statements are 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.

2.5. Use of estimates and judgments

The preparation of financial statements in conformity with IFRS as approved by 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 book value 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 balances and bank deposits with maturities of three months from the balance sheet date. The balance of cash and cash equivalents presented in the separate statements of cash flow comprises the above-mentioned cash and cash equivalents less bank overdrafts that form an integral part of the Company's cash management and deposits with maturities above three months..

3.2.2. Held-to-maturity financial assets

Held-to-maturity financial assets comprises 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 reporting date.

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 assets 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 impairment, 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 as specific contracts based on which a claim on the property of another entity can be made.

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 statute.

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 share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity on approval by the Company's shareholders.

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 are 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 earnings and retained profit from previous years.

3.4. Tangible fixed assets

Tangible assets consists 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 balance sheet date if the asset is not yet available for use). The construction cost also includes, in cases 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 the 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 (residual), 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 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 and have finite useful lives 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 accounting books, when its residual value is higher than the book value 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 that can be estimated reliably.

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. The remaining 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 asset 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 the income statement.

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 and indefinite-lived intangible assets are tested annually for impairment.

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 loss is recognized if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. 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 to sell. 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. On each balance sheet date, impairment is assessed if there are 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. 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.

3.9. 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 is determined including costs associated with obtaining the loan and the premium or discount from settling obligations.

3.10. Revenues

3.10.1.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.

3.11. Financial income and financial 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 exchange forex 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 exchange forex 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. Interest cost is recognized as it incurs in profit or loss, using the effective interest method.

3.12. Income tax

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

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognized in profit or loss except to the extent that it relates 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 is recognized at the time of the obligation to pay the dividend.

3.13. 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 into account in the calculation, 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.

3.14. Segment reporting

An operating segment is a separate part of the Company which is engaged in providing certain products or services (business segment), or providing products or services within a particular economic environment (geographical segment), which is exposed to other risks and derives other benefits than other segments. The primary and sole activity of MLP Group S.A. is the construction and property management of logistics areas. The Company's activities are conducted in Poland.

4. Financial risk management

Financial instruments employed 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 data has been presented in the following part of the separate financial statement.

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 its training 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. Structures 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.

4.1.2. Securities

The Company limits its exposure to credit risk by investing only in liquid debentures with high credit rating. Therefore the Management Board does not expect any counterparty to fail to meet its obligations.

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 respective functional currency (primarily the euro, EUR).

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

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

4.4. Capital management

The 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 capital requirements.

5. Segment reporting

The primary and sole business of MLP Group S.A. is the management of the logistic properties. The Company generates profit from real estate management and consulting services.

The Company's activities are conducted in Poland.

5.1. Segment operations

for the year ended 31 December 2013	2013	2012
Revenues		
Domestic revenues		
Revenues from third parties	49	65
Revenues from related parties	7 451	7 675
Total domestic revenues	**7 500**	**7 740**
Foreign revenues		
Revenues from related parties	105	210
Total foreign revenues	**105**	**210**
Total revenues of the segment	**7 605**	**7 950**
Operating profit/(loss) of the segment	(969)	2 670
Other operating results of the segment	(743)	(289)
Profit/(loss) from continuing operations of the segment before taxation and financial expenses	**(1 712)**	**2 381**
Interest income	1 522	1 787
Interest costs	(581)	(615)
Income from dividends received	21 921	-
Allowance for loans to MLP Bucharest	(39 870)	-
Net result on exchange differences	1 547	(114)
Profit/(loss) before taxation	**(17 173)**	**3 439**
Income tax	7 123	(715)
Net profit/(loss) for the period	**(10 050)**	**2 724**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

as at 31December	**2013**	**2012**
Assets, equity and liabilities		
Assets of the segment	226 842	161 590
Total assets	**226 842**	**161 590**
Liabilities of the segment	41 033	37 607
Equity	185 809	123 983
Total equity and liabilities	**226 842**	**161 590**

5.2. 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 2013	**2013**	**2012**
MLP Pruszków I Sp. z o.o.	79%	64%
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	8%	28%

6. Revenues

for the year ended 31 December 2013	**2013**	**2012**
Real estate management	3 704	3 597
Consulting services	3 484	3 910
Services reinvoiced	367	366
Other revenues	50	77
Total revenues	7 605	7 950
including revenues from related parties	*7 556*	*7 885*

Details of revenues from related parties are disclosed in note 28.3.

7. Other operating income

for the year ended 31 December 2013	**2013**	**2012**
Reinvoicing of insurance costs	117	58
Other	31	1
Total other operating income	**148**	**59**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

8. Other operating costs

for the year ended 31 December 2013	**2013**	**2012**
IPO related costs	(105)	(223)
Property insurance	(117)	(57)
Planned investments	(10)	(19)
Written off capital expenditures	-	(49)
Allowance for receivables overdue	(63)	-
Allowance for receivables from MLP Bucharest	(573)	-
Other operating costs	(23)	-
Other operating costs	**(891)**	**(348)**

9. Selling and administrative expenses

for the year ended 31 December 2013	**2013**	**2012**
Depreciation and amortization	(22)	(54)
Materials and energy	(130)	(92)
External services	(6 919)	(3 887)
Tax and charges	(41)	(11)
Payroll	(1 149)	(979)
Social security and other employee benefits	(210)	(185)
Other expenditures	(103)	(72)
Total selling and administrative expenses	**(8 574)**	**(5 280)**

Selling and administrative expenses for the financial year ended 31 December 2013 amounted to PLN 8.574 thousand, out of which PLN 2.947 thousand (included in "External services" expenses) relates to the IPO on Warsaw Stock Exchange. The reminder of the above mentioned costs incurred by the Company relates to expenses related to the use and maintenance of revenue-generating investment property, owned by subsidiaries. The company recovers the specified amounts by charging these companies for property management.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

10. Financial income and expenses

for the year ended 31 December 2013	**2013**	**2012**
Interest on loans granted to the related entities	1 320	1 780
Interest income on bank deposits	202	7
Income from dividends received	21 921	-
Foreign exchange differences net	1 547	-
Total financial income	**24 990**	**1 787**
Interest expenses on loans from related entities	(581)	(615)
Allowance for loans granted to MLP Bucharest	(39 870)	-
Foreign exchange differences net	-	(114)
Total financial costs	**(40 451)**	**(729)**

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 28.3.

11. Income tax

for the year ended 31 December 2013	**2013**	**2012**
Current income tax	14	515
Origination / reversal of temporary differences	(7 137)	200
Income tax	**(7 123)**	**715**

Effective tax rate

for the year ended 31 December 2013	**2013**	**2012**
Profit/(loss) before taxation	(17 173)	3 439
Current income tax on the basis of the valid tax rate (19%)	3 263	(653)
Income from dividend received	4 165	-
IPO expenses	(139)	-
Non-taxable costs	(166)	(62)
Current income tax	**7 123**	**(715)**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

The calculation of corporate income tax

for the year ended 31 December 2013	**2013**	**2012**
Profit/(loss) before tax	**(17 173)**	**3 439**
Costs not classified as tax deductible expenses:		
Interest accrued on loans received	(581)	(615)
Provision for the audit of financial statements	(145)	(130)
Foreign exchange losses on valuation	(6 215)	(5 848)
Costs related to the prospectus - the withdrawal of the project	(104)	(221)
Consulting services relating to the MLP Bucharest	(7)	(18)
Writing off of the expenditure on implementation of the program	-	(36)
IPO expenses	(734)	-
Allowance for loans granted to the MLP Bucharest	(39 870)	-
Allowance for trade receivables from MLP Bucharest	(573)	-
Allowance for receivables overdue	(63)	-
Other	(125)	(47)
	(48 417)	**(6 915)**
The costs increasing tax costs		
Reversal of foreign exchange losses on valuation	(5 848)	(8 124)
Reversal of provision for the audit of financial statements	(130)	(130)
	(5 978)	**(8 254)**
The amounts that increase the tax base		
Reversal of foreign exchange gains	5 096	7 487
	5 096	**7 487**
Revenues that are not income tax revenues		
Foreign exchange gains on valuation	7 043	5 095
Dividend received	21 921	-
Accrued and unpaid interest on loans	1 321	1 781
Other	2	-
	30 287	**6 876**
Taxable income	**75**	**2 711**
Tax base	75	2 711
Income tax	**14**	**515**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

12. Discontinued operations

In 2013 and 2012 there were no discontinued operations.

13. Tangible fixed assets

	Machinery and equipment	Vehicles	Other tangible assets	Construction in progress	Total
Gross value as at 1 January 2012	**92**	**162**	**30**	**48**	**332**
Additions	**17**	**-**	**1**	**10**	**18**
Acquisition	17	-	1	10	**28**
Decreases	**-**	**-**	**(2)**	**(48)**	**(50)**
Liquidation	-	-	(2)	(48)	**(50)**
Gross value as at 31 December 2012	**109**	**162**	**29**	**10**	**310**
Additions	**16**	**-**	**5**	**-**	**21**
Acquisition	16	-	5	-	**21**
Decreases	**-**	**-**	**(15)**	**(10)**	**(25)**
Reclassification	-	-	(15)	(10)	**(25)**
Gross value as at 31 December 2013	**125**	**162**	**19**	**-**	**306**
Depreciation as at 1 January 2012	**(92)**	**(106)**	**(30)**	**-**	**(228)**
Additions	**(14)**	**(37)**	**(1)**	**-**	**(52)**
Depreciation	(14)	(37)	(1)	-	**(52)**
Decreases	**-**	**-**	**2**	**-**	**2**
Liquidation	-	-	2	-	**2**
Depreciation as at 31 December 2012	**(106)**	**(143)**	**(29)**	**-**	**(278)**
Additions	**(8)**	**(8)**	**(1)**	**-**	**(17)**
Depreciation	(8)	(8)	(1)	-	**(17)**
Decreases	**-**	**-**	**15**	**-**	**15**
Reclassification	-	-	15	-	**15**
Depreciation as at 31 December 2013	**(114)**	**(151)**	**(15)**	**-**	**(280)**
Net value as at 1 January 2012	**-**	**56**	**-**	**48**	**104**
Net value as at 31 December 2012	**3**	**19**	**-**	**10**	**32**
Net value as at 31 December 2013	**11**	**11**	**4**	**-**	**26**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

14. Intangible assets

	Software
Gross value as at 1 January 2012	**87**
Gross value as at 31 December 2012	**87**
Additions	**34**
Acquisition	34
Gross value as at 31 December 2013	**121**
Amortization as at 1 January 2012	**(87)**
Amortization as at 31 December 2012	**(87)**
Additions	**(11)**
Amortization	(11)
Amortization as at 31 December 2013	**(98)**
Net value as at 1 January 2012	**-**
Net value as at 31 December 2012	**-**
Net value as at 31 December 2013	**23**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

15. Long term investments in related parties

as at 31 December	2013	2012
Gross value at beginning of period	**121 142**	**121 137**
Acquisition of shares in MLP Sp. z o.o.	-	5
Gross value at end of period	**121 142**	**121 142**
Net value at end of period	**121 142**	**121 142**

As at 31 December 2013 the Company holds shares in the following subsidiaries:

		Direct and indirect share in the share capital		Direct and indirect share of the Company's rights	
Entity	**Country of registry**	**31 December 2013**	**31 December 2012**	**31 December 2013**	**31 December 2012**
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 Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest Sud S.R.L.	Romania	50%	50%	0%	50%
Sanborn Holdings Limited	Cyprus	0%	100%	0%	100%
MLP Poznań II 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 Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań I Sp. z o.o.	Poland	100%	100%	100%	100%

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

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

On 31 December 2013 shares in Sanborn Holdings Limited registered on Cyprus were sold.

In 2013, the Company's share capital increased through the issuance of 3,018,876 series C shares. Details of the changes in the Company's share structure are presented in note 21.1, while more information about the Company's IPO - in note 30.1.

16. Long-term investments

as at 31 December	**2013**	**2012**
Long-term loans granted to related parties	1 210	-
Long-term loans granted to other entities	7	-
	1 217	**-**

17. Short-term investments

as at 31 December	**2013**	**2012**
Short-term loans granted to related parties	38 049	36 853
Short-term loans granted to other entities	-	7
Short term investments	**38 049**	**36 860**

Details of the loans granted to related parties are disclosed in note 28.2.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

18. Deferred tax

as at 31 December	Defered tax assets		Defered tax liabilities		Net value	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Credits, loans granted and received	(6 566)	-	-	564	(6 566)	564
Other	(27)	(20)	-	-	(27)	(20)
Deferred tax assets / liabilities	**(6 593)**	**(20)**	**-**	**564**	**(6 593)**	**544**

	1 January 2012	**changes recorded in the statement of profit or loss**	**31 December 2012**
Loans granted and received	364	200	564
Other	(20)		(20)
	344	**200**	**544**

	1 January 2013	**changes recorded in the statement of profit or loss**	**31 December 2013**
Credits, loans granted and received	564	(7 130)	(6 566)
Other	(20)	(7)	(27)
	544	**(7 137)**	**(6 593)**

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.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

19. Trade and other receivables

as at 31 December	2013	2012
Trade receivables from related parties	1 032	3 292
Trade receivables from third parties	7	11
Taxation and social security receivables	1	1
Prepayments	105	43
Other	2	2
Trade and other receivables	**1 147**	**3 349**
Income tax receivables	67	-
Short-term receivables	**1 214**	**3 349**

Receivables from related parties were disclosed in note 28.

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

as at 31 December	2013		2012	
	Receivables Gross	**Write-offs**	**Receivables Gross**	**Write-offs**
Current receivables	466	-	1 083	-
Overdue from 1 to 90 days	346	-	1 562	-
Overdue from 91 to 180 days	136	-	110	-
Overdue over 181 days	666	(573)	550	-
Total receivables	**1 614**	**(573)**	**3 305**	**-**

20. Cash and cash equivalents

as at 31 December	2013	2012
Cash on hand	4	6
Cash in bank	1	21
Short-term deposits	58 556	162
Cash and cash equivalents in the separate statement of financial position	**58 561**	**189**
Deposits with maturity over 3 months	-	-
Cash and cash equivalents in the separate statement of cash flows	**58 561**	**189**

The Company does not have any restricted cash.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

21. Equity

21.1. Share capital

as at 31 December	2013	2012
Share capital		
Ordinary shares of A series	11 440 000	11 440 000
Ordinary shares of B series	3 654 379	3 654 379
Ordinary shares of C series	3 018 876	-
	18 113 255	**15 094 379**
Par value of 1 share	0,25	0,25

As at 31 December 2013 the share capital of the Parent Company amounted to PLN 4.528.313,75 and has divided into 18.113.255 shares entitling to 18.113.225 votes on general meeting. The par value of all shares is PLN 0,25 and has been fully paid.

The Issuer 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.

Changes in share capital during the period covered by the separate financial statements:

as at 31 December	2013		2012	
	number of shares	**Value**	**number of shares**	**Value**
Number of shares at the beginning of the period	**15 094 379**	**3 774**	**15 094 379**	**3 774**
Shares issuance	3 018 876	755	-	-
Number of shares at the end of the period	**18 113 255**	**4 529**	**15 094 379**	**3 774**

According to the knowledge of the Management Board of the Company, the Shareholders holding, as of the date of preparation of the financial statement, 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 during the GSM**	***% of capital and votes during the GSM***
CAJAMARCA Holland BV	10 319 842	*56,98%*
MIRO B.V.	1 004 955	*5,55%*
GRACECUP TRADING LIMITED	1 094 388	*6,04%*
THESINGER LIMITED	1 920 475	*10,60%*
Other shareholders	3 773 595	*20,83%*
Total	**18 113 255**	***100,00%***

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

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 was assigned to share capital and the remainder, after settling losses from previous years, to reserve capital. On 9 December 2009 the General Shareholder Meeting passed a resolution to convert the registered of series A and B shares to bearer of series A and B shares. Moreover, during the reporting year 2013 the share capital was increased by 755,000 zlotys by means of share issue. Michael Shapiro holds directly, by 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.

21.2. Other capital reserve

The other capital reserve was created from profit generated in 2010 (PLN 1.470.000) and from profit generated in 2012 (PLN 2.724.000).

21.3. Share premium

Changes in equity presented under the position "Share premium" are as follows:

	Series C shares issue related to the IPO	Expenses related to the share issue	Total
As at 31 December 2012	-	-	**-**
As at 31 December 2013	71 698	(577)	**71 121**

22. Profit/(loss) per share

Profit/(loss) per share for each period is calculated by dividing the net profit for the period by the weighted average number of shares during the reporting period. Diluted earnings per share for each period is calculated by dividing the net profit 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 2013	**2013**	**2012**
Profit /(loss) for the period	(10 050)	2 724
Profit/(loss) used to calculate the basic earnings per share	(10 050)	2 724
Number of shares issued (in units)	18 113 255	15 094 379
Weighted average number of shares (in units)	15 597 525	15 094 379
Earnings per share for the period (in PLN per share):		
- basic	(0,64)	0,18
- diluted	(0,64)	0,18

During the presented periods, there were no dilutive factors.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

23. Credits, loans, other debt instruments and other liabilities

23.1. Short-term liabilities

for the year ended 31 December 2013	**2013**	**2012**
Liabilities from loans received from related parties	39 677	35 304
Total short-term credits, loans and debt instruments	**39 677**	**35 304**

Loans received from related parties

for the year ended 31 December 2013	**2013**	**2012**
MLP Pruszków I Sp. z o.o.	38 137	33 814
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	1 539	1 490
MLP Energy Sp. z o.o.	1	-
	39 677	**35 304**

Details of the loans received from related parties are disclosed in note 28.2.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

23.2. Loans unsecured on the Company's assets

			as at 31 December	2013		2012	
	currency	effective rate (%)	maturity date	EUR	PLN	EUR	PLN
Loan from MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2014	911	3 778	895	3 659
Loan from MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2014	-	783	-	750
Loan from MLP Pruszków I Sp. z o.o.	EUR	Euribor 1M + margin	2014	7 297	30 261	7 192	29 405
Loan from MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	EUR	Euribor 3M + margin	2014	371	1 538	364	1 490
Loan from MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	PLN	Wibor 3M + margin	2014	-	1	-	-
Loan from MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2014	-	3 315	-	-
Loan from MLP Energy Sp. z o.o.	PLN	Wibor 3M + margin	2014	-	1	-	-
Total				**8 579**	**39 677**	**8 451**	**35 304**

The balances of loans received in foreign currency were translated by the following average exchange rates quoted by the NBP on the day::

	2013	2012
exchange rate EUR/PLN	4,1472	4,0882

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

24. Payroll liabilities

as at 31 December	2013	2012
Special funds	157	157
Payroll liabilities	**157**	**157**

25. Trade and other liabilities

as at 31 December	2013	2012
Trade liabilities to related parties	31	239
Trade liabilities to third parties	879	665
Taxation and social security liabilities	142	231
Accruals	145	130
Other liabilities	2	-
Trade and other liabilities	**1 199**	**1 265**
Income tax liabilities	-	337
Short-term liabilities	**1 199**	**1 602**

Liabilities to related parties were disclosed in note 28.

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

as at 31 December	2013	2012
Current liabilities	430	566
Liabilities overdue from 0 to 90 days	415	229
Liabilities overdue from 91 to 180 days	-	95
Liabilities overdue over 181 days	67	14
Total trade and other liabilities	**912**	**904**

Liabilities resulting from deliveries and services are not subject to interest and are usually settled within 30 to 60 days. The amount stemming from the difference between the liabilities and VAT 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.

26. Financial instruments

26.1. Valuation of financial instruments

The fair value of financial assets and financial liabilities as at 31 December 2013 and 31 December 2012 is equal to the value presented in the separate statement of financial position.

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

- **cash and cash equivalents:** the book value of these financial instruments corresponds to fair value because of the short time to 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,

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

- **loans granted:** the book value corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **bank credit and loans taken:** the book value of these instruments is comparable with fair value because of the floating rate, based on market rates,

26.1.1.Financial assets

as at 31 December	**2013**	**2012**
Loans and receivables:		
Cash and cash equivalents (level 3)	58 561	189
Loand and receivables, including:		
Trade and other receivables (level 3)	1 041	3 305
Loans granted (level 3)	39 266	36 860
	98 868	**40 354**
Total financial assets	**98 868**	**40 354**

26.1.2.Financial liabilities

as at 31 December	**2013**	**2012**
Financial liabilities valued at amortized cost		
Loans received (level 3)	39 677	35 304
Trade and other liabilities (level 3)	912	904
	40 589	**36 208**
Total financial liabilities	**40 589**	**36 208**

26.2. 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.

26.2.1.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:

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

Loans - expected payments	up to 1 year	from 1 to 5 years	over 5 years	Total
2013	39 972	-	-	**39 972**
2012	35 871	-	-	**35 871**

26.2.2.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 2013 (PLN thousand)

Financial assets	PLN	EUR	other	Total
Loans and receivables:				
Cash and cash equivalents	58 561	-	-	**58 561**
Loans and receivables, including:				
Trade and other receivables	1 010	31	-	**1 041**
Loans granted	18 424	20 842	-	**39 266**
	77 995	**20 873**	**-**	**98 868**

Financial liabilities	PLN	EUR	other	Total
Financial liabilities measured at amortized cost				
Loans received	4 100	35 577	-	**39 677**
Trade and other liabilities	833	77	2	**912**
	4 933	**35 654**	**2**	**40 589**

The currency structure of financial instruments as at 31 December 2012 (PLN thousand):

Financial assets	PLN	EUR	other	Total
Loans and receivables:				
Cash and cash equivalents	168	21	-	**189**
Loans and receivables, including:				
Trade and other receivables	2 752	553	-	**3 305**
Loans granted	84	36 769	7	**36 860**
	3 004	**37 343**	**7**	**40 354**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

Financial liabilities	**PLN**	**EUR**	**other**	**Total**
Financial liabilities measured at amortized costs:				
Loand received	750	34 554	-	**35 304**
Trade liabilities and other	904	-	-	**904**
	1 654	**34 554**	**-**	**36 208**

Because of the short foreign exchange position in 2013 (long foreign exchange position in 2012), 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 of the Company.

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

as at 31 December	**2013**	**2012**
Increase in the exchange rate EUR/PLN by 5%	(739)	139

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.

26.2.3.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 interest outflows in respect of loans:

as at 31 December	**2013**	**2012**
EURIBOR + 50 b.p.	(178)	(173)
WIBOR + 50 b.p.	(21)	(4)

The above sensitivity analysis presents how much debt service interest costs 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	**2013**	**2012**
EURIBOR + 50 b.p.	104	184
WIBOR + 50 b.p.	92	-

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

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

as at 31 December	**2013**	**2012**
WIBOR + 50 b.p.	293	1

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

26.2.4. 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 19.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

27. Contingent liabilities and pledges

As at 31 December 2013 the Company had established the following securities on its assets::

27.1. Financial and registered pledges on shares

Securities established on MLP Group's shares in the entity:	Security	Value of the established security [in EUR thousand]
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.	80.000 EUR thousand
MLP Moszna I Sp. z o.o.	Dz Bank AG Deutsche Zentral-Genossenschaftbank Frankfurt am Main S.A. receivables resulting from the credit 2010/KI/0092 granted to MLP Moszna I Sp. z o.o.	7.200 EUR 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.	14.047 EUR thousand
Registered and financial pledges on shares:		
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	Raiffeisen Bank Polska S.A. receivables resulting from the credit CRD/39165/13 granted to MLP Tychy Sp. z o.o. (currently MLP Sp. z o.o. SKA)	74.720 EUR thousand
MLP Sp. z o.o.	Raiffeisen Bank Polska S.A. receivables resulting from the credit CRD/39165/13 granted to MLP Tychy Sp. z o.o. (currently MLP Sp. z o.o. SKA)	74.720 EUR thousand

In addition, there are ongoing negotiations to establish the registered pledge on shares of MLP Group S.A. by the company Cajamarca Holland BV. The pledge is intended to secure receivables of Mercantile Discount Bank Ltd related to the loan granted to the company RRN Holdings and Investments Ltd.

27.2. Bank guarantees

On 5 March 2013 MLP Group S.A. signed a guarantee agreement with Raiffeisen Bank Polska S.A. and MLP Tychy Sp. z o.o., subsequently referred to as the "Borrower" (currently MLP Sp. z o.o. SKA). The above mentioned agreement requires that MLP Group S.A. provide the Borrower with financial means for meeting its credit needs to the extent which will keep the Debt Coverage Ratio (calculated in accordance with the provisions of the credit agreement signed on 5 March 2013) above 1.20.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

27.3. Securities

On 6 July 2012 MLP Group S.A. signed a bill of exchange for its subsidiary MLP Pruszków III Sp. z o.o. in order to secure the liabilities increased by the amount of secondary liabilities, such as commissions, interest and other costs resulting from the credit agreement KNK/1212752 signed on 6 July 2012, granted to MLP Pruszków III Sp. z o.o. in the amount of EUR 6.900.000.

28. Related party transactions

28.1. Trade and other receivables and payables

Related party transactions related to trade and other receivables and payables as at 31 December 2013 are as follows:

	Trade receivables and other	Trade liabilities and other
Parent company		
The Israel Land Development Company Ltd., Tel-Aviv	29	-
	29	**-**
Other related parties		
MLP Pruszków I Sp. z o.o.	491	-
MLP Pruszków II Sp. z o.o.	194	-
MLP Pruszków III Sp. z o.o.	148	-
MLP Moszna I Sp. z o.o.	12	-
MLP Sp. z o.o. SKA (previosuly MLP Tychy Sp. z o.o.)	77	-
MLP Poznań Sp. z o.o.	53	-
MLP Poznań II Sp. z o.o.	12	-
MLP Bieruń Sp. z o.o.	16	-
	1 003	**-**
Key management personnel		
ROMI CONSULTING Michael Shapiro	-	31
	-	**31**
Total	**1 032**	**31**

28.2. Loans granted and received

Related party balances related to loans granted and received as at 31 December 2013 are as follows:

	Loans granted	Loans received
Other related parties		
Fenix Polska Sp. z o.o.	37 284	-
MLP Pruszków I Sp. z o.o.	-	38 137
MLP Pruszków III Sp. z o.o.	1 209	-
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	-	1 539
MLP Property Sp. z o.o.	118	-
MLP Poznań II Sp. z o.o.	145	-
MLP Bieruń Sp. z o.o.	503	-
MLP Energy Sp. z o.o.	-	1
Total	**39 259**	**39 677**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

28.3. Revenues and expenses

Related party transactions related to revenues and expenses for the year ended 31 December 2013 are as follows:

	Revenues from the sale of services	Sales - other	Interest income
Parent company			
The Israel Land Development Company Ltd., Tel-Aviv	105	-	-
	105	**-**	**-**
Other related parties			
Fenix Polska Sp. z o.o.	-	-	382
MLP Bucharest Sud S.R.L.	-	-	906
MLP Pruszków I Sp. z o.o.	6 031	58	-
MLP Pruszków II Sp. z o.o.	167	5	-
MLP Pruszków III Sp. z o.o.	189	6	9
MLP Pruszków IV Sp. z o.o.	52	2	-
MLP Moszna I Sp. z o.o.	119	4	-
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	622	28	-
MLP Property Sp. z o.o.	-	-	5
MLP Poznań Sp. z o.o.	36	1	-
MLP Poznań I Sp. z o.o.	52	2	-
MLP Poznań II Sp. z o.o.	157	4	15
MLP Bieruń Sp. z o.o.	26	-	3
MLP Energy Sp. z o.o.	-	8	-
	7 451	**118**	**1 320**
Total revenues	**7 556**	**118**	**1 320**

	Purchase of services	Other purchases	Interest expenses
Parent company			
RRN Holding & Investments Ltd., Tel-Aviv	(651)	-	-
	(651)	**-**	**-**
Other related parties			
MLP Pruszków I Sp. z o.o.	(36)	(58)	(552)
MLP Pruszków II Sp. z o.o.	-	(5)	-
MLP Pruszków III Sp. z o.o.	-	(6)	-
MLP Pruszków IV Sp. z o.o.	-	(2)	-
MLP Moszna I Sp. z o.o.	-	(4)	-
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	-	(28)	(28)
MLP Poznań Sp. z o.o.	-	(1)	-
MLP Poznań I Sp. z o.o.	-	(2)	-
MLP Poznań II Sp. z o.o.	-	(4)	-
MLP Bieruń Sp. z o.o.	(5)	-	-
MLP Energy Sp. z o.o.	-	(8)	(1)
	(41)	**(118)**	**(581)**

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

Key management personnel			
ROMI CONSULTING Michael Shapiro	(379)	-	-
	(379)	**-**	**-**
Total expenses	**(1 071)**	**(118)**	**(581)**

Fenix Polska Sp. z o.o. is related to the Capital Group through Cajamarca Holland B.V., which as at 31 December 2013 owns 100% of the shares of Fenix Polska Sp. z o.o., and holds of 56,98% shares in the MLP Group S.A. Capital Group.

29. Significant litigation and disputes

The Issuer is a party to the arbitration case initiated by Accursius Limited, with its seat in Limassol, pending in the International Court of Commercial Arbitration in Bucharest. On 19 July 2011 Accursius Ltd used call option to sell 50% of shares in MLP Bucharest Sud SRL and started a claim regarding the purchase of MLP Bucharest Sud SRL shares by MLP Group S.A. MLP Group S.A. disagreed with the valuation of the option in the amount of EUR 2,5 million. Accursius Ltd filed a complaint to Arbitration Court related to Chamber of Commerce and Industry of Romania in Bucharest for judgment replacing the shares sale agreement and MLP Group S.A. liability to pay EUR 2,5 million as a price for 50% of shares. On 15 January 2013 verdit was given saying that the Accursius shares sale agreement was concluded on the day of call option realization (19 July 2011) and obliged MLP Group S.A. to pay Accurius Ltd EUR 667 thousand for buying MLP Bucharest Sud SRL shares. On 15 March 2013 Accursius Ltd asked the District Court in Warsaw for declaration of enforceability of the Arbitration Court judgment. The Company has applied for refusal of this declaration.

On 18 March 2013 MLP Group S.A. complained to Court of Appeal in Bucharest to repeal the Arbitration Court judgment. The complaint was based on allegations regarding violation of public order and the Romanian procedural standards. It was rejected by Court on 12 June 2013. Court of Appeal in Bucharest stated these breaches did not take place. Court of Appeal in Bucharest decision is subject to appeal by the Supreme Court, which decision shall be final. On 16 August 2013.MLP Group S.A. appealed against the decision of Court of Appeal.

On 9 April 2013 at the request of one of the creditors - Alpha Bank AE, which claims debt from MLP Bucharest Sud SRL in the amount of EUR 15.509.014,38 - based on the Bankruptcy Court in Bucharest decision a MLP Bucharest Sud SRL insolvency proceeding was initiated. At the beginning, bankruptcy proceeding decision predicted to leave the company management to the Company's Management. On 28 May 2013 Court gave a decision to deprive existing authorities of MLP Bucharest Sud SRL management and give it to judicial manager, responsible for managing and representing the Company.

On 8 October 2013 Court in Bucharest, VII Civil Section (Tribunal Bucuresti, Sectia a VII-a Civila), gave a decision changing the decision from 9 April 2013 regarding insolvency of Issuer subsidiary - MLP Bucharest Sud SRL with its seat in Bucharest - to bankruptcy involving liquidation of MLP Bucharest Sud SRL assets. The change of decision resulted from lack of creditor’s agreement on a restructuring plan.

The liquidator of MLP Bucharest Sud SRL became EURO INSOL SPRL based in Bucharest.

30. Significant events during the financial year and subsequent events

30.1. Significant events during the financial year 2013

The most important factor influencing the Company's future financial results, which occurred after the Balance Sheet date is MLP Group S.A. debut on Warsaw Stock Exchange on 28 October 2013 and gaining due to IPO of C series shares, cash in the amount of c.a. PLN 72.453 thousand gross.

MLP Group S.A. Prospectus approved by Polish Financial Supervision Authority (Komisja Nadzoru Finansowego) on 7 October 2013 and was published on 8 October 2013.

In the IPO investors were offered 3.773.595 MLP Group S.A. shares, therein: 3.018.876 newly issued C series shares offered by the Company and 754.719 existing A series shares offered by the Seller. Individual investors could submit for 377.360 shares (10% of all offered shares), while institutional investors could submit for 3.396.235 shares (90%). All shares were being sold for PLN 24. Value of IPO amounted to PLN 90.566 thousand gross.

On 29 October 2013 the District Court for the Capital City of Warsaw, XIV Faculty of the National Court Register issued a decision to register share capital increase through 3.018.876 C series shares issue. Accordingly, Company's share capital amounted to PLN 4.528 thousand, dividing into 18.113.255 shares entitling to 18.113.255 votes on General Meeting.

On 18 November 2013 3,018,876 company shares were registered with the ISIN code "PLMLPGR00017", in accordance with the resolution no. 833/13 of the Management Board of the National Depository for Securities.

30.2. Subsequent events

On 14 January 2014 MLP Group SA and its subsidiary MLP Poznań II Sp. z o.o. entered with ING Bank Slaski SA into Project Support Agreement.

Under the above mentioned agreement, the Parent Company is committed to provide its subsidiary MLP Poznań II Sp. z o.o. financial means in the event of cost overruns that may occur during project implementation in the Building A3 in one of the forms: as unsecured subordinated loans, as supplementary capital infusions of MLP Poznań II Sp. z o.o. or as an equity increase of the share capital of the subsidiary.

During the meeting of the Supervisory Board dated 15 January 2014 the Audit Committee was constituted with the following members appointed:

- Shimshon Marfogel,
- Eytan Levy
- Maciej Matusiak.

On 16 January 2014, the Management Board of MLP Group S.A. announced the appointment of new members of the Supervisory Board - Mr. Maciej Matusiak and Mr. Jack Tucharz.

Following the balance sheet date, until the date of preparation of this separate financial statement, no other events occured which were not but should have been included both in the accounting books of the reporting period and the separate financial statement of the Company.

Separate financial statements for the reporting year ended 31 December 2013 (data in thousands of PLN, unless otherwise stated)

31. Remuneration paid or due to members of management and supervisory bodies

for the year ended 31 December 2013	**2013**	**2012**
Michael Shapiro	379	376
Radosław T. Krochta	31	25
Dorota Jagodzińska-Sasson	32	118
	442	**519**

Except for the transactions presented in note 28 and above, the Members of the Management Board and the Supervisory Board did not receive any other benefits from the Company.

32. Employment structure

as at 31 December	**2013**	**2012**
Average employment in the period	17	16

33. Information about the entity entitled to audit of the financial statements

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 perform the 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, 51 Chlodna 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 auditor 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

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

millennium logistic parks

MLP GROUP

MLP Group S.A.

MANAGEMENT BOARD'S REPORT ON ACTIVITIES OF MLP GROUP S.A.

For the year 2013

Pruszków, 12 March 2014

Management Board's report on the activities of MLP Group S.A. for 2013 was prepared in accordance with Par. 91 of 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).

Table of contents

MLP GROUP S.A. MANAGEMENT BOARD APPROVAL OF REPORT ON THE MLP GROUP S.A. ACTIVITIES FOR THE YEAR 2013

The Management Report of the MLP Group S.A. activities for 2013 has been prepared and approved by the Management Board on 12 March 2014.

Michael Shapiro
President of the Management Board

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

INTRODUCTION

MLP Group S.A. is the Parent Company of MLP Group S.A. Capital Group ("The Company", "The Issuer", or "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 Purszków (05-800 Pruszków, 3 Maja street 8).

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

The core business of the Parent Company and its subsidiaries are: 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 or property management services.

The higher level Parent Company for the Group is CAJAMARCA HOLLAND B.V. that is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

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

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

1. MLP GROUP S.A. BASIC INFORMATION

1.1. GMLP Group S.A. shareholdings structure

As at 31 December 2013, MLP Group S.A. consisted of following subsidiaries:

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 rights
MLP Pruszków I Sp. z o.o.	Poland	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%
MLP Spółka z o.o. S.K.A. (previously: MLP Tychy Sp. z o.o.)	Poland	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%
MLP Bucharest Sud S.R.L.*	Romania	50%	-
MLP Poznań II 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 Sp. z o.o.	Poland	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%
MLP Poznań I Sp. z o.o.	Poland	100%	100%

*MLP Group S.A. ceased to consolidate MLP Bucharest Sud S.R.L. in the second quarter of 2013.

Changes in the Group:

On 9 April 2013, following the application of one of the company's creditors - Alpha Bank AE - under the order of the bankruptcy court in Bucharest, bankruptcy proceedings against MLP Bucharest Sud S.R.L. were initiated. On 28 May 2013 the court issued an order to disqualify the existing Management Board of MLP Bucharest Sud S.R.L. from managing the affairs of the company and to establish a judicial administrator, whose task is to run the company and represent it in relations with third parties. As a consequence of the bankruptcy proceedings initiated against MLP Bucharest Sud S.R.L., and the establishment of the judicial administrator, the existing Management Board appointed by the Shareholders has lost control over the management of the company.

On 8 October 2013, the Court in Bucharest issued a decision declaring bankruptcy, which initiated the liquidation of MLP Bucharest Sud S.R.L.

On 31 December 2013, MLP Group S.A. entered into an agreement for the sale of the shares of a subsidiary company Sanborn Holdings Limited, and thus ceased to consolidate the company.

1.2. Scope of activities of the Company and the Group

Since 1998, the 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), and
- 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.

MLP Group is currently operating four logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Tychy, MLP Poznań and a logistic park under development - MLP Bieruń. The total size of land-in-use in Poland is 74,1 hectares.

Real estate investments in logistics parks are measured in fair value by independent experts.

The following table shows the structure of the real estate portfolio in fair value by categories in different parks of the Group as at 31 December 2013:

Logistics park	Fair value EUR thousand	Fair value PLN thousand
MLP Pruszków I	81 480	337 914
MLP Pruszków II	54 798	227 258
MLP Poznań	16 816	69 739
MLP Tychy	60 662	251 577
MLP Bieruń	9 390	38 942
Total	**223 146**	**925 430**

1.3. Information about the real estate portfolio

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.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

The Company conducts its activities in Poland.

Revenue	period: 01.01.2013 - 31.12.2013	period: 01.01.2012 - 31.12.2012
Domestic sales		
Sales to non-related clients	49	65
Sales to related clients	7 451	7 675
Total domestic sales	**7 500**	**7 740**
Foreign sales		
Sales to related clients	105	210
Foreign sales	105	210
Total revenue from sales	**7 605**	**7 950**

Revenue structure:

Revenues	period: 01.01.2013 - 31.12.2013	period: 01.01.2012 - 31.12.2012
Property management	3 704	3 597
Advisory services	3 484	3 910
Re-invoice services	367	366
Other revenues	50	77
Total revenues	**7 605**	**7 950**
- including related parties	*7 556*	*7 885*

1.4. Information about the market, customers and suppliers

In 2013, the Company's activities were mainly conducted in Poland. The Company lost control over a subsidiary MLP Bucharest Sud S.R.L., which activities were conducted in Romania - On 28 May 2013 the court issued an order to disqualify the existing Management Board of MLP Bucharest Sud S.R.L. from managing the affairs of the company.

1.4.1. The structure of the Company's sales

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

Revenue from sales	Period: 01.01.2013 - 31.12.2013	Period: 01.01.2012 - 31.12.2012	Change 2013/2012
Management	3 704	3 597	3%
Advisory services	3 484	3 910	-11%
Re-invoiced services	367	366	0%
Other revenue	50	77	-35%
Total	**7 605**	**7 950**	-4%
- including from related parties	*7 556*	*7 885*	*-4%*

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

In 2013, the total value of sales of services to related parties amounted to PLN 7.556 thousand. The main beneficiary of these services was MLP Pruszków I Sp. z o.o. The company's participation in sales during the period was 80%. The following table illustrates the structure of sales in 2013:

Structure of sales	**Period: 01.01.2013 - 31.12.2013**
Parent entity	
The Israel Land Development Ltd	105
Subsidiaries	
MLP Bucharest Sud SRL	-
MLP Pruszków I Sp. z o.o.	6 031
MLP Pruszków II Sp. z o.o.	167
MLP Pruszków III Sp. z o.o.	189
MLP Pruszków IV Sp. z o.o.	52
MLP Moszna I Sp. z o.o.	119
MLP Spółka z ograniczoną odpowiedzialnością SKA (previously: MLP Tychy Sp. z o.o.)	622
MLP Property Sp. z o.o.	-
MLP Poznań Sp. z o.o.	36
MLP Poznań I Sp. z o.o.	52
MLP Poznań II Sp. z o.o.	157
MLP Bieruń Sp. z o.o.	26
MLP Energy Sp. z o.o.	-
Total	**7 556**

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
- services related to the IPO

In 2013, IPO services accounted for a significant portion of purchased services. UniCredit CAIB Poland S.A. was the largest counterparty with a turnover exceeding 10% of the Company's total revenues. Other purchase services related to the Company's current operations are conducted with a broad base of suppliers, the Company is not dependent on a single supplier.

2. MLP GROUP S.A. BASIC INFORMATION

2.1. MLP Group S.A. activities in 2013

In 2013, the Company continued its activities of construction and property management in relation to logistics. 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 303 thousand sq.m of warehouse and office space. The Company's Management Board reviewed and evaluated:

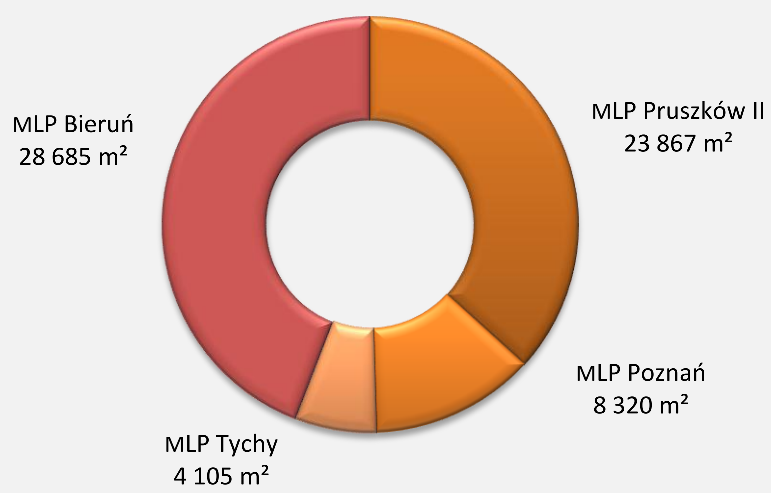
- current projects in development for the progress of the construction work,
- earned and expected revenue from sales,
- the best possible use of existing land resources of the Group and adjustment of sale offers to expectations and anticipations of the market demand,
- possibilities to purchase land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

On 28 October 2013, the Company made its debut on the Warsaw Stock Exchange. Through the public issuance of C series shares, the Company raised funds in the gross amount of PLN 72.453 thousand.

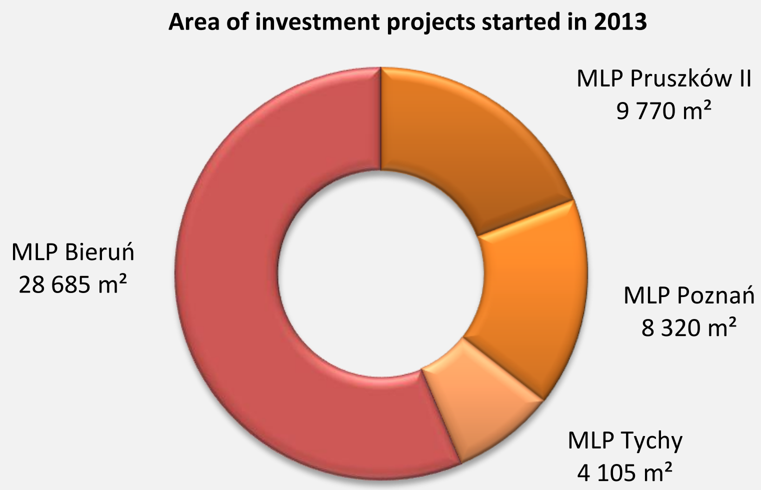
2.1.1 Investment projects started and completed

In 2013 the Company carried out investment projects with a total area of 64.977 sq.m through its subsidiaries.

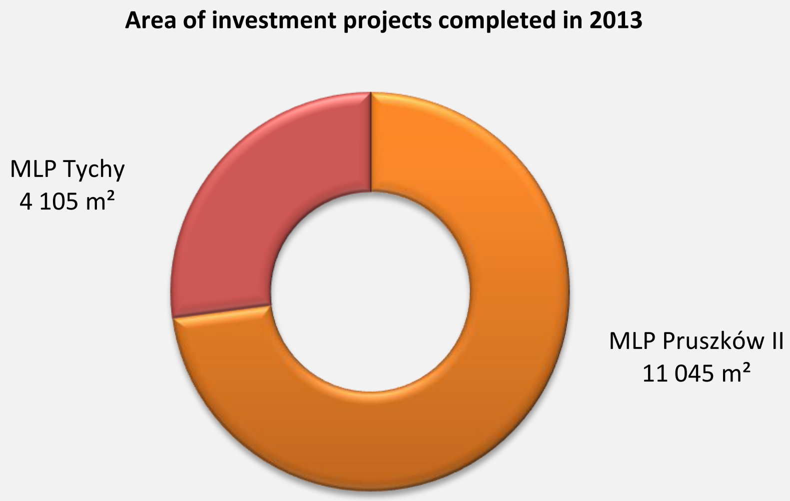
Area of investment projects carried out in 2013



14.097 sq.m of investment projects, out of the total area of projects that were implemented in 2013, were started before 2013. Additionally, the Company commenced the construction of warehouse and office buildings with a total surface area of 50.880 sq.m. The chart presents the surface area of initiated investment projects in various parks of the Groups:



Among the investment projects operated in 2013 with a total area of 64.977 sq.m, the Company has completed construction projects with an area of 15.150 sq.m.



2.1.2 Development projects currently underway and in preparation

Currently, the Company is conducting an investment project in MLP Bieruń Logistics Park with an area of 28.685 sq.m. In 2014, the Company has completed the construction of other projects shown as carried out in 2013, i.e.: MLP Poznań logistics park - investment project with an area of 8.320 sq.m; MLP Pruszków II logistics park - investment project with a total area of 12.822 sq.m.

According to the adopted Strategy, the Company will focus on expanding existing logistics parks (i.e. construction of warehouses on lands belonging to the Group), and construction projects outside the existing parks. Projects implemented by the Group are in the BTS system, i.e. a lease agreement with a perspective tenant must be signed prior to the initiation of the investment process.

Currently, the Company has not engaged in any binding commitments related to investment projects. Future investments will be financed, among others, with the proceeds from the issuance of shares.

2.1.3 Significant agreements for the Company's activities

Significant suppliers with whom the Company entered into agreements in 2013 with a total value exceeding 10% of Group's equity.

In the financial year 2013, the Company has not entered into a trade agreement with a single supplier 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 balance sheet date), which may result in future changes in the proportion of shares held by existing shareholders.

2.1.5 Cooperation and collaboration agreements

In 2013, MLP Group S.A. has not entered into any significant agreements concerning collaboration or cooperation 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.

All transactions with related parties are presented in Note 28 of the Financial Statements for the year ended 31 December 2013.

2.1.7 Litigations

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

As at 31 December 2013 there was no single 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 2013 there were no two or more proceedings in a court, arbitration proceedings or public administration related to liabilities or receivables, the value of which would exceed 10% of the Company's equity.

As at 31 December 2013, the Company was a part of proceedings that related to liabilities, which amounted to approximately PLN 2.780 thousand (of which EUR 667 thousand relates to the sentence of the court of arbitration in relation to the claim by Accursius Limited located in Limassol).

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

2.2. Development of the 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 by the Company, and Group's entities, 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 the 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 Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. The activities of the Company in this respect include applying hedge accounting to minimize volatility in the profit or loss for the current period.

a) Foreign exchange risk

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

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

b) Interest rate risk

The Company's entities 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's control. Changes in interest rates may increase the financing cost of the Group in respect of existing loans, and thus affect its profitability. A need to hedge the risk of interest rates is considered by the Group 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 Entities from the Group.

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 development of commercial real estate market, where the Company and its subsidiaries operate, are dependent on the changes taking place in the construction and real estate sector, trends in the sectors of manufacturing, commerce, industry, services, transport and the development of the economy, which is influenced by many macroeconomic factors, such as economic growth, inflation, interest rates, the situation on the labor market and the value of foreign direct investment. The Group's operations indirectly depend on changes in the world economy. The Company's business is affected in particular by: the level of GDP, the inflation rate, exchange rates, interest rates, the unemployment rate, the amount of the average wage, fiscal policy and monetary policy. The pace of growth in the domestic economy, and thus also, on the business and results of operations may be affected the downturn and the slowdown of the world economy. Adverse changes in the macroeconomic situation in Poland and other countries economic monetary policy are likely to adversely affect the Group's financial results materially and the ability to implement its plans.

Risks associated with factors specific to the real estate sector:

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 Group's business, financial condition, results and prospects.

Risks 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 Company's performance in terms of profits from renting warehouse space. In case of tenant's default to meet its obligation, the Group 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 its business, financial condition and results.

Insurance risk:

The Company's 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 Company is responsible for. Due to the scope of insurance coverage currently held by the Group, 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 the case of other types of risks insurance premium costs are disproportionately high in relation to risk occurrence likelihood. The Company's insurance coverage may not protect the Group against all losses that the Group 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 Company's insurance coverage may not be sufficient to fully compensate for losses incurred in connection with its real estate.

Risks associated with the investment 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, independent from 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 and the financial position and performance of the Company.

Risks associated with the nature of property development activities of the Company:

The Company'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, the Company's 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 necessary tenants.

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

- increase in the cost of materials, labor costs or other expenses that may cause the completion of the project to be unprofitable;
- actions taken by public authorities and local governments resulting in unexpected changes in land use planning and development plan;
- disadvantages or limitations on legal title to land or buildings acquired by the Company or defects, restrictions or conditions related to management decisions on land owned by the Company;"
- 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 Company 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 of the Company 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 media or certain procedures for fire protection and adequate facilities to ensure this protection). The relevant authorities may require the Company to create additional infrastructure required by law in the exercise 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 Company's control, such as the slowdown in the real estate market. The Company 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, or delay the implementation of the project or cause the Company to abandon the project.

Risks relating to general contractors

In a significant number of cases, the Company commissions their projects to general contractors or other third parties. The successful completion of construction projects depends on the ability of the Company 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 Company. In addition, the above-mentioned events may adversely affect the Company's image and the ability to sell the completed projects.

The financial strength and liquidity of the general contractors of the Company 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 Company's strategy. Any security which are usually established by general contractors in order to secure the performance of obligations under the respective agreements with the Group, may not cover the total costs and damages incurred by the Company in these circumstances.

The Group's dependency on general contractors also exposes the Group to all risks associated with poor quality of work of such general contractors, their subcontractors and employees and of design flaws. In particular, the Group 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 by the contractor or by the appropriate subcontractor.

Risks associated with obtaining administrative decisions:

As part of its activities and in the course of management of its assets, the Company is 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 Company cannot 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 be extended. In addition, public administration may issue a decision based on the fulfilment of certain additional terms and conditions (including, for example ensuring adequate infrastructure) or impose on the Company in such decisions additional conditions and obligations, which may involve additional costs and the extension of the procedures.

In addition, the Company may seek changes of certain projects or facilities of the Company, as well as the reassignment 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 registered 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 Company from obtaining the required permits, approvals or other decisions, including participation in administrative and judicial proceedings involving the Company, challenging decisions, regulations and rulings issued in the course of such proceedings, as well as disseminating negative and defamatory information about the Company and its investments. These actions may, in particular, significantly extend the realization of its investment activities by the Company, as well as result in additional costs incurred by the Company in connection with the ongoing investments.

2.2.2 Business prospects

The strategic goal of MLP Group S.A. is to permanently increase the owned warehouse space on the Polish market. The effect of this will be strengthening the Company's position as a long-term partner of customers developing operations in the area. The strategic objective of the Company is the realization of buildings in the Build to Suit System (BTS) in the current surplus land and realization 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 storage.

Currently Poland is constructing close to 707 thousand sq.m of modern warehouse space, of which 91% has already been leased. We expect that this will be reflected by a gradual decrease in vacancy rates in selected regions. In 2014, BTS contracts will still be popular, especially among tenants in the manufacturing industry. A gradual return of speculative investments in the regions, which are characterized by low levels of available storage space (Wrocław, Poznań, some locations in Upper Silesia). The year 2014 will also bring development in the Small Business Units (SBU) market offering tenants smaller areas (from 600 sq.m). The observed variation will increase rental rates depending on the attractiveness of warehouse space.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

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

3.1. Key economic and financial data disclosed in the annual separated financial statements of the MLP Group S.A. for the year 2013

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 2013**	**Share %**	**31 December 2012**	**Share %**	**Change % 2013/2012**
Assets	**226 842**	**100%**	**161 590**	**100%**	**40%**
Non-current assets	**129 018**	**57%**	**121 192**	**75%**	**6%**
Long-term financial assets in related parties	121 142	53%	121 142	75%	0%
Other long-term investments	7 827	3%	18	0%	43383%
Current Assets	**97 824**	**43%**	**40 398**	**25%**	142%
Short-term investments	38 049	17%	36 860	23%	3%
Trade and other receivables	1 147	1%	3 349	2%	-66%
Cash and cash equivalents	58 561	26%	189	0%	30885%
As AT	**31 December 2013**	**Share %**	**31 December 2012**	**Share %**	**Change % 2013/2012**
Liabilities and equity	**226 842**	**100%**	**161 590**	**100%**	**40%**
Equity	**185 809**	**82%**	**123 983**	**77%**	**50%**
Short-term liabilities	**41 033**	**18%**	**37 607**	**23%**	**11%**
Credits, loans, perpetual usufruct and other debt instruments liabilities	39 677	17%	35 304	22%	12%

As at 31 December 2013, long-term financial assets represented a significant part of the Company's assets, i.e. 53% of total assets. Credit, loans, perpetual usufruct and other debt instruments represent the largest part of the Company's liabilities, i.e. 17% of total liabilities.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

Long-term financial assets in related parties

As at	31 December 2013	31 December 2012
Gross value at the beginning of the period	**121 142**	**121 137**
Acquisition of MLP Sp. z o.o. shares	-	5
Gross value at the end of the period	**121 142**	**121 142**
Net value at the end of the period	**121 142**	**121 142**

As at 31 December 2013, shares of subsidiaries held by MLP Group S.A. is presented in section 1.1 (MLP Group S.A. structure)

Short-term investments

As at	31 December 2013	31 December 2012
Loans granted to related parties	38 049	36 853
Loans granted to other entities	-	7
Total short-term investment	**38 049**	**36 860**

As at 31 December 2013, the Company presented short-term investments from loans granted in the amount of PLN 38.049 thousand. In 2013, the Company created an allowance for loans granted to MLP Bucharest Sud SRL in the amount of PLN 39.870 thousand in connection with the insolvency proceedings of the company. In 2012, the loans granted to MLP Bucharest Sud SRL were presented as short-term investments (total value with accrued interest amounted to PLN 36.769 thousand).

Cash

As at	31 December 2013	31 December 2012
Cash in hand	4	6
Cash in bank	1	21
Short-term deposits	58 556	162
Cash and cash equivalents, the amount presented in the statement of financial position	**58 561**	**189**
Cash and cash equivalents, the amount presented in the statement of cash flows	**58 561**	**189**

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

As at 31 December 2013, the cash balance amounted to PLN 58.561 thousand, and increase as compared to PLN 189 thousand in the previous year. The increase of cash was mainly due to the net impact of the issuance of C series shares of MLP Group S.A. in the amount of PLN 70.120 thousand.

Equity

(i) Share capital

As at	31 December 2013	31 December 2012
Series A shares	11 440 000	11 440 000
Series B shares	3 654 379	3 654 379
Series C shares	3 018 876	-
Total	**18 113 255**	**15 094 379**
Par value of 1 share	0,25 zł	0,25 zł

As at 31 December 2013, share capital of MLP Group S.A. 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 of the Company. All shares have a par value of PLN 0,25 and have been fully paid.

By the issuance of the new C series shares the Issuer increased its share capital by PLN 754.719. The District Court for the Capital City Warsaw registered the capital increase on 29 October 2013.

Credits, loans, other debt instruments and other liabilities

As at	31 December 2013	31 December 2012
Loan liabilities from related parties:	**39 677**	**35 304**
- MLP Pruszków I Sp. z o.o.	38 137	33 814
- MLP Spółka z ograniczoną odpowiedzialnością SKA (previously MLP Tychy Sp. z o.o.)	1 539	1 490
- MLP Energy	1	-
Credits, loans, other debt instruments and other liabilities	**39 677**	**35 304**

Credits, loans, other debt instruments and other liabilities are the significant item of the Company's liabilities. These are short-term loans received from subsidiaries.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

3.1.2 Selected financial data from the separate profit or loss account

Separate profit or loss of MLP Group S.A. for the year ended 31 December 2013 compared to the year 2012:

Period	01.01.2013 -31.12.2013	% Sales	01.01.2012 -31.12.2012	% Sales	Change % 2013/2012
Revenue	7 605	100%	7 950	100%	-4%
Other operating income, including:	148	2%	59	1%	151%
Selling and administrative expenses	(5 627)	74%	(5 280)	66%	7%
Other operating costs	(891)	12%	(348)	4%	156%
Operating profit before the recognition of the IPO costs	**1 235**	**16%**	**2 381**	**30%**	**-48%**
IPO costs (one-off cost)	(2 947)	-39%	-	-	-
Operating profit/(loss)	**(1 712)**	**-23%**	**2 381**	**30%**	**-172%**
Net financial income/(costs)	(15 461)	203%	1 058	-13%	-1561%
Profit/(Loss) before taxation	**(17 173)**	-226%	**3 439**	43%	-599%
Corporate income tax	7 123	-94%	(715)	9%	-1096%
Profit/(Loss) from continuing operations	**(10 050)**	**-132%**	**2 724**	**34%**	**-469%**

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

In 2013, selling and administrative costs amounted to PLN 5.627 thousand, and increased by PLN 347 thousand as compared to 2012. Costs of legal and advisory services are the main class of expenses of the Company's current operations.

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

On 28 October 2013, the company MLP Group S.A. debuted on the Warsaw Stock Exchange. In connection with the debut, the Company incurred costs recognized in the profit or loss statement of PLN 2 947 thousand.

In 2013, there was a significant increase in the Company's net financial costs which amounted to PLN 15.461 thousand. The increase is due to creating an allowance of loans granted to MLP Bucharest Sud SRL (the amount of PLN 39.870 thousand). In addition, the dividend received from a subsidiary was included in the net financial result in the amount of PLN 21.921 thousand.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

3.1.3 Selected information from the separate statement of cash flows

Period	01.01.2013 - 31.12.2013	01.01.2012 - 31.12.2012
Nat Cash flows from operating activities	23 939	419
Net cash flows from investing activities	(38 985)	(2 318)
Net cash flows from financing activities	73 421	2 073
Total net cash flow	**58 375**	**174**
Cash at the beginning of the period	189	29
Forex differences	(3)	(14)
Cash at end of the period	**58 561**	**189**

In 2013, the Company reported a positive cash flows from operating activities of PLN 23.939 thousand. Compared to 2012, an increase of PLN 23.520 thousand.

Negative cash flows from investing activities are associated with short-term loans granted.

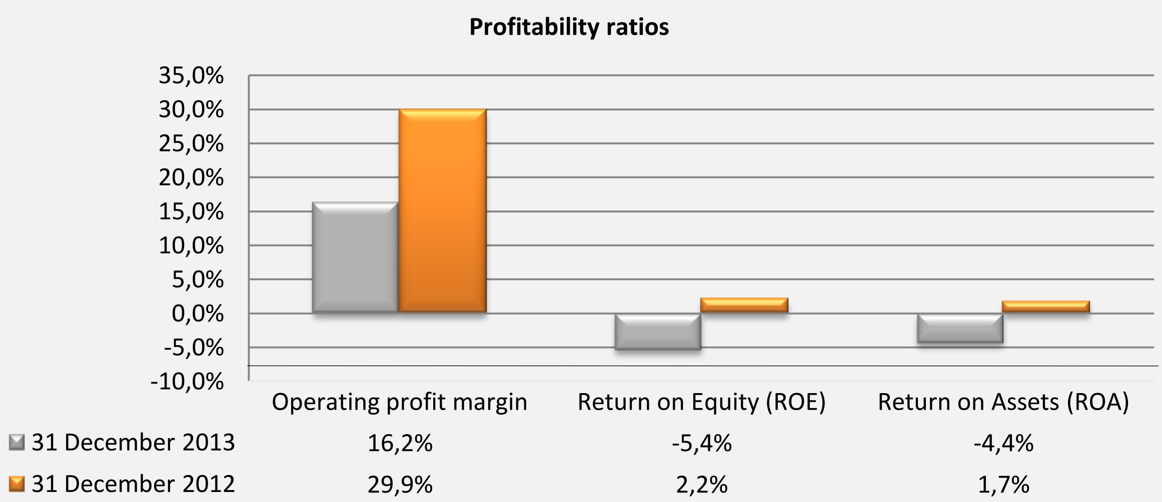
In 2013, positive cash flows from financing activities relate to obtaining net proceeds from the issuance of C series shares in the amount of PLN 70.120 thousand.

3.2. Forecasts

MLP Group S.A. did not publish forecasts of separate financial results for 2013.

3.3. Company's financial management

3.3.1 Profitability ratios



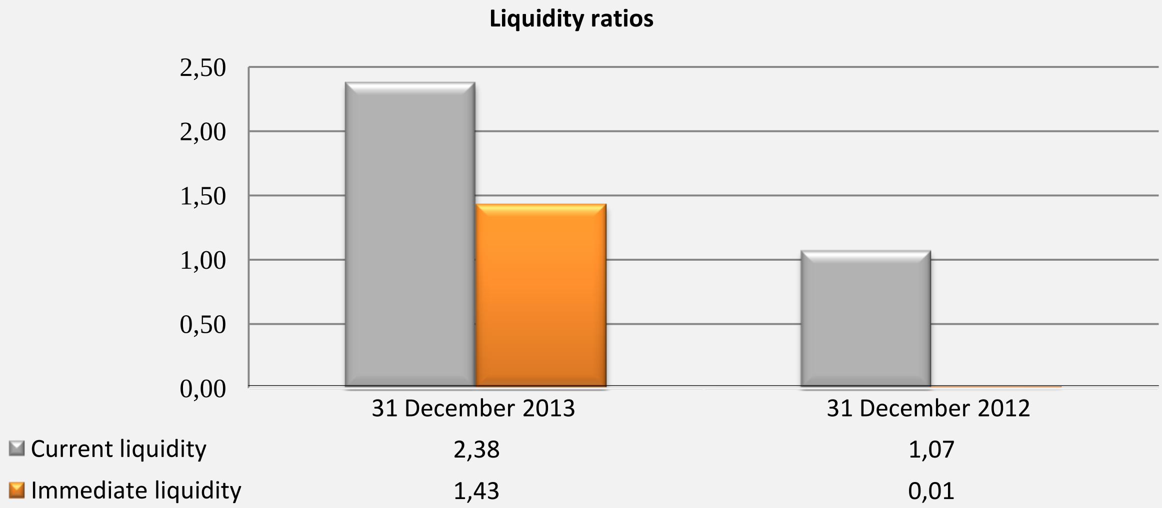
Profitability analysis was based on the below defined indicators:

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

In 2013, operating profit margin ratio (less one-off items) decreased in comparison to 2012, as a result of: (i) increase of sales and administration costs and (ii) decrease of revenue from sales in 2013.

Other ratios decreased as compared to 2012, which was mainly due to (i) an increase in the value of net financial expenses in 2013 due to the recognition of negative foreign exchange losses and as a result (ii) of impairment of loans granted to MLP Bucharest Sud SRL (value PLN 39.870 thousand).

3.3.2 Liquidity ratios



Liquidity analysis was performed based on the following ratios:

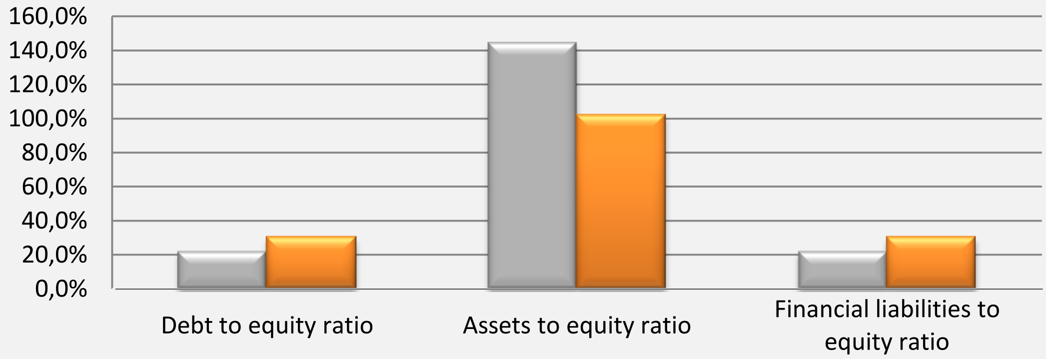
- current ratio: current assets/ current liabilities;
- immediate liquidity ratio: cash and cash equivalents / current liabilities.

In 2013, the liquidity ratio increased in comparison to 2012. The increase in value is associated with the proceeds received from the issuance of C series shares.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

3.3.3 Debt ratios

Debt ratios



	Debt to equity ratio	Assets to equity ratio	Financial liabilities to equity ratio
31 December 2013	22,1%	144,0%	22,1%
31 December 2012	30,3%	102,3%	30,3%

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 / total equity.

In 2013, debt to equity ratio decreased which is a result of the Company's equity growth.

3.4. Credits, bonds, loans, securities and guarantees

3.4.1 Concluded and terminated loans agreements

As at 31 December 2013, the Company recognized liabilities due to loans received in 2013:

Borrower	Lender	Date of loan agreement granted	Amount of loan	The amount of loan outstanding
MLP Group S.A.	MLP Pruszków I Sp. z o.o.	02/12/2013	4 300 000,00 PLN	3 300 000,00 PLN

In 2013, 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.	02/12/2013	1 000 000,00 PLN	0,00 PLN
MLP Group S.A.	MLP Sp. z o.o. SKA	02/12/2013	500 000,00 PLN	0,00 PLN
MLP Group S.A.	MLP Energy Sp. z o.o.	02/12/2013	800 000,00 PLN	0,00 PLN

In 2013, there were no loan contracts terminated.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

3.4.2 Concluded and terminated bank credit agreements

The Company MLP Group S.A. is not a party to any bank credit agreements.

3.4.3 Bonds

The Company does not hold nor issue bonds.

3.4.4 Loans granted

As at 31 December 2013, the Company recognized receivables from loans granted in 2013:

Lender	Borrower	Date of loan agreement granted	Amount of loan	The amount of loan outstanding
MLP Group S.A.	Fenix Polska Sp. z o.o.	28/03/2013	5 256 198,35 EUR	4 956 064,53 EUR
MLP Group S.A.	Fenix Polska Sp. z o.o.	11/04/2013	1 229 906,47 PLN	1 172 906,47 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	07/11/2013	2 500 000,00 PLN	2 500 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	08/11/2013	500 000,00 PLN	500 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	18/11/2013	1 500 000,00 PLN	1 500 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	19/11/2013	1 150 000,00 PLN	1 150 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	21/11/2013	300 000,00 PLN	300 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	09/12/2013	4 730 000,00 PLN	4 730 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	10/12/2013	1 000 000,00 PLN	1 000 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	24/12/2013	3 500 000,00 PLN	3 500 000,00 PLN

In 2013, the Company recognized an allowance for loans granted to MLP Bucharest Sud SRL in the total amount of PLN 39.870.392,46.

3.4.5 Granted and received sureties

As at 31 December 2013 the Company granted the following sureties:

On 6 July 2012, MLP Group S.A. granted an aval to MLP Pruszków III Sp. z o.o. in order to secure bank credit together with commissions, interest and other costs arising from the loan agreement no KNK/1212752 date 6 July 2012, granted to MLP Pruszków III Sp. z o.o. of EUR 6.900.000.

As at 31 December 2013 the Company has not received any sureties.

3.4.6 Granted and received guarantees

As at 31 December 2013, the Company granted the following guarantees:
On 5 March 2013, MLP Group S.A. entered into a guarantee agreement with Raiffeisen Bank Polska S.A. and MLP Tychy Sp. z o.o., hereinafter referred to as the Borrower (currently MLP Spółka z ograniczoną odpowiedzialnością SKA), under which MLP Group S.A. undertakes to provide financial resources to the

Borrower in order to ensure the Debt Service Coverage Ratio of the Borrower exceeds 1,20 (as described in the bank credit agreement dated 5 March 2013).

3.5. Use of proceeds from issuance of shares

Proceeds from the issuance of shares as at 31 December 2013 were used for the realization of investment plans of the Company, involving the expansion of the following existing logistics parks:

- PLN 12 mln for the expansion of MLP Bieruń logistics park (construction of approximately 25.000 sq.m. of warehouse space),
- PLN 8,1 mln for the expansion of MLP Pruszków II logistics park (construction of approximately 14.000 sq.m. of warehouse space).

The remaining proceeds from the issue of shares are deposited on market conditions.

3.6. 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. 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%.

3.7. Evaluation of factors and unusual events affecting consolidated profit for the year

In 2013, the Company recorded an allowance for loans granted to MLP Bucharest Sud SRL in the amount of PLN 39.870 thousand in connection with the insolvency proceedings 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 2013, 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 2013, 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 in 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 Group. 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 to 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 event the general shareholders meeting by means of electronic communication.

<u>Explanation of the reasons for which the Company does not comply with the recommendation:</u>
"The Company was not able to provide Shareholders with the possibility to exercise their voting rights in person or by proxy, outside the venue where the meeting is to take place, by electronic communication due to the fact that the Articles of Association of the Company did not include such possibility. 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 15.01.2014, a resolution amending the Articles of Association so as to provide the opportunity for Shareholders Meeting to take place by means of electronic communications. Such a resolution was adopted and the court registered a change in the Articles of Association.

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, publishing 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.

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. 2. The Company provides its website in English, at least to the extent specified in Part II. Point 1.

Explanation of the reasons for which the Company does not comply with the recommendation:
Currently, the Company believes there is no need for maintaining of its website in English to the extent specified in Part II, Point 1, in particular due to the costs associated and organizational aspects. The Company does not exclude the application of this principle in the future.

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 competence 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 not decided 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 Meeting. The Company believes that regulations in respect of competence 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 not decided 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, part 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 competence 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 not decided 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 Meetings of Shareholders is attended by persons entitled to attend the General Meeting and individuals who support the General Meeting. According to the Company there is no need to introduce additional obligations to shareholders on enabling participation at the General Meeting of representatives of the media. In the opinion of the Issuer, the applicable law 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 Meeting by means of electronic communication through:
1) transmission of the general meeting in real time,

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

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:
"The Company was not able to provide shareholders with an opportunity to participate in the general meeting held on 15 January 2014 through electronic communication due to the fact that the Articles of Association of the Company did not allow the General Meeting to be carried out by means of electronic communication. In order to enable shareholders to participate in general meetings by means of electronic communication, the Board proposed to undertake a resolution at the first general meeting, which took place after the registration of the Company on the Stock Exchange which was on 15.01.2014, amending the Articles of Association so as to enable the general meetings to be carried out through electronic communication. The resolution was passed and the court registered a change in the Articles of Association. The company did not inform shareholders about the inability to participate in the general meeting held on 15.01.2014 by means of electronic communication, because the Article of Association are posted on the Company's website, which is widely available. Information on changes to the Articles of Association, including both a draft of a resolution to amend the Articles of Association in relation to the possibility of carrying out the General Meeting through the means of electronic communication and the contents of the resolution adopted by by the General Meeting was published in the Company's current reports. Thus, the Company concluded that the shareholders have been notified of the inability to participate in the General Meeting held on 15.01.2014 by means electronic communication, due to the lack of appropriate provisions of the Articles of Association.

4.1. Share capital and the shareholders

4.1.1 Shareholders

As at December 31, 2013, the Parent Company of 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 2013:

Shareholders	Number of shares	share in capital	Share in total number of vote
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%
Shareholders holding less than 5% of the votes	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, if the number of shares held by Cajamarca Holland B.V. does not fall below 25%, the shareholder shall have a personal right to appoint and dismiss 3 members of the Supervisory Board, including the Chairman of the Supervisory Board. In case of MIRO B.V., if the number of shares held by the 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. falls 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

Shareholders Cajamarca Holland B.V., Thesinger Limited, Gracecup Trading Limited and MIRO B.V. under the underwriting agreement concluded with UniCredit Bank Austria AG ("Underwriter") and UniCredit CAIB Poland S.A. (Offerer) pledged that without the consent of the Offerer for a period of twelve months from the date of completion of the Offering will not offer, sell, commit to sell, grant any purchase option, nor undertake any other action leading to the sale of the shares (or any securities convertible or exchangeable into shares or which carry rights to subscribe for or purchase shares), will not enter into any transaction (including a derivative transactions) having a similar effect to the sale on the stock market nor will communicate to the public the intention to, any of these activities.

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 states 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;
- change 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 share in property or perpetual usufruct, as well as the burden of investment, perpetual usufruct limited property right.

The General Meeting is convened by an announcement on the Company's website and in the manner specified for the current 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 not convene the Ordinary General Meeting within the prescribed period does, 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, twentieth of the share capital;
- based on a resolution of the General Meeting of Shareholders in accordance with the contents of the resolution and sets 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.
Persons that are the company's shareholders sixteen days before the General Meeting of 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, requires 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 by the General Meeting of Shareholders.

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 28 June 2012. The Supervisory Board appointed Mr. Michael Shapiro as the President of the Management Board, Mr. Radosław Tomasz as the Vice-President of the Management Board, and Mrs. Dorota Jagodzińska-Sasson as Member of the Management Board. In accordance with the provisions of the Commercial Companies Code and the Articles of Association, the three year term of office shall expire no earlier than 28 June 2015. 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 2014 shall take place.

4.4.1 Competence of the Management Board

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:

a) issuance of a note;
b) granting of security for any debt of other entity, including a subsidiary;
c) establishing a mortgage or other encumbrance on any assets of the Company;
d) writing 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;
e) convening the General Meeting of Shareholders or requesting a meeting of the Supervisory Board;
f) filing a petition for cancellation or invalidation of resolutions of the General Meeting of Shareholders,
g) 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 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.

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 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 clarifies 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 to the meeting held through distant communication. Regulations regulate the issues of making resolutions, allowing for the possibility of adopting a resolution by circulation.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

4.4.3 Composition of the Management Board

As at 31 December 2013, the Management Board consisted of three members.

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

Name	Surname	Position	Date of last appointment	Expiry of the current term
Michael	Shapiro	President of the Management Board	28 June 2012	28 June 2015
Radosław Tomasz	Krochta	Vice-President of the Management Board	28 June 2012	28 June 2015
Dorota	Jagodzińska-Sasson	Member of the Management Board	28 June 2012	28 June 2015

Michael Shapiro - *President of the Management Board*
Mr. Michael Shapiro has over twenty years of experience in the real estate sector. A graduate 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 is the 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 the School of Banking and Management of Poznan in Finance. In 2003 he completed postgraduate studies in Management at Nottingham University and a MBA postgraduate program. He has 15 years of financial experience in Poland, Eastern Europe and the United States. From 2001-2004 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.

Dorota Jagodzińska-Sasson - *Member of the Management Board*
Mrs. Dorota Jagodzińska-Sasson graduated from the Tel Aviv University in Israel at the faculty of humanities - English literature. Since 1998, she has been the Director of Administration and Marketing at MLP Pruszków I. In 2005, she served as a board member of MLP Warsaw Sp. z o.o. until the merger with MLP Pruszków II. She is responsible for the implementation and realization of the marketing strategy. Since 2008, she has been a Member of the Management Board.

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 expires on 28 June 2015. 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 2013, the Supervisory Board consisted of 4 members. At the first General Meeting of Shareholders convened on 15 January 2014, i.e. no later than three months from the day of quotation of shares and rights to shares of the Company, two new members were appointed to the Supervisory Board. From 15 January 2014, the Supervisory Board consists of six members. New members of the Supervisory Board, meet the independence criteria, as described in the resolutions of the Extraordinary General Meeting of the Company. The new members are Mr. Maciej Matusiak and Mr. Jacek Tucharz.

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 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:

a) giving consent to the issuance of shares within target capital, including the rules for the determination of the shares issue price and deprecation of pre-emptive rights if the resolution of the Management Board provides such possibility;
b) approving annual budgets and development plans of the Company and the Group;
c) 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;
d) 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;"
e) 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;
f) appointing and dismissing members of the Management Board,
g) appointing the auditor to audit or review the financial statements of the Company;
h) concluding agreements between the Company and members of the Management Board;
i) 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;
j) expressing consent for the members of the Management Board to engage in the Company's competitive interests personally, as 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;
k) adopting resolutions on determining the remuneration rules and amounts of the members of the Management Board,
l) approval of the Rules of the Board,
m) examination, reviewing and evaluating issues which are subject to resolutions of the General Meeting of Shareholders,
n) 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.

Resolutions on the matters described above in points a), g), k) and l) require the approval of at least one of the Independent Members of the Supervisory Board to be adopted.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

To exercise its competence, the Supervisory Board may examine all documents, reports and explanations of the Board of Directors 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 the 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 makes the final vote.

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 are set forth in Art. 18.12 of the Articles of Association.

4.5.3 Composition of the Supervisory Board

As at 31 December 2013, the composition of the supervisory board is as follows:

Name	Surname	Position	Date of appointment	Expiry of the current term
Shimshon	Marfogel	Chairman of the Supervisory Board	28 June 2012	28 June 2015
Eytan	Levy	Vice-Chairman of the Supervisory Board	28 June 2012	28 June 2015
Yosef Zvi	Meir	Member of the Supervisory Board	28 June 2012	28 June 2015
Baruch	Yehezkelov	Member of the Supervisory Board	28 June 2012	28 June 2015

As of 21 August 2013, Ms. Shapira Elah has been dismissed from the Supervisory Board. As of 22 August 2013, Baruch Yehezkelov was appointed as a Member of the Supervisory Board.

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 the Israeli Land Development Company Ltd. based in Tel Aviv.

Eytan Levy - *Vice-Chairman 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.

Baruch Yehezkelov - *Member of the Supervisory Board*
Mr. Baruch Yehezkelov has graduated from Bar-Ilan University in Ramat Gan. He also holds a CPA (certified public accountant).
Since 1985, Mr. Baruch Yehezkelov was a partner, and since 1997 a manager at JYA & Co. CPA based in Tel Aviv. Since July 2010, he has been a member of the board of directors of the company Oxygen and Argon Works Ltd. - one of the largest manufacturers and suppliers of industrial gases in Israel, also serving as a member of the supervisory board of its subsidiaries.
In the past five years Mr. Baruch Yehezkelov served as CEO of Ro Holdings Management Ltd., which in 2009 was successfully liquidated. The company was formed as a company through which investments have been made in other real estate companies. During the existence of the company, no investments have been made. The Company did not have any assets or liabilities and, there were no prospects for its further use in the future. Therefore, Mr. Baruch Yehezkelov decided to liquidate the company. On 2 September 2009, was issued by the competent authority in Israel, a decision confirming the completion of the liquidation procedure of the company.

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 Lodz (1986 - 1992). In 1994, he obtained a broker's license (No. 1203) issued by the then Securities Commission (currently FSA). In 2002, he received his Chartered

Financial Analyst (assigned by the CFA Institute, Charlottesville, VA, USA). He also completed a number of courses in financial analysis and investment advisory services.

Mr. Maciej Matusiak has the following experience:
Since 06.2012 till this day - Interbud-Lublin S.A. - member of the Supervisory Board, since 07.2007 till this day - Drop S.A. - member of the Supervisory Board, since 10.2009 till this day – Qumak S.A. (before Qumak-Sekom S.A.) - member of the Supervisory Board, member of the Audit Committee, since 06.2007 Vice-Chairman of the Supervisory Board and member of the Audit committee. Since 03.2006 till this day - Artemis Investment Sp. z o.o. - President of the Management Board. Since 06.2004 till this day - LPP S.A. - member of the Supervisory Board. Since 06.2002 till this day - Grupa KĘTY S.A. - Chairman of the Supervisory Board, Chairman of the Audit Committee. Since 06.2012 till this day – Interbud-Lublin S.A. – member of the Supervisory Board. Since 06.2007 till this day – Drop S.A. – member of the Supervisory Board. Since 05.2010 till 01.2012 - Elstar Olis S.A. - member of the Supervisory Board. Since 02.2011 till 06.2012 - K2Internet S.A. - member of the Supervisory Board. Since 02.2006 till 07.2006 - Technologies Buczek S.A. - Vice-Chairman of the Supervisory Board. Since 04.2005 till 12.2007 - Eurofaktor S.A. - member of the Supervisory Board. Since 08.2004 till 06.2008 - Wandalex S.A. - member of the Supervisory Board, Member of the Audit committee. Since 04.1999 till 04.2002 - Commercial Union Investment Management (Polska) S.A. Department of Assets Management - senior equity analyst. Since 05.1998 till 04.1999 - Commercial Union Polska - Towarzystwo Ubezpieczeń na Życie S.A. Investment Department - equity analyst. Since 05.1996 till 04.1998 - Bankowy Dom Maklerski PKO-BP Assets Management Department - Financial analyst. Since 07.1995 Till 05.1996 - Daewoo Towarzystwo Ubezpieczeniowe SA (Management Office) Division of Capital Investment -securities dealer, financial analyst."

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.

Mr. Jacek Tucharz has the following experience:
Since 05.2013 till this day - Energosynergia Technologies Sp. z o.o. - Vice-President of the Management Board, since 06.2010 - till this day- Rovese S.A. (before Cersanit S.A.) -member of the Supervisory Board, since 06.2009 till this day - Pelion S.A. - member of the Supervisory Board, since 02.2007 - 12.2012 - Auto-Centrum Puławska Sp. z o.o. - President of the Management Board, 01.2007-03.2009 – Trinity Management Sp. z o.o. - Investment Director, 05.2006 - 12.2006 – HYGIENIKA SA – Finance Director, 01.2005 - 10.2005 – Zakłady Elektromechaniki Motoryzacyjnej ZELMOT SA -Vice-President of the Management Board, 04.2002 - 12.2004 – PZU NFI Management Sp. z o.o. - Department Director of leading entities, 06.1999 - 03.2002 – Trinity Management Sp. z o.o.- Investment Director, 01.1998 - 05.1999 0 XI NFI SA in Warsaw, Investor director (basic responsibilities similar to the responsibilities of the Director of the Investment inTrinity Management Sp. z o.o.), 06.1996 - 12.1997 – XI NFI SA in Warsaw - Investment Analyst, 10.1993 - 06.1996 –Brokerage Universal Credit Bank SA Team Trading Stock Exchange, Supervisor, Specialist, Exchange Broker.

4.5.4 Committees of the Supervisory Board

During 2013, the Supervisory Board consisted of no more than 5 members, in accordance with Art. 86 par. 3 of the Act of Certified Auditors, the board is entrusted with the tasks of the audit committee.

In accordance with Art. 86 par. 7 of the Act of Certified Auditors, the Supervisory Board, which was entrusted by the audit committee, is responsible for: (i) monitoring the financial reporting process, (ii) monitoring the effectiveness of internal control systems, internal audit and risk management, (iii) monitoring the performance of auditing and (iv) monitoring the independence of the auditor and the entity authorized to audit financial statements.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

The individual satisfying the requirements of Art. 86 par. 4 of the Act of Certified Auditors (i.e. accounting or auditing qualifications) and the criteria for independence, was Baruch Yehezkelov.

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 2013, there is no remuneration committee in the Supervisory Board of the Issuer.

On 15 January 2014, a full meeting of the Supervisory Board was established, consisting of six members, which appointed an Audit Committee, which is responsible for overseeing the Company's financial situation. Detailed tasks and functioning of the audit committee determines the terms and conditions annexed to the Rules of Procedure 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.

Composition of the Audit Committee, which was appointed to the Supervisory Board meeting dated 15 January 2014:
- Shimshon Marfogel,
- Eytan Levy,
- Maciej Matusiak.

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

4.6.1 The value of remuneration, bonuses and benefits received by the members of Management Board and the Supervisory Board

Remuneration	In the Company
Michael Shapiro	379
Radosław T. Krochta	31
Dorota Jagodzińska-Sasson	32

Total value of remuneration received by the Management board amounted to PLN 442 thousand.

Members of the Management Board received remuneration from the Company and its Subsidiaries: (i) in respect of the employment agreement, (ii) for the provision of services in favor of the Group, (iii) in respect of service as a member of the Management Board.

Members of the Supervisory Board did not receive any remuneration in 2013.

4.6.2 Agreements with the members of Management Board in case of resignation, dismissal

Members of the Management Board: Radosław T. Krochta and Dorota Jagodzińska-Sasson are employed by the Company on the basis of 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.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

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%, 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 of Michael Shapiro in MLP Group S.A. share capital is 19,80%.

As at 31 December 2013	Amount of shares	Nominal value of shares
Michael Shapiro	3 586 424	897

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

4.8. Programs of the management shares options

The MLP Group S.A. does not have a management share options program.

4.9. Changes in the core principles of management of the Company and the Group

In 2013, 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 (Journal of laws of 2009 No. 33, item. 259).
Efficiency and orderly functioning of the system of internal control and risk management provide 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 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 guarantee the efficiency of the internal control system but also supports the management of the entire Company.

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 reports by an expert.

Persons responsible for the preparation of financial statements in the context of financial reporting and the Company's management consist of highly qualified staff of the Financial Division, managed directly by the CFO and indirectly by the Management Board. In accordance with applicable law, the Company'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 are created on the implementation of budgets and forecasts. In respect of completed periods analyzed in detail, the Company's financial results are compared to the budget assumptions.
A key element of this process is to monitor the implementation of the 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, analyzes are conducted on many levels - not only are the costs of individual groups analyzed, but also separate individual investments projects. Based on these reports during the year, the Management Board analyzes the current financial result by comparing them with the agreed budgets.

Effective internal control (within the system of reporting) is an essential step in the identification of risks and the changes in management. Besides the reporting system, risk analysis is also effective. 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. Auditor

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 seats 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 in Warsaw, 51 Chlodna Street. KPMG Spółka z ograniczoną odpowiedzialnością spółka komandytowa has been registered on the list of entities entitled to audit financial statements under number 3546.

Annual report for the year ended 31 December 2013 • Management Board's report on the activities of MLP Group S.A. for 2013 (data in PLN thousand, unless otherwise stated)

The agreement with the auditor 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. for the financial year:

The amount of remuneration for audit, review of financial statements and other services presented in the table below.

As at	**31 December 2013**	**31 December 2012**
Audit of the annual separate and consolidated financial statements	96	97
Other certification services, including the review of financial statements	70	-
Other services	204	150
Total remuneration	**370**	**247**

Michael Shapiro
President of the Management Board

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 12 March 2014