



MLP
GROUP



MLP Group S.A. Capital Group
CONSOLIDATED
HALF-YEAR REPORT

FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2017

www.mlp.pl

This document is a translation.
Polish version prevails.

Published pursuant to § 82 sec. 1 point 1 of the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal 2014 item 133)

Contents of Consolidated quarterly report:

I. Selected financial data of MLP Group S.A. Capital Group	6
II. The interim condensed consolidated Financial statements of the MLP Group S.A. Capital Group for the 6 month period ended 30 June 2017	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
Explanatory information 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 structure</i>	16
1.4 <i>The 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 General Meeting of Shareholders</i>	16
1.4.2 <i>Shares and rights to shares of the Parent Company owned by members of management and supervisory bodies</i>	17
2. Basis for the preparation of the interim condensed consolidated financial statements	17
2.1 <i>Statement of compliance</i>	17
2.2 <i>Status of Standards Approval 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 preparation of interim condensed consolidated financial statements</i>	18
2.4 <i>Functional and presentation currency and methods applied to translation of financial data</i>	18
2.4.1 <i>Functional and presentation currency</i>	18
2.4.2 <i>Basis of financial data valuation</i>	18
2.5 <i>Use of estimates and judgments</i>	18
3. Segment reporting	18
4. Revenues	20
5. Selling and administrative expenses	20
6. Financial income and costs	21
7. Income tax	22

8. Investment property	23
8.1 <i>The Fair value of the Group's investment property</i>	24
9. Deferred tax	33
10. Other investments	35
11. Trade and other receivables	35
12. Cash and cash equivalents	36
13. Explanatory information to condensed consolidated statement of cash flows	36
13.1 <i>Cash flows related to loans</i>	36
13.2 <i>Changes in trade and other receivables</i>	37
13.3 <i>Changes in short-term and other liabilities</i>	37
14. Equity	38
14.1 <i>Share capital</i>	38
15. Earnings per share	38
16. Credits, loans, other debt instruments and other liabilities	38
16.1 <i>Long-term liabilities</i>	38
16.2 <i>Short-term liabilities</i>	39
16.3 <i>Bond liabilities</i>	40
16.4 <i>Credits, loans secured and unsecured on the Group's assets</i>	40
17. Payroll liabilities	42
18. Trade and other liabilities	42
19. Financial instruments	43
19.1 <i>Valuation of financial instruments</i>	43
19.1.1 <i>Financial assets</i>	43
19.1.2 <i>Financial liabilities</i>	44
19.2 <i>Other disclosures relating to financial instruments</i>	44
20. Contingent liabilities and pledges	45
21. Related party transactions	45
21.1 <i>Trade and other receivables and payables</i>	45
21.2 <i>Loans granted and received</i>	45
21.3 <i>Revenues and expenses</i>	46
22. Significant events during the financial period and subsequent events	46
23. Remuneration paid or due to members of management and supervisory bodies	47
24. Employment structure	48
III. Interim condensed separate financial statements	49
Approval of condensed separate financial statements	50
Condensed separate statement of profit or loss and other comprehensive income	51
Condensed separate statement of financial position	52
Condensed separate statement of cash flows	53

Condensed separate statement of changes in equity	54
Explanatory information to the interim condensed separate financial statements	55
1. General information	55
1.1 <i>Information on MLP Group S.A.</i>	55
1.2 <i>Information on the Capital Group</i>	55
1.3 <i>Composition of the Management Board</i>	55
1.4 <i>Composition of the Supervisory Board</i>	56
2. Basis for the preparation of the interim condensed separate financial statements	56
2.1 <i>Statement of compliance</i>	56
2.2 <i>Status of Standards Approval in the European Union</i>	56
2.3 <i>Basis for preparation of the financial statements</i>	56
2.4 <i>Functional and presentation currency</i>	56
2.4.1 <i>Functional and presentation currency</i>	56
2.4.2 <i>Basis of financial data valuation</i>	57
2.5 <i>Use of estimates and judgments</i>	57
3. Segment reporting	57
3.1 <i>Information on the key customers of the Company</i>	57
4. Revenues	58
5. Other operating income	58
6. Selling and administrative expenses	58
7. Financial income and costs	59
8. Income tax	59
9. Long-term investments in related parties	60
10. Long-term investments	62
11. Short-term investments	62
12. Deferred tax	63
13. Trade and other receivables	64
14. Cash and cash equivalents	64
15. Equity	65
15.1 <i>Share capital</i>	65
15.2 <i>Other capital reserve</i>	65
16. Earnings per share	66
17. Loans and other debt instruments	66
17.1 <i>Long term liabilities</i>	66
17.2 <i>Short term liabilities</i>	66
17.3 <i>Bond liabilities</i>	67
17.4 <i>Credits, loans secured and unsecured on the Group's assets</i>	67
18. Payroll liabilities	68
19. Trade and other liabilities	68

20. Financial instruments	69
20.1 <i>Valuation of financial instruments</i>	69
20.1.1 <i>Financial assets</i>	69
20.1.2 <i>Financial liabilities</i>	69
21. Contingent liabilities and pledges	69
22. Related party transactions	70
22.1 <i>Trade and other receivables and payables</i>	70
22.2 <i>Loans granted and received</i>	71
22.3 <i>Revenues and expenses</i>	72
23. Significant litigation and disputes	73
24. Significant events during the period and subsequent events	73
25. Remuneration paid or due to members of management and supervisory bodies of the Company	74
26. Employment structure	74
IV. MLP Group S.A. Capital Group Management Board's report on activities for the 6 month period ended 30 June 2017.	75

I. Selected financial data of MLP Group S.A. Capital Group

Average exchange rates of Polish złoty against Euro in the period covered by the interim condensed consolidated financial statements:

	30 June 2017	31 December 2016	30 June 2016
Average exchange rate during the period *	4,2474	4,3757	4,3805
Exchange rate at the last day of the period	4,2265	4,4240	4,4255

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

Main positions of the interim condensed consolidated statement of financial position converted into euro:

	30 June 2017		31 December 2016	
	PLN thousand (unaudited)	EUR thousand (unaudited)	PLN thousand	EUR thousand
Non-current assets	1 148 876	271 827	1 042 700	235 692
Current assets	157 401	37 241	135 281	30 579
Total assets	1 306 277	309 068	1 177 981	266 271
Long term liabilities	508 899	120 407	435 140	98 359
Short term liabilities	99 333	23 502	67 115	15 171
Equity, including:	698 045	165 159	675 726	152 741
Share capital	4 529	1 072	4 529	1 024
Total equity and liabilities	1 306 277	309 068	1 177 981	266 271
Number of shares (in units)	18 113 255	18 113 255	18 113 255	18 113 255
The book value and diluted book value per share attributable to the owners of the Parent Company (in PLN)	38,54	9,12	37,31	8,43

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

The main positions of the interim condensed consolidated statement of profit or loss and other comprehensive income converted into euro:

	30 June 2017		30 June 2016	
	PLN thousand (unaudited)	EUR thousand (unaudited)	PLN thousand (unaudited)	EUR thousand (unaudited)
Revenues	47 545	11 194	43 420	9 912
Other operating income	221	52	1 386	316
Gain/(loss) on revaluation of investment property	(2 227)	(524)	27 381	6 251
Selling and administrative expenses	(24 567)	(5 784)	(21 362)	(4 877)
Operating profit	18 763	4 418	49 163	11 223
Profit before taxation	23 262	5 477	37 333	8 523
Net profit	19 880	4 681	26 216	5 985
Total comprehensive income	22 319	5 255	27 173	6 203
Net profit attributable to the owners of the Parent Company	19 880	4 681	26 216	5 985
Net profit and diluted net profit per share attributable to the owners of the Parent Company (in PLN)	1,10	0,26	1,45	0,33

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

The main positions of the interim condensed consolidated statement of cash flows converted into Euro:

	<i>for 6 months ended</i>		30 June 2017		30 June 2016	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand	PLN thousand	EUR thousand
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net cash flow from operating activities	35 989	8 473	9 226	2 106		
Cash flow from investing activities	(72 682)	(17 112)	(28 621)	(6 534)		
Cash flow from financing activities	80 950	19 059	(48 479)	(11 067)		
Total net cash flows	44 257	10 420	(67 874)	(15 495)		

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

	<i>as at</i>		30 June 2017		31 December 2016	
	PLN thousand	EUR thousand	PLN thousand	EUR thousand	PLN thousand	EUR thousand
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Cash at the beginning of the period	61 694	13 945	122 978	28 858		
Cash at the end of the period	105 951	25 068	61 694	13 945		

To translate the above data of the interim condensed consolidated statement of cash flows the following exchange rates were used:

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

Euro exchange rate on the last day of the reporting period ended 31 December 2015 was 4.2615 EUR/PLN.



MLP Group S.A. **Capital Group**

**Condensed interim
consolidated financial statements**

for the 6 month period ended 30 June 2017
prepared in accordance with the IFRS EU

II. The interim condensed consolidated financial statements

Approval of the interim condensed consolidated financial statements

On 22 August 2017 the Management Board of the Parent Company MLP Group S.A. approved for publication the interim condensed consolidated financial statements ("Consolidated financial statements", "Condensed consolidated financial statements") of MLP Group S.A. Capital Group ("Group") for the period from 1 January 2017 to 30 June 2017.

The interim condensed consolidated financial statements for the period from 1 January 2017 to 30 June 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS EU") as approved by the European Union, applicable to the 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 2017 to 30 June 2017, with a net profit of PLN 19,880 thousand.
2. Condensed consolidated statement of financial position as at 30 June 2017, with total assets and total liabilities and equity of PLN 1,306,277 thousand.
3. Condensed consolidated statement of cash flows for the period from 1 January 2017 to 30 June 2017, with a net cash increase of PLN 44,257 thousand.
4. Condensed statement of changes in consolidated equity for the period from 1 January 2017 to 30 June 2017, with consolidated equity increase of PLN 22,319 thousand.
5. Explanatory information to the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in PLN thousand, unless otherwise stated.

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

	<i>for 6 months ended 30 June</i>	Note	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Revenues		4	47 545	43 420
Other operating income			221	1 386
Gain/(loss) on revaluation of investment properties		8	(2 227)	27 381
Selling and administrative expenses		5	(24 567)	(21 362)
Other operating costs			(2 209)	(1 662)
Operating profit			18 763	49 163
Financial income		6	11 543	1 682
Financial cost		6	(7 044)	(13 512)
Net financial income/(costs)			4 499	(11 830)
Profit before taxation			23 262	37 333
Corporate income tax		7	(3 382)	(11 117)
Net profit			19 880	26 216
Other comprehensive income				
Currency translation differences on foreign operations			(27)	-
Effective part of changes in the fair value of cash flow hedges			3 045	1 182
Corporate income tax on other comprehensive income			(579)	(225)
Other comprehensive income (net of tax)			2 439	957
Total comprehensive income			22 319	27 173
Net profit attributable to:				
Owners of the Parent Company			19 880	26 216
Net profit			19 880	26 216
Comprehensive income attributable to:				
Owners of the Parent Company			22 319	27 173
Total comprehensive income			22 319	27 173
Profit per share		15		
- Basic and diluted profit for the period attributable to ordinary shareholders of the parent company (in PLN)			1,10	1,45

Condensed consolidated statement of financial position

	<i>as at</i> Note	30 June 2017 <i>(unaudited)</i>	31 December 2016
Non-current assets			
Tangible fixed assets		760	960
Intangible assets		18	20
Advances for intangible assets		599	-
Investment property	8	1 075 438	968 524
Other long-term investments	10	65 555	65 964
Other long-term assets		290	51
Deferred tax assets	9	6 216	7 181
Total non-current assets		1 148 876	1 042 700
Current assets			
Inventories		32	267
Short-term investments	10	22 866	22 884
Corporate income tax receivables	11	1 587	971
Trade and other receivables	11	24 399	42 481
Other short-term investments	10	2 566	6 984
Cash and cash equivalents	12	105 951	61 694
Total current assets		157 401	135 281
TOTAL ASSETS		1 306 277	1 177 981
Equity			
	14		
Share capital		4 529	4 529
Other capital reserve		81 384	81 384
Share premium		71 121	71 121
Reserve capital		153 963	153 963
Capital reserve from valuation of hedging instruments		(1 920)	(4 386)
Currency-translation differences on subordinated entities		(27)	-
Retained earnings		388 995	369 115
Total equity		698 045	675 726
Long-term liabilities			
Credits, loans and other debt instruments	16.1	397 920	327 068
Deferred tax liabilities	9	94 643	93 778
Other long-term liabilities	16.1	16 336	14 294
Total long-term liabilities		508 899	435 140
Short-term liabilities			
Credits, loans and other debt instruments	16.2	18 000	13 810
Other short-term liabilities	16.2	3 040	6 196
Payroll liabilities	17	2 205	2 205
Corporate income tax liabilities	18	471	939
Trade and other liabilities	18	75 617	43 965
Total short-term liabilities		99 333	67 115
Total liabilities		608 232	502 255
TOTAL EQUITY AND LIABILITIES		1 306 277	1 177 981

Condensed consolidated statement of cash flows

	<i>for 6 months ended 30 June</i>	Note	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before taxation			23 262	37 333
<i>Adjustments for:</i>				
Depreciation			151	107
Change in fair value of investment properties			2 227	(27 381)
Net interest			6 260	5 559
Foreign exchange differences			(12 486)	9 272
Other			(239)	51
Changes in trade and other receivables		13.2	18 317	8 077
Changes in short-term and other liabilities		13.3	1 712	(21 298)
Cash generated from operating activities			39 204	11 720
Income tax paid			(3 215)	(2 494)
Net cash from operating activities			35 989	9 226
Cash flows from investing activities				
Interest received			97	366
Repayment of loans granted			260	6
Purchase of investment property, tangible fixed assets and intangible assets			(77 229)	(31 572)
Disposal of intangible assets and tangible fixed assets			77	1
Other investment proceeds			4 113	2 578
Cash from investing activities			(72 682)	(28 621)
Cash flows from financing activities				
Proceeds from credits and loans		13.1	14 651	9 081
Repayment of credits and loans		13.1	(10 678)	(9 430)
Issue of debt securities			84 310	-
Dividends and other payments to shareholders			-	(41 660)
Interest paid			(6 807)	(6 470)
Paid commission on the loan			(526)	-
Cash from financing activities			80 950	(48 479)
Total cash flow			44 257	(67 874)
Cash and cash equivalents at the beginning of the period		12	61 694	122 978
Cash and cash equivalents at the end of the period		12	105 951	55 104

Condensed statement of changes in consolidated equity

Equity attributable to shareholders of the Parent Company

	Share capital	Other capital reserve	Share premium	Reserve capital	Capital reserve from valuation of hedging instruments	Currency translation differences on the subordinated entities	Retained earnings	Total equity
Equity as at 1 January 2016	4 529	81 384	71 121	153 963	(7 989)	-	344 360	647 368
<u>Comprehensive income:</u>								
Profit for the period*	-	-	-	-	-	-	26 216	26 216
Total other comprehensive income*	-	-	-	-	957	-	-	957
Total comprehensive income for 6 months ended 30 June 2016*	-	-	-	-	957	-	26 216	27 173
Dividend disbursement	-	-	-	-	-	-	(41 660)	(41 660)
Equity as at 30 June 2016*	4 529	81 384	71 121	153 963	(7 032)	-	328 916	632 881
Equity as at 1 January 2017	4 529	81 384	71 121	153 963	(4 386)	-	369 115	675 726
<u>Comprehensive income:</u>								
Profit for the period*	-	-	-	-	-	-	19 880	19 880
Total other comprehensive income*	-	-	-	-	2 466	(27)	-	2 439
Total comprehensive income for 6 months 30 June 2017*	-	-	-	-	2 466	(27)	19 880	22 319
Equity as at 30 June 2017*	4 529	81 384	71 121	153 963	(1 920)	(27)	388 995	698 045

* unaudited

Explanatory information 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 headquarters is seated in Pruszków, 3-go Maja 8 Street.

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 transformation was drawn up on 18 February 1995. The company operates under the name of MLP Group S.A. by virtue of resolution of the Company's General Meeting of 27 June 2007.

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

As at the date of preparation of these interim condensed 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 - Member of the Management Board

The Supervisory Board of the Parent Company:

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

1. 2 Information about the Group

As at the end of the reporting period MLP Group S.A. Capital Group ("Capital Group", "Group") consists of MLP Group S.A. as the Parent Company and 28 subsidiaries.

The higher level parent company for the Capital 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, rental of real estate, the management of residential and non-residential properties, works related to the construction of buildings and other construction (see note 3.).

As at 30 June 2017, MLP Group S.A. Capital Group consisted of the following entities:

Entity	Country of registry	Direct and indirect share of the Parent Company in the equity		Direct and indirect share of the Parent Company in the voting rights	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%	100%	100%
MLP Moszna I Sp. z o.o. ¹⁾	Poland	-	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 MLP Dortmund LP Sp. z o.o. ²⁾	Poland	100%	-	100%	-
MLP MLP Dortmund GP Sp. z o.o. ³⁾	Poland	100%	-	100%	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG. ⁴⁾	Germany	100%	-	100%	-
MLP Poznań West II Sp. z o.o. ⁵⁾	Poland	100%	-	100%	-
MLP Bucharest West Sp. z o.o. ⁶⁾	Poland	100%	-	100%	-

1. 3 Changes in the Group structure

¹⁾ On 2 March 2017, MLP Pruszków III Sp. z o.o. and MLP Moszna I Sp. z o.o. merged, the entire assets of MLP Moszna I Sp. z o.o. were transferred to MLP Pruszkow III Sp. z o.o

²⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund LP Sp. z o.o. was established. The company was registered in the National Court Register on 9 March 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

³⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund GP Sp. z o.o. was established. The company was registered in the National Court Register on 8 March 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

⁴⁾ On 20 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Logistic Park Germany I Sp. z o.o. &Co KG was established.

⁵⁾ On 12 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Poznań West II Sp. z o.o. was established. The company was registered in the National Court Register on 18 April 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

⁶⁾ On 28 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Bucharest West Sp. z o.o. was established. The company was registered in the National Court Register on 5 May 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

The interim condensed consolidated financial statements for the period ended 30 June 2017 includes financial statements of the Parent Company and subsidiaries controlled by the Parent Company ("the Group").

1. 4 The 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 General Meeting of Shareholders

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

Shareholder	Number of shares and votes at the General Meeting of Shareholders	% share in the capital and votes at the General Meeting of Shareholders
MIRO B.V.	452 955	2.50%
MIRO LTD.	99 170	0.55%
GRACECUP TRADING LIMITED	641 558	3.54%
MetLife OFE	948 387	5.24%
THESINGER LIMITED	1 920 475	10.60%
Other shareholders	3 730 868	20.59%
CAJAMARCA Holland BV	10 319 842	56.98%
Total	18 113 255	100.00%

Miro B.V. seated in Delft, Netherlands is the parent company of MIRO Ltd. seated in Limassol, Cyprus, holding 100 % of shares in its share capital.

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 controlled by himself in 100% MIRO B.V. and MIRO Ltd., 3,05% in share capital of MLP Group S.A. and by 25% shares in share capital held by MIRO B.V. in Cajamarca Holland B.V. economically participates in 14.24% of MLP Group S.A. share capital, which results in effective economic share of 17.29% in MLP Group S.A.

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

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

2. 1 Statement of compliance

The Group prepared the interim 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 Standards Approval 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, which are not yet mandatorily effective at the date of the approval of the consolidated financial statements, according to their date of entry into force.

Standards and interpretations approved by the European Union, which have not come into force	Possible impact on the financial statements	Effective date for periods starting on or after
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	It is not expected that IFRIC 23 will have significant impact on the interim consolidated financial statements of the Group.	1 January 2019

Assessment of the possible impact of amendments to IFRS and new IFRS on future consolidated financial statement of the Group was presented in the Consolidated Financial Statement for 2016 in note 2.2.

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

The interim condensed consolidated financial statements have been prepared assuming that the MLP Group S.A. Capital 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 2016.

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

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

These condensed consolidated financial statements are presented in Polish zloty, rounded to the nearest thousand. Polish zloty is the Parent Company's functional currency and the presentation currency of the condensed consolidated financial statements.

2. 4. 2 **Basis of financial data valuation**

For the measurement of the positions of the consolidated statement of financial position denominated in foreign currencies, the following exchange rates have been used (in PLN):

Consolidated statement of financial position:

	30 June 2017	31 December 2016	30 June 2016
EUR	4.2265	4.4240	4.4255
USD	3.7062	4.1793	3.9803

2. 5 **Use of estimates and judgments**

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are based on experience and other reasonable factors which provide the basis for the estimate of book value of assets and liabilities and 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. Capital Group is the construction and property management of logistics areas. Revenues of the Group comprise rental income and revaluation of investment property.

Group activities are carried out in Poland and since April 2017 also in Germany. Location of assets coincides with the location of customers. Operating segments coincide with geographical segments.

As at 30 June 2017 and for the reporting period ended this day the Group has two geographical segments - Poland and Germany.

Information on operating segments

	<i>for 6 months ended 30 June</i>			2017		2016	
	Poland	Germany	Consolidation adjustments	Total	Poland	Total	
Revenues							
Sales revenues from external customers	47 097	448	-	47 545	43 420	43 420	
Gain/(loss) on revaluation of investment properties	(7 286)	5 059	-	(2 227)	27 381	27 381	
Total segment revenues	39 811	5 507	-	45 318	70 801	70 801	
Results on operating segments	15 296	5 455	-	20 751	49 439	49 439	
Result on other operating activities	(1 988)	-	-	(1 988)	(276)	(276)	
Profit before tax and financial cost	13 308	5 455	-	18 763	49 163	49 163	
Result on financial activities	4 499	(48)	48	4 499	(11 830)	(11 830)	
Profit before taxation	17 807	5 407	48	23 262	37 333	37 333	
Income tax	(2 574)	(808)	-	(3 382)	(11 117)	(11 117)	
Net profit	15 233	4 599	48	19 880	26 216	26 216	

	<i>as at</i>			30 June 2017		31 December 2016	
	Poland	Germany	Consolidation adjustments	Total	Poland	Total	
Assets and liabilities							
Segment assets	1 300 802	34 005	(28 530)	1 306 277	1 177 981	1 177 981	
Total Assets	1 300 802	34 005	(28 530)	1 306 277	1 177 981	1 177 981	
Segment liabilities	607 330	29 432	(28 530)	608 232	502 255	502 255	
Share capital	693 472	4 573	-	698 045	675 726	675 726	
Total equity and liabilities	1 300 802	34 005	(28 530)	1 306 277	1 177 981	1 177 981	
Expenditure on property	80 895	28 246	-	109 141	65 067	65 067	

4. Revenues

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Revenue from rental of properties	34 210	33 059
Other revenues	9 546	10 361
Revenues obtained under a development contract concluded by MLP Bieruń Sp. z o.o. ¹⁾	3 789	-
Total revenues	47 545	43 420

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Reinvoicing of utilities	8 884	8 946
Revenue from rental of apartments	17	16
Services provided for tenants	645	1 399
Other revenues	9 546	10 361

¹⁾ Right with the sale contract of the MLP Bieruń logistics park property, MLP Bieruń Sp. o.o. signed a development agreement under which it committed to complete the construction of the park and its commercialization. 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. Due to provided services, the Group recognized revenues of PLN 3.789 thousand in the period of 6 months ended 30 June 2017.

5. Selling and administrative expenses

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Depreciation and amortization	(151)	(107)
Materials and energy	(6 340)	(7 651)
External services	(10 540)	(6 788)
Taxes and charges	(5 573)	(4 979)
Payroll	(1 043)	(1 365)
Social security and other employee benefits	(200)	(200)
Other expenditures by kind	(694)	(272)
Cost of goods and materials sold	(26)	-
Total selling and administrative expenses	(24 567)	(21 362)

Selling and administrative expenses for the 6 month period ended 30 June 2017 of PLN 24,567 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.

External services costs also included costs of PLN 2,824 thousand related to the investment resulting from the development contract signed in September 2015, between MLP Bieruń Sp. z o.o. and WestInvest Gesellschaft für Investmentfonds mbH.

6. Financial income and costs

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted		597	1 265
Interest income on bank deposits		61	402
Foreign exchange differences net		10 875	-
Interest on receivables		10	15
Total financial income		11 543	1 682

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses on credits and loans		(3 569)	(3 267)
Other interest		(3)	(2)
Interest paid on SWAP		(3 519)	(3 846)
Interest results on cash flow hedges		848	735
Ineffective part of valuation of cash flow hedges		(258)	(446)
Foreign exchange differences net		-	(6 320)
Interest expenses on bonds		(359)	-
Other financial expenses		(9)	(17)
Debt related costs		(175)	(349)
Total financial costs		(7 044)	(13 512)

On 13 January 2017 MLP Pruszków I Sp. z o.o. entered into agreement with Raiffeisen Bank Polska S.A. which converted variable rate interest to fixed. Due to the agreement concluded, future loan interest payments accrued at variable rates will be effectively converted into the interest according to the schedules of the conversions agreements.

In the 6 month period ended 30 June 2017 the Group recognized the cost of swap transaction as financial expenses i.e. ineffective part of swap valuation and interest resulting from this valuation.

Foreign exchange differences are mainly a result of credits and loans valuation, which are denominated in EUR and USD at the end of reporting period. Between 31 December 2016 and 30 June 2017 polish currency appreciated by PLN 0.2 which corresponds to 4.5% growth. PLN appreciation in comparison to EUR resulted in recognition of foreign exchange gains of PLN 22,057 thousand, which influenced the presented financial result. In addition, as a result of refinancing MLP Pruszków I Sp. z o.o. bank loan foreign exchange losses of PLN 11,182 thousand were realized Net foreign exchange differences, realized in financial income amount to PLN 10,875 thousand.

7. Income tax

	for 6 months ended 30 June	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Current income tax for the period		2 131	1 520
Origination/ reversal of temporary differences		1 251	9 597
Income tax		3 382	11 117

Effective tax rate

	for 6 months ended 30 June	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before taxation		23 262	37 333
<i>Current income tax on the basis of the enacted tax rate (19%)</i>		<i>(4 420)</i>	<i>(7 093)</i>
Non-taxable income		172	-
Difference resulting from the different tax rate in MLP Logistic Park Germany I Sp. z o.o. Co.&KG		234	-
Unrecognized deferred tax asset created on the tax loss		-	(3 948)
Utilisation of previously unrecognized deferred tax assets		632	-
Non-tax deductible costs		-	(76)
Income tax		(3 382)	(11 117)

The law regulations concerning the tax on goods and services tax, income tax, physical, 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 settlements and other (eg excise tax or foreign exchange tax) may be subject to control from bodies that are entitled to impose significant penalties, and if such penalty is established as a result of the additional amount must be paid with interest. These factors cause the tax risk in Poland being higher than in countries with more developed tax systems.

Tax settlements may be subject to control within the period of five years from the end. As a result of this, the amounts presented in the financial statement may be subject to change afterwards, after the final determination of their rates by the fiscal bodies.

8. Investment property

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Gross value at the beginning of the period	968 524	845 153
Additions	109 141	65 067
Change in the fair value	(2 227)	58 304
Gross value at the end of the period	1 075 438	968 524

Investment property includes warehouses and undeveloped land. The Group's revenues relate mainly to rental of warehouses.

Between 31 December 2016 and 30 June 2017 the value of investment properties increased by EUR 35,492 thousand and at the end of June 2017 amounted to EUR 253,191 thousand. This change was most affected by the purchase of a land plot in Germany with an area of 12,5 hectares of MLP Unna park, the completion of projects and the release in the first half of 2017 of over 23 thousand sqm of new space and start of new investments in MLP Pruszków II and MLP Gliwice. This increase was partly offset by the appreciation of the Polish currency by PLN 0.2 (4.5%), which resulted in change of investment properties converted from EUR to PLN. PLN appreciation in comparison to EUR caused recognition of a negative change in fair value of PLN 42,366 thousand, which affected the value of real estate as at 30 June 2017.

Investment property divided into Parks:

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
MLP Pruszków I Park		
Fair value of property - MLP Pruszków I	335 246	354 848
Perpetual usufruct - MLP Pruszków I	2 641	2 641
	337 887	357 489
MLP Pruszków II Park		
Fair value of property - MLP Pruszków II	361 383	325 191
Perpetual usufruct - MLP Pruszków II	2 618	2 618
	364 001	327 809
MLP Poznań Park		
Fair value of property - MLP Poznań	112 814	110 436
	112 814	110 436
MLP Lublin Park		
Fair value of property - MLP Lublin	62 869	58 485
	62 869	58 485
MLP Teresin Park		
Fair value of property - MLP Teresin	54 437	37 073
	54 437	37 073
MLP Gliwice Park		
Fair value of property - MLP Gliwice	28 444	17 873
	28 444	17 873
MLP Wrocław Park		
Fair value of property - MLP Wrocław	46 534	35 304
	46 534	35 304

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
MLP Czeladź Park		
Fair value of property - MLP Czeladź	35 080	23 890
	35 080	23 890
MLP Unna Park ¹⁾		
Fair value of property - MLP Unna	33 305	-
	33 305	-
New investment property additions	-	98
MLP Energy - apartments	67	67
Gross value at the end of the period	1 075 438	968 524

¹⁾ On 4 April 2017, the Group purchased (through its subsidiary - MLP Logistic Park Germany 1 Sp. z o.o. & Co.KG seated in Dortmund) a property located in Unna, Germany, with an area of 12.58 hectares.

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

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

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

The fair value of investment property is based on reports of independent and qualified experts, who possess renowned professional qualifications, as well as, expertise in property valuation (based on inputs that are unobservable - level 3).

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

Valuations were prepared based on the income approach method for the existing warehouses and for land with building permission and comparable method for undeveloped lands.

Because of different localizations and characteristics of investment properties, assumptions used by experts concerning yield rates are in the range 5.00%-8.50%.

The Group prepares investment property valuation two times a year (as at 30 June and 31 December). The fair value of real estates located in Poland, including the land reserve, in expert appraisals determined on the basis of a comparative approach, is expressed in PLN.

The fair value of the remaining real estate in the appraisal is expressed in EUR and then is converted at the mid-exchange rates quoted by the NBP at the end of the reporting period.

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

In the 6 month period ended 30 June 2017, there were no reclassifications between the levels.

Information on fair value valuation using significant unobservable inputs (Level 3)

	Fair value as at 30 June 2017	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Pruszków I Logistics Park					
(i) warehouse and office buildings	79 200 thousand EUR	Income approach	Monthly rent per 1 sqm	2.63 - 7.47 EUR/sqm (3.28 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	7.50% - 8.50% (8.00%)	The lower capitalization rate, the higher fair value
(ii) land with construction permission	120 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
	79 320 thousand EUR				

	Fair value as at 30 June 2017	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Pruszków II Logistics Park					
(i) warehouse and office buildings	55 353 thousand EUR	Income approach	Monthly rent per 1 sqm	2.79 - 4.82 EUR/sqm (3.57 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	6.75% - 8.50% (7.46%)	The lower capitalization rate, the higher fair value
(ii) chimney	5 369 thousand EUR	Income approach	Monthly rent	38.8 thousand EUR	The higher rent, the higher fair value
			Capitalization rate	(8.50%)	The lower capitalization rate, the higher fair value
(iii) parking	1 132 thousand EUR	Income approach	Monthly rent	7.9 - 10.4 thousand EUR (9.17 thousand EUR)	The higher rent, the higher fair value
			Capitalization rate	(8.50%)	The lower capitalization rate, the higher fair value
(iv) surplus land	17 290 thousand EUR (73 087 thousand PLN)	Comparable approach	Price for 1 sqm	42.28 EUR/sqm (187.00 PLN/sqm)	The higher price for 1 sqm, the higher fair value
(v) land with construction permission	6 360 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
	85 504 thousand EUR				

	Fair value as at 30 June 2017	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Poznań Logistics Park					
(i) warehouse and office buildings	17 662 thousand EUR	Income approach	Monthly rent per 1 sqm	2.81 - 4.66 EUR/sqm (3.74 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	7 % - 7.26 % (7.13 %)	The lower capitalization rate, the higher fair value
(ii) surplus land	1 810 thousand EUR (7 630 thousand PLN)	Comparable approach	Price for 1 sqm	35.49 EUR/sqm (149.98 PLN/sqm)	The higher price for 1 sqm, the higher fair value
(iii) land with construction permission	7 220 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
26 692 thousand EUR					
MLP Lublin Logistics Park					
(i) warehouse and office buildings	8 825 thousand EUR	Income approach	Monthly rent per 1 sqm	3.14 - 3.66 EUR/sqm (3.4 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(7.50%)	The lower capitalization rate, the higher fair value
(ii) land with construction permission	6 050 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
14 875 thousand EUR					

	Fair value as at 30 June 2017	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Teresin Logistics Park					
(i) warehouse and office buildings	6 130 thousand EUR	Income approach	Monthly rent per 1 sqm	(2.34 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(7.0%)	The lower capitalization rate, the higher fair value
(ii) land with construction permission	6 750 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
12 880 thousand EUR					
MLP Gliwice Logistics Park					
(i) land with construction permission	6 730 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
6 730 thousand EUR					
MLP Wrocław Logistics Park					
(i) land with construction permission	11 010 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
11 010 thousand EUR					

	Fair value as at 30 June 2017	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Czeladź Logistics Park					
(i) land with construction permission	8 300 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
	8 300 thousand EUR				
MLP Unna Logistics Park					
(i) land with construction permission	7 880 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
	7 880 thousand EUR				
	253 191 thousand EUR				

(a) Capitalized net income: calculation based on market rents and capitalization rates

(b) Construction costs: the construction costs based on estimated budgets for this kind of projects.

Information on fair value valuation using significant unobservable inputs (Level 3)

	Fair value as at 31 December 2016	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Pruszków I Logistics Park					
(i) warehouse and office buildings	80 210 thousand EUR	Income approach	Monthly rent per 1 sqm	2.74 - 7.9 EUR/sqm, (5.32EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	7.50% - 8.50 %, (8.00%)	The lower capitalization rate, the higher fair value
80 210 thousand EUR					
MLP Pruszków II Logistics Park					
(i) warehouse and office buildings	39 060 thousand EUR	Income approach	Monthly rent per 1 sqm	2.28 - 3.69 EUR/sqm, (3.04 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	6.75% - 8.50 %, (7.22%)	The lower capitalization rate, the higher fair value
(ii) chimney	5 124 thousand EUR	Income approach	Monthly rent	37.0 thousand EUR - 37.1 thousand EUR, (37.0 thousand EUR)	The higher rent, the higher fair value
			Capitalization rate	(8.50%)	The lower capitalization rate, the higher fair value
(iii) parking	1 132 thousand EUR	Income approach	Monthly rent	7.9 thousand EUR - 10.4 thousand EUR, (9.2 thousand EUR)	The higher rent, the higher fair value
			Capitalization rate	(8.50%)	The lower capitalization rate, the higher fair value
(iv) surplus land	16 520 thousand EUR (73 087 thousand PLN)	Comparable approach	Price for 1 sqm	42.27 EUR/sqm (187.00 PLN/sqm)	The higher price for 1 sqm, the higher fair value
(v) land with construction permission	11 670 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
73 506 thousand EUR					

	Fair value as at 31 December 2016	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Poznań Logistics Park					
(i) warehouse and office buildings	17 583 thousand EUR	Income approach	Monthly rent per 1 sqm	2.81 - 4.7 EUR/sqm, (4 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	6.75%-7.26% (7.1%)	The lower capitalization rate, the higher fair value
(ii) surplus land	1 720 thousand EUR (7 630 thousand PLN)	Comparable approach	Price for 1 sqm	33.91 EUR/sqm (149.98 PLN/sqm)	The higher price for 1 sqm, the higher fair value
(iii) land with construction permission	5 660 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
24 963 thousand EUR					
MLP Lublin Logistics Park					
(i) warehouse and office buildings	8 800 thousand EUR	Income approach	Monthly rent per 1 sqm	3.1 - 3.7 EUR/sqm, (3,4 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(7.51%)	The lower capitalization rate, the higher fair value
(ii) land with construction permission	4 420 thousand EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher construction costs, the lower fair value
13 220 thousand EUR					

	Fair value as at 31 December 2016	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable inputs on the data and the fair value
MLP Teresin Logistics Park					
(i) warehouse and office buildings	6 130 thousand EUR	Income approach	Monthly rent per 1 sqm Capitalization rate	2.05-8.57 EUR/sqm, (5.31 EUR/sqm) (7.0%)	The higher rent, the higher fair value The lower capitalization rate, the higher fair value
(ii) land with construction permission	2 250 thousand EUR	Residual approach	Capitalized net income Construction costs	(a) (b)	The lower capitalized net income, the lower fair value The higher construction costs, the lower fair value
	8 380 thousand EUR				
MLP Gliwice Logistics Park					
(i) surplus land	4 040 thousand EUR (17 892 thousand PLN)	Comparable approach	Price for 1 sqm	27.12 EUR/sqm (120.00 PLN/sqm)	The higher price for 1 sqm, the higher fair value
	4 040 thousand EUR				
MLP Wrocław Logistics Park					
(i) land with construction permission	7 980 thousand EUR	Residual approach	Capitalized net income Construction costs	(a) (b)	The lower capitalized net income, the lower fair value The higher construction costs, the lower fair value
	7 980 thousand EUR				
MLP Czeladź Logistics Park					
(i) surplus land	5 400 thousand EUR (23 890 thousand PLN)	Comparable approach	Price for 1 sqm	32.78 EUR/sqm (144.99 PLN/sqm)	The higher price for 1 sqm, the higher fair value
	5 400 thousand EUR				
	217 699 thousand EUR				

(a) Capitalized net income: calculation based on market rents and capitalization rates

(b) Construction costs: the construction costs based on estimated budgets for this kind of projects.

9. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
	30 June	31 December	30 June	31 December	30 June	31 December
	<i>as at</i> 2017 (unaudited)	2016	2017 (unaudited)	2016	2017 (unaudited)	2016
Investment property	-	-	96 292	95 689	96 292	95 689
Credits, loans granted and received	-	3 467	859	-	859	(3 467)
Derivatives	911	1 602	-	-	(911)	(1 602)
Other	538	-	-	990	(538)	990
Tax losses deductible in future periods	7 207	5 013	-	-	(7 207)	(5 013)
Interest on bonds	68	-	-	-	(68)	-
Deferred tax assets / liabilities	8 724	10 082	97 151	96 679	88 427	86 597

	<i>as at</i> 30 June 2017 (unaudited)	31 December 2016
Including:		
Deferred tax assets	(6 216)	(7 181)
Deferred tax liabilities	94 643	93 778
	88 427	86 597

Unrecognized deferred tax asset on tax loss as at 30 June 2017 amounted to PLN 3,264 thousand.

	1 January 2016	changes recorded in profit or loss	changes recorded in other comprehensive income	31 December 2016
Investment property	82 058	13 631	-	95 689
Credits, loans granted and received	(1 919)	(1 548)	-	(3 467)
Derivatives	(2 612)	165	845	(1 602)
Other	(900)	1 890	-	990
Tax losses deductible in future periods	(8 689)	3 676	-	(5 013)
	67 938	17 814	845	86 597

	1 January 2017	changes recorded in profit or loss <i>(unaudited)</i>	changes recorded in other comprehensive income <i>(unaudited)</i>	30 June 2017 <i>(unaudited)</i>
Investment property	95 689	603	-	96 292
Credits, loans granted and received	(3 467)	4 326	-	859
Derivatives	(1 602)	112	579	(911)
Other	990	(1 528)	-	(538)
Tax losses deductible in future periods	(5 013)	(2 194)	-	(7 207)
Interest on bonds	-	(68)	-	(68)
	86 597	1 251	579	88 427

10. Other investments

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Other long-term investments	8 872	8 567
Long-term loans granted to related parties	56 683	57 397
Other long-term investments	65 555	65 964
Short-term loans granted to related parties	727	745
Short-term loans granted to third parties	22 139	22 139
Short-term investments	22 866	22 884
Escrow account	466	739
Restricted cash	2 100	6 245
Other short-term investments	2 566	6 984

Other long-term investments comprise long term restricted cash of PLN 8,872 thousand. The amount contains: PLN 6,399 thousand, which was separated in accordance with the credit agreements to secure payment of principal and interest instalments, PLN 379 thousand of deposits retained from tenants and other deposits of PLN 2,094 thousand.

The Group has short-term restricted cash of PLN 2,100 thousand. Restricted cash consists of PLN 605 thousand of short-term deposits and short-term part of cash separated in accordance with credit agreements of PLN 1,495 thousand.

Other short-term investments also comprise funds on Escrow account, retained in connection with the sale of investment properties. These funds will be released when the Group's obligations under the contract for sale of investment properties are met. The Group expects that these obligations will be fulfilled within 12 months of the end of the reporting period.

11. Trade and other receivables

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Trade receivables	6 061	6 850
Investment settlements	176	504
Prepayments	1 791	758
Receivables from settlement of IRS transaction	-	2 306
Accrued income from the development contract concluded by MLP Bieruń Sp. z o.o.	16	17 523
Taxation and social security receivables	16 355	14 540
Trade and other receivables	24 399	42 481
Corporate income tax receivables	1 587	971
Short-term receivables	25 986	43 452

Receivables due from related parties are set out in note 21.

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

	<i>as at</i>	30 June 2017*		31 December 2016	
		Gross receivables	Allowance	Gross receivables	Allowance
Not past due:		1 495	-	3 331	-
Past due:					
1 to 90 days		4 095	-	2 970	-
91 to 180 days		2 339	-	207	(1)
over 180 days		2 700	(4 568)	4 909	(4 566)
Total receivables		10 629	(4 568)	11 417	(4 567)
<i>* Unaudited</i>					

12. Cash and cash equivalents

	<i>as at</i>	30 June 2017	31 December 2016
		<i>(unaudited)</i>	
Cash on hand		751	61
Cash in bank		96 561	20 153
Short-term deposits		8 639	41 480
Cash and cash equivalents in the condensed consolidated statement of financial position		105 951	61 694
Cash and cash equivalents in the condensed consolidated statement of cash flows		105 951	61 694

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 from the end of the reporting date.

13. Explanatory information to condensed consolidated statement of cash flows

13. 1 Cash flows related to loans

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Cash flows from bank credits received		14 651	9 081
Total cash flows from bank credits and loans received		14 651	9 081
Total cash flows from bank credit and loans received presented in the condensed consolidated statement of cash flows		14 651	9 081

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Cash flows from bank credits repaid		(8 997)	(8 066)
Cash flows from loans repaid		(1 681)	(19 583)
Total cash flows from bank credits and loans repaid		(10 678)	(27 649)
Elimination of loans repaid to Fenix Polska Sp. z o.o.		-	18 219
Total cash flows from bank credit and loans repaid		(10 678)	(9 430)
Total cash flows from bank credit and loans repaid presented in the condensed consolidated statement of cash flows		(10 678)	(9 430)

13. 2 Changes in trade and other receivables

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Changes in trade and other receivables		18 082	8 037
Other adjustments		235	40
Changes in trade and other receivables		18 317	8 077
Changes in trade and other receivables presented in the condensed consolidated statement of cash flows		18 317	8 077

13. 3 Changes in short-term and other liabilities

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Change in trade and other liabilities		31 652	(35 090)
Changes in payroll liabilities		-	(1 760)
Change in investment deposits and guarantees		2 520	3 475
Deduction of change in investment liabilities		(32 460)	12 077
Changes in short-term and other liabilities		1 712	(21 298)
Changes in short-term and other liabilities presented in the condensed consolidated statement of cash flows		1 712	(21 298)

14. Equity

14. 1 Share capital

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Share capital		
Ordinary A series shares	11 440 000	11 440 000
Ordinary B series shares	3 654 379	3 654 379
Ordinary C series shares	3 018 876	3 018 876
	18 113 255	18 113 255
Par value of 1 share	0.25	0.25

As at 30 June 2017 the share capital of the parent company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling to 18,113,225 votes on the General Meeting. The par value of all shares is PLN 0.25 and was fully paid.

In the year ended 30 June 2017 there were no changes in share capital.

15. Earnings per share

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

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Net profit for the period	19 880	26 216
Number of shares issued (in units)	18 113 255	18 113 255
Weighted average number of shares issued (in units)	18 113 255	18 113 255
Earnings per share attributable to shareholders of the Parent Company for the period (in PLN per share):		
- basic	1,10	1,45
- diluted	1,10	1,45

In presented periods there were no dilutive factors.

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

16. 1 Long-term liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Bank credits pledged on the Group's assets	254 505	265 750
Bonds ¹⁾	84 530	-
Loans	58 885	61 318
Total long-term credits, loans and other debt instruments and other liabilities	397 920	327 068

	30 June	31 December
<i>as at</i>	2017	2016
	<i>(unaudited)</i>	
Finance lease liabilities	5 259	5 259
Liabilities concerning SWAP transactions	1 750	2 229
Investment deposits	5 151	5 739
Guarantees from tenants and others	4 158	1 050
Liabilities concerning other transactions	18	17
Total other long-term liabilities	16 336	14 294

16. 2 Short-term liabilities

	30 June	31 December
<i>as at</i>	2017	2016
	<i>(unaudited)</i>	
Short-term credits and short-term part of long term credits pledged on the Group's assets	17 076	13 230
Bonds ¹⁾	359	-
Loans	565	580
Total short-term credits, loans and other debt instruments	18 000	13 810

¹⁾ On 11 May 2017, as a part of the private offer, the Company issued 20,000 A series bearer bonds, with a nominal value of EUR 1,000 each and a total issue value of EUR 20,000,000.

Bonds are subject to variable interest rate of EURIBOR for six-month EUR bank deposits plus a premium. The bonds have been issued as non-secured bonds. The purpose of the issuance of the Bonds was not specified. The redemption of the Bonds is scheduled for 11 May 2022, with a possibility of an early redemption by the Company. Bonds are in electronic, not physical form.

The bonds were admitted to the securities depository by the National Depository for Securities S.A. on the basis of the Resolution No. 305/17 of the Management Board of the National Depository for Securities S.A. and marked with the code PLMLPGR00033.

According to the resolution of the Management Board of the Warsaw Stock Exchange, it decided to introduce 20,000 A series bearer bonds of the MLP Group S.A. in the nominal value of EUR 1,000 each to the alternative trading system of Catalyst. 12 July was the first trading day in the alternative trading system Catalyst. Bonds will be quoted in the continuous trading system under the abbreviated name of "MLP0522".

Liabilities under secured and unsecured loans on the Group's assets constituted liabilities to related parties and liabilities to unrelated parties.

	30 June	31 December
<i>as at</i>	2017	2016
	<i>(unaudited)</i>	
Liabilities concerning SWAP transactions	3 040	6 196
Other short-term liabilities	3 040	6 196

16. 3 Bond liabilities

Financial instrument	currency	nominal value	maturity date	effective rate (%)	guarantees and security	quotation market
Non-public bonds	EUR	20 000 000	2022-05-11	Euribor 6M + margin	-	Catalyst

16. 4 Credits, loans secured and unsecured on the Group's assets

	currency	effective rate (%)	as at	30 June 2017*		as at	31 December 2016	
			maturity date	in currency	in PLN	maturity date	in currency	in PLN
Bank credits pledged on the Group's assets:								
Investment loan mBank S.A.	EUR	EURIBOR 1M +margin	2021	13 301	56 100	2021	11 628	51 309
Working capital loan mBank S.A.	PLN	Wibor 1M+margin	2017	-	288	-	-	-
Investment loan PEKAO S.A.	EUR	EURIBOR 1M +margin	2025	3 725	15 744	2025	3 303	14 614
Working capital loan PEKAO S.A.	PLN	Wibor 1M+margin	2017	-	329	-	-	-
Investment loan Raiffeisen Bank Polska S.A.	EUR	EURIBOR 3M +margin	2023	28 525	120 035	2023	29 749	131 578
Investment loan BGŻ BNP Paribas ¹⁾	EUR	EURIBOR 3M +margin	2022	7 813	32 900	2022	8 097	35 686
Investment loan PKO BP S.A.	EUR	EURIBOR 3M +margin	2030	5 792	24 480	2030	5 075	22 453
Investment loan ING Bank Śląski S.A.	EUR	EURIBOR 1M +margin	2020	3 535	14 913	2020	3 677	16 230
Investment loan ING Bank Śląski S.A.	EUR	EURIBOR 3M +margin	2020	1 607	6 792	2020	1 607	7 110
Total credits:					271 581			278 980

* Unaudited

¹⁾ As of 31 December 2016 MLP Pruszków III Sp. z o.o. had an investment credit in the BGŻ BNP Paribas bank of EUR 5,340 thousand, whereas MLP Moszna I Sp. z o.o. had an investment credit in the BGŻ BNP Paribas bank of EUR 2,757 thousand. These companies were merged on 2 March 2017. As a consequence MLP Moszna I Sp. z o.o.'s entire assets were taken over by the MLP Pruszków III Sp. z o.o. As a result of this, credit liabilities of aforementioned companies included in this interim condensed consolidated financial statements are presented in one line and as at 30 June 2017 amount to PLN 32,900 thousand.

			<i>as at</i>	30 June 2017*		<i>as at</i>	31 December 2016	
	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	-	2 805	2021	-	2 769
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2020	-	8 019	2020	-	7 923
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2026	-	-	2026	-	3 405
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2020	-	12	2024	-	12
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2029	-	253	2029	-	253
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2026	-	3 437	2020	-	-
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2021	-	143	2021	-	169
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2017	-	565	2017	-	565
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2020	-	21 052	2020	-	21 064
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2025	-	15	2017	-	15
Fenix Polska S.A.	PLN	WIBOR 3M +margin	2024	-	300	2024	-	293
Fenix Polska S.A.	PLN	WIBOR 3M +margin	-	-	-	2024	-	8
Fenix Polska S.A.	EUR	EURIBOR 3M +margin	2020	3 048	12 883	2020	3 030	13 403
Fenix Polska S.A.	EUR	EURIBOR 3M +margin	2029	1 908	8 063	2029	1 896	8 388
Fenix Polska S.A.	USD	LIBOR R USD +margin	2018	513	1 903	2018	869	3 631
Total loans:					59 450			61 898
Total credits, loans secured and unsecured on the Group's assets					331 031			340 878

* Unaudited

17. Payroll liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Special funds	157	157
Cash settled share based payment	2 048	2 048
Payroll liabilities	2 205	2 205

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

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

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

Phantom shares for the previous financial year were paid in July 2017 of PLN 2,074 thousand.

18. Trade and other liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Trade liabilities	6 246	4 406
Liabilities concerning execution of development agreement	1 882	13 105
Revenue prepayments	349	361
Taxation and social security liabilities	1 875	1 861
Unbilled trade liabilities	955	1 612
Investment liabilities, guarantee deposits and other	64 310	22 620
Trade and other liabilities	75 617	43 965
Income tax liabilities	471	939
Short-term liabilities	76 088	44 904

Liabilities to related parties were disclosed in note 21.

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

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Current liabilities	70 097	47 178
Liabilities overdue from 1 to 90 days	11 849	714
Liabilities overdue from 91 to 180 days	58	12
Liabilities overdue over 180 days	698	628
Total trade and other liabilities	82 702	48 532

The above aging structure of liabilities also comprises long-term 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 June 2017 and 31 December 2016 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 the short maturity,
- **trade receivables, other receivables, trade liabilities and accruals:** the carrying amount is comparable with fair value because of the short-term character of these instruments,
- **loans granted:** the carrying amount corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **bank credits, 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 valuation liabilities:** fair value determined on the basis of references to instruments quoted in an active market.

19. 1. 1 Financial assets

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Loans and receivables:		
Cash and cash equivalents	105 951	61 694
Loans and receivables, including:		
● Trade and other receivables	6 253	27 183
● Loans granted	79 549	80 281
● Other long-term investments	8 872	8 567
● Other short-term investments	2 566	6 984
	203 191	184 709
Total financial assets	203 191	184 709

19. 1. 2 Financial liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Hedging financial instruments:		
Liabilities concerning SWAP transactions	4 790	8 425
Liabilities concerning other transactions	18	17
	4 808	8 442
Liabilities valued at amortized cost:		
Bank credits	271 581	278 980
Loans received	59 450	61 898
Trade and other payables	82 702	48 532
Finance lease liabilities	5 259	5 259
Bonds	84 889	-
	503 881	394 669
Total financial liabilities	508 689	403 111

The fair value of hedging financial instruments as at 30 June 2017 amounted to PLN 4,808 thousand and is based on inputs other than 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 June 2017 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 13 January 2017 MLP Pruszków I Sp. z o.o. entered into agreement with Raiffeisen Bank Polska S.A. which converted variable rate to a fixed one. Due to the agreement concluded, future loan interest payments, accrued at variable rates will be effectively converted into the interest according to the schedules of the conversions agreements.

Cash flows are expected every month until 31 December 2023.

20. Contingent liabilities and pledges

In the period ended 30 June 2017, the following changes in contingent liabilities and pledges established by the Group occurred:

- On 24 April 2017 the bank guarantee granted by MLP Pruszków I Sp. z o.o. to the Mercantile Discount Bank in the amount of USD 1,000,000 expired.
- On 10 May 2017 the bank guarantee granted by MLP Pruszków I Sp. z o.o. to the Mercantile Discount Bank in the amount of USD 200,000 expired.
- In February 2017 a registered pledge on the shares of MLP Pruszków II Sp. z o.o. in MLP Pruszków IV Sp. z o.o. was entered in the pledge register up to a guarantee amount of PLN 3,000 thousand.
- Due to the merger of MLP Pruszków III Sp. z o.o. and MLP Moszna I Sp. z o.o., pledge established on the shares of MLP Group S.A. in MLP Moszna I Sp. z o.o. up to the guarantee amount of EUR 12,975 thousand, securing BGŻ BNP Paribas S.A. receivables under the credit dated 5 November 2015, was transferred to the shares of MLP Group S.A. in MLP Pruszków III Sp. z o.o. This change was entered into the pledge register in May 2017.

Contingent liabilities and pledges presented in the financial statements for 2016 did not change in the 6 month period ended 30 June 2017 and are still valid as at the end of the reporting period.

21. Related party transactions

21. 1 Trade and other receivables and payables

Related party balances related to trade and other receivables and payables as at 30 June 2017* are as follows:

* Unaudited

	Trade and other payables ¹⁾
Key management personnel	
Other key management personnel	42
Total	42

As at 30 June 2017, the Group has no trade receivables and other receivables from related parties.

¹⁾ "Trade and other payables" do not include key management personnel remuneration and share-based payments that were disclosed in Note 23.

21. 2 Loans granted and received

Related party balances related to loans granted and received as at 30 June 2017* are as follows:

* Unaudited

	Loans granted	Loans received
Other related parties		
Fenix Polska Sp. z o.o.	57 378	59 450
MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k.	32	-
Total	57 410	59 450

21. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the 6 month period ended 30 June 2017* are as follows:

* Unaudited

	Purchase of services and salary cost	Interest income	Interest cost
Other related parties			
Fenix Polska Sp. z o.o.	-	597	700
	-	597	700
Key management personnel			
RTK CONSULTING, Radosław T. Krochta	(443)	-	-
ROMI CONSULTING, Michael Shapiro	(204)	-	-
PROFART, Tomasz Zabost	(269)	-	-
PEOB, Marcin Dobieszewski	(110)	-	-
Other key management personnel	(406)	-	-
	(1 432)	-	-
Total	(1 432)	597	700

Fenix Polska Sp. z o.o. is a related party through Cajamarca Holland B.V. which, as at 30 June 2017, owns 100% of shares in Fenix Polska Sp. z o.o. and 56.98% in the share capital of the Group.

22. Significant events during the financial period and subsequent events

- On 13 January 2017 Reiffeisen Bank Polska S.A. granted a loan to MLP Pruszków I Sp. z o.o. for refinancing its previous debt.
- On 9 February 2017 MLP Poznań Sp. z o.o. entered into credit agreement with ING Bank Śląski S.A.
- On 2 March 2017 MLP Pruszków III Sp. z o.o. merged with MLP Moszna I Sp. z o.o. As a consequence MLP Moszna I Sp. z o.o.'s entire assets were taken over by the MLP Pruszków III Sp. z o.o.
- In March and April 2017 Bank mBank S.A released subsequent tranche of the loan towards MLP Pruszków IV Sp. z o.o.
- On 26 April 2017 Extraordinary Shareholders' Meeting of MLP Energy Sp. z o.o entrusted Mr. Marcin Dobieszewski as the President of the Management Board position, and Mr. Radosław T. Krochta as the Vice-president of the Management Board position.
- On 26 April 2017, by virtue of the resolutions of the Extraordinary Shareholders' Meeting, Mr. Radosław T. Krochta was appointed President of the Management Board in following entities: MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Pruszków IV Sp. z o.o., MLP Poznań Sp. z o.o., MLP Lublin Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Property Sp. z o.o., MLP Bieruń Sp. z o.o., MLP Bieruń I Sp. z o.o., MLP Sp. z o.o., MLP Poznań West Sp. z o.o., MLP Teresin Sp. z o.o., MLP Fin Sp. z o.o., Lokafo 201 Sp. z o.o., MLP Wrocław Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Łódź Sp. z o.o., MLP Czeladź Sp. z o.o., MLP Temp Sp. z o.o.
- On May 2017 PKO BP S.A released the next tranche of the loan towards MLP Lublin Sp. z o.o.

- On 11 May 2017, as a part of private offer, the Company issued 20,000 A series bearer bonds, with a nominal value of EUR 1,000 each and a total issue value of EUR 20,000,000 (“Bonds”). Bonds are subject to variable interest rate of EURIBOR for six-month EUR bank deposits plus a premium.
 The Bonds have been issued as non-secured bonds.
 The purpose of the issuance of the Bonds was not specified.
 The redemption of the Bonds is scheduled for 11 May 2022, with a possibility of an early redemption by the Company.

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 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Remuneration of Management Board:		
• Remuneration and other benefits:		
Radosław T. Krochta	443	532
Michael Shapiro	204	209
Tomasz Zabost	269	284
Marcin Dobieszewski	110	110
	1 026	1 135
• Cash settled share based payment paid in the period		
	630	510
	1 656	1 645
Remuneration of Supervisory Board:		
• Remuneration and other benefits		
Maciej Matusiak	15	15
Jacek Tucharz	15	15
Eytan Levy	15	15
Shimshon Marfogel	15	15
Yosef Zvi Meir	15	15
Guy Shapira	15	15
	90	90
Total remuneration paid or due to Management Board, Supervisory Board and Key Management Personnel	1 746	1 735

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Other Key Management Personnel:		
• Remuneration and other benefits	406	271
• Cash settled share based payment paid or due in the period	438	405
	844	676
Total remuneration paid or due to Management Board, Supervisory Board and Key Management Personnel	2 590	2 411

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 of the entities of the Capital Group.

24. Employment structure

<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Average number of employees	18	16

Radosław T. Krochta
President
of the Management Board

Michael Shapiro
Vice-President
of the Management Board

Tomasz Zabost
Member

Pruszków, 22 August 2017



MLP Group S.A.

**Interim condensed separate
financial statements**

**for the 6 month period ended 30 June 2017
*prepared in accordance with IAS 34 EU***

Approval of interim condensed separate financial statements

On 22 August 2017, the Management Board of MLP Group S.A. approved the interim condensed separate financial statements of MLP Group S.A. ("Financial Statements") for the period from 1 January 2017 to 30 June 2017.

The interim condensed separate financial statements for the period from 1 January 2017 to 30 June 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Information is presented in this report in the following sequence:

1. Condensed separate statement of profit or loss and other comprehensive income for the period from 1 January 2017 to 30 June 2017, with a net profit of PLN 955 thousand.
2. Condensed separate statement of financial position as at 30 June 2017, with total assets and total liabilities and equity of PLN 301,867 thousand.
3. Condensed separate statement of cash flows for the period from 1 January 2017 to 30 June 2017, with a net cash increase of PLN 57,903 thousand.
4. Condensed separate statement of changes in equity for the period from 1 January 2017 to 30 June 2017, with an equity increase of PLN 955 thousand.
5. Explanatory information to the condensed separate financial statements.

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

Radosław T. Krochta
*President of the Management
Board*

Michael Shapiro
*Vice-President of the
Management Board*

Tomasz Zabost
*Member of the Management
Board*

Pruszków, 22 August 2017

Condensed separate statement of profit or loss and other comprehensive income

	<i>for 6 months ended 30 June</i>	Note	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Revenues		4	4 074	4 119
Other operating income		5	10	538
Other operating costs			(9)	(46)
Selling and administrative expenses		6	(3 449)	(3 446)
Operating profit			626	1 165
Financial income		7	1 440	1 354
Financial costs		7	(878)	(833)
Net financial income			562	521
Profit before taxation			1 188	1 686
Corporate income tax		8	(233)	(607)
Net profit from continuing operations			955	1 079
Total comprehensive income			955	1 079
Profit per share				
- Basic and diluted profit for the year attributable to the ordinary shareholders of the Parent Company		16	0,05	0,06

Condensed separate statement of financial position

	<i>as at</i>	30 June 2017	31 December 2016
	Note	<i>(unaudited)</i>	
Non-current assets			
Intangible assets		18	21
Advance on intangible assets		599	-
Tangible fixed assets		132	153
Long-term financial assets in related parties	9	123 244	123 224
Long-term investments	10	108 383	79 408
Deferred tax assets	12	5 640	5 873
Other long-term investments		289	51
Total non-current assets		238 305	208 730
Current assets			
Short-term investments	11	1 058	1 068
Corporate income tax receivables	13	809	742
Trade and other receivables	13	1 687	2 515
Cash and cash equivalents	14	60 008	2 105
Total current assets		63 562	6 430
TOTAL ASSETS		301 867	215 160
Equity			
	15		
Share capital		4 529	4 529
Other capital reserve		4 194	4 194
Share premium		71 121	71 121
Reserve capital		64 485	64 485
Retained earnings		4 305	3 350
Total equity		148 634	147 679
Long-term liabilities			
Loans and other debt instruments	17	149 819	64 096
Total long-term liabilities		149 819	64 096
Short-term liabilities			
Loans and other debt instruments	17	359	-
Payroll liabilities	18	2 205	2 205
Trade and other liabilities	19	850	1 180
Total short-term liabilities		3 414	3 385
Total liabilities		153 233	67 481
TOTAL EQUITY AND LIABILITIES		301 867	215 160

Condensed separate statement of cash flows

	<i>for 6 months ended 30 June</i>	Note	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Cash flows from operating activities				
Profit before taxation			1 188	1 686
<i>Adjustments for:</i>				
Depreciation and amortization			45	10
Net interest			(92)	(714)
Foreign exchange differences			(483)	477
Other			(238)	16
Changes in trade and other receivables			830	971
Changes in short-term trade and other liabilities			(330)	(1 575)
Cash flow from operating activities			920	872
Income tax paid			(67)	(324)
Net cash flow from operating activities			853	548
Cash flows from investing activities				
Repayments of loans granted			260	23 187
Interest received			191	366
Purchase of shares		9	(20)	(1 015)
Purchase of investment property, tangible fixed assets and intangible assets			(620)	(17)
Loans granted			(29 822)	(200)
Cash flow from investing activities			(30 011)	22 321
Cash flows from financing activities				
Proceeds from loans received			2 751	10 000
Dividends and other payments to shareholders			-	(41 660)
Bonds issue			84 310	-
Interest paid			-	(1)
Cash flow from financing activities			87 061	(31 661)
Total cash flow			57 903	(8 792)
Cash and cash equivalents at the beginning of the period			2 105	10 252
Cash and cash equivalents at the end of the period		14	60 008	1 460

Condensed separate statement of changes in equity

	Share capital	Other capital reserve	Share premium	Reserve capital	Retained earnings	Total equity
Equity as at 1 January 2016	4 529	4 194	71 121	64 485	44 591	188 920
<u>Comprehensive income</u>						
Financial result*	-	-	-	-	1 079	1 079
Total comprehensive income for 6 months ended 30 June 2016*	-	-	-	-	1 079	1 079
Dividend disbursement	-	-	-	-	(41 660)	(41 660)
Equity as at 30 June 2016*	4 529	4 194	71 121	64 485	4 010	148 339
Equity as at 1 January 2017	4 529	4 194	71 121	64 485	3 350	147 679
<u>Comprehensive income</u>						
Financial result*	-	-	-	-	955	955
Total comprehensive income for 6 months ended 30 June 2017*	-	-	-	-	955	955
Equity as at 30 June 2017*	4 529	4 194	71 121	64 485	4 305	148 634

* Unaudited

Explanatory information to the interim condensed separate financial statements

1. General information

1. 1 Information on MLP Group S.A.

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

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

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

The core business activities of the Company include: management, acquisition and sale of real estate, rental of real estate, management of residential and non-residential properties, construction works related to construction of buildings and other construction (see note 3). The prevailing type of the Company's business is characterized by the 7032Z symbol of the Statistical Classification of Products by Activity of the European Economic Community, which refers to property management services.

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

The duration of the Company is unlimited.

1. 2 Information on the Capital Group

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

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

As at the end of the reporting period, MLP Group S.A. is the parent company for 28 subsidiaries: MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Pruszków IV Sp. z o.o., MLP Spółka z ograniczoną odpowiedzialnością SKA, MLP Energy Sp. z o.o., MLP Poznań Sp. z o.o., MLP Lublin Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Bieruń Sp. z o.o., MLP Bieruń I Sp. z o.o., MLP Sp. z o.o., MLP Property Sp. z o.o., MLP Teresin Sp. z o.o., MLP Poznań West Sp. z o.o., MLP Fin Sp. z o.o., Lokafoop 201 Sp. z o.o. SKA, Lokafoop 201 Sp. z o.o., MLP Wrocław Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Łódź Sp. z o.o., MLP Czeladź Sp. z o.o., MLP Temp Sp. z o.o., MLP Dortmund LP Sp. z o.o., MLP Dortmund GP Sp. z o.o., MLP Logistic Park Germany I Sp. z o.o. & Co. KG, MLP Poznań West II Sp. z o.o., MLP Bucharest West Sp. z o.o.

Additional information on the subsidiaries is included in note 9.

1. 3 Composition of the Management Board

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

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

1. 4 **Composition of the Supervisory Board**

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

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

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

2. 1 **Statement of compliance**

MLP Group S.A. prepared interim condensed separate financial statements in accordance with the accounting standards issued by the International Accounting Standards Board approved by the European Union, defined as the International Financial Reporting Standards ("IFRS EU"). The Company has applied all Standards and Interpretations adopted by the European Union except 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 Standards Approval in the European Union**

The Company plans to adopt new Standards and amendments to Standards and Interpretations, which are not yet mandatorily effective at the date of the approval of the interim condensed separate financial statements, according to their date of entry into force.

Standards and interpretations approved by the European Union, which have not come into force	Possible impact on the condensed separate financial statements	Effective date for periods starting on or after
IFRIC 23 <i>Uncertainty over Income Tax Treatments</i>	It is not expected that IFRIC 23 will have significant impact on the condensed separate financial statements of the Company.	1 January 2019

Impact of changes and new standards on the future separate financial statements was presented in the Separate Financial Statements for the year ended 31 December 2016 in the note 2.2.

2. 3 **Basis for preparation of the financial statements**

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

These interim condensed separate financial statements have been prepared in accordance with accounting policies described in the Separate Financial Statements for the year 2016.

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

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

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

2. 4. 2 **Basis of financial data valuation**

For the measurement of the positions of the consolidated statement of financial position denominated in foreign currencies, the following exchange rates have been used (in PLN):

Condensed statement of financial position:

	30 June 2017	31 December 2016	30 June 2016
EUR	4,2265	4,4240	4,4255
USD	3,7062	4,1793	3,9803

2. 5 **Use of estimates and judgments**

Significant judgments in applying the Company's accounting policies and the key sources of estimation uncertainty made by the Management Board in these interim condensed separate financial statements were the same as described in note 3 of the Separate Financial Statements for the year 2016.

The preparation of interim condensed financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses.

Estimates and assumptions are based on experience and other reasonable factors and their results provide the basis for the carrying amount of assets and liabilities and which does not result directly from other sources. Actual results may differ from these estimates.

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

3. **Segment reporting**

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

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

3. 1. **Information on the key customers of the Company**

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

	for 6 months ended 30 June 2017 (unaudited)	2016 (unaudited)
MLP Pruszków I Sp. z o.o.	65%	75%
MLP Pruszków IV Sp. z o.o.	5%	3%

4. Revenues

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Real estate management		1 546	1 680
Project management		286	148
Consulting services		1 827	1 915
Reinvoiced services		202	222
Other revenues		213	154
Total revenues		4 074	4 119
<i>including revenues from related parties</i>		<i>3 861</i>	<i>3 969</i>

Details of revenues from related parties are disclosed in note 22.3.

5. Other operating income

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Release of provisions for future costs		-	535
Revenues from fixed assets sale		10	3
Total other operating income		10	538

6. Selling and administrative expenses

	<i>for 6 months ended 30 June</i>	2017 <i>(unaudited)</i>	2016 <i>(unaudited)</i>
Depreciation and amortization		(45)	(10)
Materials and energy		(93)	(54)
External services		(2 166)	(1 937)
Taxes and charges		(38)	(16)
Payroll		(819)	(1 157)
Social security and other employee benefits		(170)	(167)
Other expenditures		(118)	(105)
Total selling and administrative expenses		(3 449)	(3 446)

Selling and administrative expenses for the 6 month period ended 30 June 2017 amounted to PLN 3,449 thousand. The above mentioned costs incurred by the Company relate to expenses related to the service and maintenance of revenue-generating investment property, owned by subsidiaries and consulting services. The Company recovers the specified amounts by charging these companies for property management.

7. Financial income and costs

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted to the related entities		966	1 235
Interest income on bank deposits		4	119
Foreign exchange differences net		470	-
Total financial income		1 440	1 354
Interest expenses on loans from related companies		(515)	(521)
Interest expenses on bonds		(359)	-
Foreign exchange differences net		-	(311)
Other financial costs		(4)	(1)
Total financial costs		(878)	(833)

Foreign exchange differences result mainly from the balance sheet date valuation of loans received and loans granted, which are denominated in Euro.

Details of financial income and costs from related parties are disclosed in note 22.3.

8. Income tax

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Origination / reversal of temporary differences		233	607
Income tax		233	607

Effective tax rate

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Profit before taxation		1 188	1 686
<i>Current income tax on the basis of the enacted tax rate (19%)</i>		<i>(226)</i>	<i>(320)</i>
Unrecognized deferred tax asset on tax loss		-	(249)
Non-taxable income		-	(34)
Non-tax deductible costs		(7)	(4)
Current income tax		(233)	(607)

9. Long-term investments in related parties

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Gross value at the beginning of the period	123 224	122 209
Acquisition of MLP Łódź Sp. z o.o.	-	5
Acquisition of MLP Czeladź Sp. z o.o.	-	5
Acquisition of MLP Temp Sp. z o.o.	-	1 005
Acquisition of MLP Dortmund LP Sp. z o.o. ²⁾	5	-
Acquisition of MLP Dortmund GP Sp. z o.o. ³⁾	5	-
Acquisition of MLP Poznań West II Sp. z o.o. ⁵⁾	5	-
Acquisition of MLP Bucharest West Sp. z o.o. ⁶⁾	5	-
Gross value at the end of the period	123 244	123 224
Net value at the end of the period	123 244	123 224

As at 30 June 2017 the Company holds directly and indirectly shares in the following entities:

Entity	Country of registry	Direct and indirect share in the share capital		Direct and indirect share in voting rights	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
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 Moszna I Sp. z o.o. ¹⁾	Poland	-	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%

Entity	Country of registry	Direct and indirect share in the share capital		Direct and indirect share in voting rights	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
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 MLP Dortmund LP Sp. z o.o. ²⁾	Poland	100%	-	100%	-
MLP MLP Dortmund GP Sp. z o.o. ³⁾	Poland	100%	-	100%	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG. ⁴⁾	Germany	100%	-	100%	-
MLP Poznań West II Sp. z o.o. ⁵⁾	Poland	100%	-	100%	-
MLP Bucharest West Sp. z o.o. ⁶⁾	Poland	100%	-	100%	-

¹⁾ On 2 March 2017 MLP Pruszków III Sp. z o.o. merged with MLP Moszna I Sp. z o.o. As a consequence MLP Moszna I Sp. z o.o.'s entire assets were taken over by the MLP Pruszków III Sp. z o.o.

²⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund LP Sp. z o.o. was established. The company was registered in the National Court Register on 9 March 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

³⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund GP Sp. z o.o. was established. The company was registered in the National Court Register on 8 March 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

⁴⁾ On 20 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Logistic Park Germany I Sp. z o.o. &Co KG was established.

⁵⁾ On 12 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Poznań West II Sp. z o.o. was established. The company was registered in the National Court Register on 18 April 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

⁶⁾ On 28 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Bucharest West Sp. z o.o. was established. The company was registered in the National Court Register on 5 May 2017. Shares in newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

In the 6 month period ended 30 June 2017 there have been no other changes in the structure of MLP Group S.A. Capital Group.

10. Long-term investments

	<i>as at</i>	30 June 2017	31 December 2016
		<i>(unaudited)</i>	
Long-term loans granted to related parties		108 383	79 408
		108 383	79 408

11. Short-term investments

	<i>as at</i>	30 June 2017	31 December 2016
		<i>(unaudited)</i>	
Short-term loans granted to related parties		1 058	1 068
Short term investments		1 058	1 068

Details of the loans granted to related parties are disclosed in note 22.2.

12. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
	30 June	31 December	30 June	31 December	30 June	31 December
	<i>as at</i> 2017 <i>(unaudited)</i>	2016	2017 <i>(unaudited)</i>	2016	2017 <i>(unaudited)</i>	2016
Loans granted and received	(1 137)	(1 306)	-	-	(1 137)	(1 306)
Tax loss	(4 023)	(4 107)	-	-	(4 023)	(4 107)
Other	(412)	(460)	-	-	(412)	(460)
Bonds	(68)	-	-	-	(68)	-
Deferred tax assets / liabilities	(5 640)	(5 873)	-	-	(5 640)	(5 873)

	1 January	changes	31 December	changes	30 June
	2016	recorded in the statement of profit or loss	2016	recorded in the statement of profit or loss <i>(unaudited)</i>	2017 <i>(unaudited)</i>
Loans granted and received	(1 349)	43	(1 306)	169	(1 137)
Tax loss	(4 277)	170	(4 107)	84	(4 023)
Other	(379)	(81)	(460)	48	(412)
Bonds	-	-	-	(68)	(68)
	(6 005)	132	(5 873)	233	(5 640)

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

13. Trade and other receivables

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Trade receivables from related parties	1 320	1 890
State and social security receivables	28	-
Prepayments	270	157
Other	69	468
Trade and other receivables	1 687	2 515
Income tax receivables	809	742
Short-term receivables	2 496	3 257

Receivables from related parties were disclosed in note 22.

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

<i>as at</i>	30 June 2017*		31 December 2016	
	Receivables Gross	Allowance	Receivables Gross	Allowance
Current receivables	674	-	1 436	-
Overdue from 1 to 90 days	510	-	690	-
Overdue from 91 to 180 days	69	-	103	-
Overdue over 180 days	136	-	129	-
Total receivables	1 389	-	2 358	-

* Unaudited

14. Cash and cash equivalents

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Cash on hand	5	11
Cash in bank	59 221	24
Short-term deposits	782	2 070
Cash and cash equivalents in the condensed separate statement of financial position	60 008	2 105
Cash and cash equivalents in the condensed separate statement of cash flows	60 008	2 105

The Company does not have any restricted cash.

15. Equity

15. 1 Share capital

Share capital	<i>(unaudited)</i>	
Ordinary A series shares	11 440 000	11 440 000
Ordinary B series shares	3 654 379	3 654 379
Ordinary C series shares	3 018 876	3 018 876
	18 113 255	18 113 255
Par value of 1 share	0,25	0,25

As at 30 June 2017 the share capital of MLP Group S.A. amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling to 18,113,225 votes on the General Meeting. All shares have the par value of PLN 0.25 and have been fully paid.

To the knowledge of the Management Board of the Company, the structure of Shareholders who hold, as at the day of preparation of the interim condensed separate financial statements, either directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders, was as follows:

Shareholder	Number of shares and votes at the General Meeting of Shareholders	% of capital and votes at the General Meeting of Shareholders
MIRO B.V.	452 955	2,50%
MIRO LTD.	99 170	0,55%
GRACECUP TRADING LIMITED	641 558	3,54%
MetLife OFE	948 389	5,24%
THESINGER LIMITED	1 920 475	10,60%
Other shareholders	3 730 866	20,59%
CAJAMARCA Holland BV	10 319 842	56,98%
Total	18 113 255	100,00%

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

15. 2 Reserve capital

Reserve capital was created of profit generated in 2010 of PLN 1,470 thousand and profit generated in 2012 of PLN 2,724 thousand.

16. Earnings per share

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

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit for the period		955	1 079
Weighted average number of issued shares (in units)		18 113 255	18 113 255
Net profit per share for the period (in PLN per share):			
- basic		0,05	0,06
- diluted		0,05	0,06

There were no dilutive factors in the presented periods.

17. Loans and other debt instruments

17. 1 Long term liabilities

	<i>as at</i>	30 June	31 December
		2017	2016
		<i>(unaudited)</i>	
Bonds		84 530	-
Loans received from related parties		65 289	64 096
Total long-term loans and other debt instruments		149 819	64 096

17. 2 Short term liabilities

	<i>as at</i>	30 June	31 December
		2017	2016
		<i>(unaudited)</i>	
Bonds		359	-
Total short-term loans and other debt instruments		359	-

Details on the loans received from related parties are disclosed in note 22.2.

17. 3 Bond liabilities

Instruments	currency	nominal value	maturity date	effective rate (%)	guarantees and security	quotation market
Non-public bonds	EUR	20 000 000	2022-05-11	Euribor 6M + margin	-	Catalyst ¹⁾

¹⁾ According to the resolution of the Management Board of the Warsaw Stock Exchange, it decided to introduce 20,000 A series bearer bonds of the MLP Group S.A. in the nominal value of EUR 1,000 each to the alternative trading system of Catalyst. 12 July was the first trading day in the alternative trading system Catalyst. Bonds will be quoted in the continuous trading system under the abbreviated name of "MLP0522".

17. 4 Loans unsecured on the Company's assets

Loan received from	currency	effective rate (%)	as at	30 June 2017*		maturity date	31 December 2016	
			maturity date	in currency	in PLN		in currency	in PLN
MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2021	339	1 433	2021	337	1 492
MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2020	618	2 611	2020	614	2 718
MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2020	-	1 079	2020	-	1 062
MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2020	-	6 951	2020	-	6 850
MLP Pruszków I Sp. z o.o.	EUR	Euribor 1M + margin	2020	7 004	29 603	2020	6 972	30 843
MLP Temp Sp. z o.o.	EUR	Euribor 3M + margin	2019	2 068	8 742	2019	2 056	9 094
MLP Temp Sp. z o.o.	EUR	Euribor 3M + margin	2020	390	1 649	2020	388	1 716
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	PLN	Wibor 3M + margin	2020	-	10 486	2020	-	10 321
MLP Temp Sp. z o.o.	EUR	Euribor 3M + margin	2025	647	2 735	-	-	-
Total				11 066	65 289		10 367	64 096

* Unaudited

18. Payroll liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Special funds	157	157
Cash settled share based payments	2 048	2 048
Payroll liabilities	2 205	2 205

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

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

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

Phantom shares for the previous year have been disbursed in July 2017 of EUR 2,704 thousand.

19. Trade and other liabilities

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Trade liabilities to related companies	35	41
Trade liabilities to third parties	604	540
State and social security liabilities	74	156
Provisions and accruals	76	329
Investment liabilities and other	61	114
Trade and other liabilities	850	1 180
Short-term liabilities	850	1 180

Liabilities to related parties were disclosed in note 22.

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

<i>as at</i>	30 June 2017 <i>(unaudited)</i>	31 December 2016
Current liabilities	612	849
Liabilities overdue from 1 to 90 days	84	160
Liabilities overdue from 91 to 180 days	65	-
Liabilities overdue over 180 days	15	15
Total trade and other liabilities	776	1 024

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

20. Financial instruments

20. 1 Valuation of financial instruments

The fair value of financial assets and financial liabilities as at 30 June 2017 and 31 December 2016 is equal to the value presented in the separate statement of financial position.

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

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

20. 1. 1 Financial assets

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Loans and receivables:		
Cash and cash equivalents	60 008	2 105
Loans and receivables, including:		
• Trade and other receivables	1 389	2 358
• Loans granted	109 441	80 476
	170 838	84 939
Total financial assets	170 838	84 939

20. 1. 2 Financial liabilities

<i>as at</i>	30 June 2017	31 December 2016
	<i>(unaudited)</i>	
Liabilities valued at amortized cost:		
Loans received	65 289	64 096
Trade and other payables	776	1 024
Bonds	84 889	-
	150 954	65 120
Total financial liabilities	150 954	65 120

21. Contingent liabilities and pledges

Contingent liabilities and pledges disclosed in the separate financial statements for the year 2016 did not change during the period of 6 months ended 30 June 2017 and remain effective on 30 June 2017.

22. Related party transactions

22. 1 Trade and other receivables and payables

Related party transactions related to trade and other receivables and payables as at 30 June 2017* are as follows:

* Unaudited

	Trade receivables and other	Trade liabilities and other ¹⁾
Parent company		
The Israel Land Development Company Ltd., Tel-Aviv	116	-
	116	-
Other related parties		
MLP Pruszków I Sp. z o.o.	542	28
MLP Pruszków II Sp. z o.o.	45	-
MLP Pruszków III Sp. z o.o.	111	-
MLP Pruszków IV Sp. z o.o.	35	-
MLP Poznań Sp. z o.o.	8	-
MLP Poznań II Sp. z o.o.	31	-
MLP Lublin Sp. z o.o.	36	-
MLP Teresin Sp. z o.o.	36	2
MLP Energy Sp. z o.o.	11	-
MLP Wrocław Sp. z o.o.	210	1
MLP Czeladź Sp z o.o.	45	2
MLP Gliwice Sp. z o.o.	74	2
MLP Poznań West Sp. z o.o.	1	-
MLP Bieruń Sp. z o.o.	1	-
MLP Bieruń I Sp. z o.o.	7	-
MLP Łódź Sp. z o.o.	7	-
MLP Poznań West II Sp. z o.o.	4	-
	1 204	35
Key management personnel		
ROMI CONSULTING Michael Shapiro	-	41
	-	41
Total	1 320	76

¹⁾ Position "trade liabilities and other" does not include the remuneration of key management personnel and share-based payments, which have been disclosed in Note 25.

22. 2 Loans granted and received

Related party balances related to loans granted and received as at 30 June 2017* are as follows:

<i>* Unaudited</i>	Loans granted	Loans received
Other related parties		
MLP Pruszków I Sp. z o.o.	2 927	41 677
MLP Pruszków III Sp. z o.o.	1 457	-
MLP Poznań Sp. z o.o.	1 041	-
MLP Poznań II Sp. z o.o.	159	-
MLP Lublin Sp. z o.o.	8 736	-
MLP Teresin Sp. z o.o.	7 510	-
MLP Gliwice Sp. z o.o.	13 658	-
MLP Property Sp. z.o.o.	295	-
MLP Poznań West Sp. z o.o.	702	-
MLP Temp Sp. z o.o.	-	13 126
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	-	10 486
MLP Bieruń I Sp. z o.o.	1 164	-
MLP FIN Sp. z o.o.	54	-
MLP Fin Spółka z ograniczoną odpowiedzialnością Sp.k.	32	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	28 530	-
Fenix Polska Sp. z o.o.	43 176	-
Total	109 441	65 289

22. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the 6 month period ended 30 June 2017* are as follows:

<i>* Unaudited</i>	Revenues from sale of services	Interest income
Parent company		
Fenix Polska Sp. z o.o.	-	440
The Israel Land Development Company Ltd., Tel-Aviv	116	-
	116	440
Other related parties		
MLP Pruszków I Sp. z o.o.	2 649	32
MLP Pruszków II Sp. z o.o.	121	-
MLP Pruszków III Sp. z o.o.	176	20
MLP Pruszków IV Sp. z o.o.	187	-
MLP Poznań Sp. z o.o.	43	6
MLP Poznań II Sp. z o.o.	128	2
MLP Lublin Sp. z o.o.	128	54
MLP Teresin Sp. z o.o.	81	116
MLP Energy Sp. z o.o.	54	-
MLP Wrocław Sp. z o.o.	58	-
MLP Czeladź Sp z o.o.	41	-
MLP Gliwice Sp. z o.o.	62	214
MLP Property Sp. z.o.o.	-	4
MLP Poznań West Sp. z o.o.	1	11
MLP Bieruń Sp. z o.o.	2	-
MLP Bieruń I Sp. z o.o.	6	18
MLP FIN Sp. z o.o.	-	1
MLP Łódź Sp. z o.o.	5	-
MLP Poznań West II Sp. z o.o.	3	-
MLP Logistic Park Germany I Sp. z o.o. &Co KG.	-	48
	3 745	526
Total revenues	3 861	966

		Purchase of services and remuneration	Interest expenses
Other related parties			
MLP Pruszków I Sp. z o.o.		(27)	(278)
MLP Teresin Sp. z o.o.		(3)	-
MLP Wrocław Sp. z o.o.		(1)	-
MLP Czeladź Sp. z o.o.		(3)	-
MLP Gliwice Sp. z o.o.		(2)	-
MLP Temp Sp. z o.o.		-	(72)
LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA		-	(165)
		(36)	(515)
Key Management Personnel			
ROMI CONSULTING, Michael Shapiro	<i>see note 25.</i>	(191)	-
RTK CONSULTING, Radosław T. Krochta	<i>see note 25.</i>	(250)	-
PROFART, Tomasz Zabost	<i>see note 25.</i>	(89)	-
Other Key Management Personnel	<i>see note 25.</i>	(407)	-
		(937)	-
		(973)	(515)

23. Significant litigation and disputes

Since the publication of the Report for the year ended 31 December 2016, there have been no changes in the significant litigations and disputes described in Financial Statements of MLP Group S.A. for the year 2016.

24. Significant events during the period and subsequent events

- On 11 May 2017, as a part of private offer, the Company issued 20,000 A series bearer bonds, with a nominal value of EUR 1,000 each and a total issue value of EUR 20,000,000 ("Bonds").

Bonds are subject to variable interest rate of EURIBOR for six-month EUR bank deposits plus a premium.

The Bonds have been issued as non-secured bonds.

The purpose of the issuance of the Bonds was not specified.

The redemption of the Bonds is scheduled for 11 May 2022, with a possibility of an early redemption by the Company.

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

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

	<i>for 6 months ended 30 June</i>	2017	2016
		<i>(unaudited)</i>	<i>(unaudited)</i>
Remuneration of Management Board			
• Remuneration and other benefits			
Michael Shapiro		191	196
Radosław T. Krochta		250	345
Tomasz Zabost		89	116
	<i>see note 22.3</i>	530	657
• Cash settled share based payment paid or due in the period		630	510
		1 160	1 167
Remuneration of Supervisory Board			
• Remuneration and other benefits			
Matusiak Maciej		15	15
Tucharz Jacek		15	15
Levy Eytan		15	15
Marfogel Shimshon		15	15
Meir Yosef Zvi		15	15
Guy Shapira		15	15
		90	90
Other Key Management Personnel			
• Remuneration and other benefits. <i>see note 22.3</i>		407	272
• Cash settled share based payment paid in the period		438	405
		845	677
Total remuneration paid or due to the to members of the management and supervisory boards and key management personnel		2 095	1 934

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

26. Employment structure


	<i>as at</i>	30 June	31 December
		2017	2016
		<i>(unaudited)</i>	
Number of employees		15	16

Radosław T. Krochta
President of the Management Board

Tomasz Zabost
Member of the Management Board

Michael Shapiro
Vice-President of the Management Board

Pruszków, 22 August 2017



Management Board report on the activities of

MLP Group S.A. Capital Group

for the 6 month period
ended 30 June 2017

The Management Board's report on the activities of MLP Group S.A. Capital Group for the 6 month period ended 30 June 2017 was prepared in accordance with paragraph 91 of the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by law of Non-Member States (Official Journal No. 33 item 259 with amendments).

Table of contents

MLP Group S.A. Management Board approval of the Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2017	78
Introduction	79
1. Basic information on MLP Group S.A. Capital Group and MLP Group S.A.	80
1.1 Group structure	80
1.2 Scope of activities of the Company and the Group	82
1.3 Information about the Capital Group real estate portfolio	83
1.4 Information about the market, customers and suppliers	86
1.4.1 <i>The structure of the Group's sales</i>	86
1.4.2 <i>The largest counterparties</i>	87
2. MLP Group S.A. Capital Group activities	88
2.1 Activities of MLP Group S.A. Capital Group in the first half of 2017	88
2.1.1 <i>Investment projects started and completed</i>	88
2.1.2 <i>Development projects currently underway and in preparation</i>	90
2.1.3 <i>Agreements significant for the Group's activities</i>	90
2.1.4 <i>Agreements between the shareholders</i>	90
2.1.5 <i>Cooperation and collaboration agreements</i>	90
2.1.6 <i>Transactions with related parties</i>	91
2.1.7 <i>Litigation</i>	91
2.2 Development of the MLP Group S.A. Capital Group, risk factors	92
2.2.1 <i>Key risk factors relevant to the development of the Group</i>	92
2.2.2 <i>Business prospects</i>	98
3. Capital Group's financial position, financial resources management	99
3.1 Key economic and financial data disclosed in the interim condensed consolidated financial statements of the Group for the 6 month period ended 30 June 2017	99
3.1.1 <i>Selected financial data from the consolidated statement of financial position</i>	99
3.1.2 <i>Selected financial data from the consolidated statement of profit or loss</i>	104
3.1.3 <i>Selected information from the consolidated statement of cash flows</i>	106
3.2 Forecasts	106
3.3 Group's financial management	107
3.3.1 <i>Profitability ratios</i>	108
3.3.2 <i>Liquidity ratios</i>	109
3.3.3 <i>Debt ratios</i>	110

3.4	Information on bank credits, bonds, loans, securities and guarantees	111
3.4.1	<i>Concluded and terminated loan agreements</i>	111
3.4.2	<i>Concluded and terminated bank credit agreements</i>	111
3.4.3	<i>Bond</i>	111
3.4.4	<i>Loans granted</i>	112
3.4.5	<i>Granted and received securities</i>	112
3.4.6	<i>Granted and received guarantees</i>	112
3.5	Assessment of the feasibility of the investment plans	112
3.6	Evaluation of factors and unusual events affecting consolidated financial result for the current period	112
3.7	Information about issuing, repurchasing and repaying non-equity and equity securities	112
3.8	Concise description of significant successes achieved or failures occurred in the 6 month period ended 30 June 2017	112
3.9	Seasonal or cyclical nature of operations	112
4.	Management Board report	113

MLP Group S.A. Management Board approval of the Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2017

The Management Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2017 was prepared and approved by the Management Board on 22 August 2017.

Radosław T. Krochta
President
of the Management Board

Michael Shapiro
Vice-President
of the Management Board

Tomasz Zabost
Member
of the Management Board

Pruszków, 22 August 2017

Introduction

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

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

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

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

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

1. Basic information on MLP Group S.A. Capital Group and MLP Group S.A.

1.1 Group structure

As at 30 June 2017, MLP Group S.A. Capital Group consisted of the following entities:

Entity	Country of registry	Direct and indirect share of the Parent Company in the equity	Direct and indirect share of the Parent Company in the voting rights
1 MLP Pruszków I Sp. z o.o.	Poland	100%	100%
2 MLP Pruszków II Sp. z o.o.	Poland	100%	100%
3 MLP Pruszków III Sp. z o.o.	Poland	100%	100%
4 MLP Pruszków IV Sp. z o.o.	Poland	100%	100%
5 MLP Poznań Sp. z o.o.	Poland	100%	100%
6 MLP Lublin Sp. z o.o.	Poland	100%	100%
7 MLP Poznań II Sp. z o.o.	Poland	100%	100%
8 MLP Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%
9 MLP Energy Sp. z o.o.	Poland	100%	100%
10 MLP Property Sp. z o.o.	Poland	100%	100%
11 MLP Bieruń Sp. z o.o.	Poland	100%	100%
12 MLP Bieruń I Sp. z o.o.	Poland	100%	100%
13 MLP Sp. z o.o.	Poland	100%	100%
14 MLP Teresin Sp. z o.o.	Poland	100%	100%
15 MLP Poznań West Sp. z o.o.	Poland	100%	100%
16 MLP FIN Sp. z o.o.	Poland	100%	100%
17 LOKAFOP 201 Sp. z o.o.	Poland	100%	100%
18 LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA	Poland	100%	100%
19 MLP Wrocław Sp. z o.o.	Poland	100%	100%
20 MLP Gliwice Sp. z o.o.	Poland	100%	100%
21 MLP Łódź Sp. z o.o.	Poland	100%	100%
22 MLP Czeladź Sp. z o.o.	Poland	100%	100%
23 MLP Temp Sp. z o.o.	Poland	100%	100%
24 MLP MLP Dortmund LP Sp. z o.o. ¹⁾	Poland	100%	100%
25 MLP MLP Dortmund GP Sp. z o.o. ²⁾	Poland	100%	100%
26 MLP Logistic Park Germany I Sp. z o.o. &Co KG. ³⁾	Germany	100%	100%
27 MLP Poznań West II Sp. z o.o. ⁴⁾	Poland	100%	100%
28 MLP Bucharest West Sp. z o.o. ⁵⁾	Poland	100%	100%

Changes in the Group

- ¹⁾ On 2 March 2017, MLP Pruszków III Sp. z o.o. and MLP Moszna I Sp. z o.o. merged. The entire assets of MLP Moszna I Sp. z o.o. were transferred to MLP Pruszkow III Sp. z o.o.
- ²⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund LP Sp. z o.o. was established. The company was registered in the National Court Register on 9 March 2017. Shares in the newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).
- ³⁾ On 3 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Dortmund GP Sp. z o.o. was established. The company was registered in the National Court Register on 8 March 2017. Shares in the newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).
- ⁴⁾ On 20 March 2017 a new company of the MLP Group S.A. Capital Group, MLP Logistic Park Germany I Sp. z o.o. &Co KG was established.
- ⁵⁾ On 12 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Poznań West II Sp. z o.o. was established. The company was registered in the National Court Register on 18 April 2017. Shares in the newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).
- ⁶⁾ On 28 April 2017 a new company of the MLP Group S.A. Capital Group, MLP Bucharest West Sp. z o.o. was established. The company was registered in the National Court Register on 5 May 2017. Shares in the newly created company were acquired entirely by MLP Group S.A. (100 shares with a total nominal value of PLN 5,000).

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

Since 1998, MLP Group has operated in the market of commercial real estate, specializing in the construction of modern warehouse and manufacturing centers, offering its tenants both storage space and production space, adapted to house light industrial production. Acting on the market as a developer, consultant and manager of real estate, the Group provides comprehensive solutions to many national and international manufacturing and distribution companies, for the optimization of warehouse and production space.

In order to provide high quality services, all projects undertaken by the Group are distinguished by an attractive location of the logistics parks, application of built-to-suite type solutions and support given to tenants during the lease term. Management believes that the attractiveness of the location of the logistics parks operated by the Group is reflected in the following criteria:

- location of logistics parks near large metropolitan areas,
- location of logistics parks near road communication nodes,
- easy access to public transportation to and from the logistics parks.

The Group is currently operating five logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin and MLP Teresin. One logistic park in Germany - MLP Unna, two logistic park under construction - MLP Gliwice and MLP Wrocław and one in the preparatory phase - MLP Czeladź. The total size of surplus land in Poland is 90,4 hectares.

1.3 Information about the Capital Group real estate portfolio

The investment portfolio of the Capital Group is comprised of five operating logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin and MLP Teresin. One logistic park in Germany - MLP Unna, two logistic park under construction - MLP Gliwice and MLP Wrocław and one in the preparatory phase - MLP Czeladź.

The Group classifies its investment portfolio under two categories:

- properties generating rental income,
- investment projects and surplus land.

The following table shows the structure of the investment portfolio by category of the Group's parks as at 30 June 2017:

Logistics parks in Poland	Location	Target area (sqm)	Developed space (sqm)	Space under construction (sqm)	Surplus land (sqm)
MLP Pruszków I	Pruszków	170 695	165 779	3 662	-
MLP Pruszków II	Brwinów	260 000	98 475	27 221	430 760
MLP Poznań	Poznań	86 200	28 252	17 353	90 311
MLP Lublin	Lublin	49 889	22 205	5 805	37 409
MLP Teresin	Teresin	37 601	15 591	22 176	-
MLP Gliwice	Szałsza	61 500	-	24 722	91 870
MLP Wrocław	Mirków	63 500	-	8 703	108 516
MLP Czeladź	Czeladź	74 200	-	8 703	145 334
MLP Unna ¹⁾	Unna	56 700	48 096	-	-
Total		860 285	378 398	118 345	904 200

¹⁾ On 4 April 2017 a new logistic park in Germany (MLP Unna) was established, through the acquisition of real estate by MLP Logistic Park Germany I Sp. z o.o. & Co.KG. The purchased property is of 12.5 ha land with warehouse and office buildings. Buildings are currently rented out by the tenant, and the lease agreement expires on June 30, 2018. Ultimately, the Group intends to build a new warehouse and office facilities on the purchased land and re-commercialize the logistics park.

Together with the contract of sale of the MLP Bieruń logistics park property, MLP Bieruń Sp. z o.o. signed a development agreement under which it committed to complete the construction of the park and its commercialization.

According to the above-mentioned agreement, MLP Bieruń Sp. z o.o. let to rent 11,340 sqm to Auto Partner and completed realization of the above mentioned investment. Details in note 2.1.2.

Summary of leasable area owned by the Group in Poland as at 30 June 2017 (sqm):

Total developed space upon completion (sqm)	Developed space (sqm)	Space under construction (sqm)	Space built and leased (sqm)	Space under construction leased on the basis of signed agreements (sqm)	Developed space not yet leased (sqm)
POLAND:					
803 585	330 302	118 345	318 240	107 404	12 062
GERMANY:					
56 700	48 096	-	48 096	-	-
860 285	378 398	118 345	366 336	107 404	12 062

Types of rental space offered:

The Company offers its tenants two types of space:

- warehouse space for storage of goods, and
- space for light industrial production.

Additionally, the Group provides its tenants with office space, in connection with their core business. The final allocation of the gross leasable area is dependent on the requirements of the tenants.

The completed area of the Group's parks as at 30 June 2017 is:

Breakdown of the Group's developed space by type as at 30 June 2017



The fair value of the Group's property portfolio at 30 June 2017:

Logistics Park	Fair Value in EUR thousand	Fair Value in PLN thousand
MLP Pruszków I	79 320	335 246
MLP Pruszków II	85 504	361 383
MLP Poznań	26 692	112 814
MLP Lublin	14 875	62 869
MLP Teresin	12 880	54 437
MLP Gliwice	6 730	28 444
MLP Wrocław	11 010	46 534
MLP Czeladź	8 300	35 080
MLP Unna	7 880	33 305
Total	253 191	1 070 112

Value of the investment property portfolio presented in the consolidated financial statements as at 30 June 2017 is comprised of: (i) fair value of investment property of PLN 1.070.112 thousand, (ii) perpetual usufruct of land of PLN 5.260 thousand.

1. 4 Information about the market, customers and suppliers

The investment portfolio of the Capital Group is comprised of five operating logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin and MLP Teresin. One logistic park in Germany - MLP Unna, two logistic park under construction - MLP Gliwice and MLP Wrocław and one in the preparatory phase - MLP Czeladź.

1. 4.1 The structure of the Group's sales

The Group's revenue is generated from rental of investment property (logistics parks) in Poland and since April 2017 in Germany. The following table presents the types of rental revenue:

Revenue from sales for the 6 month period ended 30 June	2017	2016	change (%)
External customer sales:			
Investment property rental	26 175	25 756	1,6%
Re-invoicing of operating costs	8 035	7 303	10,0%
Re-invoicing of utilities	8 884	8 946	-0,7%
Other	662	1 415	-53,2%
Revenues obtained on the basis of a development contract concluded by MLP Bieroń Sp. z o.o.	3 789	-	-
Total	47 545	43 420	9,5%

The structure of the Group's tenants is diversified, and therefore the Group is not exposed to significant risk arising from contracts signed with a single tenant or group of tenants. As at 30 June 2017, the average space rented to one tenant was approximately 6.2 thousand sqm. (as at 30 June 2016 average space rented to one tenant was 4.9 thousand sqm).

As at 30 June 2017 about 56% of the total leased space was occupied by the 10 largest tenants in logistics parks belonging to the Group (as at 30 June 2016 it was 57%).

Together with the contract of sale of the MLP Bieruń logistics park property, MLP Bieruń Sp. z o.o. signed a development agreement under which it committed to complete the construction of the park and its commercialization. According to the above-mentioned agreement, MLP Bieruń Sp. z o.o. let to rent 11,340 sqm area to Auto Partner and completed realization of the above mentioned investment. Due to the services provided, the Group recognized revenues of PLN 3.789 thousand in the first half of 2017 (in 2016 PLN 17.340 thousand of revenues were recognized, which corresponds to the percentage of completion of construction).

1. 4.2 The largest counterparties

In the reporting period the Group's companies cooperated mainly with suppliers providing the following services:

- construction (cooperation in investment and development projects),
- media delivery,
- consulting - business and legal advisory,
- maintenance of properties,
- security.

In case of construction, general contractors are chosen through the process of internally organized tender procedures. In 2017 the Group cooperated with four construction companies, with purchase turnover exceeding 10% of the Group's revenue, that were acting as general contractors:

- Bremer Sp. z o.o.
- Firma Budowlana Antczak Marek Sp z o.o.
- Bln-Biuro Inżynierskie Sp. z o.o.
- Mirbud S.A.

In case of purchase of other services, due to a broad base of suppliers, the Group is not dependent on a single supplier. In 2017 purchase turnover with any of the Group's other suppliers did not exceed 10% of the Group's revenues.

2. MLP Group S.A. Capital Group activities

2.1 Activities of MLP Group S.A. Capital Group in the first half of 2017

In the first half of 2017 the Group continued its activities of construction and property management in relation to warehouse and office space. Construction was carried out mainly using general contractors, delivered by specialized external entities.

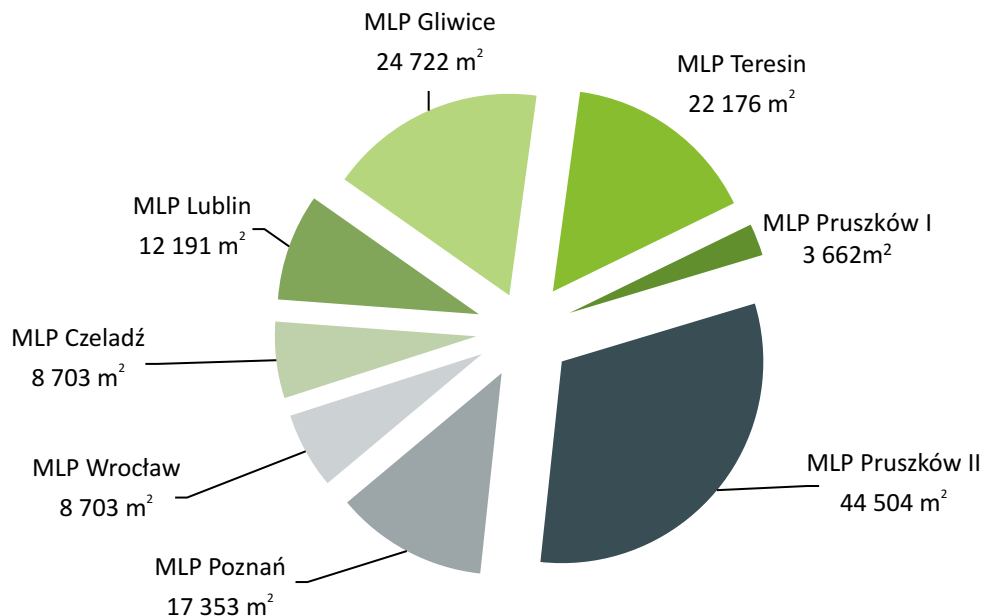
In the analyzed period, the Group simultaneously operated several development projects and rented more than 366 thousand sqm of existing warehouse and office space. The Company's Management Board reviewed and evaluated:

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

2.1.1 Investment projects started and completed

In the first half of 2017, the Group carried out investment projects with a total area of 110,633 sqm and had 31,381 sqm under preparation, which results in total area of 142,014 sqm.

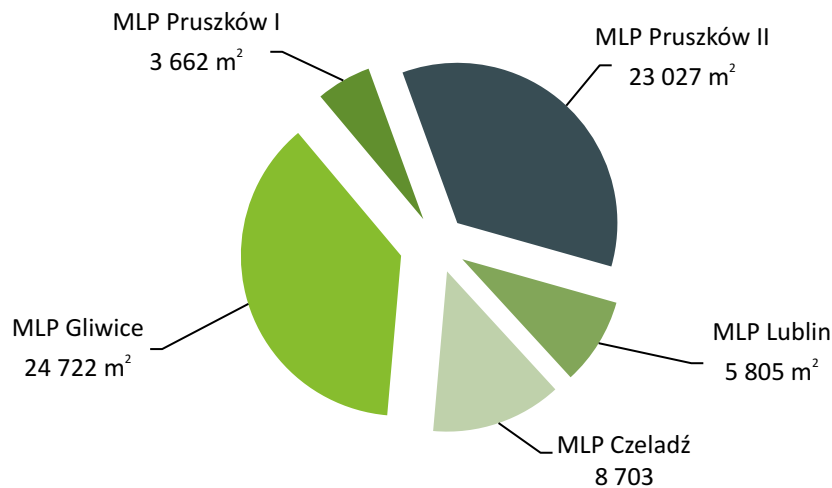
Area of implemented investment projects with construction activity in the first half of 2017 (in sqm)



Out of the total area of 142,014 sqm of projects that were implemented and in preparation during the first half of 2017, 76,095 sqm of investment space was launched before 2017. In the first half of 2017, the Group launched projects with a total area of 34,538 sqm. As at June 30, 2017, the Group holds 31,381 sqm of investment projects: in logistics park MLP Czeladź - 8,703 sqm, in logistic park MLP Pruszków II - 13,211 sqm, in logistic park MLP Lublin - 5,805 sqm, in logistic park MLP Pruszków I - 3,662 sqm. The deadline for these projects is 2017-2018.

The chart below shows the areas of investment projects started in each of the Group's logistic parks:

Area of investment projects initiated and in preparation during the first half of 2017 (in sqm)



Out of all projects under construction in 2016, the Group completed the construction of 23,738 sqm in the first half of 2017.

Area of investment projects completed in 2017 (in sqm)



2. 1.2 Development projects currently underway and in preparation

Since the beginning of 2017 until the publication date of this report, the Group has finished projects under construction of total area of 62,986 sqm. Those investments were initiated before 2017. Moreover, currently there is 79,059 sqm of space that is under signed lease agreements.

On 4 April 2017 a new logistic park in Germany (MLP Unna) was established, through the acquisition of real estate by MLP Logistic Park Germany I Sp. z o.o. & Co.KG. The purchased property is a 12.5 ha land with warehouse and office buildings. Buildings are currently rented out by the tenant, and the lease agreement expires on June 30, 2018. Ultimately, the Group intends to build new warehouse and office facilities on the purchased land and re-commercialize the logistics park.

The Group's strategy is to focus on expanding the existing industrial parks (i.e. construction of warehouses on land belonging to the Group), and development of BTS projects outside existing parks. In addition, the Group plans to purchase land in Romania for a new logistics park.

The Group realizes BTS projects, i.e. a lease agreement with a prospective tenant must be signed prior to the initiation of the investment process.

Along with the contract of sale of the MLP Bieruń logistics park property, MLP Bieruń Sp. z o.o. signed a development agreement under which it committed to complete the construction of the park and its commercialization.

Realizing the above mentioned contract, the Group leased out around 50% of target area, i.e. 11,340 sqm. As at 30 June 2017 the Group completed realization of the above building. Moreover, the Group intends to sign lease agreements for the remaining space for commercialization in MLP Bieruń (area approximately 11,000 sqm).

Currently, the Group has not entered into any other binding commitments for realization of new investment projects.

2. 1.3 Agreements significant for the Group's activities

Significant suppliers with whom the Group entered into agreements in 2017 with a total value exceeding 10% of Group's equity.

In the 6 month period ended 30 June 2017, the Group has not entered into a commercial agreement with a single supplier the total value of which exceeded 10% of the Group's equity.

2. 1.4 Agreements between the shareholders

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

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

2. 1.5 Cooperation and collaboration agreements

In the first half of 2017 MLP Group S.A. Capital Group did not sign any significant agreements related to the cooperation or collaboration with other entities.

2. 1.6 Transactions with related parties

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

A description of related party transactions is presented in Note 27 to the Consolidated Financial Statements for the 6 months ended 30 June 2017.

2. 1.7 Litigation

Ongoing proceedings in court, arbitration proceedings

As at 30 June 2017 there was no individual proceeding in court, arbitration or public administration related to liabilities or receivables of the Company or its subsidiaries, which would exceed 10% of the Group's equity.

As at 30 June 2017 there were no combined proceedings in court, arbitration or public administration related to liabilities or receivables, that together would exceed 10% of the Group's equity.

As at 30 June 2017, the Group was a party to proceedings related to liabilities and receivables of approximately PLN 31,314 thousand, including the total value of proceedings relating to liabilities of approximately PLN 5,486 thousand (out of which PLN 5,406 thousand relates to a court case with OLPIZ Sp. z o.o.). The total value of proceedings concerning receivables amounted to approximately 25,828 thousand (out of which 21,888 thousand relates to the court case with Czerwona Torebka S.A.).

Proceedings involving the Group do not materially impact on the Group's operations.

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

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

Key risk factors relevant to the development of the Group

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

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

Credit risk

Credit risk is a risk of financial loss to the Company and companies from the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The purpose of risk management is to maintain a stable and sustainable portfolio of loans granted and other investments in debt financial instruments with respect to the quality and value of loans portfolios, through a policy of setting credit limits for contracting parties.

Liquidity risk

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

Market risk

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

◦ **Foreign exchange risk**

The consolidated financial statements of the Group are prepared in PLN, which is the functional currency of the Group. The majority of the Group's revenue from rent is denominated in EUR and occasionally in PLN and USD. A portion of the Group's costs, such as certain construction costs, labor costs and wages are denominated in PLN.

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

◦ **Interest rate risk**

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

In addition to the abovementioned risks, the Group's activities are also exposed to the following risk factors:

Risks associated with the Group's dependence on the macroeconomic situation

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

Risks associated with factors specific to the real estate sector

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

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

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

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

Insurance risk

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

Risks associated with the development activities of the Group

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

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

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

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

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

Investment projects of the Group may be carried out only if the land on which they are carried out is provided with appropriate technical infrastructure as required by law, (e.g. access to internal roads, the possibility of connections to the media or certain procedures for fire protection and adequate facilities to ensure this protection). The relevant authorities may require the Group to create additional infrastructure required by law in the performance of its construction work, before making appropriate administrative decisions. Such additional work can significantly affect the cost of construction.

In addition, the implementation of some projects may become uneconomic or impracticable for reasons that are beyond the Group's control, such as a slowdown in the real estate market. The Group may not be able to complete these projects on time, within budget or at all, due to any of the above or other factors, which may increase the costs, delay the implementation of the project or cause the project to be abandoned.

Risk associated with general contractors

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

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

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

Risks associated with obtaining administrative decisions:

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

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

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

Risk associated with acquiring land

The effectiveness and scale of the Group's operational activity depend, among others on the supply of adequate real estate to build up, the price level of these properties, as well as their legal situation. Implementing of strategy and achieving results is dependent on ability to find and acquire the right property at competitive prices, as well as financing purchase of properties on appropriate terms. The ability to acquire land for investment in attractive locations depends on the Group's performance as well as on the legal aspects of the Group's operating activities and on the objective factors of the market environment (i.e. high competition in the land market, long time needed to change the legal nature of land - due to delays in the adoption of area development plan and limited resources of land with appropriate infrastructure). The Group has a specialized team searching for suitable land, legal analysis, analysis of potential, and performing administrative processes. The Group also works in this area with a group of market and legal advisers.

The impact on the prices of land depend, among others on: demand for rental of warehouse, office space and production facilities, macroeconomic situation, availability of financing, supply of warehouse and office space in the area, as well as expectations of tenants in terms of standard and location. The Group is trying to respond effectively to macroeconomic changes through the realization of the investment in stages.

Adverse impact on the competitiveness and profitability of the Group's new investments on land acquired in the future may also increase the price of land. This is because the cost of acquiring land for investment is an important determinant of the cost-effectiveness of a project. On the other hand, the increase in land prices can convert into greater competitiveness of the Group's investments in land previously purchased at lower prices. To minimize the impact of the risk of rising land prices, the Group holds a land bank with prepared projects with a total area of approximately 90.4 hectares. On the other hand, the fall in the value of land may translate into a decrease in the valuation of investment properties as well as the competitiveness and profitability of some of the Group's investments carried out on land held by the Group.

2. 2.2 Business prospects

The strategic goal of the Group is to permanently increase the owned warehouse space on the Polish market and expansion abroad - mainly on German and Romanian market. In the first half of 2017 the Group purchased property in Germany and plans to invest in Romania. For this purpose the Company issued corporate bonds of EUR 20 million. The effect of this will be strengthening the Company's position as a long-term partner of customers developing operations in the area. The strategic objective of the Group is the realization of buildings in the Build to Suit (BTS) System on the current surplus land and construction of buildings in the BTS system beyond the current parks for resale.

The Polish warehouse market is in good condition. Poland is at the same time a leader of Central and Eastern Europe. The competitiveness of the Polish market continues to be the high availability of land for development projects, relatively low labor costs, developed transportation infrastructure. Good prospects encourage developers to make further investments.

In the first half of 2017 the warehouse market continued dynamic development. In the analyzed period, market participants signed agreements related to the lease of 1.82¹⁾ million sqm - which was record-breaking for the first half of the year (32% increase comparing to the first half of 2016). The largest share in the structure of demand was retail chains (35%) and logistic operators (30%). Most of the warehouse space was leased in the Central Poland area (444 thousand sqm), Upper Silesia area (401 thousand sqm) and Warsaw area (392 thousand sqm). At the end of the first half of 2017, the vacancy rate accounted for 5.9% of the warehouse space available in Poland.

In the first half of 2017, developers developed 720 thousand sqm of new warehouse space - 10% more than in the correspondent period of the previous year. As a result, the total stock of modern warehouse space in Poland exceeded 12 million sqm. At the end of the first half of 2017 1.7 million sqm remained under construction.

¹⁾ Source: *The Stock Market Report in the first half of 2017 (Axi Immo)*

3. Capital Group's financial position, financial resources management

3.1 Key economic and financial data disclosed in the interim condensed consolidated financial statements of the Group for the 6 month period ended 30 June 2017

3.1.1 Selected financial data from the consolidated statement of financial position

Structure of the consolidated statement of financial position of the Group (selected, significant items):

	<i>as at</i>	30 June 2017	Share %	31 December 2016	Share %	Change %
ASSETS		1 306 277	100%	1 177 981	100%	11%
Non-current assets		1 148 876	88%	1 042 700	89%	10%
Including:						
Investment property		1 075 438	82%	968 524	82%	11%
Other long-term investments		65 555	6%	65 964	7%	-1%
Current Assets		157 401	12%	135 281	11%	16%
Including:						
Short-term investments		22 866	2%	22 884	2%	0%
Trade receivables and other		24 399	2%	42 481	4%	-43%
Other short-term investments		2 566	0%	6 984	1%	-63%
Cash and cash equivalents		105 951	8%	61 694	5%	72%

	<i>as at</i>	30 June 2017	Share %	31 December 2016	Share %	Change %
EQUITY AND LIABILITIES		1 306 277	100%	1 177 981	100%	11%
Equity		698 045	53%	675 726	57%	3%
Long-term liabilities		508 899	39%	435 140	37%	17%
Including:						
Credits, loans, other debt instruments and other long-term liabilities		414 256	32%	341 362	29%	21%
Short-term liabilities		99 333	8%	67 115	6%	48%
Including:						
Credits, loans and other debt instruments		18 000	1%	13 810	1%	30%
Trade and other liabilities		75 617	6%	43 965	4%	72%

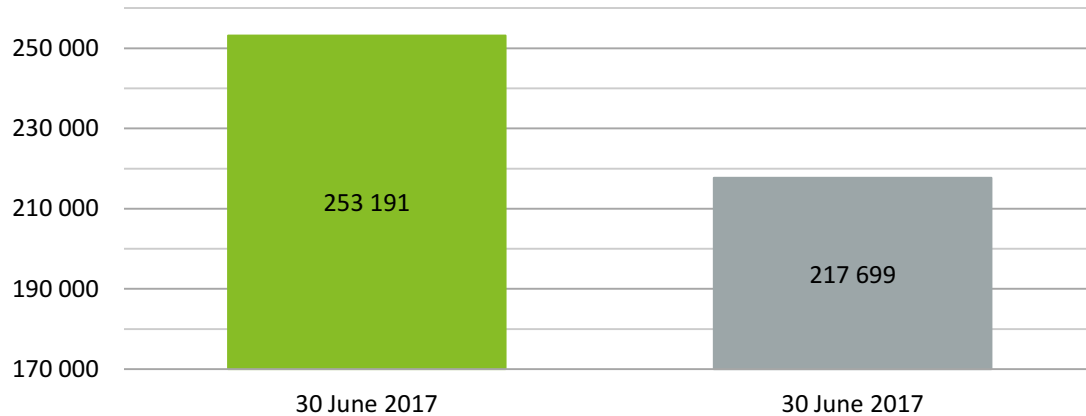
As at 30 June 2017 investment properties, including logistics parks belonging to the Group, constituted the main part of the Group's assets, i.e. 82 % of total assets. The main items of equity and liabilities were: credits, loans, other debt instruments, equity and trade and other liabilities, which as at 30 June 2017 respectively accounted for: equity 53%, liabilities from credits, loans, other debt instruments and other liabilities 32%. Increase of liabilities comprising credits, loans, other debt instruments and other long term liabilities resulted mainly from the fact that in May 2017 the Group issued 20,000 bonds for EUR 1,000 (PLN 84,310 thousand).

Investment property

	<i>as at</i>	30 June 2017 in EUR thousand	30 June 2017 in PLN thousand	31 December 2016 in EUR thousand	31 December 2016 in PLN thousand	Change in PLN thousand
MLP Pruszków I		79 320	335 246	80 210	354 848	(890)
MLP Pruszków II		85 504	361 383	73 506	325 191	11 998
MLP Poznań		26 692	112 814	24 963	110 436	1 729
MLP Lublin		14 875	62 869	13 220	58 485	1 655
MLP Teresin		12 880	54 437	8 380	37 073	4 500
MLP Gliwice		6 730	28 444	4 040	17 873	2 690
MLP Wrocław		11 010	46 534	7 980	35 304	3 030
MLP Czeladź		8 300	35 080	5 400	23 890	2 900
MLP Unna		7 880	33 305	-	-	7 880
Value of investment property according to valuations		253 191	1 070 112	217 699	963 100	35 492

According to the valuations as at 30 June 2017, the total value of the investment property portfolio of the Group amounted to EUR 253.191 thousand (PLN 1.070.112 thousand) and increased by EUR 35,492 thousand in comparison to the value of the properties according to the valuations as at 31 December 2016. The change in the value of the investment property portfolio resulted mainly from acquisition of a 12.5 ha land of MLP Unna land, completion of projects resulted in 23 thousand sqm of new space and new investments in logistics parks: MLP Pruszków II and MLP Gliwice. As at 30 June 2017 the total area under lease agreements managed by the Group increased by 102,378 thousand sqm as compared to 2016 (including purchased MLP Unna logistics park - 48,096 sqm).

**The value of the investment properties
 (in EUR thousand)**



Other Investments

	<i>as at</i>	30 June 2017	31 December 2016
Other long-term investments		8 872	8 567
Long-term loans		56 683	57 397
Short-term loans		22 866	22 884
Other short-term investments		2 566	6 984
Total other investments		90 987	95 832

As at 30 June 2017, the amount of receivables under loans granted decreased by PLN 732 thousand comparing to the end of 2016.

Other long-term investments comprise restricted cash in long term in the amount of PLN 8,872 thousand. The amount contains: PLN 6,399 thousand, which was separated in accordance with the credit agreements to secure payment of principal and interest instalments, PLN 379 thousand of deposits retained from tenants and other deposits of PLN 2,094 thousand.

The Group has short-term restricted cash of PLN 2,100 thousand. Restricted cash consists of PLN 605 thousand of short-term deposit and short-term part of cash separated in accordance with credit agreements of PLN 1,495 thousand.

Other short-term investments also comprise of funds on Escrow account (PLN 466 thousand), retained in connection with the sale of investment properties. These funds will be released when the Group's obligations under the contract for sale of investment properties are met. The Group expects that these obligations will be fulfilled within 12 months of the end of the reporting period.

Cash

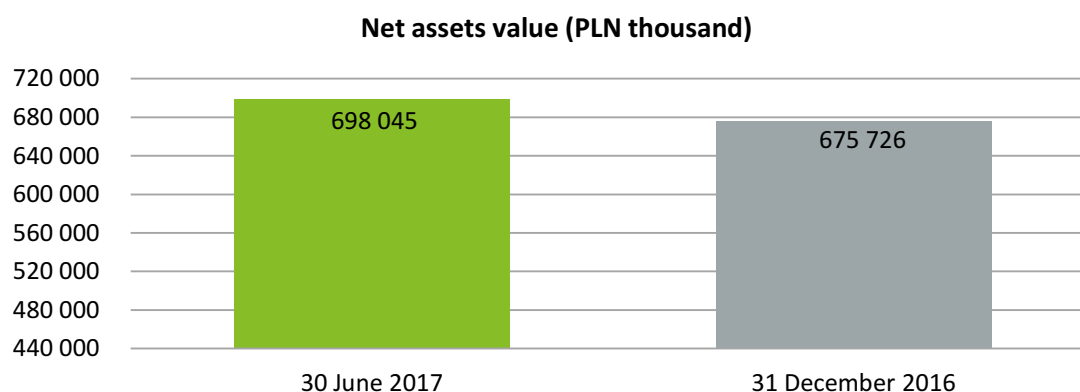
	<i>as at</i>	30 June 2017	31 December 2016
Cash on hand		751	61
Cash in bank		96 561	20 153
Short-term deposits		8 639	41 480
Cash and cash equivalents presented in the consolidated statement of financial position		105 951	61 694
Cash and cash equivalents, presented in the consolidated statement of cash flows		105 951	61 694

Cash and cash equivalents in the annual consolidated statement of financial position includes cash in hand and bank deposits with an initial maturity of up to 3 months.

The balance of cash as at 30 June 2017 amounted to PLN 105,951 thousand and increased by PLN 44,257 thousand compared to 31 December 2016. This increase results mainly from the influence of the proceeds from the issue of bonds of PLN 84,310 thousand and from operating activities of PLN 35,989 thousand. This increase was partly offset by the expenses incurred for the purchase of investment property in Germany (MLP Unna) and the construction of new facilities (PLN 77,229 thousand).

Equity

Net assets value (NAV)



Net assets value as at 30 June 2017 amounted to PLN 698,045 thousand, and increased by PLN 22,319 thousand (3.3%).

The increase is related mainly to the net profit for the first half of 2017 and valuation of the hedging instruments recognized in other comprehensive income.

Share capital

	<i>as at</i>	30 June 2017	31 December 2016
Series A shares		11 440 000	11 440 000
Series B shares		3 654 379	3 654 379
Series C shares		3 018 876	3 018 876
Total		18 113 255	18 113 255
Par value of 1 share		0,25 zł	0,25 zł

As at 30 June 2017, share capital of the Parent Company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling shareholders to 18,113,225 votes at the General Meeting. All shares have a par value of PLN 0.25 and have been fully paid.

Credits, loans, other debt instruments and other liabilities

<i>as at</i>	30 June 2017	31 December 2016
Credits secured on the Group's assets	254 505	265 750
Bonds	84 530	-
Loan liabilities	58 885	61 318
Total long-term credits, loans and other debt instruments	397 920	327 068
Finance lease liabilities	5 259	5 259
Liabilities concerning SWAP transactions	1 750	2 229
Investment guarantees, guarantees from tenants and other	9 309	6 789
Liabilities concerning other transactions	18	17
Total other long-term liabilities	16 336	14 294
Short-term credits and short term part of credits secured on the Group's assets	17 076	13 230
Bonds	359	-
Loan liabilities	565	580
Liabilities concerning SWAP transactions	3 040	6 196
Total short-term liabilities	21 040	20 006
Credits, loans, other debt instruments and other liabilities	435 296	361 368

Credits, loans and other debt instruments constitute a significant part of the Group's equity and liabilities. Credits and loans finance the expansion of the Group's logistic parks.

The most significant impact on the increase in Credits, loans, other debt instruments and other liabilities was the issuance by the Group of 20,000 bonds of EUR 1,000 each (converted into PLN at the average NBP exchange rate of 30 June 2017: PLN 84,530 thousand) . This increase was partially offset by the decrease in loan liabilities (partial repayment of loan to Fenix Polska Sp. z o.o.) as well as loans, which are the result of repayment of loans in accordance with the schedule and incurring new tranches by MLP Pruszków IV Sp. z o.o., MLP Lublin Sp. z o.o. and MLP Teresin Sp. z o.o.

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

Consolidated statement of profit or loss of the MLP Group S.A. Capital Group for the 6 month period ended 30 June 2017 compared to the first half of 2016:

	<i>for the 6 month period ended 30 June</i>	<i>2017</i>	<i>% of revenues</i>	<i>2016</i>	<i>% of revenues</i>	<i>Change %</i>
Revenues		47 545	100%	43 420	100%	10%
<i>including:</i>						
<i>Revenues obtained under a development contract concluded by MLP Bieruń Sp. z o.o.</i>		3 789	8%	-	0%	-
Other operating income		221	0%	1 386	3%	-84%
Selling and administrative expenses		(24 567)	52%	(21 362)	49%	15%
<i>including:</i>						
<i>Costs related to development contract concluded by MLP Bieruń Sp. z o.o.</i>		(2 824)	6%	-	0%	-
Other operating costs		(2 209)	5%	(1 662)	4%	33%
Operating profit before gain on revaluation of investment property		20 990	44%	21 782	50%	-4%
Gain/(Loss) on revaluation of investment property		(2 227)	-5%	27 381	63%	-108%
Operating profit		18 763	39%	49 163	113%	-62%
Net financial income/(cost)		4 499	-9%	(11 830)	27%	-138%
Profit before taxation		23 262	49%	37 333	86%	-38%
Corporate income tax		(3 382)	7%	(11 117)	26%	-70%
Net profit		19 880	42%	26 216	60%	-24%
	<i>for the 6 month period ended 30 June</i>	<i>2017</i>		<i>2016</i>		
Earnings per share:						
- Basic earnings for the year attributable to the ordinary shareholders of the Parent Company (in PLN)				1.10	1.45	
- Diluted earnings for the year attributable to the ordinary shareholders of the Parent Company (in PLN)				1.10	1.45	

	<i>for the 6 month period ended 30 June</i>	2017	2016	Change %
Revenue from rental of properties		26 175	25 756	1,6%
Revenues from re-invoicing of operating cost		8 035	7 303	10,0%
Reinvoicing of utilities		8 884	8 946	-0,7%
Other revenues		662	1 415	-53,2%
Revenues obtained under a development contract concluded by MLP Bieruń Sp. z o.o.		3 789	-	-
Total Revenues		47 545	43 420	9,5%

The main source of revenue of the Group's core activities includes rental revenues. Revenues for the first half of 2017 amounted to PLN 26.175 thousand and increased by 1.6% comparing to the corresponding period of 2016. As at 30 June 2017 the Group had 366,333 sqm of rented space and increased by 91,431 sqm in comparison to the analogous period of 2016. A significant portion of the area was built and leased out in the second quarter of 2017, which did not significantly increase rents. During this period contracts were extended, where previous rental rates were subject to indexation with a positive MUICP over the past years, while current rates do not take into account this factor.

Selling and administrative expenses for the first half of 2017 amounted to PLN 24,567 thousand and increased by PLN 3,205 thousand compared to the analogous period of 2016. This increase is mainly related to the realization of the project on the basis of a development agreement concluded by MLP Bierun Sp. z o.o.

Due to the nature of the Group's operations, the largest position of selling and administrative expenses were costs of materials and energy consumption, external services and tax charges, which in the first half of 2017 amounted to PLN 10,540 thousand, PLN 6,340 thousand, and PLN 5,573 thousand, respectively. These costs are closely correlated to the volume of space in warehouses and manufacturing parks owned by the Group and their development and maintenance costs. Significant increase of external services is mainly related to the realisation of the project on the basis of a development contract concluded by MLP Bieruń Sp. z o.o.

In the first half of 2017, the Group's net financial profit increased significantly (amounting to PLN 4,499 thousand) as compared to the analogous period of the previous year (net financial loss amounting to PLN 11.830 thousand). This change is mainly due to foreign exchange differences.

In the first half of 2017, the Group achieved a loss of PLN 2,227 thousand on the valuation of investment properties, while the Group reported a profit of PLN 27,381 thousand in the analogous period of 2016. This change was primarily affected by the EUR decline in the first half of 2017 by 4.46%, which was partially offset by the completion of projects in the first half-year and release of 23,738 sqm, the purchase of land in Germany and the launch of new investments in MLP parks with a total area of 34,538 sqm.

3. 1.3 Selected information from the consolidated statement of cash flows

	<i>for the 6 month period ended 30 June</i>	2017	2016
Net cash flows from operating activities		35 989	9 226
Net cash flows from investing activities		-72 682	-28 621
Net cash flows from financing activities		80 950	-48 479
Total net cash flow		44 257	-67 874
Cash at the beginning of the period		61 694	122 978
Cash and cash equivalents at the end of the period		105 951	55 104

In the first half of 2017, the Group generated positive cash flows from operating activities of PLN 35,989 thousand. Compared to the corresponding period of 2016 cash flow increased by PLN 26,763 thousand mainly due to funds obtained under the development agreement concluded by MLP Bieruń Sp. z o.o., concerning the executed contract for the tenant Auto Partner S.A. (PLN 21,129 thousand).

In the first half of 2017 the Group recorded negative cash flows from investing activities of PLN 72,682 thousand. In the corresponding period of 2016 cash flows from investing activities were negative and amounted to PLN 28,621 thousand. Increase of negative cash flows from investing activities is associated with the Group's investment program. Main expenses incurred by the Group were investments in developing existing logistics parks and purchase of land in MLP Logistic Park German I Sp. z o.o. & Co. KG.

In the first half of 2017 the Group recorded positive cash flows from financing activities of PLN 80,950 thousand. This resulted mainly from the issuance by the Group of 20,000 bonds of EUR 1,000 each.

3. 2 Forecasts

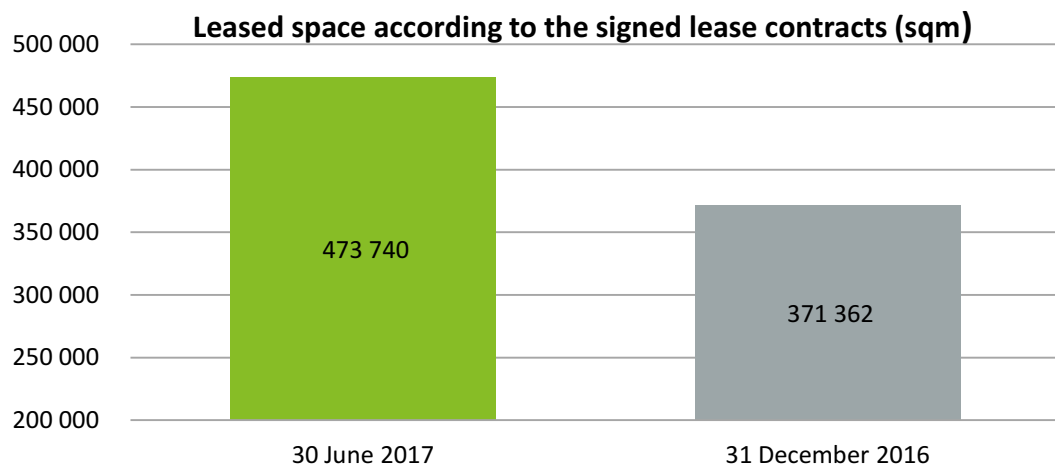
MLP Group S.A. Capital Group as well as MLP Group S.A. has not published forecasts of consolidated or individual financial results for 2017.

3.3 Group's financial management

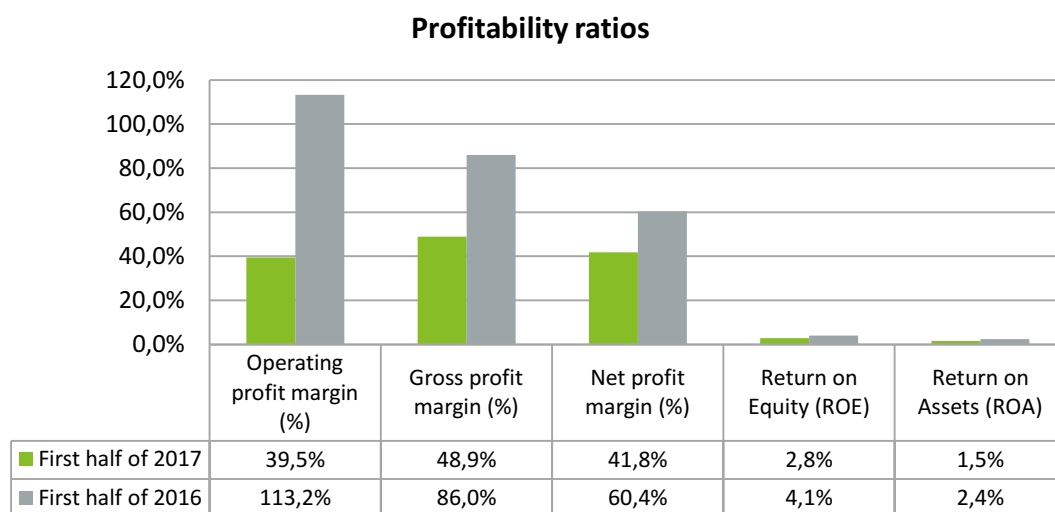
Management of financial resources of the MLP Group S.A. Capital Group in the first half of 2017, in connection with the ongoing investment projects for the development of warehouse and office space, focused primarily on acquiring and structuring appropriate financing sources, as well as maintaining safe liquidity ratios. The Management Board conducts regular analysis of the existing and future optimal financing structure in order to achieve the ratios and financial results while ensuring the liquidity of the Group and the wider financial security.

According to the Management Board, the Group's financial position and its performance as at 30 June 2017 represents a stable situation of the Group. This is achieved by the established position of the Group on the warehouse market, the accumulation of experience and operational capacity both in terms of implementation of investment projects as well as in the process of renting the facilities. The financial position and the performance of the Group is described by liquidity and debt ratios further in the report.

Taking into account the situation in the real estate market in Poland in recent years, the financial results achieved by the Group in the first half of 2017 are to be considered positive. As at 30 June 2017, the Group leased a total area of 437,740 sqm, in comparison to 371,362 sqm as at 31 December 2016.



3. 3.1 Profitability ratios



Profitability analysis was based on the below defined indicators:

- operating profit margin: profit (loss) from operating activities / revenue;
- gross profit margin: profit (loss) before tax / revenue;
- net profit margin: net profit (loss) / revenue;
- return on equity (ROE): net profit (loss) / equity;
- return on assets (ROA): net profit (loss) / total assets.

In the first half of 2017, the operating profit margin decreased in comparison to the first half of 2016. The level of operating profit margin in 2017 was mainly influenced by a EUR decrease of 4.46% in the first half of 2017, which contributed to the negative revaluation of investment properties (PLN 2,227 thousand) and the margin generated by the commercialization of the Bieruń Park in the first half of 2017 amounted to 25%. After eliminating real estate revaluations and property development costs and revenues, the operating margin as at 30 June 2017 was 45.8% and remained close to the value of the first half of 2016 when it was 50.2% (with the same assumptions).

The pre-tax profit margin ratio decreased in the first half of 2017 by 37.1 p.p. and amounted to 48.9%. The impact on the value of the indicator was the lower profit before tax by 37.7% compared to the corresponding period of 2016, which was not fully compensated by the increase in revenue by 9.5% compared to the corresponding period of 2016. This situation is most affected by the decrease in EUR exchange rate of 4.46% in the first half of 2017.

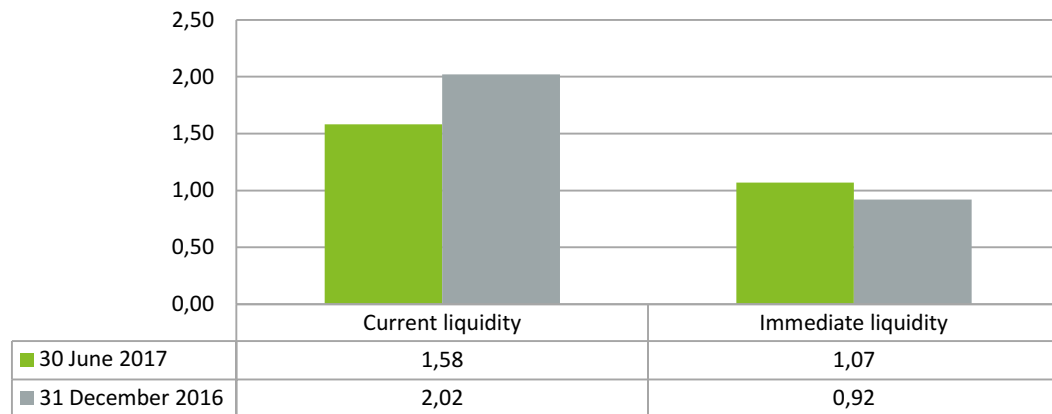
The net profit margin ratio in the first half of 2017 decreased compared to the first half of 2016 (change by 18.6 p.p) and amounted to 41.8%. This change was affected by decreased net profit by 24.2% compared to the previous year.

Return on equity in the first half of 2017 decreased compared to the corresponding period of 2016 (change by 1.3 p.p). This change was affected by decreased net profit (by 24.2%) compared to the previous year and the higher value of equity (by 10.3%).

Return on assets decreased slightly as compared to 2016 by 0.9 p.p.

3. 3.2 Liquidity ratios

Liquidity ratios



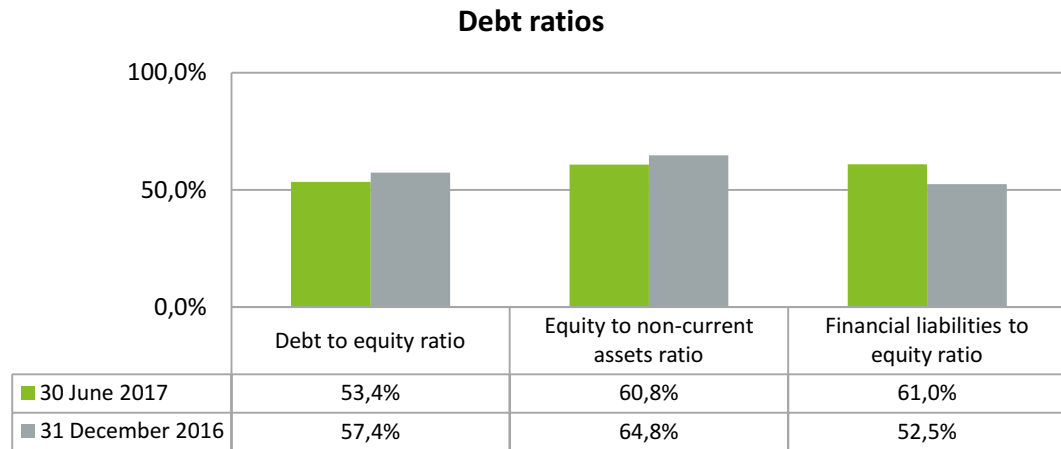
Liquidity analysis was based on the below defined indicators:

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

Current liquidity ratio as at 30 June 2017 increased as compared to the end of 2016 (increase of 0.44).

The liquidity ratio as at 30 June 2017 increased by 0.15 as compared to the end of 2016. This increase was mainly due to an increase in cash balances by 72% compared to 31 December 2016, with an increase in short-term liabilities by 48%.

3. 3.3 Debt ratios



Debt analysis was performed based on the following ratios presented:

- debt to equity ratio: total liabilities / total equity;
- assets to equity ratio: total equity / non-current assets;
- financial liabilities to equity ratio: financial liabilities ¹⁾ / total equity.

¹⁾ Financial liabilities include: long and short term liabilities from credits, loans and other debt instruments, finance lease liabilities and liabilities related to SWAP valuation.

In 2017, the value of the capital ratio decreased (by 4.0 points). This change was mainly due to a higher total asset value compared to the value as at 31 December 2016 (an increase of 10.9%). It was mainly a result of the increase in the value of investment properties, as well as the higher cash balance, mainly due to the proceeds from the bonds issued - analysis of the aforementioned balance sheet items are presented in Note 3.1.1 of this Management Board Report. The non-current assets to equity ratio decreased as well (down 4.0 p.p.). On the other hand, the debt-to-equity ratio increased by 8.5 p.p, due to the issuance of bonds in the first half of 2017, which in turn contributed to the increase in liabilities.

3. 4 Information on bank credits, bonds, loans, securities and guarantees

3. 4.1 Concluded and terminated loan agreements

In the first half of 2017 the Group did not take any new loans.

In the first half of 2017 the Group repaid the following loans and interest on loans:

Borrower	Lender	Date of loan agreement	Amount of loan repaid	An amount of interest repaid
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	1998-05-25	350 008 USD	27 739 USD
MLP LUBLIN Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-11-05	260 714 PLN	0 PLN
MLP Poznań Sp. z o.o.	Fenix Polska Sp. z o.o.	2013-11-08	0 PLN	40 184 PLN
MLP Poznań Sp. z o.o.	Fenix Polska Sp. z o.o.	2013-11-21	0 PLN	4 892 PLN
MLP Poznań Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-09-26	0 PLN	27 932 PLN
MLP Poznań Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-11-26	0 PLN	24 990 PLN

In the first half of 2017 no loan agreements were terminated.

3. 4.2 Concluded and terminated bank credit agreements

- **New credit agreements in the first half of 2017**

On 13 January 2017 Raiffeisen Bank Polska S.A. granted a loan to MLP Pruszków I Sp. z o.o. for refinancing its previous debt.

On 9 January 2017, a new credit agreement between MLP Poznań Sp. z o.o. and ING Bank Śląski S.A. was signed.

In March and April 2017 the subsequent credit tranches were disbursed according to the agreement between MLP Pruszków IV Sp. z o.o. and mBank.

In May 2017 the subsequent credit tranche was disbursed according to the agreement between MLP Lublin Sp. z o.o. and PKO BP S.A.

In June 2017 the subsequent credit tranche was disbursed according to the agreement between MLP Teresin Sp. z o.o. and Polska Kasa Opieki S.A.

- **Credits repaid in the first half of 2017**

MLP Group S.A. Capital Group paid all credit instalments according to the agreed schedules in the first half of 2017.

In the first half of 2017 no credit agreements were terminated.

3. 4.3 Bond

On 11 May 2017, as part of a private offer, the Company issued 20,000 series A bearer bonds, with a nominal value of EUR 1,000 each and a total issue value of EUR 20,000,000 ("Bonds").

Bonds are subject to variable interest rate of EURIBOR for six-month EUR bank deposits plus a premium.

The Bonds have been issued as non-secured bonds.

The purpose of the issuance of the Bonds was not specified.

The redemption of the Bonds is scheduled for 11 May 2022, with a possibility of an early redemption by the Company.

3. 4.4 Loans granted

In the first half of 2017 no loans were granted.

3. 4.5 Granted and received securities

As at 30 June 2017 the Group neither received nor granted securities.

3. 4.6 Granted and received guarantees

As at 30 June 2017 the Group granted the following guarantees:

- On 16 December 2016 MLP Group S.A. entered into a guarantee agreement with Raiffeisen Bank Polska S.A. and MLP Pruszków I Sp. z o.o., hereinafter referred to as "the Credit borrower", pursuant to which MLP Group S.A. undertakes to provide the Credit borrower with the financial means in order to finance its credit needs within the scope that will result in the Debt Service Coverage Ratio (calculated in accordance with the provisions of the credit agreement dated 16 December 2016) achieving the required level.

3. 5 Assessment of the feasibility of the investment plans

The Group is in possession of appropriate capital resources to meet its strategic objectives and to finance current operations.

The Group finances the investments, both those connected with the acquisition of new properties, as well as those connected with expanding currently held logistics parks from its own resources and through long-term debt financing in the form of bank credits and loans.

The Group assumes that the share of debt financing in the financing of the planned investment projects will be approximately 70%.

3. 6 Evaluation of factors and unusual events affecting consolidated financial result for the current period

In the first half of 2017 there were no factors and unusual events affecting consolidated financial result for the current period.

3. 7 Information about issuing, repurchasing and repaying non-equity and equity securities

In the 6 month period ended 30 June 2017 the Group did not issue, repurchase or repay non-equity and equity securities.

3. 8 Concise description of significant successes achieved or failures occurred in the 6 month period ended 30 June 2017

There were no significant successes achieved or failures occurred other than described in the Management Board's report, and MLP Group S.A. financial statements.

3. 9 Seasonal or cyclical nature of operations

The Group's operations have neither a seasonal nor cyclical nature.

4. Management Board report

We declare that to the best of our knowledge, the interim condensed consolidated and separate financial statements and comparative data have been prepared in accordance with the applicable accounting policies and that they accurately and fairly reflect the financial position of the Issuer and the Group and its financial results.

In addition, we declare that the semi-annual report on the activities of the MLP Group SA Capital Group contains a true picture of the development and achievements of the Issuer and the Group, including a description of the underlying risks.

We declare that the entity authorized to audit financial statements, which reviewed the interim condensed consolidated financial statements and separate financial statements for the period from 1 January 2017 to 30 June 2017, was selected in accordance with the law and it is KPMG Audyt Spółka z ograniczoną odpowiedzialnością Sp.k.

In addition, we declare that the entity and the auditor carrying out the review have met the conditions for an impartial and independent review of the interim condensed financial statements in accordance with the applicable regulations and professional standards.

Radosław T. Krochta
President
of the Management Board

Michael Shapiro
Vice-President
of the Management Board

Tomasz Zabost
Member
of the Management Board

Pruszków, 22 August 2017