



MLP
GROUP



MLP Group S.A. Group

Consolidated
Quarterly Report

FOR THE 9-MONTH PERIOD ENDED 30 SEPTEMBER 2018

www.mlpgroup.com

published pursuant to § 60 Section 1 Item 1 of the Regulation issued by the Finance Minister on 29 March 2018 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws 2018 Item 757)

Contents of the consolidated annual report:

I. Financial highlights of the MLP Group S.A. Group	5
II. Interim condensed consolidated financial statements of the MLP Group S.A. Group for the 9-month period ended 30 September 2018	8
Approval of the interim condensed consolidated financial statements	9
Condensed consolidated statement of profit or loss and other comprehensive income	10
Condensed consolidated statement of financial position	11
Condensed consolidated statement of cash flows	12
Condensed statement of changes in consolidated equity	13
Notes and explanations to the interim condensed consolidated financial statements	14
1. General information	14
1.1 <i>Information on the Parent Company</i>	14
1.2 <i>Information about the Group</i>	14
1.3 <i>Changes in the Group</i>	16
1.4 <i>Shareholding structure of the Parent Company</i>	16
1.4.1 <i>Structure of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the Shareholder Meeting</i>	16
1.4.2 <i>Shares and rights to shares of the Parent Company owned by members of management and supervisory bodies</i>	16
2. Basis for the preparation of the interim consolidated financial statements	17
2.1 <i>Statement of compliance</i>	17
2.2 <i>Status of the approval of standard in the European Union</i>	17
2.2.1 <i>Standards and Interpretations approved by the EU, which did not come into force as at the end of the reporting period</i>	17
2.3 <i>Basis for the preparation of the interim condensed consolidated financial statements</i>	20
2.4 <i>Functional and presentation currency and methods applied to translation of financial data</i>	20
2.4.1 <i>Functional and presentation currency</i>	20
2.4.2 <i>Methods applied for the purposes of conversion of financial data</i>	20
2.5 <i>Judgments and estimates</i>	20
3. Segment reporting	20
4. Revenue	23
5. Selling and administrative expenses	24
6. Financial income and expenses	24
7. Income tax	26
8. Investment property	27
8.1 <i>Fair value of the Group's investment property</i>	28

9. Deferred tax	30
10. Investments and other investments	32
11. Trade and other receivables	32
12. Cash and cash equivalents	33
13. Notes to the consolidated statement of cash flows	33
13.1 Cash flows from loans and borrowings	33
13.2 Movement in receivables	34
13.3 Movement in current liabilities and other liabilities	34
14. Equity	35
14.1 Share capital	35
15. Earnings per share	35
16. Loans, borrowings, other debt instruments and other liabilities	36
16.1 Non-current liabilities	36
16.2 Current liabilities	37
16.3 Bond liabilities	38
16.4 Loans and borrowings secured and unsecured on the Group's assets	38
17. Employee benefits	40
18. Trade and other payables	40
19. Financial instruments	41
19.1 Valuation of financial instruments	41
19.1.1 Financial assets	41
19.1.2 Financial liabilities	42
19.2 Other disclosures relating to financial instruments	42
20. Contingent liabilities and pledges	43
21. Related party transactions	44
21.1 Loans granted and received	44
21.2 Revenues and expenses	44
22. Significant events during the financial period and subsequent events	44
23. Remuneration paid or payable to members of management and supervisory bodies	46
24. Employment structure	47
III. Supplementary information to the consolidated quarterly report of the MLP Group S.A. Group	48
1. Information regarding the issuance, redemption and repayment of debt and equity securities	48
2. The Management Board's statement on published financial forecasts	48
3. Brief description of achievements and failures in the nine-month period ended 30 September 2018	48
4. Seasonality and cyclical nature of business	48
5. Information significant for the assessment of the situation in the areas of employment, assets, financial standing and financial performance in the Group and information significant for the assessment of the ability of the MLP Group S.A. Group to pay its liabilities	48
6. Factors that, in the opinion of the Management Board, will affect the Group's performance within the time horizon of at least the next quarter	52

IV. Quarterly financial information of MLP Group S.A. with notes and explanations	53
Condensed standalone statement of profit or loss and other comprehensive income	53
Condensed standalone statement of financial position	54
Condensed standalone statement of cash flows	55
Condensed standalone statement of changes in equity	56
Notes and explanations to the interim condensed standalone financial statements of MLP Group S.A.	57
1. Long-term financial assets in related parties	57
1.1 <i>Shares and equities</i>	57
1.2 <i>Long-term financial assets in related parties</i>	58
2. Long-term investments	58
3. Short-term investments	58
4. Trade and other receivables	58
5. Cash and cash equivalents	59
6. Loans, borrowings, other debt instruments and other liabilities	59
6.1 <i>Non-current liabilities</i>	59
6.2 <i>Current liabilities</i>	59
7. Employee benefits	59
8. Trade and other payables	60
9. Revenue	60
10. Selling and administrative expenses	60
11. Financial income and expenses	61
12. Related party transactions	62
12.1 <i>Trade and other receivables and liabilities</i>	62
12.2 <i>Loans granted and received</i>	63
12.3 <i>Revenues and expenses</i>	64
13. Remuneration paid or due to members of management and supervisory bodies	65
14. Employment structure	66

I. Financial highlights of the MLP Group S.A. Group

Average PLN/EUR exchange rates during the period covered by the interim condensed consolidated financial statements:

	30 September 2018	31 December 2017	30 September 2017
Average exchange rate in the period *	4,2535	4,2447	4,2566
Average exchange rate as at the last day of the period	4,2714	4,1709	4,3091

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

Key items of the condensed consolidated statement of financial position converted into euros:

	as at	30 September 2018		31 December 2017	
		PLN 000s	EUR 000s	PLN 000s	EUR 000s
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Non-current assets		1 407 174	329 441	1 240 954	297 527
Current assets		142 679	33 403	117 396	28 146
Total assets		1 549 853	362 844	1 358 350	325 673
Non-current liabilities		708 546	165 881	569 226	136 476
Current liabilities		88 833	20 797	62 473	14 978
Equity, including:		752 474	176 166	726 651	174 219
Share capital		4 529	1 060	4 529	1 086
Total equity and liabilities		1 549 853	362 844	1 358 350	325 673
Number of shares		18 113 255	18 113 255	18 113 255	18 113 255
Book value and diluted book value per share attributable to the owners of the Parent Company (in PLN)		41,54	9,73	40,12	9,62

To convert the data included in the condensed consolidated statement of financial position, the average exchange rate published by the National Bank of Poland on the last day of the reporting period was assumed.

Key items of the condensed consolidated statement of profit or loss and other comprehensive income converted into euros:

for the 9-month period ended 30 September	2018		2017	
	PLN 000s	EUR 000s	PLN 000s	EUR 000s
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	103 216	24 266	72 190	16 960
Other operating income	1 743	410	653	153
Profit on revaluation of investment properties	13 545	3 184	16 736	3 932
Selling and administrative expenses	(53 010)	(12 463)	(36 583)	(8 594)
Operating profit	62 543	14 704	49 454	11 618
Profit before tax	42 115	9 901	43 666	10 258
Net profit	28 905	6 796	36 584	8 595
Total comprehensive income	29 083	6 837	39 875	9 368
Net profit attributable to the owners of the Parent Company	28 905	6 796	36 584	8 595
Net profit and diluted net profit per share attributable to the owners of the Parent Company (in PLN)	1,60	0,38	2,02	0,47

To convert the data included in the condensed consolidated statement of profit or loss and other comprehensive income, the 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 on that day) was used.

Key items of the condensed consolidated statement of cash flows converted into euros:

<i>for the 9-month period ended 30 September</i>	2018		2017	
	PLN 000s <i>(unaudited)</i>	EUR 000s <i>(unaudited)</i>	PLN 000s <i>(unaudited)</i>	EUR 000s <i>(unaudited)</i>
Net cash from operating activities	29 653	6 971	42 722	10 037
Cash from investing activities	(152 600)	(35 876)	(114 750)	(26 958)
Cash from financing activities	118 000	27 742	90 109	21 169
Total cash flow	(4 947)	(1 163)	18 081	4 248

To convert the data included in the condensed consolidated statement of cash flows, the 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 on that day was used.

<i>as at</i>	30 September 2018		31 December 2017	
	PLN 000s <i>(unaudited)</i>	EUR 000s <i>(unaudited)</i>	PLN 000s	EUR 000s
Cash at the beginning of the period	64 827	15 543	61 694	13 945
Cash at the end of the period	59 372	13 900	64 827	15 543

To convert the above data included in the condensed consolidated statement of cash flows, the following exchange rates were used:

- For the line item “Cash at the end of the period”, the average exchange rate published by the National Bank of Poland on the last day of the reporting period was used,
- For the line item “Cash at the beginning of the period”, the average exchange rate published by the National Bank of Poland on the last day of the period preceding the reporting period was used.

The euro exchange rate on the last day of the reporting period ended 31 December 2016 was EUR 1 = PLN 4.424.



Group
MLP Group S.A.

**Interim condensed consolidated
financial statements**

**for the 9-month period
ended 30 September 2018
prepared in accordance with EU IFRS**

II. Interim condensed consolidated financial statements

Approval of the interim condensed consolidated financial statements

On 14 November 2018, the MLP Group S.A. Parent Company's Management Board approved for publication the interim condensed consolidated financial statements ("Consolidated Financial Statements", "Condensed Consolidated Financial Statements") of the MLP Group S.A. Group ("Group") for the period from 1 January 2018 to 30 September 2018.

The interim consolidated financial statements for the period from 1 January 2018 to 30 September 2018 have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("EU IFRS"), applicable to interim financial reporting (IAS 34). Information in this report is presented in the following sequence:

1. Condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2018 to 30 September 2018, showing net profit of PLN 28,905 thousand.
2. Condensed consolidated statement of financial position prepared as at 30 September 2018, showing total assets and total liabilities and equity of PLN 1,549,853 thousand.
3. Condensed consolidated statement of cash flows for the period from 1 January 2018 to 30 September 2018, showing a net cash flow decrease by PLN 5,455 thousand.
4. Condensed statement of changes in consolidated equity for the period from 1 January 2018 to 30 September 2018, showing an increase in consolidated equity by PLN 25,823 thousand.
5. Notes and explanations to the interim consolidated financial statements.

The data in the interim condensed consolidated financial statements are presented in PLN 000s unless stated otherwise.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
*Vice-President
of the Management Board*

Tomasz Zabost
Member of the Management Board

Condensed consolidated statement of profit or loss and other comprehensive income

	<i>for the period of</i>	9 months	3 months	9 months	3 months
		ended	ended	ended	ended
	Note	30 September	30 September	30 September	30 September
		2018	2018	2017	2017
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	4	103 216	40 651	72 190	24 645
Other operating income		1 743	849	653	432
Profit/(loss) on revaluation of investment properties	8	13 545	(28 257)	16 736	18 963
Selling and administrative expenses	5	(53 010)	(21 649)	(36 583)	(12 016)
Other operating expenses		(2 951)	(609)	(3 542)	(1 333)
Operating profit/(loss)		62 543	(9 015)	49 454	30 691
Financial income	6	916	296	5 775	(5 768)
Financial expenses	6	(21 344)	6 460	(11 563)	(4 519)
Net financial income/(costs)		(20 428)	6 756	(5 788)	(10 287)
Profit/(loss) before tax		42 115	(2 259)	43 666	20 404
Income tax	7	(13 210)	(318)	(7 082)	(3 700)
Net profit/(loss)		28 905	(2 577)	36 584	16 704
Other comprehensive income					
FX gains or losses from conversion of foreign entities		357	(335)	79	106
Effective part of changes in the fair value of cash flow hedges		(221)	210	3 965	920
Corporate income tax on other comprehensive income		42	(40)	(753)	(175)
Other net comprehensive income		178	(165)	3 291	851
Total comprehensive income		29 083	(2 742)	39 875	17 555
Net profit/(loss) attributable to:					
Owners of the Parent Company		28 905	(2 577)	36 584	16 704
Net profit/(loss)		28 905	(2 577)	36 584	16 704
Comprehensive income attributable to:					
Owners of the Parent Company		29 083	(2 742)	39 875	17 555
Total comprehensive income		29 083	(2 742)	39 875	17 555
Profit/(loss) per share					
	15				
- Basic and diluted (in PLN) profit for the period attributable to ordinary shareholders of the Parent Company		1,60	(0,14)	2,02	0,92

Condensed consolidated statement of financial position

	<i>as at</i> Note	30 September 2018 <i>(unaudited)</i>	31 December 2017
Non-current assets			
Property, plant and equipment		567	698
Intangible assets		782	12
Prepayments for intangible assets		-	726
Investment property	8	1 333 047	1 162 880
Other long-term investments	10	69 146	68 594
Other non-current assets		721	599
Deferred tax assets	9	2 911	7 445
Total non-current assets		1 407 174	1 240 954
Current assets			
Inventories		120	245
Short-term investments	10	22 139	22 139
Income tax receivables	11	433	1 125
Trade and other receivables	11	51 181	25 926
Other short-term investments	10	9 434	3 134
Cash and cash equivalents	12	59 372	64 827
Total current assets		142 679	117 396
TOTAL ASSETS		1 549 853	1 358 350
Equity			
	14		
Share capital		4 529	4 529
Reserve capital		83 680	81 384
Share premium		71 121	71 121
Supplementary capital		153 963	153 963
Reserve capital on valuation of hedging instruments		(387)	(208)
FX gains or losses from conversion of subsidiaries		(173)	(540)
Retained earnings		439 741	416 402
Total equity		752 474	726 651
Non-current liabilities			
Liabilities on account of loans, borrowings and other debt instruments	16.1	582 688	448 639
Deferred tax liability	9	104 378	100 253
Other non-current liabilities	16.1	21 480	20 334
Total non-current liabilities		708 546	569 226
Current liabilities			
Liabilities on account of loans, borrowings and other debt instruments	16.2	28 052	21 278
Other current liabilities	16.2	-	43
Employee benefits	17	157	2 127
Income tax liabilities	18	2 515	1 065
Trade and other payables	18	58 109	37 960
Total current liabilities		88 833	62 473
Total liabilities		797 379	631 699
TOTAL EQUITY AND LIABILITIES		1 549 853	1 358 350

Condensed consolidated statement of cash flows

	<i>for the 9-month period ended 30 September</i>	Note	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before tax			42 115	43 666
<i>Adjustments for:</i>				
Depreciation and amortization			186	213
Change in fair value of investment properties			(13 545)	(16 736)
Net interest			11 027	10 264
Foreign exchange differences			10 345	(5 899)
Other			3	(567)
Movement in receivables		13.2	(24 450)	18 045
Movement in current liabilities and other liabilities		13.3	6 339	(3 307)
Cash from operating activities			32 020	45 679
Income tax paid			(2 367)	(2 957)
Net cash from operating activities			29 653	42 722
Cash flows from investing activities				
Interest received			567	97
Repayments of loans granted			7 226	303
Purchase of investment property, tangible fixed assets and intangible assets			(147 292)	(117 849)
Disposal of intangible assets and tangible fixed assets			-	86
Other capital expenditures			(13 101)	-
Other investment proceeds			-	2 613
Cash from investing activities			(152 600)	(114 750)
Cash flows from financing activities				
Loans and borrowings drawn		13.1	109 604	38 853
Repayment of loans and borrowings		13.1	(24 227)	(22 470)
Issue of debt securities			42 473	84 310
Interest paid			(9 850)	(10 085)
Commission on a loan paid			-	(499)
Cash from financing activities			118 000	90 109
Total cash flow			(4 947)	18 081
Cash and cash equivalents at the beginning of the period				
		12	64 827	61 694
Impact of changes due to foreign exchange differences in cash and cash equivalents			(508)	742
Cash and cash equivalents at the end of the period		12	59 372	80 517

Condensed statement of changes in consolidated equity

Equity attributable to the owners of the Parent Company

	Share capital	Reserve capital	Share premium	Supplementary capital	Reserve capital on valuation of hedging instruments	FX gains or losses from conversion of subsidiaries	Retained earnings	Total equity
Equity as at 1 January 2017	4 529	81 384	71 121	153 963	(4 386)	-	369 115	675 726
<u>Comprehensive income:</u>								
Financial result*	-	-	-	-	-	-	36 584	36 584
Total other comprehensive income*	-	-	-	-	3 212	79	-	3 291
Comprehensive income for the period ended 30 September 2017*	-	-	-	-	3 212	79	36 584	39 875
Equity as at 30 September 2017*	4 529	81 384	71 121	153 963	(1 174)	79	405 699	715 601
Equity as at 1 January 2018	4 529	81 384	71 121	153 963	(208)	(540)	416 402	726 651
<u>Comprehensive income:</u>								
Financial result*	-	-	-	-	-	-	28 905	28 905
Total other comprehensive income*	-	-	-	-	(179)	357	-	178
Comprehensive income for the period ended 30 September 2018*	-	-	-	-	(179)	357	28 905	29 083
Advance payment of dividend	-	-	-	-	-	-	(3 260)	(3 260)
Distribution of net profit ¹⁾ *	-	2 296	-	-	-	10	(2 306)	-
Equity as at 30 September 2018*	4 529	83 680	71 121	153 963	(387)	(173)	439 741	752 474

* Unaudited data

¹⁾ The net profit was distributed based on the Resolution adopted at the MLP Logistic Park Germany I Sp. z o.o. & Co.KG.

Notes and explanations to the interim condensed consolidated financial statements

1. General information

1. 1 Information on the Parent Company

The Parent Company of the Group is MLP Group S.A. ("Company", "Parent Company", "Parent Entity", "Issuer"), which is a joint stock company registered in Poland, shares of which are publicly traded. The Company's head office is located in Pruszków at ul. 3 Maja 8.

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

Currently, the Company is registered in the National Court Register kept by the District Court for the Capital City of Warsaw, 14th Commercial Division, under the KRS number 0000053299.

As at the date of preparation of these consolidated financial statements, the composition of the Parent Company Management and Supervisory Board is as follows:

The Management Board of the Parent Company:

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

The Supervisory Board of the Parent Company:

- Shimshon Marfogel - Chairman of the Supervisory Board
- Eytan Levy - Deputy Chairman of the Supervisory Board
- Daniel Nimrodi - Supervisory Board Member
- Guy Shapira - Supervisory Board Member
- Piotr Chajderowski¹⁾ - Supervisory Board Member
- Maciej Matusiak - Supervisory Board Member

¹⁾ On 18 June 2018, the Shareholder Meeting appointed Mr. Piotr Chajderowski to the Company's Supervisory Board of the next term of office. He replaced Mr. Jacek Tucharz whose tenure as Supervisory Board member has expired.

1. 2 Information about the Group

As at the end of the reporting period, the MLP Group S.A. Group ("Group") consists of MLP Group S.A. as the Parent Company and 32 subsidiaries.

The higher level parent company for the Group is CAJAMARCA HOLLAND B.V. which is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

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

The core business of the Parent Company and its subsidiaries are: management, buying and selling of real estate for its own account, rental of real estate for its own account, management of residential and non-residential properties, works related to the construction of buildings and construction.

As at 30 September 2018, the MLP Group S.A. Group consisted of the following entities:

Entity	Country of registry	Direct and indirect share of the Parent Company in equity		Direct and indirect share held by the Parent Company in voting rights	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z.o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Czeladź Sp z o.o.	Poland	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	Germany	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West SRL	Romania	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o. ¹⁾	Poland	100%	-	100%	-
MLP Germany Management GmbH ²⁾	Germany	100%	-	100%	-

1. 3 Changes in the Group

¹⁾ On 13 March 2018, MLP Pruszków V Sp. z o.o. was established under a deed of formation. On 4 April 2018, MLP Group S.A. acquired 50 shares in MLP Pruszków V Sp. z o.o. with the total value of PLN 5,000, thus directly acquiring a 100% stake in its equity and voting rights. The shares were paid up in full with a cash contribution.

²⁾ On 5 July 2018, the company under the business name of MLP Germany Management GmbH was formed on the basis of deed of formation. Shares in the newly created company were acquired entirely by MLP Group S.A. (25,000 shares with a total nominal value of EUR 25,000).

The interim consolidated financial statements for the nine-month period ended 30 September 2018 include the financial statements of the Parent Company and the subsidiaries controlled by the Parent Company (referred to jointly as the "Group").

1. 4 Shareholding structure of the Parent Company

1. 4. 1 Structure of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the Shareholder Meeting

Since the publication of the last interim report, the structure of Shareholders who hold, directly or through subsidiaries, at least 5% of the total number of votes at the Shareholder Meeting has not changed and at the end of the reporting period was as follows:

Shareholder	Number of shares and votes at General Meeting	% value of shares and votes at General Meeting
CAJAMARCA Holland BV	10 319 842	56,98%
Other shareholders	2 581 093	14,24%
THESINGER LIMITED	1 771 320	9,78%
Aegon Powszechno Towarzystwo Emerytalne S.A.	1 149 775	6,35%
MetLife OFE	948 387	5,24%
GRACECUP TRADING LIMITED	641 558	3,54%
MIRO B.V.	452 955	2,50%
Shimshon Marfogel	149 155	0,82%
MIRO LTD.	99 170	0,55%
Total	18 113 255	100,00%

1. 4. 2 Shares and rights to shares of the Parent Company owned by members of management and supervisory bodies

Michael Shapiro holds indirectly, through MIRO B.V. and MIRO Ltd., companies controlled by him in 100%, a 3.05% share in MLP Group S.A.'s share capital, and, through his 25% share in the share capital held by MIRO B.V. in Cajamarca Holland B.V., participates economically in 14.24% of the share capital of MLP Group S.A., which amounts to a total economically effective share of 17.29% in the share capital of MLP Group S.A.

Supervisory Board Chairman Shimshon Marfogel indirectly, through a 7.86% share in a company holding the Issuer's shares (Thesinger Limited), participates economically in 0.77% of MLP Group S.A.'s share capital, and he holds, through the Company's shares subscribed for in September 2017 a 0.82% share in the Company's share capital, which amounts to a total economically effective share of 1.59% in the share capital of MLP Group S.A.

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

2. Basis for the preparation of the interim consolidated financial statements

2. 1 Statement of compliance

The Group prepared the condensed consolidated financial statements in accordance with the IAS 34 - Interim Financial Reporting, which was approved by the European Union. The Group has applied all Standards and Interpretations adopted by the European Union except for the Standards and Interpretations 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 the approval of standard in the European Union

2. 2. 1 Standards and Interpretations approved by the EU, which did not come into force as at the end of the reporting period

The Group plans to adopt new Standards and amendments to Standards and Interpretations of IFRS published by the International Accounting Standards Board, which are not yet mandatorily effective at the date of the approval of the condensed consolidated financial statements, according to their date of entry into force.

Assessment of the possible impact of amendments to IFRS and new IFRS on future consolidated financial statements of the Group is presented in the Consolidated Financial Statements for 2017 in Note 2.2.

These interim condensed consolidated financial statements have been prepared in accordance with accounting policies described in the Consolidated Financial Statements for the year 2017, except for the application of new standards: IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers*, which have been in effect since 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

The Group applies the IFRS 15 including the 5-step model:

- **Identify the contract with the customer**

A contract with a customer meets its definition if all the following conditions are met: the parties have concluded the contract and they are obligated to perform their duties; the Group is able to identify each party's rights in relation to the goods or services to be transferred; the Group is able to identify the payment terms for the goods or services to be transferred; the contract has commercial substance; and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the goods or services that will be transferred to the customer.

- **Identify the performance obligations**

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either: a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

- **Determine the transaction price**

The Group shall consider the terms of the contract and its customary business practices to determine the transaction price. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes, fuel fee, excise tax). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both.

- **Allocate the transaction price to individual performance obligations**

The Group allocates transaction price to each performance obligation (or distinct good or service) in an amount that depicts the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

- **Recognize revenue when (or as) the entity satisfies a performance obligation**

The Group recognizes revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer (the client obtains control over that asset). Revenue is recognized in amounts equal to the transaction price allocated to a given performance obligation. The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognizes revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the performance as it is performed,
- the performance creates or enhances an asset that the customer controls as the asset is created or enhanced,
- the performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

Effect of application of the new standard

Most of the revenue generated by the Group is Revenue from rental of properties, which is not subject to the new standard and is covered by the scope of IAS 17 Leases instead. Other revenue categories generated by the Group include mainly revenue from maintenance fees and re invoicing of utility bills. Revenues on this account are recognized in the period, in which the services are provided. Where the Group operates in the capacity of an agent, for presentation purposes the Group offsets revenues from maintenance fees with the relevant operating expenses. The Group has decided to apply the modified retrospective approach. In accordance with an election permitted by IFRS, the Group has resigned from the restatement of comparative data. The Group has analyzed the impact of the new standard on the remaining revenue categories generated by the Group. The Group believes that the effect of adopting IFRS 15 on the data shown in the financial statements is not significant.

IFRS 9 Financial Instruments

The Group believes that introduction of this standard has no material effect on the applied accounting policies in respect to the Group's activities and its financial performance. Following the application of IFRS 9, classification of some financial instruments changed.

IFRS 9 Financial Instruments applicable to the annual periods beginning after 1 January 2018 removes the previous classification of financial assets into:

- held to maturity,
- available-for-sale,
- loans and receivables

and replaces them with a new classification including:

- financial assets measured at amortized cost,
- financial assets measured at fair value through profit or loss,
- financial assets measured at fair value through other comprehensive income.

Classification into a specific group of financial assets is decided by the “business model” of managing the asset portfolio and evaluation of the contractual terms of a given financial asset.

The following table presents the effect of implementing IFRS 9 on changes in the classification and measurement of the Group’s financial assets as at 1 January 2018:

Financial instrument classes	Classification according to IAS 39	Classification according to IFRS 9
Loans granted	Loans and receivables	Financial assets at amortized cost
Trade and other receivables	Loans and receivables	Financial assets at amortized cost
Cash and cash equivalents	Loans and receivables	Financial assets at amortized cost

Also, IFRS 9 has introduced a change in measuring impairment of financial assets. According to the new standard, entities must identify and measure impairment based on the “expected loss concept” instead of the previous “incurred loss concept”.

The Group estimates that as at the date of first application, the guidelines did not have a material effect on the measurement of its financial instruments. The Group has not identified any significant changes in the classification of financial assets that would result in a change of their measurement method.

Moreover, with respect to credit risk assessment, the Group has analyzed the existing provisioning methodology for trade and other receivables and loans granted, which takes into account the individual approach and a ratio-based approach based on historical repayment statistics, and estimates that as at the date of first application of the new standard, the value of trade receivables and other and granted loans did not change significantly.

The Group has decided to apply the modified retrospective approach. In accordance with an election permitted by IFRS, the Group has resigned from the restatement of comparative data.

2. 3 **Basis for the preparation of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements have been prepared assuming that the MLP Group S.A. Group will continue to operate as a going concern in the foreseeable future and in conviction that there is no evidence indicating that the Group will not be able to continue its operations as a going concern.

These interim condensed consolidated financial statements have been prepared in accordance with accounting policies described in the Consolidated Financial Statements for the year 2017.

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

2. 4. 1 **Functional and presentation currency**

Data in these interim consolidated financial statements are presented in Polish zloty, rounded to full thousands. Polish zloty is the Parent Company's functional currency and the presentation currency of the interim condensed consolidated financial statements.

2. 4. 2 **Methods applied for the purposes of conversion of financial data**

The following exchange rates have been applied (in PLN) to measure the items of the consolidated statement of financial position denominated in foreign currencies:

Consolidated statement of financial position:

	30 September 2018	31 December 2017	30 September 2017
EUR	4,2714	4,1709	4,3091
USD	3,6754	3,4813	3,6519

2. 5 **Judgments and estimates**

Significant judgments in applying the Group's accounting policies and the key sources of uncertainty estimation made by the Management Board in these interim condensed consolidated financial statements were the same as described in Note 2 to the Consolidated Financial Statements for the year 2017.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires the Management Board 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 factors regarded as reasonable in the circumstances, and their results provide the basis for the estimate of book value of assets and liabilities, which does not result directly from other sources. Actual results may differ from these estimates.

3. **Segment reporting**

The primary and sole activity of the MLP Group S.A. Group is the construction and management of logistics properties. Revenues of the Group comprise rental income and revaluation of investment property.

The Group operates in the territory of Poland, Germany (since April 2017) and Romania (since October 2017). The location of assets coincides with the location of customers. The operational segments coincide with geographical segments.

As at 30 September 2018 and for the reporting period ended this day, the Group has three operating segments: Poland, Germany and Romania.

Information on the Group's operating segments:

<i>for the 9-month period ended</i>	30 September 2018*				
	Poland	Germany	Romania	Consolidation adjustments	Total
Revenue					
Sales to external clients	99 835	3 381	-	-	103 216
Profit/(loss) on revaluation of investment properties	14 818	(926)	(347)	-	13 545
Total segment revenue	114 653	2 455	(347)	-	116 761
Segment's operating result	62 984	1 215	(448)	-	63 751
Result on other operating activities	(1 210)	2	-	-	(1 208)
Profit/(loss) before tax and financial expenses	61 774	1 217	(448)	-	62 543
Result on financing activities	(20 387)	(335)	(41)	335	(20 428)
Profit/(loss) before tax	41 387	882	(489)	335	42 115
Income tax	(13 227)	95	(78)	-	(13 210)
Net profit/(loss)	28 160	977	(567)	335	28 905

<i>for the 9-month period ended</i>	30 September 2017*				
	Poland	Germany	Romania	Consolidation adjustments	Total
Revenue					
Sales to external clients	70 190	2 000	-	-	72 190
Profit/(loss) on revaluation of investment properties	11 774	4 962	-	-	16 736
Total segment revenue	81 964	6 962	-	-	88 926
Segment's operating result	45 759	6 584	-	-	52 343
Result on other operating activities	(2 889)	-	-	-	(2 889)
Profit before tax and financial expenses	42 870	6 584	-	-	49 454
Result on financing activities	(5 788)	(140)	-	140	(5 788)
Profit before tax	37 082	6 444	-	140	43 666
Income tax	(6 344)	(738)	-	-	(7 082)
Net profit	30 738	5 706	-	140	36 584

* Unaudited data

	<i>as at</i>				
	30 September 2018*				
	Poland	Germany	Romania	Consolidation adjustments	Total
Assets and liabilities					
Assets of the segment	1 512 027	27 454	31 287	(20 915)	1 549 853
Total assets	1 512 027	27 454	31 287	(20 915)	1 549 853
Liabilities of the segment	775 039	22 027	21 228	(20 915)	797 379
Equity	736 988	5 427	10 059	-	752 474
Total equity and liabilities	1 512 027	27 454	31 287	(20 915)	1 549 853
Investment property additions	153 069	718	1 560	-	155 347

* Unaudited data

	<i>as at</i>				
	31 December 2017				
	Poland	Germany	Romania	Consolidation adjustments	Total
Assets and liabilities					
Assets of the segment	1 323 866	31 353	29 474	(26 343)	1 358 350
Total assets	1 323 866	31 353	29 474	(26 343)	1 358 350
Liabilities of the segment	611 944	27 015	19 083	(26 343)	631 699
Equity	711 922	4 338	10 391	-	726 651
Total equity and liabilities	1 323 866	31 353	29 474	(26 343)	1 358 350
Investment property additions	146 619	22 914	16 221	-	185 754

4. Revenue

<i>for the period of</i>	9 months ended 30 September 2018 <i>(unaudited)</i>	3 months ended 30 September 2018 <i>(unaudited)</i>	9 months ended 30 September 2017 <i>(unaudited)</i>	3 months ended 30 September 2017 <i>(unaudited)</i>
Revenue from rental of properties	68 701	23 622	54 134	19 924
Other revenue	16 403	5 189	14 267	4 721
Revenue obtained under a development contract entered into by MLP Bieruń Sp. z o.o. ¹⁾	18 112	11 840	3 789	-
Total revenue	103 216	40 651	72 190	24 645

<i>for the period of</i>	9 months ended 30 September 2018 <i>(unaudited)</i>	3 months ended 30 September 2018 <i>(unaudited)</i>	9 months ended 30 September 2017 <i>(unaudited)</i>	3 months ended 30 September 2017 <i>(unaudited)</i>
Reinvoicing of utilities	15 443	5 128	13 344	4 460
Revenue from rental of apartments	25	8	25	8
Services provided to tenants	247	51	898	253
Other revenue	688	2	-	-
Other revenue	16 403	5 189	14 267	4 721

¹⁾ Together with the agreement to sell property forming part of the MLP Bieruń logistics park, MLP Bieruń Sp. z o.o. signed a developer agreement, in which it undertook to complete the construction and commercialization of that park. According to the above-mentioned agreement, MLP Bieruń Sp. z o.o. let to rent 11,340 sqm area to Auto Partner and started realisation of the mentioned investment putting an end to the 1st Stage in 2017. On account of the above, the Group recognized revenues of PLN 3,789 thousand in 2017, calculated based on the progress of work.

In 2018, the company had the remaining target space of 11,560 m² leased for the above tenant and started to build a warehouse building. On the account of the above, the Group recognized revenues of PLN 18,112 thousand, calculated based on the progress of work.

5. Selling and administrative expenses

<i>for the period of</i>	9 months	3 months	9 months	3 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2018	2018	2017	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation	(186)	(85)	(213)	(62)
Consumption of materials and energy	(12 671)	(3 836)	(10 224)	(3 884)
External services	(24 643)	(12 385)	(14 464)	(3 924)
Taxes and charges	(10 824)	(3 653)	(8 361)	(2 788)
Payroll	(1 683)	(662)	(1 525)	(482)
Social security and other employee benefits	(288)	(82)	(281)	(81)
Other costs by type	(2 712)	(946)	(1 443)	(749)
Value of goods and materials sold	(3)	-	(72)	(46)
Selling and administrative expenses	(53 010)	(21 649)	(36 583)	(12 016)

Selling and administrative expenses for the 3-month period ended 30 September 2018 of PLN 53,010 thousand were related mostly to costs of the maintenance of revenue-generating investment properties. Costs that are not directly related to those properties are depreciation of tangible fixed assets used for operating activity and not generating lease revenue and property tax on undeveloped land.

Costs of external services costs also included costs of PLN 11,581 thousand (in the similar period of last year - PLN 2,824 thousand) related to the performance of the 2nd stage of the investment resulting from the developer agreement signed in September 2015, between MLP Bieruń Sp. o.o. and WestInvest Gesellschaft für Investmentfonds mbH.

6. Financial income and expenses

<i>for the period of</i>	9 months	3 months	9 months	3 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2018	2018	2017	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted	821	262	899	302
Interest on bank deposits	61	17	92	31
Other interest	15	15		-
Foreign exchange differences net	-	-	4 773	(6 102)
Interest on receivables	19	2	11	1
Total financial income	916	296	5 775	(5 768)

<i>for the period of</i>	9 months	3 months	9 months	3 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2018	2018	2017	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses on account of loans and borrowings	(7 131)	(2 578)	(5 443)	(1 874)
Other interest	(5)	(1)	(4)	(1)
Interest paid on swap contracts	(1 675)	(622)	(5 242)	(1 723)
Interest results on cash flow hedges	(40)	(7)	1 210	362
Ineffective part of revaluation of cash flow hedges	(627)	656	(655)	(397)
Foreign exchange differences net	(8 540)	10 194	-	-
Interest on bonds	(2 375)	(931)	(1 033)	(674)
Other financial expenses	(199)	(74)	(48)	(39)
Costs related to loan servicing	(752)	(177)	(348)	(173)
Total financial expenses	(21 344)	6 460	(11 563)	(4 519)

On 1 March 2018, MLP Poznań II Sp. z o.o. entered into two floating to fixed rate swap contracts with ING Bank Śląski S.A.

On 14 March 2018, MLP Lublin Sp. z o.o. entered into a floating to fixed rate swap contract with Powszechna Kasa Oszczędności Bank Polski S.A.

On 29 March 2018, MLP Pruszków I Sp. z o.o. entered into a floating to fixed rate swap contract with Raiffeisen Bank Polska S.A.

On 9 April 2018, MLP Pruszków III Sp. z o.o. entered into a floating to fixed rate swap contract with BGŻ BNP Paribas S.A.

On 17 April 2018, MLP Wrocław Sp. z o.o. entered into a floating to fixed rate swap contract with Bank Polska Kasa Opieki S.A.

On 4 July 2018 and 6 September, MLP Poznań II Sp. z o.o. entered into a floating to fixed rate swap contract with ING Bank Śląski S.A.

On 28 September 2018, MLP Gliwice Sp. z o.o. entered into a floating to fixed rate swap contract with Bank Polska Kasa Opieki S.A.

Thanks to the contracts concluded, future loan interest payments, calculated at floating rates, will be effectively swapped to interest according to the schedules of the swap contracts.

Foreign exchange differences are result mainly from the measurement of liabilities under loans and borrowings denominated in EUR and USD at the end of the reporting period. Between 31 December 2017 and 30 September 2018, the Polish currency depreciated by PLN 0.10 (2.41%). The depreciation of PLN to EUR contributed to foreign exchange losses of PLN 8,540 thousand, which influenced the presented financial result.

7. Income tax

	<i>for the period of</i>	9 months	3 months	9 months	3 months
		ended	ended	ended	ended
		30 September	30 September	30 September	30 September
		2018	2018	2017	2017
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Current income tax		4 563	1 806	2 985	854
Origination / reversal of temporary		8 647	(1 488)	4 097	2 846
Income tax		13 210	318	7 082	3 700

Effective tax rate

	<i>for the period of</i>	9 months	3 months	9 months	3 months
		ended	ended	ended	ended
		30 September	30 September	30 September	30 September
		2018	2018	2017	2017
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) before tax		42 115	(2 259)	43 666	20 404
<i>Current income tax on the basis of the enacted tax rate (19%)</i>		<i>(8 002)</i>	<i>429</i>	<i>(8 297)</i>	<i>(3 877)</i>
Revenues which do not constitute tax revenues		-	-	129	(43)
Difference resulting from different tax rates in MLP Logistic Park Germany I Sp. z o.o. Co.&KG and MLP Bucharest West SRL		88	347	492	258
Unrecognized deferred tax asset on tax losses		(4 289)	77	-	-
Utilization of the previously unrecognized deferred tax asset		196	(60)	594	(38)
Non-tax-deductible expenses		(1 203)	(1 111)	-	-
Income tax		(13 210)	(318)	(7 082)	(3 700)

The legal regulations concerning the tax on goods and services, personal income tax, corporate income tax or social security contributions are constantly changed, and as a result there is often no reference to established regulations or legal precedents. The current regulations also contain uncertainties, resulting in differences in opinions as to legal interpretation of tax regulations both between government bodies and between companies and government bodies. Tax and other settlements (e.g. customs duties or foreign exchange tax) may be subject to inspection from bodies that are entitled to impose significant penalties, and if such penalty is established, the additional amounts determined as a result of the inspection must be paid with interest. These factors cause the tax risk in Poland to be higher than in countries with more developed tax systems.

Tax settlements may be subject to an audit for the period of five years after the end of the following tax year. As a result, the amounts presented in the financial statements may change at a later date, after they are finally determined by tax authorities.

8. Investment property

	30 September	31 December
<i>as at</i>	2018	2017
	<i>(unaudited)</i>	
Gross value at the beginning of the period	1 162 880	968 524
Investment property additions	155 347	185 754
FX gains or losses from conversion	1 275	-
Change in fair value	13 545	8 602
Gross value at the end of the period	1 333 047	1 162 880

Investment property includes warehouses and undeveloped land. Revenues from the lease of warehouses constitute the core source of the revenues of the Group.

Between 31 December 2017 and 30 September 2018, the value of investment property increased by EUR 25,673 thousand and at the end of September 2018 stood at EUR 303,002 thousand. This change was to the greatest extent driven by the expenditures incurred to build new parks. The increase in the property value was also driven by the depreciation of the Polish currency by PLN 0.10 (2.41%), which influenced the change in the investment property value converted from EUR to PLN. The depreciation of PLN to EUR contributed to a positive change in the fair value in the amount of PLN 27,872 thousand, which in turn affected the property value as at 30 September 2018.

Investment property divided into Parks:

	30 September	31 December
<i>as at</i>	2018	2017
	<i>(unaudited)</i>	
MLP Pruszków I Park		
Fair value of property – MLP Pruszków I	341 310	336 405
Investment property additions at cost	14	-
Perpetual usufruct – MLP Pruszków I	2 640	2 640
	343 964	339 045
MLP Pruszków II Park		
Fair value of property – MLP Pruszków II	394 655	351 402
Investment property additions at cost	11 817	-
Perpetual usufruct – MLP Pruszków II	2 617	2 630
	409 089	354 032
Park MLP Poznań		
Fair value of property – MLP Poznań	122 136	118 091
Investment property additions at cost	3 352	-
	125 488	118 091
Park MLP Lublin		
Fair value of property – MLP Lublin	78 790	73 812
Investment property additions at cost	38	-
	78 828	73 812
Park MLP Teresin		
Fair value of property – MLP Teresin	59 031	57 684
Investment property additions	83	-
	59 114	57 684
Park MLP Gliwice		
Fair value of property – MLP Gliwice	100 416	76 161
Investment property additions	1 183	-
	101 599	76 161

	30 September 2018	31 December 2017
	<i>as at</i>	
Park MLP Wrocław		
Fair value of property – MLP Wrocław	63 076	58 780
Investment property additions	11 401	-
	74 477	58 780
Park MLP Czeladź		
Fair value of property – MLP Czeladź	50 347	29 947
Investment property additions	2 490	-
	52 837	29 947
Park MLP Poznań West¹⁾		
Fair value of property – MLP Poznań West	29 558	-
Investment property additions	2 070	-
	31 628	-
Park MLP Unna		
Fair value of property – MLP Unna	24 817	25 025
Investment property additions	1	-
	24 818	25 025
Park MLP Bucharest West		
Fair value of property – MLP Bucharest West	30 107	29 407
Investment property additions	513	-
	30 620	29 407
New investment property additions	449	733
MLP Energy – apartments	136	163
Gross value at the end of the period	1 332 598	1 162 880

¹⁾ On 30 May 2018, the Group purchased land with the area of 18.5 ha for the development of a new logistics park, MLP Poznań West.

Information regarding collateral established on investment property is disclosed in note 20.

In accordance with the adopted accounting policy, interest expenses on investment loans attributable to construction in progress are capitalized and increase the value of the property.

8. 1 Fair value of the Group's investment property

Fair value of investment property is based on reports of independent and qualified experts who possess recognized professional qualifications and expertise in property valuation (based on inputs that are unobservable – level 3).

Property valuations have been prepared in accordance with the Standards of Professional Appraisals Royal Institution of Chartered Surveyors (RICS). They are consistent with the International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

The valuations were prepared based on the income approach method for the existing development and for land with a building permit and based on the comparable method for undeveloped land plots.

Because of different locations and characteristics of the Group's investment properties, assumptions used by experts concerning yield rates for distinct logistics parks are in the range of 6.25%–8.5%.

The Group prepares investment property valuation two times a year, as at 30 June and 31 December. The fair value of the properties located in Poland, including land reserve, determined in experts' opinions based on the comparative approach, is denominated in Polish zloty. The fair value of the other properties in experts' opinions is denominated in euro, and then converted according to the average exchange rates set by the NBP as at the end of the reporting period.

As at 30 September 2018, valuation of the land reserve in PLN and the valuation of the other properties in EUR performed on the basis of valuation reports by independent experts as at 30 June 2018 was maintained (except for the MLP Lublin and MLP Pruszków I Logistic Parks). The value has been recalculated to PLN using the average exchange rate of the National Bank of Poland as at 30 September 2018 and then updated by capital expenditures incurred in the period from 1 July 2018 to 30 September 2018.

The change in the valuation of the properties located in MLP Lublin and MLP Pruszków I logistics parks resulted from changes to the leased area as compared to the balance as at 30 June 2018.

There was no change in the method of valuation in comparison with previous periods.

In the nine-month period ended 30 September 2018, there were no reclassifications between the levels.

9. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
	30 September	31 December	30 September	31 December	30 September	31 December
	<i>as at</i> 2018 <i>(unaudited)</i>	2017	2018 <i>(unaudited)</i>	2017	2018 <i>(unaudited)</i>	2017
Investment property	-	-	105 159	99 307	105 159	99 307
Credits, loans granted and received	243	-	-	1 748	(243)	1 748
Derivatives	602	433	-	-	(602)	(433)
Other	(767)	-	-	99	767	99
Tax losses deductible in future periods	3 339	7 846	-	-	(3 339)	(7 846)
Interest on bonds	275	67	-	-	(275)	(67)
Deferred tax assets / liabilities	3 692	8 346	105 159	101 154	101 467	92 808

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Including:			
Deferred tax asset		(2 911)	(7 445)
Deferred tax liability		104 378	100 253
		101 467	92 808

Unrecognized deferred tax asset from a tax loss as at 30 September 2018 was PLN 8,076 thousand.

Based on the tax budgets prepared by the Group, the Management Board considered it justified to recognize a deferred tax asset from a tax loss in the amount shown in the statement of financial position.

	1 January 2017	changes recognized in profit or loss	changes recognized in other comprehensive income	31 December 2017
Investment property	95 689	3 618	-	99 307
Credits, loans granted and received	(3 467)	5 215	-	1 748
Derivatives	(1 602)	189	980	(433)
Other	990	(891)	-	99
Tax losses deductible in future periods	(5 013)	(2 833)	-	(7 846)
Interest on bonds	-	(67)	-	(67)
	86 597	5 231	980	92 808

	1 January 2018	changes recognized in profit or loss <i>(unaudited)</i>	changes recognized in other comprehensive income <i>(unaudited)</i>	30 September 2018 <i>(unaudited)</i>
Investment property	99 307	5 819	33	105 159
Credits, loans granted and received	1 748	(1 991)	-	(243)
Derivatives	(433)	(127)	(42)	(602)
Other	99	647	21	767
Tax losses deductible in future periods	(7 846)	4 507	-	(3 339)
Interest on bonds	(67)	(208)	-	(275)
	92 808	8 647	12	101 467

10. Investments and other investments

	30 September	31 December
	<i>as at</i>	<i>2017</i>
	2018	2017
	<i>(unaudited)</i>	
Other long-term investments	19 557	12 742
Long-term loans granted to related parties	49 589	55 852
Other long-term investments	69 146	68 594
Short-term loans granted to other entities	22 139	22 139
Short-term investments	22 139	22 139
Escrow account	-	418
Restricted cash	9 434	2 716
Other short-term investments	9 434	3 134

Other non-current investments include restricted cash in the long-term part in the amount of PLN 19,557 thousand. This amount includes: PLN 10,446 thousand of cash was kept separate under loan agreements in order to secure payments of principal and interest installments, PLN 379 thousand of a bank deposit established using a security deposit retained from a tenant as well as other retained security deposits in the amount of PLN 8,718 thousand as well as the valuation of CAP in the amount of PLN 14 thousand.

The Group has short-term restricted cash of PLN 9,434 thousand. This amount includes: bank guarantee of PLN 5,927 thousand related to an access road, short-term part of retained deposits of PLN 28 thousand as well as short-term part of cash separated in accordance with credit agreements of PLN 3,479 thousand.

11. Trade and other receivables

	30 September	31 December
	<i>as at</i>	<i>2017</i>
	2018	2017
	<i>(unaudited)</i>	
Trade liabilities	10 149	11 017
Investment settlements	236	189
Prepayments and accruals	2 772	1 141
Accrued income from the developer agreement entered into by MLP Bieruń Sp. z o.o.	18 243	25
Advance for the purchase of land	2 046	-
Other receivables	-	5 214
Tax and social security liabilities	17 735	8 340
Trade and other receivables	51 181	25 926
Income tax liabilities	433	1 125
Current receivables	51 614	27 051

Receivables due from related parties are presented in note 21.

The aging of trade and other receivables, as well as the amount of allowances are presented in the table below.

	<i>as at</i>	30 September 2018*		31 December 2017	
		Gross receivables	Allowance for bad debts	Gross receivables	Allowance for bad debts
Not past due:		3 663	-	3 965	-
Past due:					
1 to 90 days		5 271	2	6 097	-
91 to 180 days		809	(3)	322	-
over 180 days		5 812	(5 405)	5 185	(4 552)
Total receivables		15 555	(5 406)	15 569	(4 552)

* Unaudited data

12. Cash and cash equivalents

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Cash on hand		53	64
Cash in bank		52 083	59 069
Short-term deposits		7 236	5 694
Cash and cash equivalents in the condensed consolidated statement of financial position		59 372	64 827
Cash and cash equivalents in the condensed consolidated statement of cash flows		59 372	64 827

Cash in bank bears interest at variable interest rates, the amount of which depends on the interest rate of overnight bank deposits. Short-term deposits are concluded for varying periods, depending on the current Group demand for cash and earn interest at individually set interest rates.

Cash and cash equivalents in the condensed consolidated statement of financial position include cash on hand and bank deposits with maturity up to 3 months.

13. Notes to the consolidated statement of cash flows

13. 1 Cash flows from loans and borrowings

	<i>for the 9-month period ended 30 September</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Cash flows from bank credits received		109 604	38 853
Cash flows from loans and borrowings received		109 604	38 853
Cash flows from bank credit and loans received presented in the condensed consolidated statement of cash flows		109 604	38 853

<i>for the 9-month period ended 30 September</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Cash flows from repaid loan installments	(16 659)	(20 077)
Cash flows from repaid borrowings	(7 568)	(2 393)
Cash flows from repayment of loans and borrowings	(24 227)	(22 470)
Cash flows from repayment of loans and borrowings – amount in the condensed consolidated statement of cash flows	(24 227)	(22 470)

13. 2 Movement in receivables

<i>for the 9-month period ended 30 September</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Movement in inventories	125	187
Movement in trade and other receivables	(25 255)	17 858
Elimination of the advance for the purchase of land paid	680	-
Movement in receivables	(24 450)	18 045
Movement in receivables presented in the condensed consolidated statement of cash flows	(24 450)	18 045

13. 3 Movement in current liabilities and other liabilities

<i>for the 9-month period ended 30 September</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Movement in trade and other payables	20 149	30 420
Movement in payroll liabilities	(1 970)	(2 048)
Movement in investment deposits and guarantees	226	2 706
Movement in finance lease liabilities	(13)	-
Derecognition of movement in investment liabilities	(8 793)	(34 385)
Derecognition of advance divided payment for shareholders paid in October 2018	(3 260)	-
Movement in current liabilities and other liabilities	6 339	(3 307)
Movement in current and other liabilities presented in the condensed consolidated statement of cash flows	6 339	(3 307)

14. Equity

14. 1 Share capital

Share capital	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Series A ordinary shares		11 440 000	11 440 000
Series B ordinary shares		3 654 379	3 654 379
Series C ordinary shares		3 018 876	3 018 876
		18 113 255	18 113 255
Par value per share		0,25	0,25

As at 30 September 2018, the Parent Company's share capital was PLN 4,528,313.75 and was divided into 18,113,255 shares carrying the right to 18,113,225 votes at the Shareholder Meeting. The par value per share is PLN 0.25 and has been paid up in full.

In the nine-month period ended 30 September 2018, there were no changes in the share capital.

15. Earnings per share

Net earnings per share for each period is calculated by dividing net profit attributable to the owners of the Parent Company for the period by the weighted average number of shares during the reporting period.

<i>for the period of</i>	9 months ended 30 September 2018 <i>(unaudited)</i>	3 months ended 30 September 2018 <i>(unaudited)</i>	9 months ended 30 September 2017 <i>(unaudited)</i>	3 months ended 30 September 2017 <i>(unaudited)</i>
Net result for the period	28 905	(2 577)	36 584	16 704
Number of shares outstanding (in units)	18 113 255	18 113 255	18 113 255	18 113 255
Weighted average number of shares outstanding	18 113 255	18 113 255	18 113 255	18 113 255
Profit/(Loss) per share attributable to shareholders of the Parent Company for the period (in PLN per share):				
- basic	1,60	(0,14)	2,02	0,92
- diluted	1,60	(0,14)	2,02	0,92

In presented periods, there were no dilutive factors.

16. Loans, borrowings, other debt instruments and other liabilities

16. 1 Non-current liabilities

	<i>as at</i>	30 September 2018	31 December 2017
		<i>(unaudited)</i>	
Loans secured on the Group's assets		404 834	309 231
Bonds ¹⁾		128 142	83 418
Loans payable		49 712	55 990
Non-current liabilities on account of loans, borrowings and other debt instruments		582 688	448 639

¹⁾ In addition to the A-series bonds issued in 2017, on 11 May 2018, the Company issued, in a private offering, 10,000 B-series bearer bonds with a nominal value of EUR 1,000 each and the total value of the issue of EUR 10,000,000.

The Bonds bear variable interest at EURIBOR for 6-month bank deposits in EUR plus margin. The Bonds are unsecured. The purpose of the Bond issue has not been specified. The redemption of B-series bonds was scheduled for 11 May 2023, with an early redemption option at the Company's discretion. The Bonds are not documentary.

The Bonds have been entered in the records kept by the National Depository for Securities [Krajowy Depozyt Papierów Wartościowych S.A.] under the ISIN code of PLMLPGR00041.

Pursuant to Resolution 847/2018 of 9 August 2018 adopted by the Management Board of the Warsaw Stock Exchange, the Management Board of the Exchange decided to introduce 10,000 B-series bearer bonds of MLP Group S.A. with the nominal value of EUR 1,000 each to the alternative trading system on Catalyst. August 13th was the first day of listing on the alternative trading system on Catalyst. The bonds will be listed in a continuous quotation system under the abbreviated name of "MLP0523".

	<i>as at</i>	30 September 2018	31 December 2017
		<i>(unaudited)</i>	
Finance lease liabilities		5 257	5 270
Swap valuation liabilities		3 152	2 219
Investment deposits		9 627	8 935
Guarantees from tenants and other		3 444	3 910
Other non-current liabilities		21 480	20 334

16. 2 Current liabilities

	<i>as at</i>	30 September 2018	31 December 2017
		<i>(unaudited)</i>	
Short-term loans and short-term part of long-term loans secured on the Group's assets		26 616	20 516
Bonds		1 436	355
Loans payable		-	407
Total current liabilities on account of loans, borrowings and other debt instruments		28 052	21 278

Liabilities on account of loans and borrowings, either secured or unsecured on the Group's assets, result from transactions with both related and third parties.

	<i>as at</i>	30 September 2018	31 December 2017
		<i>(unaudited)</i>	
Swap valuation liabilities		-	43
Other current liabilities		-	43

16. 3 Bond liabilities

Instrument	Currency	Par value	Maturity date	Interest rate	Guarantees and collateral	Quotation market
Private bonds – series A	EUR	20 000 000	2022-05-11	EURIBOR 6M + margin	none	Catalyst
Private bonds – series B ¹⁾	EUR	10 000 000	2023-05-11	EURIBOR 6M + margin	none	Catalyst ¹⁾

¹⁾ Pursuant to Resolution 847/2018 of 9 August 2018 adopted by the Management Board of the Warsaw Stock Exchange, the Management Board of the Exchange decided to introduce 10,000 B-series bearer bonds of MLP Group S.A. with the nominal value of EUR 1,000 each to the alternative trading system on Catalyst. August 13th was the first day of listing on the alternative trading system on Catalyst. The bonds will be listed in a continuous quotation system under the abbreviated name of “MLP0523”.

16. 4 Loans and borrowings secured and unsecured on the Group's assets

				as at 30 September 2018*			as at 31 December 2017	
	currency	effective rate (%)	maturity date	in currency	in PLN	maturity date	in currency	in PLN
Bank credits pledged on the Group's assets:								
Investment loan from mBank S.A.	EUR	EURIBOR 1M+margin	2021	12 618	53 813	2021	13 163	54 798
Investment loan from PEKAO S.A.	EUR	EURIBOR 1M+margin	2025	6 566	28 046	2025	6 856	28 597
Construction loan from PEKAO S.A.	EUR	EURIBOR 1M+margin	2028	3 581	15 295	2028	3 543	14 771
Investment loan from Raiffeisen Bank Polska S.A.	EUR	EURIBOR 3M+margin	2023	34 829	148 356	2023	27 399	113 808
Refinancing loan from PEKAO S.A.	EUR	EURIBOR 1M+margin	2030	8 395	35 861	-	-	-
Investment loan from BGŻ BNP Paribas	EUR	EURIBOR 3M+margin	2022	7 286	30 860	2022	7 641	31 570
Investment loan from PKO BP S.A.	EUR	EURIBOR 3M+margin	2030	7 449	31 817	2030	7 527	31 396
Working capital facility (VAT) from PKO BP S.A.	PLN	WIBOR 1M+margin	-	-	-	2018	-	779
Working capital facility (VAT) from ING Bank Śląski S.A.	PLN	WIBOR 1M+margin	-	-	-	2018	-	60
Investment loan from ING Bank Śląski S.A.	EUR	EURIBOR 1M+margin	2024	1 968	8 391	2020	5 001	20 837
Refinancing loan from ING Bank Śląski S.A.	EUR	EURIBOR 1M+margin	2024	5 617	23 994	-	-	-
Investment loan from ING Bank Śląski S.A.	EUR	EURIBOR 3M+margin	2024	4 639	19 815	2020	1 642	6 850
Construction loan from PEKAO S.A.	EUR	EURIBOR 1M+margin	2030	1 341	5 731	-	-	-
Investment loan from BGŻ BNP Paribas	EUR	EURIBOR 3M+margin	2024	6 865	29 322	2024	6 301	26 281
Total loans:					431 450			329 747

* Unaudited data

			<i>as at</i>	30 September 2018*		<i>as at</i>	31 December 2017	
	currency	effective rate (%)	maturity date	in currency	in PLN	maturity date	in currency	in PLN
Loans unsecured on the Group's assets:								
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2021	-	2 887	2021	-	2 841
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2020	-	8 068	2020	-	8 102
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2025	-	12	2020	-	12
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2029	-	253	2029	-	253
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2027	-	1 632	2026	-	1 632
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2021	-	147	2021	-	145
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2030	-	465	2030	-	465
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2020	-	21 791	2020	-	21 320
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2025	-	115	2025	-	115
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2025	-	300	2024	-	300
Fenix Polska S.A.	PLN	WIBOR 3M+margin	2028	-	7	2028	-	7
Fenix Polska S.A.	EUR	EURIBOR 3M+margin	2029	1 937	8 274	2029	1 919	8 005
Fenix Polska S.A.	EUR	EURIBOR 3M+margin	2020	1 349	5 761	2020	3 067	12 793
Fenix Polska S.A.	USD	Libor R USD+margin	-	-	-	2018	117	407
Total loans:					49 712			56 397
Total loans and borrowings secured and unsecured on the Group's assets					481 162			386 144

* Unaudited data

17. Employee benefits

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Special purpose funds	157	157
Cash-settled share-based payments	-	1 970
Employee benefits	157	2 127

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

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

Upon approval of the financial statements by the Shareholder Meeting, the Supervisory Board will authorize a list of employees, with the number of phantom shares assigned to each employee. The equivalent value of phantom shares will then be paid out to each such employee in cash.

Phantom shares for the previous financial year were paid in June and July 2018 in the total amount of PLN 1,623 thousand.

The value of a single phantom share is based on the current stock price of MLP Group S.A.

18. Trade and other payables

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Trade liabilities	6 886	6 824
Liabilities concerning execution of development agreement	6 009	15
Deferred income	419	432
Tax and social security liabilities	3 745	2 100
Unbilled trade liabilities	1 085	1 986
Investment liabilities, guarantees and others	36 705	26 603
Advance divided payment for shareholders	3 260	-
Trade and other payables	58 109	37 960
Income tax liabilities	2 515	1 065
Current liabilities	60 624	39 025

Liabilities to related parties are disclosed in note 21.

The table below shows the age structure of trade and other liabilities:

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Current liabilities	47 591	44 622
Liabilities overdue from 1 to 90 days	16 990	2 969
Liabilities overdue from 91 to 180 days	1 787	19
Liabilities overdue over 180 days	648	663
Total trade and other liabilities	67 016	48 273

The above age structure of liabilities also includes non-current liabilities.

Trade liabilities are not subject to interest and are usually settled within 30 to 60 days. Other payables are non-interest bearing and have an average maturity of one month. 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.

19. Financial instruments

19. 1 Valuation of financial instruments

The fair value of financial assets and financial liabilities as at 30 September 2018 and 31 December 2017 is equal to the value presented in the consolidated statement of financial position.

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

- **cash and cash equivalents:** the carrying amount of these financial instruments corresponds to fair value because of their short maturity,
- **trade receivables, other receivables, trade payables and accrued expenses:** the carrying amount is comparable to fair value because of the short-term nature of these instruments,
- **loans granted:** the carrying amount corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **bank credits and loans taken and bonds:** the carrying amount of these instruments is comparable with fair value because of the floating rate, based on market rates,
- **swap contract valuation liabilities:** fair value determined on the basis of references to instruments quoted on an active market.

19. 1. 1 Financial assets

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Loans and receivables:		
Cash and cash equivalents	59 372	64 827
Loans and receivables, including:		
● Trade and other receivables	28 628	16 445
● Loans granted	71 728	77 991
● Other long-term investments	19 557	12 742
● Other short-term investments	9 434	3 134
	188 719	175 139
Total financial assets	188 719	175 139

19. 1. 2 Financial liabilities

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Hedging financial instruments:			
Swap valuation liabilities		3 152	2 262
		3 152	2 262
Financial liabilities measured at amortized cost:			
Bank loans		431 450	329 747
Loans received		49 712	56 397
Trade and other payables		67 016	48 273
Lease liabilities		5 257	5 270
Bonds		129 578	83 773
		683 013	523 460
Total financial liabilities		686 165	525 722

The fair value of hedging financial instruments as at 30 September 2018 was PLN 3,152 thousand, as measured based on inputs other than the quoted price that are either directly or indirectly observable (level 2). The information is provided by banks and is based on reference to instruments quoted in an active market.

In the period ended 30 September 2018, there were no reclassifications between the levels.

19. 2 Other disclosures relating to financial instruments

Established collaterals

Information concerning established collaterals is disclosed in note 20.

Hedge accounting

On 1 March 2018, MLP Poznań II Sp. z o.o. entered into two floating to fixed rate swap contracts with ING Bank Śląski S.A.

On 14 March 2018, MLP Lublin Sp. z o.o. entered into a floating to fixed rate swap contract with PKO BP S.A.

On 29 March 2018, MLP Pruszków I Sp. z o.o. entered into a floating to fixed rate swap contract with Raiffeisen Bank Polska S.A.

On 9 April 2018, MLP Pruszków III Sp. z o.o. entered into a floating to fixed rate swap contract with BGŻ BNP Paribas S.A.

On 17 April 2018, MLP Wrocław Sp. z o.o. entered into a floating to fixed rate swap contract with Bank Polska Kasa Opieki S.A.

On 4 July 2018 and 6 September, MLP Poznań II Sp. z o.o. entered into a floating to fixed rate swap contract with ING Bank Śląski S.A.

On 28 September 2018, MLP Gliwice Sp. z o.o. entered into a floating to fixed rate swap contract with Bank Polska Kasa Opieki S.A.

Thanks to the contracts concluded, future loan interest payments, calculated at floating rates, will be effectively swapped to interest according to the schedules of the swap contracts.

20. Contingent liabilities and pledges

The following changes to contingent liabilities and collateral established by the Group occurred in the period ended 30 September 2018:

- In January 2018, contractual mortgage was entered to the land and mortgage registers of MLP Wrocław Sp. z o.o. up to the amount of EUR 27,637 thousand in favour of PEKAO BP S.A., to secure a credit granted under the credit agreement of 11 October 2017,
- In February 2018, contractual mortgage was entered to the land and mortgage registers of MLP Teresin Sp. z o.o. up to the amount of PLN 5,600 thousand in favor of PEKAO BP S.A., to secure the repayment of the principal, interest on the principal, interest on delayed credit repayment, CAP transaction, receivables resulting from an executed IRS transaction, under the credit agreement of 31 May 2016.
- In March 2018, a registered pledge on the shares of MLP Group S.A. in MLP Gliwice Sp. z o.o. was entered to the register of pledges, up to the security sum of EUR 29,914 thousand, as a security for the repayment of PEKAO S.A. claims in respect of the credit of 13 March 2018 granted to MLP Gliwice Sp. z o.o.
- In March 2018, a registered pledge on the shares of MLP Group S.A. in MLP Gliwice Sp. z o.o. was entered to the register of pledges, up to the security sum of EUR 4,500 thousand, as a security for the repayment of PEKAO S.A. claims in respect of the VAT credit of 13 March 2018 granted to MLP Gliwice Sp. z o.o.
- In March 2018, a registered pledge on cash claims was entered to the register of pledges, as a security for the repayment of PEKAO S.A. cash claims in respect of the credit of 13 March 2018 granted to MLP Gliwice Sp. z o.o.
- In May 2018, the following mortgages were entered in the land and mortgage registers of MLP Gliwice Sp. z o.o.:
 - Contractual mortgage up to the amount of EUR 29,915 thousand in favor of PEKAO BP S.A., to secure a loan granted under the loan agreement of 13 March 2018
 - Contractual mortgage up to the amount of PLN 4,500 thousand in favor of PEKAO BP S.A., to secure a VAT loan granted under the loan agreement of 13 March 2018
 - Contractual mortgage up to the amount of PLN 12,000 thousand in favor of PEKAO BP S.A., to secure repayment of all the amounts due to the bank under Financial Security Agreements concluded for the purposes of the loan agreement of 13 March 2018.
 - Surety agreement by MLP Poznań II Sp. z o. o. in favor of MLP Poznań Sp. z o.o. signed in June 2018.
- In September 2018, the pledges were entered to the register of pledges, due to which the amount of collateral for shares held by MLP Pruszków II Sp. z o.o. in MLP Pruszków III Sp. z o.o. and shares held by MLP Group S.A. in MLP Pruszków III Sp. z o.o. was raised from EUR 26,595 thousand to EUR 34,370 thousand. The pledges secure receivables of Bank BNP BGŻ Paribas S.A on account of a loan of 5 November 2015 granted to MLP Pruszków III Sp. z o.o.
- Pursuant to the support agreement of 20 August 2018, MLP Group S.A. undertook to provide support to MLP Gliwice Sp. z o.o. if costs are exceeded.
- Pursuant to the agreement of May 2018, Bank BKO BP SA granted a good performance bond to MLP Czeladź Sp. z o.o. to secure the company's obligation to the Czeladź township and the State Treasury to rebuild the transportation system in Czeladź in connection with the construction of the logistics park. The guarantee was issued for the amount of PLN 5,927 thousand.

MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o. and MLP Pruszków III received decisions about changes to the perpetual usufruct fee. According to the decisions, as at 30 September 2018, the total potential due amount is PLN 12,609 thousand. The Management Boards of the companies do not accept the amount of the fees and so the case was brought before a court.

- The Group did not recognize any additional provisions for potential claims of the Pruszków Starost for the changed perpetual usufruct fees.

Other contingent liabilities and collateral presented in the consolidated financial statements for 2017 did not change in the 9-month period ended 30 September 2018 and are still valid as at the end of the reporting period.

21. Related party transactions

21. 1 Loans granted and received

Related party balances related to loans granted and received as at 30 September 2018* are as follows:

<i>* Unaudited data</i>	Loans granted	Loans received
Other related parties		
Fenix Polska Sp. z o.o.	49 556	49 712
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	33	-
Total	49 589	49 712

21. 2 Revenues and expenses

Related party transactions related to revenues and expenses for the nine-month period ended 30 September 2018* are as follows:

<i>* Unaudited data</i>	Purchase of services and payroll costs	Interest income	Interest expenses
Other related parties			
Fenix Polska Sp. z o.o.	-	821	844
	-	821	844
Key management personnel			
RTK CONSULTING, Radosław T. Krochta	(467)	-	-
ROMI CONSULTING, Michael Shapiro	(235)	-	-
PROFART, Tomasz Zabost	(326)	-	-
PEOB, Marcin Dobieszewski	(162)	-	-
Other key management personnel	(613)	-	-
	(1 803)	-	-
Total	(1 803)	821	844

Fenix Polska Sp. z o.o. is a related party through Cajamarca Holland B.V. which, as at 30 September 2018, owns a 100% stake in Fenix Polska Sp. z o.o. and a 56.98% stake in the share capital of the Group.

22. Significant events during the financial period and subsequent events

- In February 2018, ING Bank Śląski S.A. disbursed a successive credit tranche to MLP Poznań II Sp. z o.o.
- On 13 March 2018, MLP Gliwice Sp. z o.o. entered into a credit agreement with PeKaO S.A. The loan was drawn in the second quarter of 2018.
- On March 29th, Bank Raiffeisen Bank Polska S.A. released the subsequent tranche of the loan to MLP Pruszków I Sp. z o.o.
- On 9 February 2017, MLP Poznań entered into loan agreement with ING Bank Śląski S.A. The loan was drawn in the second quarter of 2018.

- On 13 March 2018, MLP Pruszków V Sp. z o.o. was established under a deed of formation. On 4 April 2018, MLP Group S.A. acquired 50 shares in MLP Pruszków V Sp. z o.o. with the total value of PLN 5,000, thus directly acquiring a 100% stake in its equity and voting rights. The shares were paid up in full with a cash contribution.
- On 11 May 2018, the Company issued, in a private offering, 10,000 B-series bearer bonds with a nominal value of EUR 1,000 each and the total value of the issue of EUR 10,000,000.
Detailed information on the issue of series B bonds is described in Note 16.1 to these interim condensed consolidated financial statements.
Obligacje zostały zapisane w ewidencji prowadzonej przez Krajowy Depozyt Papierów Wartościowych
- On 2 August 2018, the Management Board of the Warsaw Stock Exchange decided to introduce 10,000 (ten thousand) B-series bearer bonds of MLP Group S.A. with the nominal value of EUR 1,000 (one thousand euro) each to the alternative trading system on Catalyst.
On 9 August, the Management Board of the Warsaw Stock Exchange set the date of first listing of the Company's B-series bearer bonds in the alternative trading system on Catalyst for 13 August 2018.
- Pursuant to a notary deed of 30 May 2018, MLP Poznań West II Sp. z o.o., a subsidiary, purchased an land property located in the village of Dąbrówka, Dopiewo township, Poznań county, wielkopolskie voivodship, with a surface area of 18.4462 ha, for the net amount of PLN 28,674 thousand.
- In a case filed by MLP Poznań West Sp. z o.o. against "Trzecia - Czerwona Torebka S.A." sp.k. and against the Czerwona Torebka S.A. company, on 16 July 2018 a final judgment was handed down awarding the payment of PLN 21,888,674.51 with statutory interest for late payment from 29 January 2016 to the date of payment and the costs of the proceedings to MLP Poznań West Sp. z o.o. from "Trzecia - Czerwona Torebka S.A." sp. k. and Czerwona Torebka S.A. In July 2018, the final ruling was issued, pursuant to which execution commenced.
- On 5 September 2018, the Company's Supervisory Board adopted a resolution to consent to the payout of an interim dividend totaling PLN 3,260,385.90, i.e. PLN 0.18 per share. The interim dividend was paid on 8 October 2018.

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

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

<i>for the 9-month period ended</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Remunerations of the Management Board:		
• Remunerations and other benefits:		
Radosław T. Krochta	467	563
Michael Shapiro	235	306
Tomasz Zabost	326	359
Marcin Dobieszewski	162	164
	1 190	1 392
• Cash settled share based payment paid or due in the period		
	811	1 011
	2 001	2 403

<i>for the 9-month period ended 30 September</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Remunerations of the Supervisory Board:		
• Remunerations and other benefits		
Maciej Matusiak	22	23
Jacek Tucharz	13	23
Eytan Levy	22	23
Shimshon Marfogel	22	23
Daniel Nimrodi	22	23
Guy Shapira	22	-
Piotr Chajderowski	10	23
	133	138
Total remunerations paid or due to members of management and supervisory bodies	2 134	2 541

<i>for the 9-month period ended</i>	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Other key management personnel:		
• Remunerations and other benefits		
	613	583
• Cash settled share based payment paid or due in the period		
	464	521
	1 077	1 104
Total remunerations paid or due to members of management and supervisory bodies and key management personnel	3 211	3 645

The above note presents remuneration of members of management and supervisory bodies and costs of services provided to subsidiaries of the Group and other key management personnel, as well as the costs of services provided to other companies in the Group, and other management personnel.

Apart from the transactions presented above, Members of the Management Board, Supervisory Board and other key management personnel did not receive any other benefits from any Group company.

24. Employment structure

	<i>for the 9-month period ended</i>	30 September 2018	30 September 2017
		<i>(unaudited)</i>	<i>(unaudited)</i>
Average headcount in the period		22	19

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice-President

Tomasz Zabost
Member of the Management Board

Pruszków, 14 November 2018

III. Supplementary information to the consolidated quarterly report of the MLP Group S.A. Group

1. Information regarding the issuance, redemption and repayment of debt and equity securities

In the 9-month period ended 30 September 2018, there were no events related to the issuance, redemption or repayment of debt or equity securities.

2. The Management Board's statement on published financial forecasts

The Management Board of MLP Group S.A. has not published any financial forecasts for 2018.

3. Brief description of achievements and failures in the nine-month period ended 30 September 2018

There were no significant achievements and failures other than those described in these condensed consolidated financial statements.

4. Seasonality and cyclical nature of business

Group activities are not subjected to any seasonality or cyclical nature of business.

5. Significant information to assess situation of employment, assets, financial situation and results in changes of MLP Group and relevant information to assess possibilities of realization liabilities by the MLP Group S.A. Group.

Leased space as at 30 September 2018:

Logistics park	Space leased as at 31 December 2017 ¹⁾	Space vacated by the tenants until 30 September 2018	New rent agreements signed until 30 September 2018	Net change in the period	Space leased as at 30 September 2018
MLP Pruszków I	167 763	(14 288)	10 141	(4 147) ²⁾	163 616
MLP Pruszków II	129 484	(4 462)	15 471	11 009	140 493
MLP Poznań	42 426	-	4 235	4 235	46 661
MLP Lublin	27 867	-	17 810	17 810	45 677
MLP Teresin	37 833	-	-	-	37 833
MLP Gliwice	30 765	-	-	-	30 765
MLP Wrocław	8 705	-	13 270	13 270	21 975
MLP Czeladź	8 703	-	-	-	8 703
MLP Unna	48 096	(48 096)	-	(48 096)	-
	501 642	(66 846)	60 927	(5 919)	495 723

¹⁾ Leased space as at 31 December 2017 per measurement

²⁾ At the beginning of October, an agreement was executed with a new tenant for a space of approx. 5 thousand m².

Except for the information already presented in these condensed consolidated financial statements for the nine-month period ended 30 September 2018, there is no other information relevant to the Group's assessment of the personnel or financial position or its financial result or their changes or for the assessment of the Group's ability to settle its liabilities.

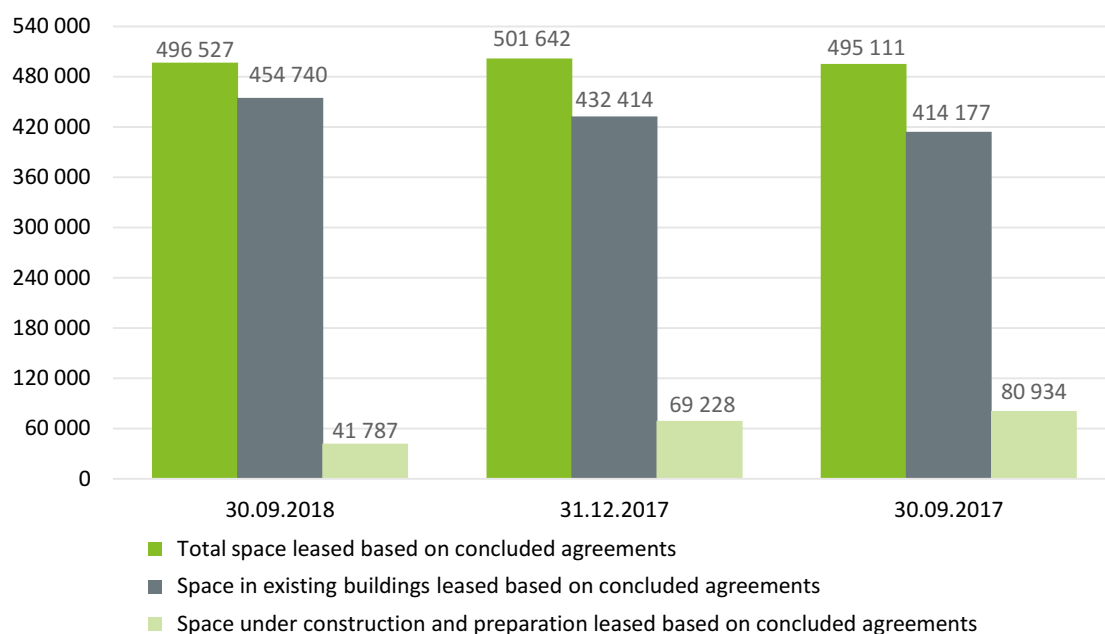
List of the leasable area based on executed agreements and the vacant space as at 30 September 2018:

Logistics park	Construction potential (m ²)	Developed space (m ²)	Space under construction (m ²)	Space to be developed – under lease agreements (m ²)	Space in existing buildings under lease agreements (m ²)	differences arising from measurement	Space under construction – under lease agreements (m ²)	Existing vacant space (m ²)	Space leased as % of the sum of developed space and space under construction	Developed space and space under construction as % of the development potential
MLP Pruszków I	170 695	168 408	-	-	163 618	(2)	-	4 790	97%	99%
MLP Pruszków II	288 096	137 565	12 517	-	133 031	(640)	8 102	4 534	94%	52%
MLP Poznań	89 889	45 799	2 605	-	44 172	(116)	2 605	1 627	97%	54%
MLP Lublin	47 567	27 867	17 810	-	27 867	-	17 810	-	100%	96%
MLP Teresin	37 833	37 833	-	-	37 833	-	-	-	100%	100%
MLP Gliwice	66 097	35 537	-	-	30 726	39	-	4 811	-	54%
MLP Wrocław	66 606	8 705	16 510	-	8 705	-	13 270	-	87%	38%
MLP Czeladź	76 601	8 788	-	-	8 788	(85)	-	-	-	11%
MLP Unna	56 700	48 096	-	-	-	-	-	48 096	0%	85%
MLP Bucharest West	97 590	-	-	-	-	-	-	-	-	-
MLP Poznań West	96 844	-	-	-	-	-	-	-	-	-
	997 674	518 598	49 442	-	454 740	(804)	41 787	63 858	87%	57%

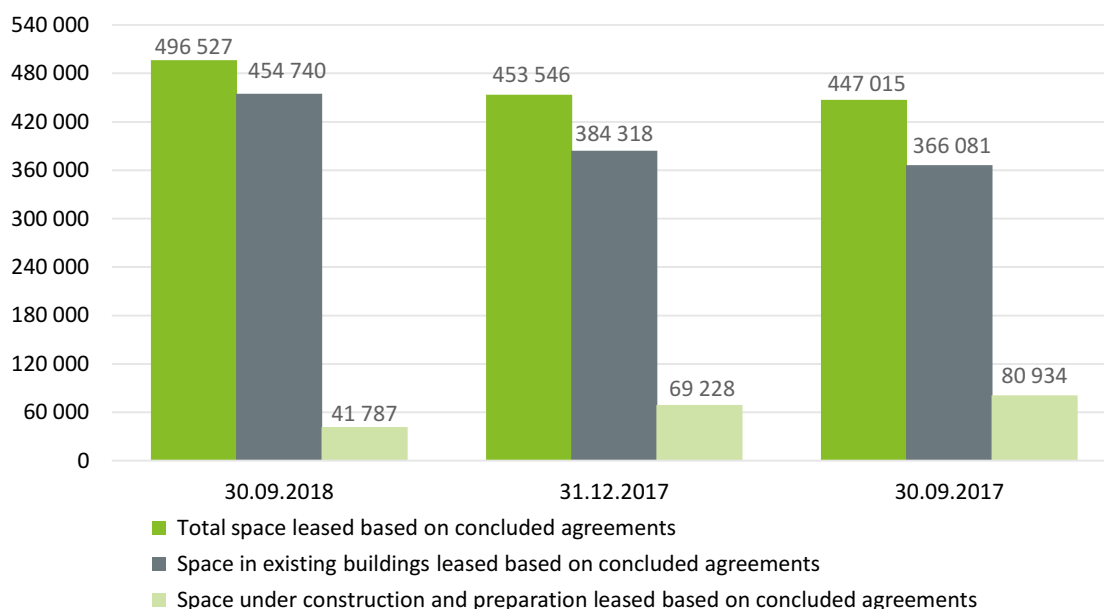
List of the leasable area based on concluded agreements and the vacant space as at 31 December 2017:

Logistics park	Construction potential (m ²)	Developed space (m ²)	Space under construction (m ²)	Space to be developed – under lease agreements (m ²)	Space in existing buildings under lease agreements (m ²)	differences arising from measurement	Space under construction – under lease agreements (m ²)	Existing vacant space (m ²)	Space leased as % of the sum of developed space and space under construction	Developed space and space under construction as % of the development potential
MLP Pruszków I	170 695	166 039	3 662	-	164 101	-	3 662	1 938	99%	99%
MLP Pruszków II	260 000	112 508	-	22 537	106 947	-	-	5 561	95%	43%
MLP Poznań	86 200	38 865	6 730	-	38 865	-	3 561	-	93%	53%
MLP Lublin	44 000	27 867	-	-	27 867	-	-	-	100%	63%
MLP Teresin	37 833	37 833	-	-	37 833	-	-	-	100%	100%
MLP Gliwice	68 000	-	24 945	5 820	-	-	24 945	-	-	-
MLP Wrocław	63 500	8 705	-	-	8 705	-	-	-	100%	14%
MLP Czeladź	74 200	-	8 703	-	-	-	8 703	-	100%	-
MLP Unna	56 700	48 096	-	-	48 096	-	-	-	-	-
MLP Bucharest West	97 590	-	-	-	-	-	-	-	-	-
	958 718	439 913	44 040	28 357	432 414	-	40 871	7 499	98%	50%

Space leased as at 30 September 2018, as at 31 December 2017 and as at 30 September 2017 (m²)



Space leased as at 30 September 2018, as at 31 December 2017 and as at 30 September 2017 (m²) - in logistics parks in Poland

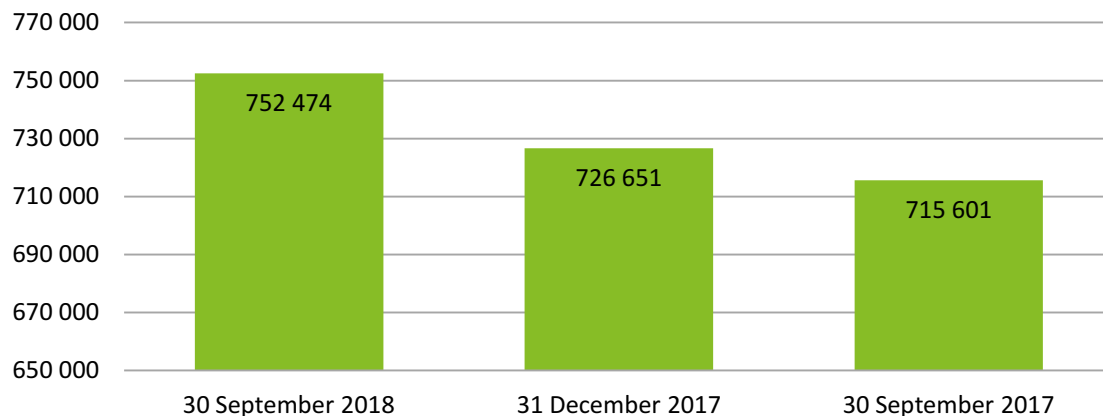


The total space leased as at 30 September 2018 was 496,527 m² and increased by 42,981 m² in comparison to total space leased in logistics parks in the territory of Poland as at 31 December 2017, whereas in comparison to the first nine months of 2017 this space increased by 49,512 m². In MLP Unna park, the tenant handed over the leased space, while MLP Logistic Park Germany I Sp. z o.o. &Co KG leased parking places and is searching for a lessee for warehouse space.

The Group, in the 9-month period ended 30 September 2018, signed lease agreements for 60,927 m² of space.

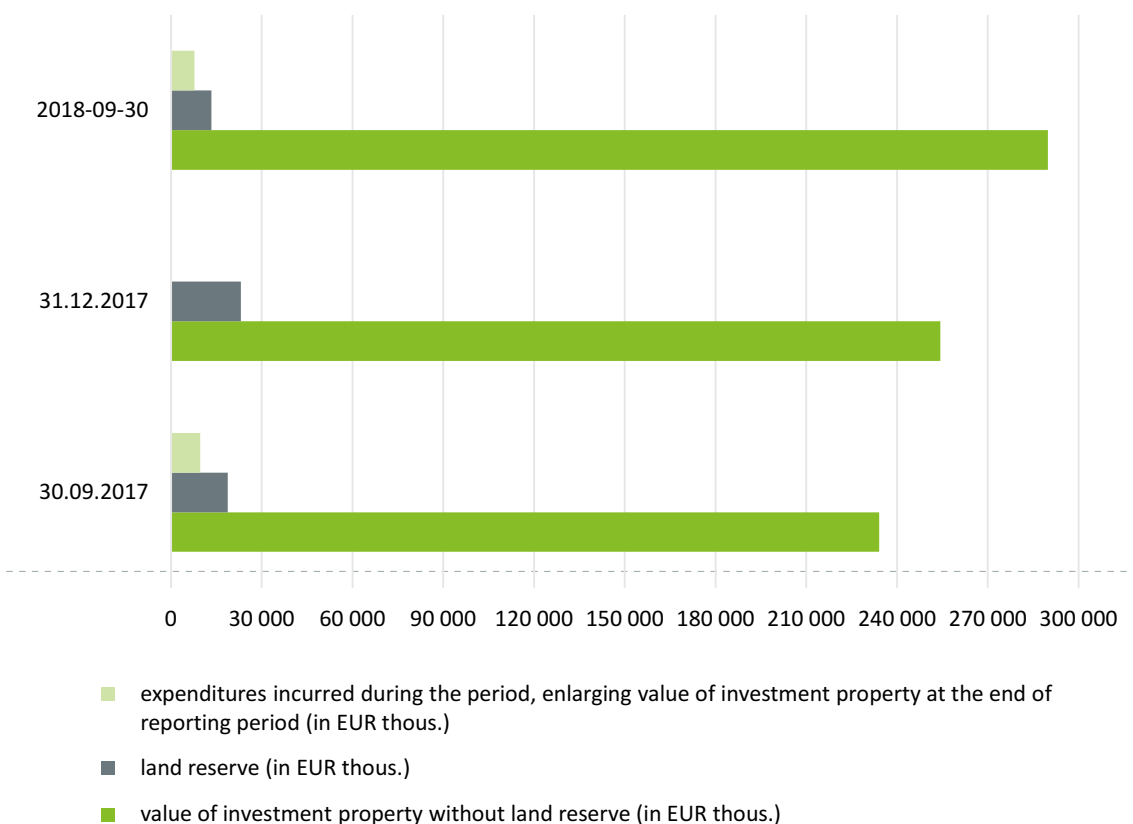
Changes in leased space in the period of nine months of 2018 are disclosed in note 5 in the additional information to the quarterly financial information of the Group.

Net asset value (NAV) in PLN 000s



Net asset value amounted to PLN 752,474 thousand as at 30 September 2018 and increased by 3.55% comparing to 31 December 2017.

Value of investment property (EUR 000s)



The Group prepares investment property valuation two times a year (as at 30 June and 31 December), unless there are changes requiring revaluations. As at 30 September 2018, property valuation performed on the basis of valuation reports by independent experts as at 31 December 2017 was maintained, in addition to the valuation in MLP Lublin park, which was adjusted because of a signed lease agreement and an agreement with the General Contractor and in addition to the valuation in MLP Pruszków I park, where a fire in one of the buildings was taken into account in the property value. The land reserve valuation based on the comparative approach at the end of the current reporting period has been maintained in PLN (in the same amount as at 30 June 2018), while the value of other property valuations presented in EUR has been recalculated to PLN using the average exchange rate of the National Bank of Poland on 30 September 2018 and then updated by capital expenditures incurred in the period from 1 July 2018 to 30 September 2018.

Detailed information on the investment properties are presented in note 8 in the Group's Interim condensed consolidated financial statements.

Except for the information already presented in this consolidated quarterly report for the nine-month period ended 30 September 2018, there is no other information relevant to the Group's assessment of the personnel or financial position or its financial result or their changes or for the assessment of the Group's ability to settle its liabilities.

6. Factors that, in the opinion of the Company's Management Board, will affect the Group's results in at least one quarter period

The most important factors which could influence the Group's financial situation in the period of at least three following months are:

- Macroeconomic factors and general economic situation,
- Interest rates level,
- Exchange rates fluctuations and
- Investment property revaluation.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice-President

Tomasz Zabost
Member of the Management Board

Pruszków, 14 November 2018

IV. Quarterly financial information of MLP Group S.A. with notes and explanations

Condensed standalone statement of profit or loss and other comprehensive income

<i>for the period of</i>	9 months	3 months	9 months	3 months	
Note	ended	ended	ended	ended	
	30 September	30 September	30 September	30 September	
	2018	2018	2017	2017	
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	
Revenue	9	6 873	2 377	6 099	2 025
Other operating income		495	77	63	53
Selling and administrative expenses	10	(5 580)	(2 164)	(5 204)	(1 755)
Other operating expenses		(93)	(75)	(65)	(56)
Operating profit		1 695	215	893	267
Financial income	11.	8 234	1 424	1 749	309
Financial expenses	11.	(4 081)	(1 099)	(1 859)	(981)
Net financial income/(costs)		4 153	325	(110)	(672)
Profit/(loss) before tax		5 848	540	783	(405)
Income tax		(3 494)	(69)	(273)	(40)
Net profit/(loss)		2 354	471	510	(445)
Total comprehensive income		2 354	471	510	(445)
Net profit / (loss) attributable to:					
Owners of the Parent Company		2 354	471	510	(445)
Net profit/(loss)		2 354	471	510	(445)
Comprehensive income attributable to:					
Owners of the Parent Company		2 354	471	510	(445)
Total comprehensive income		2 354	471	510	(445)
Profit/(loss) per share					
Basic (PLN)		0,13	0,03	0,03	(0,02)

Condensed standalone statement of financial position

	<i>as at</i>	30 September	31 December
	Note	2018	2017
		<i>(unaudited)</i>	
Non-current assets			
Intangible assets		783	12
Prepayments for intangible assets		-	726
Property, plant and equipment		108	149
Long-term financial assets in related parties	1.2	123 361	123 249
Long-term investments	2.	246 354	150 063
Deferred tax assets		2 480	5 973
Other long-term investments		721	599
Total non-current assets		373 807	280 771
Current assets			
Short-term investments	3.	3 295	2 767
Trade and other receivables	4.	2 213	4 381
Cash and cash equivalents	5.	11 219	15 500
Total current assets		16 727	22 648
TOTAL ASSETS		390 534	303 419
Equity			
Share capital		4 529	4 529
Reserve capital		4 194	4 194
Share premium		71 121	71 121
Supplementary capital		64 485	64 485
Retained earnings		6 387	7 293
Total equity		150 716	151 622
Non-current liabilities			
Loans and other debt instruments	6.1	225 008	148 620
Total non-current liabilities		225 008	148 620
Current liabilities			
Loans and other debt instruments	6.2	10 407	355
Employee benefits	7.	157	2 127
Trade and other payables	8.	4 246	695
Total current liabilities		14 810	3 177
Total liabilities		239 818	151 797
TOTAL EQUITY AND LIABILITIES		390 534	303 419

Condensed standalone statement of cash flows

<i>for the 9-month period ended 30 September</i>	Note	2018 <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Cash flows from operating activities			
Profit before tax		5 848	783
<i>Adjustments for:</i>			
Depreciation and amortization		89	61
Net interest		517	265
Foreign exchange differences		1 204	(163)
Other		(122)	(567)
Movement in receivables		(5 581)	1 096
Movement in current liabilities and other liabilities		(1 679)	(1 524)
Cash from operating activities		276	(49)
Income tax paid		(1)	741
Net cash from operating activities		275	692
Cash flows from investing activities			
Interest received		607	-
Loans granted		(142 797)	(47 788)
Repayments of loans granted		50 689	494
Purchase of investment property, tangible fixed assets and intangible assets		(93)	(690)
Expenses on other investments in financial assets		-	(21)
Cash from investing activities		(91 594)	(48 005)
Cash flows from financing activities			
Borrowings drawn		38 169	2 751
Bond issue		42 473	84 310
Income on account of received dividend		7 749	-
Paid interest on bonds		(1 295)	-
Purchase of shares		(112)	-
Cash from financing activities		86 984	87 061
Total cash flow		(4 335)	39 748
Cash and cash equivalents at the beginning of the period			
Impact of changes due to foreign exchange differences in cash and cash equivalents		54	914
Cash and cash equivalents at the end of the period	5.	11 219	42 767

Condensed standalone statement of changes in equity

	Share capital	Reserve capital	Share premium	Supplementary capital	Retained earnings	Total equity
Equity as at 1 January 2017	4 529	4 194	71 121	64 485	3 350	147 679
<u>Comprehensive income:</u>						
Financial result*	-	-	-	-	510	510
Comprehensive income for the period ended 30 September 2017*	-	-	-	-	510	510
Equity as at 30 September 2017*	4 529	4 194	71 121	64 485	3 860	148 189
Equity as at 1 January 2018	4 529	4 194	71 121	64 485	7 293	151 622
<u>Comprehensive income:</u>						
Financial result*	-	-	-	-	2 354	2 354
Comprehensive income for the period ended 30 September 2018*	-	-	-	-	2 354	2 354
Advance payment of dividend	-	-	-	-	(3 260)	(3 260)
Equity as at 30 September 2018*	4 529	4 194	71 121	64 485	6 387	150 716

* Unaudited data

Notes and explanations to the interim condensed standalone financial statements of MLP Group S.A.

1. Long-term financial assets in related parties

1. 1 Shares and equities

The Company holds shares in the following subsidiaries:

Entity	Country of registry	Direct and indirect share of the Parent Company in equity		Direct and indirect share held by the Parent Company in voting rights	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Lublin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Teresin Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP FIN Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Sp. z o.o.	Poland	100%	100%	100%	100%
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%	100%	100%
MLP Wrocław Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Gliwice Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Łódź Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Czeladź Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Temp Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund LP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Dortmund GP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Logistic Park Germany I Sp. z o.o. & Co KG.	Germany	100%	100%	100%	100%
MLP Poznań West II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest West SRL	Romania	100%	100%	100%	100%
MLP Teresin II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków V Sp. z o.o. in organization ¹⁾	Poland	100%	-	100%	-
MLP Germany Management GmbH ²⁾	Germany	100%	-	100%	-

¹⁾ On 13 March 2018, MLP Pruszków V Sp. z o.o. was established under a deed of formation. On 4 April 2018, MLP Group S.A. acquired 50 shares in MLP Pruszków V Sp. z o.o. with the total value of PLN 5,000, thus directly acquiring a 100% stake in its equity and voting rights. The shares were paid up in full with a cash contribution.

²⁾ On 5 July 2018, the company under the business name of MLP Germany Management GmbH was formed on the basis of deed of formation. Shares in the newly created company were acquired entirely by MLP Group S.A. (25,000 shares with a total nominal value of EUR 25,000).

1. 2 Long-term financial assets in related parties

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Gross value at the beginning of the period	123 249	123 224
Acquisition of shares in MLP Pruszków V Sp. z o.o. ¹⁾	5	-
Acquisition of shares in MLP Dortmund LP Sp. z o.o.	-	5
Acquisition of shares in MLP Dortmund GP Sp. z o.o.	-	5
Acquisition of shares in MLP Poznań West II Sp. z o.o.	-	5
Acquisition of shares in MLP Bucharest West Sp. z o.o.	-	5
Acquisition of shares in MLP Teresin II Sp. z o.o.	-	5
Acquisition of shares in MLP Germany Management GmbH ²⁾	107	-
Gross value at the end of the period	123 361	123 249
Net value at the end of the period	123 361	123 249

2. Long-term investments

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Long-term loans granted to related parties	246 354	150 063

3. Short-term investments

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Short-term loans granted to related parties	3 295	2 767
Total short-term investments	3 295	2 767

4. Trade and other receivables

<i>as at</i>	30 September 2018	31 December 2017
	<i>(unaudited)</i>	
Trade receivables from related parties	1 490	973
Trade receivables from third parties	-	52
Taxation and social security liabilities	28	48
Prepayments	635	244
Dividends	-	3 023
Other	60	41
Trade and other receivables	2 213	4 381

5. Cash and cash equivalents

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Cash on hand		3	12
Cash in bank		7 213	15 029
Short-term deposits		4 003	459
Cash and cash equivalents, value presented in the condensed standalone statement of financial position		11 219	15 500
Cash and cash equivalents, value presented in the condensed standalone statement of cash flows		11 219	15 500

6. Loans, borrowings, other debt instruments and other liabilities

6. 1 Non-current liabilities

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Loans received from related parties		96 866	65 202
Bonds		128 142	83 418
Non-current liabilities on account of loans and debt instruments		225 008	148 620

6. 2 Current liabilities

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Bonds		1 436	355
Loans received from related parties		8 971	-
Current liabilities on account of loans and other debt instruments		10 407	355

7. Employee benefits

	<i>as at</i>	30 September 2018 <i>(unaudited)</i>	31 December 2017
Special funds		157	157
Cash-settled share-based payments		-	1 970
		157	2 127

8. Trade and other payables

	<i>as at</i>	30 September 2018	31 December 2017
		<i>(unaudited)</i>	
Trade liabilities to other parties		804	227
Tax and social security liabilities		98	173
Accrued expenses		42	223
Investment liabilities, guarantees and others		42	72
Advance dividend payment for shareholders		3 260	-
Trade and other payables		4 246	695
Income tax liabilities		-	-
Current liabilities		4 246	695

9. Revenue

	<i>for the period of</i>	9 months ended 30 September 2018	3 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2017
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Property management		2 637	912	2 345	799
Project management		478	181	424	138
Advisory services		3 221	1 102	2 758	931
Reinvoiced services		537	182	359	157
Other revenue		-	-	213	-
Total revenue		6 873	2 377	6 099	2 025
<i>including revenue from related parties</i>		<i>6 704</i>	<i>2 376</i>	<i>5 886</i>	<i>2 025</i>

10. Selling and administrative expenses

	<i>for the period of</i>	9 months ended 30 September 2018	3 months ended 30 September 2018	9 months ended 30 September 2017	3 months ended 30 September 2017
		<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation and amortization		(89)	(52)	(61)	(16)
Consumption of materials and energy		(179)	(66)	(120)	(27)
External services		(3 231)	(1 197)	(3 338)	(1 172)
Taxes and charges		(36)	(11)	(48)	(10)
Payroll		(1 302)	(492)	(1 225)	(406)
Social security and other employee benefits		(248)	(72)	(234)	(64)
Other costs by type		(495)	(274)	(178)	(60)
Selling and administrative expenses		(5 580)	(2 164)	(5 204)	(1 755)

Selling and administrative expenses for the 9-month period ended 30 September 2018 of PLN 5,580 thousand were related mostly to costs of the maintenance of revenue-generating investment properties owned by the subsidiaries as well as consulting services. The company recoups those amounts by issuing invoices for managing the properties of those subsidiaries.

11. Financial income and expenses

<i>for the period of</i>	9 months	3 months	9 months	3 months
	ended	ended	ended	ended
	30 September	30 September	30 September	30 September
	2018	2018	2017	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted to related parties	3 205	1 414	1 552	586
Revenues from interest on bank deposits	-	-	6	2
Revenues on account of received dividend	5 000	-	-	-
Other	29	10	-	-
Foreign exchange differences net	-	-	191	(279)
Total financial income	8 234	1 424	1 749	309
Interest expenses on loans from related parties	(1 347)	(623)	(784)	(269)
Interest on bonds	(2 375)	(931)	(1 033)	(674)
Foreign exchange differences net	(223)	510	-	-
Other financial expenses	(136)	(55)	(42)	(38)
Total financial expenses	(4 081)	(1 099)	(1 859)	(981)

The foreign exchange differences result mainly from the valuation as at the balance sheet date of liabilities, receivables from loans and liabilities on bonds denominated in EUR.

Details of financial income and costs from related parties are disclosed in note 12.3. to the quarterly financial information of MLP Group S.A.

12. Related party transactions

12. 1 Trade and other receivables and liabilities

The balances of transactions with related parties concerning trade and other receivables and liabilities as at 30 September 2018* are as follows:

<i>* Unaudited data</i>	Trade and other receivables	Trade and other liabilities ¹⁾
Parent company		
The Israel Land Development Company Ltd., Tel-Awiw	95	-
	95	-
Other related parties		
MLP Pruszków I Sp. z o.o.	549	-
MLP Pruszków II Sp. z o.o.	108	-
MLP Pruszków III Sp. z o.o.	126	-
MLP Pruszków IV Sp. z o.o.	45	-
MLP Poznań II Sp. z o.o.	40	-
MLP Energy Sp. z o.o.	27	-
MLP Wrocław Sp. z o.o.	64	-
MLP Czeladź Sp z o.o.	63	-
MLP Gliwice Sp. z o.o.	117	-
MLP Bieruń Sp. z o.o.	12	-
MLP Bieruń I Sp. z o.o.	5	-
MLP Łódź Sp. z o.o.	1	-
MLP Poznań West II Sp. z o.o.	18	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	27	-
MLP Bucharest West SRL	1	-
MLP Germany Management GmbH	3	-
	1 395	-
Total	1 490	-

¹⁾ "Trade and other liabilities" do not include key management personnel remunerations or share-based payments that are disclosed in Note 13.

12. 2 Loans granted and received

Related party balances related to loans granted and received as at 30 September 2018* are as follows:

<i>* Unaudited data</i>	Loans granted	Loans received
Other related parties		
MLP Pruszków I Sp. z o.o.	4 861	81 465
MLP Pruszków II Sp. z o.o.	5 257	-
MLP Pruszków III Sp. z o.o.	22 691	-
MLP Poznań Sp. z o.o.	2 149	-
MLP Poznań II Sp. z o.o.	165	-
MLP Lublin Sp. z o.o.	10 071	-
MLP Teresin Sp. z o.o.	8 001	-
MLP Wrocław Sp. z o.o.	10 781	-
MLP Czeladź Sp z o.o.	28 584	-
MLP Gliwice Sp. z o.o.	26 078	-
MLP Property Sp. z.o.o.	306	-
MLP Poznań West Sp. z o.o.	770	-
MLP Temp Sp. z o.o.	-	13 470
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	10 902
MLP Bieruń Sp. z o.o.	4 121	-
MLP Bieruń I Sp. z o.o.	1 309	-
MLP FIN Sp. z o.o.	56	-
MLP Poznań West II Sp. z o.o.	32 103	-
MLP Bucharest West Sp. z o.o.	17 697	-
MLP Dortmund LP Sp. z o.o.	40	-
MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k.	34	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	20 888	-
MLP Bucharest West SRL	1 336	-
MLP Pruszków I	15 339	-
Fenix Polska Sp. z o.o.	37 012	-
	249 649	105 837

12. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the nine-month period ended 30 September 2018* are as follows:

<i>* Unaudited data</i>	Revenue from sales of services	Interest income	Other financial income
The Israel Land Development Company Ltd., Tel-Awiw	152	-	-
	152	-	
Other related parties			
MLP Pruszków I Sp. z o.o.	3 995	107	-
MLP Pruszków II Sp. z o.o.	193	96	-
MLP Pruszków III Sp. z o.o.	442	119	-
MLP Pruszków IV Sp. z o.o.	245	-	-
MLP Poznań Sp. z o.o.	166	17	-
MLP Poznań II Sp. z o.o.	248	3	-
MLP Lublin Sp. z o.o.	265	92	-
MLP Teresin Sp. z o.o.	197	174	-
MLP Energy Sp. z o.o.	86	-	5 000
MLP Wrocław Sp. z o.o.	148	39	-
MLP Czeladź Sp z o.o.	114	182	-
MLP Gliwice Sp. z o.o.	258	554	-
MLP Property Sp. z.o.o.	-	6	-
MLP Poznań West Sp. z o.o.	-	17	-
MLP Bieruń Sp. z o.o.	-	7	-
MLP FIN Sp. z o.o.	-	1	-
MLP Łódź Sp. z o.o.	5	-	-
MLP Poznań West II Sp. z o.o.	46	534	-
MLP Bucharest West Sp. z o.o.	-	257	-
MLP FIN Spółka z ograniczoną odpowiedzialnością sp.k.	-	1	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	121	335	-
MLP Bucharest West SRL	6	4	-
Fenix Polska Sp. z o.o.	-	633	-
	6 552	3 205	5 000
Total revenue	6 704	3 205	5 000

	Purchase of services and payroll costs	Interest expenses
Other related parties		
MLP Pruszków I Sp. z o.o.	(42)	(977)
MLP Teresin Sp. z o.o.	(4)	-
MLP Wrocław Sp. z o.o.	(3)	-
MLP Czeladź Sp z o.o.	(3)	-
MLP Gliwice Sp. z o.o.	(3)	-
MLP Temp Sp. z o.o.	-	(123)
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	(247)
MLP Poznań West II Sp. z o.o.	(2)	-
	(57)	(1 347)

	Purchase of services and payroll costs	Interest expenses
Key management personnel		
ROMI CONSULTING, Michael Shapiro	(235)	-
RTK CONSULTING, Radosław T. Krochta	(467)	-
PROFART, Tomasz Zabost	(326)	-
Other key management personnel	(595)	-
	(1 623)	-
Total costs	(1 680)	(1 347)

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

<i>for the 9-month period ended 30 September</i>	2018	2017
	<i>(unaudited)</i>	<i>(unaudited)</i>
Remunerations of the Management Board:		
• Remunerations and other benefits:		
Radosław T. Krochta	467	280
Michael Shapiro	235	287
Tomasz Zabost	326	95
	1 028	662
• Cash-settled share-based payments	657	824
Remunerations of the Supervisory Board:		
• Remunerations and other benefits		
Maciej Matusiak	22	23
Jacek Tucharz	13	23
Eytan Levy	22	23
Shimshon Marfogel	22	23
Daniel Nimrodi	22	23
Guy Shapira	22	-
Piotr Chajderowski	10	23
	133	138
Total remunerations paid or due to members of the Company's management and supervisory bodies	1 818	1 624
Other key management personnel:		
• Remunerations and other benefits	595	584
• Cash-settled share-based payments	618	708
	1 213	1 292
Total remunerations paid or due to members of the Company's management and supervisory bodies and key management personnel	3 031	2 916

Apart from the transactions presented in the note above in the Quarterly Financial Information of MLP Group S.A., Members of the Management Board, Supervisory Board and other key management personnel did not receive any other benefits from the Company.

14. Employment structure

	<i>as at</i>	30 September 2018 (unaudited)	31 December 2017
Number of employees		19	15

Radosław T. Krochta
President

Michael Shapiro
Vice-President

Tomasz Zabost
Member of the Management Board

Pruszków, 14 November 2018